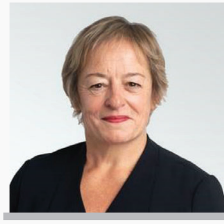
4.8 Risk supervision, regulation and compliance committee activities in 2024



Pamela Walkden
Chair of the risk supervision, regulation and compliance committee

"In 2024 the economic and political environment remained dynamic and constantly evolving. We continued to monitor the macroeconomic conditions and arising risks affecting the Group, while remaining vigilant and identifying emerging risks that could impact on our business model.

The committee's agenda is closely interconnected with the Group's strategy and operating context. As part of that, risks associated with the transformation of the retail and commercial businesses and the creation of the five global businesses remained as a top priority. We continued to supervise, in coordination with the audit committee, all the Group's global businesses and units, to ensure the robustness of our control environment.

We closely monitored credit risk and non-performing assets; market risk; operational risk; and IT and cyber risks; among others, to ensure they all remain within acceptable limits. Third party risk management was a key area of focus throughout the year in coordination with the innovation and technology committee and it will remain high on our agenda this coming year, reinforced by the alignment with new regulation on operational resilience.

Compliance and conduct risk, and in particular, financial crime has been a key feature of the committee's work during the year. We oversaw the positive progress made on our One FCC programme implementation across the Group and reviewed sanction screening activity. The valuable discussions held provided useful and constructive challenge to management, which will be taken forward in 2025.

We also ran a rigorous selection process in coordination with the nomination committee, which resulted in the appointment of David Hazell as the new Chief Compliance Officer in February 2024. David moved from Santander US to take up this role and the committee looks forward to continuing to work with him as he evolves the Compliance function to further support the Group in its transformation.

The committee remains well equipped to discharge its role with a great mix of experience and skills. We have complemented this with the appointment of José Antonio Álvarez as a member with effect from 1 January 2025. I would also like to thank Belén Romana for her service over the last years as Chair of the committee until I took over in March 2024. I am delighted that Belén is staying on the committee as a member.

In 2024 I have continued to host meetings with the subsidiary risk committee Chairs, exchanging views and best practices, and have also attended a number of the subsidiary risk committee meetings. I believe both of these are important to strengthen subsidiary governance linkages and engagement, as well as effectively utilise the experience and local knowledge. Finally, I would like to thank the Risk and Compliance teams who have put in a huge amount of time and effort to help guide the Group through 2024.

For the coming year we sadly expect a complex geopolitical context to remain. The committee will continue to remain focused and do everything possible to ensure efficient and effective risk management across the Group".

COMPOSITION

Position		Category	Appointed on
Chair	Pamela Walkden	Independent	01/05/2021[A]
Members	José Antonio Álvarez	Other external	01/01/2025
	Germán de la Fuente	Independent	01/01/2023
	Luis Isasi	Other external	19/05/2020
	Belén Romana	Independent	28/10/2016
Secretary	Jaime Pérez Renovales		

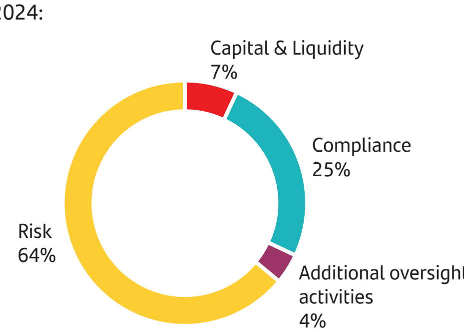
A. Committee Chair since 23 March 2024.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters within the committee's scope. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2024, the committee held 18 meetings, including one strategy session, four joint sessions with the audit committee, one joint session with the nomination committee and one joint session with the remuneration committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2024:



Duties and activities in 2024

This section summarizes the risk supervision, regulation and compliance committee's activities in 2024.

Duties	Actions taken
Risk	
Assist the board in (i) defining the Group's risks policies, (ii) determining the risk appetite, strategy and culture, and (iii) supervising their alignment with the Group's corporate values	• Reviewed and proposed to the board for approval the annual risk appetite statement proposal for 2024, including new metrics and limits. • Reviewed risk appetite metrics, compliance with the approved limits and any breaches on a quarterly basis. • Reviewed the three-year strategic plan, the annual budget and the recovery and resolution plans before the board approved them. Reviewed and challenged the identified risks and mitigating factors associated with those key processes, their consistency, and their alignment with the Group's risk appetite.
Risk management and control	• Reviewed the risk profile and risk management of the Group's global businesses and main subsidiaries in coordination with the audit committee, with a special focus on credit risk, operational risk, financial crime compliance and risks associated with our transformation. • Reviewed the risks of strategic projects and their mitigation measures, with a special focus on the global businesses, before their submission to the board. • Checked that the Group's risk management and control, most notably the risk profile assessment (RPA) and the risk control self-assessment (RCSA), remained robust. • Analysed the potential impact and opportunities associated with emerging risks and how they would affect our business model, including the different businesses and subsidiaries. • Supported the board in conducting stress tests of Banco Santander through the assessment of scenarios and assumptions, analysing the results and the measures proposed by the Risk function. • Ensured that the stress test programme was aligned with the EBA Guidelines 2018/04 on institutions' stress testing. • Received and analysed specific information on credit risk, with a special focus on non-performing assets; market, counterparty, liquidity and structural risk; operational risk (including legal and reputational risk); and social and environmental risk. The committee conducted this analysis in cooperation with the audit committee. • Received and analysed updated information on third party risk management and compliance with the requirements of DORA; and on cybersecurity and technological obsolescence, in cooperation with the innovation and technology committee. Oversaw the actions taken on the back of unauthorized access to a Banco Santander database hosted by a third party and analysed in detail the lessons learned following an investigation of the incident. • Supported the board in the supervision of crisis management and resolution planning and of the business continuity and contingency plans. • Held a strategy session with a key focus on emerging risks, the macroeconomic and geopolitical landscape, cybersecurity and the risks stemming from artificial intelligence.
Supervise the Risk function	• Reviewed the Risk function's activities, strategy, strengths and potential areas for improvement. • Ensured the ongoing independence and effectiveness of the Risk function, including the assessment of the sufficiency and appropriateness of its resourcing. • Endorsed the CRO's 2024 objectives for onward submission to the board for approval. Reviewed the CRO's annual performance against those objectives and reported the results to the remuneration committee and board of directors to set his variable remuneration. • Verified the suitability of the subsidiary CROs and participated in subsidiary CRO selection and appointment, in coordination with the Group nomination committee.
Collaboration to establish rational remuneration policies and practices	• Held a joint session with the remuneration committee to review the subsidiary action plans on internal sales force pay and conduct risk for the external sales force. • Verified that remuneration schemes factor in capital and liquidity, and do not offer incentives to assume risks that exceed Banco Santander's tolerance, thus promoting and being compatible with adequate and effective risk management. • Reviewed the ex-ante risk adjustment of total variable remuneration assigned to the global businesses and units, based on actual risk outcomes and their management, in conjunction with the remuneration committee. • Reviewed the 2024 bonus pools and the results of the exercise carried out annually to identify employees whose professional activities had a material impact on the Group´s risk profile (Identified Staff).
Regulatory and supervisory relations	• Received information on regulatory and supervisory relations, with focus on those related to the Single Supervisory Mechanism (SSM), the Single Resolution Board (SRB), the supervisors of all the Group's subsidiaries and the Supervisory Review and Evaluation Process (SREP) and specific on-site inspections related to risk and compliance matters, as appropriate.

Duties	Actions taken
Compliance	
Supervise the Compliance function	• Supervised the Compliance function's activities, strategy, strength and potential areas of improvement, as well as the development of the 2024 compliance programme, with a key focus on its support to the Group's transformation. • Ensured the ongoing independence and effectiveness of the Compliance function, including the appropriateness and sufficiency of its resourcing. • Reviewed monthly reports on regulatory issues, product governance and consumer protection, reputational risk, internal and external events, notifications and inspections by supervisors, among others. • Received updates on compliance and conduct risks from the Group's main subsidiaries and global businesses, with a special focus on the status of the implementation of the One Financial Crime Compliance programme. • Oversaw, in coordination with the nomination committee, the selection process to identify a new Chief Compliance Officer (CCO), which resulted in the appointment of David Hazell that the committee reported favourably. Monitored his onboarding process to ensure its robustness, enabling him to be truly effective in his role. • Held two private sessions with the CCO to discuss strategic compliance topics as well as to discuss independently and directly any potential material issue relating to the Compliance function. • Endorsed the CCO's 2024 objectives for onward submission to the board for approval. Reviewed the CCO's performance against those objectives and reported the results to the remuneration committee and board of directors to set his variable remuneration. • Verified the suitability of the subsidiary CCOs and participated in subsidiary CCO selection and appointment, in coordination with the Group nomination committee.
Regulatory compliance including Canal Abierto	• Reviewed our compliance with data protection regulation across the Group and received the Data Protection Officer's annual report. • Endorsed, prior to presentation to the board, amendments to the general code of conduct. • Received information, in a joint meeting with the audit committee on the Group's whistleblowing channel (Canal Abierto) with a special focus on matters within the committee's remit to ensure the Group's culture empowers employees and other persons related to Banco Santander to speak up, be heard and report irregular practices without fear of reprisal.

Financial crime compliance (FCC)	• Oversaw the Group's observance of FCC regulations as well as the activities carried out by the Compliance function:
	  ◦ Was provided quarterly progress updates on the One FCC programme implementation either on a Group, global business and/or local business perspective, including information on sanction screening activity.
	  ◦ Reviewed recommendations and observations stemming from the annual independent expert report on Banco Santander in accordance with Act 10/2010 and Royal Decree 304/2014 (on anti-money laundering and counter terrorism financing).

Product governance and consumer protection	• Reviewed reports on customer and other stakeholders' complaints, to ensure that their root causes were assessed and the action plans set to reduce and mitigate any identified deficiencies were ongoing. • Reviewed risk management and the main risks identified, as well as the concerns, priorities and actions taken by the Product Governance and Consumer Protection area regarding conduct risk with retail and vulnerable customers.
Capital and liquidity	
Assist the board in reviewing and approving capital and liquidity strategies and supervising their implementation	• Reviewed and reported favourably to the board on the annual ICAAP run by the Finance division and challenge made by the Risk function in accordance with industry best practices and supervisory guidelines. • Reviewed the capital plan according to the scenarios envisaged over a three-year period. • Reviewed and reported favourably to the board on the ILAAP, which was challenged by the Risk function and developed in line with the Group´s business model and its liquidity needs. • Reviewed liquidity risk and liquidity levels of the Group and its subsidiaries. • Continuously monitored capital levels, capital management and associated tools, the 2024 securitizations plan and the analysis of the portfolio profitability versus the risk undertaken.

Duties	Actions taken
Additional oversight activities	
Additional oversight activities	• Held four joint meetings with the audit committee to review risk, compliance and internal audit aspects of the global businesses and regions, with first line of defence representatives present. • Collectively discussed with the audit committee additional topics of mutual interest, such as risk culture and internal control environment, and received an update on internal audit matters of the Risk and Compliance functions. • The committee Chair attended specific subsidiary risk supervision, regulation and compliance committee meetings to further enhance communication between them. • Held a number of subsidiary risk supervision, regulation and compliance committee Chair meetings remotely to foster further collaboration across the Group. See 'Group and subsidiary board relations' in section 1.2 for further details. • The committee Chair and the Chair of the audit committee maintained a smooth communication, ensuring ongoing coordination and collaboration.
Information for general meetings and corporate documents	
Shareholder information	• Was represented by the former committee Chair, Belén Romana, who reported at the 2024 AGM committee's activities in 2023.
Corporate documents for 2024	• Prepared this activities report on 21 February 2025, which includes a performance review of the committee's functions and key priorities identified for 2025. The board of directors approved it on 25 February 2025.

2025 Priorities

The committee set the following priorities for 2025:

- Continue to monitor the macroeconomic landscape and supervise all the Group's risks to ensure that those risks remain within our approved risk appetite. Remain focused on credit; third party risk management (including alignment with DORA, in coordination with the innovation and technology committee); operational; market; model; IT; cyber and risk derived from emerging technologies such as artificial intelligence; and financial crime compliance.

- Continue to identify emerging and non-traditional risks to anticipate potential impacts on our business model and work in partnership with the nomination committee to ensure that people and other talent related risks are properly understood and addressed.

- Supervise the main risks associated with our transformation and the five global businesses.

- Continue to monitor the overall effectiveness of the Risk and Compliance functions in discharging their critical role in the Group.

- Remain focused on ensuring that the committee discharges its role in the most tangible and effective manner.

4.9 Responsible banking, sustainability and culture committee activities in 2024

Sol Daurella
Chair of the responsible banking, sustainability and culture committee

"In 2024 we continued to advise the board on the climate change strategy, monitoring the development of our green finance proposition and how the global businesses support our customers' transition to a low-carbon economy. As part of that, we ensured that actions for climate material exposure and strategy to align our activity with the Paris Agreement goals were consistent with the relevant disclosure requirements and standards, and supported the delivery of our public targets.

Financial inclusion, health and community support remained high on our agenda in 2024. We continued to make progress on our sustainability targets related to green finance and financial inclusion, among others, and towards equality within the Group. Santander Universidades continues to play a key role in supporting education, employability and entrepreneurship across our footprint, in line with our commitment to help people and business prosper and benefit from platforms such as Santander Open Academy, Universia and Santander X, among others.

The committee continued to analyse the divergence in public policies and actions of authorities and institutions in the countries where we operate, as well as their associated risks and the potential impact on our sustainability strategy. We kept our strong coordination with the audit committee to monitor the implementation of CSRD and non-financial disclosures in order to meet the greater expectations from stakeholders in the current complex legislative framework.

As part of the 2023 board effectiveness review conducted with the assistance of an external provider, we agreed to further develop the role and functioning of the committee given its important sustainability agenda, whilst leveraging on the work of other committees. These steps, together with our focus on continuous improvement, helped ensure that the committee remains effective.

The committee´s mix of experience and skills helped the board with the significant sustainability challenges ahead, further complemented with the appointment of both Pamela Walkden and Carlos Barrabés as members during the year. I would like to thank Ramiro Mato for his service over the last years as committee Chair until he stepped down from the board in June 2024; and to Belén Romana who remained as a committee member until March 2024.

In 2025, we will remain focused on the Group's green finance strategy, and closely monitor sustainability progress across our footprint, with a key focus on our five global businesses".

COMPOSITION

Position		Category	Appointed on
Chair	Sol Daurella	Independent	01/07/2018[A]
Members	Homaira Akbari	Independent	01/07/2018
	Carlos Barrabés	Independent	27/06/2024
	Gina Díez Barroso	Independent	31/01/2023
	Pamela Walkden	Independent	23/03/2024
Secretary	Jaime Pérez Renovales		

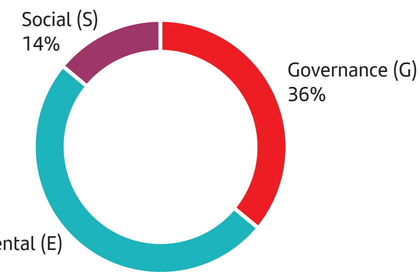
A. Committee Chair since 23 July 2024.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters within the committee's scope. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2024, the committee held five meetings. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2024:



Duties and activities in 2024

This section summarizes the responsible banking, sustainability and culture committee's activities in 2024.

Duties	Actions taken
Environmental (E)	
Climate transition plan	• Reviewed the Group's climate change strategy and challenged it to ensure that it remained a key enabler to achieve our ambition towards net zero emissions by 2050. • Reviewed the alignment in thermal coal, power generation, energy (oil and gas), aviation, steel and auto manufacturing sectors with the Paris Agreement goals. • Reviewed the subsidiary plans to ensure their alignment with supervisory expectations and the Paris Agreement goals, covering activity regarding mortgages, commercial real estate and agriculture. • Endorsed the Group priorities for 2024 in relation to sustainability, including supporting our customers in their green transition and promoting a sustainable culture.
ESG in risk management	• Reviewed ESG factors introduced in the credit approval process, associated action plans and related achievements. • Worked with the risk supervision, regulation and compliance committee to review the progress made in embedding climate-related and environmental risks, as well as to monitor the implementation of controls and processes to mitigate ESG risks, including greenwashing.
Sustainable finance	• Reviewed the green finance strategy and its execution, including the Group´s exposure in green finance more generally. • Oversaw the sustainability strategy, including support to our customers in their green transition. • Reviewed the global businesses' progress in sustainability. • Received specific training on sustainability matters, with a key focus on CSRD to further enhance board and committee members knowledge on this matter. See 'Director training and induction programmes' in section 4.3.
Environmental footprint	• Monitored our own environmental footprint, value chain emissions and carbon neutral claim, including analysis of the associated CSRD reporting implications.
Social (S)	
Social agenda	• Reviewed our social agenda, which includes financial inclusion; financial health; business with social output; and corporate social responsibility or philanthropic activities. • Reviewed the outcomes of the holistic human rights due diligence exercise conducted and suggested to the board its associated disclosures.
Education and other support to communities	• Reviewed the progress made within our community support strategy, which includes our support to education, employability and entrepreneurship. • Reviewed Santander Universidades strategy and its alignment with the Group's transformation agenda and endorsed the associated course of action.
People and culture	• Discussed People and Culture's activities to continue supporting progress on inclusive culture, in coordination with the nomination and remuneration committees, with a key focus on the representation of women in senior positions within the Group.
Governance (G)	
Governance	• Assisted the board in ensuring that sustainability targets and metrics were embedded in the Group's remuneration schemes. As part of that, reviewed, in coordination with the remuneration committee, a proposal to further increase the alignment of the long-term incentive for 2024-2026 with our sustainability agenda. • Monitored and assessed the Group's progress on its targets to ensure that its KPIs remained relevant and aligned with committee expectations. • Identified priority sustainability areas for action based on the outcomes of a materiality assessment that the Sustainability team conducts every year. • Verified that the proposed sustainability agenda and targets remained aligned with the Group´s strategy. • Reviewed ESG global ratings' assessments of Banco Santander, identifying strengths, areas for improvement and areas of focus. Reviewed any resulting action plans after engaging with investors and NGOs on ESG-related matters. • Considered the findings and suggested areas for improvement concerning its remit derived from the 2023 board effectiveness review conducted with the assistance of an external provider and agreed on specific changes to further develop its role and functioning given the importance of the sustainability agenda, while leveraging on the work of other committees, to ensure that it remains effective. • Reviewed the progress made regarding the management of the supply chain in regards to ESG, including the compliance of associated regulatory requirements.
ESG reporting	• Supported the audit committee on the supervision and assessment of the process to prepare and present non-financial information according to the applicable regulations and international standards. • Reviewed the 2024 Group statement on non-financial information and the independent expert's report. See the 'Sustainability statement' chapter. • Reviewed the Climate Finance and Green Bond Reports in coordination with the audit committee, prior to their submission to the board for approval.

Duties	Actions taken
Regulatory landscape	• Reviewed the main European and international financial regulatory and supervisory initiatives and priorities related to sustainability. • Received information on local regulatory developments to remain abreast of local challenges and opportunities.
Information for general meetings and corporate documents	
Shareholder information	• Was represented by the former committee Chair, Ramiro Mato, who reported at the 2024 AGM committee's activities in 2023.
Corporate documents for 2024	• Prepared this activities report on 27 January 2025, which includes a performance review of the committee's functions and key priorities identified for 2025. The board of directors approved it on 25 February 2025.

2025 Priorities

The committee set the following priorities for 2025:

- Continue to advise the board on the climate change strategy and our ambition towards net zero by 2050, monitoring the development of our sustainable finance proposition and how the global businesses support our customers' transition to a low-carbon economy.
- Oversee that actions and targets for climate material exposure and strategy to align our activity with the Paris Agreement goals are consistent with the relevant disclosure requirements and standards, and support the delivery of our targets.
- Continue to prioritize our financial inclusion, financial health and community support strategy in line with our aim to help people and businesses prosper.
- Analyse developments in public policies and actions of authorities and institutions in the markets where we operate, as well as their associated risks, and the potential impact on our sustainability strategy.
- Continue to enhance data quality and monitor sustainability disclosures and associated strategy in coordination with the audit committee, in order to meet increasing expectations from stakeholders in the current complex legislative framework.
- Remain focused on ensuring that the committee discharges its role in the most tangible and effective manner.

4.10 Innovation and technology committee activities in 2024

Glenn Hutchins
Chair of the innovation and technology committee

“Our goal as a bank is to deploy the most robust and efficient open financial services technology platform and, in particular, to become a digital bank with branches. We endeavor to do this in a manner which improves customer offerings, reduces costs, safeguards our security, meets regulatory expectations and promotes innovation. The committee’s role is to support the bank in these initiatives.

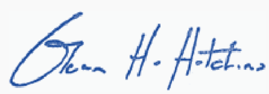
In 2024, the committee held its first strategy session as an addition to our regular, quarterly meetings. We invited all board members to review and assess our global technology strategy plan to ensure that it remains aligned with the Group’s priorities, with a key focus on our transformation agenda.

Over the year, the committee took a close look at our global business strategic platforms, digitalization initiatives, process automation and risk management disciplines. In particular, we focused on our common operating and business model for retail and commercial banking. The committee believes that this will enable our in-branch and service teams to free up time for customer-facing activities and to offer personal service across all channels.

The committee also reviewed our cyber security strategy and the global threat landscape with key focus on our defenses and resilience. We looked closely at third party risk management throughout the year, working in partnership with the risk committee.

We continued to position data and analytics at the core of our business strategy and, in the future, to pursue the benefits of emerging uses of artificial intelligence. We recognize that we need take advantage of the commercial opportunities inherent in AI while meeting regulatory expectations on data management and customer safety. We also remain vigilant to other emerging technologies and approaches to computation what will allow us to improve customer offerings, lower costs and improve security in the future. In this regard, we benefit from the insights and experiences of our committee members.

In June, we welcomed Carlos Barrabés, who is experienced in the commercial application of technology, as a member of the committee. Looking forward, we will continue to support the board and management team in the transformation of Santander into a technology-first enterprise".



COMPOSITION

Position		Category	Appointed on
Chair	Glenn Hutchins	Independent	20/12/2022[A]
Members	Homaira Akbari	Independent	27/09/2016
	José Antonio Álvarez	Other external	23/02/2015
	Carlos Barrabés	Independent	27/06/2024
	Ana Botín	Executive	23/04/2007
	Henrique de Castro	Independent	23/07/2019
	Héctor Grisi	Executive	01/01/2023
	Belén Romana	Independent	19/12/2017
Secretary	Jaime Pérez Renovales		

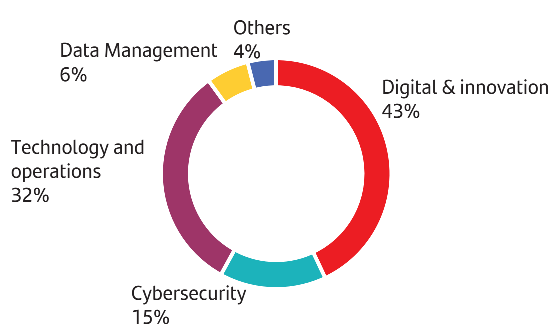
A. Committee Chair since 23 March 2024.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters within the committee's scope. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2024, the committee held five meetings, including one strategy session. See 'Board and committee preparation and attendance' in section 4.3 for members’ attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee’s approximate time allocation in 2024:



Duties and activities in 2024

This section summarizes the innovation and technology committee's activities in 2024.

Duties	Actions taken
Digital & innovation	
Digital	• Monitored metrics in connection with the Group's digitalization and associated transformation, with a special focus on customer experience, simplification and efficiency. • Reviewed core digital strategies to transform the business and accelerate new businesses growth. • Reviewed strategic technological tools developed internally to further increase value creation across the Group, improving efficiency and driving appropriate synergies. • Reviewed the execution and progress of One Transformation and its overall alignment with our strategy. • Monitored execution of the Group's digital strategy with a key focus on ensuring alignment with supervisors' expectations and regulatory demands.
Cloud	• Reviewed the cloud strategy, which focuses on improving innovation, time–to-market and efficiency with a business-based approach, ensuring alignment with applicable regulatory requirements at all times.
Innovation framework	• Reviewed the implementation of the Group's innovation agenda, leveraging on our digital and data management capabilities. • Identified the challenges and capabilities in terms of innovation to increase end-to-end business agile transformation. • Identified new opportunities to accelerate innovation across the Group and ensured that we were well placed to succeed with new business models, technologies, systems and platforms.
Technology and operations	
Technology and operations (T&O)	• Assisted the board in supervising technological risks in coordination with the risk supervision, regulation and compliance and audit committees. • Reviewed the global technology strategy plan, reported to the board on T&O planning and activities, and ensured that the T&O strategy was properly focused on the Group's key priorities, supervising its execution progress through defined top-level strategic KPIs, including those specific to the execution of One Transformation and the common architecture. • Endorsed the Group's core strategic technology priorities to integrate key digital capabilities, leveraging five pillars: agile, cloud, core system evolution, artificial intelligence and deep technology related skills and data. • Monitored the deployment of Gravity, a Santander's in-house award-winning banking platform and a software, to help the bank become a fully digital company. • Reviewed specific projects being deployed throughout the Group and their associated T&O investment through a common tool to further ensure efficiencies, synergies and robust decision-making processes. • Analysed the priorities of the T&O function and specifically, and their alignment with the Group's aim to be the best open financial services platform with innovative customer centric capabilities. • Reviewed the strategy to further simplify Group-wide processes with the aim of reducing manual operational activity, analysing alternatives for further optimization, automation and process improvement.
Cybersecurity	
Strategy	• Reviewed the Group's cybersecurity strategy, with a key focus on resilience and three main action lines: protecting the Group, bolstering its defences, and generating trust among stakeholders, customers, and broader society; and recommended it for onward submission to the board for approval. • Monitored the status and progress made on the fraud prevention plan, including its associated impacts and the actions underway to further harmonize fraud prevention capabilities across the Group.
Risk management oversight	• Assisted the board in the supervision of cybersecurity risks and those related to artificial intelligence, and associated regulatory developments in coordination with the risk supervision, regulation and compliance and audit committees. • Supervised defences against increasing threats and reviewed security controls and automated security processes. • Analysed cyber incidents (including third party risk management implications) and reviewed associated lessons learnt in coordination with the risk supervision, regulation and compliance committee. Moreover, analysed specific incidents outside the Group according to their relevance and impact. • Monitored the global cybersecurity threat landscape closely. • Received regular updates on cybersecurity risks. In 2024 it received updates at four meetings, with a special focus on crisis simulation exercises and internal data leakage protection. • Reviewed external threats such as ransomware and analysed the strategy designed to shorten data recovery time and reduce its potential impact.
Data management	
Data management	• Reviewed the data management strategy including priorities for the year, focusing on the business model and how data contributes to boost business growth and customer experience. • Reviewed the Group's approach to artificial intelligence usage as a key driver of the data and the overall Group strategy, all within a specific governance and risk management framework.

Duties	Actions taken
Information for general meetings and corporate documents	
Corporate documents for 2024	• Prepared this activities report on 14 January 2025, which includes a performance review of the committee's functions and key priorities identified for 2025. The board of directors approved it on 25 February 2025.

2025 Priorities

The committee set the following priorities for 2025:

- Continue to support the Group's innovation strategy, including the embedding of our operating model based on a global-local organization, through our own global technology platform.
- Continue to drive a culture of innovation using artificial intelligence to enhance decision-making processes, improve customer experience and drive operational savings.
- Remain abreast of emerging technologies and their potential business impact. In addition, the committee will continue monitoring associated developments in the financial sector and market players' activities, including technology companies.
- Continue to evolve our cyber security defences, with a special focus on emerging threats, as well as to continue to monitor third party risk management and alignment with DORA in coordination with the risk supervision, regulation and compliance committee.
- Remain focused on ensuring that the committee discharges its role in the most tangible and effective manner.

4.11 International advisory board

Composition

Position		Background
Chair	Larry Summers	Former Secretary of the US Treasury and President Emeritus and Charles W. Eliot University Professor of Harvard University
Members	Sheila C. Bair	Former Chair of the Federal Deposit Insurance Corporation and former President of Washington College
	Mike Rhodin	Supervisory board member of TomTom and director of HzO. Former IBM Watson Senior Vice President
	Francisco D'Souza	Managing Partner and co-founder at Recognize
	James Whitehurst	Senior Advisor at IBM and former CEO of Red Hat
	George Kurtz	CEO and co-founder of CrowdStrike. Former Chief Technology Officer of McAfee
	Nadia Schadlow	Former Deputy National Security Advisor for Strategy and former Assistant to the President of the United States
	Andreas Dombret	Former board member of Deutsche Bundesbank, of Supervisory Board of the ECB and of Bank International Settlements and former Vice Chair of Bank of America in Europe
	Carolyn Everson	Director at The Coca-Cola Company and The Walt Disney Company. Former chair of Instacart and former vice-president of Global Business Group at Facebook (Meta)
	Juan Ignacio Gallardo Thurlow	Chair of Organización Cultiba, Grupo Azucarero México and Grupo GEPP (PepsiCo bottling company in Mexico)
Secretary	Jaime Pérez Renovales	

Functions

Since 2016, Banco Santander's international advisory board has provided the Group with expert insight into innovation, digital transformation, cybersecurity, new technologies, capital markets, corporate governance, branding, reputation, regulation and compliance.

Its members are external and not members of the board. They are prominent and respected leaders who have extensive experience in the most relevant areas for the strategy of the Group, particularly in terms of innovation, digital transformation and the US and European markets.

Meetings

The international advisory board meets at least twice a year. In 2024, it met in May and October. It addressed key strategic topics for the near future within the overall context of our transformation agenda and our global-local organization with five global businesses. In particular, it covered specific topics such as the merits of the agile methodology and the implications of artificial intelligence in the financial sector, with a key focus on the Group's activity. In addition, the international advisory board analysed in depth the strategic importance of certain global businesses and geographies on a go-forward basis.

4.12 Related-party transactions and other conflicts of interest

Related-party transactions

This section contains the related-party transactions report referred to in recommendation six of the CNMV´s Corporate Governance Code, which the audit committee prepared on 20 February 2025.

Directors, senior managers and shareholders

Pursuant to the Rules and regulations of the board, a transaction that Banco Santander or its subsidiaries make with directors, shareholders who hold at least 10% of voting rights or sit on the board, and parties considered "related parties" under the International Financial Reporting Standards must be authorized:

- at the general meeting if it is worth 10% or more of assets on the last consolidated balance sheet; or
- by the board of directors in all other cases. Nonetheless, according to relevant rules and on the audit committee's recommendation, our board delegated authority to executive bodies, committees and competent proxies to approve related-party transactions if they:
  - are carried out under agreements with standard terms that would generally apply to customers who contract for the same product or service;
  - are made at prices or rates set by the supplier of such products or service or, where such products or service have no existing prices or rates, under regular market conditions as in business relations with similar customers; and
  - do not exceed 0.5% of the net annual income as stated in the last consolidated financial statements approved at the general meeting.

The board approved an internal reporting and monitoring procedure in which the audit committee confirms twice a year that such transactions authorized with delegated board powers are fair and transparent and meet the above-mentioned requirements.

The board also has an internal approval mechanism for non-banking and other transactions that do not meet the delegation requirements. It sets out minimum transaction terms and conditions in order to protect corporate and shareholder interests.

The board and audit committee check that transactions with related parties are fair and reasonable to Banco Santander and to the other shareholders.

If a related-party transaction must be approved at the general meeting or by the board, the law stipulates that the audit committee must issue a preliminary report about it. However, the law does not require the report for related-party transactions if they are approved under the board's delegated authority and meet the audit committee's requirements.

Board members must recuse themselves from all deliberations and votes on resolutions about a related-party transaction if they have a conflict of interest with it.

In 2024, the audit committee found that no director or related party, in the terms of International Financial Reporting Standards, carried out transactions deemed 'significant' or material to Santander and the related party, or under non-market conditions.

The audit committee confirmed that all related-party transactions in 2024, including those authorized with delegated board powers, had been performed correctly after conducting a bi-annual review on their conformity to the law, the Rules and regulations of the board and the conditions set by board resolution; verified the alignment with the internal reporting and monitoring procedure and that those transactions met the fairness and transparency requirements established in the aforementioned rules, and were considered fair, reasonable and under market conditions (see the audit committee activities report under section 4.5 'Audit committee activities in 2024').

Banco Santander has a policy for the admission, authorisation and monitoring of financing transactions to directors and senior managers as well as to their spouse (or similar partner), a child who is a minor or legal adult and their financial dependent, or a company controlled by a director or a senior manager whose business is to hold assets for the sole purpose of managing their personal or family wealth. The policy applies to financing transactions carried out by Banco Santander, or any of its subsidiaries, and sets out general maximum borrowing rules, interest rates and other conditions that apply to related-party transactions, which are the same for all other employees. It dictates that the board must authorize loans, credit facilities and guarantees extended to Banco Santander's directors and senior managers, and, except in the cases listed below, subsequently by the ECB:

- Transactions guaranteed in a collective agreement signed by Banco Santander, with similar terms and conditions to transactions with any employee.
- Transactions made under agreements with standard conditions that generally apply to a large number of customers, if the amount granted to the beneficiary or their related parties does not exceed EUR 200,000.

Note 5.f) 'Loans' to the consolidated financial statements describes the direct risk Grupo Santander maintained with board members as at 31 December 2024. Those transactions are consistent with market conditions, have the same terms and conditions as transactions with employees, and allocate payments in kind where appropriate.

No Banco Santander shareholder holds 10% or more of voting rights or has a seat on the board.

Intra-group transactions

The law does not consider direct or indirect transactions with a wholly-owned subsidiary or investee to be "related-party" if no party related to Banco Santander holds an interest in it. Thus, Santander monitors subsidiaries or investees' observance of these rules if they can be affected by related-party transactions.

The rules and approval bodies and procedures that apply to intragroup transactions are the same as for transactions with customers to make sure they are conducted at market prices and conditions.

Note 53 'Related parties' to the consolidated financial statements and note 47 'Related parties' to the individual financial statements state the balance of transactions with subsidiaries, affiliates, jointly-owned entities, directors, senior managers and related parties.

Other conflicts of interest

Banco Santander has internal rules and procedures for preventing and managing conflicts of interest that can arise from the Group´s operations or with directors and senior managers. Our General code of conduct and an internal policy for Group employees, directors and entities set out the guidelines we follow to prevent and manage conflicts of interest.

Directors and senior managers

The Rules and regulations of the board stipulate that our directors must adopt necessary measures to avoid situations in which their direct or indirect interests may enter into conflict with corporate interests or their duty towards Banco Santander.

Directors must refrain from using Santander's name or their position to exert undue influence on private transactions; using corporate assets for private purposes; using business opportunities for personal gain; obtaining favours or remuneration from others for being directors; and engaging in activities for themselves or others that will put them and Banco Santander in competition or permanent conflict.

Directors must report to the board conflicts of interest that they or their related parties may have with Banco Santander, which are to be disclosed in the financial statements. The nomination committee oversees compliance with the rules set from time to time to avoid potential conflicts of interest in other roles held by directors.

In 2024, no director reported a conflict of interest with Santander. Nonetheless, in 2024 there were 41 abstentions in votes on matters deliberated at board and committee meetings, including 19 instances where directors did not vote on resolutions on nominations, re-elections or board committee or Chair assignments; nine instances concerning remuneration; one instance relating to a transaction between Banco Santander and a director; and 12 instances where directors removed themselves during the review of their status and suitability.

The Code of conduct in security markets (CCSM), which directors and senior managers follow, provides mechanisms to recognize and resolve conflicts of interest. It also dictates that directors and senior managers must provide the Compliance area with a statement on their relations, and they must keep it up to date.

Subjected persons must also disclose any matter that could put them in a conflict of interest because of their ties or otherwise, and the chief officer of their area, their common senior officer (where several areas are involved), or whoever the Compliance area decides will resolve it.

The CCSM also dictates that directors, senior managers and related parties should not trade Grupo Santander's securities within 30 days either from the time they are bought or sold or before the quarterly, half-year or annual results are announced and published.

The CCSM can be found on our corporate website.

Group companies

Banco Santander is the Group's only company listed in Spain, where it's not required to have mechanisms in place to resolve conflicts of interest with a listed subsidiary.

In a conflict of interest with a listed subsidiary, Banco Santander, as the parent company, must consider the interests of all its subsidiaries, the presence of minority shareholders in them, and how these conflicts may affect the long-term interests of the Group. Subsidiaries should also consider the interests of Grupo Santander when making decisions within their remit.

The Group structures governance on a system of rules that guarantees proper oversight over subsidiaries. We have a Group-subsidiary governance model that sets out the key rules for Group-subsidiary relations and conflict of interest resolution mechanisms. For more details, see section 7. 'Group structure and internal governance'.

5. SENIOR MANAGEMENT TEAM

The table below shows the profiles of Banco Santander's senior management team (Senior Executive Vice Presidents). It does not include executive directors, whose profiles are described in section 4.1 'Our directors').

Name	Position	Profile
Mahesh Aditya	GROUP CHIEF RISK OFFICER	Mahesh Aditya joined Grupo Santander in 2017 as Chief Operating Officer of Santander Holdings USA and became Chief Risk Officer in 2018. He was appointed Chief Executive Officer of Santander Consumer USA in 2019, and Group Senior Executive Vice President and Group Chief Risk Officer in 2023. Previously, he had been Chief Risk Officer at Visa (2017-2019) and Chief Risk Officer of Retail & Mortgage Banking at JP Morgan, Capital One and Citibank.
Daniel Barriuso	GLOBAL HEAD OF RETAIL & COMMERCIAL BANKING AND GROUP CHIEF TRANSFORMATION OFFICER	Daniel Barriuso joined Grupo Santander in 2017 as Global Head of Cybersecurity (CISO) and Fraud Prevention. In 2023, he was named Senior Executive Vice President, Chief Transformation Officer, and Global Head of Retail and Commercial Banking. Previously, he had held several executive roles at BP, Credit Suisse and ABN AMRO.
Julia Bayón	GROUP CHIEF AUDIT EXECUTIVE	Julia Bayón joined Grupo Santander in 1994 and was Head of Banesto's International and Wholesale Banking legal service from 2001 to 2013, when she moved on to running the legal service for Global Transaction Banking, Credit and Restructuring at Banco Santander. In 2016, she became Head of Legal for Corporate and Investment Banking. In 2021, she was appointed Head of the Legal Service for Business and deputy secretary of the Banco Santander board of directors. In 2024, she became Group Senior Executive Vice President and Chief Audit Executive.
Juan Manuel Cendoya	GROUP HEAD OF COMMUNICATIONS, CORPORATE MARKETING AND RESEARCH	Juan Manuel Cendoya joined Grupo Santander in 2001 as Group Senior Executive Vice President (*director general*) and Group Head of the Communications, Corporate Marketing and Research division. In 2016, he was appointed Vice Chair of the board of directors and Head of Institutional and Media Relations of Santander España. Previously, he had been Head of the Legal and Tax department of Bankinter, S.A. He is also a State Attorney for Spain.
José Doncel	GROUP CHIEF ACCOUNTING OFFICER	José Doncel joined Grupo Santander in 1989 as Head of Accounting. He had also served as Head of Accounting and Financial Management at Banesto (1994-2013). He was appointed Senior Executive Vice President (*director general*) and Head of the Internal Audit division in 2013 and Group Chief Accounting Officer in 2014.
José Antonio García Cantera	GROUP CHIEF FINANCIAL OFFICER	José Antonio García joined Grupo Santander in 2003 as Group Senior Executive Vice President (*director general*) of Global Wholesale Banking of Banesto and was appointed CEO in 2006. He was appointed Senior Executive Vice President of Global Corporate Banking at Banco Santander in 2012 and Group Chief Financial Officer in 2015. Previously, he had served on the executive committee of Citigroup EMEA, as well as on the board of directors of Citigroup Capital Markets, Ltd and Citigroup Capital Markets UK.
Javier García-Carranza	GLOBAL HEAD OF WEALTH MANAGEMENT & INSURANCE	Javier García-Carranza joined Grupo Santander in 2016 as Global Head of Corporate Holdings and Investment Platforms before being appointed Global Head of Wealth Management & Insurance in 2024. Previously, he was Head of Principal Investments and Investment Banking for Europe, the Middle East and North Africa at Morgan Stanley.

Name	Position	Profile
David Hazell	GROUP CHIEF COMPLIANCE OFFICER	David Hazell joined Grupo Santander in 2012 as Chief Conduct & Compliance Officer of Santander UK. In 2018, he was named Chief Compliance Officer of Santander Holdings USA and in 2022 took the same role at Santander Bank NA. In 2024, he became Group Senior Executive Vice President and Group Chief Compliance Officer. Previously, he was Head of Risk and Regulation (2004-2009) and of Governance, Risk and Compliance (2009-2010) at PricewaterhouseCoopers LLP, and Operational & Regulatory Risk Director at Aviva PLC (2010-2012).
José María Linares	GLOBAL HEAD OF CORPORATE & INVESTMENT BANKING	José María Linares joined Grupo Santander in 2017 as Senior Executive Vice President (*director general*) and Global Head of Corporate and Investment Banking. Previously, he served as director and senior equity analyst at Société Générale (1997-1999). He joined J.P. Morgan in 1999 and was subsequently appointed managing director and Head of Global Corporate Banking at J.P. Morgan Chase & Co. (2011-2017).
Mónica López-Monís	GROUP HEAD OF SUPERVISORY AND REGULATORY RELATIONS	Mónica López-Monís joined Grupo Santander in 2009 as General Counsel and secretary of the board of Banesto. In 2015, she was appointed Group Senior Executive Vice President (*director general*) of Banco Santander and Group Chief Compliance Officer until her appointment in 2019 as Group Head of Supervisory and Regulatory Relations. Previously, she had been General Counsel at Aldeasa, S.A. She also was General Counsel at Bankinter, S.A., as well as independent director at Abertis Infraestructuras, S.A. She is also a State Attorney for Spain.
Dirk Marzluf	GROUP CHIEF OPERATING & TECHNOLOGY OFFICER	Dirk Marzluf joined Grupo Santander in 2018 as Group Senior Executive Vice President and Head of IT and Operations. Previously, he had held several roles at AXA Group, where he became CIO, leading the insurance group's technology and information security transformation and co-sponsoring its digital strategy. He also held global senior management roles at Accenture, Daimler Chrysler and Winterthur Group.
José Luis de Mora	GROUP HEAD OF CORPORATE DEVELOPMENT AND FINANCIAL PLANNING	José Luis de Mora joined Grupo Santander in 2003 to Head the Group's Strategic Plan Development and Acquisitions. In 2015, he was appointed Group Senior Executive Vice President (*director general*) and Group Head of Financial Planning and Corporate Development. He was also Head of Strategy (2019-2023) and Global Head of Digital Consumer Bank (2020-2025).
Jaime Pérez Renovales	GROUP GENERAL COUNSEL	See profile in section 4.1 'Our directors'.
Nitin Prabhu	GLOBAL HEAD OF DIGITAL CONSUMER BANK	Nitin Prabhu joined Grupo Santander in January 2025 as Senior Executive Vice President and Global Head of Digital Consumer Bank. From 2012, he worked at PayPal, where he held leadership roles spanning the payments, consumer, and merchant businesses, and where he became the Senior Vice President of Small and Medium Sized Businesses and Financial Services Products. Prior to PayPal, he worked at eBay and consulted with Fortune 1000 companies globally.
Javier Roglá	GROUP HEAD OF PEOPLE & CULTURE	Javier Roglá joined Grupo Santander in 2016 as Global Head of Santander Universities and CEO of Universia. In 2021 he became Group Senior Executive Vice President and Chief Talent Officer, and in 2024 was appointed Head of the Group's People & Culture division. He sits also on the board of Teach for All and was previously a business development consultant at Endesa and principal at Boston Consulting Group, as well as co-founding and running Fundación Empieza por Educar.

6. REMUNERATION

Sections 6.1, 6.2, 6.3, 6.5, 6.6, 6.7, 9.4 and 9.5 comprise the annual report on directors' remuneration that will be submitted to the consultative vote of the general shareholders' meeting.

In addition, sections 6.4 and 6.5 sets out the directors' remuneration policy for 2025, 2026 and 2027, which will be put to the binding vote of the general shareholders' meeting.

The annual report on directors' remuneration and the directors' remuneration policy for 2025, 2026 and 2027 were approved by our board of directors on 25 February 2025. All directors were present at the time of vote casting and voted in favour.

The remuneration policy for directors in force as of the date of this report is available on our corporate website.

Introduction

Brief summary of strategic accomplishments in 2024

- Santander achieved an attributable profit of EUR 12,574 million in 2024, a 14% increase versus 2023, thanks to strong revenue growth across all global businesses and regions, as well as the addition of eight million new customers to 173 million.
- The group maintained disciplined and rigorous cost control, with the best efficiency ratio in 15 years and continued to increase profitability and shareholder value creation, with a return on tangible equity of 16.3%; earnings per share of EUR 0.77, up 18%, and tangible net asset value per share of EUR 5.24 at the end of the year. Total shareholder return during the year was 23.2%.
- These accomplishments enabled us to exceed our strategic goals set for 2024 bonus pool, mainly in capital and customer growth, so total executive variable remuneration increased by 4% compared to the previous year.

Shareholder engagement and responsiveness

Santander has historically received strong support for our remuneration policy proposals — averaging 90% between 2019 and 2023. However, at our 2024 annual shareholder meeting, the remuneration policy proposal received support from 74.8% of votes for. This lower-than-usual support prompted our board of directors to engage with our top shareholders to understand their perspectives on our remuneration system, identify any concerns leading to votes against our proposed policy and make changes to assume best possible alignment with shareholders.

Meetings were held with the16 top investors (controlling approximately 24% of the Banco Santander's share capital) and with the major proxy advisory firms, ISS and Glass Lewis (regarding their methodologies and vote recommendations). All of these discussions were led by Glenn Hutchins, our Lead Independent Director and Chairman of our remuneration committee (see 'Statement from Glenn Hutchins, Lead Independent Director' in section 1 and 'Engagement with shareholders in 2024' in section 3.1). While primarily focused on remuneration, these meetings also covered additional topics of interest to our investors including board structure, sustainability strategy and virtual shareholder meetings.

Changes approved based on shareholder feedback

Overall feedback and insights received for many aspects of our remuneration programme were positive, since the company is committed to paying for performance and a significant portion of pay is at risk, but some general themes emerged during discussions, including expectations around an increase of the percentage of variable pay which is long-term oriented and higher threshold for TSR vesting. Our remuneration committee and the board of directors carefully reviewed our shareholders' feedback and have taken steps to address these concerns. This has resulted in a number of changes to our remuneration policy for 2025, as summarized below (for more details on these actions, see section 6.4):

1. The portion of variable remuneration paid in equity has increased from 50% to 60%.
2. The minimum relative TSR threshold for vesting has increased from the 40th percentile versus peers to the 50th percentile in the long-term award, as several investors have indicated this as a preference, in order to avoid vesting below median peer performance levels.
3. The weight of relative TSR within the long-term metrics has increased from 40% to 50%.
4. Long-term metrics application has increased from 36% of total variable remuneration to 40%, to reinforce long-term value creation in the company.

Additionally, Santander has enhanced its public remuneration disclosures to provide further detail on our Committee's process for setting the Remuneration policy.

In response to feedback from investors, this reports also contains further explanations on how we set executive remuneration and align pay with performance, including the peer selection criteria for this analysis. Banco Santander follows a rigorous process which includes an annual review of comparative market data to ensure our pay remains competitive in the marketplace (section 6.3).

We believe these changes further strengthen the alignment of management and shareholders' interest.

6.1 Principles of the remuneration policy

Directors' remuneration in their capacity as such

The board of directors sets the individual remuneration of directors (including executive directors) for the performance of supervisory and collective decision-making duties within the amount fixed by shareholders and commensurately with the roles they perform on the collective decision-making body, their committee membership and attendance, and other objective circumstances the board might consider.

Remuneration of directors for executive duties

Banco Santander's remuneration policy for executive duties (which also generally applies to Banco Santander employees) dictates that:

1 Remuneration must be in line with shareholders and customers' interests, conducive to creating long-term value and compatible with our rigorous risk management, long-term strategy and values, as well as with maintaining a sound capital base.

2 Fixed remuneration must make up a significant proportion of total compensation.

3 Variable remuneration must reward performance for achieving individual, business unit and, as the case may be, Group targets.

4 The global remuneration package and its structure must be competitive in order to attract and retain talent.

5 Remuneration decisions must be free of conflicts of interest and discrimination of any kind different from that based on the performance assessment of objectives and corporate behaviours. Remuneration must be free of gender-based bias and help eliminate inequalities that could result from it.

The remuneration elements the policy lays down include necessary mechanisms to ensure remuneration will be conducive to achieving strategic and long-term sustainability objectives of Banco Santander.

Accordingly, it bases executive directors and senior managers' variable pay on pre-determined, specific and quantifiable financial, sustainability-based and value-creation targets that are consistent with Banco Santander's interests, including in regard to environmental, social and governance matters.

For more details, please see section 6.3 about the policy's application in 2024 and section 6.4 about the remuneration policy for 2025 and subsequent years.

Lastly, the remuneration committee and the board enlisted the assistance of Willis Towers Watson to:

- Compare markets and entities similar to the Group in size, characteristics and operations using relevant data for setting remuneration.
- Estimate the fair value of variable remuneration linked to long-term objectives.

6.2 Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2024

A. Composition and limits

According to our Bylaws, the remuneration of directors in their roles consists of a fixed annual amount set at the general shareholders' meeting. This amount remains in effect until shareholders vote to amend it, even though the board may reduce it in the years it deems appropriate. At the AGM, remuneration for 2024 was set at EUR 6 million (limit that has not been updated since 2012 and whose amount finally consumed has been systematically lower), which included (a) an annual allotment and (b) attendance fees.

Santander has taken out a civil liability insurance policy for directors and other executives of the Group, subject to usual terms proportionate to its circumstances.

Directors can receive shares, share options or other forms of share-based compensation, subject to prior approval at the general meeting. Directors can also receive other compensation following a proposal made by the remuneration committee and upon resolution by the board of directors, as may be deemed appropriate, in consideration for the performance of other duties in Banco Santander, whether they are executives' duties or not, in addition to their oversight and collective decision-making as board members.

Non-executive directors do not have the right to receive any benefit on the occasion of their removal from office.

B. Annual allotment

Each director received the amounts for serving on the board and its committees and positions held in them included in the chart below for 2023 and 2024.

In accordance with the remuneration policy approved at the general shareholders' meeting on 22 March 2024, the annual allotment for board and committee membership are for the same amounts for annual allotments as those initially established for 2023, except for the responsible banking, sustainability and culture committee, which was updated to EUR 28 thousand, thus equalizing its remuneration to other committees of mandatory existence, considering the importance and complexity of the matters addressed in it. Applicable amounts were:

Amount per director in euros	2024	2023
Members of the board of directors	98,000	98,000
Members of the executive committee	170,000	170,000
Members of the audit committee	43,000	43,000
Members of the nomination committee	28,000	28,000
Members of the remuneration committee	28,000	28,000
Members of the risk supervision, regulation and compliance committee	43,000	43,000
Members of the responsible banking, sustainability and culture committee	28,000	18,000
Members of the innovation and technology committee	28,000	28,000
Chair of the audit committee	70,000	70,000
Chair of the nomination committee	50,000	50,000
Chair of the remuneration committee	50,000	50,000
Chair of the risk supervision, regulation and compliance committee	70,000	70,000
Chair of the responsible banking, sustainability and culture committee	50,000	50,000
Chair of the innovation and technology committee	70,000	70,000
Lead independent director[A]	110,000	110,000
Non-executive Vice Chair	30,000	30,000

A. Glenn Hutchins has been allocated EUR 700,000 (including annual allowances and attendance fees) in minimum total annual pay set for the required time and dedication to perform his roles.

C. Attendance fees

Pursuant to board-approved resolutions on the remuneration committee’s recommendations, attendance fees for board and committees meetings (with the exception of the executive committee, for which no fees are set) added up to the amounts included in the chart below for the last two years.

Since we had not reviewed the attendance fees since 2016, shareholders at the 2024 AGM approved an increase of 4% in respect of 2023. This increase compensates for board members' greater time commitment in relation to those of other comparable banking groups, based on an independent expert analysis carried out in 2023.

Attendance fees per director per meeting in euros	2024	2023
Board of directors	2,704	2,600
Audit committee and risk supervision, regulation and compliance committee	1,768	1,700
Other committees (excluding executive committee)	1,560	1,500

D. Breakdown of Bylaw-stipulated emoluments

Total director Bylaw-stipulated emoluments and attendance fees received in 2024 amounted to EUR 5.4 million (EUR 5.3 million in 2023). This is 11% less than the amount approved at the general meeting. Each director earned the following amounts for these items:

		Amount in euros											
		2024											2023
		Annual allotment											
Directors	Category	Board[F]	EC	AC[1]	NC[2]	RC	RSRCC[3]	RBSCC[4]	ITC[5]	Total	Board and committee attendance fees	Total By-law stipulated emoluments and attendance fees	
Ana Botín	Executive	98,000	170,000	—	—	—	—	—	43,944	311,944	56,472	368,416	411,000
Héctor Grisi	Executive	98,000	170,000	—	—	—	—	—	28,000	296,000	56,472	352,472	339,500
José Antonio Álvarez	Other external	128,000	170,000	—	—	—	—	—	28,000	326,000	56,472	382,472	371,000
Glenn Hutchins	Independent	414,912	—	—	28,000	78,000	—	—	82,055	602,967	97,032	700,000	371,600
Bruce Carnegie-Brown[A]	Independent	22,322	—	—	17,767	6,378	—	—	—	46,467	31,408	77,875	576,000
Homaira Akbari	Independent	98,000	—	43,000	—	—	—	28,000	28,000	197,000	88,088	285,088	265,000
Javier Botín[B]	Other external	98,000	—	—	—	—	—	—	—	98,000	45,968	143,968	137,000
Sol Daurella	Independent	98,000	—	—	28,000	28,000	—	50,083	—	204,083	88,088	292,171	248,500
Henrique de Castro	Independent	98,000	—	43,000	—	28,000	—	—	28,000	197,000	103,064	300,064	283,800
Gina Díez	Independent	98,000	—	—	28,000	—	—	28,000	—	154,000	70,928	224,928	210,050
Luis Isasi	Other external	98,000	170,000	—	—	28,000	43,000	—	—	339,000	100,776	439,776	416,800
Ramiro Mato[C]	Independent	47,911	83,111	21,022	—	—	21,022	38,133	—	211,200	60,008	271,208	517,600
Belén Romana	Independent	98,000	170,000	43,000	66,750	—	58,944	6,378	28,000	471,072	127,816	598,888	571,600
Pamela Walkden	Independent	98,000	—	58,944	—	—	97,056	21,622	—	275,622	104,624	380,246	340,600
Germán de la Fuente	Independent	98,000	—	97,056	—	—	43,000	—	—	238,056	99,944	338,000	270,600
Carlos Barrabés[D]	Independent	50,089	—	—	14,311	—	—	18,060	14,311	96,771	31,408	128,179	—
Antonio Weiss[E]	Independent	50,089	—	—	—	—	—	—	—	50,089	21,632	71,721	—
Total		**1,791,323**	**933,111**	**306,022**	**182,828**	**168,378**	**263,022**	**190,277**	**280,310**	**4,115,270**	**1,240,200**	**5,355,470**	**5,330,650**

A. Stepped down as director on 22 March 2024.
B. All amounts received were reimbursed to Fundación Botín.
C. Stepped down as director on 27 June 2024.
D. Director and member of the NC, RBSCC and ITC since 27 June 2024.
E. Director since 27 June 2024.
F. Also includes emoluments for other roles in the board.
EC: executive committee. AC: audit committee. NC: nomination committee. RC: remuneration committee.
RSRCC: risk supervision, regulation and compliance committee. RBSCC: responsible banking, sustainability and culture committee. ITC: innovation and technology committee.
Changes in the chairship of the committees:

1. Germán de la Fuente was appointed Chair of the AC on 23 March 2024, replacing Pamela Walkden.
2. Belén Romana was appointed Chair of the NC on 23 March 2024, succeeding Bruce Carnegie-Brown.
3. Pamela Walkden was appointed Chair of the RSRCC on 23 March 2024, replacing Belén Romana.
4. Sol Daurella assumed the chairship of the RBSCC on 23 July 2024. Pamela Walkden joined to the RBSCC on 23 March 2024, replacing Belén Romana.
5. Glenn Hutchins was appointed Chair of ITC on 23 March 2024, replacing Ana Botín.

6.3 Remuneration of directors for executive duties

i) How we set executive directors pay

We set the remuneration structure for executive directors by considering company performance as well as Santander's unique individual circumstances such as multiple stock exchange listings, the geographical distribution of the company's operations, sales and employees, and the clear industry-specific pressures in terms of talent attraction and retention. As explained below, we conduct a benchmarking analysis for the executive chair and CEO positions every year in order to establish a framework of reference for what competitors are paying.

ii) How we determine our peer group

Banco Santander conducts an annual comparative review of executive directors' and top management remuneration against a peer group comprised of global banks. Because we have extensive international operations and we compete for talent on a global scale, our peer group appropriately reflects these characteristics. While two-thirds of the companies in our comparator group are European, we include banks from the US and Brazil due to the strong presence of Santander in those countries. For instance, over 50% of revenues and nearly half of profits from our secondary business segments came from the Americas in 2024, making this region a critical market for us both from a business perspective and as a source of talent.

	Europe	DCB Europe	North America	South America	% Attributable to the Americas
Revenue (EUR million)	23,510	5,679	13,915	19,783	54%
Attributable profit (EUR million)	6,644	642	2,579	3,863	47%
Total customers (thousands)	46,821	19,550	25,762	80,405	62%
Total employees	65,746	16,792	42,846	79,571	60%

As % of total operating areas, excluding the Corporate Centre.

To select the peer group, Group governing bodies follows a robust process that takes into account and ranks potential peers on the following criteria: market capitalization, scale, brand recognition, geographical diversification, business model and regulatory framework.

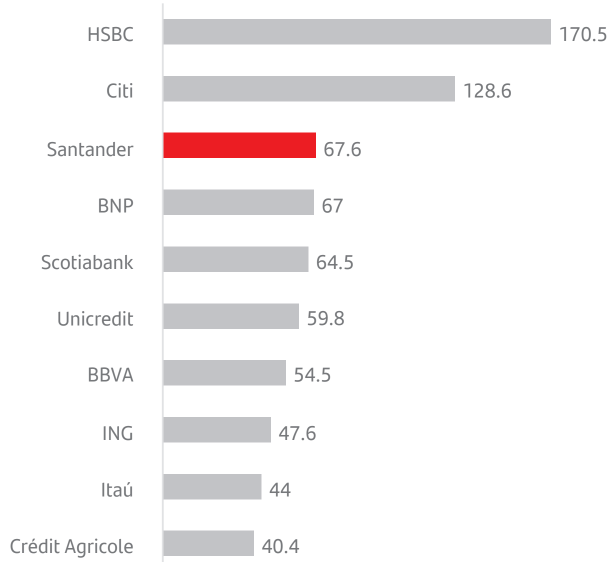
We regularly review the validity of our peer group and make the necessary changes to ensure it properly reflects our business and talent markets. Following an assessment in autumn of 2024, we determined that for 2025 our peer group should remain unchanged from 2024 and also from 2023. The group comprises the following companies:

- BBVA
- BNP Paribas
- Citi
- Crédit Agricole
- HSBC
- ING
- Itaú
- Scotiabank
- Unicredit

Why did we choose these banks for the peer analysis?

- To ensure a comparison under similar macroeconomic and regulatory landscape.
- To be able to identify market trends and dynamics.
- To capture the latest developments in the banking industry.
- To monitor banks with similar size, performance, geographic footprint, business model and strategy.
- To identify outliers and best practices across the sector.

Market Cap (EUR bn) at 2024 closing date



iii) Performance-based Pay and alignment with shareholder value

Our remuneration programme mainly focuses on paying for performance, with a significant portion of each executive's remuneration at-risk. Additionally, variable pay outcome depends on the achievement of performance targets that align with our corporate strategy and lead to enhanced value for our shareholders. The main purpose of this incentive programme is to incentivise long-term value creation.

In this sense, for year 2024:

- 61% of our Executive Chair's total compensation is performance-based and 57% of our CEO`s total compensation is performance based.
- 36% of our executive director's total variable remuneration is subject to long-term metrics that include relative TSR, return on tangible equity and other sustainability metrics and therefore strengthen the alignment of our executive director's interests with the shareholder's interests in the long-term. This will increase from 36% to 40% in year 2025.
- Additionally, 50% of their variable remuneration is delivered in the form of equity instruments (mainly Banco Santander S.A. shares), with this portion to be increased up to 60% in year 2025.

Targets related to performance metrics are intended to be challenging, with payout levels established after considering upside/downside scenarios, sensitivity analysis and year-over-year growth comparisons, to ensure rigorous alignment of payouts to performance.

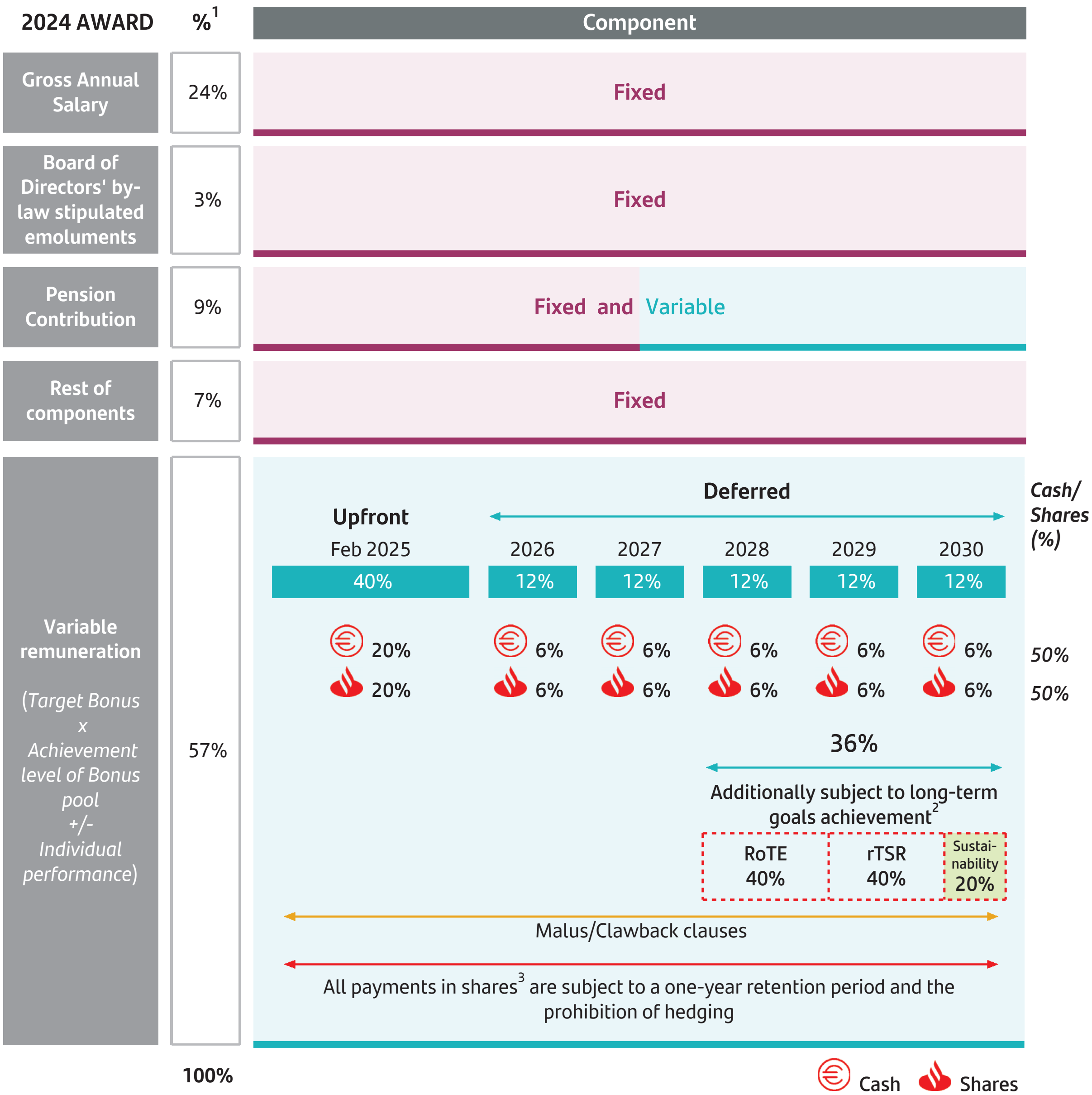
iv) How we include sustainability metrics in the variable incentive scheme

The current remuneration policy incorporates mechanisms that link variable remuneration to the achievement of financial, sustainability, and value creation objectives. These objectives are specific, measurable, and aligned with the bank's interests, encompassing environmental, social, and governance (sustainability) factors. For further details, please see section I.

v) Summary of executive remuneration composition

The policy on directors' remuneration for executive duties in 2024 was approved by the board of directors and put to a binding vote at the 2024 AGM, with 74.8% votes in favour. The table below summarizes the main items of remuneration policy of Ana Botín and Héctor Grisi.

Component	Type	Policy	Effective in 2024
Gross annual salary	Fixed	→ Paid in cash on a monthly basis (+5% vs 2023).	Ana Botin: EUR 3,435 thousand. Héctor Grisi: EUR 3,150 thousand.
Variable remuneration	Variable	→ Individual target bonus updated (+5% vs 2023). → Calculated against annual quantitative metrics and a qualitative assessment, and taking into account individual performance. → 50% of each payment is instruments, consisting of Banco Santander, S.A instruments, and restricted stock units (RSUs) of PagoNxt, S.L. → The number of instruments is set at the time of the award. → 40% paid in 2025. → 60% deferred in five years. ◦ 24% paid in equal parts in 2026 and 2027. ◦ 36% paid in equal parts in 2028, 2029 and 2030, provided certain long-term objectives are met (2024-2026).	• See section 6.3 B ii for details on annual metrics and assessment. • See section 6.3 B iii for details on individual variable pay. • See section 6.3 B iv for details on long-term metrics.
Pension scheme	Fixed	→ Annual contribution of 22% of base salary.	• No changes.
	Variable	→ Annual contribution of 22% of 30% of the average of variable remuneration in the last three years.	• See section 6.3 C for details on annual contributions and pension balance.
Other remuneration	Fixed	→ Includes life, accident and medical insurance, and other in-kind compensation. → Includes for the Executive Chair a fixed remuneration supplement in cash (not considered salary or pensionable) since supplementary death and disability benefits were eliminated.	• Regarding fixed remuneration supplement, no change for Ana Botín since 2018. • Héctor Grisi will not receive supplement in his fixed remuneration.
		→ Payment for non-compete commitment	No changes.
Shareholding policy	N/A	→ Executive directors also have the obligation to hold them for three years from their award date, unless the director already holds shares for an amount equivalent to 200% of their net annual salary (calculated on the basis of their gross annual salary). In such case, the regulatory obligation to hold shares is for one year from their grant date.	• Policy updated during 2020 to assure compliance with recommendation 62 to the Good Governance Code for Listed Companies of the CNMV. • Both Ana Botín and Héctor Grisi maintain an amount in shares higher than 200% of their fixed pay.



Remuneration scheme applicable to Executive Chair and CEO.
1. Example with Executive Chair 2024 percentages over total remuneration.
2. Long-term metrics shown for 2024 award at fair value of 70%, as have been determined by an independent expert.
3. Executive directors also have the obligation to hold them for three years from their award date, unless the director already holds shares for an amount equivalent to 200% of their net annual salary (calculated on the basis of their gross annual salary). In such case, the regulatory obligation to hold shares is for one year from their grant date.

A. Gross annual salary

On the remuneration committee's recommendation, and due to the excellent business results and total shareholder return in 2023, in order to ensure a competitive remuneration compared to other peer groups, the board resolved to increase 5% the annual salary for Ana Botín and Héctor Grisi in 2024 versus 2023.

Fixed pension contribution continues to be 22% of gross annual salary for 2024.

Executive directors' gross annual salary and fixed annual contribution to pensions for 2024 and 2023 were as follows:

EUR thousand	2024 Gross annual salary	2024 Fixed annual pension contribution	2024 Total[A]	2023 Gross annual salary	2023 Fixed annual pension contribution	2023 Total[A]
Ana Botín	3,435	756	4,191	3,271	720	3,991
Héctor Grisi	3,150	693	3,843	3,000	660	3,660
Total	**6,585**	**1,449**	**8,034**	**6,271**	**1,380**	**7,651**

A. Additionally, Ana Botín received in 2024 and 2023 EUR 525 thousand as a fixed remuneration supplement. Héctor Grisi did not receive fixed remuneration supplement.

B. Variable remuneration

i) General policy for 2024

The board approved the executive directors' variable remuneration on the remuneration committee's recommendation, according to the policy approved at the general shareholders' meeting:

- Variable components[1] of executive directors' total remuneration in 2024 should represent less than 200% of fixed components, as established by resolution of the AGM on 22 March 2024.
- At the beginning of 2025, on the remuneration committee's recommendation, the board approved the final amount of the 2024 incentive, based on the bonus pool calculated in accordance with the directors' remuneration policy approved at the general shareholders' meeting on 22 March 2024, and in consideration of:
  - Short-term quantitative metrics measured against annual objectives.
  - A qualitative assessment that cannot adjust the result by more than 25 percentage points upwards or downwards. While the metrics considered are qualitative, the assessment is not discretionary. Rather, it is based on an assessment of objective, measurable and audited goals, as described below.
  - An exceptional adjustment that, if applicable, must be supported by evidence.
  - The final 2024 individual incentive is determined based on the bonus pool payout, the executive director's target bonus and the individual performance resulting from (i) their individual objectives (which generally match the Group's and cover financial, risk management and solvency position, as well as fostering the five global businesses: Payments, Digital Consumer Bank, Retail & Commercial Banking, CIB and Wealth; and accelerating the transformation of the Bank into One Santander, with a special focus on IT, people and the sustainability agenda); and (ii) how they achieve them in consideration of how they manage employees and follow the corporate values.

Individual target bonus → Quantitative metrics and qualitative assessment[A] → Individual performance → Final individual variable remuneration

A. Any exceptional adjustment supported by evidence

Quantitative metrics and qualitative assessment aspects are described below.

- Payment of the approved incentive is split equally into cash and instruments, the latter as follows:
  - EUR 500,000 and EUR 420,000 in PagoNxt, S.L. RSUs for Ana Botín and Héctor Grisi, respectively.
  - The rest, all in shares of Banco Santander.
- 40% is paid in 2025, once the final amount has been set. The remaining 60% will be deferred in equal parts over five years (subject to long-term metrics) as follows:
  - The deferred amounts payable in 2026 and 2027 (24% of the total), will be paid if none of the malus clauses described below are triggered.
  - The deferred amounts payable in 2028, 2029 and 2030 (36% of the total), will be paid if the malus clauses are not triggered and the multi-year targets described below are reached. These targets can reduce these amounts and the number of deferred instruments or increase them up to a maximum achievement ratio of 125%, so executives have the incentive to exceed their targets.
- Deferred amounts in cash may be adjusted for the inflation related to the deferral period.
- All payments in shares are subject to a three-year retention period, unless the director already holds shares for an amount equivalent to twice his/her annual fix remuneration, in which case the shares would be subject only to the regulatory one-year retention period obligation.
- The hedging of the instruments received during the retention and deferral periods is expressly prohibited. The sale of shares is also prohibited for one year from time they are received.
- All deferred payments can be subject to malus. Similarly, Santander can claw back paid incentives in the scenarios and for the period dictated in the Group's malus and clawback policy.

ii) Quantitative metrics and qualitative assessment for 2024

Executive directors' variable remuneration for 2024 has been based on the corporate centre executives' common bonus pool, which calculation comes from the quantitative metrics and qualitative assessment approved by the board at the beginning of 2024 on the remuneration committee's recommendation. This also takes into account the input from the human resources committee, which for this purpose counts on the participation of the senior management in charge of the group's Risk, Compliance, Audit, Human Resources and Legal and Financial accounting and control functions, who among others provided input on risk, solvency, liquidity, results' quality and recurrence, and compliance and control. The results for the bonus pool (shown in the chart below) resulting from the process above and reviewed and approved by

[1] As indicated in the first chart in section 6.3 pension contributions include both fix and variable components, the latter of which also form part of total variable remuneration.

the board, upon recommendation from the remuneration committee, are shown in the chart below.

Category and (weight) of **Bonus pool**	A. Quantitative metrics[A]		
	Targets	Achievement over target	Assessment
Transformation: (45%)	Total customers (growth) (10%)	Target: 5.31 million. Achievement: 8.9 million.	150.00%
	Active customers (growth) (10%)	Target: 2.1 million. Achievement: 4.1 million.	150.00%
	Revenue per active customer (10%)	Target: EUR 600. Achievement: 617 EUR.	102.79%
	Cost (15%)	Target: EUR 24,799 million. Achievement: EUR 24,808 million.	100.00%
Capital[B] (30%)	CET1 ratio	Target: 12.45%. Achievement: 12.76%	252.59%
Profitability (25%)	RoTE (Return on tangible equity)	Target: 16.09%. Achievement: 16.27%.	108.86%
TOTAL metrics			**158.27%**

A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as extraordinary impacts of macroeconomic environment, impairments, restructuring procedures or regulatory changes) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.
B. The related score has been calculated as per the pay-out scale approved, which factors in not only performance vs target as per CRR2 but also vs CRR3, risk transfer and net RWAs targets.

B. Qualitative assessment		
Indicators	Level of achievement	Assessment
Performance vs. Market (+/- 10%)	The Group achieved record results in 2024 for the third year in a row. This enabled us to i) place above our global peers' average in terms of profitability adjusted to cost of risk (NIM-CoR); keep a lid on cost growth more or less in line with inflation and increasing at a rate half that of our peers; and iii) continue boosting our profitability (RoTE) by climbing two positions and widening the gap with the market average. By business, Retail performed strongly in almost every market, as did Consumer, which remained a leader in NIM-CoR and profitability. Wealth grew at a faster rate than our peers.	+5.00%
***Network Collaboration* (+/- 5%)**	During the year, we have strengthened synergy between global businesses, countries and support functions, driving collaboration within our Organization as a key factor in capturing the value of our Group, reinforcing our competitive and operational advantages. This allows us to continue to strengthen our global network and transform collaboration into a real advantage for the Group.	+3.41%
Compliance and Risk (+/- 5%)	Strengthened oversight units, including in global processes (e.g. P-27). Delivered on various regulatory/supervisory issues (closure of 4 SREP recommendations, maintained SREP operational rating, delivered EBA repair programme, full implementation of ECB IFRS9 operational act). Delivered a new Group-wide IRB strategy. Significant progress on strategic and transformational initiatives and further integration of advanced risk management techniques fostering profitable growth (automated credit decisioning, use of machine learning and artificial intelligence). Also continued to deliver an effective Compliance program in 2024, meeting the defined priorities with tangible deliverables focused on regulatory priorities such as One FCC, Unit and Global Division oversight and advice, and broader issues such as talent enhancement and mobility.	+2.50%
Sustainability targets (+/- 5%)	We made significant progress in sustainability-related lines of work, most notably our strong performance in financial inclusion and sustainable business (including climate).	+3.13%
TOTAL qualitative assessment		**+14.03%**

C. Exceptional adjustment approved by board of directors upon recommendation of remuneration committee	Despite very strong results and outstanding performance in capital management, the Board, upon recommendation from the Remuneration Committee, approved a discretionary reduction of -27.3 p.p. to best align the bonus pool results with shareholder performance	**-27.30 %**
Final bonus pool 2024		**145%**

The payout relative to the level of achievement of the targets for the quantitative metrics (158.27%) and the ones relative to the qualitative evaluation (+14.03%) and exceptional adjustment (-27.30%) are added up:

A + B +C = Final bonus pool result in 2024 (as a percentage of target).

The following section details the individual variable remuneration approved by the board.

iii) Determination of the individual variable remuneration for executive directors set in 2024

The board approved executive directors' variable remuneration for 2024 on the remuneration committee's recommendation, based on the bonus pool detailed above, their individual target bonuses for 2024 and the evaluation of their individual contributions.

The board also verified that none of the following circumstances have occurred:

- The Group's ONP[2] for 2024 was not more than 50% less than for 2023. Otherwise, variable remuneration would not have been greater than 50% of the individual target.

[2] For this purpose, ONP is attributed ordinary net profit, adjusted upwards or downwards for transactions the board believes have an impact not connected to the performance of evaluated directors, for which extraordinary profit, corporate transactions, impairments, or accounting or legal adjustments that may occur during the year are evaluated. The exclusion in the calculation for these purposes of goodwill impairments is aligned with the supervisors' criteria on their recommendations on dividend distributions.

- The Group's ONP was not negative. Otherwise, the incentive would have been zero.

The board of directors, upon recommendation of the remuneration committee, resolved to increase 5% the target bonuses for the Executive Chair and the CEO in 2024.

Variable contributions to pensions in terms of percentage were not modified in 2024, remaining at 22% of the 30% of the last three assigned bonus' average. This means **complying with Circular 2/2016 of the Bank of Spain**, standard 41, on pension benefits, by which a part of not less than 15% of the total contribution must be based on variable components.

Breakdown of immediately payable and deferred remuneration

2024 was a groundbreaking year in our transformation. We delivered solid operating performance and profitable growth, with record attributable profit of EUR 12,574 million on the back of a strong increase in revenue that grew far above costs, and all this progress with an improvement in cost of risk. These excellent results enabled us to achieve the targets we set for the year: a CET1 ratio of 12.8% (far exceeding forecasts and driven by strong net organic capital generation of over 200 basis points) and shareholder value creation (TNAV per share plus cash DPS up 14% year on year and cash dividend per share of up 39% year on year). All this, coupled with our business model and robust balance sheet, enabled us to achieve an initial bonus pool of 172.30%. However, to make this pool more consistent with shareholder return, the board approved a negative adjustment of 27.30%.

Furthermore, the ratio of executive directors' total remuneration to underlying attributable profit fell from 0.19% in 2023 to 0.18% in 2024, as shown in section 6.3.I.

In this context, total executive variable remuneration increased by 4% compared to the previous year.

The immediately payable variable remuneration in deferred amounts not contingent on long-term metrics and variable remuneration deferred and contingent on long-term objectives approved by the board of directors, following a proposal by the remuneration committee, resulting from the aforementioned process are:

Immediately payable and deferred (not linked to long-term objectives) variable remuneration

	2024				2023			
EUR thousand	In cash	In shares[A]	In RSUs[A]	Total	In cash	In shares[B]	In RSUs[B]	Total
Ana Botín	2,961	2,761	200	5,922	2,848	2,648	200	5,696
Héctor Grisi	2,046	1,878	168	4,092	1,952	1,784	168	3,904
Total	**5,007**	**4,639**	**368**	**10,015**	**4,800**	**4,432**	**368**	**9,600**

A. The amounts in the foregoing table correspond to a total of 1,014 thousand shares of Banco Santander and 7 thousand RSUs of PagoNxt, S.L.
B. The amounts in the foregoing table correspond to a total of 1,168 thousand shares in Banco Santander and 6 thousand RSUs in 2023.

The following chart states deferred variable remuneration at fair value, which will only be received in 2028, 2029 and 2030 if the long-term multi-year targets are met (see section 6.3 B iv)) and beneficiaries continue to be employed at Grupo Santander, in accordance with the terms approved in the general shareholders' meeting, and no circumstances triggering malus clauses occur[3]:

Deferred variable remuneration linked to long-term objectives (fair value)

	2024				2023			
EUR thousand	In cash	In shares[A]	In RSUs[A]	Total	In cash	In shares[B]	In RSUs[B]	Total
Ana Botín	1,166	956	210	2,332	1,121	911	210	2,243
Héctor Grisi	806	629	176	1,611	769	592	176	1,537
Total	**1,972**	**1,585**	**386**	**3,943**	**1,890**	**1,504**	**386**	**3,780**

A. The number of shares in the table correspond to a total of 346 thousand shares of Banco Santander and 7 thousand RSUs of PagoNxt S.L.
B. The number of shares in the table correspond to a total of 396 thousand shares and 6 thousand RSUs of PagoNxt S.L in 2023.

Fair value has been determined on the grant date based on the valuation of an independent expert, Willis Towers Watson. Based on the design of the plan for 2024 and success levels of similar plans at peer entities, the fair value was considered to be 70% of total value linked to long-term objectives assigned.

The maximum amount of shares to be delivered under the plan is within the maximum amount of the award to be delivered in shares (EUR 11.5 million) approved at the 2024 AGM for executive directors. This number of shares has been calculated with the weighted average daily volume of weighted average listing prices of Banco Santander shares in the 50 trading sessions prior to the Friday (not inclusive) before 4 February 2025 (the date on which the board approved the 2024 bonus for executive directors), which was EUR 4.576 per share. According to an independent experts' valuation, the price per PagoNxt, S.L. RSU equals EUR 54.14.

[3] Corresponds to the fair value of the maximum amount to be received over a total of 3 years, subject to continued service -with certain exceptions-, non- applicability of malus clauses and compliance with set goals. Fair value was estimated at the plan award date on account of several scenarios for the variables in the plan during the measurement periods.

iv) Multi-year targets linked to the payment of deferred amounts in 2028, 2029 and 2030

The multi-year targets linked to the payment of the deferred amounts payable in 2028, 2029 and 2030 are:

	Metrics	Weight		Target and compliance scales (metrics ratios)
A	Banco Santander's consolidated Return on tangible equity (RoTE) target in 2026	40%		If RoTE in 2026 is ≥ 18%, then metric ratio is 1.5 If RoTE in 2026 is ≥ 15% but <18%, then metric ratio is 0 – 1.5[B] If RoTe in 2026 is < 15%, then metric is 0
B	Relative Total Shareholder Return (TSR)[A] in 2024-2026 within a peer group	40%		If ranking Santander equal percentile 100, then metric ratio is 1.5 If ranking Santander between percentiles 75 and 100 (not inclusive), then metric ratio is 1 – 1.5[C] If ranking Santander between percentiles 40 and 75 (not inclusive), then metric ratio is 0.5 – 1[C] If ranking Santander below percentile 40, then metric ratio is 0
C	Four sustainability (environmental, social and governance) metrics with the following weighting: *2/10 x Coefficient 1 + 2/10 x Coefficient 2 + 1/10 x Coefficient 3 +5/10 x Coefficient 4*	20%	1)	If % women in senior executive positions in 2026 is ≥ 37%, then metric ratio is 1.25 If % women in senior executive positions in 2026 is ≥ 36% but <37%, then metric ratio is 1 – 1.25[D] If % women in senior executive positions in 2026 is ≥ 34% but <36%, then metric ratio is 0 – 1[D] If % women in senior executive positions in 2026 is < 34%, then metric ratio is 0
			2)	If number of financially included people[E] between 2024 and 2026 (in million) is ≥ 6,3, then metric ratio is 1.25 If number of financially included people[E] between 2024 and 2026 (in million) is ≥ 5,3 but <6,3, then metric ratio is 1 – 1.25[D] If number of financially included people[E] between 2024 and 2026 (in million) is ≥ 3,5 but <5,3, then metric ratio is 0 – 1[D] If number of financially included people[E] between 2024 and 2026 (in million) is < 3,5, then metric ratio is 0
			3)	If socially responsible investment[F] in 2026 is ≥ 21%, then metric ratio is 1.25 If socially responsible investment[F] in 2026 is ≥ 18% but < 21%, then metric ratio is 1 –1.25[D] If socially responsible investment[F] in 2026 is ≥ 15% but < 18%, then metric ratio is 0 –1[D] If socially responsible investment[F] in 2026 is < 15%, then metric ratio is 0
			4)	If finance raised and facilitated[G] (in EUR billions) between 2024 and 2026 is ≥ 180, then metric ratio is 1.25 If finance raised and facilitated[G] (in EUR billions) between 2024 and 2026 is ≥ 150 but < 180, then metric ratio is 1 –1.25[D] If finance raised and facilitated[G] (in EUR billions) between 2024 and 2026 is ≥ 110 but < 150, then metric ratio is 0 –1[D] If finance raised and facilitated[G] (in EUR billions) between 2024 and 2026 is < 110, then metric ratio is 0

A. TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2024 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2027 (exclusive) (to calculate the final value). The peer group consists of BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.
B. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2026 within this bracket of the scale.
C. Proportional increase in the TSR ratio based on the number of positions moved up in the ranking.
D. Increase of the coefficient is proportional to its position on this line of the scale.
E. Financial inclusion: the banking proposals or tailored finance refer to the number of people unbanked, underbanked, in financial distress or with difficulty to access credit to whom we provide tailored access and finance solutions, aiming to meet local financial inclusion needs in a recurrent, comprehensive, affordable and effective way.
F. Assets under management that meet the criteria of Santander's Sustainable Finance and Investment Classification System (SFICS) as a percentage of total assets under management.
G. Grupo Santander's contribution to our customers' transition (2024-2026): CIB green finance raised and facilitated (target), Retail & Commercial banking green finance and sustainable linked-loans, and Digital Consumer Bank green finance.

To determine the annual amount of the deferred portion linked to objectives corresponding to each executive director in 2028, 2029 and 2030, the following formula shall be applied to each of these payments ('final annuity') without prejudice to any adjustment deriving from the malus clauses:

$$\text{Final annuity} = \text{Amt.} \times (2/5 \times A + 2/5 \times B + 1/5 \times C)$$

where:

- 'Amt.' is one third of the variable remuneration amount deferred conditional on performance (i.e. Amt. will be 12% of the total variable pay set in early 2025).
- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2026.
- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2024- 2026.
- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the four sustainability targets for 2026 described above.
- In any event, if the result of (2/5 x A + 2/5 x B +1/5 x C) is greater than 1.25, the multiplier will be 1.25.

v) Malus and clawback

Deferred amounts (whether or not contingent on multi-year targets) will be earned if the beneficiary continues to work with the Group[4], and none of the circumstances triggering malus clauses arise before each payment, according to the section on malus and clawback clauses in the remuneration policy.

Similarly, Banco Santander can clawback any paid variable amounts in the scenarios and for the period dictated by the terms and conditions in the said policy.

Variable remuneration for 2024 can be clawed back until the beginning of 2031.

Malus and clawback clauses are triggered by poor financial performance of Banco Santander, a division or area, or exposures from staff as a result of an executive(s)'s management of, at least, one of these factors:

Category	Factors
Risk	Significant failures in risk management by Banco Santander, or by a business or risk control unit.
Capital	An increase in capital requirements at the Banco Santander or one of its business units not planned at the time that exposure was generated.
Regulation and internal codes	Regulatory penalties or legal convictions for events that might be attributable to the unit or staff responsible for them. In addition, failure to comply with Banco Santander's internal codes of conduct.
Conduct	Improper conduct, whether individual or collective. Negative effects deriving from the marketing of unsuitable products and the liability of persons or bodies making such decisions will be considered especially significant.

In addition to the existing policy on malus and clawback clauses of our remuneration policy, the addendum to our remuneration policy entitled "Financial Statement Restatement Compensation" regulates the recoupment of compensation received by the executive directors of Banco Santander, S.A., and senior management, in the event of a financial restatement (according to the regulation) resulting from material noncompliance with financial reporting requirements under US federal securities laws.

The application of malus or clawback clauses for executive directors shall be determined by the board of directors, at the proposal of the remuneration committee, and cannot be proposed once the retention period for the final payment in shares under the plan has elapsed in early 2031. Therefore, the board determines the specific deferred incentive amount to be paid as well as any amount that could be subject to clawback, upon on the remuneration committee's recommendation and depending on the level of compliance with the conditions for applying malus clauses.

C. Main features of the benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012, which covers contingencies due to retirement, disability and death.

According to the 2012 system, contracts for Ana Botín and other senior managers with defined benefit pension obligations were transformed into a defined contribution system. The new system gives executive directors the right to receive benefits upon retirement, even if they are not active at Banco Santander at the time, based on contributions to the system. It also replaced their previous right to receive a pension supplement in the event of retirement.

The initial contribution for Ana Botín in the new defined contribution pension scheme corresponded to the market value of the assets for which the provisions for due obligations were recognized when the previous pension commitments had been transferred to the new pension scheme.

Every year since 2013, Banco Santander has been contributing to the pension scheme for executive directors and other members of the executive team in proportion to their pensionable bases until their departure from the Group, retirement, death or disability. In general terms, the pensionable base for executive directors is the sum of their fixed remuneration plus 30% of the average of their last three variable remuneration amounts. Contributions will be 22% of pensionable bases in all cases.

This means **complying** in both cases with **Circular 2/2016 of the Bank of Spain**, standard 41, on pension benefits, by which a part of not less than 15% of the total contribution must be based on variable components.

For Héctor Grisi, CEO from 1 January 2023, since he has been in the position for two years, the calculation of the variable portion was done using the average of the last two variable remuneration amounts.

Pursuant to remuneration regulations, contributions calculated on the basis of variable remuneration are subject to the discretionary pension benefits scheme. Therefore, under the policy, malus and clawback clauses can be enforced on them in place at any given time and during the same period in which variable remuneration is deferred. Furthermore, these contributions must be invested in Banco Santander shares for five years from the date of the executive director's retirement, or from the date on which the executive directors leave the group. Once that period has elapsed, the amount invested in shares will be paid to them or their beneficiaries if some contingency covered by the pension scheme was happened or will be added to the remainder of their

[4] When the beneficiary's relationship with Banco Santander or another Group entity terminates because of retirement, early retirement or pre-retirement; a dismissal ruled by the courts to be wrongful; unilateral withdrawal for good cause by an employee (which includes the situations set forth in article 10.3 of Royal Decree 1382/1985, of 1 August, governing the special relationship of senior management, for the persons subject to these rules); permanent disability or death; mandatory redundancy; or because an employer other than Banco Santander ceases to belong to Grupo Santander, the right to receive shares and deferred amounts in cash and any amounts of the deferred amounts in cash adjusted for inflation will remain under the same conditions in force as if none of such circumstances had occurred. In the case of death, the right will pass to the beneficiary's heirs.
In cases of justified temporary leave due to temporary disability, suspension of contract due to maternity or paternity leave, or leave to care for children or a relative, there will be no change in the beneficiary's rights. If the beneficiary goes to another Group company (even through international assignment and/or expatriation), these rights will likewise not change. If the relationship terminates by mutual agreement or because the beneficiary obtains a leave not mentioned above, the terms of the termination or temporary leave agreement will apply.
None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive the deferred remuneration in shares and cash and, where applicable, the amounts arising from the adjustment for inflation of the deferred amounts in cash, it shall be delivered within the periods and under the terms provided in the rules for the plans.

cumulative balance until their retirement age when the total amount will be paid.

The benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. The economic rights of the directors previously mentioned belong to them even if they are not active at Banco Santander at the time of their retirement, death or disability. Their contracts do not stipulate any severance payment outside the extent of the law for termination of contract.

The provisions recognised in 2024 for retirement pensions amounted to EUR 2,445 thousand (EUR 2,110 thousand in 2023), as broken down below.

EUR thousand	2024	2023
Ana Botín	1,339	1,144
Héctor Grisi	1,105	966
Total	**2,445**	**2,110**

The amounts corresponding to each director as of 31 December 2024 and 2023 in the pension scheme are:

EUR thousand	2024	2023
Ana Botín	54,731	49,257
Héctor Grisi	1,299	585
José Antonio Álvarez	20,326	19,495
Total	**76,356**	**69,338**

D. Other remuneration

Grupo Santander also takes out insurance policies for life, health and other contingencies for its executive directors. This other remuneration component includes the fixed supplement approved for Ana Botín to replace the supplementary benefits from the pension scheme eliminated in 2018, in addition to the cost for insuring death or disability until they retire. Directors are covered under the Group's civil liability insurance policy.

Note 5 to the Group's consolidated financial statements describes other benefits received by executive directors in detail.

E. Shareholdings

In 2016, on the remuneration committee's recommendation, the board of directors approved a shareholding policy to better align executive directors with shareholders' long-term interests.

According to this policy, in addition to the executive directors' commitment to maintaining a significant holding of shares in Banco Santander for as long as they have their role, executive directors have five years to demonstrate that their personal assets include shares in Banco Santander that amount (net of taxes) to twice their gross annual salary on that date. The following table show the ratio, with a share price of EUR 4.465[5]:

	2024		
	Gross annual salary (thousand)	**Number of shares (thousand)**	***Number of times***
Ana Botín	3,435	33,400	43.4
Héctor Grisi	3,150	2,124	3.0

Likewise, in addition to the regulatory obligation for executive directors not to sell the shares they receive as remuneration for a year from their award, which is included in the shareholding policy, and will apply to all cases, this policy has also been updated in 2020 to include the obligation for executive directors not to sell the shares they receive as remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her annual salary.

F. Remuneration of board members as representatives of Banco Santander

The executive committee resolved that the remuneration accrued by executive directors who represent Banco Santander on boards of companies where it owns equity and were appointed after 18 March 2002 will accrue to the Group. No executive director received remuneration for this type of representation in 2024.

The following table includes the remuneration received by non-executive directors on a personal basis in other Group entities:

Director	Position	Remuneration
Homaira Akbari	Member of the board of Santander Consumer USA Holdings, Inc.	USD 100 thousand (EUR 96 thousand)
	Member of the Board of PagoNxt, S.L.	EUR 200 thousand
Henrique de Castro	Member of the Board of PagoNxt, S.L.	EUR 200 thousand
José Antonio Álvarez	Member of the Board of PagoNxt, S.L.	EUR 200 thousand
	Member of the Board of Banco Santander (Brasil) S.A.	BRL 1,135 thousand (EUR 183 thousand)
Pamela Walkden	Member of the Santander UK, plc and Santander UK Group Holdings Limited	GBP 109 thousand (EUR 129 thousand)

Likewise, Luis Isasi received EUR 1,000 thousand for his role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings (amount included in the chart below as "other remuneration" as it is paid by Banco Santander, S.A.).

And finally, José Antonio Álvarez received a fixed remuneration of EUR 1,750 thousand as strategic adviser of Grupo Santander, as well as the life and health insurance contributions and the supplement for having waived the death and disability policy disclosed in the table in section G below.

G. Individual remuneration of directors for all items in 2024

Below is a breakdown of each director's short-term salary (payable immediately) and deferred remuneration not based on long-term performance for 2024 and 2023. Statistical information on remuneration required by the CNMV (9.5) and Note 5 to the Group's consolidated financial statements contains disclosures on shares delivered in 2024 under the deferred remuneration schemes of previous years where conditions for their delivery were met in the related years.

[5] This share price corresponds to the share price as of closing of stock markets on 31 December 2024.

Directors	EUR thousand 2024 Bylaw-stipulated emoluments: Board and board committees annual allotment	Bylaw-stipulated emoluments: Board and committee attendance fees	Salary and bonus of executive directors: Fixed Salary	Salary and bonus of executive directors: Immediate payment bonus (50% in instruments)	Salary and bonus of executive directors: Deferred payment bonus (50% in instruments)	Salary and bonus of executive directors: Total	Pension Contribution	Other remuneration[F]	Total	2023 Total
Ana Botín	312	56	3,435	3,702	2,221	9,358	1,339	1,062	12,127	11,544
Héctor Grisi	296	56	3,150	2,558	1,535	7,243	1,105	437	9,137	8,257
José Antonio Álvarez	326	56	—	—	—	—	—	3,316	3,698	3,553
Glenn Hutchins	603	97	—	—	—	—	—	—	700	372
Bruce Carnegie-Brown[A]	46	31	—	—	—	—	—	—	78	576
Homaira Akbari	197	88	—	—	—	—	—	—	285	265
Javier Botín[B]	98	46	—	—	—	—	—	—	144	137
Sol Daurella	204	88	—	—	—	—	—	—	292	249
Henrique de Castro	197	103	—	—	—	—	—	—	300	284
Gina Díez	154	71	—	—	—	—	—	—	225	211
Luis Isasi	339	101	—	—	—	—	—	1,000	1,440	1,417
Ramiro Mato[C]	211	60	—	—	—	—	—	—	271	518
Belén Romana	471	128	—	—	—	—	—	—	599	572
Pamela Walkden	276	105	—	—	—	—	—	—	381	341
Germán de la Fuente	238	100	—	—	—	—	—	—	338	271
Carlos Barrabés[D]	97	31	—	—	—	—	—	—	128	—
Antonio Weiss[E]	50	22	—	—	—	—	—	—	72	—
Total 2024	**4,115**	**1,240**	**6,585**	**6,260**	**3,756**	**16,601**	**2,444**	**5,815**	**30,214**	**—**
Total 2023	**4,238**	**1,097**	**6,271**	**6,000**	**3,600**	**15,871**	**2,110**	**5,251**	**—**	**28,567**

A. Stepped down as director on 22 March 2024.
B. All amounts received were reimbursed to Fundación Botín.
C. Stepped down as director on 27 June 2024.
D. Member of board of directors since 27 June 2024.
E. Member of board of directors since 27 June 2024.
F. Other remuneration includes for Luis Isasi EUR 1,000 thousand for his role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings. For José Antonio Álvarez, this amount includes remuneration as strategic advisor of Grupo Santander, life and health insurance contributions (EUR 856 thousand) and the supplement for having waived the death and disability policy (EUR 710 thousand).

The following table provides each executive director's salary contingent on multi-year targets. It is only paid if they remain active in the group, malus clauses do not apply and set multi-year targets are achieved (as depending on their achievement, the amounts will be increased (limited to 125%), reduced, or even be zero, if the related minimum thresholds are not achieved):

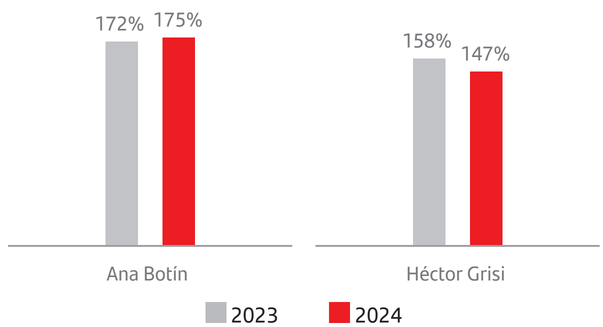
	EUR thousand 2024	EUR thousand 2023
Ana Botín	2,332	2,243
Héctor Grisi	1,611	1,537
Total	**3,943**	**3,780**

A. Fair value of the maximum amount receivable over a total of 3 years (2028, 2029 and 2030), which was estimated when the plan was granted, based on several scenarios relating to variables in the plan during the measurement periods.

H. Ratio of variable to fixed pay components in 2024

At the 2024 AGM, shareholders approved a maximum ratio of 200% of variable to fixed components in executive directors' pay.

The table below shows the ratio of variable components to fixed components for each executive director's total pay in 2024. This ratio increased slightly from 2023 by 3 pp for Ana Botín and decreased 11 pp for Héctor Grisi.



For these purposes:

- Variable components include all items of this nature, such as any contributions to the pension scheme calculated on directors' variable pay.
- Fixed components consist of the other items each director receives for executive duties, including contributions to pension schemes calculated on the basis of fixed remuneration and other benefits, as well as all Bylaw-stipulated emoluments that the director is entitled to receive in his or her capacity as such.

I. How we include sustainability metrics in 2024 variable incentive scheme

Banco Santander's current remuneration policy is designed to align executive pay with our strategic goals, including long-term sustainability. The policy incorporates mechanisms that link variable remuneration to the achievement of financial, sustainability, and value creation objectives. These objectives are specific, measurable, and aligned with the bank's interests, encompassing environmental, social, and governance (sustainability) factors.

Sustainability metrics are included in the two different incentive schemes, the short-term incentive and the long-term incentive. Both structures are in place to reward performance and promote a balance between immediate results and sustainable growth over time.

1. **Short-term incentive** (measured by the Bonus pool result):

- Variable pay calculated against annual quantitative metrics and a qualitative assessment based on objective factors, while also considering individual performance. We consider sustainability accomplishments in the qualitative assessment, with a weight of +/- 5%.
- Our top 236 Groups' executives (including the Executive Chair and CEO), as well as employees of the global Corporate Centre and global corporate centres of our subsidiaries, are subject to this general Bonus pool framework and their respective local adaptations.
- The proposed parameters for sustainability performance reviews aim to reward progress both in key metrics and in embedding sustainability in management. For the 2024 award, the sustainability component of the qualitative assessment considered the following sustainability-related accomplishments vs the targets budgeted for the year: progress with inclusive culture, financial inclusion, sustainable business volume, climate and governance and data.

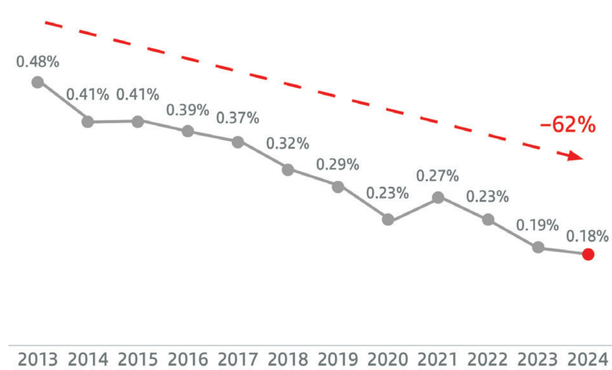
2. **Long-term incentive**:

- A portion of variable compensation (36%), which is deferred and earned based on the achievement of pre-determined multi-year goals, including sustainability metrics (for the 2024 award, 20% of total multi-year goals). These metrics are progress with inclusive culture, financial inclusion, socially responsible investment and supporting the transition to a low carbon economy (for more details, please see section 6.3.B iv)).
- Our top 36 Groups' executives have their long-term incentive linked to these metrics, including the Executive Chair and CEO.

J. Comparative analysis of directors' remuneration, company performance and average remuneration of employees

This chart summarizes directors' compensation (short-term remuneration, deferred variable remuneration and/or deferred variable remuneration linked to multi-year targets included, excluding pension contributions) for executive duties in relation to underlying attributable profit as evidenced below. The weight of executive directors' remuneration relative to underlying attributable profit continues to decline since 2013.

Ratio of executive directors' total remuneration to underlying attributable profit



The following chart shows the comparative analysis between the directors' remuneration, the company performance (underlying profit attributable to the Group, audited profit before taxes and ordinary ROTE) and the average remuneration of Santander employees (other than directors and in a full time equivalent basis) in the last 5 years:

Directors' remuneration[1] (EUR thousand)	2024	% var. 24/23	2023	% var. 23/22	2022	% var. 22/21	2021	% var. 21/20	2020
• Executive Directors									
Ana Botín	12,127	5%	11,544	5%	11,001	(4)%	11,435	68%	6,818
Héctor Grisi	9,137	11%	8,257	—	—	—	—	—	—
• Non-Executive Directors[2]									
José Antonio Álvarez	3,698	4%	3,553	(61%)	9,086	(1%)	9,160	52%	6,018
Glenn Hutchins	700	88%	372	—%	10	—%	—	—%	—
Bruce Carnegie-Brown[A]	78	(86%)	576	(18%)	700	—	700	18%	595
Homaira Akbari	285	8%	265	9%	244	(2%)	248	23%	202
Javier Botín[B]	144	5%	137	6%	129	—	129	6%	122
Sol Daurella	292	17%	249	8%	230	(4%)	239	12%	214
Henrique de Castro	300	6%	284	9%	261	(2%)	267	23%	217
Gina Díez Barroso	225	7%	211	23%	172	32%	130	—	4
Luis Isasi[C]	1,440	2%	1,417[E]	—	1,412[E]	—	1,406[E]	49%	943
Ramiro Mato[D]	271	(48%)	518	4%	500	—	499	16%	430
Belén Romana	599	5%	572	4%	549	3%	533	28%	417
Pamela Walkden	381	12%	341	6%	323	7%	303	42%	214
Germán de la Fuente	338	25%	271	—	137	—	—	—	—
Carlos Barrabés[E]	128	—	—	—	—	—	—	—	—
Antonio Weiss[F]	72	—	—	—	—	—	—	—	—
Company's performance									
Underlying profit attributable to the Group (EUR mn)	12,574	14%	11,076	15%	9,605	11%	8,654	70%	5,081
Consolidated results of the Group[3] (EUR mn)	19,027	16%	16,459	8%	15,250	5%	14,547	—	(2,076)
Ordinary RoTE	16.27%	8%	15.06%	13%	13.37%	5%	12.73%	71%	7.44%
Employees' average remuneration[4] (EUR thousand)	**61**	**5%**	**58**	**3%**	**56**	**1%**	**56**	**18%**	**47**
Employees' average remuneration in Spain[5] (EUR thousand)	**75**	**3%**	**73**	**6%**	**68**	**10%**	**62**	**(2%)**	**63**

1. Deferred variable remuneration linked to long-term objectives is not included.
2. Non-executive directors' remuneration fluctuations are caused by joining or leaving the board of directors and the difference in the amount of meetings they assist during the year. Hence there is no correlation between their remuneration and the company performance.
3.Group operating profit/(loss) before tax.
4. Employee average remuneration includes all concepts, including other remuneration. Normally the increases or decreases in remuneration are greater for the executive directors, depending on the results of the entity, because the percentage of variable remuneration over fixed remuneration in an average employee is lower than that of the executive directors. Variable remuneration data accrued in the current year, both for employees and executive directors. Evolutive data also impacted by exchange rate performance in the group's geographies. Full time equivalent data considered.
5.Total employees in Spain geography. Fixed remuneration + effective bonus received in the year. Not all concepts are included. Not impacted by exchange rates.
A. Stepped down as director on 22 March 2024.
B. All amounts received were reimbursed to Fundación Botín.
C. Includes EUR 1,000 thousand for his role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings.
D. Stepped down as director on 27 June 2024.
E. Member of board of directors since 27 June 2024.
F. Member of board of directors since 27 June 2024.

K. Performance of the long-term metrics under the 2021 plan (2021-2023)

In 2024, the board of directors, at the remuneration committee's recommendation, approved the level of performance of the long-term metrics for the sixth cycle of the deferred multi-year objectives variable remuneration plan (2021). The table below details each metric and its result at the close of period.

Metric	Target	Result	Coefficient	Weight	Weighted coefficient
CET1 *fully loaded* in 2023	12%	12.3%	100%	1/3	**33.3%**
Earnings per share growth in 2023 vs 2020	100%	149.6%	150%	1/3	**50%**
TSR in 2021-2023	33 - 66 percentile (0% and 100%)	Percentile 33	25%	1/3	**8.3%**
Total					**91.6%**

L. Summary of link between risk, performance and remuneration

Banco Santander's remuneration policy and its application in 2024 have promoted sound and effective risk management, at the same time as supported the fulfilment of long-term business objectives.

The key elements of the remuneration policy for executive directors making alignment between risk, performance and reward in 2024 were as follows:

Key words	Aspect aligning risk, performance and remuneration
Metrics balance	The balance of quantitative metrics and qualitative assessments, including customer, risk, capital and profitability in relation to risk, used to determine the executive directors' variable remuneration.
Financial thresholds	The adjustment to variable remuneration if certain financial thresholds are not reached, which may limit the variable remuneration to 50% of the previous year's amount or lead to it not being awarded at all.
Long-term objectives	The long-term objectives linked to the last three portions of the deferred variable remuneration. These objectives are directly associated with return to shareholders relative to a peer group, return on tangible equity (RoTE) and the five targets linked to our sustainability agenda.
Individual performance	The discretion of the board to consider the performance of each executive director in the award of their individual variable remuneration.
Variable remuneration cap	200% of fixed remuneration.
Control functions involvement	The work undertaken by the human resources committee aided by senior managers leading Control functions in relation to the analysis of quantitative metrics information and undertaking qualitative analysis.
Malus and clawback	Malus can be applied to unvested deferred pay and clawback can be applied to vested or paid compensation under the conditions dictated by the Group's remuneration policy.
Shareholding policy	We have demanding executive stock ownership requirements whereby they have the obligation to hold an amount of Santander shares of at least twice their annual salary, thus reducing the incentive for short-term risk taking.
Payment in instruments	At least 50% of variable pay is in instruments and subject to retention or prohibition from exercise of at least one year from their delivery.

6.4 Directors' remuneration policy for 2025, 2026 and 2027

Remuneration policy principles and remuneration system

A. Directors' remuneration in their capacity as such

Director's remuneration is regulated by article 58 of Banco Santander's Bylaws and article 33 of the Rules and regulations of the board of directors. For 2025, 2026 and 2027, no changes to the principles and composition of directors' remuneration for supervisory and collective decision-making duties are planned with respect of those in 2024. They are described in sections 6.1 and 6.2.

B. Executive directors' remuneration

Executive directors are entitled to be paid the remuneration (e.g., salaries, incentives, bonuses, severance payments for early termination from such duties, and amounts to be paid by Banco Santander for insurance premiums or contributions to savings schemes) deemed appropriate for performing executive functions following a proposal from the remunerations committee and by resolution of the board of directors, subject to the limits set by law.

C. Shareholder engagement

In response to the lower-than-usual support our 2024 remuneration policy proposal received in the 2024 annual general meeting, we engaged with a significant portion of our shareholders and proxy advisors to discern and address any concerns related to remuneration. These engagement efforts are described in greater detail on the introduction section of this chapter.

As a result of these conversations, the remuneration committee proposed several changes to the remuneration structure of the executive directors for the 2025 incentive award and beyond, as well as updates to our disclosure:

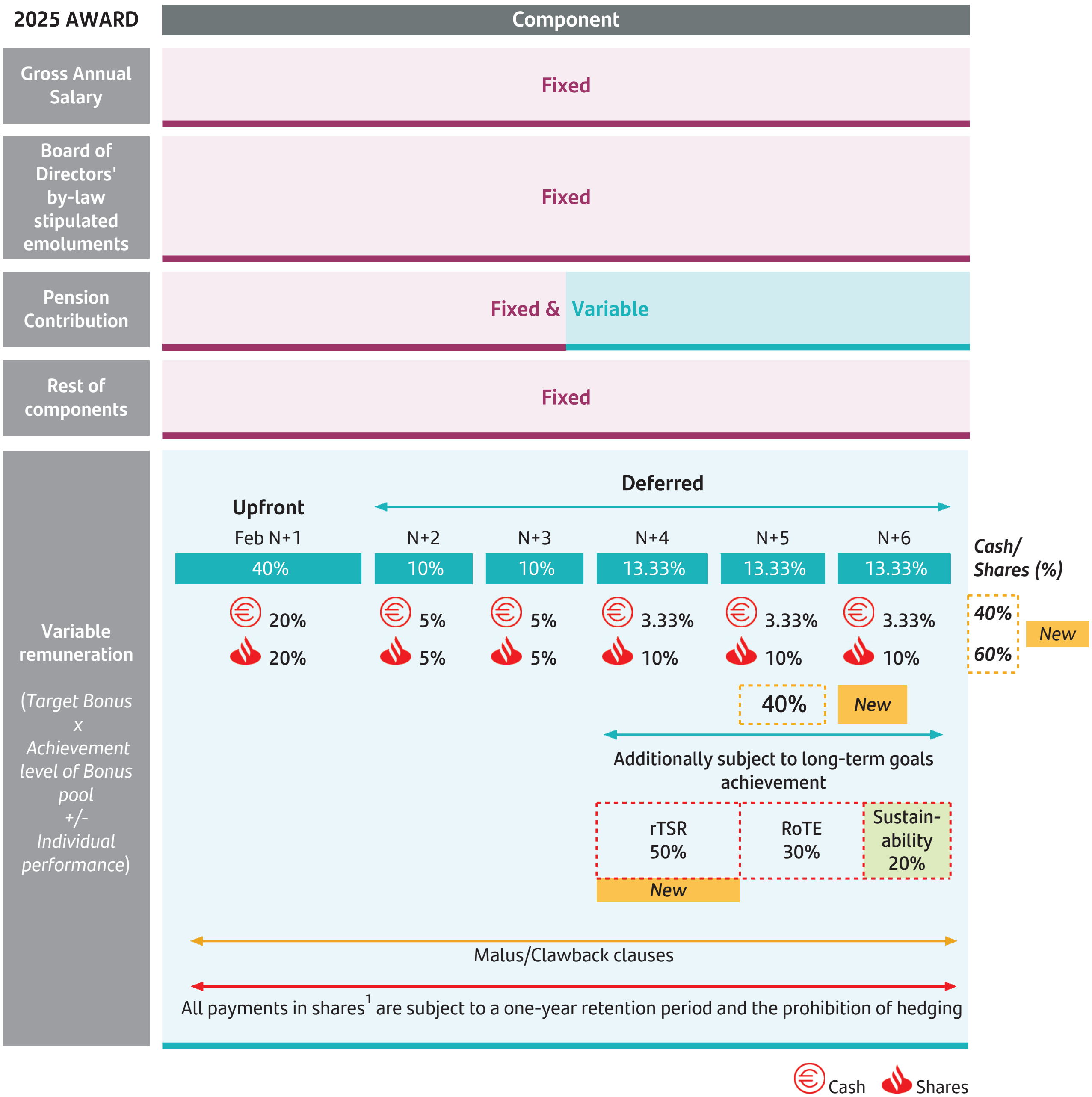
Key issues raised by shareholders	Actions taken in response
→ **Investors expressed their wish to increase the weight of the long-term components of variable remuneration.**	• **First**, to provide even greater alignment with shareholders, **the portion of variable remuneration paid in equity will be increased from 50% to 60%**. In this regard, in 2025, for executive directors, variable remuneration will be paid 40% in cash and 60% in instruments, the latter whose long-term valuation replicate the interests of our shareholders. The portion they will receive in instruments is split as follows: i. EUR 500 thousand and EUR 420 thousand in PagoNxt, S.L. RSUs for Ana Botín and Héctor Grisi, respectively. ii. The rest, all in shares of Banco Santander. • **Second,** to strengthen the long-term vision and value creation of the company, **the percentage of variable pay subject to long-term metrics will be increased from 36% to 40%.** • **And third,** to increase the alignment with shareholders return, **we have increased the weight of the relative TSR long-term performance metric from 40% to 50%.**
→ **Investors viewed favourably that we had increased the minimum relative TSR (rTSR) vesting from 33rd percentile to 40th percentile. Still, several indicated a preference for no vesting below median peer performance levels.**	• Starting with the 2025 awards, we have **increased the minimum vesting threshold for rTSR from 40th percentile to 50th percentile.**
→ **Some investors raised how executive remuneration levels are determined.**	• Santander has **enhanced the remuneration disclosures** to provide further detail on our Committee's process for setting the Remuneration Policy. • This report contains **further explanations** detailing how executive **remuneration is set** and **how pay is aligned with performance**, including the peer selection criteria for this analysis. Santander follows a rigorous process that includes an **annual review of comparative market data** to ensure our pay remains competitive in the marketplace.

The remuneration committee proposes to maintain the current long-term performance metrics, thus prioritizing shareholder returns and the Group's profitability in the long-term, as well as the sustainability of the balance sheet and its activities and how we carry them out. Therefore these metrics will continue to be:

- Relative performance of Banco Santander's total shareholder return (TSR) compared to our peer group. Its weight is increased from 40% to 50% of the total.
- Return on tangible equity (RoTE), as an indication of long-term value creation. Its weight will be 30% of the total.
- Four sustainability metrics linked to the progress we make on our targets to implement the Group's agenda in this sense. Their weight will be 20% of the total.

And the maximum achievement ratio will also remain at 125% so executives have the incentive to exceed their targets; however, the maximum achievement ratio for effectively paid remuneration will not exceed the thresholds approved at the AGM.

The following table shows the remuneration structure for 2025 of both executive directors, according to the aforementioned changes:



1.Executive directors also have the obligation to hold them for three years from their award date, unless the director already holds shares for an amount equivalent to 200% of their net annual salary (calculated on the basis of their gross annual salary). In such case, the regulatory obligation to hold shares is for one year from their grant date.

Moreover, to strengthen a strategic line that is key to Banco Santander's future, and with the aim of providing a strong alignment with PagoNxt's success, the Executive Chair and the Chief Executive Officer will continue to receive restricted stock units (RSUs) of PagoNxt, S.L.

The RSUs substitute part of their variable pay instruments in Banco Santander shares without increasing their total pay and will not represent more than 10% of their variable pay.

Specifically, as regards 2025, Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

This plan is subject to the same principles of risk alignment, variable remuneration caps, deferrals and malus and clawback as the incentive which applies to executive directors described herein, but with payment being done in PagoNxt S.L. instruments.

Also, as detailed at the beginning of chapter 6.3, Banco Santander conducts an annual comparative review of executive directors' and top management remuneration. In 2025, the peers that comprise the review are BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit, based on their market capitalization, global scale, brand recognition, geographical diversification, business model and regulatory framework. The incorporation of US and Brazilian banks is justified by the strong presence of Banco Santander in those countries, where Santander is listed (on the New York Stock Exchange and Brazilian Stock Exchange of São Paulo).

Our findings show that Banco Santander does not award its executive directors any remunerative components outside of common market practice.

Principle of equal pay for equal work and equal employment conditions for Santander executives and employees

Santander applies the equal pay principle included in the Corporate remuneration policy of Grupo Santander for executive directors and employees alike, which forbids any type of differential treatment that is not exclusively based on an assessment of performance results and corporate behaviours, and promotes equal pay for men and women.

Furthermore, our remuneration framework rewards Santander employees for their contribution based on such common principles as:

- Meritocracy: Non-discrimination based on sex, age, culture, religion or ethnicity.
- Consistency: Remuneration consistent with the level of responsibility, leadership and performance within the Group, to promote retention of key professionals and attract the best talent.
- Sustainability: A remuneration framework that is sustainable in terms of associated costs, cost control, and related objectives (as described in the policy) that ensure variable remuneration is commensurate with the Group's performance, disincentivize short termism and promote long-term sustainability. The remuneration scheme for the 1,246 Corporate Identified Staff also includes deferrals of up to 60% of their variable remuneration, payment of 50% of their variable remuneration in instruments (subject to one-year retention) and malus and clawback clauses.

  Also, performance objectives for annual variable remuneration have included since 2020 sustainability components. From 2022, with the purpose of increasing focus on the Group's sustainability agenda and highlight this matter as a core long-term strategy, sustainability metrics are included (described in the next section) for the last deferred variable remuneration payments.
- Social responsibility: Employees' pay cannot be lower than the legal minimum wage or the living wage in the country where they work. Additionally, in order to give our social responsibility prominence in remuneration, the Group's responsible banking objectives for employee remuneration include the people financially included metric.
- Performance-based pay: Variable remuneration is subject to the achievement of (i) annual objectives (set out in section 6.4.B.ii.B), which reflect customer and profitability strategy, promote proper risk management and cost-effective capital allocation, and discourage short-term management focus; and (ii) long-term objectives (see section 6.4.B.ii.B), which support a sustainable balance sheet, shareholder return, the Group's profitability and sustainability of the Group's activities and the way they are carried out.

Directors' remuneration for 2025

A. Directors' remuneration in their capacity as such

In 2025, directors, in their capacity as such, will receive remuneration for supervisory and collective decision-making duties for a total of up to EUR 6 million as authorised by the shareholders at the 2024 AGM (which will again be put to a vote at the 2025 AGM). It consists of:

- annual allocation, and
- attendance fees.

For 2025, the board of directors, on the remuneration committee's recommendation, approved a 3% increase (in respect of 2024) to the annual allotments for the board (chair and members) and its committees (including the executive committee), as well as to the amount allocated to the role of Lead Independent Director and non-executive vice chair and to attendance fees. This increase (aligned with the average remuneration increase of the Group's staff in Spain in 2024 vs 2023) compensates the greater time commitment of board members, compared to those of other comparable banking groups, as the last market analysis we conducted alongside an independent expert concluded.

The specific amounts and the form of payment are determined by the board of directors in the manner described in the respective 6.2 section of the Annual report, based on the objective circumstances of each director.

Additionally, as indicated in the description of the director remuneration system, Banco Santander will pay its directors' the corresponding civil liability insurance premium in 2025. The related policy is common to all executives and was taken out under usual market condition, proportionate to Banco Santander's situation.

B. Executive directors' remuneration for the performance of executive duties

i) Fixed remuneration components

A) Gross annual salary

As part of the annual review of the target compensation of our executive directors, and on the remuneration committee's recommendation, the board has decided not to increase their gross annual salaries, which they believe are competitive based on market data for our peer group and appropriate given their roles and capabilities as well as the Group's performance.

Likewise, their gross annual salary amounts may increase owing to adjustments made to the fixed remuneration mix based on the criteria approved by the remuneration committee, provided this does not entail any cost increase for Banco Santander.

B) Other fixed remuneration components

- Benefit systems: defined contribution schemes as set out in section 'Benefit schemes'[6].
- Supplement to fixed salary: Ana Botín will receive EUR 525 thousand as a supplement to her fixed pay in 2025. This was approved in 2018 when the supplementary death and disability pension schemes were eliminated. Héctor Grisi will not receive any supplement of this kind.
- Social welfare benefits: executive directors will also receive social welfare benefits such as life insurance premiums, travel grants, medical insurance and the allocation of remuneration to employee loans, in accordance with Banco Santander's general policy for senior management, and in the same terms as the rest of employees.
- Likewise, Banco Santander makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee. This information can also be found under the 'Benefit plans' section.

ii) Variable remuneration components

The board approved the policy on executive directors' variable remuneration for 2025 on the remuneration committee's recommendation, based on the remuneration policy principles described at the beginning of this section 6.4.

Executive directors' variable remuneration consists of a single incentive scheme, linked to the achievement of short-and long-term objectives. It is structured as follows:

- The final amount of variable remuneration will be set at the start of the following year (2026) based on the target bonus amount and subject to compliance with the annual objectives described under section B) below.
- 40% of the incentive will be paid immediately once the final amount has been set, and 60% will be deferred in equal parts paid out over five years and subject to long-term metrics:
  - The amount deferred over the first two years (20% of the total) will be paid in 2027 and 2028 on the condition that no malus clauses described under section 6.3 B v) are triggered.
  - The amount deferred over the next three years (40% of the total) will be paid in 2029, 2030 and 2031, on the condition that no malus clauses are triggered and long-term targets – described in section D) Deferred incentive subject to long-term performance objectives– are met.

The Group can clawback incentives already paid in the cases and during the term set out in its malus and clawback policy, described under section 6.3. B) v).

Exceptionally, when a new executive director joins Banco Santander, his/her variable pay may include a sign-on bonus and/or buyouts.

Variable components in executive directors' total remuneration for 2025 cannot exceed the limit of 200% of fixed components submitted for approval to the 2025 AGM. However, under EU regulations on remuneration, certain variable components can be excluded.

The proportion of fixed and variable remuneration elements of Banco Santander executive directors is due to the European regulation set out in the CRD V directive. In this sense, the setting of higher fixed amounts than other executive directors of non-EU banks within our peer group is due precisely to the non-requirement of this limit 2:1 of variable/fixed components for non-EU banks.

A. Target bonus

Variable remuneration for executive directors in 2025 will be set based on bonus pool results versus items detailed in the scorecard herein, their individual target bonus and the achievement of their individual objectives, which for 2025 among others include, both for the Executive Chair and the CEO, the ones to continue consolidating the management of the Group through our five global businesses.

As part of the annual review of the target compensation of our executive directors, and on the remuneration committee's recommendation, the board has decided not to increase their target bonuses for the same reasons that their gross annual salaries were not increased.

B. Setting of final variable remuneration based on yearly results

The executive director' 2025 variable remuneration will be based on the results for the following items within an updated scorecard:

1. Three categories of **quantitative metrics** (business transformation, capital and sustainable profitability) to increase alignment with shareholder value creation and capital generation. The main changes adopted in 2025 are:

i. the removal of the total customers metric, leaving active customers, to prioritize profitability further;

[6] As indicated in the next section, executive directors contribution to the benefit systems includes both fixed and variable components

ii. the inclusion of cost per active customer (instead of total costs) to keep the focus on appropriate costs management to succeed in transformation, while connecting it with our profitable customers;

iii. the replacement of revenue per active customer with fees over costs to incentivize growing in a business with lower capital consumption and reducing costs (so when rates come down, earnings are not depressed); and

iv. the inclusion of RoRWA SVA (shareholder value added) in the quantitative assessment, removing RoTE from the scope, to increase alignment with shareholders.

2. A **qualitative assessment** with the same four components of previous year, which address regulatory requirements and the needs and concerns of our shareholders: risk and compliance, network collaboration, sustainability matters and a relative performance assessment against the market in the main financial metrics. As stated in section 6.3.b, the metrics in the qualitative assessment are measurable, objective, audited and important to executing the long-term strategy of the company. The range of adjustment related to the risk and compliance and network collaboration categories has been modified (from +/-5% in the 2024 variable remuneration framework to +/-10% in 2025) to further reinforce risk adjustments within the bonus scheme and collaboration within the Group due to its relevance for the current strategy.

3. An **exceptional adjustment** that must be duly supported and may involve changes owing to control and/or risk deficiencies, negative assessments from supervisors or unexpected material events.

Quantitative metrics +/- Qualitative assessment +/- Exceptional adjustment

Accordingly, the proposed **quantitative metrics** and weightings are:

Category	Metrics[A]	Weighting
Transformation: Weight: 45%	Active customers (growth)	10%
	Cost per active customer	15%
	Fees over costs (recurrence ratio)	20%
Capital Weight: 25%	Capital generation	25%
Sustainable profitability Weight: 30%	RoRWA (Return on risk-weighted assets) SVA	30%

A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, extraordinary impacts of macroeconomic environment, regulatory changes or restructuring processes) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

And finally, to the result obtained above, we add or subtract the **qualitative assessment** according to this table:

Qualitative assessment	Weight
Performance vs. Market	+/-10%
Compliance and Risk	'+/-10%
Network collaboration	'+/-10%
Sustainability targets	+/-5%

Lastly, as additional conditions for determining the incentive, the following circumstances must be confirmed to set variable pay:

- If the Group's ONP for 2025 were 50% less than in 2024, variable pay would in no case exceed 50% of the benchmark incentive for 2025.
- If the Group's ONP were negative, the incentive would be zero.

When setting individual bonuses, the board will also consider restrictions to the dividend policy imposed by supervisors.

C) Forms of payment of the incentive

Variable remuneration of executive directors will be paid 60% in instruments, split as:

- the amount of PagoNxt RSUs set for each year (which cannot exceed 10% of their variable pay); and
- the rest, all in shares of Banco Santander.

One portion will be paid in 2026 and the other will be deferred for five years and contingent on long-term metrics:

a) 40% of variable remuneration is paid in 2026 net of tax, with 50% in cash and 50% in instruments.

b) 60% paid, if applicable, in five parts in 2027, 2028, 2029, 2030 and 2031 (net of tax), with 33% in cash, 67% in instruments, under the conditions stipulated in section E). This is explained in more detail in the table "2025 award" at the beginning of this 6.4 section.

The final three payments, which weight has been increased from 36% of variable remuneration to 40%, will also be subject to long-term objectives described in section D) below.

Shares shall be subject to a three-years retention period, unless the executive directors already hold shares for an amount equivalent to 200% of their fix annual remuneration -in which case the regulatory one year retention period will apply.

Under the remuneration policy, the maximum number of shares will be calculated based on the daily volume-weighted average of the weighted average Santander share price in the 50 trading sessions before the last Friday (not included) before the board meeting at which executive directors' bonus is agreed.

D) Deferred variable pay subject to long-term objectives

As indicated above, the amounts deferred in 2029, 2030 and 2031 will be paid on the condition that the group achieves its long-term targets for 2025-2027, in addition to the terms described in section E).

As advanced in section B) on the principles of the remuneration policy, the long-term targets are:

A. **Relative performance of Banco Santander's total shareholder return** (TSR) in 2025-2027 in respect of the weighted TSR of a peer group comprising 9 credit institutions, with the appropriate TSR ratio based on the group's TSR among its peers.

Ranking of Santander TSR	'TSR Ratio'
The 100th percentile	1.5
Between the 75th and 100th percentiles (not inclusive)	1 – 1.5[A]
Between the 50th and 75th percentiles (not inclusive)	0.5 - 1[A]
Less than the 50th percentile	0

A. Proportional increase in TSR coefficient within this bracket of the scale according to the number of positions moved up in the ranking.

TSR[7] measures the return on shareholders' investment. It is the sum of the change in share price plus dividends and other similar items shareholders can receive during the period.

The peer group comprises BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

B. **Banco Santander's consolidated Return on tangible equity** (RoTE) target in 2027. The RoTE ratio for this target is obtained as follows:

RoTE in 2027 (%)	'RoTE Ratio'
≥ 18.5%	1.5
≥ 17% but <18.5%	0 – 1.5[A]
< 17%	0

A. Straight-line increase in RoTE coefficient within this bracket of the scale based on the specific percentage of RoTE in 2027.

C. **Sustainability metrics.**

In the global markets we serve, our engagement to a inclusive culture is a critical driver of our business success. We have a large, diverse customer base, and it's essential that our workforce reflects and understands the varied perspectives of our clients. Our approach to hiring, training, promoting, and retaining an appropriately aligned workforce directly impacts our ability to innovate, relate to our customers and, ultimately, deliver superior results. By fostering an inclusive environment that values different backgrounds, experiences, and viewpoints, we enhance our problem-solving capabilities, improve decision-making, and boost creativity.

Our focus on the composition of our workforce is about doing what's smart for our business because it means we are better positioned to maximize our financial performance and deliver enhanced value to our shareholders. Our success is intrinsically linked to the effectiveness of our team, making it a cornerstone of our strategy for sustained growth and profitability.

More specifically, for the 2025 incentive, the sustainability portion of the long-term incentive that is granted is determined based on performance in the following metrics and targets, which together determine the final payout of 20% of the portion of variable compensation tied to multi-year goals.

Achievement will depend on the progress made on the Group's sustainability actions lines and associated targets (described below)[8]:

1. Women in executive positions by 2027:

In those geographies where regulation or governmental policy does not support establishing specific inclusivity objectives, there will not be specific goals tied to incentive compensation and will not be included in the methodology or formula that determines an element of the total executive payout. In those instances, and to the extent permissible, they will be assessed with other Group's initiatives, factors or projects as aspirational goals that can be a factor considered in making compensation decisions.

Women in executive positions[B] (%)	Coefficient
≥ 39.5%	1.25
≥ 39.2% but < 39.5%	1 – 1.25[A]
≥ 38.4% but < 39.2%	0 – 1[A]
< 38.4%	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Executive positions make up 14% of the total workforce.

The scope of this metric has been reviewed to enhance the attraction and retention of female talent and drive meaningful change. It is essential to focus on lower levels of the organization pyramid, enabling a stronger and more robust female pipeline that supports organic and sustainable progress towards our senior roles.

2. Average annual total number of people that received financial inclusion support in the period 2025 and 2027:

Financial inclusion[B] (millions of people)	Coefficient
≥ 6	1.25
≥ 4.5 but < 6	1 – 1.25[A]
≥ 3.5 but < 4.5	0 – 1[A]
< 3.5	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Number of people unbanked, underbanked, in financial distress or with difficulty to access credit to whom we provide tailored access and finance solutions, aiming to meet local financial inclusion needs in a recurrent, comprehensive, affordable and effective way.
Financial Inclusion thresholds have shifted from accumulative to annual average because it reflects better the performance of these programs.

[7] TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2025 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2028 (exclusive) (to calculate the final value).

[8] There are thresholds that go beyond current targets, which should not be considered a revision of them, but a way to further motivate our management team, in order to progress beyond targets on sustainability main strategic lines.

3. Socially responsible investment in 2027 as a percentage of total assets under management.

Socially responsible investment[B] (%)	Coefficient
≥ 21%	1.25
≥ 19% but < 21%	1 – 1.25[A]
≥ 15% but < 19%	0 – 1[A]
< 15%	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Assets under management that meet the criteria of Santander's Sustainable Finance and Investment Classification System (SFICS), over total assets under management.

4. Supporting transition. This goal includes how we support our customers' transition through sustainable finance, and the progress on transition plan:

Finance raised and facilitated[B] between 2025 and 2027 (EUR bn)	Coefficient
≥ 220	1.25
≥ 165 but < 220	1 – 1,25[A]
≥ 120 but < 165	0 – 1[A]
< 120	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Grupo Santander's contribution to our customers' transition: CIB green finance raised and facilitated and Retail & Commercial banking green finance and Digital Consumer Bank green finance.

To achieve beyond 100% of this goal, it is necessary to progress on Banco Santander transition plan, in order to further support our customers in their transition, including: improving climate data, progress on actions to align our portfolios, enhance sustainable product offering to address market needs, further embed climate and environmental risk, and aim to support policy action and market developments.

Each sustainability goal has a different weighting:

1. Women in executive positions: 20%
2. Financial inclusion: 20%
3. Socially responsible Investment: 10%
4. Supporting transition: 50%

C = (20% Goal 1 +20% Goal 2 +10% Goal 3 +50% Goal 4)

Finally, the following formula will be used to set the annual amount of performance-based deferred variable remuneration in 2029, 2030 and 2031 ('final annuity'), without prejudice to any adjustment deriving from the application of the malus policy (see section 6.3 B v):

Final annuity = Amt. x (5/10 x A + 3/10 x B + 2/10 x C)

where:

- 'Amt.' is one third of variable remuneration deferred conditional on performance (i.e. Amt. will be 13.33% of the total incentive set in early 2026).
- 'A' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2025-2027.
- 'B' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2027.
- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the four sustainability targets for 2027 (see section (c) above).
- In any event, if the result of (5/10 x A + 3/10 x B +2/10 x C) is greater than 1.25, the multiplier will be 1.25.

The estimated maximum amount to be delivered in instruments to executive directors is EUR 11.5 million.

Lastly, to verify compliance with these long-term objectives, the board, following a proposal from the remuneration committee, may adjust them to remove the effects of any regulatory change to its calculation rules or any extraordinary circumstances (such as impairments, corporate transactions, share buybacks or restructuring procedures) that have occurred which affect the suitability of the metrics and achievement scales established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

E) Other terms of the incentive

Payment of the deferred amounts (including those linked to long-term targets) will occur only if they remain in the Group and none of the circumstances triggering malus clauses arise (as per the malus and clawback section in the Group's remuneration policy) under terms similar to those indicated for 2024 (detailed in section 6.3 B v)), policy expanded in 2023 to adapt it to the new regulation of US Securities Exchange Commission. Furthermore, the Group can claw back paid incentives under the scenarios, period and terms and conditions set out in the remuneration policy.

Hedging the value of Santander shares received during the retention and deferral periods is expressly prohibited.

The effect of inflation on the deferred amounts in cash may be offset.

Selling shares is also prohibited for at least one year since the delivery.

The remuneration committee may propose to the board adjustments in variable remuneration under exceptional circumstances owing to internal or external factors, such as requirements, orders or recommendations issued by regulatory or supervisory bodies. Such adjustments will be described in detail in the report on the remuneration committee and the annual report on directors' remuneration put to a non-binding vote at the AGM.

iii. Shareholdings

As described in section 6.3.E, in addition to the regulatory obligation not to sell shares they receive as remuneration for a year since from their award date, in order to comply with recommendation 62 of the Spanish Corporate Governance Code, the policy on shareholdings includes the obligation for executive directors not to sell the shares they receive as variable remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her annual salary.

Directors' remuneration for 2026 and 2027

A. Directors' remuneration in their capacity as such

For 2026 and 2027, no changes to directors' remuneration are planned in respect of what is foreseen herein for 2025. However, shareholders at the 2026 or 2027 AGMs may approve an amount higher than the six million euros currently in force, or the board may approve an alternative allocation of that amount to directors in accordance with the criteria in article 58.2 of Banco Santander's Bylaws (i.e. duties and responsibilities; positions held on the board; membership and attendance at committee meetings; and other objective circumstances).

B. Directors' remuneration for the performance of executive duties

Executive directors' remuneration will conform to principles similar to those applied in 2025, with the following changes.

i) Fixed components of remuneration

A) Gross annual salary

Executive directors' annual gross fixed pay may be adjusted each year based on the criteria approved by the remuneration committee at any given time.

Otherwise, it must be disclosed in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at AGM.

B) Other fixed remuneration components

No changes planned in respect of the terms for 2025.

ii) Variable remuneration components

The policy on executive directors' variable remuneration for 2026 and 2027 will be based on the same principles as in 2025, following the same single-incentive scheme described above, and subject to the same rules of operation and limitations.

A) Setting variable remuneration

Executive directors' variable remuneration for 2026 and 2027 will be set based on the corporate bonus pool and a benchmark approved for each year which takes into account:

- a set of short-term quantitative metrics measured against annual objectives and aligned with the Group's strategic plan. These metrics will also cover, at least, capital and customers. They can be measured at Group level and, where applicable, at division level, for a specific business division headed by an executive director. The results of each metric can be contrasted with the budget for the financial year, as well as with growth from the previous year.

- a qualitative assessment that cannot raise or lower the result of the quantitative metrics by more than 35%. It will be conducted for the same categories as the quantitative metrics, including relative performance against market, risk management, compliance, network collaboration and sustainability targets.

- an exceptional adjustment that must be duly substantiated and may involve changes owing to control and/or risk shortfalls, negative assessments from supervisors or unexpected material events.

The quantitative metrics, the qualitative assessment and potential extraordinary adjustments will allow main objectives are considered from the perspective of the various stakeholders and that the importance of risk and capital management is factored in.

Once the corporate bonus pool is fixed according to the criteria above, the board of directors, further to a proposal from the remunerations committee, decides on the individual bonus, taking into consideration the level of achievement of their individual objectives, which in general terms coincide with the bonus pool metrics, their compliance with corporate values and risk culture.

Lastly, the following circumstances must be confirmed to set variable remuneration:

- If ONP does not reach a certain compliance threshold, the incentive cannot exceed 50% of the year's individual target bonus.

- If the group's ONP were negative, the incentive would be zero.

- When setting individual variable pay, the board will also consider restrictions to the dividend policy imposed by supervisors.

B) Forms of payment of the incentive

The variable remuneration of executive directors for 2026 and 2027, will be paid as follows:

- 40% in cash;

- and 60% in instruments, split as follows:
  - the amount of PagoNxt, S.L. RSUs set for each year (as described below); and
  - the rest, all in shares of Banco Santander.

It is also envisaged that for 2026 and 2027 Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

The RSUs will substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay in any event.

C) Deferred variable remuneration subject to long-term objectives

The last three annual payments of each deferred variable remuneration amount will be made in accordance with the terms described under section E) above and if the Group fulfils long-term objectives for at least 3 years. This may confirm, reduce or increase payment amounts and the number of deferred instruments.

Long-term metrics will reflect value creation and shareholder returns as well as capital and sustainability over a minimum period of 3 years. They will be aligned with the Group's strategic plan and main priorities towards its stakeholders. They can be measured for the entire Group or by country or business, when appropriate, and subsequently compared to a group of peers.

The portion paid in shares cannot be sold until one year has elapsed since delivery.

D) Other terms of the incentive

No changes to the continuity, malus and clawback clauses of the remuneration policy for 2025 described in section 6.4.B.E) are expected. Furthermore, no changes are planned in respect of the clauses on hedging instruments or the deferred amounts in cash adjusted for inflation.

iii) Shareholdings

The policy on shareholdings approved in 2016, with the amendment introduced in 2020 relating to not selling the shares they receive as variable remuneration for a period of three years detailed in section 6.3.E) above will apply in 2026 and 2027, unless the remuneration committee proposes it be amended to the board in light of exceptional circumstances (regulations, orders or recommendations from regulators or supervisors). Such amendments would be described in detail in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at the annual general meeting.

iv) Principle of equal pay

The same principle of equal pay that applies for executive directors and any other Santander employee described in respect of 2025 apply for 2026 and 2027.

Terms and conditions of executive director contracts and other provisions applicable to all directors

Executive directors' terms of service are governed by board-approved contracts they sign with Banco Santander. The basic terms and conditions, besides those relating to the remuneration mentioned above, are the ones described here below.

A. Exclusivity and non-competition

Executive directors may not contract with other companies or entities to perform services, unless expressly authorised by the board of directors. In all cases, they are bound by a duty of non-competition in relation to companies and activities similar in nature to Banco Santander and its consolidated group.

In addition, executive director contracts impose prohibitions on competing and attracting customers, employees and suppliers, which can be enforced for two years after their termination in their executive duties for reasons other than a breach by Banco Santander. In regard to Ana Botín and Héctor Grisi, the compensation to be paid by Banco Santander for this duty of non-competition is twice the amount of the fixed remuneration.

Finally, all directors must comply with the Board Rules and regulations provisions that prevent them from carrying out competing activities and oblige them to communicate any other professional activities, that must be assessed by the nominations committee in order to check whether there is any conflict of interest or impair director´s capacity to discharge his duties as such.

B. Code of Conduct

Directors are obliged to adhere strictly to the group's General Code and the Code of Conduct in Securities Markets, especially in terms of confidentiality, professional ethics and conflicts of interest.

C. Termination

The length of executive directors' contract is indefinite. Contracts do not provide for any severance payment upon termination apart from what the law provides.

If Ana Botín's contract is terminated by Banco Santander, she must remain available to the group for four months in order to ensure proper transition. During this period, she would continue to receive her gross annual salary.

D. Benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012. It covers retirement, disability and death. Banco Santander makes annual contributions to executive directors' benefit plans schemes. Annual contributions are calculated in proportion to executive directors' pensionable bases, and the Group will continue to make them until the executive directors' leave the Group or until their retirement within the Group, their death or disability. The pensionable base of executive directors' annual contributions is their fixed remuneration plus 30% of the average of their last three variable remuneration amounts.

Contributions will be 22% of pensionable bases.

The pension amount that corresponds to contributions linked to variable remuneration will be invested in Santander shares for five years from the earlier of the date of retirement or cessation. It will be paid in cash after the five years have elapsed or on the retirement date (if later). Moreover, the malus and clawback clauses for variable remuneration contributions will apply for the same period as the related bonus or incentive.

This benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. Executive directors' economic rights under the scheme belong to them even if they are not active in the group at the time of their retirement, death or disability. Their contracts do not provide for any severance pay upon termination apart from what the law provides.

E. Insurance and other remuneration and benefits in kind

Ana Botín will receive the supplement to their fixed remuneration approved when the supplementary life and health benefits were eliminated in 2018. It will be paid in 2025, 2026 and 2027 in the same amount and continue to be paid until they reach retirement age (even if they are still active).

The Group has life and health insurance policies taken out for executive directors. Insurance premiums for 2025 include standard life insurance and the life insurance cover with the supplement to their fixed remuneration mentioned above. In 2026 and 2027, premiums could vary if directors' fixed pay or actuarial circumstances change.

Furthermore, directors are covered by Banco Santander's civil liability insurance policy and may receive other benefits in kind (such as employee loans) pursuant to the group's general policy and subject to the corresponding tax treatment.

Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee.

F. Confidentiality and return of documents

Directors are bound to a strict duty of confidentiality during their relationship and subsequent to termination. Directors are required to return any documents and items relating to their activities and in their possession to Banco Santander.

Agreements with non-executive members of the board

José Antonio Álvarez has a contract since 1 January 2023 to represent the bank before supervisors, international bodies, sector organizations and other entities and authorities in institutional and public policy matters as necessary, for which he receives a fixed remuneration of EUR 1,750 thousand. This is an annual contract which has been renewed for the year 2025.

Luis Isasi has a contract since 4 April 2020 to act as non-executive Chair of the Santander España business unit (for which he receives EUR 925 thousand a year) and to serve as a member of the board of Santander España business unit (for which he receives EUR 75 thousand a year). His contract is for an indefinite term and does not entitle him to any compensation if terminated.

Appointment of new executive directors

The components of remuneration and basic structure of the agreements described in this remunerations policy will apply to any new director that is given executive functions at Banco Santander, notwithstanding the possibility of amending specific terms of agreements so that, overall, they contain conditions similar to those previously described.

Directors’ total remuneration for executive duties cannot exceed the highest remuneration received by the group’s current executive directors under the remuneration policy approved by shareholders. The same rules apply if a director assumes new duties or becomes an executive director.

If a director takes up executive functions in a specific division or local unit, the board of directors, on the remuneration committee's recommendation, can adapt the metrics for setting and paying incentives to take that division or local unit into account in addition to the Group.

Remuneration paid to directors in that capacity will be included within the maximum amount set by shareholders to be distributed by the board of directors in the terms described above.

A new director coming from an entity outside Grupo Santander could be paid a buyout to offset any variable remuneration foregone for having accepted a contract with the group; and/or a sign-on bonus for leaving to join Banco Santander.

This compensation could be paid fully or partly in shares, depending on the delivery limits approved at the AGM. Authorization is expected to be sought at the next general shareholders’ meeting in order to deliver a maximum number of shares to any new executive directors or employees to whom buyout regulations apply.

Furthermore, sign-on bonuses can only be paid once to new executive directors, in cash or in shares, and in each case they will not exceed the sum of the maximum variable remuneration awarded for all executive directors.

Mr Grisi’s appointment as CEO (with effect from 1 January 2023) did not entail a buyout or sign-on bonus since he was already part of Grupo Santander.

Temporary exceptions to the remuneration policy

According to section 6 of Article 529 *novedecies* of the Spanish Companies Act, specific exceptions may apply to components in the remuneration policy, based on particular business needs or macroeconomic context in the Group's geographies, provided that they are required to serve the long-term interests and sustainability of the entity; ensure its viability; and require to be adopted urgently.

Such exceptions include:

- Complex macroeconomic scenarios where the ordinary course of the business is severely impacted.
- The appointment of a new Executive Chair or chief executive officer, or the need to retain an executive director to avoid a vacancy at the head of the Group (*vacatio regis*) during especially complex times for the business.
- The need to adapt to regulatory change.

To apply, exceptions must be supported by:

- a reasoned remuneration committee proposal; and
- board of directors analysis and approval.

Any applied exception will be explained in the *Annual report on directors' remuneration*.

6.5 Preparatory work and decision-making for the remuneration policy; remuneration committee involvement

Section 4.7 'Remuneration committee activities for 2023', (the report on the remuneration committee) states:

- Pursuant to Banco Santander’s Bylaws and the Rules and regulations of the board of directors, the duties relating to the remuneration of directors performed by the remuneration committee.
- The composition of the remuneration committee at the date the report is approved.
- The number of meetings held in 2024, including a joint session with the risk supervision, regulation and compliance supervision committee.
- The date of the meeting in which the report was approved.

The 2023 annual report on directors’ remuneration was approved by the board of directors and put to consultative vote at the 2024 AGM, with 90.18% of the votes in favour. The tally of the votes was:

	Number	% of total[A]
Votes	10,547,165,767	99.95 %

	Number	%
Votes for[B]	9,381,395,305	90.18 %
Votes against[B]	1,021,578,768	9.82 %
Blank[C]	5,497,367	0.05 %
Abstentions[C]	138,694,327	1.31%

A. Percentage on total valid votes and abstentions.
B. Percentage of votes for and against.
C. Percentage of Banco Santander's share capital on the date of the AGM.

Decision process for the development, review and application of the policy

Pursuant to Article 529 *novodecies* of the Spanish Companies Act, the remuneration committee issues the report on the proposed remuneration policy for 2025, 2026 and 2027 herein. The board of directors then submits it to the 2025 AGM as a separate item on the agenda and an integral part of this text. See 6.4 ' Directors' remuneration policy for 2025, 2026 and 2027'.

Banco Santander’s Compensation function prepares the remuneration policy with the suggestions, requests and comments received during the year from the human resources committee, remuneration committee and the board of directors. A first draft of the policy is submitted to the remuneration committee for review every January. The review considers the suggestions, requests and comments the Chair and Lead Independent Director receive through shareholder and stakeholder engagement during the year on our corporate governance and our remuneration structures. Regulators’ recommendations and legal requirements that may have come to light since the last time the director remuneration policy was submitted for approval by the AGM are also considered.

The committee also makes sure the policy is consistent with the Group's culture and our Simple, Personal and Fair values.

After the preliminary presentation, incorporating the changes and suggestions of these first revisions, the Compensation function then prepares the final draft for the remuneration committee to submit to the board of directors for approval in February.

Based on the analysis carried out in the context of the 2024 annual remuneration report elaboration and its continued supervision of the remuneration policy, the remuneration committee believes the director remuneration policy for 2025, 2026 and 2027 which is included in section 6.4 above is consistent with the principles of Banco Santander’s remuneration policy and its remuneration scheme set out in the Bylaws.

The policy aims, among other aspects, (i) to maintain a simple executive remuneration scheme, with three categories of quantitative metrics (business transformation, sustainable profitability and capital) to further align with value creation and capital generation; (ii) outperform peers in value creation aspects; and, (iii) regarding metrics linked to multiyear objectives, to prioritize long-term profitability for shareholders and Santander and a sustainable balance sheet (total shareholder return, RoTE and sustainability-related metrics related to our responsible banking targets) in order to follow best market practice and meet our stakeholders’ needs.

In 2024, no deviations from, or temporary exceptions to, the application of the remuneration policy occurred.

6.6 Remuneration of non-director members of senior management

2024 variable remuneration was approved by the board of directors on 4 February 2025 in view of the recommendation from the 27 January 2025 remuneration committee. It was set according to Banco Santander’s general remuneration policy as well as specific details pertaining to senior management.

In general, senior management variable remuneration packages were calculated with the quantitative metrics and qualitative assessment used for executive directors (see section 6.3.B) ii).

Some contracts of members of senior management were amended in 2018 in the same manner described under 6.3.D) in respect of Ana Botín, with a pension scheme of 22% of their pensionable bases, the elimination of supplementary benefits, an increase of the insured sum of life insurance and a supplement to fixed remuneration in cash which is included under "Other remuneration".

The following table shows the amounts of short term remuneration (immediately payable) and deferred remuneration (not linked to multi year targets) for senior management as of 31 December 2024 and 2023, excluding those of executive directors. This amount has been reduced by 39% compared to that reported in 2014 (EUR 80,792 thousand):

EUR thousand							
		Short-term and deferred salary remuneration					
Year	Number of people	Fixed	Immediately receivable variable remuneration (50% in instruments)[A]	Deferred variable remuneration (50% in instruments)[B]	Pension contributions	Other remuneration[C]	Total
2024	14	16,466	14,753	6,639	4,520	7,153	49,531
2023	14	17,109	14,711	6,439	4,775	7,135	50,169

A. The amount immediately payable in 2024 was 1,612 thousand Santander shares (1,568 thousand Santander shares and 1,386 thousand Santander share options in 2023).
B. The deferred amount for 2024 will be 725 thousand Santander shares a (700 thousand Santander shares and 555 thousand Santander share options in 2023).
C. Includes life insurance premiums, health insurance and relocation packages, other remuneration items and RSUs of PagoNxt S.L., as members of board of directors of this entity.

The share price for 2024 variable remuneration is EUR 4.576.

This table breaks down remuneration linked to multi-year targets for senior management (excluding executive directors) at 31 December 2024 and 2023, which they will only receive if they meet the terms of continued service; non-applicability of malus clauses; and long-term goals are met during deferral periods.

Thousands of euros		
Year	Number of people	Deferred variable remuneration subject to long-term metrics[A] (50% in instruments)[B]
2024	14	6,971
2023	14	6,761

A. In 2024, this corresponds to the fair value of maximum annual payments for 2028, 2029 and 2030 in the ninth cycle of the plan for deferred variable remuneration linked to multi-year targets. In 2023, this corresponds to the estimated fair value of maximum annual payments for 2027, 2028 and 2029 in the eighth cycle of the plan for deferred variable pay linked to multi-year targets. Fair value in the plan was determined on the authorization date based on the valuation report of independent expert Willis Towers Watson. Based on the plan for 2024 and success levels of similar plans at peer entities, the fair value was considered to be 70% of the value linked to long-term metrics.
B. The number of shares in Santander as deferred variable pay subject to long-term metrics shown in the table above was 762 thousand shares in 2024 (735 thousand shares in Santander and 582 Santander share options in 2023).

The long-term goals are the same as those for executive directors. They are described in section 6.3.B) iv).

Additionally, members of senior management who stepped down from their roles in 2024 consolidated salary remuneration and other remuneration for a total amount of EUR 12,303 thousand (EUR 3,560 thousand in 2023). In 2024 rights regarding variable pay subject to long-term objectives amounted to EUR 633 thousand (this right has not been generated in 2023 for this collective).

In 2024, the ratio of variable to fixed pay components was 116% of the total for senior managers group, well within the maximum limit of 200% set by shareholders at the AGM.

See note 5 of the Group's 2024 consolidated financial statements for further details.

6.7 Prudentially significant disclosures document

On the remuneration committee's recommendation, the board approves the key remuneration elements of managers or employees who, while not belonging to senior management, take on risks, carry out control functions (i.e. internal audit, risk management and compliance) or who receive global remuneration that places them in the same remuneration bracket as senior management and employees who take on risk. These are typically those whose professional activities may have an important impact on the Group's risk profile (all of these, together with the senior management and Banco Santander's board of directors form the so called 'Corporate Identified Staff' or 'Corporate Material Risk Takers')

Every year, the remuneration committee reviews and, where applicable, updates Corporate Identified Staff in order to include individuals within the organization who qualify as such. The Remuneration Policies chapter in the 2024 Pillar III disclosures report[9] of Banco Santander explains the criteria and regulations followed to identify such staff.

At the end of 2024, 1,246 Group executives (including executive directors and non-director senior managers) were considered corporate identified staff of Grupo Santander (1,152 in 2023), which accounts for 0.60% of the total final workforce (0.54% in 2023).

Corporate Identified Staff have the same remuneration framework as executive directors (see sections 6.1 and 6.3), except for:

- Category-based deferral percentages and terms.
- The possibility in 2024 of certain less senior manager categories of only having deferred variable pay subject to malus and clawback clauses.
- The portion of variable remuneration paid or deferred as shares for Group executives in Brazil, Chile and Poland that can be delivered in shares or similar instruments of their own listed entities.

In 2025, the board will maintain its flexibility to determine full or partial payment in shares or similar instruments of Banco Santander and its relevant subsidiaries in the proportion it deems appropriate (according to the maximum number of Banco Santander shares allocated at the general meeting and to any regulatory restrictions in each jurisdiction).

The aggregate amount of variable remuneration for Corporate Identified Staff in 2024, the amounts deferred in cash and instruments, and the ratio of the variable to fixed remuneration components are explained in the remuneration policies chapter of Banco Santander's Pillar III disclosures report for 2024.

[9] The 2024 Pillar III disclosures report can be found on our corporate website.

7. GROUP STRUCTURE AND INTERNAL GOVERNANCE

The Group is structured into legally independent subsidiaries whose parent company is Banco Santander, S.A. Its registered office is in Santander (Cantabria, Spain), while its corporate centre is located in Boadilla del Monte (Madrid, Spain). It has a Group-subsidiary governance model (GSGM) and good governance practices in place for its core subsidiaries. Any references to subsidiaries in this section are to the Group's most prominent entities.

The key features of the GSGM are:

- The subsidiaries' governing bodies must ensure their rigorous and prudent management and economic solvency while pursuing the interests of their shareholders and other stakeholders.
- The subsidiaries are managed locally by teams that possess extensive knowledge on, and experience with, their customers and markets, while benefiting from the synergies and advantages of belonging to the Group.
- The subsidiaries are subject to local authority regulation and supervision, although the ECB supervises the Group on a consolidated basis.
- Customer funds are secured by the deposit guarantee schemes in the subsidiaries' countries and are subject to local laws.

The subsidiaries manage their capital and liquidity autonomously while the Group's capital and liquidity are coordinated by corporate committees. Intra-group risk transactions are limited, transparent and carried out under market conditions. In addition, the Group retains a controlling interest in subsidiaries listed in certain countries.

Each subsidiary runs independently and has its own recovery plan, limiting the contagion of risk between them and reducing systemic risk.

The GSGM also applies to the global businesses, namely: Corporate & Investment Banking (CIB), Retail & Commercial Banking (Retail), Wealth Management & Insurance (Wealth), Digital Consumer Bank (Consumer) and Payments (Payments). Local CEOs / Country Heads remain ultimately responsible for achieving the budget, execution of the customer and commercial strategy, and financial delivery while global businesses heads lead common businesses and are responsible for the implementation of the global operating model and common tech stack, thereby improving local performance; these result in a truly global-local organization.

7.1 Corporate Centre

The GSGM is supported by a corporate centre, which brings control and support units together with such functions as strategy, risk, compliance, audit, finance, accounting, technology and operations, people and culture, legal services, internal governance, communications and marketing. It adds value to the Group by:

- enhancing governance under robust corporate frameworks, models, policies and procedures to implement strategies and ensure an effective Group oversight;
- making the Group's units more efficient through cost management synergies, economies of scale and a common brand;
- sharing best commercial practices, with a key focus on global connectivity, launching commercial initiatives globally and bolstering digitalization and transformation; and
- ensuring the suitability of our main executives through the procedure for appointing key positions and assessing suitability that applies to the entire Group.

7.2 Internal governance

Group-subsidiary relationship

The GSGM outlines a set of principles that regulate three types of relationships between the Group and its subsidiaries:

- The subsidiaries' governing bodies are subject to the Group's rules and procedures for structuring, forming and running boards of directors and their committees (audit, nomination, remuneration and risk committees), according to international standards. Guidelines regarding subsidiary board composition are aligned with best international practices and ensure an appropriate Group presence on subsidiary boards with at least two Group nominated directors on each board. The subsidiaries are also subject to local regulations and supervisory standards.
- The relationship between local CEOs / Country Heads and the Group CEO. Until January 2025 these relationships were facilitated through three Regional Heads (Europe, North America and South America). Whilst the regional organizational structure has played a key role in ensuring that the Group delivers on its long-term strategic vision and against targets announced as part

of previous investor days, the board agreed to remove this management layer in line with its ongoing focus on streamlining our structure to achieve greater agility, increasing our profitability through accelerating the roll out of our global business platforms and products. See section 1.5 'Achievement of our 2024 goals'.

- The relationship between local and global heads of key positions, following a three lines of defence model: Chief Risk Officer (CRO), Chief Compliance Officer (CCO), Chief Audit Executive (CAE), Chief Financial Officer (CFO) and Chief Accounting Officer (CAO), as well as other key support and business functions (Technology and Operations (T&O), People and Culture, General Secretariat, Marketing, Communications, Strategy), as well as the five global businesses (CIB, Retail, Wealth, Consumer and Payments).

Internal regulation

The Group has corporate frameworks for matters considered to have a material impact on its risk profile, such as risk, capital, liquidity, compliance, financial crime, technology, auditing, accounting, finance, strategy, people and culture, outsourcing, cybersecurity, special situations management communications and brand and responsible banking. These frameworks, which are mandatory, also specify:

- how the Group should supervise and exert control over its subsidiaries; and
- the Group's involvement in subsidiaries' decision-making (and vice versa).

The Banco Santander board approves the GSGM and corporate frameworks for subsidiary governing bodies to formally adhere to them. They consider subsidiaries' local requirements and are revised every year as required by the Group board to adapt to new legislation and international best practices.

The functions draw on corporate frameworks to prepare internal regulatory documents that are given to subsidiaries as a reference for implementing those frameworks effectively, cohesively and in compliance with applicable local laws and supervisory requirements. This approach ensures consistency throughout the Group. Every year, the functions conduct an assessment to ensure that the Group's internal regulations are embedded locally and carry out an annual certification process to ensure the internal regulation under their scope is fit for purpose.

The Group's Internal Governance office and subsidiary general counsels are responsible for embedding the GSGM and corporate frameworks. Every year, their performance is assessed in reports sent to the relevant governing bodies.

Since 2019, a policy on the governance of non-GSGM subsidiaries has enhanced the governance and control system that has been applied to those companies.

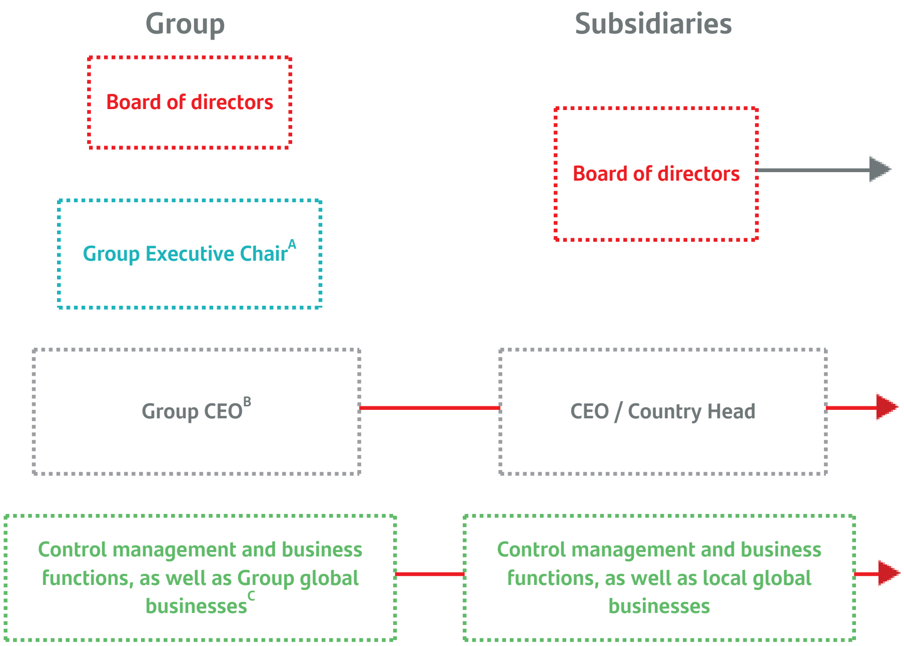
Global businesses each have specific governance arrangements which ensures a robust Group-wide oversight of such businesses as set out in the GSGM. Each global business is responsible for defining the common business and operating model, setting the global ambition and identifying and managing the global tech platforms and product factories.

Recent developments

As we continue to progress our transformation agenda, the board agreed to remove the regional layer of management in January 2025 to drive simplification and ensure that our global businesses operate directly across all countries, enabling faster decision-making, clear accountability and enhanced agility. As a result, local CEO / Country Heads now report directly to the Group CEO. They must undertake their defined key responsibilities in compliance with European Union and country-specific laws and regulations. In turn, global businesses and corporate functions own the implementation of the global operating model across our footprint; and are responsible for of the relevant platform and products budgets. This ensures alignment with our global priorities and further ensures resource optimization.

In addition, the T&O governance model was updated in 2024 with the aim of helping the global businesses and entities in their digital transformation. This governance model details a set of guiding principles defined to implement T&O's operating model global strategy, whilst ensuring an adequate control and oversight on a Group-wide basis.

The following charts show the three levels of the GSGM, as well as the main actions to ensure an effective relationship and solid internal governance system for the Group.



The GSGM enhances control and oversight through:

Group presence on the subsidiaries' boards of directors, establishing guidelines for board and committee structure, dynamics and effectiveness.

Reporting of the CEO / Country Heads to the Group CEO and Group executive committee.

Reporting to Group and interaction between them.

A. First executive.
B. Second executive, who reports directly to the board of directors.
C. Audit, Risk, Compliance, Finance, Financial Accounting & Control, T&O, People and Culture, General Secretariat, Marketing, Communications, Strategy as well as the five global businesses (CIB, Retail, Wealth, Consumer and Payments).

Best practices and talent sharing across the whole Group and between subsidiaries is **key to our success**.

Multiple point of entry structure that has proved to be a **key resilience instrument** and is a result of our diversification strategy.

Continuous collaboration and daily interaction between local and corporate teams.

A common set of corporate frameworks and policies across the Group adapted to local market conditions.

Synergies and economies of scale across the Group.

Planning and implementation of new Group-wide and local initiatives to keep developing our management and control model.

8. INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

This section describes the key features of Grupo Santander's ICFR.

8.1 Control environment

Governance and control bodies

These bodies are responsible for implementing and overseeing our ICFR, which builds on the Group's internal control system (ICS):

- **Board of directors.** It approves the financial reports Banco Santander must disclose as a listed company. The board also oversees and guarantees the integrity of the Group's internal information, control, accounting and reporting systems.

- **Audit committee.** It assists the board of directors in overseeing the ICS and in preparing and presenting financial information. The audit committee also works with the external auditor to address matters that have been considered in audits to have a significant impact on our ICFR. It also makes sure the external auditor issues a report on the Group's ICFR.

For more details, see section 4.5 'Audit committee activities in 2024'.

- Risk control committee. It assists the audit committee in reviewing and overseeing the annual ICS assessment.

- Corporate accounting, financial and management, and sustainability information committee. It is responsible for governing and supervising accounting, financial management and control matters.

- Internal control steering meeting. It is chaired by the CRO and CAO and its role is to continuously monitors the Group's control environment, as well as the ICS strategy and performance.

Lead functions

The structure of the Group enables us to manage risk effectively and ensure that internal control functions (risk, compliance and internal audit) are independent of business functions and can perform their duties efficiently. The key functions that prepare financial information are:

- **Costs function.** It draws up and documents the corporate model for managing structures and templates, which is used as a reference across the Group.

- **Business and support functions.** They are responsible for identifying and documenting (under their remit) the risks, tasks and controls that make up our ICFR, based on knowledge of their operations and procedures.

- **Financial accounting and control function.** It is responsible for: (i) drawing up the Group's accounting policies and adapting them to local needs; (ii) ensuring that appropriate organizational structures are in place to carry out assigned tasks, as well as a suitable hierarchical-functional structure; (iii) using Group tools and methodologies to implement and run an ICS on the cut-off, consolidation and publication of financial information and to ensure that the financial information we report remains reliable; and (iv) implementing the corporate accounting and management information systems and adapting them to the specific needs of local units.

- **Risk and compliance functions.** These functions comprise the second line of defence and are in charge of independently overseeing and challenging the risk management that the first line conducts.

  Within the Risk division, the internal control function sets the standards and methodology for, and oversees the implementation, monitoring and reporting of the Group's ICS.

- **Internal audit function.** It is the third line of defence in overseeing and reporting on our ICFR. It recommends corrective action and areas of improvement for the first and second lines to consider and implement. Internal audit is an independent function from the board of directors and senior management that oversees the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thus helping the protect the organization's value, solvency and reputation.

General Code of Conduct, Canal Abierto and training

General Code of Conduct (GCC)

The Group's GCC sets out board approved guidelines on employees' conduct. Moreover, it dictates guidelines in relation to accounting standards and financial reporting.

All of the Group's employees, including directors, sign up to the GCC when they join Santander. Some are also subjected to the Code of Conduct in Securities Markets and other codes of conduct specific to their area or business.

All Santander employees have access to courses on the GCC. The compliance function also answers employees' queries on ethics and rules in the GCC.

If anyone violates the code, the people and culture function adopts disciplinary measures and recommends corrective action (including work sanctions), irrespective of any related civil or criminal sanctions.

For more details on the GCC's core implementation mechanisms, see 'Conduct standards' in section 4.2 'Ethical conduct' in the 'Sustainability statement' chapter.

Canal Abierto

Canal Abierto is Banco Santander's internal information system where any person related to Banco Santander can confidentially and, if desired, anonymously, report unethical conduct that could be considered illegal acts in the workplace or contrary to the law; irregularities or violations of the GCC and acts that go against the Group's corporate behaviours; and improper accounting or auditing practices and internal control or influence on external auditors according to the SOx Act. It also provides a means to report suspicions of infringements of anti-money laundering and terrorism financing, corruption and bribery, and securities market laws.

The board of directors is responsible for implementing Canal Abierto, while the audit committee and the risk supervision, regulation and compliance committee jointly supervise the channel.

For more details on functioning of the channel and the number and type of reports received, see section 4.3 'Ethical channels' in the 'Sustainability statement' chapter.

Training

Group employees who help prepare or analyse financial information take part in training programmes and regular refresher courses specifically designed to teach them the concepts and skills they require to discharge their duties properly.

The functions that prepare our ICFR promote, design and oversee these programmes and courses, with support from the people and culture function.

Training takes the form of both e-learning and on-site sessions that the people and culture function monitors and oversees to guarantee that employees duly complete them and understand their contents.

Training programmes and refresher courses on financial reporting in 2024 focused on: (i) risk analysis and management; (ii) accounting and financial statement analysis; (iii) the business, banking and the financial environment; (iv) financial management, costs and budgeting; (v) mathematical skills; and (vi) calculations and statistics.

Over 81,133 employees from several units and markets where Grupo Santander operates undertook the mentioned training programmes, with some 490,000 hours spent on them. Moreover, each subsidiary has its own training plan, based on Banco Santander's.

8.2 Risk assessment in financial reporting

Grupo Santander has a specific process to identify the companies that must be included in its scope of consolidation, which the Financial Accounting and Control division and the General Secretariat division oversee.

This process enables us to identify the entities that Grupo Santander controls through voting rights that grant direct or indirect ownership of their capital and through mutual funds, securitization funds, shareholders agreements, structured entities and other means. The aim is to determine whether the Group has control over an entity, whether it has rights to the variable returns of the entity or is exposed to them, and whether it can influence the amount of such variable returns. If the Group is considered to have control, the entity is included in the scope of consolidation under the global integration method. Otherwise, we analyse whether there is significant influence or joint control. If so, the entity is also included in the scope of consolidation and is measured using the equity method.

Entities with the greatest impact on the preparation of the consolidated financial information, must use a common ICS methodology to make sure that relevant controls are included and all significant risks to financial reporting are covered.

Risk identification considers all the Group's activities, not just the risks directly related to the preparation of the Group's financial information. For more details on the specific ICS controls on non-financial information and sustainability, see 'Risk management and internal controls over sustainability information' in note SN 2. 'Sustainability governance' in the 'Sustainability statement' chapter.

Identifying potential risks that must be covered by the ICS is based on top management's knowledge and understanding of the business and its operations in relative to the importance and qualitative criteria associated with the type, complexity or structure of the business.

Banco Santander ensures that controls are in place to cover the potential risks we identify. This includes risks of errors and fraud in financial reporting and those that cover (i) the existence of assets, liabilities and transactions at the relevant date; (ii) timely and correct recording and proper valuation of assets, liabilities and transactions; and (iii) the correct application of accounting principles and rules, as well as appropriate breakdowns.

For more details on the identification, documentation and assessment of the ICS risks and controls, see section 1.5 'Internal control system' in the 'Risk management and compliance' chapter.

8.3 Control activities

Revision and approval of financial information

The board of directors and the audit committee oversee the preparation, submission and integrity of the financial information required of Banco Santander and the Group. They also review compliance with regulatory requirements, the scope of consolidation and the correct application of accounting standards, ensuring that financial information remains permanently updated on our corporate website.

The audit committee is responsible for reporting to the board of directors on the financial information that the Group must publish, ensuring that it is prepared in accordance with the same principles and practices as the financial statements and is as equally reliable.

The most significant aspects we consider when closing accounts and reviewing relevant judgements, estimates, measurements and projections are:

- impairment losses on certain assets;
- the assumptions used in the actuarial calculation for employment benefit liabilities and other obligations;
- the useful life of tangible and intangible fixed assets;
- the valuation of consolidation goodwill;
- the calculation of provisions and contingent liabilities;
- the fair value of certain unquoted assets and liabilities;
- the recoverability of tax assets; and
- the fair value of acquired identifiable assets and the liabilities assumed in business combinations.

For more details on ICS reporting and governance, see section 1.5 'Internal control system' in the 'Risk management and compliance' chapter.

Internal control policies and procedures for financial IT systems

The Technology and Operations division draws up the Group's corporate policies on IT systems that are used directly or indirectly to prepare financial statements. These systems follow special internal controls to prepare and publish financial information correctly.

The internal control policies on the following aspects are of particular importance:

- Updated and divulged internal policies and procedures for system security and access to applications and computer systems according to the duties assigned to a role, to make sure access to information is appropriate and to protect the confidentiality, availability and integrity of financial information from cyber attacks.
- The methodology we use when creating, modifying and maintaining apps follows a cycle of definition, development and testing that ensures we process financial information correctly. We have special development and security controls and data access, testing, vulnerability management, and other mechanisms. For more details on cybersecurity, see section 5. 'Research, development and innovation (R&D&I)' in the 'Economic and Financial Review' chapter.
- Comprehensive testing of applications developed based on the requirements set by a specialized development laboratory.
- We run the complete software testing cycle in a pre-production computerized environment which simulates real situations before they are rolled out. Testing includes technical and functional tests, performance tests, user-acceptance tests and pilot and prototype tests, which the entities draw up before the apps become available to end users.
- Business continuity and technological contingency plans based on corporate methodology for key functions in disasters or other events that could suspend or disrupt operations, as well as highly automated back-up systems that support critical systems and require little manual intervention owing to redundant systems and communication lines, high availability systems and data back-up.

Internal control policies and procedures for outsourced activities and valuation services from independent experts

Grupo Santander has a corporate outsourcing and third party agreement framework and third party approval policies and procedures to cover outsourcing risks properly.

The Group must adhere to this framework (and the models and policies that build on it), which meets the EBA's requirements for outsourcing and risk management with third parties and complies with DORA Regulation.

Key processes include:

- tasks to initiate, record, process, settle, report and account for transactions and asset valuations;
- IT support in terms of software development, infrastructure maintenance, incident management, security and processing; and
- other material support services that are not directly related to financial reporting, such as vendor management, property management, HR management and others.

Key control procedures to ensure adequate coverage of risks in these processes are:

- documenting relations between Group companies with comprehensive service agreements;
- documenting and validating by the Group's service providers of processes and controls for the services that the Group´s vendors perform; and
- external suppliers undergoing an approval process to ensure that the relevant risks associated with the services they provide remain within acceptable levels (according to the Group's risk appetite) and to encourage them to prove the effectiveness of their internal controls through external certifications.

Grupo Santander reviews its estimates internally according to its control model guidelines. It will hire the services of a third party to help with specific matters upon confirming their expertise and independence and approving their methods and rationale of assumptions though relevant procedures.

In particular, we have controls in place to ensure the integrity and quality of information on external suppliers of key services that could affect the financial statements. These controls are comprehensively detailed in the service level agreements that form part of the respective contracts with third parties.

For more details, see 'Supplier risk management' in the section 5.2. 'Operational risk management' in the 'Risk management and compliance' chapter.

8.4 Information and communication

Group accounting policies

Accounting policies should be understood as a complement to local financial and accounting rules. Their overarching aims are (i) for statements and financial information to be made available to management bodies, supervisors and the market to provide accurate and reliable information for decision-making in relation to the Group; and (ii) for all Group entities (due to their accounting ties to Banco Santander) to meet their legal requirements in a timely manner.

The Accounting Regulation area of the Financial Accounting and Control division is responsible for:

- setting the general framework for the treatment of the transactions that constitute Banco Santander's activity, in accordance with their economic nature and the regulations governing the financial system;
- drafting up and keeping up to date the Group's accounting policies and resolving any queries or conflicts arising from their interpretation; and
- enhancing and standardizing the Group's accounting practices.

The accounting, financial management and sustainability information corporate framework sets out the principles and guidelines to prepare accounting, financial and management information that must apply to all Grupo Santander entities as a key element of their good governance.

The Group's structure makes it necessary for these principles and standard guidelines to be common for their application across our footprint, and for each of the Group entities to have effective consolidation methods and employ homogeneous accounting policies. The framework's principles are adequately reflected in the Group's accounting policies.

Accounting policies are revised at least once a year and on the back of key regulatory amendments. Moreover, every month, the Accounting Regulation area publishes an internal bulletin on new accounting regulation and their most significant interpretations.

The Group entities, through their operations or accounting heads, maintain open communication with the Accounting Regulation area and the rest of the Financial Accounting and Control division, as well as other divisions when appropriate.

Mechanisms for the preparation of financial information

Regarding financial statement consolidation, to minimize operational risk and maximize the quality of information, the Group developed IT tools to channel the flow of information between the units and the Financial Accounting and Control division and carries out consolidation based on the information provided.

This process is automated end to end, with controls that enable us to detect incidents during consolidation. Moreover, the Financial Accounting and Control division exercises further supervisory and analytical control, which is set out in formal documents and carried out and reviewed under set time frames.

8.5 Monitoring of system functioning

2024 ICFR monitoring activities and results

The board of directors approved an internal audit framework that details the function and how it should conduct its work.

Internal audit function reports to the audit committee and, at least twice a year, to the board of directors. As an independent unit, it also has direct access to the board when required.

Internal audit assesses:

- the efficiency and effectiveness of the ICFR;
- compliance with applicable regulations and supervisory requirements;
- the reliability and integrity of financial and operational information; and
- asset integrity.

Its scope of action includes:

- all entities over which the Group exercises effective control;
- separated assets (for example, mutual funds) managed by the entities mentioned in the previous section; and
- any entity (or separated assets) not included in the above points with which the Group has entered into an agreement to provide internal audit function.

This subjective scope includes, our activities, businesses and processes (performed internally or through outsourcing), the organization and, where applicable, branch networks. Internal audit function may also conduct audits for other investees that are not included in the preceding points when the Group has reserved this right as a shareholder, as well as on outsourced activities in accordance with the established agreements.

The audit committee supervises the Group's Internal Audit function. For more details, see section 4.5 'Audit committee activities in 2024'.

As at 2024 year-end, Internal Audit division had 1,230 employees, all exclusively dedicated to this service. Of these, 281 were based at the Corporate Centre and 949 in the local units located in the Group´s core markets, all with exclusive dedication.

Every year, the internal audit function prepares an audit plan based on a risk self-assessment and is solely responsible for executing the plan. Reviews may lead to recommendations, which are prioritized in accordance with their relative importance and are continuously monitored until full implementation.

In its meeting on 13 February 2024, the audit committee gave the green light to the internal audit plan for 2024, which the board of directors subsequently approved at its meeting on 26 February 2024.

The internal audit function report on the ICFR review aimed to:

- verify compliance with the provisions contained in sections 302, 404, 406, 407 and 806 of the SOx Act;

- check corporate governance with regard to information relating to the ICFR, including risk culture;
- review the functions performed by the internal control departments and by other departments, areas and divisions that work to ensure compliance with the SOx Act;
- make sure the supporting documentation relating to the SOx Act is up to date;
- confirm the effectiveness of a sample of controls based on an internal audit risk assessment methodology;
- assess the accuracy of the unit's certifications, especially their consistency with respect to the observations and recommendations made by Internal Audit, the external auditors of the annual accounts and supervisors; and
- ratify the implementation of recommendations made in the audit plan.

In 2024, the audit committee and the board of directors were regularly informed of the internal audit function's work in accordance with its annual plan, as well as of other related matters. For more details, see section 4.5 'Audit committee activities in 2024'.

Detection and management of deficiencies

As part of its to supervise financial reporting and internal control systems, the audit committee is responsible for maintaining continuous dialogue with the external auditor regarding any significant weaknesses detected in the audit.

The audit committee also assesses the results of the work of the internal audit function and may take the necessary measures to correct any deficiencies identified in the financial information, that may impact on the reliability and accuracy of the financial statements. It may ask other areas of the Group involved in the process for vital information and clarification. The committee also assesses the potential impact of any errors detected in the financial information.

In 2024, the audit committee was informed of the ICS assessment and certification for the 2023 financial year. For more details, see section 4.5 'Audit committee activities in 2024'.

8.6 External auditor report

The external auditor issued an independent reasonable assurance report on the design and effectiveness of our ICFR.

The report is included on the following pages.

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

Independent reasonable assurance report on the design and effectiveness of Internal Control over Financial Reporting (ICFR)

To the Board of Directors of Banco Santander, S.A.:

We have carried out a reasonable assurance engagement of the design and effectiveness of the Internal Control over Financial Reporting (hereinafter, ICFR) and the description that is included in the attached Report that forms part of the corresponding section of the Annual Corporate Governance Report of Banco Santander, S.A., (hereinafter, Banco Santander or the Parent Company) and its subsidiaries (hereinafter, the Group or Grupo Santander) as at December 31, 2024. This system is based on the criteria and policies defined by the Banco Santander S.A., in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "*Internal Control-Integrated Framework*" report, in its most recent framework published in 2013.

An Internal Control over Financial Reporting is a process designed to provide reasonable assurance over the reliability of financial information in accordance with the applicable financial reporting framework and includes those policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it and (iii) provide reasonable assurance in relation to the prevention or timely detection of unauthorized acquisitions, use or sales assets that could have material effect on the financial information.

Inherent limitations

In this regard, it should be borne in mind that, given the inherent limitations of any system of Internal Control over Financial Reporting, regardless of the quality of the design and operation of the system, it can only allow reasonable, but not absolute security, in relation to the objectives it pursues, which may lead to errors, irregularities or fraud that may not be detected. On the other hand, the projection to future periods of the evaluation of internal control is subject to risks such as such internal control being inadequate as a result of future changes in the applicable conditions, or that in the future the level of compliance of the established policies or procedures may be reduced.

Director's responsibility

The Parent Company's Directors are responsible for taking the necessary measures to reasonably guarantee the implementation, maintenance and supervision of an adequate Internal Control over Financial Reporting, as well as the evaluation of its effectiveness, the development of improvements of ICFR and the preparation and establishment of the content of the attached information relating to the ICFR.

Our Responsibility

Our responsibility is to issue a reasonable assurance report on the design and effectiveness of the Internal Control over Financial Reporting of the Banco Santander, based on the work we have performed and on the evidence we have obtained. We have performed our reasonable assurance engagement in accordance with “International Standard on Assurance Engagements 3000 (ISAE 3000)” (Revised), "Assurance Engagements other than Auditing or Reviews of Historical Financial Reporting", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

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Banco Santander, S.A. and its subsidiaries

A reasonable assurance report includes the understanding of the Internal Control over Financial Reporting, assessing the risk of material weaknesses in the internal control, that the controls are not properly designed or they do not operate effectively, the execution of tests and evaluations on the design and effective implementation of this ICFR, based on our professional judgment, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained provides a sufficient and adequate basis for our opinion.

Our Independence and quality management

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality, and professional behavior.

Our firm applies the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a quality management system that includes policies or procedures related to compliance with ethical requirements, professional standards and requirements. applicable laws and regulations.

Opinion

In our opinion, Banco Santander maintained as at December 31, 2024, in all material respects, a system of Internal Control relating to Financial Reporting included in the consolidated financial statements of the Banco Santander, S.A. as at December 31, 2024 effective, which is based on the criteria and the policies defined by the Parent Company's management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "*Internal Control - Integrated Framework*" report, in its most recent framework published in 2013.

In addition, the description of the ICFR that is attached and included in the corresponding section of the Annual Corporate Governance Report of Banco Santander as at December 31, 2024, has been prepared, in all material respects, in accordance with the requirements established by article 540 of the Consolidated Text of the Capital Companies Act and with the Circular 5/2013 of June 12 of the CNMV, and subsequent amendments, the most recent being Circular 3/2021, of September 28, of the CNMV for the purposes of describing the ICFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit of accounts nor is it subject to the regulations governing the activity of the audit in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations. However, we have audited under separate engagement, in accordance with the regulations governing the audit activity in force in Spain, the consolidated financial statements of Grupo Santander prepared by the Parent Company's Directors in accordance with the International Financial Reporting Standards adopted by the European Union and other provisions of the financial reporting standards applicable to the Group, and our report dated February 26, 2025 expresses a favorable opinion on those consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.

Julián González Gómez

February 26, 2025

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9. OTHER CORPORATE GOVERNANCE INFORMATION

Since 12 June 2018, CNMV allows the annual corporate governance and directors' remuneration reports Spanish listed companies must submit to be drafted in a free format, which is what we selected for our corporate governance and directors' remuneration reports since 2018.

The CNMV requires any issuer opting for a free format to provide certain information in a format it dictates so that it can be aggregated for statistical purposes. This information is included (i) for corporate governance matters, under section 9.2 'Statistical information on corporate governance required by the CNMV', which also covers the section 'Degree of compliance with corporate governance recommendations', and (ii) for remuneration matters, under section 9.5 'Statistical information on remuneration required by the CNMV'.

Some shareholders or other stakeholders may be used to the formats of the corporate governance and directors' remuneration reports set the by the CNMV. Therefore, each section under this format in sections 9.1 'Reconciliation with the CNMV's corporate governance report model' and 9.4 'Reconciliation to the CNMV's remuneration report model' include a cross reference indicating where this information may be found in the 2024 annual corporate governance report (drafted in a free format) and elsewhere in this annual report.

We have normally completed the 'comply or explain' section for all recommendations in the Spanish Corporate Governance Code to clearly show the ones we complied with, and explain the ones we partially complied or failed to comply with. In section 9.3 'References on compliance with recommendations of Spanish Corporate Governance Code', we have included a chart with cross-references showing where information supporting each response can be found in this corporate governance chapter and elsewhere in this annual report.

9.1 Reconciliation with the CNMV's corporate governance report model

Section in the CNMV model	Included in statistical report	Comments
A. OWNERSHIP STRUCTURE		
A.1	Yes	See sections 2.1 'Share capital', 3.2 'Shareholder rights' and 9.2 'Statistical information on corporate governance required by the CNMV'.
A.2	Yes	See section 2.3 'Significant shareholders' and 9.2 'Statistical information on corporate governance required by the CNMV'.
A.3	Yes	See 'Tenure and equity ownership' in section 4.2 and section 9.2 'Statistical information on corporate governance required by the CNMV'.
A.4	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.5	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.6	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.7	Yes	See sections 2.4 'Shareholders' agreements' and 9.2 'Statistical information on corporate governance required by the CNMV'.
A.8	Yes	Not applicable. See section 9.2 'Statistical information on corporate governance required by the CNMV'.
A.9	Yes	See section 2.5 'Treasury shares' and 9.2 'Statistical information on corporate governance required by the CNMV'.
A.10	No	See sections 2.2 'Authority to increase capital' and 2.5 'Treasury shares'.
A.11	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV'.
A.12	No	See section 'Voting rights and unrestricted share transfers' in section 3.2.
A.13	No	See section 3.2 'Shareholder rights'.
A.14	Yes	See sections 2.6 'Stock market information' and 9.2 'Statistical information on corporate governance as required by the CNMV'.

Section in the CNMV model	Included in statistical report	Comments
B. GENERAL SHAREHOLDERS' MEETING		
B.1	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2.
B.2	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2.
B.3	No	See 'Rules for amending our Bylaws' in section 3.2.
B.4	Yes	See 'Quorum and attendance' in section 3.4, in relation to financial year 2024, and section 9.2 'Statistical information on corporate governance required by the CNMV', in relation to the financial 2022, 2023 and 2024 year.
B.5	Yes	See 'Approved resolutions and voting results' in section 3.4.
B.6	Yes	See 'Participation at general meetings' in section 3.2 and section 9.2 'Statistical information on corporate governance required by the CNMV'.
B.7	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2.
B.8	No	See 'Corporate website' in section 3.1.
C. MANAGEMENT STRUCTURE		
C.1 Board of directors		
C.1.1	Yes	See 'Size' in section 4.2 and section 3.4 '2024 AGM'.
C.1.2	Yes	See sections 1.1 'Board skills and diversity', 4.1 'Our directors, 'Tenure and equity ownership' in section 4.2, and section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.3	Yes	See sections 2.4 'Shareholders' agreements', 4.1 'Our directors', 'Composition by director type' in section 4.2, 'Duties and activities in 2024' in section 4.6 and section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.4	Yes	See 'Board skills and diversity matrix' in section 4.2, in relation to financial year 2024, and section 9.2 'Statistical information on corporate governance required by the CNMV', in relation to the remaining financial years.
C.1.5	No	See 'Diversity' and 'Board skills and diversity matrix' in section 4.2 and 'Duties and activities in 2024' in section 4.6.
C.1.6	No	See section 1.5 'Achievement of our 2024 goals', 'Diversity' in section 4.2 and 'Duties and activities in 2024' in section 4.6 and also section 3.1.3 'Inclusive culture' in 'Sustainability statement' chapter.
C.1.7	No	See section 4.6 'Nomination committee activities in 2024'.
C.1.8	No	Not applicable, since there are no proprietary directors. See 'Composition by type of director' in section 4.2.
C.1.9	No	See 'Functions' in section 4.4.
C.1.10	No	See section 4.1 'Our directors'.
C.1.11	Yes	See sections 4.1 'Our directors' and 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.12	Yes	See 'Board and committee preparation and attendance' in section 4.3.
C.1.13	Yes	See sections 6. 'Remuneration' and 9.2 'Statistical information on corporate governance required by the CNMV'. Additionally, see Note 5) in the 'Notes to the consolidated financial statements'.
C.1.14	Yes	See sections 5. 'Senior management team', 6.6 '.Remuneration of non-director members of senior management' and 9.2 'Statistical information on corporate governance required by the CNMV'. Additionally, see note 5) in the 'Notes to the consolidated financial statements'.
C.1.15	Yes	See 'Board regulation' in section 4.3.
C.1.16	No	See 'Election, appointment, re-election and succession of directors' in section 4.2.
C.1.17	No	See 'Board effectiveness review and actions to continuously improve' in section 1.2 and 'Board effectiveness review in 2024' in section 4.3.
C.1.18	No	Not applicable as it was not carried out with the help of an independent external advisor. See 'Board effectiveness review and actions to continuously improve' in section 1.2 and 'Board effectiveness review in 2024' in section 4.3.
C.1.19	No	See 'Election, appointment, re-election and succession of directors' in section 4.2.
C.1.20	No	See 'Board operation' in section 4.3.
C.1.21	Yes	Not applicable since there are no specific requirements, other than those applying to directors generally, to be appointed chair. See section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.22	No	See 'Diversity' in section 4.2.
C.1.23	Yes	See 'Election, appointment, re-election and succession of directors' in section 4.2 and section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.24	No	See 'Board operation' in section 4.3.
C.1.25	Yes	See 'Lead Independent Director' and 'Board and committee preparation and attendance' in section 4.3, 'Duties and activities in 2024' in sections 4.4, 4.5, 4.6, 4.7, 4.8, 4.9 and 4.10 and section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.26	Yes	See 'Board and committee preparation and attendance' in section 4.3, section 4.6 'Nomination committee activities in 2024' and section 9.2 'Statistical information on corporate governance required by the CNMV'.

Section in the CNMV model	Included in statistical report	Comments
C.1.27	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.28	No	See 'Duties and activities in 2024' in section 4.5 and section 8.4 'Information and communication'.
C.1.29	Yes	See section 4.1 'Our directors', 'Secretary of the board' in section 4.3 and section 9.2 'Statistical information on corporate governance as required by the CNMV'.
C.1.30	No	See section 3.1 'Shareholder communication and engagement' and 'External auditor independence' in section 4.5.
C.1.31	Yes	See 'Re-election' in section 4.5.
C.1.32	Yes	In accordance with the CNMV's instructions, see 'External auditor independence' in section 4.5 and sub-section C.1.32 of section 9.2 'Statistical information on corporate governance required by the CNMV'. Per the CNMV's instructions on preparing annual reports on corporate governance, sub-section C.1.32 provides the fee ratios of non-audit services to total audit services, with these differences in the ratio set out in Regulation (EU) No 537/2014 that is included in section 4.5 'Audit committee activities in 2024': (a) the ratios in sub-section C.1.32 have two perimeters to the one established by Regulation (EU) No 537/2014: fees for the approved services to be performed by PricewaterhouseCoopers Auditores, S.L. (PwC) for Banco Santander and fees for the approved services to be performed by PwC and other firms in its network for all other Grupo Santander entities, in and outside Spain; and (b) the ratios' denominator is the fees amount for audit services in 2024 and not the average fee value from the past three consecutive years that Regulation (EU) No 537/2014 dictates.
C.1.33	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.34	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.1.35	Yes	See 'Board operation' and 'Committee operation' in section 4.3.
C.1.36	No	See 'Election, appointment, re-election and succession of directors' in section 4.2.
C.1.37	No	See 'Duties and activities in 2024' in section 4.6.
C.1.38	No	Not applicable.
C.1.39	Yes	See sections 6.4 'Directors' remuneration policy for 2025, 2026 and 2027', 6.7 'Prudentially significant disclosures document' and 9.2 'Statistical information on corporate governance required by the CNMV'.
C.2 Board committees		
C.2.1	Yes	See 'Structure of board committees' and 'Committee operation' in section 4.3, sections 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10 and 9.2 'Statistical information on corporate governance required by the CNMV'.
C.2.2	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV'.
C.2.3	No	See 'Board regulation' and 'Structure of board committees', 'Committee operation' in section 4.3 and 'Duties and activities in 2024' in sections 4.4, 4.5, 4.6, 4.7, 4.8, 4.9 and 4.10.
D. RELATED PARTY AND INTRAGROUP TRANSACTIONS		
D.1	No	See 'Related-party transactions' in section 4.12.
D.2	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.3	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.4	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV'.
D.5	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.6	No	See 'Other conflicts of interest' in section 4.12.
D.7	Yes	Not applicable. See section 2.3 'Significant shareholders' and 'Other conflicts of interest' in section 4.12.
E. CONTROL AND RISK MANAGEMENT SYSTEMS		
E.1	No	See chapter 'Risk management and compliance', in particular section 1. 'Risk management and control model' and sections 1.3 'Materiality assessment', 2.3 'Embedding ESG in risk management' and 4.2.2. 'Responsible taxation' in 'Sustainability statement' chapter.
E.2	No	See note 54 to the 'Notes to the consolidated financial statements', section 1.3 'Risk and compliance governance' in the 'Risk management and compliance' chapter. See also sections 1.3 'Materiality assessment', 1.4 'Sustainability governance' and 4.2.2. 'Responsible taxation' in 'Sustainability statement' chapter.
E.3	No	See sections 1.2 'Key risk types', 2. 'Credit risk', 3. 'Market, structural and liquidity risk', 4. 'Capital risk', 5. 'Operational risk', 6. 'Compliance risk', 7. 'Model risk' and 8. 'Strategic risk' in 'Risk management and compliance' chapter. See also section 2.3 'Embedding ESG in risk management' in 'Sustainability statement' chapter and, for our capital needs, see section 3.5 'Capital management and adequacy. Solvency ratios' of 'Economic and financial review' chapter.
E.4	No	See section 1.4. 'Management processes and tools' in the 'Risk management and compliance' chapter and sections 1.3 'Materiality assessment', 2.3 'Embedding ESG in risk management' and 4.2.2. 'Responsible taxation' in 'Sustainability statement' chapter.
E.5	No	See 2. 'Credit risk', 3. 'Market, structural and liquidity risk', 4. 'Capital risk', 5. 'Operational risk', 6 'Compliance risk', 7 .'Model risk' and 8. 'Strategic risk' in the 'Risk management' chapter. Additionally, see note 25e) in the 'Notes to the consolidated financial statements'.
E.6	No	See sections 1. 'Risk management and control model', 2. 'Credit risk', 3. 'Market, structural and liquidity risk', 4. 'Capital risk', 5. 'Operational risk', 6. 'Compliance risk', 7. 'Model risk' and 8. 'Strategic risk' in 'Risk management' and compliance chapter. See also 1.4 'Sustainability governance' and 2.3 'Embedding ESG in risk management' in 'Sustainability statement' chapter.

Section in the CNMV model	Included in statistical report	Comments
F. ICFRS		
F.1	No	See section 8.1 'Control environment'.
F.2	No	See section 8.2 'Risk assessment in financial reporting'.
F.3	No	See section 8.3 'Control activities'.
F.4	No	See section 8.4 'Information and communication'.
F.5	No	See section 8.5 'Monitoring of system functioning'.
F.6	No	Not applicable.
F7	No	See section 8.6 'External auditor report'.
G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS		
G	Yes	See 'Degree of compliance with the corporate governance recommendations' in section 9.2 and section 9.3 'References on compliance with recommendations of Spanish Corporate Governance Code'.
H. OTHER INFORMATION OF INTEREST		
H	No	• See 'Board regulation' in section 4.3, as well as section 1.4 'Sustainability governance' in the 'Sustainability statement' chapter. • Banco Santander also complies with the Polish Code of Best Practices, except in areas where regulation is different in Spain and Poland. • In addition, see sections 1.4 'Sustainability governance' and 4. 'Business conduct (Governance information)' in the 'Sustainability statement' chapter. • Banco Santander has voluntarily signed up to the Code of Best Tax Practices in Spain, see section 4.2.2. 'Responsible taxation' in the 'Sustainability statement' chapter and note 27g) of the 'Notes to the consolidated financial statements'. Banco Santander also voluntarily signed up to the Code of Good Practices for the viable restructuring of debts secured by mortgages on primary residences and the Code of Good Practices for mortgage debtors at risk of vulnerability, see note 54 to the 'Notes to the consolidated financial statements'.

9.2 Statistical information on corporate governance required by the CNMV

Unless otherwise indicated all data as of 31 December 2024.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company Bylaws contain the provision of double loyalty voting:

Yes ☐ No ☑

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
20/12/2024	7,576,246,161	15,152,492,322	15,152,492,322

Indicate whether different types of shares exist with different associated rights:

Yes ☐ No ☑

A.2 List the direct and indirect holders of significant ownership interests at year-end, including directors with a significant shareholding:

Name or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
BlackRock Inc.	0.00	6.79	0.00	0.09	6.88

Details of the indirect shares:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights
BlackRock Inc.	Subsidiaries of BlackRock Inc.	6.79	0.09	6.88

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A.2 above:

Name or corporate name of director	% of voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ana Botín-Sanz de Sautuola y O'Shea	0.01	0.21	0.00	0.00	0.22	0.00	0.00
Héctor Grisi Checa	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Glenn Hogan Hutchins	0.01	0.00	0.00	0.00	0.01	0.00	0.00
José Antonio Álvarez Álvarez	0.02	0.00	0.00	0.00	0.02	0.00	0.00
Homaira Akbari	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Juan Carlos Barrabés Cónsul	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Javier Botín-Sanz de Sautuola y O'Shea	0.04	0.17	0.00	0.00	0.21	0.00	0.00
Sol Daurella Comadrán	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Henrique de Castro	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Germán de la Fuente Escamilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gina Díez Barroso Azcárraga	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luis Isasi Fernández de Bobadilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Belén Romana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pamela Walkden	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Antonio Francesco Weiss	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% total voting rights held by the board of directors					**0.47**		
% total voting rights represented on the board of directors					**0.82**		

Details of the indirect holding:

Name or corporate name of director	Name or corporate name of direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
–	–	–	–	–	–

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Companies Act (LSC). If so, provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes ☑ No ☐

Parties to the shareholders' agreement	% of share capital affected	Brief description of agreement	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.72	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description as applicable:

Yes ☑ No ☐

Participants in the concerted action	% of share capital affected	Brief description of concerted action	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.72	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056

A.8 Indicate whether any individual or entity currently exercises control or could exercise control over the company in accordance with article 5 of the Spanish Securities Market Act. If so, identify them:

Yes ☐ No ☑

A.9 Complete the following tables on the company's treasury shares:

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
0	15,529,459	0.10%

(*) Through:

Name or corporate name of the direct shareholder	Number of shares held directly
Pereda Gestión, S.A.	14,000,000
Banco Santander Argentina, S.A.	558,421
Banco Santander México, S.A.	971,038
Total:	**15,529,459**

A.11 Estimated free float:

	%
Estimated free float	**91.73**

A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes ☑ No ☐

B. GENERAL SHAREHOLDERS' MEETING

B.4 Indicate the attendance figures for the general shareholders’ meetings held during the financial year to which this report relates and in the two preceding financial years:

	Attendance data				
			% remote voting		
Date of General Meeting	**% attending in person**	**% by proxy**	**Electronic means**	**Other**	**Total**
01/04/2022	0.71	65.41	2.08	0.57	68.77
Of which free float:	0.09	64.98	2.08	0.57	67.72

	Attendance data				
			% remote voting		
Date of General Meeting	**% attending in person**	**% by proxy**	**Electronic means**	**Other**	**Total**
31/03/2023	0.72	64.20	2.22	0.42	67.56
Of which free float:	0.06	63.73	2.22	0.42	66.43

	Attendance data				
			% remote voting		
Date of General Meeting	**% attending in person**	**% by proxy**	**Electronic means**	**Other**	**Total**
22/03/2024	0.82	62.48	2.83	0.52	66.65
Of which free float:	0.08	61.99	2.83	0.52	65.42

B.5 Indicate whether in the general shareholders’ meetings held during the financial year to which this report relates there has been any matter submitted to them which has not been approved by the shareholders:

Yes ☐ No ☑

B.6 Indicate whether the Bylaws require a minimum holding of shares to attend to or to vote remotely in the general shareholders’ meeting:

Yes ☐ No ☑

C. MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	**17**
Minimum number of directors	**12**
Number of directors set by the General Meeting	**15**

C.1.2 Complete the following table with the directors' details:

Name or corporate name of director	Representative	Category of director	Position in the board	Date of first appointment	Date of last appointment	Election procedure
Ana Botín-Sanz de Sautuola y O'Shea	N/A	Executive	Chair	04/02/1989	31/03/2023	Vote in general shareholders' meeting
Héctor Grisi Checa	N/A	Executive	Chief Executive Officer	01/01/2023	31/03/2023	Vote in general shareholders' meeting
Glenn Hogan Hutchins	N/A	Independent	Lead Independent Director	20/12/2022	31/03/2023	Vote in general shareholders' meeting
José Antonio Álvarez Álvarez	N/A	Other external	Vice Chair	13/01/2015	22/03/2024	Vote in general shareholders' meeting
Homaira Akbari	N/A	Independent	Director	27/09/2016	31/03/2023	Vote in general shareholders' meeting
Juan Carlos Barrabés Cónsul	N/A	Independent	Director	27/06/2024	27/06/2024	Vote in general shareholders' meeting
Javier Botín-Sanz de Sautuola y O'Shea	N/A	Other external	Director	25/07/2004	22/03/2024	Vote in general shareholders' meeting
Sol Daurella Comadrán	N/A	Independent	Director	18/02/2015	31/03/2023	Vote in general shareholders' meeting
Henrique de Castro	N/A	Independent	Director	17/07/2019	22/03/2024	Vote in general shareholders' meeting
Germán de la Fuente Escamilla	N/A	Independent	Director	21/04/2022	22/03/2024	Vote in general shareholders' meeting
Gina Díez Barroso Azcárraga	N/A	Independent	Director	22/12/2020	31/03/2023	Vote in general shareholders' meeting
Luis Isasi Fernández de Bobadilla	N/A	Other external	Director	19/05/2020	01/04/2022	Vote in general shareholders' meeting
Belén Romana García	N/A	Independent	Director	22/12/2015	22/03/2024	Vote in general shareholders' meeting
Pamela Walkden	N/A	Independent	Director	29/10/2019	31/03/2023	Vote in general shareholders' meeting
Antonio Francesco Weiss	N/A	Independent	Director	27/06/2024	27/06/2024	Vote in general shareholders' meeting
Total number of directors	**15**					

Indicate any directors who have left during the financial year to which this report relates, regardless of the reason (whether for resignation or by agreement of the general meeting or any other):

Name or corporate name of director	Category of director at the time he/her left	Date of last appointment	Date of leave	Board committees he or she was a member of	Indicate whether he or she has left before the expiry of his or her term
Bruce Carnegie-Brown	Independent	26/03/2021	22/03/2024	Nomination and remuneration committees	No
Ramiro Mato García-Ansorena	Independent	26/03/2021	27/06/2024	Executive; audit; risks supervision, regulation and compliance; and responsible banking, sustainability and culture committees	No

C.1.3 Complete the following tables for the directors in each relevant category:

Executive directors

Name or corporate name of director	Position held in the company	Profile
Ana Botín-Sanz de Sautuola y O'Shea	Executive Chair	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Héctor Grisi Checa	CEO	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Total number of executive directors		2
% of the Board		13.33

Proprietary non-executive directors

Name or corporate name of director	Name or corporate name of significant shareholder represented or having proposed his or her appointment	Profile
N/A	N/A	N/A
Total number of proprietary non-executive directors		0
% of the Board		0

Independent directors

Name or corporate name of director	Profile
Glenn Hogan Hutchins	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Homaira Akbari	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Juan Carlos Barrabés Cónsul	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Sol Daurella Comadrán	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Henrique de Castro	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Germán de la Fuente Escamilla	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Gina Díez Barroso Azcárraga	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Belén Romana Garcia	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Pamela Walkden	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Antonio Francesco Weiss	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Total number of independent directors	10
% of the Board	66.67

Identify any independent director who receives from the company or its group any amount or perk other than his or her director remuneration, as a director, or who maintain or have maintained during the financial year covered in this report a business relationship with the company or any group company, whether in his or her own name or as a principal shareholder, director or senior manager of an entity which maintains or has maintained such a relationship.

In such a case, a reasoned statement from the Board on why the relevant director(s) is able to carry on their duties as independent director(s) will be included.

Name or corporate name of director	Description of the rela tionship	Reasoned statement
Sol Daurella Comadrán	Business/Financing	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the business relationships maintained and the funding Grupo Santander granted to companies in which Sol Daurella was a principal shareholder or director in 2024 were not significant because, among other reasons: (i) they did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others; (ii) they were consistent with Grupo Santander's share in the corresponding market; and (iii) they did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE, Nasdaq and the Canadian Bank Act).
Henrique de Castro	Business	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the business relationships maintained between Grupo Santander and the company in which Henrique de Castro was a director in 2024 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE and Nasdaq).
Gina Díez Barroso Azcárraga	Business/Financing	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the business relationships maintained and the funding Grupo Santander granted to companies in which Gina Díez Barroso was a principal shareholder and director in 2024 were not significant because, among other reasons: (i) they did not generate a situation of economic dependence on the company involved in view of the substitutability of this funding by other sources, whether banks or others; (ii) they were consistent with Grupo Santander's share in the corresponding market; and (iii) they did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE, Nasdaq and the Canadian Bank Act).
Glenn Hogan Hutchins	Business/Financing	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the business relationships maintained and the funding Grupo Santander granted to the company in which Glenn Hutchins was a director in 2024 were not significant because, among other reasons: (i) they did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others; (ii) they were consistent with Grupo Santander's share in the corresponding market; and (iii) they did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE, Nasdaq and the Canadian Bank Act).
Belén Romana García	Business/Financing	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the business relationships maintained and the funding Grupo Santander granted to companies in which Belén Romana was a director in 2024 were not significant because, among other reasons: (i) they did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others; (ii) they were consistent with Grupo Santander's share in the corresponding market; and (iii) they did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE, Nasdaq and the Canadian Bank Act).
Juan Carlos Barrabés Cónsul	Financing	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the funding Grupo Santander granted to Juan Carlos Barrabés and the companies in which he was a principal shareholder or director in 2024 were not significant because, among other reasons: (i) it did not generate economic dependence in view of the substitutability of this funding by other sources, whether banks or others; (ii) it was consistent with Grupo Santander's share in the corresponding market; and (iii) it did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE, Nasdaq and the Canadian Bank Act).
Antonio Weiss	Business	When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers. The committee concluded that the business relationships maintained between Grupo Santander and the company in which Antonio Weiss was a principal shareholder in 2024 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions (e.g. NYSE and Nasdaq).

Other external directors

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
José Antonio Álvarez Álvarez	Given that Mr Álvarez was the former CEO of Banco Santander until 31 December 2022, pursuant to sub-section 4.a) of article 529 *duodecies* of the Spanish Companies Act.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Javier Botín-Sanz de Sautuola y O'Shea	Given that Mr Botín has been director for over 12 years, pursuant to sub-section 4. i) of article 529 *duodecies* of the Spanish Companies Act.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Luis Isasi Fernández de Bobadilla	Under prudent criteria given his remuneration as non-executive Chair of Santander España's body as supervisor, unit without its own corporate identity separate to Banco Santander, pursuant to sub-sections 2 to 4 of article 529 *duodecies* of the Spanish Companies Act.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Total number of other external directors			3
% of the Board			20.00

List any changes in the category of a director which have occurred during the period covered in this report.

Name or corporate name of director	Date of change	Previous category	Current category
—	—	—	—

C.1.4 Complete the following table on the number of female directors at the end of each the past four years and their category:

Number of female directors					% of total directors of each category			
	FY 2024	FY 2023	FY 2022	FY 2021	FY 2024	FY 2023	FY 2022	FY 2021
Executive	1	1	1	1	50.00	50.00	50.00	50.00
Proprietary	—	—	—	—	0.00	0.00	0.00	0.00
Independent	5	5	5	5	50.00	50.00	50.00	50.00
Other external	—	—	—	—	0.00	0.00	0.00	0.00
Total:	**6**	**6**	**6**	**6**	**40.00**	**40.00**	**40.00**	**40.00**

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position	Remunerated YES/NO
Ana Botín-Sanz de Sautuola y O'Shea	The Coca-Cola Company	Director	YES
Héctor Grisi Checa	Cogrimex, S.A. de C.V.	Chair	NO
Glenn Hogan Hutchins	AT&T Inc.	Director	YES
	North Island, LL	Chair	NO
	North Island Ventures, LLC	Chair	NO
José Antonio Álvarez Álvarez	Aon PLC	Director	YES
Homaira Akbari	Landstar System, Inc.	Director	YES
	AKnowledge Partners, LLC	Chief Executive Officer	YES
Juan Carlos Barrabés Cónsul	Grupo Barrabés Cónsul, S.L.	Chair-Chief Executive Officer	NO
	Barrabés Internet, S.L.U.	Chief Executive Officer	NO
	Barrabés Ski Montaña, S.L.U.	Director	NO
	Action & Lifestyle, S.L.U.	Director	NO
	Tuca del Mont, S.L.	Chief Executive Officer	NO
	Ediciones Montañas y Hombres, S.L.U.	Director	NO
	Llitarrada Innova, S.L.	Representative of sole administrator	NO
	Innova Next, S.L.U.	Representative of joint and several administrator	NO
	Step One Ventures, S.L.	Representative of joint and several administrator	NO
	Formiguero Barrabés, S.L.	Joint and several administrator	NO
	Agencia Certificadora Autónoma, S.L.U.	Representative of joint and several administrator	NO
	Primschain, S.L.U.	Representative of sole administrator	NO
Javier Botín-Sanz de Sautuola y O'Shea	JB Capital Markets, S. V., S.A.U.	Chair	YES
	Inversiones Zulú, S.L.	Chair-Chief Executive Officer	NO
	Agropecuaria El Castaño, S.L.	Joint administrator	NO
	Inversiones Peña Cabarga, S.L.	Joint and several administrator	NO
Sol Daurella Comadrán	Coca-Cola Europacific Partners PLC	Chair	YES
	Cobega, S.A.	Representative of director	NO
	Equatorial Coca Cola Bottling Company, S.L.	Director	YES
	Cobega Invest S.L.	Joint administrator	NO
	Olive Partners, S.A.	Representative of director	NO
	Indau, S.A.R.L.	Sole administrator	YES
Henrique de Castro	Fiserv Inc.	Director	YES
	Stakecorp Capital, s.a.r.l.	Director	NO
Gina Díez Barroso Azcárraga	Grupo Diarq, S.A. de C.V.	Chair	NO
	Dalia Women, S.A.P.I. de C.V.	Director	NO
	Centro de Diseño y Comunicación, S.C.	Chair	NO
	Bolsa Mexicana de Valores, S.A.B. de C.V.	Director	YES
Luis Isasi Fernández de Bobadilla	Logista Integral, S.A.	Chair	YES
	Balcón del Parque, S.L.	Sole administrator	NO
	Santa Clara de C. Activos, S.L.	Joint and several administrator	NO
Belén Romana García	Werfen, S.A.	Director	YES
	SIX Group AG	Director	YES
	SIX Digital Exchange AG	Chair	YES
	SDX Trading AG	Chair	YES
	Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	Director	YES
	Industria de Diseño Textil, S.A. (Inditex)	Director	YES
Antonio Weiss	Societe Familiale d'Investissements S.A.	Director	YES

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Glenn Hogan Hutchins	Member of the international advisory board Government of Singapore Investment Corporation
	Member of the executive committee of Boston Celtics
Homaira Akbari	Member of the Security Advisory Board of Telefónica Soluciones de Criptografía, S.A.U.
Belén Romana García	Senior advisor of Artá Capital, S.G.E.I.C., S.A.
	Academic director of the IE Leadership & Foresight Hub Programme
Pamela Walkden	Member of the advisory board of JD Haspel Limited
Antonio Weiss	Partner of SSW Partners LP
	Associate of AFWCo LP
	Senior Advisor of JAB Holdings

C.1.12 Indicate and, if applicable explain, if the company has established rules on the maximum number of directorships its directors may hold and, if so, where they are regulated:

Yes ☑ No ☐

The maximum number of directorships is established, as provided for in article 30 of the Rules and regulations of the board, in article 26 of Spanish Law 10/2014 on the ordering, supervision and solvency of credit institutions. This rule is further developed by articles 29 and subsequent of Royal Decree 84/2015 and by Rules 30 and subsequent of Bank of Spain Circular 2/2016.

C.1.13 Identify the following items of the total remuneration of the board of directors:

Board remuneration accrued in the fiscal year (EUR thousand)	30,214
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (EUR thousand)	76,356
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (EUR thousand)	0
Pension rights accumulated by former directors (EUR thousand)	46,390

C.1.14 Identify the members of the company's senior management who are non executive directors and indicate total remuneration they have accrued during the financial year:

Name or corporate name	Position (s)
Mahesh Chatta Aditya	Group Chief Risk Officer
Daniel Barriuso Rojo	Global Head of Retail & Commercial Banking and Group Chief Transformation Officer
Julia Bayón Pedraza	Group Chief Audit Executive
Juan Manuel Cendoya Méndez de Vigo	Group Head of Communications, Corporate Marketing and Research
José Francisco Doncel Razola	Group Chief Accounting Officer
José Antonio García Cantera	Group Chief Financial Officer
Francisco Javier García-Carranza	Global Head of Wealth Management & Insurance
David Arthur Hazell	Group Chief Compliance Officer
José María Linares Perou	Global Head of Corporate & Investment Banking
Mónica Lopez-Monís Gallego	Group Head of Supervisory and Regulatory Relations
Dirk Ludwig Marzluf	Group Chief Operating & Technology Officer
José Luis de Mora Gil-Gallardo	Group Head of Digital Consumer Bank and Group Head of Corporate Development and Financial Planning
Jaime Pérez Renovales	Group General Counsel
Javier Roglá Puig	Group Head of People & Culture
Number of women in senior management	2
Percentage of total senior management	14.29%
Total remuneration accrued by the senior management (EUR thousand)	49,531

C.1.15 Indicate whether any changes have been made to the board's regulations during the financial year:

Yes ☐ No ☑

C.1.21 Indicate whether there are any specific requirements, other than those applying to directors generally, to be appointed Chair:

Yes ☐ No ☑

C.1.23 Indicate whether the Bylaws or the board's regulations set a limited term of office (or other requirements which are stricter than those provided for in the law) for independent directors different than the one provided for in the law.

Yes ☐ No ☑

C.1.25 Indicate the number of board meetings held during the financial year and how many times the board has met without the Chair's attendance. Attendance also includes proxies appointed with specific instructions:

Number of board meetings	18
Number of board meetings held without the Chair's attendance	0

Indicate the number of meetings held by the Lead Independent Director with the rest of directors without the attendance or representation of any executive director.

Number of meetings	6

Indicate the number of meetings of the various board committees held during the financial year.

Number of meetings of the audit committee	15
Number of meetings of the responsible banking, sustainability and culture committee	4
Number of meetings of the innovation and technology committee	5
Number of meetings of the nomination committee	13
Number of meetings of the remuneration committee	14
Number of meetings of the risk supervision, regulation and compliance committee	18
Number of meetings of the executive committee	24

C.1.26 Indicate the number of board meetings held during the financial year and data about the attendance of the directors:

Number of meetings with at least 80% of directors being present	18
% of votes cast by members present over total votes in the financial year	98
Number of board meetings with all directors being present (or represented having given specific instructions)	16
% of votes cast by members present at the meeting or represented with specific instructions over total votes in the financial year	98.87

C.1.27 Indicate whether the company´s consolidated and individual financial statements are certified before they are submitted to the board for their formulation.

Yes ☑ No ☐

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their formulation by the board:

Name	Position
José Francisco Doncel Razola	Group Chief Accounting Officer

C.1.29 Is the secretary of the board also a director?

Yes ☐ No ☑

If the secretary of the board is not a director fill in the following table:

Name or corporate name of the secretary	Representative
Jaime Pérez Renovales	N/A

C.1.31 Indicate whether the company has changed its external audit firm during the financial year. If so, identify the incoming audit firm and the outgoing audit firm:

Yes ☐ No ☑

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and express this amount as a percentage they represent of all fees invoiced to the company and/or its group.

Yes ☑ No ☐

	Company	Group companies	Total
Amount of non-audit work (EUR thousand)	9,301	12,339	21,640
Amount of non-audit work as a % of amount of audit work	34.43	15.47	20.26

C.1.33 Indicate whether the audit report on the previous year's financial statements contains a qualified opinion or reservations. Indicate the reasons given by the Chair of the audit committee to the shareholders in the general shareholders meeting to explain the content and scope of those qualified opinion or reservations.

Yes ☐ No ☑

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual financial statements	Consolidated financial statements
Number of consecutive years	9	9

	Company	Group
Number of years audited by current audit firm/Number of years the company's or its Group financial statements have been audited (%)	20.93	21.43

C.1.35 Indicate and if applicable explain whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

Yes ☑ No ☐

Procedures
Our Rules and regulations of the board foresees that members of the board and committees are provided with the relevant documentation for each meeting sufficiently in advance of the meeting date.

C.1.39 Identify, individually in the case of directors, and in the aggregate in all other cases, and provide detailed information on, agreements between the company and its directors, executives and employees that provide indemnification, guarantee or golden parachute clause in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of transaction.

Number of beneficiaries	25
Type of beneficiary	**Description of the agreement:**
Employees	The Bank has no commitments to provide severance pay to directors. A number of employees have a right to compensation equivalent to one to two years of their basic salary in the event of their contracts being terminated by the Bank in the first two years of their contract in the event of dismissal on grounds other than their own will, retirement, disability or serious dereliction of duties. In addition, for the purposes of legal compensation, in the event of redundancy a number of employees are entitled to recognition of length of service including services provided prior to being contracted by the Bank; this would entitle them to higher compensation than they would be due based on their actual length of service with the Bank itself.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group beyond the procedures provided for in applicable law. If applicable, specify the process applied, the situations in which they apply, and the bodies responsible for approving or communicating those agreements:

	Board of directors	General Shareholders' Meeting
Body authorising clauses	√	

	YES	NO
Is the general shareholders' meeting informed of such clauses?	√	

C.2 Board committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, independent and other external directors.

Executive committee

Name	Position	Type
Ana Botín-Sanz de Sautuola y O'Shea	Chair	Executive director
Héctor Grisi Checa	Member	Executive director
José Antonio Álvarez Álvarez	Member	Other external director
Luis Isasi Fernández de Bobadilla	Member	Other external director
Belén Romana García	Member	Independent director

% of executive directors	40.00
% of proprietary directors	0.00
% of independent directors	20.00
% of other external directors	40.00

Audit committee

Name	Position	Type
Germán de la Fuente Escamilla	Chair	Independent director
Homaira Akbari	Member	Independent director
Henrique de Castro	Member	Independent director
Belén Romana García	Member	Independent director
Pamela Walkden	Member	Independent director

% of executive directors	0
% of proprietary directors	0
% of independent directors	100
% of other external directors	0

Identify those directors in the audit committee who have been appointed on the basis of their knowledge and experience in accounting, audit or both and indicate the date of appointment of the committee chair.

Name of directors with accounting or audit experience	Germán de la Fuente Homaira Akbari Henrique de Castro Belén Romana García Pamela Walkden
Date of appointment of the committee chair for that position	23 March 2024

Nomination committee

Name	Position	Type
Belén Romana García	Chair	Independent director
Juan Carlos Barrabés Cónsul	Member	Independent director
Sol Daurella Comadrán	Member	Independent director
Gina Díez Barroso	Member	Independent director
Glenn Hutchins	Member	Independent director

% of executive directors	0
% of proprietary directors	0
% of independent directors	100
% of other external directors	0

Remuneration committee

Name	Position	Type
Glenn Hogan Hutchins	Chair	Independent director
Sol Daurella Comadrán	Member	Independent director
Henrique de Castro	Member	Independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director

% of executive directors	0
% of proprietary directors	0
% of independent directors	75.00
% of other external directors	25.00

Risk supervision, regulation and compliance committee

Name	Position	Type
Pamela Walkden	Chair	Independent director
Germán de la Fuente Escamilla	Member	Independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
Belén Romana García	Member	Independent director

% of executive directors	0
% of proprietary directors	0
% of independent directors	75.00
% of other external directors	25.00

Responsible banking, sustainability and culture committee

Name	Position	Type
Sol Daurella Comadrán	Chair	Independent director
Homaira Akbari	Member	Independent director
Juan Carlos Barrabés Cónsul	Member	Independent director
Gina Díez Barroso Azcárraga	Member	Independent director
Belén Romana García	Member	Independent director

% of executive directors	0
% of proprietary directors	0
% of independent directors	100
% of other external directors	0

Innovation and technology committee

Name	Position	Type
Glenn Hogan Hutchins	Chair	Independent director
Ana Botín-Sanz de Sautuola y O'Shea	Member	Executive director
Homaira Akbari	Member	Independent director
José Antonio Álvarez Álvarez	Member	Other external director
Juan Carlos Barrabés Cónsul	Member	Independent director
Henrique de Castro	Member	Independent director
Héctor Grisi Checa	Member	Executive director
Belén Romana García	Member	Independent director

% of executive directors	25.00
% of proprietary directors	0.00
% of independent directors	62.50
% of other external directors	12.50

C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years.

	Number of female directors							
	FY 2024		FY 2023		FY 2022		FY 2021	
	Number	%	Number	%	Number	%	Number	%
Audit committee	3	50.00	3	50.00	3	50.00	3	60.00
Responsible banking, sustainability and culture committee	4	80.00	4	80.00	3	75.00	3	60.00
Innovation and technology committee	3	37.50	3	42.86	3	42.86	3	42.86
Nomination committee	3	60.00	2	50.00	2	50.00	2	50.00
Remuneration committee	1	25.00	1	20.00	1	20.00	1	20.00
Risk supervision, regulation and compliance committee	2	50.00	2	40.00	2	50.00	2	40.00
Executive committee	2	40.00	2	33.33	2	33.33	2	33.33

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Not applicable.

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Not applicable.

D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company	Brief description of the transaction and any other information necessary for its evaluation	Amount (EUR thousand)
The information included in this chart shows the transactions and the results obtained by Banco Santander in Spain and its foreign branches as of 31 December 2024 with Group entities resident in countries or territories that were considered non-cooperative jurisdictions pursuant to Spanish legislation, at such date (Law 11/2021 on measures to prevent and fight against tax fraud). These results, and the balances indicated below, were eliminated in the consolidation process. See note 3 to the 2024 'consolidated financial statements' for more information on offshore entities.		
Banco Santander (Brasil) S.A. (Cayman Islands Branch)	The amount shown on the right corresponds to net positive results (including results due to exchange differences) relating to contracting of derivatives. The referred derivatives had a net positive market value of EUR 143 million and covered the following transactions: - 181 Non-Delivery Forwards. - 213 Swaps. - 67 Cross Currency Swaps. - 52 Options. - 116 Forex.	232,795
	The amount shown on the right corresponds to negative results relating to demand and term deposits (liability). These deposits had a nominal value of EUR 2,564 million as of 31 December 2024.	49,681
	The amount shown on the right corresponds to positive results relating to term deposits (asset). These deposits had a nominal value of EUR 11 million as of 31 December 2024.	8
	The amount shown on the right corresponds to positive results relating to fixed income securities/ subordinated instruments (asset). This relates to the investment in Tier I subordinated perpetual notes, with original date of issue November 2018, that were fully amortized on 8 November 2024.	87,327
	The amount shown on the right corresponds to negative results relating to interests and commissions concerning correspondent accounts (liability). This relates to correspondent accounts with a credit balance of EUR 15 million as of 31 December 2024.	164
	The amount shown on the right corresponds to positive results relating to commissions received.	110

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Not applicable.

G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the good governance code for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies ☑ Explain ☐

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

b) The mechanisms established to resolve any conflicts of interest that may arise.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☑

3. During the AGM the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Complies ☑ Partially complies ☐ Explain ☐

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible its implementation.

Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies ☑ Partially complies ☐ Explain ☐

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

And that whenever the board of directors approves an issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable mercantile law.

Complies ☑ Partially complies ☐ Explain ☐

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the AGM, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committees.

c) Audit committee report on third-party transactions.

Complies ☑ Partially complies ☐ Explain ☐

7. The company should broadcast its general meetings live on the corporate website.

The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.

Complies ☑ Explain ☐

8. The audit committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditors includes any qualification in its report, the chair of the audit committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

Complies ☑ Partially complies ☐ Explain ☐

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies ☑ Partially complies ☐ Explain ☐

10. When a shareholder so entitled exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the standard attendance card or proxy appointment or remote voting form, duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☑

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies ☑ Partially complies ☐ Explain ☐

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies ☑ Explain ☐

14. The board of directors should approve a policy aimed at promoting an appro-priate composition of the board that:

a) is concrete and verifiable;

b) ensures that appointment or re-election proposals are based on a prior analysis of the competences required by the board; and

c) favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be pub-lished when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The nomination committee should run an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Complies ☑ Partially complies ☐ Explain ☐

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Complies ☑ Partially complies ☐ Explain ☐

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies ☑ Explain ☐

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies ☑ Explain ☐

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Complies ☑ Partially complies ☐ Explain ☐

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☑

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of the latter should be reduced accordingly.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies ☑ Explain ☐

22. Companies should establish rules obliging directors to disclose any circum-stance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations men-tioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, de-cide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Complies ☑ Partially complies ☐ Explain ☐

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board rules and regulations should lay down the maximum number of company boards on which directors can serve.

Complies ☑ Partially complies ☐ Explain ☐

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies ☑ Partially complies ☐ Explain ☐

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies ☑ Partially complies ☐ Explain ☐

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes book if the person expressing them so requests.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies ☑ Partially complies ☐ Explain ☐

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies ☑ Explain ☐ Not applicable ☐

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or obtain the information they consider appropriate.

For reasons of urgency, the chair may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies ☑ Partially complies ☐ Explain ☐

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies ☑ Partially complies ☐ Explain ☐

33. The chair, as the person responsible for the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, of the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies ☑ Partially complies ☐ Explain ☐

34. When a lead independent director has been appointed, the bylaws or the Rules and regulations of the board of directors should grant him or her the following powers over and above those conferred by law: to chair the board of directors in the absence of the chair or vice chair; to give voice to the concerns of non-executive directors; to maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and to coordinate the chair's succession plan.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies ☑ Explain ☐

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board's operation.

b) The performance and membership of its committees.

c) The diversity of board membership and competencies.

d) The performance of the chair of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chair of board committees.

The evaluation of board committees should start from the reports they send to the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies ☑ Partially complies ☐ Explain ☐

37. When there is an executive committee, there should be at least two non-executive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

38. The board should be kept fully informed of the matters discussed and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

39. All members of the audit committee, particularly its chair, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Complies ☑ Partially complies ☐ Explain ☐

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chair or the chair of the audit committee.

Complies ☑ Partially complies ☐ Explain ☐

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the con-trol and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct ap-plication of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the prior-ities and annual work programme of the internal audit unit, ensur-ing that it focuses primarily on the main risks the company is ex-posed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, sharehold-ers, suppliers, contractors or subcontractors, to report irregulari-ties of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice.

2. With regard to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor, does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provisions of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies ☑ Partially complies ☐ Explain ☐

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another manager.

Complies ☑ Partially complies ☐ Explain ☐

44. The audit committee should be informed of any structural changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

45. Risk control and management policy should identify or establish at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of con-tingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regula-tions provide or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures in place to mitigate the impact of identified risk events should they occur.

e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies ☑ Partially complies ☐ Explain ☐

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other specialised board committee. This internal department or unit should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies ☑ Partially complies ☐ Explain ☐

47. Members of the nomination and remuneration committee-or of the nomination committee and remuneration committee, if separately constituted - should be chosen procuring they have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies ☑ Partially complies ☐ Explain ☐

48. Large cap companies should have formed separate nomination and remuneration committees.

Complies ☑ Explain ☐ Not applicable ☐

49. The nomination committee should consult with the company's chair and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies ☑ Partially complies ☐ Explain ☐

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies ☑ Partially complies ☐ Explain ☐

51. The remuneration committee should consult with the company's chair and chief executive, especially on matters relating to executive directors and senior officers.

Complies ☑ Partially complies ☐ Explain ☐

52. The rules regarding composition and functioning of supervision and control committees should be set out in the regulations of the board of directors and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Complies ☑ Partially complies ☐ Explain ☐

54. The minimum functions referred to in the previous recommendation are as follows:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.

b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.

e) Monitor and evaluate the company's interaction with its stakeholder groups.

Complies ☑ Partially complies ☐ Explain ☐

55. Environmental and social sustainability policies should identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.

d) Channels for stakeholder communication, participation and dialogue.

e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☑ Partially complies ☐ Explain ☐

56. Director remuneration should be sufficient to attract and retain directors with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies ☑ Explain ☐

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans, retirement accounts or any other retirement plan should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies ☑ Partially complies ☐ Explain ☐

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the achievement of short, medium and long-term targets, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one off, occasional or extraordinary events.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Complies ☑ Partially complies ☐ Explain ☐ Not applicable ☐

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes ☐ No ☑

I declare that the information included in this statistical annex are the same and are consistent with the descriptions and information included in the annual corporate governance report published by the company.

9.3 References on compliance with recommendations of Spanish Corporate Governance Code

Recommendation	Comply / Explain	Information
1	Comply	See section 3.2 'Shareholder rights'.
2	Not applicable	See 'Other conflicts of interest' in section 4.12 and section 2.3 'Significant shareholders'.
3	Comply	See section 3.1 'Shareholder communication and engagement'.
4	Comply	See section 3.1 'Shareholder communication and engagement'.
5	Comply	See section 2.2 'Authority to increase capital'.
6	Comply	See sections 4.5 'Audit committee activities in 2024', 4.6 'Nomination committee activities in 2024', 4.7 'Remuneration committee activities in 2024', 4.8 'Risk supervision, regulation and compliance committee activities in 2024', 4.9 'Responsible banking, sustainability and culture committee activities in 2024', 4.10 'Innovation and technology committee activities in 2024' and 4.12 'Related-party transactions and conflicts of interest'.
7	Comply	See 'Engagement with shareholders in 2024' in section 3.1, 'Participation at general meetings' in section 3.2 and section 3.5 'Our next AGM in 2025'.
8	Comply	See 'Board regulation' in section 4.3 and sections 4.5 'Audit committee activities in 2024' and 8.5 'Monitoring of system functioning'.
9	Comply	See 'Participation at general meetings' in section 3.2.
10	Comply	See 'Supplement to the notice and proposals resolutions' in section 3.2.
11	Not applicable	See section 3.5 'Our next AGM in 2025'.
12	Comply	See section 4.3 'Board functioning and effectiveness'.
13	Comply	See 'Size' in section 4.2.
14	Comply	See 'Diversity' and 'Election, appointment, re-election and succession of directors' in section 4.2, 'Board regulation' in section 4.3, 'Duties and activities in 2024' in section 4.6 and 'Sustainability statement' chapter.
15	Comply	See section 4.2 'Board composition'.
16	Comply	See 'Composition by type of director' in section 4.2.
17	Comply	See 'Composition by type of director' and 'Election, appointment, re-election and succession of directors' in section 4.2.
18	Comply	See 'Corporate website' in section 3.1, section 4.1 'Our directors' and 'Tenure and equity ownership' in section 4.2.
19	Not applicable	See 'Composition by type of director' in section 4.2.
20	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2.
21	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2.
22	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2, 'Board regulation' in section 4.3 and 'Duties and activities in 2024' in section 4.6.
23	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2.
24	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2 and 'Board's regulation' in section 4.3.
25	Comply	See 'Board and committee preparation and attendance' in section 4.3 and 'Duties and activities in 2024' in section 4.6.
26	Comply	See 'Board operation' and 'Board and committee preparation and attendance' in section 4.3.
27	Comply	See 'Board operation', 'Committee operation' and 'Board and committee preparation and attendance' in section 4.3.
28	Comply	See 'Board regulation' and 'Board operation' in section 4.3.
29	Comply	See 'Board operation' and 'Committee operation' in section 4.3.
30	Comply	See 'Director training and induction programmes' in section 4.3.
31	Comply	See 'Board operation' in section 4.3.
32	Comply	See section 3.1 'Shareholder communication and engagement' and 'Duties and activities in 2024' in section 4.6.
33	Comply	See section 4.3 'Board functioning and effectiveness'.
34	Comply	See 'Lead Independent Director' in section 4.3.
35	Comply	See 'Secretary of the board' in section 4.3.
36	Comply	See 'Board effectiveness review in 2024' in section 4.3.
37	Comply	See 'Board regulation' in section 4.3 and 'Composition' in section 4.4.
38	Comply	See 'Committee operation' in section 4.3 and section 4.4 'Executive committee activities in 2024'.
39	Comply	See 'Board regulation' in section 4.3 and 'Composition' in section 4.5.

Recommendation	Comply / Explain	Information
40	Comply	See 'Duties and activities in 2024' in section 4.5 and sections 8.1 'Control environment' and 8.5 'Monitoring of system functioning'.
41	Comply	See 'Board regulation' in section 4.3, 'Duties and activities in 2024' in section 4.5 and section 8.5 'Monitoring of system functioning'.
42	Comply	See 'Board regulation' in section 4.3 and 'Duties and activities in 2024' in section 4.5.
43	Comply	See 'Committee operation' in section 4.3.
44	Comply	See 'Duties and activities in 2024' in section 4.5.
45	Comply	See 'Board regulation' in section 4.3, 'Duties and activities in 2024' in section 4.5, 'Duties and activities in 2024' in section 4.8 and the 'Risk management and compliance' chapter.
46	Comply	See 'Duties and activities in 2024' in section 4.5,'Duties and activities in 2024' in section 4.8 and the 'Risk management and compliance' chapter.
47	Comply	See 'Composition' in section 4.6 and 'Composition' in section 4.7.
48	Comply	See 'Structure of board committees' in section 4.3.
49	Comply	See 'Duties and activities in 2024' in section 4.6.
50	Comply	See 'Duties and activities in 2024' in section 4.7 and 'Duties and activities in 2024' in section 4.6.
51	Comply	See 'Duties and activities in 2024' in section 4.7.
52	Comply	See 'Board regulation' and 'Committee operation' in section 4.3 and sections 4.8 'Risk supervision, regulation and compliance committee activities in 2024' and 4.9 'Responsible banking, sustainability and culture committee activities in 2024'.
53	Comply	See 'Board regulation' in section 4.3, 'Duties and activities in 2024' in section 4.6, 'Duties and activities in 2024' in section 4.8 and 'Duties and activities in 2024' in section 4.9.
54	Comply	See 'Board regulation' in section 4.3, 'Duties and activities in 2024' in section 4.6, 'Duties and activities in 2024' in section 4.8 and 'Duties and activities in 2024' in section 4.9.
55	Comply	See 'Duties and activities in 2024' in section 4.9 and 'Sustainability statement' chapter.
56	Comply	See sections 6.2 'Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2024', 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.
57	Comply	See sections 6.2 'Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2024', 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.
58	Comply	See section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.
59	Comply	See section 6.3 'Remuneration of directors for executive duties'.
60	Comply	See section 6.3 'Remuneration of directors for executive duties'.
61	Comply	See section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.
62	Comply	See 'Duties and activities in 2024' in section 4.7, section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.
63	Comply	See section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.
64	Comply	See sections 6.1 'Principles of the remuneration policy' and 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2025, 2026 and 2027'.

9.4 Reconciliation to the CNMV's remuneration report model

Section in the CNMV model	Included in statistical report	Further information elsewhere and comments
A. Remuneration policy for the present fiscal year		
A.1	No	• See section 6.4: A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.1.6, A.1.7, A.1.8, A.1.9, A.1.10, A.1.11 (note 5), A.1.12. • See also sections 4.7 and 6.5 for A.1.1 y A.1.6. • See 'L. Summary of link between risk, performance and remuneration' in section 6.3.
A.2	No	See section 6.4.
A.3	No	See section 6.4. See introduction.
A.4	No	See section 6.5.
B. Overall summary of application of the remuneration policy over the last fiscal year		
B.1	No	For B.1.1, see sections 6.1, 6.2. and 6.3. For B.1.2 y B.1.3 (not applicable) see section 6.5.
B.2	No	See 'L. Summary of link between risk, performance and remuneration' in section 6.3.
B.3	No	See sections 6.1, 6.2 and 6.3.
B.4	No	See section 6.5.
B.5	No	See section 6.2 and 6.3.
B.6	No	See 'A. Gross annual salary' in section 6.3.
B.7	No	See 'B. Variable remuneration' in section 6.1, as well as sections 6.2 and 6.3.
B.8	No	Not applicable.
B.9	No	See 'C. Main features of the benefit plans' in section 6.3.
B.10	No	See 'D. Other remuneration' in section 6.3.
B.11	No	See 'Terms and conditions of executive director contracts and other provisions applicable to all directors' in section 6.4.
B.12	No	See ' F. Remuneration of board members as representatives of the Bank' in section 6.3.
B.13	No	See note 5 to the consolidated financial statements.
B.14	No	See 'E. Insurance and other remuneration and benefits in kind' in section 6.4.
B.15	No	See 'F. Remuneration of board members as representatives of the Bank' in section 6.3.
B.16	No	No remuneration for this component.
C. Breakdown of the individual remuneration of directors		
C	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.1 a) i)	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.1 a) ii)	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.1 a) iii)	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.1 a) iii)	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.1 b) i)	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.1 b) ii)	No	No remuneration for this component.
C.1 b) iii)	No	No remuneration for this component.
C.1 b) iv)	No	No remuneration for this component.
C.1 c)	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
C.2	Yes	See section 9.5 'Statistical information on remuneration required by the CNMV'.
D. Other information of interest		
D	No	See section 4.7 'Remuneration committee activities in 2024'

9.5 Statistical information on remuneration required by the CNMV

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

B.4 Report on the result of the consultative vote at the general shareholders' meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	10,547,165,767	100.00 %

	Number	% of votes cast
Votes in favour	9,381,395,305	88.95 %
Votes against	1,021,578,768	9.69 %
Blank	5,497,367	0.05 %
Abstentions	138,694,327	1.31 %

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Directors	Type	Period of accrual in year 2024
Ana Botín-Sanz de Sautuola y O'Shea	Executive Chair	From 01/01/2024 to 31/12/2024
Héctor Grisi Checa	CEO	From 01/01/2024 to 31/12/2024
José Antonio Álvarez Álvarez	Vice-Chair	From 01/01/2024 to 31/12/2024
Glenn Hutchins	Lead independent director	From 01/01/2024 to 31/12/2024
Homaira Akbari	Independent	From 01/01/2024 to 31/12/2024
Javier Botín-Sanz de Sautuola y O'Shea	Other external	From 01/01/2024 to 31/12/2024
Sol Daurella Comadrán	Independent	From 01/01/2024 to 31/12/2024
Henrique de Castro	Independent	From 01/01/2024 to 31/12/2024
Gina Díez Barroso	Independent	From 01/01/2024 to 31/12/2024
Luis Isasi Fernández de Bobadilla	Other External	From 01/01/2024 to 31/12/2024
Ramiro Mato García-Ansorena	Independent	From 01/01/2024 to 27/06/2024
Belén Romana García	Independent	From 01/01/2024 to 31/12/2024
Pamela Walkden	Independent	From 01/01/2024 to 31/12/2024
Germán de la Fuente	Independent	From 01/01/2024 to 31/12/2024
Bruce Carnegie-Brown	Independent	From 01/01/2024 to 22/03/2024
Juan Carlos Barrabés Cónsul	Independent	From 27/06/2024 to 31/12/2024
Antonio Francesco Weiss	Independent	From 27/06/2024 to 31/12/2024

C.1 Complete the following tables on individual remuneration of each director (including the remuneration for exercising executive functions) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total year 2024	Total year 2023
Ana Botín-Sanz de Sautuola y O'Shea	98	56	214	3,435	2,891	719	—	525	7,938	7,406
Héctor Grisi Checa	98	56	198	3,150	1,645	—	—	—	5,147	4,560
José Antonio Álvarez Álvarez	128	56	198	—	342	473	—	2,460	3,657	3,776
Glenn Hutchins	415	97	188	—	—	—	—	—	700	372
Bruce Carnegie-Brown	22	31	24	—	—	—	—	—	78	576
Homaira Akbari	98	88	99	—	—	—	—	—	285	265
Javier Botín-Sanz de Sautuola y O'Shea	98	46	—	—	—	—	—	—	144	137
Sol Daurella Comadrán	98	88	106	—	—	—	—	—	292	249
Henrique de Castro	98	103	99	—	—	—	—	—	300	284
Gina Díez Barroso	98	71	56	—	—	—	—	—	225	211
Luis Isasi Fernández de Bobadilla	98	101	241	—	—	—	—	1,000	1,440	1,417
Ramiro Mato García-Ansorena	48	60	163	—	—	—	—	—	271	518
Belén Romana García	98	128	373	—	—	—	—	—	599	572
Pamela Walkden	98	105	178	—	—	—	—	—	381	341
Germán de la Fuente	98	100	140	—	—	—	—	—	338	271
Juan Carlos Barrabés Cónsul	50	31	47	—	—	—	—	—	128	—
Antonio Francesco Weiss	50	22	—	—	—	—	—	—	72	—

Comments *(Not included in the electronic submission to the CNMV)*

The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings.
The variable remuneration only includes amounts related to the position of executive director of Banco Santander S.A.

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2024		Financial instruments granted during 2024 year		Financial instruments consolidated during 2024				Instruments matured but not exercised	Financial instruments at end of year 2024	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Gross profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Ana Botín-Sanz de Sautuola y O'Shea	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	106,464	106,464	—	—	35,452	35,452	4.576	162	71,012	—	—
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	74,547	74,547	—	—	31,049	31,049	4.576	142	6,225	37,273	37,273
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	533,023	533,023	—	—	162,750	162,750	4.576	745	14,925	355,348	355,348
	7th cycle of deferred variable remuneration plan linked to multi-year targets (2022) in shares	249,335	249,335	—	—	62,334	62,334	4.576	285	—	187,001	187,001
	7th cycle (Bis) of deferred variable remuneration plan linked to multi-year targets (2022) in shares options.	671,339	249,335	—	—	167,835	62,334	4.576	250	—	503,504	187,001
	8th cycle of deferred variable remuneration plan linked to multi-year targets (2023) in shares	572,107	572,107	—	—	114,421	114,421	4.576	524	—	457,686	457,686
	9th cycle of deferred variable remuneration plan linked to multi-year targets (2024)	—	—	901,853	901,853	404,447	404,447	4.576	1,851	—	497,405	497,405

Name	Name of Plan	Financial instruments at start of year 2024		Financial instruments granted during 2024 year		Financial instruments consolidated during 2024				Instruments matured but not exercised	Financial instruments at end of year 2024	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Gross profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Héctor Grisi Checa	8th cycle of deferred variable remuneration plan linked to multi-year targets (2023) in shares	371,737	371,737	—	—	74,347	74,347	4.576	340	—	297,390	297,390
	9th cycle of deferred variable remuneration plan linked to multi-year targets (2024)	—	—	606,917	606,917	279,480	279,480	4.576	1,279	—	327,437	327,437

Name	Name of Plan	Financial instruments at start of year 2024		Financial instruments granted during 2024 year		Financial instruments consolidated during 2024				Instruments matured but not exercised	Financial instruments at end of year 2024	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Gross profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
José Antonio Álvarez Álvarez	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	71,149	71,149	—	—	23,693	23,693	4.576	108	47,456	—	—
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	40,491	40,491	—	—	16,865	16,865	4.576	77	3,381	20,245	20,245
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	359,733	359,733	—	—	109,838	109,838	4.576	503	10,073	239,822	239,822
	7th cycle of deferred variable remuneration plan linked to multi-year targets (2022) in shares	168,316	168,316	—	—	42,079	42,079	4.576	193	—	126,237	126,237
	7th cycle (Bis) of deferred variable remuneration plan linked to multi-year targets (2022) in shares options.	453,194	168,316	—	—	113,298	42,079	4.576	169	—	339,896	126,237

Comments *(Not included in the electronic submission to the CNMV)*

- The variable remuneration only includes the amounts related to the position of executive director of Banco Santander S.A. For the construction of "short-term variable remuneration" and "long-term variable remuneration" information has been used the consolidation criteria of CNMV. In 2024 there was no application of malus clauses.

- The **variable remuneration consolidated** as of the date of this report corresponds to the following plans:

1) Short-term variable remuneration:

a. 40% immediate payment of variable remuneration of the ninth cycle of the deferred multi-year objectives variable remuneration plan (2024).
b. First fifth deferred (12%) of variable remuneration of the eight cycle of the deferred multi-year objectives variable remuneration plan (2023).
c. Second fifth deferred (12%) of variable remuneration of the seventh cycle of the deferred multi-year objectives variable remuneration plan (2022).

2) Long-term variable remuneration:

a. Third deferred (first fifth subject to multi-year metrics) of variable remuneration of the sixth cycle of the deferred multi-year objectives variable remuneration plan (2021).
b. Fourth deferred (second fifth subject to multiyear metrics) of variable remuneration of the fifth cycle of the deferred multi-year objectives variable remuneration plan (2020).
c. Fifth deferred (third fifth subject to multiyear metrics) of variable remuneration of the fourth cycle of the deferred multi-year objectives variable remuneration plan (2019).

For the purpose of calculating the hypothetical current cash value of *Gross profit from shares handed over or consolidated financial instruments*, the same share price used for VR 2024 has been taken, calculated with the weighted average daily volume of weighted average listing prices of Santander shares in the 50 trading sessions prior to the Friday (not inclusive) before 4 February 2025 (the date on which the board approved the 2024 bonus for executive directors), which was EUR 4.576 per share.

In the case of the 2022 VR share options, the gross profit of the hypothetical consolidated instruments has been calculated as the difference between the EUR 4.576 and the exercise price of the option in that remuneration plan (EUR 3.088).

- And below are the **levels of achievement of the multi-year metrics** of the long-term variable remuneration plans:

1) Sixth cycle of the deferred multi-year objectives variable remuneration plan (2021): 91.6% of achievement for the period 2021-2023.

a. CET1 metric at 100% of achievement for 2023 year-end period (target 12.00%). Weight of 33.3%.
b. Underlying BPA growth at 150% of achievement (target growth of 100%). Weight of 33.3%.
c. TSR metric at 25% of achievement (target of 33-66 percentile). Weight of 33.3%.

2) Fifth cycle of the deferred multi-year objectives variable remuneration plan (2020): 83.3% of achievement for the period 2020-2022.

a. CET1 metric at 100% of achievement for 2022 year-end period (target 12.00%). Weight of 33.3%.
b. Underlying BPA growth at 150% of achievement (target growth of 10%). Weight of 33.3%.
c. TSR metric at 0% of achievement (minimum target of 33% not reached). Weight of 33.3%.

3) Fourth cycle of the deferred multi-year objectives variable remuneration plan (2019): 33.3% of achievement for the period 2019-2021.

a. CET1 metric at 100% of achievement for 2021 year-end period (target 12.00%). Weight of 33.3%.
b. Underlying BPA growth at 0% of achievement (target growth of 15%). Weight of 33.3%.
c. TSR metric at 0% of achievement (minimum target of 33% not reached). Weight of 33.3%.

iii) Long-term saving systems (thousand EUR)

Name	Remuneration from consolidation of rights to savings system
Ana Botín-Sanz de Sautuola y O'Shea	1,339
Héctor Grisi Checa	1,105

Name	Contribution over the year from the company (EUR thousand)				Amount of accumulated funds (EUR thousand)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		2024		2023	
	2024	2023	2024	2023	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Ana Botín-Sanz de Sautuola y O'Shea	1,339	1,144	—	—	54,731	—	49,257	—
Héctor Grisi Checa	1,105	966			1,299	—	585	—
José Antonio Álvarez	—	—	—	—	20,326	—	19,495	—

iv) Details of other items (thousands of EUR)

Name	Item	Amount remunerated in 2024
Ana Botín-Sanz de Sautuola y O'Shea	Life insurance and complement	507
	Other remuneration	30

Name	Item	Amount remunerated in 2024
Héctor Grisi Checa	Life insurance and complement	389
	Other remuneration	48

Name	Item	Amount remunerated in 2024
José Antonio Álvarez Álvarez	Life insurance and complement	849
	Other remuneration	7

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousands of EUR)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total year 2024	Total year 2023
Homaira Akbari	296	—	—	—	—	—	—	—	296	311
D. Henrique Manuel Drummond Borges Cirne de Castro	200	—	—	—	—	—	—	—	200	200
Pamela Walkden	129	—	—	—	—	—	—	—	129	152
D. José Antonio Álvarez	383	—	—	—	—	—	—	—	383	341

Comments *(Not included in the electronic submission to the CNMV)*

- The variable remuneration only includes the amounts related to the position of executive director of Banco Santander S.A.

ii) Table of changes in share/based remunerations schemes and gross profit from consolidated shares of financial instruments

Not applicable

iii) Long term saving systems (thousand EUR)

Not applicable

iv) Detail of other items (thousands of EUR)

Not applicable

c) Summary of remuneration (thousands of EUR)

The summary should include the amounts corresponding to all the items of remuneration included in this report that have been accrued by the director, in thousand euros.

	Remuneration accrued in the company					Remuneration accrued in group companies					
Name	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2024	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2024	Total 2024 Company + group companies
Ana Botín-Sanz de Sautuola y O'Shea	7,938	3,959	1,339	537	13,773	—	—	—	—	—	**13,773**
Héctor Grisi Checa	5,147	1,619	1,105	437	8,308	—	—	—	—	—	**8,308**
José Antonio Álvarez Álvarez	3,657	1,050	—	856	5,563	383	—	—	—	383	**5,946**
Glenn Hutchins	700	—	—	—	700	—	—	—	—	—	**700**
Bruce Carnegie-Brown	78	—	—	—	78	—	—	—	—	—	**78**
Homaira Akbari	285	—	—	—	285	296	—	—	—	296	**581**
Javier Botín-Sanz de Sautuola y O'Shea	144	—	—	—	144	—	—	—	—	—	**144**
Sol Daurella Comadrán	292	—	—	—	292	—	—	—	—	—	**292**
Henrique de Castro	300	—	—	—	300	200	—	—	—	200	**500**
Gina Díez Barroso	225	—	—	—	225	—	—	—	—	—	**225**
Luis Isasi Fernández de Bobadilla	1,440	—	—	—	1,440	—	—	—	—	—	**1,440**
Ramiro Mato García-Ansorena	271	—	—	—	271	—	—	—	—	—	**271**
Belén Romana García	599	—	—	—	599	—	—	—	—	—	**599**
Pamela Walkden	381	—	—	—	381	129	—	—	—	129	**510**
Germán de la Fuente	338	—	—	—	338	—	—	—	—	—	**338**
Juan Carlos Barrabés Cónsul	128	—	—	—	128	—	—	—	—	—	**128**
Antonio Francesco Weiss	72	—	—	—	72	—	—	—	—	—	**72**
Total	**21,995**	**6,627**	**2,444**	**1,830**	**32,896**	**1,008**	**—**	**—**	**—**	**1,008**	**33,905**

Comments *(Not included in the electronic submission to the CNMV)*

The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings.

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

Directors' remuneration (EUR thousand)	2024	% var. 24/23	2023	% var. 23/22	2022	% var. 22/21	2021	% var. 21/20	2020
• Executive Directors									
Ana Botín-Sanz de Sautuola y O'Shea	13,773	13%	12,239	4%	11,735	(5)%	12,288	52%	8,090
Héctor Grisi Checa	8,308	22%	6,793	—	—	—	—	—	—
• External Directors[1]									
José Antonio Álvarez Álvarez	5,946	3%	5,775	(40)%	9,575	(2)%	9,728	41%	6,877
Glenn Hutchins	700	88%	372	—	10	—	—	—	—
Bruce Carnegie-Brown	78	(86)%	576	(18)%	700	—	700	18%	595
Homaira Akbari	581	1%	576	(5)%	605	31%	461	19%	386
Javier Botín-Sanz de Sautuola y O'Shea	144	5%	137	6%	129	—%	129	6%	122
Sol Daurella Comadrán	292	17%	249	8%	230	(4)%	239	12%	214
Henrique de Castro	500	3%	484	5%	461	45%	319	36%	234
Gina Díez Barroso	225	7%	211	23%	172	32%	130	622%	18
Luis Isasi Fernández de Bobadilla[2]	1,440	2%	1,417	—	1,412	—	1,406	49%	943
Ramiro Mato García Ansorena	271	(48)%	518	4%	500	—	499	16%	430
Belén Romana García	599	5%	572	4%	549	3%	533	28%	417
Pamela Walkden	510	3%	493	5%	470	38%	339	59%	214
Germán de la Fuente	338	25%	271	—	137	—	—	—	—
Juan Carlos Barrabés Cónsul	128	—	—	—	—	—	—	—	—
Antonio Francesco Weiss	72	—	—	—	—	—	—	—	—
Company's performance									
Underlying profit attributable to the Group (EUR mn)	12,574	14%	11,076	15%	9,605	11%	8,654	70%	5,081
Consolidated results of the Group[3] (EUR mn)	19,027	16%	16,459	8%	15,250	5%	14,547	—	(2,076)
Ordinary RoTE	16.27%	8%	15.06%	13%	13.37%	5%	12.73%	71%	7.44%
Employees' average remuneration[4] (EUR thousand)	**61**	**5%**	**58**	**3%**	**56**	**1%**	**56**	**18%**	**47**
Employees' average remuneration in Spain[5] (EUR thousand)	**75**	**3%**	**73**	**6%**	**68**	**10%**	**62**	**(2%)**	**63**

1.Non-executive directors' remuneration fluctuations are caused by joining or leaving the Board of Directors and the difference in the amount of meetings they assist during the year. Hence there is no correlation between their remuneration and the company performance.
2.The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings.
3. Group operating profit/(loss) before tax.
4. Employee average remuneration includes all concepts. Full-time equivalent data. Variable remuneration data accrued in the current year.
5. Total employees in Spain geography. Fixed remuneration + effective bonus received in the year. Not included rest of concepts. Not impacted by exchange rates.

Comments (Not included in the electronic submission to the CNMV)

- The variable remuneration only includes the amounts related to the position of executive director of Banco Santander S.A. For the construction of "short-term variable remuneration" and "long-term variable remuneration" information has been used the consolidation criteria of CNMV. In 2024 there was no application of malus clauses.
- **Total remuneration of executive directors is impacted by the excellent evolution of Santander share price.** In 2024, the revaluation of the share price used to set the 2024 variable remuneration (EUR 4.576) was +21%, so the *Gross profit from shares handed over or consolidated financial instruments* (Price x Volume) increased due to such revaluation. If it had remained stable in EUR 3.793 (share price of VR 2023), the increase in the total remuneration of the Executive Chair would have been +9% compared to the figure released in 2023 report (EUR 12,239 thousand). This variation is also highly impacted by the consolidation in 2024 of previous deferrals with better levels of achievement (e.g. 2021 plan had a 91.6% of total achievement).
- And regarding the **average remuneration of employees (EUR 61 thousand)**, to highlight the following ideas:
  a. Normally the increases or decreases in remuneration are greater for the executive directors, depending on the results of the entity, because the percentage of variable remuneration over fixed remuneration is lower in the average employee than in the executive directors.
  b. Our local presence and global scale, based on three regions and ten core markets, and our vast branch network (c.8,000), have a direct impact on this figure: more than a half of our employees are based in Mexico and South America (mainly in Brazil). The salaries of these employees are adapted to the local cost of living. Therefore, the comparison with the remuneration of executive directors (which remuneration was set for living in a mature country) is also impacted by the difference between both costs of living. Developing countries have a lower cost of living than the country where both directors carried out their functions.
  c. The different annual exchange rates have also an impact on this calculation where all local wages and salaries are translated into euros at the average year-end exchange rate.
  d. Finally, the average remuneration figure of Banco Santander is impacted by the different departures (retirements and early retirements) and annual new hires, with the average cost of the former (a more senior profile) being higher than the latter (a more junior profile).

This annual report on remuneration has been approved by the board of directors of the company, at its meeting on 25 February 2025.

State if any directors have voted against or abstained from approving this report.

Yes ☐ No ☑

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ECONOMIC AND FINANCIAL REVIEW

2024 Highlights

We delivered record profit for the third consecutive year, creating value for shareholders...

→ **Record profit** on the back of 8mn new customers YoY and strong revenue growth

FY'24 Attributable Profit	FY'24 Revenue
€12.6bn	€62bn
+14%	+8%

→ **A groundbreaking year in our transformation** driving strong **operating performance and profitable growth**

Efficiency ratio	RoTE
41.8%	16.3%
–226bps	+121bps

→ **Solid balance sheet** with sound credit quality and capital ratio reflecting **all-time high organic generation**

CoR	FL CET1
1.15%	12.8%
-3bps	+51bps

→ Delivering double-digit **value creation and higher shareholder remuneration**

TNAVps + DPS	Cash DPS
+14%	+39%

... and achieved all our 2024 financial targets

	2024 targets	2024 achievements	
Revenue[A]	High-single digit growth	+10%	✓
Efficiency ratio	c.42%	41.8%	✓
CoR	c.1.2%	1.15%	✓
FL CET1	>12.0% after FL[B] Basel III implementation	12.8%	✓
RoTE	>16%	16.3%	✓

A. YoY change in constant euros, except Argentina in current euros.
B. Fully-loaded definition as of 1 January 2025.

Note: YoY changes. P&L accounts presented on an underlying basis. FY'24 attributable profit in constant euros +15% vs. FY'23. FY'24 revenue in constant euros +10% vs. FY'23. For more information on figures presented in constant euros and the alternative performance measures presented above, see section 8. 'Alternative performance measures'. TNAVps + Cash dividend per share (DPS) includes the €9.50 cent cash dividend per share paid in May 2024 and the €10.00 cent interim cash dividend per share paid in November 2024. Growth in Cash DPS corresponds to the total cash dividend per share paid during 2024 compared to the cash dividends per share paid during 2023. For more details, see section 3.3 'Dividends and shareholder remuneration' in the 'Corporate governance' chapter.

1. ECONOMY, REGULATION AND COMPETITION

Economy

In 2024, Santander operated in an environment characterized by gradual reductions in interest rates by central banks, as a result of the decline in inflation and in a context with continuing geopolitical tensions. In general, the world's major economies are successfully completing the soft landing promoted by central banks' monetary policies and, while activity levels cooled down, they did so slowly. Labour markets were robust, with unemployment rates at or near full employment in two out of three economies in which Santander operates.

Our core regions' economies performed as follows in 2024:

- **Eurozone** (GDP in 2024: +0.7%). GDP growth improved slightly during the year. The reactivation of household consumption, still affected by inflation, was less than the increase in wages would have allowed. Moreover, the decline in gross fixed capital formation continued. External demand was the main driver of economic activity. The labour market remained resilient, with the unemployment rate at record lows (6.3% at year end). Inflation fell to around 2%, allowing the European Central Bank (ECB) to start a cycle of interest rate cuts, ending the year at 3%.

- **Spain** (GDP in 2024: +3.2%). Spain's economy was one of the most dynamic among the advanced economies. GDP was driven by services exports and consumption (both public and private). However, investment is not yet reflecting the expansionary cycle. Immigration supported this economic growth, with this population increase leading to some tensions in the housing market. Inflation continued to decline and remains around the euro area average.

- **United Kingdom** (GDP in 2024: +0.9%). The economy recovered in 2024 after stagnating in 2023, backed by consumption and investment. The labour market remained tight at full employment (4.3% at year end), although it began to show signs of cooling. This added pressure on wages (which grew 5% on average), which fuelled inflation through services. Inflation stood above the Bank of England's 2% target, despite its downward trend during the year, which allowed the central bank to initiate interest rate cuts in August. By year-end, the Bank of England reference rate stood at 4.75%.

- **Portugal** (GDP in 2024: +1.9%). The economy experienced a slowdown in growth, due to the loss of momentum in investment and exports, the latter due to the weak external demand from the European Union (EU). The labour market remained strong at full employment rates (6.6% in November 2024). Inflation was stable backed by little change in the more volatile components. Both headline and core inflation ended the year above the ECB's target, at 3% and 2.8%, respectively. Of note was the reduction in the economy's debt ratios, especially public debt, which, as a result of contained public deficit, remained below 100% in 2024.

- **Poland** (GDP in 2024: +2.8%). The economy recovered sharply in 2024 after weak growth in 2023 (+0.1%). Domestic demand offset the weak tone of foreign demand. The labour market remained stressed due to labour shortages, yet maintained a full employment rate which kept wage growth at double digits. Inflation moderated in H1 2024 but rebounded in H2 2024, ending the year at 4.7%, which led the central bank to hold the official interest rate at 5.75%.

- **US** (GDP in 2024: +2.8%). GDP growth was more robust than expected, backed by dynamic productivity increases. The unemployment rate remained around 4%, favoured by the increase in immigration. Inflation continued to moderate, although it remained high, and drove the Federal Reserve (Fed) to reduce the degree of monetary tightening by cutting interest rates by 100 basis points in the second part of the year to 4.50%.

- **Mexico** (GDP in 2024: +1.5% estimated). The economy slowed in 2024, driven by lower construction growth (following the completion of infrastructure projects the previous year), while the manufacturing and services sectors remained resilient. Inflation moderated at year-end, especially core inflation, which fell below 4%. The central bank began its cycle of official rate cuts, with gradual reductions from 11.25% at the end of 2023 to 10% at the end of 2024, and indicated there would be further cuts.

- **Brazil** (GDP in 2024: +3.5% estimated). The economy maintained robust growth, supported by the strength of private consumption and investment. Inflation rebounded towards the end of the year, to 4.8% (4.6% in 2023). The central bank concluded its cycle of interest rate cuts in May 2024 at 10.5% and restarted interest rate hikes in September, with interest rates ending the year at 12.25% (11.75% in December 2023).

- **Chile** (GDP in 2024: +2.3% estimated). The economy recovered in 2024, driven by consumption and exports. Inflation rebounded to 4.5% in 2024 compared to 3.9% in 2023, due to the rise of electricity prices and its effects on other goods and services. Medium-term inflation expectations remain anchored at the 3% target. This allowed the central bank to continue its cycle of interest rate cuts to reach 5% by the end of the year (compared to 8.25% in 2023).

- **Argentina** (GDP in 2024: -2.5% estimated). The economy completed its adjustment process, correcting its fiscal and external imbalances, leading to surpluses. This enabled the economy to begin recovering in the second half of the year after an intense recession in the first half. Inflation accelerated at the beginning of the year (affected by the devaluation of the Argentine peso in December 2023), but moderated significantly by year-end, to monthly rates below 3%.

Financial markets' performance in 2024 was marked by the landing expectations of the global economy, which was softer than anticipated, supported by the beginning of the cycle of easing monetary policy in the US and the eurozone, and the presidential elections in the US, with some occasional bouts of volatility and an increase in geopolitical risk in conflict areas.

Equity markets showed a positive trend. Gains were especially positive in the US, due to the strength of the business cycle together with expectations of tax cuts and deregulation. The technology sector stood out above all, mainly driven by the rise of artificial intelligence. In European stock markets, gains were more moderate, weighed down by weaknesses in the German growth model and the prospects of a more uncertain external environment (due to the impact of US and Chinese policies).

In the sovereign debt market, despite the fact that the Fed began the cycle of interest rate cuts, there was a rebound in long-term debt yields in the US, reflecting expectations of a pick-up in inflation. In Europe, strong interest in government bonds has reduced spreads over the German bond yields. France was an exception, weighed down by weakening macroeconomic fundamentals and political uncertainty.

The US dollar strengthened against the euro towards the end of the year, underpinned by the cyclical gap between the US and eurozone economies, by geopolitical uncertainty (which benefits the dollar as a safe-haven asset) and by the political agenda of the new administration in the US (which reduces the Fed's room for additional interest rate cuts).

In commodities, gold led gains, driven by geopolitical uncertainty and declining official interest rates. Industrial metals benefited from a revival of global manufacturing activity. In contrast, oil prices fell amid concerns regarding oversupply and slow demand growth.

Latin American markets had a volatile year, especially in the second half of 2024, due to the combination of a more uncertain international context and idiosyncratic factors in several countries. Central banks continued the monetary policy easing cycles they began in 2023, albeit gradually and still maintaining restrictive positions, while paying attention to their differentials against the Fed and the performance of their currencies against the US dollar. Latin American currencies ended the year with sharp depreciations. Volatility was most pronounced in the Brazilian market, where Brazil's central bank decided to restart the cycle of interest rate hikes in the final months of the year, to curb pressures on the Brazilian real and contain its possible upward impacts on inflation.

The banking sector benefitted from a favourable macroeconomic environment and resilient labour markets which supported continued solid revenue performance and contained portfolio quality deterioration.

As a result, the market valuation of banks improved significantly throughout the year, although significant differences in the ratio of market capitalization to book value remained. While European banks increased their market capitalization to an average of 0.8 times their book value, US banks were at levels of 1.6 times their book value at year end.

The process of easing monetary policies is expected to have an impact on net interest income which is expected to be offset by an increase in credit volumes in an environment where a significant increase in non-performing loans is not expected.

Banks maintained high solvency levels, as observed in the stress tests conducted by supervisors and multilateral organizations, and they absorbed the impact of the gradual liquidity withdrawal being carried out by the major central banks.

The sector's outlook for 2025 is positive, with returns expected to be slightly lower than those recorded in 2024 but well above those observed in the last decade. In the short term, the main risks facing the sector are essentially exogenous, mainly those related to geopolitical risks.

The potential volatility in market valuations could be amplified by the positions of non-bank financial institutions. The volatility observed in the banking sector in August, although short lived, can be seen as a wake-up call.

The medium-term challenges for banks remain unchanged. The digital transition continues to force entities to make significant investments in order to offer the best customer experience to be able to face the competition from new competitors, while improving efficiency through automatization and simplification of processes, and maintaining safeguards against cyberattacks.

Additionally, the banking sector must continue to address potential risks related to sustainability.

Regulatory and competitive environment

In 2024, the regulatory agenda was similar to that of 2023, with prudential, sustainability, digitalization and retail banking issues taking the spotlight. In Europe, European Parliament elections held in June 2024 and the composition of the new European Commission slowed down the approval of ongoing proposals and the presentation of new ones. Competitiveness was consolidated as a fundamental pillar of action, both for the new European Commission - which agreed to introduce a competitiveness test in new legislative proposals - and for the UK, which introduced it as a regulatory objective.

The main regulatory topics in 2024 were:

1. **Prudential and resolution:** the European Banking Authority (EBA) began work on the secondary regulation needed to allow the Basel III reform in Europe (the new CRR3) to enter into force on 1 January 2025. However, the implementation of the Fundamental Review of the Trading Book (FRTB) was postponed until January 2026 to settle differences in criteria between jurisdictions and considering the different impacts, given the delayed implementation in the UK and the uncertainty around its implementation in the US. Additionally, the Basel Committee continued to work on the new prudential framework for cryptoasset exposures.

   In Europe, discussions also centred on the capital buffer framework (potential revision is being considered), and on securitizations, which are expected to increase in a more competitive environment. No significant progress was made on the crisis management framework review, as negotiations were postponed until early 2025.

The Basel Committee and the Financial Stability Board (FSB) continued to analyse the lessons learned from the Silicon Valley Bank and Credit Suisse collapses, and also analysed a potential framework for non-bank financial intermediaries (NBFIs).

2. **Sustainability:** In June 2024, the European Union adopted the Corporate Sustainability Due Diligence Directive (CSDDD), which establishes obligations for large companies to identify and mitigate adverse effects on human rights and environmental impacts derived from their operations and supply chains.

   Regarding improvements in European competitiveness, the European Commission reiterated its objective of reducing reporting burdens, announcing that it will work to simplify the requirements on taxonomy, reporting (Corporate Sustainability Reporting Directive or CSRD) and due diligence regulation.

   The European supervisory authorities (the EBA, the European Insurance and Occupational Pensions Authority or EIOPA and the European Securities and Markets Authority or ESMA) published a common definition of greenwashing for the financial sector, and the EBA worked on the integration of climate and environmental risks into the Pillar 1 prudential framework. In addition, guidelines have been developed for bank transition plans in Europe and in other jurisdictions such as the UK.

   The Basel Committee aims to complement Pillar 3 transparency requirements with information on environmental risk management.

   Other jurisdictions, such as Brazil, Mexico and Chile continued to make progress in building a sustainability framework, with initiatives related to taxonomies and risk management.

   Finally, the International Sustainability Standards Board (ISSB) continued to make progress in the design of reporting requirements, consolidating its position as the international standard.

3. **Digitalization:** The European Artificial Intelligence Regulation (Regulation (EU) 2024/1689 or AI Act), which establishes a harmonized legal framework for the development, marketing and use of artificial intelligence (AI) systems in the European Union, entered into force in August 2024. The regulation classifies AI systems according to their level of risk, establishing new requirements for high-risk systems and prohibiting those that pose unacceptable risks. With this regulation, the EU positions itself as one of the first jurisdictions to generally regulate artificial intelligence. Internationally, forums such as Group of Seven (G7) have established general principles, while the best framework for the use of AI is still under debate.

   The debate on Central Bank Digital Currencies (CBDCs) continues. The EU continued to make progress on the digital euro project. The vast majority of central banks in the EU are exploring opportunities to issue a CBDC, although the focus is shifting to wholesale CBDCs, where opportunities seem to be clearer. The appetite to launch a digital currency decreased both in the US and in the UK.

   Some jurisdictions have begun to implement the recommendations for the regulation of cryptoassets and stablecoins issued by the FSB. Europe led the way with the Markets in Crypto-Assets Regulation (MiCA) while other countries such as Brazil and Argentina are exploring similar frameworks.

   In addition, Europe continued to work on a framework for data sharing between financial institutions (Financial Data Access or FiDA) whose objective is to give customers control and power over their data, with the aim of generating a data economy. Similar debates on data took place in Chile and the US.

   Finally, payment regulation in many countries, both in terms of fraud regulation in an increasingly digital world, and the regulation of interchange fees were discussed.

4. **Retail banking:** The debate focused on the European Commission's Retail Investment Strategy (RIS), a proposal which aims to empower and protect retail investors in the EU by amending several directives on capital markets, on which negotiations are still ongoing. The debate also centred on the Savings and Investments Union (formerly the Capital Markets Union), which intends to create a single market for capital and increase the number of retail investors participating in capital markets. There was also an important focus on different regulations on pricing and customer access to products in the UK, Brazil and Argentina.

For more details, see note 1.e to the consolidated financial statements.

Santander and public policy

We have a strong commitment to our customers to conduct our business in a simple, personal and fair way. We are also committed to constructively engaging with regulators and supervisors, both regarding the regulation and frameworks that affect our business, as well as the interests of our customers.

Public policy priorities

1

Promote regulation that allows banks to finance the economy and be profitable and investable

- Banks must continue to play their fundamental role of financing the economy and promoting growth in a competitive way, with profitability as their first line of defence.
- It is important that, when designing regulation and supervision, policymakers and regulators consider the need for a balance between preserving financial stability and supporting economic growth.
- Lack of growth is the biggest threat to financial stability. As such, it is crucial to promote growth in order to finance the current challenges: decarbonization, the demographic challenge and the digital transformation, among others.
- Predictability and transparency in capital, regulatory and supervisory requirements are key to preserve the ability of banks to finance the economy and its transformation, as well as their ability to invest.
- For European banks to be competitive and do more for their customers, businesses and society as a whole, it is necessary to guarantee consistent regulation and a single market. To do so, the EU needs a new Savings and Investments Union as well as a Banking Union. Additionally, it is essential for the European regulation to recognize non-EU countries, so that global European companies can continue to invest in other jurisdictions, improving their competitiveness and contributing to growth in other regions.

2

Provide support so that sustainability can boost the competitiveness and growth of companies

- It is advisable to conduct regular impact assessments on the sustainability legislation currently in force, to evaluate its contribution to a stable and fair transition.
- It is crucial for the regulatory framework to recognize specific needs given the heterogeneity in the starting points of countries and sectors in terms of their transitions, to enable banks to finance both sustainable companies and especially those undergoing a transition to become more sustainable.
- It is important that the regulatory framework does not add capital requirements associated with ESG risk management.

3

Leverage the benefits of a digital economy

- In a more digital world, banks must leverage technology to improve their value proposition to customers.
- It is positive for central banks to analyse the possibilities technology offers to increase innovation. Regarding payments, a prudent approach to CBDCs is needed, to ensure they generate opportunities while mitigating associated risks. Retail CBDCs could have significant impacts on financial stability and should not displace private payment solutions. In contrast, wholesale CBDCs could act as enablers for a new tokenized economy.
- It is vital that all payment systems are subject to a common regulatory framework, to safeguard customer protection and financial stability and promote interoperability between payment systems.
- Both education and public authorities' involvement are necessary to raise awareness of the increased risk of fraud in a digital world. Moreover, it is crucial to facilitate a framework that addresses the entire fraud chain and adequately allocates responsibilities to all parties involved, to avoid perverse incentives.
- Tokenization has the potential to transform financial markets by introducing new financial assets.

4

Promote a data economy

- Data has gained importance as an asset in an increasingly digitalized economy and society. Leveraging the benefits of a data-driven economy requires a change in the way in which companies are regulated, public institutions are managed and citizens are served.
- Data exchange should be regulated following a cross-sector perspective, to promote synergies that could arise from sharing information between sectors and thus maximize opportunities for innovation and preserve a competitive environment. One of the clearest examples is the combination of public and private data.
- It is essential that regulation encourages innovation and the adoption of AI as a transformative technology, while also curbing threats to people's safety and fundamental rights. The major challenges linked to this technology are global and must be tackled in a coordinated way across regions. Regulators and the industry must work together to establish adequate guidelines and ensure their proper implementation.

5

Achieve the proper balance between customer protection and needs

- Regulation must promote both customer protection and service as well as product, service and channel innovation, based on a market approach. The implementation of regulatory instruments such as caps on prices or bans on incentives to sell products should be carefully assessed, as they can introduce complexity and rigidity into value propositions and may even lead to the creation of an unregulated parallel market.
- Significant short- and medium-term investments are needed to finance the growing digitalisation of the economy and the green transition. It is critical to ensure that retail investors have access to capital markets, on the base of transparent and specific information on value-adding products. Additionally, incentives are key to provide advice and value-added services to these investors in open distribution models.
- To ensure financial inclusion and prevent excessive leverage, is it important for consumers to access credit according to their needs and solvency and that interest rates on consumer credit are set following market competition.
- Promoting financial education and empowering consumers with clear and targeted information is crucial to enable consumers to make informed financial decisions. In this sense, the use of data and AI will be key to better fulfil our customers' needs in a changing environment.

2. GROUP SELECTED DATA

BALANCE SHEET (EUR million)	Dec-24	Dec-23	% Dec-24 vs. Dec-23	Dec-22
Total assets	**1,837,081**	1,797,062	2.2	1,734,659
Loans and advances to customers	**1,054,069**	1,036,349	1.7	1,036,004
Customer deposits	**1,055,936**	1,047,169	0.8	1,009,722
Total funds [A]	**1,348,422**	1,306,942	3.2	1,239,981
Total equity	**107,327**	104,241	3.0	97,585

INCOME STATEMENT (EUR million)	2024	2023	% 2024 vs. 2023	2022
Net interest income	**46,668**	43,261	7.9	38,619
Total income	**61,876**	57,423	7.8	52,117
Net operating income	**35,842**	31,998	12.0	28,214
Profit before tax	**19,027**	16,459	15.6	15,250
Profit attributable to the parent	**12,574**	11,076	13.5	9,605

EPS, PROFITABILITY AND EFFICIENCY (%)	2024	2023	% 2024 vs. 2023	2022
Earnings per share (euro)	**0.77**	0.65	17.9	0.54
RoE [B]	**13.0**	11.9		10.7
RoTE [B]	**16.3**	15.1		13.4
RoA [B]	**0.76**	0.69		0.63
RoRWA [B]	**2.18**	1.96		1.77
Efficiency ratio [B]	**41.8**	44.1		45.8

UNDERLYING INCOME STATEMENT [B] (EUR million)	2024	2023	% 2024 vs. 2023	2022
Net interest income	**46,668**	43,261	7.9	38,619
Total income	**62,211**	57,647	7.9	52,154
Net operating income	**36,177**	32,222	12.3	28,251
Profit before tax	**19,027**	16,698	13.9	15,250
Profit attributable to the parent	**12,574**	11,076	13.5	9,605

% changes in constant euros (2024 vs. 2023):
NII: +9.5%; Total income: +9.9%; Net operating income: +14.6%; Profit before tax: +15.6%; Attributable profit: +15.3%.

Note: for Argentina and any grouping which includes it, the variations in constant euros have been calculated considering the Argentine peso exchange rate on the last working day for each of the periods presented. Additionally, in 2024, for the Argentine peso, we apply an alternative exchange rate that better reflects the evolution of inflation (we continue to apply the official ARS exchange rate to all prior years). For further information, see section 8. 'Alternative performance measures' of this chapter.

Certain figures contained in this chapter, have been subject to rounding to enhance their presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total figure given for that column or row.

SOLVENCY (%)	Dec-24	Dec-23	Dec-22
Fully-loaded CET1 capital ratio	**12.8**	12.3	12.0
Fully-loaded total capital ratio	**17.2**	16.3	15.8

CREDIT QUALITY (%) [B]	Dec-24	Dec-23	Dec-22
Cost of risk [C]	**1.15**	1.18	0.99
NPL ratio	**3.05**	3.14	3.08
NPL coverage ratio	**65**	66	68

THE SHARE AND MARKET CAPITALIZATION	Dec-24	Dec-23	% Dec-24 vs. Dec-23	Dec-22
Number of shareholders	**3,485,134**	3,662,377	(4.8)	3,915,388
Number of shares (millions)	**15,152**	16,184	(6.4)	16,794
Share price (euro)	**4.465**	3.780	18.1	2.803
Market capitalization (EUR million)	**67,648**	61,168	10.6	47,066
Tangible book value per share (euro)	**5.24**	4.76		4.26
Price / Tangible book value per share (X)	**0.85**	0.79		0.66

CUSTOMERS (thousands)	Dec-24	Dec-23	% Dec-24 vs. Dec-23	Dec-22
Total customers	**172,537**	164,542	4.9	159,844
Active customers [D]	**103,262**	99,503	3.8	99,190
Digital customers [E]	**59,317**	54,161	9.5	51,471

OPERATING DATA	Dec-24	Dec-23	% Dec-24 vs. Dec-23	Dec-22
Number of employees	**206,753**	212,764	(2.8)	206,462
Number of branches	**8,011**	8,518	(6.0)	9,019

A. Includes customer deposits, mutual funds, pension funds and managed portfolios.

B. In addition to IFRS measures, we present non-IFRS measures including some which we refer to as underlying measures. These non-IFRS measures exclude items outside the ordinary course of business and reclassify certain items under some headings of the underlying income statement as described at the end of section 3.2 'Results' and in section 8. 'Alternative Performance Measures' of this chapter. In our view, this provides a better year-on-year comparison.

C. Allowances for loan-loss provisions over the last 12 months / Average loans and advances to customers over the last 12 months.

D. Those customers who comply with the minimum balance and/or transactionality requirements as defined according to the business area.

E. Every physical or legal person, that, being part of a commercial bank, has logged in to its personal area of internet banking or mobile phone or both in the last 30 days.

3. GROUP FINANCIAL PERFORMANCE

Santander follows IFRS to report its results (see note 1.b to the consolidated financial statements), which generally inform reporting of our financial situation in this consolidated directors' report. However, we also use non-IFRS measures and Alternative Performance Measures (APMs) to assess our performance (see section 8. 'Alternative Performance Measures' of this chapter). Thus, the main adjustments to our IFRS results consist of:

- Underlying results measures: we present what we call underlying results measures which exclude items outside the ordinary course of business and reclassify certain items under some headings of the underlying income statement as described at the end of section 3.2 'Results' in this chapter and in note 52.c of the consolidated financial statements. In our view, this provides a better year-on-year comparison.

  In section 4. 'Financial information by segment', we present results by primary and secondary segments only in underlying terms in accordance with IFRS 8. We reconcile them in aggregate terms with our IFRS consolidated results in note 52.c to the consolidated financial statements.

- Local currency measures: we use certain non-IFRS financial indicators in local currency to assess our ongoing operating performance. They include the results from our subsidiary banks outside the eurozone excluding the exchange rate impact (i.e., in constant euros) except for Argentina and any grouping which includes it. For further information, see section 8. 'Alternative Performance Measures' of this chapter, which explains how we exclude the exchange rate impact from financial measures in local currency. Because changes in exchange rates have a non-operating impact on results, we believe assessing performance in local currency provides management and investors a more meaningful assessment of performance.

We have rounded certain figures in this consolidated directors' report to present them more clearly. Thus, the amounts given in the totals columns and rows of tables in certain instances may not match the sum of that column or row.

3.1 Overview of Santander

Santander is a Retail and Consumer global powerhouse and one of the largest banks in the eurozone. At 2024 year-end, we had EUR 1,837,081 million in assets and EUR 1,348,422 million in total customer funds. Santander was the second largest bank by market capitalization in the eurozone (EUR 67,648 million as of 31 December 2024).

The Santander Way

Our Purpose is to help people and businesses prosper. Our Aim is to be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our stakeholders by being Simple, Personal and Fair in all we do.

Our business model and transformation in recent years has provided sustained earnings and a stronger balance sheet, despite the challenging environment and macro volatility.

We engage in a wide range of typical banking activities, operations and services. We do not merely meet our legal and regulatory obligations but we also aim to exceed the expectations of our stakeholders: employees, customers, shareholders and communities. In detail:

- We are committed to continuously improving the experience of the 206,753 **employees** who are part of Santander. Our goal is to attract and retain the best talent by offering an attractive value proposition that prioritizes personal growth, an inspiring culture, and working conditions that ensure the health and well-being of our people. Furthermore, we promote an environment that prioritizes inclusion, where all voices are valued and individuals feel safe and free to express their identity, ideas and opinions.

  Our health, safety and well-being policy applies in all countries where we operate, with a proactive and comprehensive approach to the health of the people working at Santander.

  Your Voice, our listening channel to periodically assess the engagement and experience of our professionals, showed an increase in engagement levels, achieving an average score of 8.7 and an employee Net Promoter Score (eNPS) of 63, obtaining results above the financial industry in all evaluated dimensions, positioning us at the top of the sector.

  We plan to continue working in this direction, with the firm purpose of improving year after year.

- **Customer** focus is an essential part our strategy. We are a Retail and Consumer global powerhouse with 173 million customers. We continue building a digital bank with branches to be the number one bank for our customers. By listening to our customers' needs, we are boosting Santander's position as their trusted financial partner.

We keep moving and adapting to the evolving needs of our customers, to offer the best products, an agile and frictionless customer experience for daily needs and competitive prices.

Throughout the year, we undertook significant initiatives to transform customer experience and strengthen our value proposition. This was reflected in our customer growth rates and Net Promoter Score (NPS) improvement where we are one of the top three banks in seven markets.

In the digital space, we enhanced self-service capabilities and user experiences, leveraging behavioural economics methodologies for deeper customer insights and implementing training programmes to ensure excellence in branch interactions.

At year end, we had 8,011 branches, including traditional ones and other specialized centres for businesses, private banking, universities and other customer segments.

These physical spaces have evolved to integrate traditional services with digital facilities. In some branches, such as the Work Cafés, we have collaborative spaces, which enable native digital customers to have a better experience and integrate their financial transactions into their daily lives.

At the same time, customer interactions continued their structural shift towards digital and remote services with high user experience standards. We now have more than 59 million digital customers (10% more than in 2023) and we increased our digitally available products and services to 62% (56% in 2023).

At Santander, we appreciate the value of the human connection that our branch network provides and are mindful of our most vulnerable customers' needs, responding with tailored offers, thereby increasing customer loyalty and improving customer experience.

We are committed to creating products and services catered to our customers' needs, such as through our financial inclusion initiatives. For example, we provide customers in rural Spain access to basic financial services through our branches, ATMs, network of financial agents in communities with under 10,000 inhabitants and Correos Cash in areas that might otherwise have been left unattended. In 2024, we extended the Correos Cash agreement to offer cash access with a non-digital solution through rural letter carriers.

Santander is also committed to ensuring and promoting financial inclusion in vulnerable customers through different initiatives such as our microfinance programmes in Latin America (Prospera in Brazil and Colombia, Tuiio in Mexico and Surgir in Peru). We also signed several agreements with Multilateral Development Banks in countries such as Chile, Brazil and Poland where these agreements include allocating part of new portfolios to social finance. In Spain, we helped customers with financial difficulties to access credit (e.g., loans for a first home for young people) or those impacted by the rising cost of living or natural disasters (e.g., the floods that affected Valencia in October 2024), among others.

Additionally, we have a cross-functional team that has been working on enhancing services for our elderly customers, including measures such as extending the hours of counter/teller services and creating senior ambassadors to make sure senior citizens receive the best possible service. We also continued to promote financial education with specific content through our financial education programme, Finanzas para Mortales. Our commitment to financial education through this programme directly impacted senior citizens, people with disabilities, people in vulnerable situations and school children, among others.

- We also support our **communities** through programmes to help them address their social needs. We focus our efforts on education, employability and entrepreneurship, in addition to financial education and support for vulnerable people. Moreover, we have a strong track record of backing cultural and other social initiatives. For more information, see the 'Sustainability statement' chapter.

- For our **shareholders**, we delivered solid financial results in 2024 and met all our 2024 targets which we upgraded in July 2024.

  Once again, we achieved an all-time high attributable profit, reaching EUR 12,574 million in 2024. This was supported by revenue growth (+10% year-on-year in constant euros), better efficiency (41.8% in 2024) and profitability improvement (RoTE of 16.3% in 2024). At the same time, we maintained a solid balance sheet with sound credit quality (cost of risk was 1.15% in 2024) and capital ratios (fully-loaded CET1 ratio at 12.8% at year end).

  Finally, we delivered higher shareholder remuneration with double-digit value creation in 2024. Our TNAV per share plus cash dividend per share grew 14% year-on-year and the cash dividend per share paid during 2024 was 39% greater than cash dividends per share paid during 2023.

Looking ahead

We are in a phase of value creation which is underpinned by the following three tenets:

- **Think Value:** delivering double-digit value creation, on average through-the-cycle.
- **Think Customer:** building a digital bank with branches with well-targeted products and services to grow our customer base.
- **Think Global:** leveraging global and in-market scale, network and tech to deliver world class-services and accelerate profitable growth.

Our business model and transformation are already providing sustained earnings and a stronger balance sheet, while enabling us to accelerate profitable growth and value creation.

We manage the Group as ONE Santander through five global businesses. As one of the largest retail and consumer banks in the world, we have the scale to build our own technology platforms, making it possible to offer customers the best products and services while constantly reducing the cost-to-serve. This is a key competitive advantage and is reflected in our results through continuous improvement in operational leverage.

Our business model and our five global businesses boost value creation by leveraging our global and in-market scale. This, coupled with our network effects, drives revenue growth with structurally lower costs thereby supporting our ambition of becoming the most profitable bank in every market where we operate.

The strategic priorities of our five global businesses for 2025 are the following:

- **Retail & Commercial Banking:** i) continue our transformation journey towards our vision of becoming a digital bank with branches underpinned by a common operating model and a global tech platform; ii) adapt our business model towards value creation through stronger customer relationships and network effects; and iii) strengthen structural efficiency on the back of our transformed operating and business models to drive cost-to-serve efficiencies.
- **Digital Consumer Bank:** i) converge towards global platforms; ii) grow and consolidate partnerships; iii) promote the network effect through a complete product offering to our customers leveraging the Group's capabilities; iv) continue gathering customer deposits; and v) enhance and automate our originate-to-share model.
- **Corporate & Investment Banking**: i) deepen our client relationships with a particular focus on the US; ii) fully leverage our enhanced centres of expertise, increase connectivity around the client agenda and further digitalize our business; iii) keep evolving our active capital management and global operating models; and iv) attract, develop and retain top talent.
- **Wealth Management & Insurance:** i) improve our customer experience providing enhanced value-added products and services and expanding our presence to new countries and businesses; ii) boost operational leverage by globalizing service and product factories/hubs and enhancing local distribution; and iii) develop common global platforms to transform our operations and distribution model leveraging the Group's technology, data and AI.
- **Payments**: in PagoNxt, i) continue to scale up our global platform of innovative payments and integrated value-added solutions; ii) roll out our global payment platform to all our regions and the open market. In Cards, expand our cards business while improving customer experience.

Additionally, **we are accelerating our global approach to technology** which drives innovation and excellence in a dynamic and fast-changing environment. This is differentiating us from our peers and giving us a competitive advantage. We have already built a strong set of platforms, which provide services to customers across our footprint and, at the same time, to the open market.

To conclude, we believe Grupo Santander is well positioned to achieve our aim to be the best open financial services platform, leveraging our unique business model and our network effects.

3.2 Results

Statutory income statement

Condensed income statement

EUR million

	2024	2023	Change Absolute	Change %	2022
Net interest income	46,668	43,261	3,407	7.9	38,619
Net fee income (commission income minus commission expense)	13,010	12,057	953	7.9	11,790
Gains or losses on financial assets and liabilities and exchange differences (net)	2,273	2,633	(360)	(13.7)	1,653
Dividend income	714	571	143	25.0	488
Income from companies accounted for using the equity method	711	613	98	16.0	702
Other operating income/expenses	(1,500)	(1,712)	212	(12.4)	(1,135)
Total income	**61,876**	**57,423**	**4,453**	**7.8**	**52,117**
Operating expenses	(26,034)	(25,425)	(609)	2.4	(23,903)
Administrative expenses	(22,740)	(22,241)	(499)	2.2	(20,918)
Staff costs	*(14,328)*	*(13,726)*	*(602)*	*4.4*	*(12,547)*
Other general administrative expenses	*(8,412)*	*(8,515)*	*103*	*(1.2)*	*(8,371)*
Depreciation and amortization	(3,294)	(3,184)	(110)	3.5	(2,985)
Provisions or reversal of provisions	(3,883)	(2,678)	(1,205)	45.0	(1,881)
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss (net)	(12,644)	(12,956)	312	(2.4)	(10,863)
Impairment of other assets (net)	(628)	(237)	(391)	165.0	(239)
Gains or losses on non-financial assets and investments (net)	367	313	54	17.3	12
Negative goodwill recognized in results	—	39	(39)	(100.0)	—
Gains or losses on non-current assets held for sale not classified as discontinued operations	(27)	(20)	(7)	35.0	7
Profit or loss before tax from continuing operations	**19,027**	**16,459**	**2,568**	**15.6**	**15,250**
Tax expense or income from continuing operations	(5,283)	(4,276)	(1,007)	23.6	(4,486)
Profit from the period from continuing operations	**13,744**	**12,183**	**1,561**	**12.8**	**10,764**
Profit or loss after tax from discontinued operations	—	—	—	—	—
Profit for the period	**13,744**	**12,183**	**1,561**	**12.8**	**10,764**
Profit attributable to non-controlling interests	(1,170)	(1,107)	(63)	5.7	(1,159)
Profit attributable to the parent	**12,574**	**11,076**	**1,498**	**13.5**	**9,605**

Main income statement items

In 2024, the profit attributable to the parent reached a new record of EUR 12,574 million, representing a year-on-year increase of 14%, compared to the EUR 11,076 million recorded in 2023. This increase was backed by the good performance in total income, which grew at a much higher pace than operating expenses.

This year-on-year comparison is impacted by a higher charge relating to the temporary levy on revenue earned in Spain (EUR 335 million in 2024), charges in Q2 2024 related to the discontinuation of our merchant platform in Germany and Superdigital in Latin America (EUR 243 million, net of tax and minority interests) and the provision in Q4 2024 for potential complaints related to motor finance dealer commissions in the UK (EUR 260 million, net of tax and minority interests). Additionally, there was a lower contribution to the Deposit Guarantee Fund in Spain in 2024 and there was no contribution to the Single Resolution Fund as contributions ended in 2023.

Total income

Total income amounted to EUR 61,876 million, a new annual record and an 8% increase year-on-year. Net interest income and net fee income accounted for 96% of total income. By line item:

Net interest income

Net interest income amounted to EUR 46,668 million, 8% higher than 2023.

The tables below show the average balances of each year calculated as the monthly average over the period, which we believe should not differ materially from using daily balances, and the interest generated.

The tables also include average balances and interest rates in 2024 and 2023, based on the domicile of the entities at which the relevant assets or liabilities are recorded. Domestic balances relate to our entities domiciled in Spain. International balances relate to entities domiciled outside of Spain (reflecting our foreign activity), and are divided into mature markets (the US and Europe, except Spain and Poland) and developing markets (South America, Mexico and Poland).

The average balance of interest-earning assets in 2024 was 2% higher than in 2023. The activity of our entities in both the domestic market and in the international mature markets grew by 3% year-on-year, while it was stable in the international developing markets.

The average balance of interest-bearing liabilities in 2024 was 2% higher year-on-year, with growth in domestic (+6% year-on-year) and international developing markets (+1% year-on-year), while it decreased by 1% year-on-year in international mature markets.

The average return on interest-earning assets increased 32 bps from 6.70% in 2023 to 7.02% in 2024, following a strong increase in 2023. By market, it grew 49 bps year-on-year in the domestic market, 54 bps year-on-year in our international mature markets, and fell 14 bps year-on-year in our international developing markets.

The average cost of interest-bearing liabilities rose 19 bps in 2024 to 4.33%. By market, it performed in line with the average yield on assets, increasing in our domestic (+48 bps year-on-year) and international mature (+67 bps year-on-year) markets, and it fell 1.1 pp year-on-year in our international developing markets.

We calculated the change in interest income/(expense) shown in the tables below by:

- Applying the interest rate of the previous period to the difference between the average balances from the current and previous periods to obtain the change in volumes.
- Applying the difference between the rates from the current and previous periods to the average balance from the previous year to obtain the change in interest rate.

Both interest income and expense increased in 2024, mainly due to higher average interest rates and, to a lesser extent, greater volumes.

As a result, net interest income increased 8% year-on-year, with generalized growth across all businesses and regions.

Especially of note was the performance in Retail, mainly in South America due to the higher volumes and lower cost of deposits, and in Spain, Poland and Portugal due to good margin management. There was also strong growth in Consumer, especially in Europe due to volumes growth and asset repricing, and in Brazil, favoured by higher volumes and lower average interest rates.

Average balance sheet - assets and interest income

EUR million

Assets	2024 Average balance	2024 Interest	2024 Average rate	2023 Average balance	2023 Interest	2023 Average rate
Cash balances at central banks and other deposits on demand, and loans and advances to central banks and credit institutions	**290,409**	**16,399**	**5.65%**	**310,887**	**16,467**	**5.30%**
Domestic	108,705	4,701	4.32%	117,332	4,694	4.00%
International - Mature markets	114,350	5,700	4.98%	124,570	5,611	4.50%
International - Developing markets	67,354	5,998	8.91%	68,985	6,162	8.93%
of which:						
Reverse repurchase agreements	*65,939*	*5,644*	*8.56%*	*55,570*	*4,745*	*8.54%*
Domestic	*32,739*	*1,901*	*5.81%*	*24,292*	*1,336*	*5.50%*
International - Mature markets	*8,085*	*492*	*6.09%*	*4,845*	*278*	*5.74%*
International - Developing markets	*25,115*	*3,251*	*12.94%*	*26,433*	*3,131*	*11.85%*
Loans and advances to customers	**1,053,394**	**77,781**	**7.38%**	**1,036,547**	**70,619**	**6.81%**
Domestic	265,043	12,272	4.63%	265,322	10,581	3.99%
International - Mature markets	562,488	33,884	6.02%	546,641	28,771	5.26%
International - Developing markets	225,863	31,625	14.00%	224,584	31,267	13.92%
of which:						
Reverse repurchase agreements	*61,793*	*5,922*	*9.58%*	*46,382*	*4,202*	*9.06%*
Domestic	*12,410*	*468*	*3.77%*	*8,725*	*261*	*2.99%*
International - Mature markets	*48,161*	*5,310*	*11.03%*	*36,546*	*3,809*	*10.42%*
International - Developing markets	*1,222*	*144*	*11.78%*	*1,111*	*132*	*11.88%*
Debt securities	**262,338**	**16,120**	**6.14%**	**224,304**	**14,501**	**6.46%**
Domestic	94,607	3,478	3.68%	71,507	2,503	3.50%
International - Mature markets	64,140	2,174	3.39%	51,327	1,444	2.81%
International - Developing markets	103,591	10,468	10.11%	101,470	10,554	10.40%
Income from hedging operations		**2,456**			**3,561**	
Domestic		152			(45)	
International - Mature markets		2,001			2,955	
International - Developing markets		303			651	
Other interest		**(21)**			**104**	
Domestic		(71)			(47)	
International - Mature markets		42			63	
International - Developing markets		8			88	
Total interest-earning assets	**1,606,141**	**112,735**	**7.02%**	**1,571,738**	**105,252**	**6.70%**
Domestic	468,355	20,532	4.38%	454,161	17,686	3.89%
International - Mature markets	740,978	43,801	5.91%	722,538	38,844	5.38%
International - Developing markets	396,808	48,402	12.20%	395,039	48,722	12.33%
Other non-interest earning assets	**197,131**			**201,365**		
Assets from discontinued operations	**—**			**—**		
Average total assets	**1,803,272**	**112,735**		**1,773,103**	**105,252**	

Average balance sheet - liabilities and interest expense

EUR million

Liabilities and stockholders' equity	2024 Average balance	2024 Interest	2024 Average rate	2023 Average balance	2023 Interest	2023 Average rate
Deposits from central banks and credit institutions	**152,706**	**9,383**	**6.14%**	**175,164**	**9,350**	**5.34%**
Domestic	60,256	2,960	4.91%	62,366	2,723	4.37%
International - Mature markets	44,633	2,447	5.48%	63,456	2,989	4.71%
International - Developing markets	47,817	3,976	8.32%	49,342	3,638	7.37%
of which:						
Repurchase agreements	*63,601*	*4,570*	*7.19%*	*55,619*	*3,737*	*6.72%*
Domestic	*37,663*	*1,973*	*5.24%*	*34,123*	*1,686*	*4.94%*
International - Mature markets	*8,773*	*579*	*6.60%*	*6,542*	*388*	*5.93%*
International - Developing markets	*17,165*	*2,018*	*11.76%*	*14,954*	*1,663*	*11.12%*
Customer deposits	**1,041,242**	**36,465**	**3.50%**	**1,011,471**	**33,238**	**3.29%**
Domestic	321,519	4,944	1.54%	302,379	3,269	1.08%
International - Mature markets	472,750	16,283	3.44%	468,602	12,386	2.64%
International - Developing markets	246,973	15,238	6.17%	240,490	17,583	7.31%
of which:						
Repurchase agreements	*85,665*	*8,240*	*9.62%*	*73,193*	*7,084*	*9.68%*
Domestic	*14,124*	*586*	*4.15%*	*4,602*	*263*	*5.71%*
International - Mature markets	*48,115*	*5,278*	*10.97%*	*46,992*	*4,125*	*8.78%*
International - Developing markets	*23,426*	*2,376*	*10.14%*	*21,599*	*2,696*	*12.48%*
Marketable debt securities [A]	**310,226**	**14,774**	**4.76%**	**288,345**	**12,751**	**4.42%**
Domestic	147,606	5,330	3.61%	134,045	4,184	3.12%
International - Mature markets	117,291	5,323	4.54%	108,912	4,219	3.87%
International - Developing markets	45,329	4,121	9.09%	45,388	4,348	9.58%
of which:						
Commercial paper	*25,809*	*1,244*	*4.82%*	*29,195*	*1,329*	*4.55%*
Domestic	*17,046*	*727*	*4.26%*	*21,509*	*888*	*4.13%*
International - Mature markets	*7,143*	*339*	*4.75%*	*5,641*	*243*	*4.31%*
International - Developing markets	*1,620*	*178*	*10.99%*	*2,045*	*198*	*9.68%*
Other interest-bearing liabilities	**22,887**	**677**	**2.96%**	**23,139**	**638**	**2.76%**
Domestic	17,151	490	2.86%	16,109	469	2.91%
International - Mature markets	3,707	17	0.46%	4,830	1	0.02%
International - Developing markets	2,029	170	8.38%	2,200	168	7.64%
Expenses from hedging operations		**2,986**			**4,436**	
Domestic		1,159			1,045	
International - Mature markets		1,325			1,756	
International - Developing markets		502			1,635	
Other interest		**1,782**			**1,578**	
Domestic		741			567	
International - Mature markets		282			304	
International - Developing markets		759			707	
Total interest-bearing liabilities	**1,527,061**	**66,067**	**4.33%**	**1,498,119**	**61,991**	**4.14%**
Domestic	**546,532**	**15,624**	**2.86%**	**514,899**	**12,257**	**2.38%**
International - Mature markets	**638,381**	**25,677**	**4.02%**	**645,800**	**21,655**	**3.35%**
International - Developing markets	**342,148**	**24,766**	**7.24%**	**337,420**	**28,079**	**8.32%**
Other non-interest bearing liabilities	**171,069**			**173,299**		
Non-controlling interests	**8,398**			**8,650**		
Total stockholders´ equity	**96,744**			**93,035**		
Liabilities from discontinued operations	**—**			**—**		
Average total liabilities and stockholders´ equity	**1,803,272**	**66,067**		**1,773,103**	**61,991**	

A. Does not include contingently convertible preference shares and perpetual subordinated notes because they do not accrue interests. We include them under 'Other non-interest-bearing liabilities'.

Volume and profitability analysis

EUR million

	2024 vs. 2023		
	Increase (decrease) due to changes in		
Interest income	**Volume**	**Rate**	**Total change**
Cash and deposits on demand and loans and advances to central banks and credit institutions	**(985)**	**917**	**(68)**
Domestic	(358)	365	7
International - Mature markets	(482)	571	89
International - Developing markets	(145)	(19)	(164)
of which:			
Reverse repurchase agreements	*522*	*377*	*899*
Domestic	*487*	*78*	*565*
International - Mature markets	*196*	*18*	*214*
International - Developing markets	*(161)*	*281*	*120*
Loans and advances to customers	**1,022**	**6,140**	**7,162**
Domestic	(11)	1,702	1,691
International - Mature markets	854	4,259	5,113
International - Developing markets	179	179	358
of which:			
Reverse repurchase agreements	*1,411*	*309*	*1,720*
Domestic	*128*	*79*	*207*
International - Mature markets	*1,270*	*231*	*1,501*
International - Developing markets	*13*	*(1)*	*12*
Debt securities	**1,463**	**156**	**1,619**
Domestic	844	131	975
International - Mature markets	401	329	730
International - Developing markets	218	(304)	(86)
Income from hedging income	**(1,105)**	**—**	**(1,105)**
Domestic	197	—	197
International - Mature markets	(954)	—	(954)
International - Developing markets	(348)	—	(348)
Other interest	**(125)**	**—**	**(125)**
Domestic	(24)	—	(24)
International - Mature markets	(21)	—	(21)
International - Developing markets	(80)	—	(80)
Total interest-earning assets	**270**	**7,213**	**7,483**
Domestic	**648**	**2,198**	**2,846**
International - Mature markets	**(202)**	**5,159**	**4,957**
International - Developing markets	**(176)**	**(144)**	**(320)**

Volume and cost analysis

EUR million

	2024 vs. 2023		
	Increase (decrease) due to changes in		
Interest expense	**Volume**	**Rate**	**Total change**
Deposits from central banks and credit institutions	**(1,190)**	**1,223**	**33**
Domestic	(95)	332	237
International - Mature markets	(980)	438	(542)
International - Developing markets	(115)	453	338
of which:			
Repurchase agreements	*582*	*251*	*833*
Domestic	*182*	*105*	*287*
International - Mature markets	*144*	*47*	*191*
International - Developing markets	*256*	*99*	*355*
Customer deposits	**792**	**2,435**	**3,227**
Domestic	218	1,457	1,675
International - Mature markets	111	3,786	3,897
International - Developing markets	463	(2,808)	(2,345)
of which:			
Repurchase agreements	*729*	*427*	*1,156*
Domestic	*413*	*(90)*	*323*
International - Mature markets	*101*	*1,052*	*1,153*
International - Developing markets	*215*	*(535)*	*(320)*
Marketable debt securities	**785**	**1,238**	**2,023**
Domestic	449	697	1,146
International - Mature markets	342	762	1,104
International - Developing markets	(6)	(221)	(227)
of which:			
Commercial paper	*(166)*	*81*	*(85)*
Domestic	*(190)*	*29*	*(161)*
International - Mature markets	*69*	*27*	*96*
International - Developing markets	*(45)*	*25*	*(20)*
Other interest-bearing liabilities	**16**	**23**	**39**
Domestic	30	(9)	21
International - Mature markets	0	16	16
International - Developing markets	(14)	16	2
Expenses from hedging expenses	**(1,450)**	**—**	**(1,450)**
Domestic	114	—	114
International - Mature markets	(431)	—	(431)
International - Developing markets	(1,133)	—	(1,133)
Other interest	**204**	**—**	**204**
Domestic	174	—	174
International - Mature markets	(22)	—	(22)
International - Developing markets	52	—	52
Total interest-bearing liabilities	**(843)**	**4,919**	**4,076**
Domestic	**890**	**2,477**	**3,367**
International - Mature markets	**(980)**	**5,002**	**4,022**
International - Developing markets	**(753)**	**(2,560)**	**(3,313)**

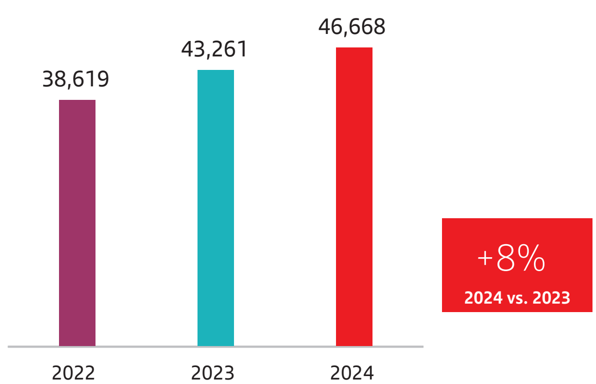
Net interest income. Volume, profitability and cost analysis summary

EUR million

	2024 vs. 2023		
	Increase (decrease) due to changes in		
	Volume	Rate	Total change
Interest income	**270**	**7,213**	**7,483**
Domestic	648	2,198	2,846
International - Mature markets	(202)	5,159	4,957
International - Developing markets	(176)	(144)	(320)
Interest expense	**(843)**	**4,919**	**4,076**
Domestic	890	2,477	3,367
International - Mature markets	(980)	5,002	4,022
International - Developing markets	(753)	(2,560)	(3,313)
Net interest income	**1,113**	**2,294**	**3,407**
Domestic	**(242)**	**(279)**	**(521)**
International - Mature markets	**778**	**157**	**935**
International - Developing markets	**577**	**2,416**	**2,993**

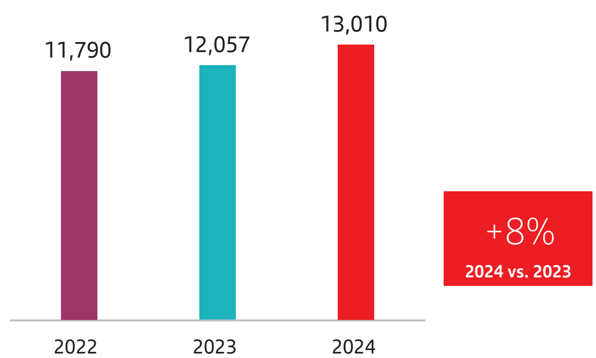
Net interest income

EUR million



Net fee income

EUR million



Net fee income

EUR million

			Change		
	2024	2023	Absolute	%	2022
Asset management business, funds and insurance	4,374	3,967	407	10.3	4,032
Credit and debit cards	2,352	2,386	(34)	(1.4)	2,139
Securities and custody services	1,289	1,086	203	18.7	986
Account management and availability fees	2,046	2,005	41	2.0	2,032
Cheques and payment orders	842	826	16	1.9	797
Foreign exchange	834	797	37	4.7	788
Charges for past-due/unpaid balances and guarantees	305	297	8	2.6	277
Bill discounting	190	208	(18)	(8.7)	227
Other	778	484	294	60.7	512
Net fee income	**13,010**	**12,057**	**953**	**7.9**	**11,790**

Net fee income

Net fee income totalled 13,010 in 2024 and grew 8% compared to 2023, with good performance in all businesses except Payments, whose year-on-year comparison was impacted by a one-time positive fee from commercial agreements in Brazil in Q1 2023.

Gains or losses on financial assets and liabilities and exchange differences (net)

Gains on financial transactions and liabilities and exchange differences (net) stood at EUR 2,273 million in 2024 (EUR 2,633 million in 2023), affected by lower market activity in South America, especially in Brazil, lower results in DCB Europe (DCBE) and lower results in the Corporate Centre from foreign currency hedges and risk transfer initiatives.

Gains and losses on financial assets and liabilities stem from mark-to-market valuations of the trading portfolio and derivative instruments, which include spot market foreign exchange transactions, sales of investment securities and liquidation of our hedging and other derivative positions.

For more details, see note 43 to the consolidated financial statements.

Exchange rate differences primarily show gains and losses from foreign exchange and the differences that arise from converting monetary items in foreign currencies to the functional currency, and from selling non-monetary assets denominated in foreign currency at the time of their disposal. Given Santander manages currency exposures with derivative instruments, the changes in this line should be analysed together with Gains/(losses) on financial assets and liabilities.

For more details, see note 44 to the consolidated financial statements.

Dividend income

Dividend income was EUR 714 million in 2024 (EUR 571 million in 2023).

Income from companies accounted for by the equity method

The income from companies accounted for by the equity method reached EUR 711 million in 2024 compared to EUR 613 million in 2023.

Other operating income/expenses

Other operating income recorded a loss of EUR 1,500 million in 2024 (compared to a EUR 1,712 million loss in 2023). These results include the hyperinflation adjustment in Argentina and charge relating to the temporary levy on revenue earned in Spain, which was 50% higher than in 2023 (EUR 335 million in 2024 versus EUR 224 million in 2023). As mentioned, there was no contribution to the SRF in 2024 and there was a lower contribution to the DGF in Spain (EUR 11 million, net of tax and minority interests in 2024).

For more details, see note 45 to the consolidated financial statement.

Operating expenses

Operating expenses amounted to EUR 26,034 million in 2024, 2% higher than 2023, growing at a much lower pace than total income.

Our cost management continued to focus on improving our efficiency and, as a result, we remained among the most efficient global banks in the world.

Our business transformation plan, ONE Transformation, continued to progress across our footprint, reflected in an enhanced operating performance and better business dynamics.

Operating expenses

EUR million

			Change		
	2024	**2023**	**Absolute**	**%**	**2022**
Staff costs	14,328	13,726	602	4.4	12,547
Other administrative expenses	8,412	8,515	(103)	(1.2)	8,371
Information technology	*2,622*	*2,471*	*151*	*6.1*	*2,473*
Communications	*404*	*414*	*(10)*	*(2.4)*	*410*
Advertising	*540*	*603*	*(63)*	*(10.4)*	*559*
Buildings and premises	*757*	*721*	*36*	*5.0*	*708*
Printed and office material	*89*	*97*	*(8)*	*(8.2)*	*96*
Taxes (other than tax on profits)	*556*	*570*	*(14)*	*(2.5)*	*559*
Other expenses	*3,444*	*3,639*	*(195)*	*(5.4)*	*3,566*
Administrative expenses	**22,740**	**22,241**	**499**	**2.2**	**20,918**
Depreciation and amortization	3,294	3,184	110	3.5	2,985
Operating expenses	**26,034**	**25,425**	**609**	**2.4**	**23,903**

Provisions or reversal of provisions

Provisions (net of provisions reversals) amounted to EUR 3,883 million in 2024 (EUR 2,678 million in 2023) and included the charges after discontinuing our Superdigital platform in Latin America in Q2 2024, and the provision in Q4 2024 for potential complaints related to motor finance dealer commissions in the UK.

For more details, see note 25 to the consolidated financial statements.

Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss (net)

Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss (net) was EUR 12,644 million in 2024 (EUR 12,956 million in 2023).

Credit quality indicators remained robust, supported by good risk management and the good performance of the economy in general and labour markets in the countries where the Group operates.

Impairment of other assets (net)

The impairment on other assets (net) was EUR 628 million in 2024 and included the charge registered in Q2 2024 after discontinuing our merchant platform in Germany, compared to an impairment of EUR 237 million in 2023.

Gains or losses on non-financial assets and investments (net)

Net gains on non-financial assets and investments (net) were EUR 367 million in 2024, which included the gain recorded in Q2 2024 from an agreement with Sodexo in Brazil compared to a gain of EUR 313 million in 2023.

For more details, see note 48 to the consolidated financial statements.

Negative goodwill recognized in results

No negative goodwill was recorded in 2024. Negative goodwill of EUR 39 million was recorded in 2023.

Gains or losses on non-current assets held for sale not classified as discontinued operations

This item, which mainly includes impairment of foreclosed assets recorded and the sale of properties acquired upon foreclosure, recorded a EUR 27 million loss in 2024 (EUR 20 million loss in 2023).

For more details, see note 49 to the consolidated financial statements.

Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss (net)

EUR million

	2024	2023	2022
Financial assets at fair value through other comprehensive income	—	44	7
Financial assets at amortized cost	12,644	12,912	10,856
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss and net gains and losses from changes	**12,644**	**12,956**	**10,863**

Impairment on other assets (net)

EUR million

	2024	2023	2022
Impairment of investments in subsidiaries, joint ventures and associates, net	**—**	**—**	**—**
Impairment on non-financial assets, net	**628**	**237**	**239**
Tangible assets	*386*	*136*	*140*
Intangible assets	*231*	*73*	*75*
Others	*11*	*28*	*24*
Impairment on other assets (net)	**628**	**237**	**239**

Profit or loss before tax from continuing operations

Profit before tax was EUR 19,027 million in 2024, +16% year-on-year, supported by the good performance of net interest income, net fee income and cost discipline.

Tax expense or income from continuing operations

Total income tax was EUR 5,283 million in 2024 (EUR 4,276 million in 2023).

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests increased slightly to EUR 1,170 million in 2024 (EUR 1,107 million in 2023), in part due to the accelerated placement of ordinary shares of Santander Bank Polska S.A. in the year.

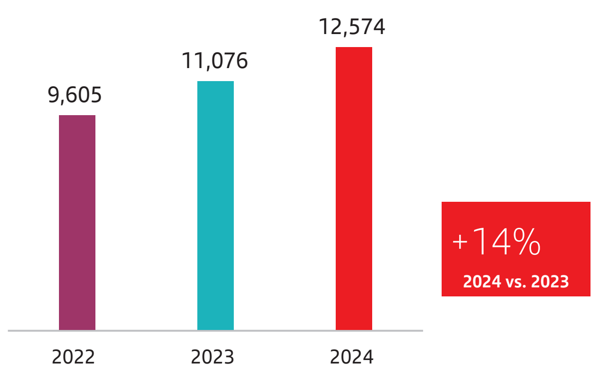
For more details, see note 28 to the consolidated financial statements.

Profit attributable to the parent

Profit attributable to the parent amounted to EUR 12,574 million in 2024, 14% higher than the EUR 11,076 million in 2023. These results do not fully reflect profit performance due to the aforementioned impacts.

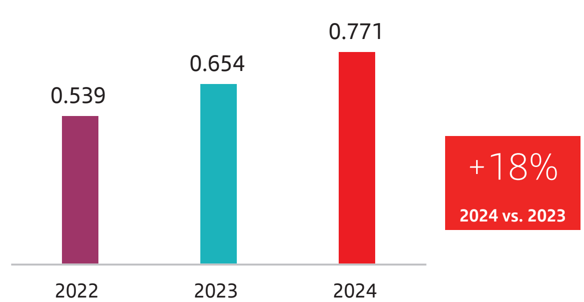
Profit attributable to the parent

EUR million



Earnings per share

EUR



Underlying income statement

→ **Third consecutive year of record revenue,** which boosted profit to an all-time high in 2024.

→ **Efficiency improvement and profitable growth,** supported by the operational leverage resulting from the execution of ONE Transformation.

→ **Risk indicators were robust,** underpinned by good risk management, the economic environment and low unemployment.

Attributable profit		RoTE	RoRWA
EUR 12,574 million	+14% in euros +15% in constant euros	16.3% +1.2 pp	2.18% +0.2 pp

Note: changes vs. 2023.

Below is the condensed income statement adjusted for items beyond the ordinary course of business and reclassification of certain items under some headings of the underlying income statement, as described in note 52.c of the consolidated financial statements, where our segments' aggregate underlying consolidated results are reconciled to the statutory consolidated results.

The Group presents, both at the total Group level and for each of the business units, the changes in euros registered in the income statement, as well as variations excluding the exchange rate effect (i.e., in constant euros) except for Argentina and any grouping which includes it. For further information, see section 8. 'Alternative Performance Measures' of this chapter.

At the Group level, exchange rates had an unfavourable impact of 2.0 pp on total income and a favourable impact of 1.6 pp on costs in the year.

To better understand the business trends, we reclassified certain items under some headings of the underlying income statement. These items explain the differences between the statutory and underlying income statements and were:

- In 2024:
  - The impact of the temporary levy on revenue earned in Spain totalling EUR 335 million in Q1 2024, which was reclassified from total income to other gains (losses) and provisions.
  - Provisions which strengthen the balance sheet in Brazil of EUR 352 million in Q2 2024 (EUR 174 million net of tax and minority interests).
- In 2023:
  - The impact of the temporary levy on revenue earned in Spain totalling EUR 224 million in Q1 2023, which was reclassified from total income to other gains (losses) and provisions.
  - Provisions which strengthen the balance sheet in Brazil of EUR 235 million (net of tax and minority interests) in Q1 2023.

Condensed underlying income statement

EUR million

			Change			
	2024	2023	Absolute	%	% excl. FX	2022
Net interest income	46,668	43,261	3,407	7.9	9.5	38,619
Net fee income	13,010	12,057	953	7.9	10.7	11,790
Gains (losses) on financial transactions and exchange differences	2,273	2,633	(360)	(13.7)	(11.3)	1,653
Other operating income	260	(304)	564	—	—	92
Total income	**62,211**	**57,647**	**4,564**	**7.9**	**9.9**	**52,154**
Administrative expenses and amortizations	(26,034)	(25,425)	(609)	2.4	4.0	(23,902)
Net operating income	**36,177**	**32,222**	**3,955**	**12.3**	**14.6**	**28,251**
Net loan-loss provisions	(12,333)	(12,458)	125	(1.0)	2.0	(10,509)
Other gains (losses) and provisions	(4,817)	(3,066)	(1,751)	57.1	58.9	(2,492)
Profit before tax	**19,027**	**16,698**	**2,329**	**13.9**	**15.6**	**15,250**
Tax on profit	(5,283)	(4,489)	(794)	17.7	19.0	(4,486)
Profit from continuing operations	**13,744**	**12,209**	**1,535**	**12.6**	**14.4**	**10,764**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**13,744**	**12,209**	**1,535**	**12.6**	**14.4**	**10,764**
Non-controlling interests	(1,170)	(1,133)	(37)	3.3	5.3	(1,159)
Net capital gains and provisions	—	—	—	—	—	—
Profit attributable to the parent	**12,574**	**11,076**	**1,498**	**13.5**	**15.3**	**9,605**
Underlying profit attributable to the parent [A]	**12,574**	**11,076**	**1,498**	**13.5**	**15.3**	**9,605**

A. Excluding net capital gains and provisions.

For more details, see note 52.c to the consolidated financial statements.

In both 2024 and 2023, profit attributable to the parent and underlying profit were the same (EUR 12,574 million in 2024 and EUR 11,076 million in 2023), as profit was not affected by results that fell outside the ordinary course of our business. As a result, both attributable profit and underlying profit increased 14% in euros and 15% in constant euros compared to 2023.

This year-on-year comparison is impacted by a higher charge relating to the temporary levy on revenue earned in Spain, charges in Q2 2024 related to the discontinuation of our merchant platform in Germany and Superdigital in Latin America (EUR 243 million, net of tax and minority interests) and by the provision in Q4 2024 for potential complaints related to motor finance dealer commissions in the UK (EUR 260 million, net of tax and minority interests). Additionally, in 2024, there was a lower contribution to the Deposit Guarantee Fund in Spain and there was no contribution to the Single Resolution Fund as contributions ended in 2023.

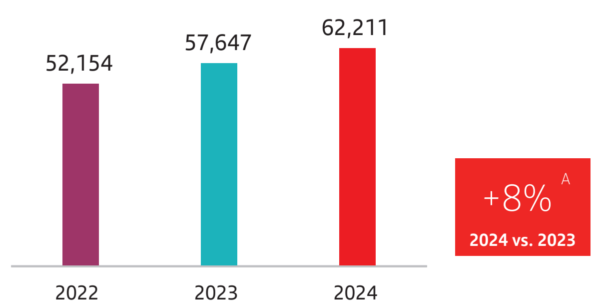
Total income amounted to EUR 62,211 million in 2024, a new record, up 8% year-on-year. In constant euros, total income rose 10% year-on-year, as follows:

- **Net interest income** (NII) totalled EUR 46,668 million, a new record, and 10% higher year-on-year, with growth across all businesses and regions:
  - NII grew strongly in **Retail** (+11%), which represents 60% of the Group's NII. It rose in all three regions, especially in South America, which benefitted from higher volumes and lower cost of deposits, and in Europe, driven by good margin management.
  - In **Consumer** (23% of Group NII), it rose 6%, on the back of active loan repricing and volumes growth in Europe, and higher volumes and lower interest rates in Brazil.
  - In **CIB,** NII increased strongly (+15%), boosted by our three main businesses.
  - In **Wealth**, NII rose 8%, driven by good margin management in a favourable macroeconomic environment and strong commercial activity in Private Banking.
  - In **Payments**, NII increased 13%, with growth in both Cards and PagoNxt, due to higher activity.
- **Net fee income** reached EUR 13,010 million, also a new record, up 11% year-on-year, with growth across all businesses if we exclude from Payments the one-time positive fee from commercial agreements in Cards in Brazil in Q1 2023. We recorded this excellent net fee income performance as a result of executing our strategy to capture network effects across the Group. By business:
  - In **Retail**, net fee income increased 7%, supported by higher commercial activity and a larger customer base. By country, the good performances in Brazil, the US, Mexico and Poland stood out.
  - In **Consumer**, net fee income rose 24%, driven mainly by growth in Europe due to increased insurance penetration, volumes growth in Brazil and auto fee income in the US.
  - In **CIB**, net fee income increased 21%, with all businesses growing but particularly Global Banking on the back of the US Banking Build-Out (US BBO) initiative.
  - In **Wealth**, net fee income rose 19%, with growth across all three businesses, mainly due to good commercial activity in Private Banking and Asset Management.
  - In **Payments**, net fee income declined 1%, affected by the impact from the aforementioned one-time positive fee in Q1 2023 in Cards (+1% excluding it), while net fee income rose 5% in PagoNxt.
- **Gains on financial transactions and exchange differences** declined 11%, due to lower results in CIB, mainly in Brazil affected by weaker market activity (although it showed some recovery in the second half of the year), lower results in DCBE and lower results in the Corporate Centre due to impacts from foreign currency hedges and risk transfer initiatives.
- **Other operating income** registered a positive result in 2024 compared to a negative result in 2023. These results include the negative impact of the hyperinflation adjustment in Argentina and there was a lower contribution to the DGF in Spain (EUR 11 million, net of tax and minority interests in 2024). As already mentioned, there was no contribution to the SRF in 2024 as contributions ended in 2023.

This positive total income performance, with double-digit growth, enabled us to exceed our growth target for 2024, which we upgraded in Q2.

Total income

EUR million



A. In constant euros: +10%.

Administrative expenses and amortizations in 2024 totalled EUR 26,034 million, up 2% year-on-year. In real terms, excluding the impact of average inflation and in constant euros, they grew 1% year-on-year (for further information, see section 8. 'Alternative performance measures' of this chapter).

We continued to progress with our business transformation plan, ONE Transformation, reflected in greater operational leverage and better business dynamics. By business and in constant euros:

- In **Retail**, administrative expenses and amortizations grew 3%. In real terms they fell 1%, driven by the transformation efforts through organizational and process simplification and the implementation of our global platform. The efficiency ratio improved 3.4 pp year-on-year to 39.7%.
- In **Consumer**, administrative expenses and amortizations fell 1% year-on-year. In real terms, they fell 4%, even as we continued to invest in operational leasing and check-out lending platforms and in business growth. This good performance was due to our focus on efficiency and transformation and resulted in a 2.7 pp improvement in the efficiency ratio year-on-year to 40.1%.
- In **CIB**, administrative expenses and amortizations increased 14%, due to our investments in new products, capabilities and technology. The efficiency ratio stood at 45.6%, maintaining a leading position among peers.
- In **Wealth**, administrative expenses and amortizations rose 9%, due to investments in key initiatives, such as reinforcing teams in Private Banking. The efficiency ratio improved 2.0 pp year-on-year to 35.9%.
- In **Payments**, administrative expenses and amortizations rose 8%, rising 5% in real terms due to investments in global platforms in both PagoNxt and Cards. The efficiency ratio stood at 45.0%.

Our cost management continued to focus on structurally improving our efficiency. As a result, we remained one of the most efficient banks in the world with an efficiency ratio of 41.8%. This is a 2.3 pp improvement year-on-year and is in line with our target of around 42%, which we upgraded in Q2.

All in all, **net operating income** reached EUR 36,177 million, up 12% year-on-year (+15% in constant euros). This strong performance was driven by both the good performance of revenue and the efficiency improvement.

Net loan-loss provisions in 2024 amounted to EUR 12,333 million, down 1% year-on-year. In constant euros, they increased just 2%, with our credit portfolio growing 1%.

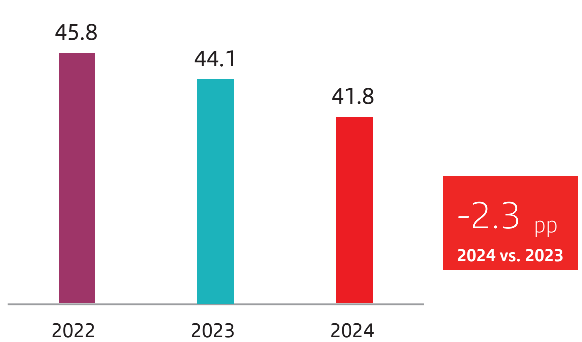
The good performance in Retail (which accounts for around 50% of the Group's total net loan-loss provisions), due to lower provisions in Europe, partially offset the expected increases in Consumer, as a result of the normalization in Europe, higher volumes, increased Swiss franc mortgage portfolio coverage, lower portfolio sales than last year and some regulatory charges.

The cost of risk stood at 1.15%, better than the Group's 2024 target to maintain the cost of risk around 1.2%.

For more details, see section 2. 'Credit risk' in the 'Risk management and compliance' chapter.

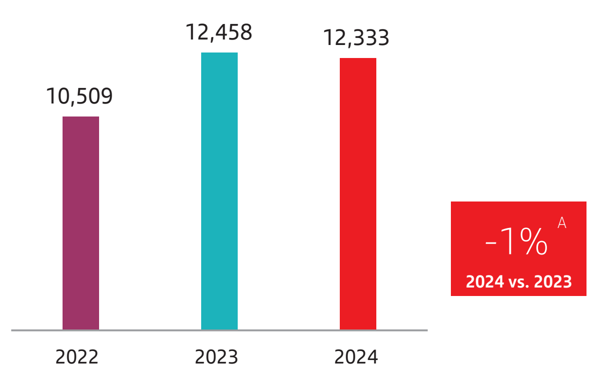
Efficiency ratio (cost to income)

%



Net loan-loss provisions

EUR million



A. In constant euros: +2%.

Other gains (losses) and provisions recorded a loss of EUR 4,817 million in 2024, versus a EUR 3,066 million loss 2023, mainly affected by the aforementioned charges in 2024 (the discontinuation our merchant platforms in Germany and Superdigital in Latin America and the provision for potential complaints related to motor finance dealer commissions in the UK), and the higher impact of the temporary levy on revenue earned in Spain.

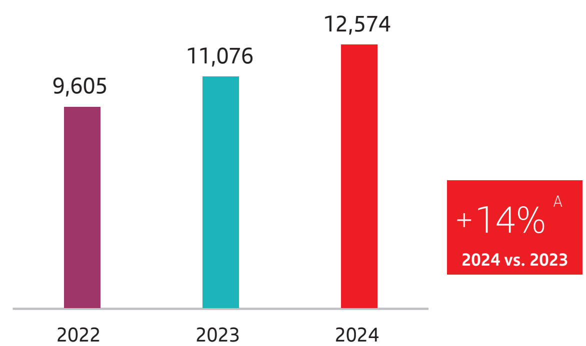
Profit attributable to the parent in 2024 was EUR 12,574 million, a new record, and 14% more than in 2023 (+15% in constant euros), supported by solid total income growth, which greatly outstripped cost growth, which grew practically in line with inflation, and controlled cost of risk (improving 3 bps year-on-year).

RoTE stood at 16.3% (15.1% in 2023) in line with our full-year target to exceed 16%, which we upgraded in Q2.

RoRWA stood at 2.18% (1.96% in 2023) and **earnings per share** stood at EUR 0.77 (EUR 0.65 in 2023).

Underlying profit attributable to the parent

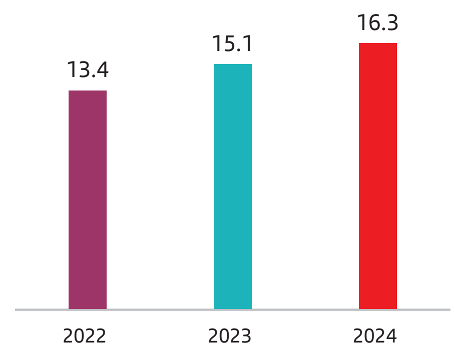
EUR million



A. In constant euros: +15%.

RoTE

%



3.3 Balance sheet

Balance sheet

EUR million

			Change		
Assets	**Dec-24**	**Dec-23**	**Absolute**	**%**	**Dec-22**
Cash, cash balances at central banks and other deposits on demand	192,208	220,342	(28,134)	(12.8)	223,073
Financial assets held for trading	230,253	176,921	53,332	30.1	156,118
Non-trading financial assets mandatorily at fair value through profit or loss	6,130	5,910	220	3.7	5,713
Financial assets designated at fair value through profit or loss	7,915	9,773	(1,858)	(19.0)	8,989
Financial assets at fair value through other comprehensive income	89,898	83,308	6,590	7.9	85,239
Financial assets at amortized cost	1,203,707	1,191,403	12,304	1.0	1,147,044
Hedging derivatives	5,672	5,297	375	7.1	8,069
Changes in the fair value of hedged items in portfolio hedges of interest risk	(704)	(788)	84	(10.7)	(3,749)
Investments	7,277	7,646	(369)	(4.8)	7,615
Assets under reinsurance contracts	222	237	(15)	(6.3)	308
Tangible assets	32,087	33,882	(1,795)	(5.3)	34,073
Intangible assets	19,259	19,871	(612)	(3.1)	18,645
Tax assets	30,596	31,390	(794)	(2.5)	29,987
Other assets	8,559	8,856	(297)	(3.4)	10,082
Non-current assets held for sale	4,002	3,014	988	32.8	3,453
Total assets	**1,837,081**	**1,797,062**	**40,019**	**2.2**	**1,734,659**
Liabilities and equity					
Financial liabilities held for trading	152,151	122,270	29,881	24.4	115,185
Financial liabilities designated at fair value through profit or loss	36,360	40,367	(4,007)	(9.9)	40,268
Financial liabilities at amortized cost	1,484,322	1,468,703	15,619	1.1	1,423,858
Hedging derivatives	4,752	7,656	(2,904)	(37.9)	9,228
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	(9)	55	(64)	(116.4)	(117)
Liabilities under insurance contracts	17,829	17,799	30	0.2	16,426
Provisions	8,407	8,441	(34)	(0.4)	8,149
Tax liabilities	9,598	9,932	(334)	(3.4)	9,468
Other liabilities	16,344	17,598	(1,254)	(7.1)	14,609
Liabilities associated with non-current assets held for sale	—	—	—	—	—
Total liabilities	**1,729,754**	**1,692,821**	**36,933**	**2.2**	**1,637,074**
Shareholders' equity	135,196	130,443	4,753	3.6	124,732
Other comprehensive income	(36,595)	(35,020)	(1,575)	4.5	(35,628)
Non-controlling interest	8,726	8,818	(92)	(1.0)	8,481
Total equity	**107,327**	**104,241**	**3,086**	**3.0**	**97,585**
Total liabilities and equity	**1,837,081**	**1,797,062**	**40,019**	**2.2**	**1,734,659**

Executive summary [A]

Loans and advances to customers (excluding reverse repos)

Positive activity in the year supported slight credit growth, still affected by prepayments.

EUR 1,017 billion **+1%**

➔ By segment:

Loan growth in Consumer, Payments and Wealth, offset the slight decrease in Retail in Europe and the US.

Retail	Consumer	CIB
-1%	+4%	0%

Customer funds (deposits excluding repos + mutual funds)

Customer funds increased 4% year-on-year, above loan growth, reflecting the interest rate environment.

EUR 1,211 billion **+4%**

➔ By product:

Growth in all products, rising double digits in mutual funds and with a pickup in demand deposits at the end of the year, mainly in Europe, following interest rate cuts.

Demand	Time	Mutual funds
+2%	+1%	+18%

A. 2024 vs. 2023 changes in constant euros. For more information on figures presented in constant euros and the exclusion of repurchase agreements and reverse repurchase agreements, see section 8 'Alternative performance measures'.

Loans and advances to customers

Loans and advances to customers totalled EUR 1,054,069 million in December 2024, a 2% increase year-on-year.

For the purpose of analysing traditional commercial banking loans, the Group uses gross loans and advances to customers excluding reverse repurchase agreements (repos) which amounted to EUR 1,016,546 million in December 2024, a 2% increase year-on-year.

To facilitate the analysis of Santander's management, the comments below do not consider the exchange rate impact (i.e., in constant euros), except for Argentina and any grouping which includes it. For further information, see section 8. 'Alternative performance measures' of this chapter.

Gross loans and advances to customers, excluding reverse repos and in constant euros, grew 1% year-on-year, as follows:

- In **Retail,** which represents 60% of the Group's loans, gross loans and advances fell 1%, as growth in corporate and personal loans partially offset falls in mortgages and SMEs, affected by prepayments. By region, increases in North and South America partially offset declines in Europe.
- In **Consumer**, which represents 21% of the Group's loans, gross loans and advances grew 4% driven by good performance in the auto markets in Europe and Latin America.
- In **CIB**, which represents 14% of the Group's loans, lending volumes were stable, as growth in North and South America compensated the lower volumes in Europe.
- In **Wealth and Payments** gross loans and advances increased 8% and 15%, respectively.

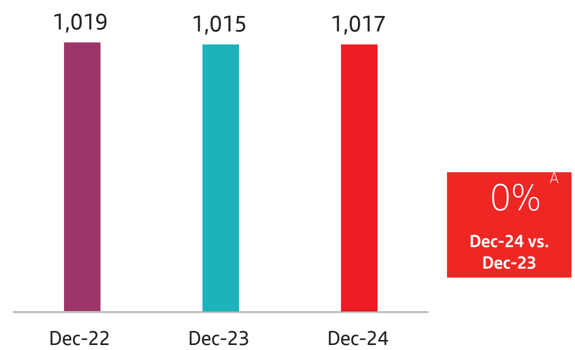
Loans and advances to customers

EUR million

			Change		
	Dec-24	**Dec-23**	Absolute	**%**	**Dec-22**
Commercial bills	53,209	55,628	(2,419)	(4.3)	56,688
Secured loans	557,463	554,375	3,088	0.6	565,609
Other term loans	296,339	295,485	854	0.3	290,031
Finance leases	40,120	38,723	1,397	3.6	39,833
Receivable on demand	10,756	12,277	(1,521)	(12.4)	11,435
Credit cards receivable	24,928	24,371	557	2.3	22,704
Impaired assets	33,731	34,094	(363)	(1.1)	32,888
Gross loans and advances to customers (excluding reverse repos)	**1,016,546**	**1,014,953**	**1,593**	**0.2**	**1,019,188**
Reverse repos	59,648	44,184	15,464	35.0	39,500
Gross loans and advances to customers	**1,076,194**	**1,059,137**	**17,057**	**1.6**	**1,058,688**
Loan-loss allowances	22,125	22,788	(663)	(2.9)	22,684
Net loans and advances to customers	**1,054,069**	**1,036,349**	**17,720**	**1.7**	**1,036,004**

Gross loans and advances to customers (excluding reverse repos)

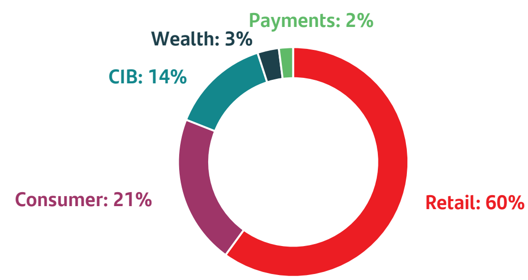
EUR billion



A. In constant euros: +1%.

Gross loans and advances to customers (excluding reverse repos)

% of operating areas. December 2024



At the end of 2024, 65% of loans and advances to customers maturing in more than one year had a fixed interest rate, while the other 35% had a floating interest rate:

- In Spain, 51% of loans and advances to customers were fixed rate and 49% were floating rate.
- Outside of Spain, 68% of loans and advances to customers were fixed rate and 32% were floating rate.

As of December 2024, gross loans and advances to customers excluding reverse repos maintained a diversified structure between the markets in which the Group operates: Europe (55%), DCB Europe (14%), North America (16%) and South America (15%).

For more details on the distribution of loans and advances to customers by business line, see note 10.b to the consolidated financial statements.

Tangible assets amounted to EUR 32,087 million in December 2024, down EUR 1,795 million compared to December 2023.

Intangible assets stood at EUR 19,259 million, of which EUR 13,438 million corresponds to goodwill (which decreased EUR 579 million) and EUR 5,821 million to other intangible assets, mostly IT developments (down EUR 33 million year-on-year).

Loans and advances to customers with maturities exceeding one year as at 31 December 2024

EUR million

	Domestic		International		TOTAL	
	Amount	Weight as % of the total	Amount	Weight as % of the total	Amount	Weight as % of the total
Fixed	70,166	51%	371,080	68%	441,246	65%
Floating	67,461	49%	172,313	32%	239,774	35%
TOTAL	**137,627**	**100%**	**543,393**	**100%**	**681,020**	**100%**

Total customer funds

EUR million

	Dec-24	Dec-23	Change Absolute	Change %	Dec-22
Demand deposits	677,818	661,262	16,556	2.5	710,232
Time deposits	299,801	307,085	(7,284)	(2.4)	236,099
Mutual funds [A]	233,722	208,528	25,194	12.1	184,054
Customer funds	**1,211,341**	**1,176,875**	**34,466**	**2.9**	**1,130,385**
Pension funds [A]	15,646	14,831	815	5.5	14,021
Managed portfolios [A]	43,118	36,414	6,704	18.4	32,184
Repos	78,317	78,822	(505)	(0.6)	63,391
Total funds	**1,348,422**	**1,306,942**	**41,480**	**3.2**	**1,239,981**

A. Including managed and marketed funds.

Customer deposits grew 1% year-on-year to EUR 1,055,936 million at 31 of December 2024.

Santander uses customer funds (customer deposits, excluding repos, plus mutual funds) to analyse traditional retail banking funds, which stood at EUR 1,211,341 million and grew 3% year-on-year.

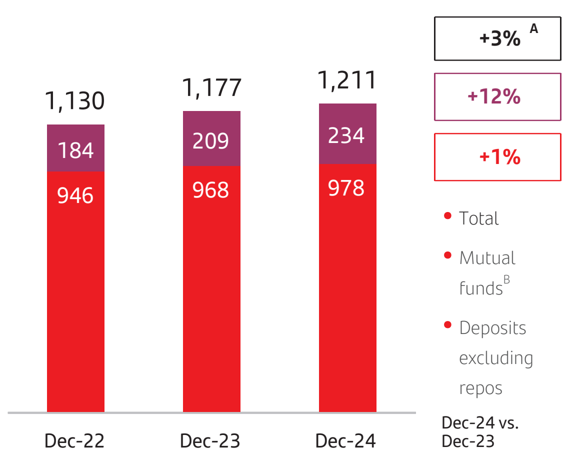
To facilitate the analysis of Santander's management, the comments below do not consider the exchange rate impact (i.e., in constant euros), except for Argentina and any grouping which includes it. For further information, see section 8. 'Alternative performance measures' of this chapter.

Compared to December 2023, **customer funds** rose 4% in constant euros, as follows:

- By product, customer deposits excluding repos rose 2%, with an increase in both demand (+2%) and time deposits (+1%). Mutual funds rose 18%, with widespread increases across all businesses and regions.

Customer funds (excluding repos)

EUR billion



A. In constant euros: +4%.
B. Including managed and marketed funds.

- By business, customer funds increased 4% in **Retail**, driven by time deposits in Europe and South America. In **Consumer**, customer funds rose 11%, in line with our retail deposit gathering strategy. In **CIB,** customer funds fell 7%, as a result of our strategy to reduce excess corporate deposits while in **Wealth** they were up 12%, driven mainly by mutual funds.
- By secondary segment, customer funds increased practically in all countries. Of note, was South America where they grew 13%. In Europe, they increased 2% and in North America they were stable, as double-digit growth in Mexico offset the decrease in the US.

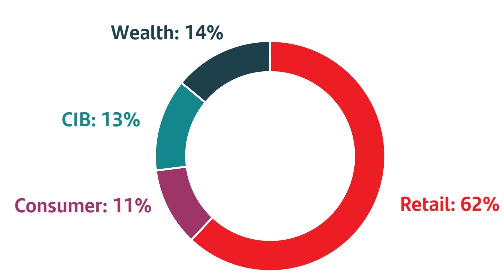
Customer funds maintained a diversified structure across the markets in which the Group operates: Europe (62%), DCB Europe (7%), North America (14%) and South America (17%). The weight of demand deposits was 56% of total customer funds, while time deposits accounted for 25% and mutual funds 19%.

In addition to capturing customer deposits, for strategic reasons the Group has a selective policy on issuing securities in international fixed income markets and strives to adapt the frequency and volume of its market operations to the structural liquidity needs of each unit, as well as to the receptiveness of each market.

For more details on debt issuances and maturities, see section 3.4 'Liquidity and funding management' in this chapter.

Customer funds (excluding repos)

% of operating areas. December 2024



3.4 Liquidity and funding management

Executive Summary

Regulatory ratios

The LCR and NSFR ratios amply exceed regulatory requirements (both 100%)

LCR [A]	NSFR
168%	126%
vs. 100% regulatory requirement	vs. 100% regulatory requirement

A. Group LCR.

Debt issuances in 2024

We issued close to EUR 80 bn in debt in 2024, diversified by product, currency, country and maturity

EUR 52.6 bn	Medium- and long-term debt
EUR 26.6 bn	Securitizations

Comfortable and stable funding structure

High contribution from customer deposits

100%	Loan-to-deposit ratio

Liquidity management

Our structural liquidity management aims to optimize maturities and costs, and to avoid undesired liquidity risks in funding Santander's operations, and is based on these principles:

- Decentralized liquidity model.
- Medium- and long-term (M/LT) funding needs must be covered by medium- and long-term instruments.
- High contribution from customer deposits due to the retail nature of the balance sheet.
- Wholesale funding sources diversified by instrument, investor, market, currency and maturity.
- Limited use of short-term funding.
- Sufficient liquidity reserves (including standing facilities/discount windows at central banks) to be used in adverse situations.
- Group and subsidiary-level compliance with regulatory liquidity requirements.

To apply these principles effectively across the Group, we developed a unique, three-pronged management framework:

- **Organization and governance.** Strict organization and governance that involve subsidiaries' senior managers in decision-making and our global strategy. Decisions about structural risks, including liquidity and funding risk, falls on the local asset and liability committees (ALCOs), which coordinate with the global ALCO. The global ALCO is empowered by Banco Santander, S.A.'s board of directors under the corporate Asset and Liability Management (ALM) framework.

  This enhanced governance model is part of our risk appetite framework, which meets regulatory and market standards for strong risk management and control systems.

- **Balance sheet and liquidity risk.** In-depth analysis that supports decisions and controls to ensure liquidity levels cover short- and long-term needs with stable funding sources, and optimize funding costs.

  Each subsidiary has a conservative risk appetite framework (based on their commercial strategy) which sets out the liquidity risk management framework. Subsidiaries must work within the framework limits to achieve their strategic objectives.

- **Liquidity management adapted to the needs of each business.** We prepare a liquidity plan every year to achieve:
  - a solid balance sheet structure, with a diversified footprint in wholesale markets;
  - stable liquidity buffers and limited asset encumbrance; and
  - compliance with regulatory and other metrics included in each entity's risk appetite statement.

We monitor all these plan's components throughout the year.

Santander continues to carry out the Internal Liquidity Adequacy Assessment Process (ILAAP) as part of its other risk management and strategic processes to measure liquidity in ordinary and stressed scenarios. The quantitative and qualitative items we consider are also inputs for the Supervisory Review and Evaluation Process (SREP).

Once a year, we must submit a board-approved ILAAP assessment to supervisors that demonstrates our funding and liquidity structures will remain solid in all scenarios and our internal processes will ensure sufficient liquidity (based on analyses that each subsidiary conducts according to local liquidity management models).

We believe that our governance structure is robust and suited to identify, manage, monitor and control liquidity risks. It rests on common frameworks, conservative principles, clearly defined roles and responsibilities, a consistent committee structure, effective local lines of defence and well-coordinated corporate supervision.

We produce frequent, detailed liquidity monitoring reports for management, control and reporting purposes. We also regularly send the most relevant information to senior managers, the pertinent ALCOs, the executive committee and the board of directors.

Over the last few years, Santander and each subsidiary have developed a comprehensive special situations management framework that centralizes our governance for such scenarios. It contains contingency funding plans that form part of our governance model, including feasible, pre-assessed actions that follow a defined timeline, are categorized and prioritized, and provide for sufficient liquidity and execution time to mitigate stress scenarios. For more details, see the '3.6 Special situations and resolution' section in this chapter.

Funding strategy and liquidity in 2024

Funding strategy and structure

Our funding strategy is focused on extending our management model to all subsidiaries.

It is based on a model of autonomous subsidiaries that are responsible for covering their own liquidity needs. This enables us to better understand the advantages derived from our solid retail banking model to maintain sound liquidity positions in the Group and our core local units, even amid market stress.

We have adapted our funding strategies to business trends, market conditions and new regulations. In 2024, we improved specific aspects, without significant changes in liquidity management or funding policies and practices. We believe this will enable us to start 2025 from a strong position and with no growth restrictions.

Our subsidiaries continue to apply the same funding and liquidity management strategies to:

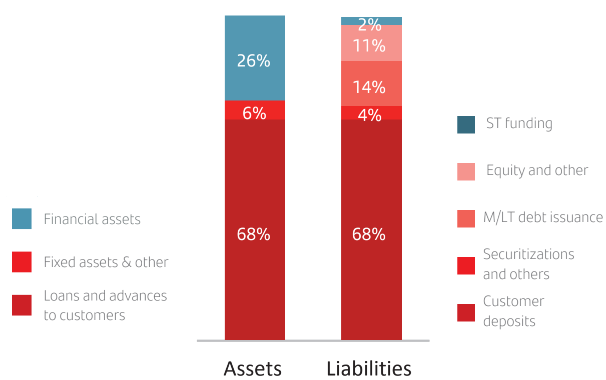
- maintain sufficient and stable medium- and long-term wholesale funding levels;
- ensure the right volume of assets that can be discounted in central banks as part of the liquidity buffer; and
- generate liquidity from the retail business.

These developments provide Santander with a very strong funding structure with the following characteristics:

- Customer deposits are our main funding source. At the end of December 2024, they represented just over two thirds of net liabilities (i.e. of the liquidity balance sheet). They are highly stable because they mainly arise from retail customer activity. For more details, see the Liquidity in 2024 section.

Group liquidity balance sheet

%. December 2024



Note: Liquidity balance sheet for management purposes is the consolidated balance sheet, net of trading derivatives and interbank balances. For more information on the consolidated balance sheet, see the 'Consolidated financial statements' chapter.

- M/LT funding (including M/LT issuances and securitizations) accounted for nearly 18% of net liabilities at the end of 2024 (similar to 2023).
- The outstanding balance of M/LT debt issued (to third parties) at the end of 2024 was EUR 222,623 million. Our maturity profile is comfortable and well balanced by instrument and market with a weighted average maturity of 4.2 years (slightly above average maturity of 4.1 years at the end of 2023).

These tables show our funding by instrument over the past three years and by maturity profile:

Group. Stock of medium- and long-term debt issuances [A]

EUR million

	2024	2023	2022
AT1/Preferred shares	11,254	9,892	8,693
Tier 2/Subordinated	23,468	20,708	17,573
Senior debt	137,693	125,951	116,350
Covered bonds	50,207	49,639	44,073
Total	**222,623**	**206,190**	**186,689**

A. Placed in markets. Does not include securitizations, agribusiness notes and real estate credit notes.

Group. Distribution by contractual maturity

EUR million

	0-1 month	1-3 months	3-6 months	6-9 months	9-12 months	12-24 months	2-5 years	more than 5 years	Total
AT1/Preferred shares	—	—	—	—	—	—	—	11,254	**11,254**
Tier 2/Subordinated	—	1,542	—	394	1,442	2,573	3,400	14,117	**23,468**
Senior debt	5,662	3,791	5,558	4,961	1,322	20,426	60,153	35,820	**137,693**
Covered bonds	993	1,258	1,322	492	356	11,397	22,509	11,880	**50,207**
Total	**6,655**	**6,591**	**6,880**	**5,848**	**3,119**	**34,397**	**86,062**	**73,071**	**222,623**

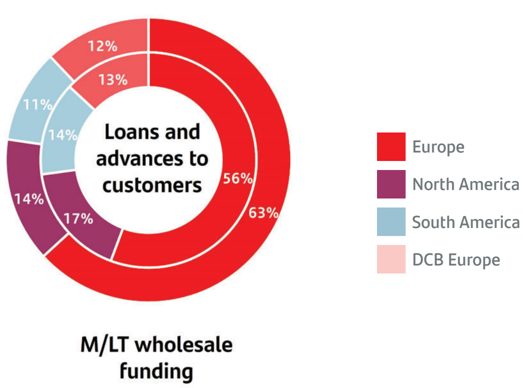
Note: There are no additional guarantees for any of the debt issued by the Group's subsidiaries.

In addition to M/LT wholesale debt issuances, we have securitizations placed in the market as well as collateralized and other specialist funding totalling EUR 66,971 million (including EUR 12,226 million in debt instruments placed with private banking clients in Brazil). The average maturity was around 1.9 years.

This chart shows the similarity of the geographic breakdown of our loans and advances to customers and M/LT wholesale funding across our footprint. This distribution is very similar to 2023.

Loans and advances to customers and M/LT wholesale funding

%. December 2024



Wholesale funding from short-term issuance programmes is a residual part of Santander's funding structure, which is related to treasury activities and is comfortably covered by liquid assets.

The outstanding short-term wholesale funding balance at the end of 2024 was EUR 38,450 million, of which 54% was in European Commercial Paper, US Commercial Paper and domestic programmes issued by Banco Santander, S.A.; 14% in certificates of deposit and commercial paper programmes in the UK; 19% in Santander Consumer Finance commercial paper programmes; and 13% in issuance programmes in other subsidiaries.

Liquidity in 2024

The key liquidity takeaways from 2024 were:

- basic liquidity ratios remained at comfortable levels;
- regulatory liquidity ratios were well above minimum requirements; and
- our asset encumbrance from funding operations was moderate.

In 2024, the main central banks started to cut interest rates, with different levels of intensity. However, Brazil's central bank started to raise its interest rate at the end of 2024, while in Poland, interest rates remained stable during the year.

In 2024, the repayment of the ECB TLTRO-III funding programme launched by the European Central Bank was completed, being replaced by a mix of funding sources that allowed regulatory liquidity ratios and internal metrics to remain at appropriate levels.

The liquidity position remained solid, and commercial activity did not consume significant liquidity during the year, as the growth in lending was matched by the growth in deposits.

i) Basic liquidity ratios at comfortable levels

At the end of 2024, Santander recorded:

- A credit to net assets ratio (i.e., total assets minus trading derivatives and inter-bank balances) of 68%, a similar level to previous years.
- A net loan-to-deposit ratio (LTD) of 100%, a very comfortable level (well below 120%) although slightly higher than the 99% at 2023 year-end.
- A customer deposit plus M/LT funding to net loans and advances ratio of 128%, slightly above the 127% in 2023.
- Limited recourse to short-term wholesale funding (around 2-3% of total funding), in line with previous years.
- An average structural surplus balance, defined as the excess of structural funding sources (deposits, M/LT funding and capital) against structural liquidity needs from fixed assets and loans, of EUR 340,438 million in the year.

  The consolidated structural surplus stood at EUR 363,828 million at year-end. Fixed-income assets (EUR 230,862 million), equities (EUR 20,368 million) and net interbank and central bank deposits (EUR 151,048 million) were partly offset by short-term wholesale funding (-EUR 38,450 million). This totalled around 24% of our net liabilities (similar to previous years).

This table shows Santander's basic liquidity monitoring metrics in recent years:

Group's liquidity monitoring metrics

%

	2024	2023	2022
Loans [A] / Net assets	68%	68%	72%
Loan [A] -to-deposit ratio (LTD)	100%	99%	103%
Customer deposits and medium- and long-term funding / Loans [A]	128%	127%	121%
Short-term wholesale funding / Net liabilities	2%	3%	3%
Structural liquidity surplus (% of net liabilities)	24%	23%	19%

A. Net loans and advances to customers.

The table below shows the principal liquidity ratios of our secondary segments as at 31 December 2024:

Secondary segments' liquidity metrics

%. December 2024

	LTD ratio (loans [A] / deposits)	Deposits + M/LT funding / Loans [A]
Spain	76%	142%
United Kingdom	107%	110%
Portugal	100%	112%
Poland	76%	139%
DCB Europe	168%	85%
US	108%	120%
Mexico	90%	121%
Brazil	94%	131%
Chile	134%	97%
Argentina	68%	147%
Group	**100%**	**128%**

A. Net loans and advances to customers.

In 2024, the key drivers of Santander's and its subsidiaries' liquidity were:

- Commercial activity has provided liquidity during the year.
- Issuance activity continued to be intense, to finance issuance maturities and repayment of central bank funding, even exceeding the funding plan proposed at the beginning of the year, taking advantage of favourable market conditions, to pre-fund part of the 2025 maturities.

In 2024, Santander issued EUR 79,127 million in M/LT funding (at year-average exchange rates).

By instrument (in constant euros, i.e., excluding exchange rate impact), issuances of M/LT fixed income debt (i.e., covered bonds, senior debt, subordinated debt and capital hybrid instruments) increased by around 18% to EUR 52,575 million in the year. Activity in senior debt issuances (mainly TLAC eligible) increased significantly compared to 2023. The volume of covered bond issuances in 2024 was similar to the previous year. Securitizations and structured finance totalled EUR 26,552 million in 2024, a 33% increase year-on-year.

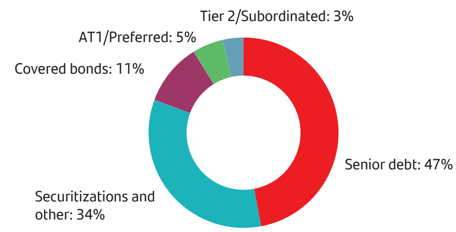
Spain issued the most M/LT fixed income debt (excluding securitizations), followed by the UK. The UK and Spain registered the highest absolute increases in the year. The main year-on-year decrease occurred in Santander Consumer Finance.

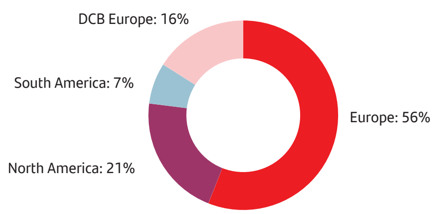
The US and Santander Consumer Finance were the main issuers of securitizations.

The charts below show issuances in the year by instrument and region:

Distribution by instrument and region

%. December 2024





The issuance of eligible hybrid instruments, such as AT1 or subordinated debt, depends on risk-weighted asset growth. In 2024, they reduced their weight versus 2023, to the benefit of senior debt. The weight of covered bonds decreased in 2024, to the benefit of securitizations.

In 2024, at average exchange rates, the Group issued EUR 20,800 million in subordinated debt instruments, including EUR 13,848 million in senior non-preferred debt from Banco Santander, S.A. and Poland and senior preferred from the holdings in the UK and the US; EUR 2,762 million in subordinated debt issued from Banco Santander, S.A., EUR 2,881 million of AT1 eligible hybrid instruments were issued from Banco Santander, S.A. and EUR 1,308 million hybrid instruments were issued from Brazil, as AT1 eligible and as subordinated for the Group.

In conclusion, in 2024, we retained comfortable access to all our markets having issued and securitized debt in 17 currencies, involving 30 major issuers from 14 countries and an average maturity of 4.9 years, similar to 2023 (4.8 years).

ii) Compliance with regulatory ratios

Within the liquidity management model, Santander manages implementation, monitoring and compliance with the liquidity requirements established under international financial regulations.

Liquidity Coverage Ratio (LCR)

As the regulatory LCR requirement has been at 100% since 2018, we set a risk appetite of 110% at the consolidated and subsidiary level.

Our good baseline short-term position liquidity, combined with the management of the ratio in all units, enabled us to maintain levels of over 100% in the year, both at the consolidated and individual level.

The Group LCR ratio as at end of December 2024 was 168%. This ratio is calculated using an internal methodology that determines the common minimum percentage of simultaneous coverage in all Group jurisdictions, taking into account all existing restrictions on the transfer of liquidity in third countries. This methodology reflects more accurately the Group’s resilience to liquidity risk.

This internal ratio is very much in line with the level that would be achieved under the approach followed until mid-2024, which did not include restrictions on liquidity transfer between subsidiaries.

The Consolidated LCR ratio as at end of December 2024 was 153%, comfortably exceeding internal and regulatory requirements. This ratio is calculated, at the request of the ECB, using a consolidation methodology that does not take into account any excess liquidity in excess of 100% of the LCR outflows and that is subject to transferability restrictions (legal or operational) in third countries, even if such excess liquidity can be used to cover additional outflows within the country itself, which is not subject to any restrictions.

However, as the Group manages the liquidity on a decentralized level, the consolidated metrics are not considered a representative indicator of the Group's liquidity position.

This table shows that all our subsidiaries substantially exceeded the required minimum in 2024 and the comparison versus 2023. Santander UK’s figures only include activities that the Financial Services and Markets Act 2000 leaves within the Ring-Fenced Bank.

Liquidity Coverage Ratio (LCR)

%

	December 2024	December 2023
Parent bank	162%	159%
United Kingdom	154%	159%
Portugal	142%	150%
Poland	220%	221%
Santander Consumer Finance	263%	357%
US	179%	138%
Mexico	212%	171%
Brazil	168%	154%
Chile	181%	207%
Argentina	226%	226%
Group LCR	**168%**	**—**
Consolidated LCR	**153%**	**166%**

NSFR (Net Stable Funding Ratio)

Regulation (EU) 2019/876 of the European Parliament dictated that entities must have a net stable funding ratio greater than 100% from June 2021.

The NSFR is a structural measure that gives banks an incentive to ensure long-term stability and proper management of maturity mismatches by funding long-term assets with long-term liabilities. It is the quotient of available stable funding (ASF) and required stable funding (RSF).

ASF comprises sources of funding (i.e., capital and other liabilities) considered stable over one year. As RSF primarily refers to any asset deemed illiquid over one year, it needs to be matched with stable sources of funding.

The risk appetite limit for the NSFR is set at 103% at the consolidated and subsidiary level.

The high weight of customer deposits (which are more stable); permanent liquidity needs deriving from commercial activity funded by medium- and long-term instruments; and limited recourse to short-term funding help maintain our balanced liquidity structure as reflected in our consolidated and subsidiary NSFRs which all exceeded 100% in December 2024.

The following table provides details by entity as well as a comparison with 2023. Santander UK's figures only include activities that the Financial Services and Markets Act 2000 leaves within the Ring-Fenced Bank. All figures were calculated using European regulations.

Net Stable Funding Ratio

%

	December 2024	December 2023
Parent bank	122%	117%
United Kingdom	137%	138%
Portugal	120%	117%
Poland	156%	157%
Santander Consumer Finance	116%	111%
US	120%	117%
Mexico	128%	129%
Brazil	114%	113%
Chile	112%	115%
Argentina	181%	202%
Group	**126%**	**123%**

iii) Asset Encumbrance

Santander's use of assets as collateral in structural balance sheet funding sources is moderate.

Per the 2014 European Banking Authority (EBA) guidelines on disclosure of encumbered and unencumbered assets, the concept of asset encumbrance includes on-balance-sheet assets pledged as collateral in operations to obtain liquidity, off-balance-sheet assets received and reused for a similar purpose, and other assets with liabilities for reasons other than funding.

The tables below show the asset encumbrance data we must submit to the EBA as of 2024.

On-balance-sheet encumbered assets amounted to EUR 299.8 billion, of which 56% were loans and advances (e.g., mortgages and corporate loans). Off-balance-sheet encumbrance stood at EUR 161.0 billion and mainly related to debt securities received as collateral in reverse repos and reused ('rehypothecated').

In total, encumbered assets amounted to EUR 460.9 billion, giving rise to associated liabilities of EUR 363.0 billion.

At the end of 2024, total asset encumbrance in funding operations was 22.5% of the Group's extended balance sheet under EBA criteria (total assets plus guarantees received: EUR 2,047.7 billion), similar to 2023.

Group. Disclosure on asset encumbrance as at December 2024

EUR billion

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	**299.8**	**—**	**1,537.2**	**—**
Loans and advances	168.8	—	1,181.0	—
Equity instruments	9.6	9.6	13.9	—
Debt instruments	93.8	94.3	189.7	190.6
Other assets	27.6	—	152.8	—

Group. Collateral received as at December 2024

EUR billion

	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received	**161.0**	**49.6**
Loans and advances	1.2	0.0
Equity instruments	7.0	7.5
Debt instruments	152.8	41.9
Other collateral received	—	0.2
Own debt securities issued other than own covered bonds or ABSs	0.1	**2.3**

Group. Encumbered assets/collateral received and associated liabilities as at December 2024

EUR billion

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Total sources of encumbrance (carrying amount)	**363.0**	**460.9**

Rating agencies

Rating agencies influence Santander's access to wholesale funding markets and the cost of its issuances.

The agencies listed below regularly review our ratings. Debt ratings depend on several internal factors (business model, strategy, capital, income generation capacity, liquidity, ESG related factors, etc.) but also on external factors related to economic conditions, the industry and sovereign risk across our footprint.

Sometimes the methodology applied by the rating agencies limits a bank's rating to the sovereign rating of the country where it is headquartered. As at end 2024 Banco Santander, S.A. was rated above the sovereign debt rating of the Kingdom of Spain by Moody's, DBRS and S&P and rated at the same level by Fitch, which demonstrates our financial strength and the benefits from our diversification.

At the end of 2024, the ratings from the main agencies were:

Rating agencies

	Long term	Short term	Outlook
DBRS	A (High)	R-1 (Middle)	Stable
Fitch Ratings	A-(SeniorA)	F2 (Senior F1)	Stable
Moody's	A2	P-1	Positive
Standard & Poor's	A+	A-1	Stable
Scope	AA-	S-1+	Stable
JCR Japan	AA-	—	Stable

In October 2024, Moody's confirmed the A2 rating for long-term and P-1 rating for short-term and maintained the positive outlook, which it had already upgraded in April, following the same movement in the rating of the Kingdom of Spain and keeping it two notches above it.

In September 2024, S&P Global Ratings confirmed Santander's credit rating at A+ for long-term debt issuances and A1 for short-term. In April, S&P rated our AT1 instruments as BBB- (investment grade), a new rating for this type of instrument. It also maintained Santander's outlook at stable, above the sovereign rating.

Fitch maintained the senior ratings at A/F1 in September 2024 and the stable outlook. In February 2025, it upgraded Santander's long-term rating from A- to A and the short-term rating F2 to F1 and maintained the outlook at stable, above the sovereign.

DBRS maintained the outlook at stable, above the sovereign.

In January 2025, JCR upgraded Santander's rating by one notch from A+ to AA- for long-term debt issuances and senior rating from A to A+, with a stable outlook.

Funding outlook for 2025

Grupo Santander has begun 2025 in a comfortable position and with a good funding outlook for the year, despite some uncertainty stemming from the global macroeconomic and geopolitical situation.

We expect a moderate lending increase across our footprint, together with a good performance of deposits, which will not put pressure on liquidity in commercial business.

Maturities in the coming quarters are expected to be manageable, aided by limited recourse to short-term funding and an active medium- and long-term issuance dynamic. We will manage each country and optimize liquidity to maintain a solid balance sheet structure across our footprint.

Our funding plans consider costs and diversification by instrument, country and market as well as the construction of liability buffers with loss-absorbing capacity in resolution (whether capital eligible or not). We design them to ensure Santander and its subsidiaries satisfy regulatory requirements and those stemming from our risk appetite framework.

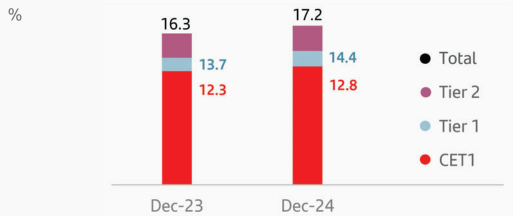
Santander has been very active at the beginning of 2025. Banco Santander, S.A. pre-funded approximately EUR 8.0 billion in 2024. In January 2025, the main issuers in the Group (Banco Santander, S.A., Santander UK and Santander Holdings USA) had already issued EUR 6.3 billion, which, together with the pre-funding amounts to around EUR 15 billion.

3.5 Capital management and adequacy. Solvency ratios

Executive summary

Fully-loaded capital ratio

The fully-loaded CET1 ratio increased 0.5 pp in the year to 12.8%, remaining above 12% in every quarter in 2024



Fully-loaded CET1

Strong organic generation driven by higher profit and risk transfer and balance sheet mobilization initiatives

Organic generation in 2024 **+209 bps**

TNAV per share

The TNAV per share was **EUR 5.24, +14% year-on-year** including cash dividends paid in 2024

Capital management and adequacy at Santander aims to guarantee solvency and maximize profitability, while complying with regulatory requirements and internal capital targets.

Capital management is a key strategic tool for decision-making at both the subsidiary and corporate levels.

We have a common framework that covers capital management actions, criteria, policies, functions, metrics and processes. We have a team in charge of our capital analysis, adequacy and management that coordinates with subsidiaries on all matters related to capital and monitors and measures shareholder returns.

Our most notable capital management activities are:

- Establishing capital adequacy and capital contribution targets that align with minimum regulatory requirements, internal policies and the budget, to guarantee robust capital levels consistent with our risk profile and efficient use of capital.
- Drawing up a capital plan to meet our strategic plan objectives.
- Monitoring the capital ratio in both regulatory and economic terms and the efficient capital allocation to country units and global businesses. Assessing capital adequacy to ensure the capital plan is consistent with our risk profile and risk appetite framework in baseline and stress scenarios.
- Integrating capital metrics into businesses' management ensuring alignment with the Group's objectives. Continuously monitoring stock and new business profitability as well as new business pricing at the country unit, global business, segment and customer levels, in addition to tracking businesses, portfolios and customers with profitability below the minimum target.
- Coordinating and promoting the bank's asset mobilization plan (e.g., securitizations, guarantees, sales).
- Preparing internal capital reports, and reports for the supervisory authorities and the market (ICAAP, Pillar 3 reports and stress tests).
- Planning and managing other loss-absorbing instruments other than regulatory capital instruments (MREL and TLAC).

Santander's capital function has the following aims:

Capital allocation

Capital allocation based on **shareholder value creation** by measuring profitability on a full cost allocation basis

Maximize profitability in the economic cycle

Sustain **profitability improvements** in a **changing macro-economic environment**

Shift towards a fee-based, capital-light model

Embrace a fee-based, **capital-light** model, given intense competition from peers operating with **lighter capital models** with more competitive pricing

Provide economic value to shareholders

Improve **free capital generation** by **increasing profitability per unit of capital** deployed as well as by **mitigating impacts that hinder free capital generation**

Continue building a sound capital base

Continuously improve the Group's capital base, while cautiously following the **net zero RWA growth mandate**

Santander's goal is to generate capital growth and value creation for shareholders

The main measures we took in 2024 were:

Issuances of capital hybrid and other loss-absorbing instruments

In 2024, Banco Santander, S.A. issued around EUR 5.7 billion in hybrid instruments, of which approximately EUR 2.8 billion was Tier 2 subordinated debt and approximately EUR 2.9 billion was contingently convertible preferred shares (CoCos). One EUR 1.5 billion CoCo issuance was to replace an AT1 issuance of the same amount that was called in a tender offer. The other CoCo, a USD 1.5 billion issuance, was to cover regulatory requirements.

Additionally, Banco Santander, S.A. issued around EUR 9.0 billion in senior non-preferred debt.

Dividends and shareholder remuneration

For the 2024 results, the board continued to apply the same policy as in 2023, with total shareholder remuneration of approximately 50% of the Group reported profit (excluding non-cash, non-capital ratios impact items), distributed in approximately equal parts in cash dividend and share buybacks.

- **Interim remuneration**.
  - On 26 August 2024, the board resolved to execute the First 2024 Buyback Programme worth up to EUR 1,525 million (equivalent to approximately 25% of said Group reported profit in H1'24). See 'First 2024 Buyback Programme' in the 'Corporate governance' chapter.
  - On 24 September 2024, the board resolved to pay an interim cash dividend against the 2024 results of 10 euro cents per share entitled to the dividend (equivalent to approximately 25% of said Group reported profit in H1'24); it was paid from 1 November 2024.
- **Final remuneration**. Under the 2024 shareholder remuneration policy:
  - On 4 February 2025 the board of directors resolved to implement the Second 2024 Buyback Programme worth a maximum amount of EUR 1,587 million, for which the appropriate regulatory authorization has been obtained, and the execution of which began on 6 February 2025. For more details, see 'Second 2024 Buyback Programme' in the 'Corporate governance' chapter.
  - On 25 February 2025 the board of directors resolved to submit a resolution at the 2025 AGM to approve a final cash dividend in the gross amount of 11 euro cents per share entitled to dividends. If approved at the AGM, the dividend would be payable from 2 May 2025.

Once the above-mentioned actions are completed, total shareholder remuneration for 2024 will total EUR 6,293 million (approximately 50% of the Group reported profit -excluding non-cash, non-capital ratios impact items- in 2024), distributed as approximately 50% in cash dividends (EUR 3,181 million) and 50% in share buybacks (EUR 3,112 million). For more details, see section 3.3 'Dividends and shareholder remuneration' in the 'Corporate governance' chapter.

Strengthening our active capital management culture

We continue to focus on disciplined capital allocation and shareholder remuneration after achieving our 2024 fully-loaded CET1 target of remaining above 12%.

At end 2025, we are targeting to reach a CET1[A] ratio of 13%, above the 12% objective and at the top end of our 12-13% operating range. Additionally, the board of directors intends to return up to EUR 10 billion to our shareholders through share buybacks corresponding to 2025 and 2026 by combining: i) buybacks resulting from the application of our existing shareholder remuneration policy consisting of a c.50% pay-out ratio (distributed approximately equally between cash dividends and share buybacks); plus ii) additional buybacks to distribute excesses of our CET1. The implementation of the shareholder remuneration policy and any share buybacks to distribute CET1 surpluses are subject to future corporate and regulatory decisions and approvals.

Continuous improvement of our capital ratios reflects our profitable growth strategy and a culture of active capital management at all levels.

The Capital and Profitability Management team is in charge of our capital analysis, adequacy and management, coordination with subsidiaries on all matters related to capital and monitoring and measuring returns.

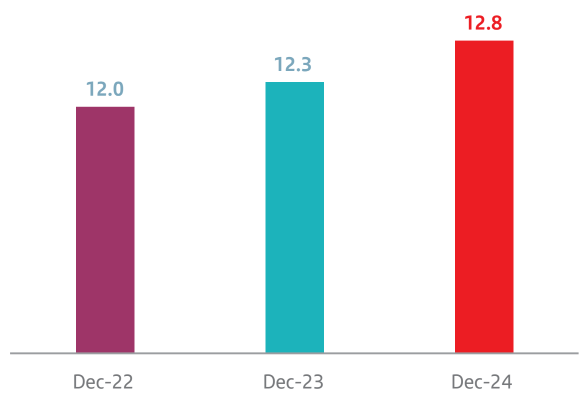
Every country and business unit has drawn up individual capital plans that focus on maximizing return on equity.

Santander places high value on its long-term sustainability and the efficient use of capital in the incentives of the Group's main executives. We considered certain aspects relating to capital management and returns when setting senior managers' 2024 variable remuneration including return on tangible equity (RoTE) and other relevant capital metrics (capital generation or CET1).

A. Phased-in CRR3.

Fully-loaded CET1 ratio

%



Regulatory phased-in CET1 ratio[A]

%

12.2	12.3	12.8

Main capital data and solvency ratios

EUR million

	Fully loaded		Phased in[A]	
	2024	**2023**	**2024**	**2023**
Common equity (CET1)	79,705	76,448	79,800	76,741
Tier 1 (T1)	90,076	85,450	90,170	85,742
Eligible capital	107,106	101,747	108,589	102,240
Risk-weighted assets	624,477	623,652	624,503	623,731
CET1 capital ratio	12.8%	12.3%	12.8%	12.3%
T1 capital ratio	14.4%	13.7%	14.4%	13.7%
Total capital ratio	17.2%	16.3%	17.4%	16.4%
Leverage ratio	4.78%	4.68%	4.78%	4.69%

A. The phased-in ratios include the transitory treatment of IFRS 9, calculated in accordance with article 473 bis of the Regulation on Capital Requirements (CRR) and subsequent amendments introduced by Regulation 2020/873 of the European Union. Additionally, the Tier 1 and total phased-in capital ratios include the transitory treatment according to chapter 2, title 1, part 10 of the aforementioned CRR.

Fully-loaded capital ratios in 2024

The fully-loaded CET1 ratio was 12.8% if we do not apply the transitory IFRS 9 provisions or the subsequent amendments introduced by Regulation 2020/873 of the European Union. This represents a 0.5 pp increase in the year.

We organically generated 209 bps of capital, strongly supported by results obtained during the year and by a significant uplift from asset rotation and risk transfer initiatives. The impact from shareholder remuneration in the year was -100 bps.

We also recorded a negative 59 bp impact in regulatory and models, mainly relating to a parameter change regarding maturities in CIB models and changes in capital model associated with large exposures.

Additionally, there was no net contribution in markets and others, as positive impacts from the accelerated placement of Santander Bank Polska S.A. ordinary shares, intangible assets and ALCO portfolio valuations were offset by various smaller charges (pensions, tax credits, etc.).

The fully-loaded leverage ratio stood at 4.78% at the end of 2024.

Fully-loaded CET1 ratio in 2024

%

A. Deduction for expected shareholder remuneration. Our target payout is approximately 50% of Group reported profit (excluding non-cash, non-capital ratios impact items), divided approximately equally between cash dividends and share buybacks. The implementation of the shareholder remuneration policy is subject to future corporate and regulatory decisions and approvals.

Regulatory capital ratios (phased-in)

The phased-in ratios are calculated by applying the CRR transitory schedules. The transitory schedule ended on 31 December 2024 (with the exception of some issuances in the UK). From 1 January 2025, a new transitory schedule will apply related to the implementation of CRR3. For more information, see note 1.e in the consolidated financial statements.

On a consolidated basis, the minimum levels required by the European Central Bank in 2024 were 9.6% for the CET1 ratio and 13.9% for the total capital ratio.

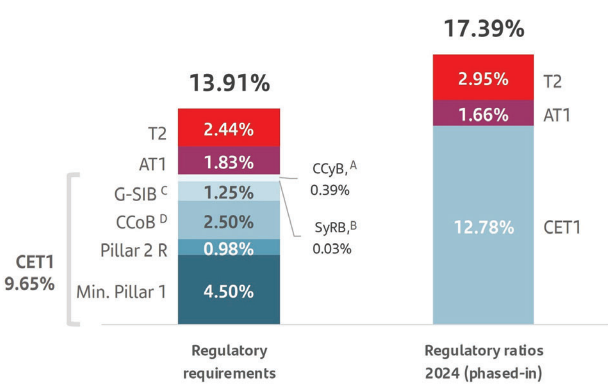
Our capital requirements increased in 2024 compared to 2023 due to:

- a higher D-SIB requirement driving an increase in the D-SIB/G-SIB requirement from 1% to 1.25% due to: i) a methodological change by the ECB which was later adopted by Banco de España; and ii) because institutions must hold capital at the consolidated level for the higher of the G-SIB (currently at 1%) and D-SIB requirements;
- the ECB's revision of Banco Santander, S.A.'s P2R requirement from 1.58% to 1.74% (mainly due to a change in the ECB's methodology);
- higher countercyclical buffer requirements by the competent authorities in the countries in which we operate (+0.02 pp); and
- and a new systemic risk buffer (0.03 pp).

At year-end, the phased-in CET1 ratio was 12.8%, resulting in a CET1 management buffer of 313 bps. This shows our ability to generate capital organically, our solid position to be able to pay dividends and our strong capital management.

The total phased-in capital ratio was 17.4%. Taking into account the shortfall in AT1, Santander exceeded the 2024 minimum regulatory requirements (i.e. distance to the maximum distributable amount - MDA) by 297 bps.

The phased-in leverage ratio stood at 4.78%.



A. Countercyclical buffer.
B. Systemic risk buffer.
C. Global systemically important banks (G-SIB) buffer.
D. Capital conservation buffer.

Regulatory capital (phased-in). Flow statement

EUR million

	2024
Capital Core Tier 1 (CET 1)	
Starting amount (31/12/2023)	**76,741**
Shares issued in the year and share premium	(4,810)
Treasury shares and own shares financed	1,153
Reserves	(419)
Attributable profit net of dividends	9,431
Other retained earnings	(3,579)
Minority interests	1,580
Decrease/(increase) in goodwill and other intangible assets	1,263
Other	(1,559)
Ending amount (31/12/2024)	**79,800**
Additional Capital Tier 1 (AT1)	
Starting amount (31/12/2023)	**9,002**
AT1 eligible instruments	1,264
AT1 excesses - subsidiaries	105
Residual value of intangible assets	—
Deductions	—
Ending amount (31/12/2024)	**10,371**
Capital Tier 2 (T2)	
Starting amount (31/12/2023)	**16,497**
T2 eligible instruments	1,767
Generic funds and surplus loan-loss provisions-IRB	(76)
T2 excesses - subsidiaries	230
Deductions	—
Ending amount (31/12/2024)	**18,418**
Deductions from total capital	—
Total capital ending amount (31/12/2024)	**108,589**

These tables show the total risk-weighted assets (comprising the denominator of capital requirements based on risk) as well as their distribution by geographic segment.

Risk-weighted assets (phased-in CRR, phased-in IFRS 9)

EUR million

	RWAs		Minimum capital requirements
	2024	2023	2024
Credit risk (excluding CCR) [A]	**499,560**	**515,238**	**39,965**
Of which: standardized approach (SA)	283,612	285,728	22,689
Of which: the foundation IRB (FIRB) approach	59,981	56,913	4,798
Of which: slotting approach [B]	13,840	14,123	1,107
Of which: IRB equities under the simple risk-weighted approach	4,724	3,603	378
Of which: the advanced IRB (AIRB) approach	129,919	138,204	10,394
Counterparty credit risk (CCR)	**18,768**	**13,593**	**1,501**
Of which: standardized approach	15,035	10,150	1,203
Of which: internal model method (IMM)	—	—	—
Of which: exposures to a CCP	294	324	24
Of which: credit valuation adjustment (CVA)	679	680	54
Of which: other CCR	2,761	2,439	221
Settlement risk	**173**	**4**	**14**
Securitization exposure in the banking book (after the cap)	**15,705**	**11,419**	**1,256**
Of which: SEC-IRBA approach	7,285	4,275	583
Of which: SEC-ERBA approach	2,484	2,257	199
Of which: SEC-SA approach [B]	5,935	4,887	475
Of which: 1,250% deduction [C]	—	—	—
Position, foreign exchange and commodities risks (Market risk)	**17,946**	**16,454**	**1,436**
Of which: standardized approach	10,693	9,166	855
Of which: internal model approach (IMA)	7,253	7,288	580
Large exposures	**—**	**—**	**—**
Operational risk	**72,351**	**67,022**	**5,788**
Of which: basic indicator approach	—	—	—
Of which: standardized approach	72,351	67,022	5,788
Of which: advanced measurement approach	—	—	—
Amounts below the thresholds for deduction	**22,656**	**28,732**	**1,812**
Total [B]	**624,503**	**623,731**	**49,960**

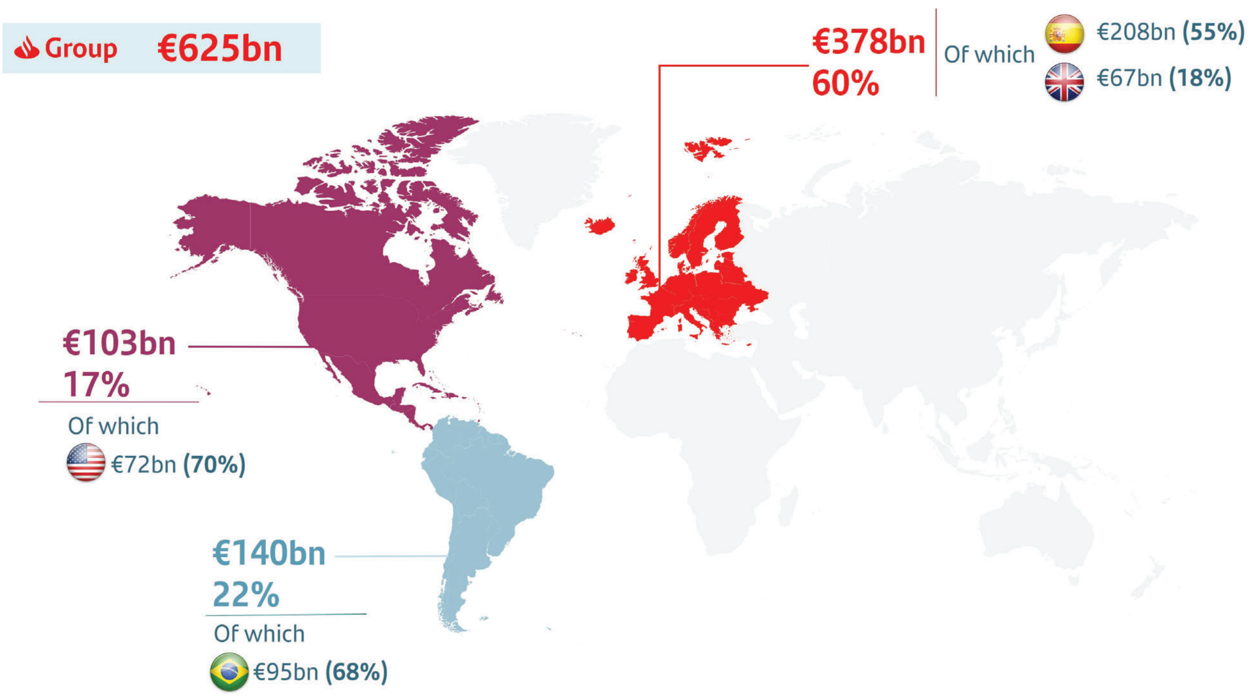
A. Includes equities under the PD/LGD approach.
B. For more detail see Pillar 3 report.
C. Information prepared following the update of the EBA (24.05.22,'ITS on institutions' Pillar 3 public disclosures'). Banco Santander, S.A. deducts from capital those securitizations that meet the deduction requirements, and therefore does not apply a 1,250% weighting to these exposures. This row does not include the EUR 8,367 million in 2024 and EUR 5,475 million in 2023 that would result from applying this weighting to these exposures.

RWAs by geographical distribution (phased-in CRR, phased-in IFRS 9)

EUR billion

	TOTAL	EUROPE	o/w: Spain	o/w: United Kingdom	NORTH AMERICA	o/w: US	SOUTH AMERICA	o/w: Brazil
Credit risk (excluding CRR)	**535**	**330**	**180**	**58**	**85**	**58**	**120**	**84**
of which, standardised approach (SA)	284	117	41	18	73	56	94	61
of which, internal rating-based (IRB) approach	203	174	107	37	8	0	21	19
of which, securitizations [A]	16	13	9	2	2	2	1	1
of which, rest	33	27	22	1	1	1	4	3
Market risk	**18**	**13**	**13**	**0**	**1**	**1**	**4**	**2**
Operational risk	**72**	**34**	**16**	**8**	**17**	**12**	**16**	**9**
Total	**625**	**378**	**208**	**67**	**103**	**72**	**140**	**95**

Note: Breakdown according to debtor's residency, except operational risk (management criteria). Counterparty RWAs are included in the IRB/STD approaches. The amounts shown in the table are presented in EUR billion, therefore, the amounts have been rounded. Consequently, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total figure given for that column or row.
A. It does not include 1,250% deductions. See footnote C in the previous table.



Note: EUR 5 billion allocated to other countries (1% of total Group RWAs).

This table presents the main changes to capital requirements by credit risk:

Credit risk capital movements [A]

EUR million

	RWAs	Capital requirements
Starting amount (31/12/2023)	**539,247**	**43,140**
Asset size	(17,322)	(1,386)
Asset quality	(2,584)	(207)
Model updates	8,307	665
Methodology and policy	14,308	1,145
Acquisitions and disposals	—	—
Foreign exchange movements	(8,897)	(712)
Other	—	—
Ending amount (31/12/2024)	**533,060**	**42,645**

A. Includes capital requirements from equity, securitizations and counterparty risk (excluding CVA and CCP).

Credit risk RWAs decreased EUR 6,187 million in 2024. If we isolate the exchange rate effect (due to the depreciation of the Brazilian real, the Mexican peso and the Chilean peso, partially offset by the appreciation of the US dollar and the pound sterling), RWAs increased EUR 2,709 million. This is mainly due to 'Methodology and policy' from calculating maturity models in CIB (+EUR 11,556 million) and a review of the application of the SME factor on some operations with self-employed customers (+EUR 2,752 million). Additionally, 'Model updates' contributed +EUR 8,307 million, mainly relating to capital model changes associated with large exposures in some portfolios. This growth was compensated by the decrease in RWAs related to 'Asset quality' (-EUR 2,584 million) and 'Asset size' (-EUR 17,322 million), as securitizations during the year (-EUR 29,499 million) more than offset widespread business growth.

In short, from a qualitative point of view, Santander's solid capital ratios are consistent with its business model, balance sheet structure and risk profile.

Economic capital

Economic capital is the capital required to cover all risks from our activity with a certain level of solvency. We measure it using an internal model. To calculate the required capital, we determine our solvency level based on our long-term rating target of 'A' (in line with the Kingdom of Spain); this represents a confidence level of 99.95% (above the regulatory level of 99.90%).

Our economic capital model measurements cover all significant risks incurred in our activity (concentration risk, structural interest rate risk (ALM), business risk, pensions risk, deferred tax assets (DTAs), goodwill and others that are beyond the scope of regulatory Pillar 1). It also considers diversification, which is key to determining and understanding our risk profile and solvency in view of our multinational operations and businesses.

Our total risk and related economic capital are less than the sum of the risk and capital of all individual units combined. Because our business spans several countries in a structure of separate legal entities with different customer and product segments and risk types, our earnings are less vulnerable to adverse situations for any given market, portfolio, customer type or risk. Despite increasing economic globalization, economic cycles and their impact differ by country. Groups with a global presence tend to have more stable results and are more resistant to market or portfolio crises, which translates into lower risk.

In contrast to regulatory criteria, we consider such intangible assets as DTAs and goodwill to retain value (even in a hypothetical resolution), owing to the geographic structure of our subsidiaries. Thus, we can value assets and estimate their unexpected loss and capital impact.

Economic capital is an essential internal management tool that helps us develop our strategy, assess solvency and manage portfolio and business risk. As such, it is a key part of the Supervisory Review and Evaluation Process (SREP).

Regarding Basel Pillar 2, we use our economic model for the internal capital adequacy assessment process (ICAAP). We plan business progression and capital needs under a baseline scenario and alternative stress scenarios to make sure we meet our solvency objectives, even in adverse scenarios.

Economic capital-derived metrics help us assess risk-return objectives, price operations based on risk, determine how economically viable projects are, and value country units and business lines to fulfil our overriding objective of maximizing shareholder value.

As a homogeneous risk measure, we can use economic capital to explain how we distribute risk throughout Santander, bringing together several activities and risk types under a single metric.

Given its relevance to internal management, Santander includes several economic capital-derived metrics from both a capital needs and a risk-return point of view, within a conservative risk appetite framework established at both Group and subsidiary levels.

Required economic capital in December 2024 amounted to EUR 69,984 million. Compared to the available economic capital base of EUR 96,342 million, this implies a capital surplus of EUR 26,358 million.

Reconciliation of economic and regulatory capital

EUR million

	2024	2023
Net capital and issuance premiums	45,961	49,618
Reserves and retained profits	85,979	76,841
Valuation adjustments	(38,323)	(34,484)
Minority interests	8,485	6,908
Prudential filters	(912)	(669)
Other [A]	(4,847)	(3,986)
Base economic capital available	**96,342**	**94,228**
Deductions	(17,379)	(18,867)
Goodwill	*(13,664)*	*(14,161)*
Other intangible assets	*(2,293)*	*(3,059)*
DTAs	*(1,423)*	*(1,648)*
Other	*(743)*	*1,088*
Base regulatory (FL CET1) capital available	**79,705**	**76,448**
Base economic capital available	**96,342**	**94,228**
Economic capital required [B]	69,984	74,721
Capital surplus	26,358	19,507

A. Includes: deficit of provisions over economic expected loss, pension assets and other adjustments.

B. For a better comparison with regulatory capital, the differences in goodwill due to FX changes are included in the required economic capital. All figures according to EC 2024 methodology.

The main difference compared to regulatory CET1 is the treatment of goodwill, other intangible assets and DTAs; we consider them additional capital requirements rather than a deduction from available capital.

Profitability metrics and Economic Value Added

One of the Group's primary priorities is to manage capital by ensuring that we make a profitable allocation of capital in all our activities.

Our strategy includes investing capital in markets, country units, global businesses and portfolios with the highest returns on capital, ensuring strong and sustainable shareholder value creation. Metrics such as RoTE, RoRWA and RoRAC are part of approvals and monitoring policies. These metrics help us compare the return on operations, customers, portfolios and businesses on a like-for-like basis. We can identify what is obtaining a risk-adjusted return higher than its cost of capital and thus align risk and business management to maximize economic value added (EVA).

We regularly assess the level and progression of EVA across the Group's country units and global businesses, both from a regulatory and economic capital point of view. EVA is the profit generated above the cost of capital employed.

The minimum return on capital a transaction must obtain is determined by the cost of capital (i.e. the minimum compensation required by shareholders). We calculate it by adding the premium shareholders demand to invest in Santander to the risk-free return. The premium depends essentially on the degree of volatility in our share price with respect to market performance. Santander's cost of capital in 2024 was 12.0% (versus 11.2% in 2023).

On top of reviewing the cost of capital every year, we also estimate a cost of capital for each business unit based on its features (under the philosophy that subsidiaries manage capital and liquidity autonomously) to determine whether each business is capable of creating value on a standalone basis.

This table shows economic value added and RoRAC of the Group's geographical segments at the end of December 2024.

Economic Value Added[A] and RoRAC

EUR million

	2024		2023	
	RoRAC	**EVA**	**RoRAC**	**EVA**
Europe	28.3%	4,149	24.1%	3,169
DCB Europe	13.0%	72	23.2%	788
North America	22.8%	1,205	18.8%	886
South America	26.3%	872	19.0%	(45)
Total Group	**17.5%**	**4,332**	**15.3%**	**3,285**

A. The economic value added is calculated with the cost of capital of each unit. The Group's total RoRAC includes the operating units and the Corporate Centre, reflecting the Group's economic capital and its return.

In 2024, we generated EUR 4.3 billion EVA for our shareholders, with positive contributions from all our geographical segments.

Additionally, we also internally use a Shareholder Value Added (SVA) view which adjusts components that affect shareholder value creation but are not reflected in results.

Identifying and managing businesses with low profitability is part of the Group's capital optimization process. We dynamically target and actively monitor customers, portfolios, global businesses and markets with attractive returns on capital.

To ensure improved profitability and maximize capital productivity, we must focus on capital efficiency from origination. Pricing is an objective process based on the characteristics of the transaction, product, borrower, segment and market. Furthermore, it should ensure that the price exceeds a minimum threshold covering at least funding, operating, credit and capital costs, as well as an additional spread that takes into account demand sensitivity to prices and value generation. Therefore, pricing should aim to maximize profitability, with positive EVA for every transaction, customer, portfolio and/or global business, and ensure compliance with minimum return on capital targets.

Santander has granular approvals tools for the CIB and corporate segments which it uses to calculate the return on both regulatory and economic capital (RoRWA and RoRAC) and determine appropriate pricing. For retail segments, tools are locally developed by the units, tailoring them to the individual characteristics of each market. We also employ a granular tool to track returns on capital on a like-for-like basis between units.

Our approvals tools enable us to identify and justify any new loans with a pricing below the minimum threshold and our monitoring tools enable us to identify operations with profitability below the cost of capital, thereby recurrently destroying value. To try to ensure that all customer relationships add value, we regularly monitor and actively manage low performing customers through specific action plans.

Both approvals and profitability monitoring have a robust approval and review governance which i) ensures the consideration of minimum pricing thresholds are properly integrated into capital processes; ii) establishes a timely scaling/authorizing process; and iii) that detailed follow-ups are carried out for operations approved below the minimum threshold.

Capital planning and stress tests

Capital stress test exercises are a key tool in banks' dynamic assessments of their risks and solvency. These forward-looking reviews are based on unlikely-but-plausible macroeconomic and idiosyncratic scenarios. They require robust planning models that can translate the effects defined in the projected scenarios to elements that affect solvency.

The ultimate aim of these exercises is to assess risks and solvency thoroughly to determine capital requirements if a bank fails to meet its regulatory and internal capital objectives.

Santander has an internal capital stress and planning process to respond to various regulatory exercises and is a key tool integrated within management and strategy. They aim to ensure sufficient current and future capital, even in unlikely-but-plausible economic scenarios. We estimate results in various business environments (including severe recessions as well as expected macroeconomic environments), based on our initial situation (defined using financial statements, capital base, risk parameters and regulatory and economic ratios) to determine our solvency ratios, usually for a three-year period.

Planning offers a comprehensive view of our capital for the analysed period and in each of the defined scenarios based on regulatory capital and economic capital metrics.

This chart describes the structure in place:

1	**Macroeconomic scenario**	• **Central and recession** • **Idiosyncratic:** based on specific risks the entity faces • **Multi-year** horizon • **Reverse stress tests**
2	**Balance sheet and income statement forecasts**	• Projection of **volumes**. Business **strategy** • **Margins** and **funding costs** • **Fees** and operating **expenses** • **Market** shocks and **operational** losses • Credit losses and **provisions**. PIT LGD and PD models • IFRS 9 models and migration among stages
3	**Capital requirements forecasts**	• **Consistent** with projected **balance sheet** • **Regulatory and economic risk parameters** (PD, LGD and EAD)
4	**Solvency analysis**	• Available **capital base**. Profits and dividends • **Regulatory and legislative impacts** • **Capital and solvency ratios** • **Compliance** with capital **objectives** • **Regulatory and economic view**
5	**Action plan**	• In the event of failure to comply with internal objectives or regulatory requirements

This structure supports the ultimate objective of capital planning, by making it an important strategic component that:

- ensures current and future solvency, even in adverse economic scenarios;
- facilitates communication with the market and supervisors;
- ensures comprehensive capital management, analyses specific effects and integrates them into strategic planning;
- enables a more efficient use of capital; and
- helps formulate our capital management strategy.

Senior managers are fully involved in and closely oversee capital planning under a framework that ensures proper governance and is subject to the robust challenge, review and analysis.

In capital planning and stress analysis exercises, calculating the required provisions under stress scenarios is key, especially to cover losses on credit portfolios. It is particularly important for income statement forecasts under adverse scenarios.

To calculate loan-loss provisions of the credit portfolio, we use a methodology that ensures provisions cover loan losses projected by internal expected loss models, based on exposure at default (EAD), probability of default (PD) and loss given default (LGD) parameters, at all times.

In 2018, we adapted this methodology to incorporate changes brought in by the new IFRS 9 regulations, with models to calculate balances by stages (S1, S2, S3) as well as the movements between them and the loan-loss provisions in accordance with the new standards.

Our capital planning and stress analysis culminate in an analysis of solvency under various scenarios over a set period to measure capital adequacy and ensure we meet all internal capital and regulatory requirements.

Should we fail to meet our capital objectives, we would draw up an action plan with the measures needed to attain the minimum capital desired. We analyse and quantify those measures as part of internal exercises even if we don't need to use them as we exceed the minimum capital thresholds.

Santander carries out its internal stress and capital planning transversally throughout the Group, at the consolidated and local level. Our subsidiaries use it as an internal management tool, particularly to respond to local regulatory requirements.

We have undergone nine external stress tests since the beginning of the economic crisis in 2008. Every test proved our strength and solvency in the most extreme and severe macroeconomic scenarios showing that, owing to our business model and geographic diversification, we would still be capable of generating a profit for shareholders while satisfying the most demanding regulatory requirements.

The ECB determines and sets Pillar 2 Guidance (P2G) according to the results of the adverse scenario in these supervisory stress tests, including the EU-level stress tests carried out by the EBA. When determining the P2G, the ECB considers the maximum impact expected on the CET1 ratio, which, for this purpose, is the difference between the lowest CET1 ratio in the adverse scenario over the projection horizon and the real CET1 ratio at the starting point.

In the most recent ECB-EBA stress test in 2023, Santander destroyed the least fully-loaded CET1 capital among peers in the adverse scenario (-170 bps versus a peer average of -418 bps). This implies that, in absolute terms, the Group would have a fully-loaded CET1 ratio 30 bps better than the peer average at the end of the stressed horizon. Even in the adverse scenario, Santander was forecasted to generate a cumulative profit of EUR 6,582 million, well above its peers and the European banking system as a whole (where losses of EUR 3,129 million and EUR 1,404 million were projected, respectively).

We have also conducted internal stress tests every year since 2008 as part of our ICAAP (Basel Pillar 2). Every test has proven our capacity to confront the most difficult exercises globally and locally. We carry out these capital planning processes using tools shared throughout the Group.

We incorporate an analysis of the potential impact of climate risks (transition risk and physical risk) into internal stress exercises in addition to expressly considering them in the macroeconomic scenario definitions, in line with industry best practices and supervisory expectations.

In 2022, Santander participated in the ECB's first climate risk stress test comprising three parts: first, the supervisor assessed entities' internal capacities; second, the entities provided information on their main customers' emissions and revenue shares by activity sector to the supervisor; and third, the ECB made projections under various transition risk, heat wave risk and flood risk scenarios. The ECB published aggregate results for the industry as a whole.

Total Loss-Absorbing Capacity (TLAC) and Minimum Requirement for own funds and Eligible Liabilities (MREL)

In November 2015, the FSB published the TLAC term sheet based on the previously published principles for crisis management frameworks. It aims to ensure global systemically important banks (G-SIBs) will have the capacity to absorb losses and recapitalize as required to maintain critical functions during and immediately after resolution proceedings without compromising public funds or financial stability.

From 1 January 2022, the TLAC term sheet requires each G-SIB to have an individually set minimum TLAC level that is the greater of 18% of risk-weighted assets and 6.75% of the Basel III Tier 1 leverage ratio exposure.

Some jurisdictions have already transposed the TLAC term sheet into law (as is the case in Europe, the US and Mexico as of 1 January 2023); however, other jurisdictions where we operate (e.g. Brazil) have yet to do so.

In Europe, the final texts of CRR 2 and BRRD 2, which amend the resolution framework, were published in June 2019. One of the main objectives of this revision was to implement the TLAC requirement in Europe.

The CRR 2, which came into force in June 2019, dictates the 18% of RWAs minimum requirement for G-SIBs as set in the TLAC term sheet. It must be made up of subordinated liabilities (with the exception of a percentage of senior debt of maximum of 3.5% or RWAs, with the resolution authority's authorization).

As of 31 December 2024, the TLAC of the resolution group headed by Banco Santander, S.A. stood at 31.0% of risk-weighted assets and 9.8% of the leverage ratio exposure.

The BRRD 2 was transposed into law in Spain in 2021.

G-SIBs also have a Pillar 2 requirement in addition to the minimum CRR TLAC requirement, owing to the MREL methodology in the BRRD 2.

In June 2024, Banco de España formally communicated the (binding) MREL requirement for the Banco Santander, S.A. Resolution Group (sub-consolidated):

- Until 31 December 2024, the Group needed to meet the minimum requirement set at the highest of 29.69% of the Resolution Group's RWAs and 11.51% of the Resolution Group's leverage ratio exposure. Of the total MREL requirement, a minimum subordination level was fixed as the highest of 10.27% of RWAs and 6.13% of the leverage ratio exposure. However, the Resolution Group headed by Banco Santander, S.A.'s minimum subordination is determined by TLAC, not by MREL, as the TLAC subordination requirement is greater. This MREL requirement was based on December 2021 data.

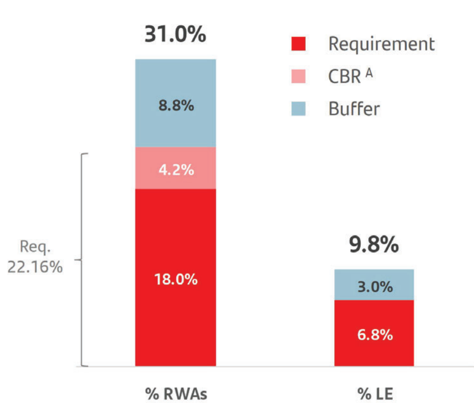
  As of 31 December 2024, Banco Santander, S.A.'s MREL was 42.1% of RWAs and 16.5% of the leverage ratio exposure and subordinated MREL was 35.2% of RWAs and 13.8% of the leverage ratio exposure. As a result, Banco Santander, S.A. met its MREL requirements.

- From 1 January 2025 until 24 June 2025, the Group must meet the minimum requirement set at the highest of 32.39% of the Resolution Group's RWAs and 12.23% of the Resolution Group's leverage ratio exposure. Of the total MREL requirement, a minimum subordination level was fixed as the highest of 11.30% of RWAs and 6.22% of the leverage ratio exposure. This MREL requirement is based on December 2022 data.

- From 24 June 2025, until otherwise communicated by Banco de España, the Group will need to meet a minimum requirement set at the highest of 33.59% of the Resolution Group's RWAs and 12.93% of the Resolution Group's leverage ratio exposure. Of the total MREL requirement, a minimum subordination level was fixed as the highest of 11.30% of RWAs and 6.22% of the leverage ratio exposure. This MREL requirement is based on December 2022 data.

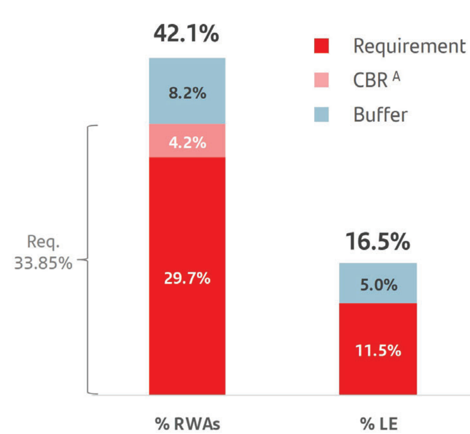
2024 TLAC

%



2024 MREL

%



A. CBR: Combined Buffer Requirement, comprising a capital conservation buffer (2.5%), a G-SII buffer (1.25%), a countercyclical capital buffer (0.37%) and a systemic risk buffer (0.04%).

3.6 Special situations and resolution

Corporate special situations and resolution framework, crisis management, recovery and resolution planning

This section summarizes the main developments in the year relating to preparing and strengthening mechanisms for a potential crisis, recovery plans and preparing and executing initiatives to improve resolvability plans.

Corporate framework for special situations and resolution

The framework enables our units to aggregate and clearly interpret the various mechanisms for monitoring, escalating and managing both financial and non-financial events as well as governance. It helps link the action plans (e.g. contingency plans, business continuity plans, recovery plan) to be executed in each phase.

We base crisis governance on a collective decision-making model that is organized into and operated under severity levels to facilitate flexibility and sequential decision-making. For instance, in the most severe stages of a hypothetical crisis, the Gold committee, composed of the Group's top executives supported by the Silver forum and other specialist Bronze teams, would be the leading decision-making body.

The framework aims to encourage the sharing of best practices across the Group and continuous collaboration between subsidiaries and corporate teams (including coordination in the recovery and resolution planning phases) to continue to develop our management and control model in the most effective way.

Two of Santander's key processes are the recovery plan and the bail-in playbook, which describes the resolution tool's execution.

Crisis management

We managed several important events in 2024 relating to i) cybersecurity (e.g., unauthorized access to a database hosted by a third party); ii) geopolitical and/or macroeconomic events (e.g., armed conflicts in the Middle East); iii) natural disasters (e.g., forest fires in Valparaíso, Chile; floods in Rio Grande do Sul, Brazil, in Poland and in dozens of Spanish municipalities, earthquake in the Chinese provinces of Gansu and Qinghai); and iv) operational events (e.g., related to the operation of digital channels or critical providers).

We have taken away important lessons from these events, including:

- The benefits of *ex ante* preparation. Crisis management simulation exercises conducted over the past few years have enabled us to act quickly.
- The importance of maintaining a consistent and global approach that enables us to act as a Group, regardless of the type of event, where the incident occurs, the size of the affected unit or which global business is affected.
- The ability to anticipate potential events is decisive in the final result, especially in internal and external communication and in case of events that affect critical services with customers or require frequent contact with competent authorities.

Despite the very different nature of the events managed, our crisis management model once again demonstrated its strength. There are two fundamental and defining aspects of our model:

- Coordination between and with the subsidiaries and the five global businesses. Cooperation between the different units is not only a strength of the operating model under normal conditions, but has also proven to be a strength in times of crisis. There are several instruments that support this coordination such as i) the ability to summon global crisis governing bodies (e.g., Bronze teams and/or global Silver forum); ii) the close relationship between Crisis Management Directors (CMDs), crisis management managers and the involved functions; or iii) the ongoing issuance of corporate guidelines to facilitate decision-making.
- Early incident management. Through Bronze teams, we have been able to give a quick and proactive response to the most critical events.

However, in order to further strengthen our crisis management model, we carried out several initiatives:

- A more granular taxonomy and methodology is available for the identification and classification of events, both for financial and non-financial events.
- We integrated new decision-making processes to strengthen confidentiality and protect the security of our employees and customers.
- We assigned new roles to align the crisis management function to the new organizational model based on five global businesses.
- We further developed the process governing the response to humanitarian crises. By using the corporate guide, units are able to determine the severity of these events depending on their scale and urgency, as well as the action and governance framework for each situation.

In short, despite the challenges faced in 2024, the Group has shown it has the right tools to respond to crises of very different nature. However, given the complexity of the current environment and the potential threats facing the banking industry, the Group remains committed to strengthening crisis management mechanisms and instruments.

Recovery plans

Context. Santander drew up its 15th corporate recovery plan in 2024. It sets out measures we have at our disposal to survive a very severe crisis without extraordinary public aid, in accordance with article 5.3 of the BRRD.

Its primary aims are to test i) the feasibility, effectiveness and credibility of the recovery measures; and ii) the suitability of the recovery indicators and their respective thresholds, above which decision-making would be escalated to cope with stress situations.

It sets out macroeconomic and/or financial crisis scenarios that could materialize in idiosyncratic, systemic and combined events that could lead the Group to trigger the plan.

The recovery plan should not be considered an instrument separate from our structural mechanisms to measure, manage and supervise risk. It is aligned with the risk appetite framework (RAF), the risk appetite statement (RAS), the risk profile assessment (RPA), the business continuity management system (BCMS), the internal assessments of capital and liquidity (ICAAP and ILAAP) and other tools. It is also integrated into the Group's strategic plans.

Progress in 2024. In January, the new 'Guidelines on Total Recovery Capacity in Recovery Plans' came into force, which require us to incorporate more severe scenarios that reach the near-default point and calculate the recovery capacity in a dynamic way and taking the moment the indicator was breached as a starting point. These requirements were already taken into account in the 2023 plan.

In May 2024, the ECB sent us a letter with their annual priorities, recommending that: i) entities should focus their efforts on improving liquidity recovery capacity and demonstrate that they have sufficient recovery options that can be implemented within a short time frame (less than one month); ii) simulations should be carried out to demonstrate the feasibility of these measures; and iii) liquidity scenarios should incorporate idiosyncratic and rapidly evolving events that lead to a point close to default in less than three months.

As it does every year, the 2024 recovery plan fully covers all the recommendations and priorities required by the ECB, including:

- A more conservative recalibration of capital indicators with regulatory requirements. They also expanded information on all indicators and the justification for their calibration.
- More extreme scenarios, so that all scenarios reach a near-default point according to the guidelines.
- A complete and detailed analysis of the risk profile of the entity at different times in each of the scenarios.
- A report including the characteristics of the two simulations carried out, with a critical evaluation of the lessons learned and possible follow-up actions.
- A new recovery measure.

The key takeaways from our review of the 2024 corporate plan were:

- there are no material interdependencies between main subsidiaries;
- we have ample recovery capacity in all scenarios through available measures. Our geographically diversified model is a great asset from a recovery standpoint;
- each subsidiary has sufficient capacity to emerge from a recovery situation on its own, which strengthens the Group's model based on units that are autonomous with respect to liquidity and capital;
- we have sufficiently robust governance to manage financial and non-financial stresses that vary in nature and intensity; and
- amid a serious financial or solvency crisis, no subsidiary is important enough to trigger the corporate plan by causing the severest recovery indicator levels to be breached.

These factors prove our business model and geographic diversification strategy would remain firm in a recovery situation.

Regulation and governance. Santander's recovery plan complies with EU regulations and follows the non-binding recommendations of the Financial Stability Board (FSB) and other international bodies.

We submitted our latest plan to the Single Supervisory Mechanism in October 2024; the EBA has six months to make formal considerations.

Santander's recovery plan comprises the corporate plan (Banco Santander, S.A.) and local plans for the UK, Brazil, Mexico, the US, Germany, Argentina, Chile, Portugal, Norway and a recovery plan summary for Santander Bank Polska S.A. and Santander Consumer Bank S.A. -Poland-. All subsidiaries (except Santander Chile) must draw up a local plan in compliance with local regulations and corporate requirements.

Though the board of Banco Santander, S.A. approves the corporate plan, relevant content and figures are previously submitted to and discussed by the Silver forum, Gold committee, risk control committee and the risk supervision, regulation and compliance committee. Local plans are approved by local bodies in coordination with the Group (as they are included in the Group's corporate plan).

Resolution plans

The relevant authorities prepare the resolution plans[1] and Santander cooperates with them, providing all requested information. During 2024, the members of the crisis management group (CMG) upheld their decision on our multiple point of entry (MPE) strategy to be used in a hypothetical resolution, formed by 11 different resolution groups where the parent company, Banco Santander, S.A., forms the main resolution group along with the rest of its subsidiaries of the Banking Union.

1. With the exception of the US, where individual entities draw up their own resolution plans.

This strategy is consistent with our legal and business structure, as the 11 resolution groups can be resolved independently without involving other parts of the organization, given the low level of interconnection.

Meetings with the Single Resolution Board (SRB) and its working priorities letters confirmed in October 2023 that there are no substantial impediments to Banco Santander, S.A.'s resolvability, achieving the target set for December 2023 by the SRB. Despite this, the SRB highlighted the need to continue to work on resolvability and meet the targets set for the new resolution planning cycle starting in 2025, which focus on the operationalization of the resolution tool, i.e., internal recapitalization (bail-in).

In 2024, we prepared the multi-annual work plan to continue to meet resolution planning requirements. Banco Santander, S.A.'s board of directors approved it in February 2025, prior to its definitive submission to the SRB and in which the following actions, among others, were defined:

1) Conduct initial tests to measure capability to provide high quality data for resolution valuations

In 2024, Banco Santander, S.A. carried out a real-time dry run exercise on governance and obtaining data for valuation in resolution for each of the relevant subsidiaries of Banco Santander, S.A. within the resolution group known as the Banking Union. We shared the generated data with the SRB.

2) Conduct a liquidity exercise based on the joint SRB-ECB liquidity report prepared in October 2024

During November 2024, we worked on a new liquidity report, jointly required by the SRB and the ECB. In 2025, we will again conduct a liquidity exercise aimed at strengthening our liquidity reporting capabilities during and after resolution, which will take into account the SRB's comments on the 2024 liquidity exercise. For the first time, it will be a real-time dry run exercise and the SRB will observe.

3) Continue the work on the separability of important subsidiaries in the resolution group headed by Banco Santander, S.A.

We will continue the work on separability, an area that was established as a priority for Santander in 2023, and will continue to be so during 2025, focused on improving our ability to implement alternative resolution tools to sell a business in the event of resolution by developing an advanced separability analysis report. This analysis should identify potential obstacles and mitigating factors to ensure the subsidiaries' operational and business continuity if separated from the Group. We will work on developing specific business transferability manuals in 2025, detailing how to execute the sale of a business from an operational point of view.

4) Test the internal recapitalization resolution tool and the internal loss transfer and recapitalization mechanism, together with information system capabilities

Given the results of the dry-run exercises for the internal recapitalization testing exercises in previous years, Banco Santander is expected to continue to annually test its bail-in preparation through a test focused on its information systems' capabilities, accounting and amortization processes, conversion and issuance of new capital, communication and governance, as described in the bail-in playbook. Testing should also include the internal loss transfer and recapitalization mechanism (ILTRM) in place for most of the important Banco Santander, S.A. subsidiaries. The SRB has already communicated the new developments of this simulation exercise for 2025, mainly the inclusion of new subsidiaries and the stress assumptions.

5) Continue the work on Management Information Systems

During 2024, we completed all the manuals for reporting information regarding internal recapitalization and valuation data. We also did dry-run tests on the capabilities of management information systems, including the preparation and extraction of resolution valuation information and bail-in instruments. In 2025, we plan to carry out further testing to ensure information systems are capable of providing accurate and timely information.

6) Guarantee operational continuity in resolution situations

In 2024, we continued to work on operational continuity in resolution: i) we developed retention plans for certain units of the Banking Union Resolution Group; ii) remediation plans continued with the inclusion of clauses in vendor contracts to ensure resilience in resolution; and iii) we updated the contingency plan for access to market infrastructure. In 2025, we plan to test the operational continuity in bank resolution through simulation exercises.

4. FINANCIAL INFORMATION BY SEGMENT

4.1 Description of segments during 2024

We base segment reporting on financial information presented to the chief operating decision maker, which excludes certain statutory results items that distort year-on-year comparisons and are not considered for management reporting. This financial information (underlying basis) is computed by adjusting reported results for the effects of certain gains and losses (capital gains, write-downs, impairment of goodwill, etc.). These gains and losses are items that management and investors ordinarily identify and consider separately to better understand the underlying trends in the business (see also note 52.c to the Santander financial statements).

Santander has aligned the information in this chapter with the underlying information used internally for management reporting and with that presented in the Group's other public documents.

Santander's executive committee has been selected to be its chief operating decision maker. The Group's operating segments reflect its organizational and managerial structures. The executive committee reviews internal reporting based on these segments to assess performance and allocate resources.

As we announced at the end of 2023, following the creation of two new global segments and in order to align the operating and management model, we adapted our reporting, starting with the financial information for Q1 2024, with global businesses becoming the primary segments.

Main changes to the composition of Santander's segments

The main changes, which apply from 1 January 2024 to the management information for all periods included in the consolidated financial statements, are as follows:

- All of the Group's businesses across all markets were consolidated into five global areas: Retail & Commercial Banking, Digital Consumer Bank, Corporate & Investment Banking, Wealth Management & Insurance and Payments. These became the new primary segments.
- The changes in financial information were:
  - The former Retail Banking was split into two new segments: Retail & Commercial Banking and Digital Consumer Bank. Our cards business now forms part of the new Payments segment.
  - The results of activities mainly related to financial management located in the countries are fully allocated to their global businesses based on the segment that generates the financial position.
  - The local corporate centres are fully allocated to the global businesses.
  - The revenue sharing criteria between global businesses were revised to better reflect the contribution of each business to the Group.
- The former primary segments (Europe, North America, South America and Digital Consumer Bank - which is renamed DCB Europe) became our secondary segments. 2023 published figures for the countries, regions and the Corporate Centre remain unchanged.

All the changes described above have no impact on the reported Group consolidated financial statements.

Primary segments

This primary level of segmentation, which is based on the Group's management structure from 1 January 2024, comprises six reportable segments: five operating areas plus the Corporate Centre.

The operating areas are:

Retail & Commercial Banking (Retail): area that integrates the retail banking business and commercial banking (individuals, SMEs and corporates), except for business originated in the consumer finance and the cards businesses.

Digital Consumer Bank (Consumer): comprises all business originated in the consumer finance companies, plus Openbank, Open Digital Services (ODS) and SBNA Consumer.

Corporate & Investment Banking (CIB): this business, which includes Global Transaction Banking, Global Banking (Global Debt Financing and Corporate Finance) and Global Markets, offers products and services on a global scale to corporate and institutional customers, and collaborates with other global businesses to better serve our broad customer base.

Wealth Management & Insurance (Wealth): includes the corporate unit of Private Banking and International Private Banking in Miami and Switzerland (Santander Private Banking), the asset management business (Santander Asset Management) and the insurance business (Santander Insurance).

Payments: the Group's digital payments solutions, providing global technology solutions for our banks and new customers in the open market. It is structured in two businesses: PagoNxt (Getnet, Ebury and PagoNxt Payments) and Cards (cards platform and business in the countries where we operate).

Secondary segments

At this secondary level, Santander is structured into the segments that made up the primary segments until 31 December 2023, which are Europe, DCB Europe, North America and South America:

Europe: comprises all business activity carried out in the region, except that included in DCB Europe. Detailed financial information is provided on Spain, the UK, Portugal and Poland.

DCB Europe: includes Santander Consumer Finance, which incorporates the entire consumer finance business in Europe, Openbank in Spain and ODS.

North America: comprises all the business activities carried out in Mexico and the US, which includes the holding company (SHUSA) and the businesses of Santander Bank (SBNA), Santander Consumer USA (SC USA), the specialized business unit Banco Santander International, the New York branch and Santander US Capital Markets (SanCap).

South America: includes all the financial activities carried out by Santander through its banks and subsidiary banks in the region. Detailed information is provided on Brazil, Chile and Argentina.

In addition to these operating units, both primary and secondary segments, the Group maintains the Corporate Centre, which includes the centralized activities relating to equity stakes in financial companies, financial management of the structural exchange rate position, assumed within the sphere of the Group's assets and liabilities committee, as well as management of liquidity and shareholders' equity via issuances.

As the Group's holding entity, this area manages all capital and reserves and allocations of capital and liquidity with the other businesses. It does not incorporate the costs related to the Group's central services (charged to the areas), except for corporate and institutional expenses related to the Group's functioning.

The businesses included in each of the primary segments in this report and the accounting principles under which their results are presented here may differ from the businesses included and accounting principles applied in the financial information separately prepared and disclosed by our subsidiaries (some of which are publicly listed) which in name or geographical description may seem to correspond to the business areas covered in this report. Accordingly, the results of operations and trends shown for our business areas in this document may differ materially from those of such subsidiaries.

As described in section 3. 'Group financial performance', the results of our business areas presented below are provided on the basis of underlying results only and generally including the impact of foreign exchange rate fluctuations. However, for a better understanding of the changes in the performance of our business segments, we also provide and discuss the year-on-year changes to our results excluding such exchange rate impacts. For Argentina and any grouping which includes it, the variations in constant euros have been calculated considering the Argentine peso exchange rate on the last working day for each of the periods presented. Additionally, in 2024, for the Argentine peso, we apply an alternative exchange rate that better reflects the evolution of inflation (we continue to apply the official ARS exchange rate to all prior years). For further information, see the 8. 'Alternative performance measures' section.

The statements included in this section regarding Santander's competitiveness and that of its subsidiaries have been produced by the Group based on public information (corporate websites of competing entities and information published by national banking institutions).

Certain figures contained in this chapter, have been subject to rounding to enhance their presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total figure given for that column or row.

4.2 Summary of the Group's main business areas' income statements

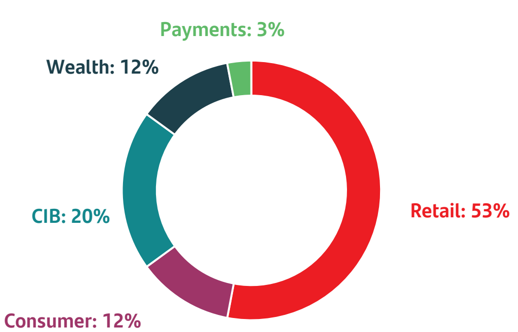
2024

Main items of the underlying income statement
EUR million

Primary segments	Net interest income	Net fee income	Total income	Net operating income	Profit before tax	Profit attributable to the parent
Retail & Commercial Banking	**27,942**	**4,681**	**32,461**	**19,584**	**10,874**	**7,263**
Digital Consumer Bank	**10,777**	**1,508**	**12,916**	**7,733**	**2,232**	**1,663**
Corporate & Investment Banking	**4,020**	**2,548**	**8,343**	**4,537**	**4,009**	**2,740**
Wealth Management & Insurance	**1,627**	**1,489**	**3,661**	**2,348**	**2,259**	**1,650**
Payments	**2,609**	**2,793**	**5,505**	**3,030**	**969**	**413**
PagoNxt	132	958	1,240	80	(233)	(299)
Cards	2,478	1,835	4,265	2,950	1,202	712
Corporate Centre	**(308)**	**(11)**	**(676)**	**(1,055)**	**(1,317)**	**(1,154)**
TOTAL GROUP	**46,668**	**13,010**	**62,211**	**36,177**	**19,027**	**12,574**
Secondary segments						
Europe	**16,720**	**4,659**	**23,510**	**14,102**	**10,129**	**6,644**
Spain	7,256	2,867	11,974	7,703	5,440	3,762
United Kingdom	4,950	283	5,216	2,299	1,794	1,306
Portugal	1,548	467	2,100	1,553	1,481	1,001
Poland	2,844	674	3,555	2,591	1,650	800
Other	121	367	664	(42)	(236)	(225)
DCB Europe	**4,361**	**902**	**5,679**	**3,075**	**1,131**	**642**
North America	**10,330**	**2,594**	**13,915**	**7,214**	**3,091**	**2,579**
US	5,693	1,152	7,580	3,750	1,053	1,109
Mexico	4,631	1,385	6,278	3,613	2,274	1,671
Other	7	57	57	(149)	(236)	(201)
South America	**15,566**	**4,864**	**19,783**	**12,841**	**5,993**	**3,863**
Brazil	10,121	3,414	13,536	9,184	3,830	2,422
Chile	1,822	551	2,592	1,659	1,111	629
Argentina	2,919	602	2,487	1,465	827	665
Other	703	298	1,168	533	225	146
Corporate Centre	**(308)**	**(11)**	**(676)**	**(1,055)**	**(1,317)**	**(1,154)**
TOTAL GROUP	**46,668**	**13,010**	**62,211**	**36,177**	**19,027**	**12,574**

Profit attributable to the parent distribution

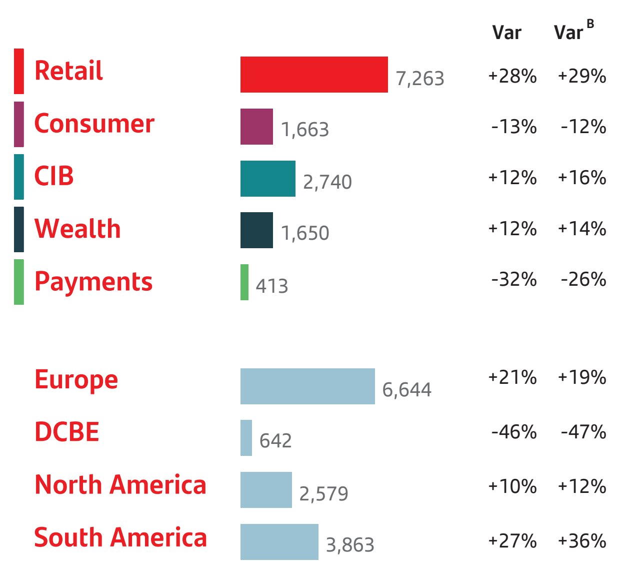
Distribution [A] by primary segment. 2024



A. As a % of operating areas. Excluding the Corporate Centre.

Profit attributable to the parent. 2024

EUR million. % change YoY



B. Changes in constant euros.

2023

Main items of the underlying income statement

EUR million

Primary segments	Net interest income	Net fee income	Total income	Net operating income	Profit before tax	Profit attributable to the parent
Retail & Commercial Banking	**25,550**	**4,497**	**29,754**	**16,930**	**7,989**	**5,659**
Digital Consumer Bank	**10,221**	**1,229**	**12,296**	**7,033**	**2,677**	**1,901**
Corporate & Investment Banking	**3,594**	**2,131**	**7,527**	**4,140**	**3,795**	**2,440**
Wealth Management & Insurance	**1,513**	**1,262**	**3,210**	**1,994**	**1,994**	**1,467**
Payments	**2,424**	**2,952**	**5,298**	**2,954**	**1,205**	**607**
PagoNxt	93	954	1,140	49	(17)	(77)
Cards	2,331	1,998	4,158	2,905	1,222	684
Corporate Centre	**(41)**	**(13)**	**(439)**	**(829)**	**(961)**	**(998)**
TOTAL GROUP	**43,261**	**12,057**	**57,647**	**32,222**	**16,698**	**11,076**
Secondary segments						
Europe	**15,910**	**4,399**	**21,439**	**12,409**	**8,195**	**5,482**
Spain	6,641	2,699	10,132	5,905	3,399	2,371
United Kingdom	5,152	338	5,525	2,779	2,107	1,545
Portugal	1,465	464	1,982	1,440	1,314	896
Poland	2,543	589	3,182	2,320	1,392	674
Other	109	309	618	(35)	(17)	(3)
DCB Europe	**4,193**	**796**	**5,502**	**2,884**	**2,019**	**1,199**
North America	**10,159**	**2,192**	**13,174**	**6,708**	**2,837**	**2,354**
US	5,742	766	7,209	3,531	863	932
Mexico	4,408	1,374	5,899	3,311	2,119	1,560
Other	8	52	66	(133)	(145)	(138)
South America	**13,040**	**4,684**	**17,971**	**11,050**	**4,608**	**3,038**
Brazil	9,116	3,462	13,104	8,574	2,911	1,921
Chile	1,383	572	2,285	1,265	951	582
Argentina	1,879	396	1,544	769	505	386
Other	662	254	1,038	441	241	150
Corporate Centre	**(41)**	**(13)**	**(439)**	**(829)**	**(961)**	**(998)**
TOTAL GROUP	**43,261**	**12,057**	**57,647**	**32,222**	**16,698**	**11,076**

4.3 Primary segments

Retail	Retail & Commercial Banking	Underlying attributable profit EUR 7,263 mn
Strategy	To support our vision of becoming a digital bank with branches, during the year, we focused on providing the best experience for our customers, driving our ONE Transformation programme, implementing a common operating model and rolling out our global technology platform.	
Business performance[1]	Loans fell slightly (-1% year-on-year) due to lower loans in Europe and the US, partially offset by the increases in South America and Mexico. Deposits rose 3% year-on-year, with growth in all three regions.	
Results[1]	Attributable profit in 2024 was EUR 7,263 million, a 29% increase year-on-year, driven by a good revenue performance, efficiency gains from our transformation programme and lower provisions in Europe.	

1. In constant euros.

Strategy

During the year, we consolidated the Group's individual, SME and corporate banking activities within a new global business, Retail & Commercial Banking (Retail), successfully executing our three strategic priorities with the following advances:

- **Common operating model.** Our vision is to become a digital bank with branches, offering our products and services digitally through our own global platform and using our branch network to advise our customers. In 2024, all countries worked with a common operating model and within this vision. We have 147 million customers who can access most of our products and services digitally. Sales through our digital channels rose double digits year-on-year. Additionally, we have a network of nearly 8,000 branches, where customers can receive advice and support.

- **Transformation,** based on three pillars:

  - **Customer experience.** We reduced the number of products by 39% year-on-year, as part of our commitment to offer a simple and attractive product portfolio that provides the best experience for our customers. We also continued to improve customer journeys, especially digital onboarding (substantially reducing onboarding times in all countries). Additionally, we launched a new 100% digital and simplified offer for individuals in Brazil and SMEs in Spain. As a result of the improvement in customer experience and digital onboarding, customers grew more than 8 million in the year.

  - **Operational leverage.** We reduced the number of resources dedicated to non-commercial activities per million customers by 13% during the year, supported by digitalization, process automatization and organizational simplification, with significant progress in all units. Some examples this year were the digitalization of in-branch processes in Spain and mortgage servicing in Poland, as well as the simplification of the branch organization in Brazil and Chile. Additionally, our strategy to promote a self-service model is producing results, as chatbot interactions increased during the year and contact centre call volumes decreased. This has freed up time to be spent on value-added tasks and has contributed to greater efficiency.

  - **Global technology platform.** The roll out of the global platform is especially relevant for business transformation. This platform is based on two proprietary technologies developed in-house: i) Gravity, with open technologies to reduce back-end costs; and ii) ODS, deployed in the cloud for the front-end, offering a superior omni-channel experience to our customers.

    During the year, we completed the initial integration of Gravity and ODS in the US, which enables us to provide a new digital offering and the best customer experience. We also completed the migration of our customers in the UK to the new app. In addition, we are rolling out our global commercial tool to support branches in Spain and Mexico.

- **Profitable growth.** Structural efficiency improvements that the global platform's scale provides and disciplined capital management, together with increased simplification and process automatization were significant drivers of profitable growth. Additionally, enhanced customer experience and a greater commercial focus drove further customer growth and profitability improvement.

Retail. Customers

Thousands and year-on-year change

	Retail	Europe	Spain	UK	North America	Mexico	South America	Brazil
Total customers	147,140	46,576	15,140	22,493	21,275	21,261	79,289	68,882
	+6%	+1%	+2%	0%	+4%	+4%	+10%	+11%
Active customers	79,079	28,806	8,689	13,604	10,859	10,845	39,414	32,552
	+5%	+2%	+6%	-2%	+6%	+6%	+8%	+9%

Business performance

Loans and advances to customers decreased 1% year-on-year. In gross terms, excluding reverse repos and in constant euros they also decreased 1%, due to the decline in mortgages and SMEs, partially offset by the increases in corporate and personal loans. By region, the decrease in Europe and the US volumes was partially offset by rises in South America and Mexico.

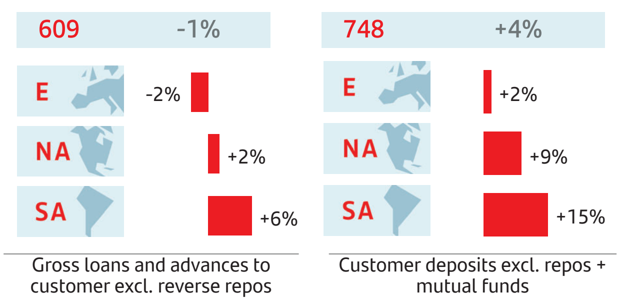
Mortgage balances fell both in the UK (in line with our profitability strategy) and in Spain, still impacted by pre-payments despite a pickup in new business volumes. This was partially offset by increases in Portugal, Poland, Mexico and Brazil. Personal loans performed well, especially in Brazil, Spain and Poland.

Corporate loans rose, mainly driven by Poland, Brazil and Mexico. SME loans decreased mainly due to pre-payments in Europe, partially offset by higher volumes in Brazil and Poland.

Customer deposits decreased 1% year-on-year. Excluding repos and in constant euros, they rose 3%, driven by Spain, Poland and overall growth in South America, notably in Brazil. All products contributed to the increase, but especially time deposits in Europe and South America. Mutual funds rose 19% in constant euros, driven by commercial efforts in the current interest rate environment. As a result, customer funds increased 4% in constant euros.

Retail. 2024 business performance

EUR billion and YoY % change in constant euros



Results

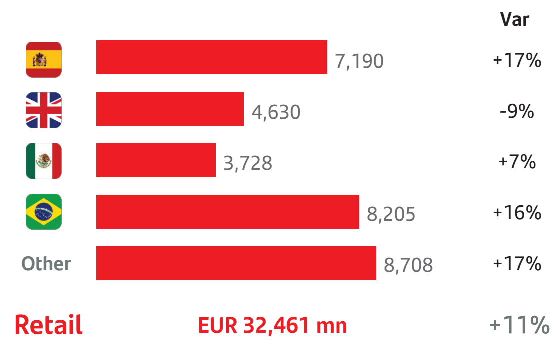
Attributable profit in 2024 was EUR 7,263 million (53% of the Group's total operating areas), up 28% compared to 2023. In constant euros, it rose 29% year-on-year, with the following detail:

- Total income grew 11% driven by higher net interest income and net fee income. Net interest income increased 11%, with rises in most countries, but especially in South America, driven by higher volumes and lower deposit costs, and in Spain, Poland and Portugal due to good margin management. The exceptions were the UK, due to lower mortgage volumes (in line with our strategy) and higher cost of deposits (competitive market), and the US, due to lower volumes.

  Greater commercial activity and a larger customer base contributed to net fee income growth (+7%). The most significant increases were in Brazil, the US, Mexico and Poland.

Retail. Total income

EUR million and YoY % change in constant euros



- Administrative expenses and amortizations increased 3%. In real terms, costs declined 1% reflecting our transformation efforts through organizational simplification, process automatization and the deployment of the global platform, particularly evident in Spain and the US. As a result, net operating income grew 17% and efficiency improved to 39.7%.
- Net loan-loss provisions improved 7%, due to a positive performance in Europe, especially in Spain, Poland and the UK (macro outlook improvement in the country), which more than offset greater provisions in South America due to higher activity and the cost of risk normalization in Mexico and Chile.
- The other gains (losses) and provisions line was 21% more negative than in 2023, mainly due to greater restructuring charges in some countries and higher charges related to the CHF mortgage portfolio in Poland.

RoTE in 2024 was 18.9%, a 3.7 pp improvement year-on-year.

Retail. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	32,461	29,754	+9	+11
Expenses	(12,877)	(12,825)	0	+3
Net operating income	**19,584**	**16,930**	**+16**	**+17**
LLPs	(5,845)	(6,540)	(11)	(7)
PBT	10,874	7,989	+36	+36
Attributable profit	**7,263**	**5,659**	**+28**	**+29**

Detailed financial information in section 4.5 'Appendix'.

Underlying attributable profit

Consumer | Digital Consumer Bank

EUR 1,663 mn

Strategy	Our priority is to continue expanding our leadership in consumer finance and to be the most cost competitive player, with the best customer experience through a more digital global operating model and the best solutions (check-out lending, digital journeys in auto lending and operational leasing) through common platforms.
Business performance [1]	Loans increased 4% year-on-year, +6% in auto. Deposits rose 10%, in line with our strategy aimed at lowering funding costs and reducing net interest income volatility across the cycle, to be able to offer our customers better pricing.
Results [1]	Double-digit year-on-year growth in net operating income due to solid performance in net interest income and net fee income and good cost control. However, this was not reflected in attributable profit (-12%) due to impacts from higher CHF mortgage provisions and the provision for potential complaints related to motor finance dealer commissions in the UK.

1. In constant euros.

Strategy

Digital Consumer Bank (Consumer) is a leading consumer finance company globally. It operates in 26 countries in Europe and the Americas and it serves the financing needs at the point of sale (both physical and digital) of 25 million customers. It combines three interconnected businesses: auto financing, consumer lending, supported by Zinia, and Openbank.

Our vision in the Consumer business is to become the **preferred choice of our partners and our end customers,** and offer greater profitability and value creation to our shareholders, while being the most cost-efficient player in the industry.

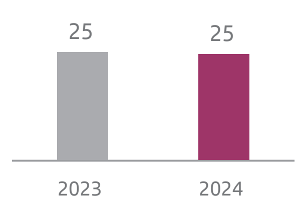
To respond to the changes the mobility and consumer finance ecosystem is undergoing and deliver on our vision, during 2024, we worked **to transform our operating model by**:

- **Offering global and best-in-class solutions,** integrated into our partners' (OEMs, importers and retailers) processes, accompanying them as their increasingly digital business models evolve.
  - We continued to foster cross-regional partnerships and consolidate new partnerships by leveraging existing agreements, particularly in the US where we incorporated new strategic agreements in auto throughout the year and in Latin America where we continued to focus on developing strategic alliances.
  - We further upgraded our value proposition for improved customer experience.
- **Simplifying and automating our processes** to increase scalability. We are working to align our functions with the Group's operating model. In the US, our focus has been on recovering pre-pandemic profitability, driving efficiency savings and improving our service. In Europe, we focused on transforming our operating model by streamlining the organization and making it more agile, accelerating process automatization, improving digital capabilities and converging towards global platforms.
- **Building and developing global platforms.** Throughout the year, we:
  - Expanded the functionalities of our auto leasing platform, operative in three European markets, and we opened the broker channel in Germany.
  - Continued to simplify our auto operating model in Europe, having moved from one platform per country to three in total, towards our final goal of having one common platform to support our aim of being the most cost-efficient player.
  - Fostered growth in Zinia, our check-out lending technology in Germany, through new agreements such as a co-branded card with Amazon and instalment loans with Apple.
  - Launched Openbank in the US in Q4 2024. We also prepared the launch of an Openbank branch in Germany (opened in January 2025) and the full launch of Openbank in Mexico (in February 2025) with a complete value proposition to compete with other neobanks.

  These launches, together with digital deposit gathering activities in the Netherlands during the year, support our profitable growth strategy to capture deposits (a lower cost and more stable source of funding) and actively manage our balance sheet to make it more capital light.

Consumer. Total customers

Millions



Business performance

After a difficult environment in previous years, 2024 showed further signs of recovery supported by a market with inflation moderation and lower interest rates in Europe and North America.

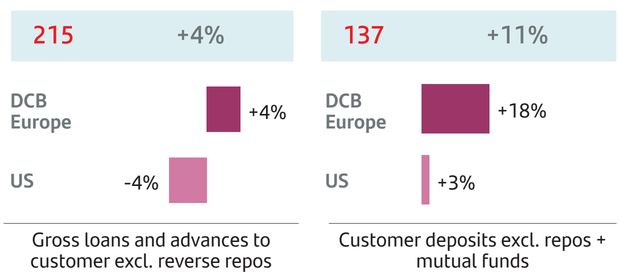
In this environment, new lending increased 4% year-on-year, with solid growth across our main markets, especially in South America, led by Brazil. The stock of loans and advances to customers rose 4%. In gross terms, excluding reverse repos and in constant euros, they were also 4% up year-on-year, mainly driven by Brazil.

We have a EUR 17 billion leasing portfolio which decreased 5% year-on-year in constant euros, as growth in Europe was more than offset by a decline in the US.

Customer deposits, which accounted for 60% of Consumer's total funding, increased 12% year-on-year. Excluding repos and in constant euros, they were up 10%, as a result of our strategy aimed at lowering funding costs and reducing net interest income volatility across the cycle. Our access to wholesale funding markets remained strong and diversified. Mutual funds rose 19% in constant euros, up from very low levels. As a result, customer funds rose 11% year-on-year in constant euros.

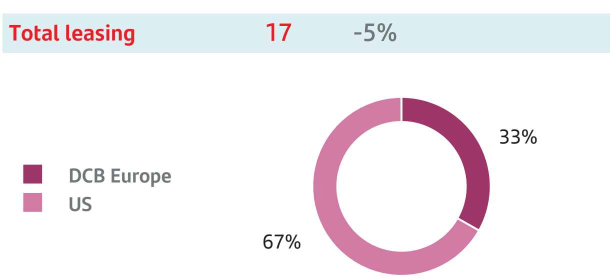
Consumer. 2024 business performance

EUR billion and YoY % change in constant euros



Consumer. Leasing portfolio

EUR billion and YoY % change in constant euros



Results

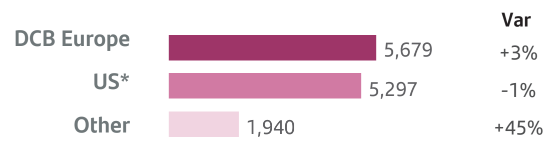
Attributable profit in 2024 was EUR 1,663 million (12% of the Group's total operating areas), down 13% year-on-year. In constant euros, profit fell 12%, as follows:

- Total income rose 6%, with net interest income growing 6% on the back of active loan repricing actions and volumes growth in Europe, and higher volumes in Brazil. Net interest income in the US rose slightly as benefits from higher yields were mostly offset by lower credit volumes.

  Net fee income increased strongly (+24%), largely driven by increased insurance penetration in Europe, volumes growth in Brazil and auto fees in the US. Gains on financial transactions decreased, mainly in Europe. Leasing income fell, due to a decrease in auto residual values and, in the US due lower leasing volumes and as we pass on fiscal benefits (recorded in the tax line) from electric vehicle leases to pricing.

Consumer. Total income

EUR million and YoY % change in constant euros



* Year-on-year growth in revenue in the US is flat if we include the impact of the EV incentives in the tax line.

- Administrative expenses and amortizations performed well, declining slightly year-on-year (-4% in real terms), even as we invest in leasing and check-out lending platforms and in business growth. This good performance reflects our efficiency and transformation efforts in both the US and DCB Europe. Consequently, net operating income grew 11% and efficiency improved 2.7 pp to 40.1%.

- Net loan-loss provisions increased 12%, affected by continued normalization in Europe and the US, higher volumes, increased CHF mortgage portfolio coverage, lower portfolio sales than last year and some regulatory charges. Credit quality remained controlled with the cost of risk at 2.16%, having normalized in line with expectations, and the NPL ratio stood at 5.07%.

- Other gains (losses) and provisions registered a loss of EUR 939 million in 2024 compared to a EUR 250 million loss in 2023, mainly driven by higher Swiss franc mortgage provisions in Poland and the provision for potential complaints related to motor finance dealer commissions in the UK (for more information, see note 25.e in the consolidated financial statements).

RoTE in 2024 was 9.8%, a 1.8 pp decrease year-on-year.

Consumer. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	12,916	12,296	+5	+6
Expenses	(5,183)	(5,263)	(2)	(1)
Net operating income	**7,733**	**7,033**	**+10**	**+11**
LLPs	(4,562)	(4,106)	+11	+12
PBT	2,232	2,677	(17)	(16)
Attributable profit	**1,663**	**1,901**	**(13)**	**(12)**

Detailed financial information in section 4.5 'Appendix'.

Underlying attributable profit

CIB Corporate & Investment Banking

EUR 2,740 mn

Strategy	We made our centres of expertise more sophisticated and deepened client relationships, on the back of our Global Markets plan and US Banking Build-Out (US BBO) initiative, and actively managed capital.
Business performance [1]	Strong activity year-on-year across all business lines, particularly driven by our growth initiatives in Global Markets and Global Banking.
Results [1]	Attributable profit rose 16% year-on-year, on the back of revenue growth (+14%) from a record 2023, which more than offset higher costs related to the investment in new capabilities. We maintained a leading position in efficiency and profitability with a low cost of risk.

1. In constant euros.

Strategy

CIB is our global business focused on wholesale customers, with a strong advisory component and high value-added solutions. We leverage the Group's technology to digitalize our business and automate end-to-end processes, enhancing and protecting the business while increasing operational efficiency.

Our tech partnerships and participations with Allianz Trade, the fintech Two, SAP and Komgo, among others, enable us to compete with new digital players and other competitors and benefit from new opportunities arising in the current environment.

In 2024, we made good progress in the execution of our strategy to become a focused, world-class CIB business, positioning ourselves as a trusted advisor to our clients while delivering profitable growth and maintaining dynamic capital management, with good progress with respect to the priorities set for the year:

- We made our **centres of expertise more sophisticated**, further strengthening our teams in sales, trading and banking, on the back of our two most important strategic initiatives: US BBO and Global Markets plan.

  In Global Banking (GB), we expanded our sector and product capabilities in areas adjacent to our traditional strengths to offer complete investment banking solutions with coverage across multiple industries, making key hires in our Global Industry Groups (such as TMT, Healthcare, Industrials and Financials) and product teams (M&A, Leveraged Finance, Equity Capital Markets - ECM and Debt Capital Markets - DCM).

  In Global Markets (GM), we continued to execute our ambitious plan centred on increasing activity with our corporate and institutional clients (strengthening our European Markets platform with sales teams in Paris, Frankfurt and Milan), further leveraging technology, increasing cross-border flows and enhancing our trading and distribution capabilities.

  We started to reap the rewards of our investments in 2023 and 2024, as reflected in the solid performance in institutional sales.

- We further **deepened our client relationships,** with a particular focus on the US where we are taking our CIB franchise to the next level through the execution of the US BBO initiative, selectively expanding our client universe and product capabilities enabling us to increase our addressable market and the contribution of fees as a share of total revenue, especially in the US.

  As a result, we are already making progress in targeting untapped wallets, especially in the US and EMEA, where our recent investments have had a positive effect and synergies are evident.

  Our US BBO initiative is producing results, enabling us to deliver more sophisticated solutions to our clients and achieve numerous 'firsts' in businesses where we did not have presence and upgraded roles in transactions. Additionally, this is leading to follow-on business opportunities in other areas and markets, such as in our DCM business, which has led the reverse Yankee bond market.

- We continued to **actively manage capital** through our originate-to-share model to drive large-scale capital recycling in coordination with the Group's Global Asset Desk team. This enabled us to increase origination and maintain good profitability ratios.

- **Attracting, developing and retaining top diverse talent** is key to the execution of our strategy and for business success, and we implemented several initiatives to enhance our teams' skills and provide enriching careers.

Recent awards		Ranking in League Tables 2024		
Risk.net	***Global Banking & Markets***	**Structured Finance**	**ECM**	**M&A**
Risk Solutions House of the Year	Bond House and ESG Bond House of the Year	Green Global		
PFI	***Global Finance***	**Debt Capital Markets**	**ECAs**	
Americas Bank of the Year Europe Digital Deal of the Year: GD Towers (Germany)	World's Best Sustainable Supply Chain and Trade Finance Solutions			

Note: In DCM, Europe and the UK refers to financial institutions group (FIG).

Business performance

A high proportion of CIB's activity is customer related (84% of total income) and capital light, supported by our active balance sheet management, as reflected in a total revenue to risk-weighted assets ratio of 6.9%, up 1 pp since 2022.

Loans and advances to customers, mainly concentrated in GTB and GB businesses, increased 9% year-on-year. In gross terms, minus reverse repos and in constant euros, they were flat. Customer deposits decreased 1% year-on-year. Excluding repos and in constant euros, they fell 10% in line with our strategy to reduce excess corporate deposits.

By business line, we had the following performance:

- **In Global Transaction Banking**, strong activity in Export Finance and Trade & Working Capital Solutions more than compensated weaker activity in Cash Management, impacted by lower interest rates.

  In Export Finance, we maintained a 10% market share on the back of our coordinator and underwriter roles in some of the most important transactions. Trade & Working Capital Solutions continued to increase collaboration with Financial Sponsors, Leveraged Finance and M&A teams and we outperformed the market backed by our leading innovative solutions.

- **Global Banking** performed well on the back of growth in Corporate Finance (CF) and Global Debt Financing (GDF).

  In CF, we gained market share in a complex environment, with leading advisory and capital raising roles across our focused industry sectors and higher activity levels in Europe and the US, as a result of our upgraded capabilities and the expansion of our US franchise.

  GDF had the best-ever year in terms of DCM activity and wallet share growth. Structured Finance increased significantly at the end of the year driven by Energy advisory mandates and Fund Finance. Securitized Products in Europe had the most active year in over a decade, being the leading bookrunner in primary cash issuances and as synthetic securitization arranger with fund investments, with increasing activity in Latin America.

- **Global Markets** had good activity levels throughout the year in Europe, Asia and the US, while Latin America recovered in the second half of the year. Our investments led to increased client activity, highlighting institutional flows, while the US BBO initiative continued to gain momentum, with most key products implemented and volumes ramping up. There was strong activity in Rates, Securitized Products and Cash Equities.

Results

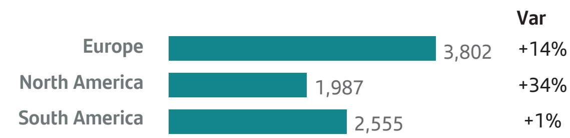
Record attributable profit in 2024, increasing 12% year-on-year to EUR 2,740 million (20% of the Group's total operating areas). In constant euros, profit grew 16%, with the following detail:

- Total income rose 14% year-on-year, backed by double-digit growth in net interest income and net fee income, both at record levels. Net interest income grew 15%, boosted by GB and to a lesser extent by GM. Net fee income increased 21%, driven particularly by GB on the back of the US BBO initiative. Gains on financial transactions decreased 7% due to lower market activity in South America, mainly in Brazil.

By region, good total income performance in North America and Europe, while total income grew only slightly in South America, in part due to weaker activity in the Brazilian market .

CIB. Total income by region

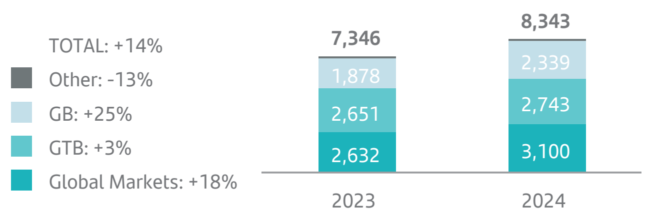
EUR million and % change in constant euros



By business, total income rose 25% in GB (CF in Europe and the US and GDF across markets) and +18% in GM, on the back of strong activity in Europe and North America, mainly with institutional clients. In GTB, total income grew 3% supported by good performance in Export Finance and Trade & Working Capital Solutions.

CIB. Total income by business

EUR million and % change in constant euros



Note: total income includes revenue from other activities which are less material (EUR 186 million in 2023 and EUR 161 million in 2024).

- Administrative expenses and amortizations increased 14% due to our investments in new products, capabilities and technology. The efficiency ratio stood at 45.6%.
- Due to the nature of the business, net loan-loss provisions have a limited impact on CIB's results. They were EUR 174 million (EUR 165 million in 2023), with a low cost of risk of 0.10%.
- Other gains (losses) and provisions recorded a EUR 353 million loss compared to a EUR 181 million loss in 2023.

As a result, RoTE was 18.1% in 2024 (0.5 pp higher than in 2023).

CIB. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	8,343	7,527	+11	+14
Expenses	(3,807)	(3,387)	+12	+14
Net operating income	**4,537**	**4,140**	**+10**	**+13**
LLPs	(174)	(165)	+6	+7
PBT	4,009	3,795	+6	+9
Attributable profit	**2,740**	**2,440**	**+12**	**+16**

Detailed financial information in section 4.5 'Appendix'.

Wealth	Wealth Management & Insurance	Underlying attributable profit **EUR 1,650 mn**
Strategy	We continue building the best wealth and insurance manager in Europe and the Americas supported by our leading global private banking platform and our best-in-class funds and insurance product factories that leverage our scale and global capabilities to offer the best value proposition to our customers.	
Business performance[1]	Total assets under management reached EUR 498 billion, +13% year-on-year, on the back of the excellent commercial dynamics in both Private Banking and Santander Asset Management. In Insurance, gross written premiums exceeded EUR 11.5 billion in 2024.	
Results[1]	Attributable profit grew 14% to EUR 1,650 million with an RoTE of 79%.	

1. In constant euros.

Strategy

Our Wealth Management & Insurance business was established in 2017 with the aim of enhancing its service model and value proposition as part of a common platform that leverages Santander's scale and capabilities.

Since then, it has been an important growth driver for the Group through its three businesses, delivering consistent double-digit growth and generating around one third of the Group's total fees, when those ceded to the commercial network are included.

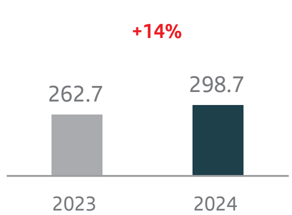
- **Santander Private Banking (PB)** is our leading global platform serving our clients across 11 countries. We have a best-in-class service model and value proposition connecting clients and countries through a single platform.
- **Santander Asset Management (SAM)** is our global asset manager, which manufactures investment solutions for retail and institutional customers, with presence in 10 countries and over 50 years of experience. SAM makes the most of its local client knowledge and global capabilities to provide customers the best investment opportunities.
- **Santander Insurance** provides protection solutions following a model based on strategic alliances with leading insurance companies that enables us to have a comprehensive value proposition across 12 countries. We complement this with in-person and digital distribution capabilities to better serve our clients. Most of this activity is currently under the recently established Santander Insurance Holding with a solid governance and risk monitoring processes.

During 2024, we focused on the following strategic initiatives:

- In **PB**, where we already have a best-in-class global platform leading investment flows between Latin America, Europe and the US, we are developing key growth opportunities to expand our footprint, such as in the Middle East. During the first half of the year, we established a branch in the Dubai International Financial Centre.

Private Banking clients

Thousands



We continued expanding our high value-added offering in all countries, strengthening, for example, our alternatives investments offering and developing an open architecture for structured products. We are also increasing our focus on portfolio advisory services with ongoing initiatives mainly in Spain, Brazil and Mexico. Additionally, we established a global ultra-high-net-worth (UHNW) team based in Madrid.

We were named the Best International Private Bank in Latin America and the Best International Private Bank in eight of our countries by *Euromoney* and the Best Private Bank in Spain and Mexico by the *Professional Wealth Management Magazine*, a *Financial Times* publication.

- In **SAM**, we operate as a global asset manager leveraging our scale, global investment capabilities and product distribution hubs. In terms of retail distribution, we progressed in the implementation of our advisory model across countries and deployed SAM Conecta in Mexico and Brazil (already operating in Spain and Portugal), enhancing our distribution capabilities with real-time information for our customers.

We recently launched Santander Money Market Fund in partnership with Amundi Asset Management to offer short-term cash management solutions to institutional and corporate clients.

In our alternatives business, we implemented eFront, our common operating platform to support our aim of enhancing our value proposition and consolidating our operations.

During the year, we were the asset manager that received most awards in the Salmon Awards in Chile and were named the Best Asset Manager for Money Markets in Brazil by *Guia de Fundos de Investimentos FGV*.

- In **Insurance**, we continued to deploy our strategic plans across countries to deliver more value to our customers and simplify our operations. We are focused on completing our value offering, especially in higher growth verticals such as life savings, underscoring our long-term vision for growth in the retirement products and services. Another area of focus is health, where we have launched new products in Spain, Portugal and Chile.

Additionally, we continue to improve customer growth and loyalty by deploying fully-digital servicing and claims capabilities, already implemented in Brazil, Spain, Poland and Argentina. We are also developing global platforms such as Autocompara, our motor insurance comparison engine, to capture additional business in Latin America.

Business performance

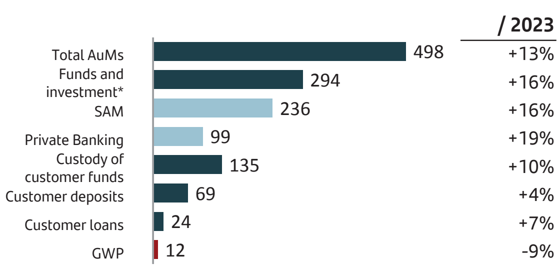
Total assets under management (AuMs) reached EUR 498 billion, +13% year-on-year in constant euros, driven by excellent commercial activity and positive market performance. In Insurance, gross written premiums exceeded EUR 11.5 billion in 2024. By business and in constant euros:

- In **Private Banking**, customer assets and liabilities exceeded EUR 327 billion (+11% year-on-year), with all products growing, especially funds and investments. Net new money totalled EUR 18.6 billion in 2024. We offer our customers the benefits of our scale and international presence which is reflected in 14% growth year-on-year in total clients to 299 thousand.
- In **SAM**, total AuMs reached EUR 236 billion,+16% year-on-year, on the back of the record commercial activity across countries. Net sales in 2024 reached EUR 15.8 billion, exceeding 2023 net sales.

  Spain surpassed the EUR 100 billion in AuMs for the first time and Mexico delivered record net sales.
- **Insurance** had good activity levels, with customer growth of 3% year-on-year and an increase in the protection business. Gross written premiums recorded in our Wealth business were 9% lower in 2024, impacted by lower activity in related business.

Wealth. 2024 business performance

EUR billion and % change in constant euros. December 2024



Note: total products marketed, advised, under custody and/or managed.
*Excluding overlaps between PB and SAM (PB clients with investment funds managed by SAM).

Results

Attributable profit was EUR 1,650 million (12% of the Group's total operating areas), 12% up compared to 2023. In constant euros, it was 14% higher, by line item:

- Total income reached EUR 3,661 million, 15% higher year-on-year, supported by solid growth in both net interest income and net fee income.

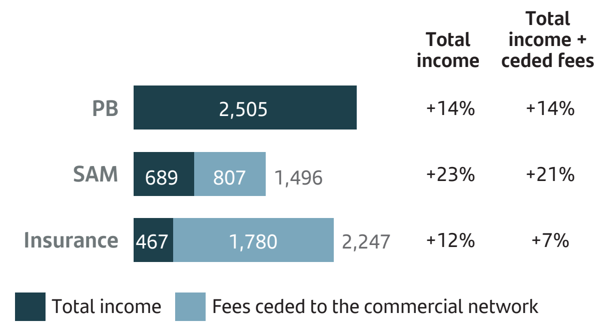
  Net interest income increased 8% in a favourable macro environment driven by solid margin management and strong commercial activity in Private Banking.

  Net fee income rose 19% year-on-year to EUR 1,489 million, with growth across businesses (mainly in Private Banking and SAM), boosted especially by higher volumes on the back of positive commercial activity and favourable market performance.

Including the fees ceded to our commercial network, which are mainly related to Insurance (c.70% of the total fees ceded), total revenue reached EUR 6,248 million, up 13%, with a solid performance across all three businesses.

Wealth. Total income

EUR million and % change in constant euros



Note: information at the total Wealth level excludes overlaps between businesses.

- Administrative expenses and amortizations were 9% higher year-on-year, due to investments in key initiatives, such as reinforcing PB teams to address the increase in commercial activity. As a result, net operating income increased 19% year-on-year and the efficiency ratio improved 2.0 pp to 35.9%.
- Net loan-loss provisions increased from net releases of EUR 17 million in 2023 to a EUR 41 million net provision in 2024.
- The other gains (losses) and provisions increased from a loss of EUR 18 million in 2023 to a EUR 48 million loss in 2024.

The total contribution to Group profit (profit after tax plus fees ceded to the commercial network) reached EUR 3,399 million, up 9% year-on-year (+12% in constant euros).

RoTE in 2024 was 78.7%, a 6.5 pp improvement year-on-year.

Wealth. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	3,661	3,210	+14	+15
Expenses	(1,313)	(1,216)	+8	+9
Net operating income	**2,348**	**1,994**	**+18**	**+19**
LLPs	(41)	17	—	—
PBT	2,259	1,994	+13	+15
Attributable profit	**1,650**	**1,467**	**+12**	**+14**

Detailed financial information in section 4.5 'Appendix'.

Payments

Payments	Underlying attributable profit EUR 413 mn
Strategy	PagoNxt and Cards bring a unique position in the payments industry to the Group, covering both sides of the value chain of card payments (issuing and acquiring businesses) and account-to-account payments.
Business performance[1]	Activity increased in both businesses supported by global platform development, enabling further scale gains. In PagoNxt, Getnet's Total Payments Volume rose 13% year-on-year and the number of transactions improved 5%. In Cards, turnover rose 9% year-on-year and transactions rose 8%.
Results[1]	Attributable profit was EUR 413 million. Excluding charges after discontinuing our merchant platform in Germany and Superdigital in Latin America in Q2 2024, profit was EUR 656 million, increasing 18% year-on-year. PagoNxt's EBITDA margin improved 2.3 pp to 27.5%

1. In constant euros.

PagoNxt and Cards strategy

At the beginning of the year, we consolidated our PagoNxt and Cards businesses into the unique global business of Payments.

In **PagoNxt,** we made progress in the following strategic priorities:

- In **Getnet**, building on our global platform we deployed global solutions which enable us to gain market share. For example, our Tap On Phone functionality launched in Spain, Portugal and Brazil, our Dynamic Currency Conversion service in Brazil, and a regional e-commerce API for merchants who are pursuing acquiring and processing services in Brazil, Mexico, Argentina and Chile through a single integration.

  We remain focused on our current value proposition in Spain and Portugal, and as such, we decided to discontinue our merchant platform in Germany in June 2024.

- In **Ebury**, we continued to make progress by focusing on: i) growing customers by expanding our product offering and online capabilities; ii) expanding geographically with a focus on emerging markets; and iii) introducing tailored products to capture verticals such as mass payments.

- **PagoNxt Payments** integrated Lynx Tech, a software company based on AI to detect and prevent financial crime. We continued to develop Payments Hub, our A2A payment processor which already processes all types of payments globally for our banks, and aims to achieve an industry-leading cost per transaction with value-added services and is starting to offer our services to third parties.

Also, in 2024, we discontinued our Superdigital platform in Latin America, in line with our strategy to promote the use of common platforms across the Group.

In **Cards**, we focused on the following priorities:

- **Expand the business:** we made progress implementing Cards Risk Data Lab in four countries, a global solution with more than 1 million new pre-approved customers. We launched a differential joint value proposition (card + PoS) in Spain, Chile and Portugal, reaching more than 50,000 new business cards.

- **Improve customer satisfaction**: we are working to offer the best card payment experience in a simple way at any time, through what we call Invisible Payments. For physical payments, we launched Apple Pay in Mexico and Argentina, while in e-commerce payments in Brazil we implemented Click to Pay.

- **Implement our global card platform (Plard)**, which manages more than 15 million debit cards in Brazil and will start issuing new customer debit cards in Chile in early 2025. In Mexico, the new authorizer is live with 160 million transactions per month.

Business performance

Loans and advances to customers increased 4% year-on-year. In gross terms, excluding reverse repos and in constant euros, loans rose 15%, driven mainly by Cards in Brazil and Mexico.

Payments has a small amount of deposits, concentrated in PagoNxt, that decreased 27% year-on-year. Excluding repos and in constant euros they also fell 27%.

Results

Attributable profit was EUR 413 million in 2024 (3% of the Group's total operating areas), 32% down year-on-year affected by the aforementioned charges related to the discontinuation of platforms. Excluding these charges, profit was EUR 656 million, 18% up year-on-year in constant euros, by line item:

- Total income grew 9%, boosted by a good NII performance driven by higher activity.
- Administrative expenses and amortizations rose 8% due to our investments in platforms both in Cards and PagoNxt.
- Net loan-loss provisions, mainly related to Cards, increased 8% driven by South America and Mexico.

The charges related to the discontinuation of platforms were recorded in the other gains (losses) and provisions line which recorded a EUR 347 million loss (EUR 84 million loss in 2023).

Payments. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	5,505	5,298	+4	+9
Expenses	(2,475)	(2,344)	+6	+8
Net operating income	**3,030**	**2,954**	**+3**	**+9**
LLPs	(1,714)	(1,666)	+3	+8
PBT	969	1,205	(20)	(13)
Attributable profit	**413**	**607**	**(32)**	**(26)**

Detailed financial information in section 4.5 'Appendix'.

PagoNxt

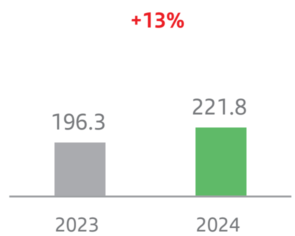
Business performance

In 2024, the total number of transactions in Getnet reached 9.8 billion, 5% higher year-on-year, and the total payments volume (TPV) was EUR 221.8 billion, 13% more than in 2023 in constant euros, driven by the good performance in Europe, Mexico and Chile.

In PagoNxt Payments, the number of transactions processed in 2024 was 1.2 billion compared to 303 million in 2023.

PagoNxt. Activity. TPV (Getnet)

EUR billion and changes in constant euros



Results

Attributable loss of EUR 299 million in 2024 (EUR 56 million loss if we exclude the charges related to the discontinuation of platforms), compared to a EUR 77 million loss in 2023. There was no material impact from exchange rates in the period. Year-on-year and in constant euros:

- Total income rose 14%, driven by the increase in Getnet's revenue in Europe, Mexico and Chile and a good performance in Ebury.
- Administrative expenses and amortizations rose 9% year-on-year, reflecting continued investment in global payments platforms.
- Net loan-loss provisions improved 31%, supported by all regions.
- Other gains (losses) and provisions recorded losses of EUR 296 million, higher losses than a year ago due to the aforementioned charges related to the discontinuation of our platforms.

EBITDA margin was 27.5%, 2.7 pp higher than in 2023.

Cards

Business performance

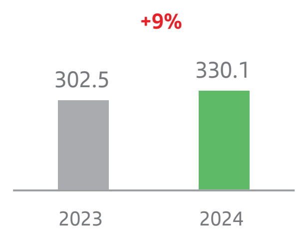
We recorded good activity levels in the year, resulting in 9% card turnover growth year-on-year in constant euros, especially credit cards (+14% in constant euros), with most countries at record levels.

The number of transactions rose 8% year-on-year, boosted by a larger card pool and increased card usage across all transaction sizes.

Loans and advances to customers increased 4% year-on-year. In gross terms, excluding reverse repos and in constant euros, they rose 16%, driven mainly by Brazil and Mexico.

Cards. Activity. Turnover

EUR billion and changes in constant euros



Results

In 2024, attributable profit was EUR 712 million, 4% higher compared to 2023. In constant euros, profit rose 10%, by line item:

- Total income increased 7%. Net interest income improved (+11%) mainly due to higher volumes in Latin America, which offset the fall in net fee income (-5%) affected by customer retention campaigns in Mexico, a regulatory impact in Chile and a one-time positive fee recorded in Q1 2023 in Brazil.
- Administrative expenses and amortizations rose 7% driven mainly by our investments in platforms.
- Net loan-loss provisions rose 9%, below portfolio growth.
- Other gains (losses) and provisions recorded a EUR 50 million loss compared to a EUR 42 million loss in 2023.

In 2024, RoTE in Cards was 32.6% (35.5% in 2023).

PagoNxt. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	1,240	1,140	+9	+14
Expenses	(1,160)	(1,091)	+6	+9
Net operating income	**+80**	**+49**	**+63**	**+210**
LLPs	(16)	(24)	(32)	(31)
PBT	(233)	(17)	—	+513
Attributable profit	**(299)**	**(77)**	**+287**	**+229**

Detailed financial information in section 4.5 'Appendix'.

Cards. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	4,265	4,158	+3	+7
Expenses	(1,315)	(1,253)	+5	+7
Net operating income	**2,950**	**2,905**	**+2**	**+7**
LLPs	(1,698)	(1,642)	+3	+9
PBT	1,202	1,222	(2)	+4
Attributable profit	**712**	**684**	**+4**	**+10**

Detailed financial information in section 4.5 'Appendix'.

Corporate Centre

Underlying attributable profit
-EUR 1,154 mn

2024 highlights:

The Corporate Centre continued to support the Group and add value, defining, developing and coordinating the Group's strategy, as well as aiding the operating units.

It carries out the corporate oversight and control functions, coordinates interactions with the Group's supervisors and regulators and also carries out functions related to financial and capital management.

Attributable loss of EUR 1,154 million in 2024, compared to a EUR 998 million loss in 2023, due to a weaker performance in net interest income, affected by greater interest expenses related to higher TLAC/MREL issuances and increased losses on financial transactions driven by the impact from foreign currency hedges and risk transfer initiatives, which were partially offset by an improvement in the sum of the rest of the lines (costs, net fee income and tax).

Strategy and functions

The Corporate Centre contributes value to the Group, through the following functions, among others:

- Implementing global control frameworks and supervision.
- Fostering the exchange of best practices in cost management, which enables us to be one of the most efficient banks.
- Collaborating in the definition and execution of the global strategy, competitive development operations and projects that ensure we meet the business plan.
- Contributing to the launch of projects that our global businesses will carry out which aim to leverage our worldwide presence to generate economies of scale.
- Ensuring open and constructive communication with shareholders, analysts, investors, bondholders, rating agencies and other market players.
- Adding value to our businesses, countries and divisions by encouraging the exchange of best practices, driving and managing innovative global initiatives and defining corporate policies, to improve efficiency in our processes and service quality for our customers.

It also coordinates the relationship with European regulators and supervisors and carries functions related to financial and capital management, as follows:

- **Financial Management functions**:
  - Structural management of liquidity risk associated with funding the Group's recurring activity and stakes of a financial nature. At the end of 2024, the liquidity buffer was EUR 351 billion.

    This is done via diversified funding sources (issuances and other), maintaining an adequate profile in volumes, maturities and costs.

    The price of these transactions with other Group units is the market rate that includes all liquidity concepts (which the Group supports by immobilizing funds during the term of the transaction) and regulatory requirements (TLAC/MREL).
  - Interest rate risk is also actively managed in order to dampen the impact of interest rate changes on net interest income, conducted via high credit quality, very liquid and low capital consumption derivatives.
  - Strategic management of exposure to exchange rates in equity and dynamic management of the FX hedges related to the units' next twelve months results in euros. The net investments in equity currently hedged totalled EUR 12,169 million (mainly in Mexico, the UK and Poland) through different FX instruments (spot or forwards).
- **Management of capital and reserves**: capital analysis, adequacy and management of the Group including coordination with subsidiaries, profitability monitoring to maximize shareholder returns, setting solvency targets and capital contributions, monitoring the capital ratio (in both regulatory and economic terms), and efficient capital allocation to the units.

Results

The attributable loss of EUR 1,154 million was 16% higher than in 2023 (loss of EUR 998 million), as follows:

- Net interest income worsened by EUR 268 million, as increased liquidity buffer remuneration was amply offset by greater interest expense related to higher volumes of TLAC/MREL issuances.
- Losses on financial transactions increased by EUR 106 million due to the impact from foreign currency hedges and risk transfer initiatives.
- Administrative expenses and amortizations showed a positive trend, decreasing 3% year-on-year, driven by ongoing simplification measures.
- Net loan-loss provisions recorded a EUR 3 million release in 2024, after having registered a release of EUR 2 million in 2023.
- The net negative impact of other gains (losses) and provisions (which includes provisions, intangible asset impairments, cost of the state guarantee on deferred tax assets, pensions, litigation, one-off provisions, etc.) increased from a loss of EUR 134 million in 2023 to a EUR 265 million loss in 2024.

Corporate Centre. Underlying income statement

EUR million

	2024	2023	%
Net interest income	(308)	(41)	660.3
Net fee income	(11)	(13)	(20.6)
Gains (losses) on financial transactions [A]	(408)	(302)	35.2
Other operating income	50	(83)	0.0
Total income	**(676)**	**(439)**	**54.1**
Administrative expenses and amortizations	(379)	(391)	(3.1)
Net operating income	**(1,055)**	**(829)**	**27.1**
Net loan-loss provisions	3	2	25.6
Other gains (losses) and provisions	(265)	(134)	97.7
Profit before tax	**(1,317)**	**(961)**	**37.0**
Tax on profit	162	(36)	0.0
Profit from continuing operations	**(1,155)**	**(998)**	**15.7**
Net profit from discontinued operations	—	—	—
Consolidated profit	**(1,155)**	**(998)**	**15.7**
Non-controlling interests	1	—	—
Profit attributable to the parent	**(1,154)**	**(998)**	**15.7**

Corporate Centre. Balance sheet and operating means

EUR million

	2024	2023	%
Loans and advances to customers	5,778	5,565	3.8
Cash, central banks and credit institutions	104,379	119,279	(12.5)
Debt instruments	10,923	7,726	41.4
Other financial assets	1,444	808	78.7
Other asset accounts	118,425	121,327	(2.4)
Total assets	**240,948**	**254,705**	**(5.4)**
Customer deposits	1,430	1,508	(5.2)
Central banks and credit institutions	21,730	47,747	(54.5)
Marketable debt securities	121,122	110,144	10.0
Other financial liabilities	48	326	(85.3)
Other liabilities accounts	7,256	7,084	2.4
Total liabilities	**151,585**	**166,809**	**(9.1)**
Total equity	**89,363**	**87,896**	**1.7**
Memorandum items:			
Gross loans and advances to customers [B]	5,853	5,640	3.8
Customer funds	1,299	1,508	(13.8)
Customer deposits [C]	1,299	1,508	(13.8)
Mutual funds	—	—	—
Operating means			
Number of employees	1,798	1,922	(6.5)

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

4.4 Secondary segments

Europe

Underlying attributable profit
EUR 6,644 mn

Strategy	We maintained our objective to accelerate our business transformation to achieve higher growth and a more efficient common operating model.
Business performance [1]	New business lending volumes improved year-on-year and there was a strong increase in total customers (+527,000). However, the stock of loans decreased slightly, still impacted by prepayments. Customer deposits decreased, driven by both demand and time deposits.
Results [1]	Attributable profit increased 19% year-on-year to EUR 6,644 million, with strong revenue growth, mainly from net interest income, and lower provisions.

1. In constant euros.

Strategy

In 2024, we focused on growing and transforming our business and implementing of our common operating model.

- In Retail, we continued to drive digitalization through a common online banking and mobile experience, while reducing running costs and streamlining products and processes.
- In CIB, we focused on deepening customer relationships and boosting our distribution capabilities.
- We continued to grow our Wealth business, which is a key driver of fee generation, while increasing its efficiency by developing centralized global technology platforms.
- In Payments, we remain focused on our current PagoNxt value proposition in Spain and Portugal and on expanding our Cards business.

Business performance

Commercial activity continued its positive trend, supported by an increase of more than 527,000 customers year-on-year. Loans and advances to customers rose 2% year-on-year. In gross terms, excluding reverse repos and in constant euros, they decreased 2%, mainly in the UK and Spain, partially offset by growth in Poland and Portugal supported by new loan origination in Retail.

Customer deposits increased 1% year-on-year. Excluding repos and in constant euros, they decreased 1% year-on-year driven by both time and demand deposits. Mutual funds rose 19% in constant euros.

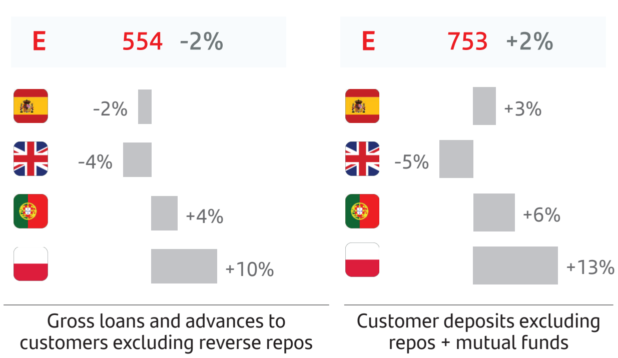
Results

Attributable profit was EUR 6,644 million in 2024 (48% of the Group's total operating areas), up 21% year-on-year. In constant euros, profit rose 19% year-on-year, as follows:

- Total income grew 8%, with an increase in net interest income (+3%), which rose significantly in Spain, Poland and Portugal due to good margin management, that more than offset the fall in the UK due to lower volumes (in line with our strategy) and a higher cost of deposits in a more competitive market. Net fee income rose 5%, mainly driven by mutual fund fees in Spain. Gains on financial transactions increased 31% driven by greater activity in CIB.
- Administrative expenses and amortizations increased 3%, flat in real terms as higher costs in the UK and Poland, both affected by competitive labour markets, were offset by declines in Portugal and Spain. Net operating income rose 12% and the efficiency ratio improved to 40.0%.
- Net loan-loss provisions decreased 28% mainly driven by credit quality improvement across countries and by the macro-outlook improvement in the UK.
- The other gains (losses) and provisions line recorded losses of EUR 2,111 million, 24% higher, related to the temporary levy on revenue earned in Spain and greater charges related to the Swiss franc mortgage portfolio in Poland.

Europe. 2024 business performance

EUR billion and YoY % change in constant euros



Europe. Underlying income statement

EUR million and % change

	2024	2023	/ 2023 %	/ 2023 % excl. FX
Revenue	23,510	21,439	+10	+8
Expenses	(9,407)	(9,030)	+4	+3
Net operating income	**14,102**	**12,409**	**+14**	**+12**
LLPs	(1,862)	(2,533)	(26)	(28)
PBT	10,129	8,195	+24	+22
Attributable profit	**6,644**	**5,482**	**+21**	**+19**

Detailed financial information in section 4.5 'Appendix'.

Spain

Underlying attributable profit
EUR 3,762 mn

Business performance

During the year, we continued to drive our transformation programme and we maintained the solid trend in customer growth, achieving 40 consecutive months of positive net growth (+285,000 customers in 2024).

There were good commercial dynamics, with the focus on profitability. In Retail, new business volumes increased double digits, mainly due to corporate, personal loans and mortgages. We increased our market share in payrolls, pensions and cards and we recorded positive trends in mutual funds and insurance business. In CIB, we consolidated our leadership in the major league tables.

Loans and advances to customers increased 3% year-on-year. In gross terms and excluding reverse repos, loans decreased 2%, impacted by SME amortizations, partially offset by growth in CIB and Wealth growth.

Customer deposits were flat year-on-year. Excluding repos, they decreased 1%, affected by time deposits, mainly in CIB. Mutual funds increased 20% year-on-year.

Results

Attributable profit in 2024 reached EUR 3,762 million, 59% higher than in 2023. By line item:

- Total income was up 18% propelled by net interest income, mainly in Retail, net fee income mainly from mutual funds, a lower contribution to the DGF and the end of contribution to the SRF in 2023.
- Administrative expenses and amortizations increased 1%. In real terms, they fell 2% driven by efficiencies generated. As a result, net operating income rose 30% and the efficiency ratio improved 6 pp to 35.7%.
- Net loan-loss provisions decreased 17% supported by proactive risk management, with an improvement in the cost of risk and NPL ratio to 0.50% and 2.68%, respectively.
- The other gains (losses) and provisions line recorded 2% higher losses, due to a higher charge for the temporary levy on revenue earned in Spain.

Spain. Underlying income statement

EUR million and % change

			/ 2023
	2024	2023	%
Revenue	11,974	10,132	+18
Expenses	(4,271)	(4,227)	+1
Net operating income	**7,703**	**5,905**	**+30**
LLPs	(1,259)	(1,522)	(17)
PBT	5,440	3,399	+60
Attributable profit	**3,762**	**2,371**	**+59**

Detailed financial information in section 4.5 'Appendix'.

United Kingdom

Underlying attributable profit
EUR 1,306 mn

Business performance

During the year, we advanced in our transformation programme through digitalization and automatization, which helped to simplify the business and improve efficiency. Our focus on customer service, both in branches and through a new mobile banking app received very positive scores.

We prioritized profitability, through pricing discipline and planned balance sheet optimization. As a result, loans and advances to customers were flat year-on-year. In gross terms, excluding reverse repos and in constant euros, they decreased 4%.

Customer deposits decreased 1% year-on-year. Excluding repos and in constant euros, both customer deposits and total customer funds decreased 5%. Mutual funds were flat year-on-year in constant euros.

Results

Attributable profit was EUR 1,306 million, 15% down from 2023. In constant euros, profit decreased 18%. By line item:

- Total income declined 8%, mainly due to a decrease in net interest income, affected by lower volumes (in line with our strategy) and a higher cost of deposits in a very competitive market. Net fee income decreased mainly due to lower transactionality.
- Administrative expenses and amortizations rose 3% (+1% in real terms) as costs related to investments, technology and personnel were partially offset by transformation savings. The efficiency ratio stood at 55.9%.
- Net loan-loss provisions decreased 75%, driven by macro-outlook improvement in the UK and good risk management. The cost of risk was 3 bps, an improvement of 7 bps in the year.
- The other gains (losses) and provisions line recorded losses of EUR 441 million, a 1% greater loss year-on-year.

United Kingdom. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	5,216	5,525	(6)	(8)
Expenses	(2,918)	(2,745)	+6	+3
Net operating income	**2,299**	**2,779**	**(17)**	**(19)**
LLPs	(64)	(247)	(74)	(75)
PBT	1,794	2,107	(15)	(17)
Attributable profit	**1,306**	**1,545**	**(15)**	**(18)**

Detailed financial information in section 4.5 'Appendix'.

Portugal

Underlying attributable profit
EUR 1,001 mn

Business performance

In 2024, our strategy remained centred on the execution of our commercial and digital transformation, focusing on excellence in customer experience and satisfaction, especially in Retail, which enabled us to grow in both customers and volumes.

During the year, and despite a competitive environment, we were leaders in new mortgage lending, supported by our mixed-rate offering. In individuals, there was a good performance in personal loans and insurance (especially in health). In corporates, we promoted investment projects and energy transition, both in Retail and CIB.

As a result, loans and advances to customers grew 4% year-on-year. In gross terms excluding reverse repos, they also increased 4%.

Customer deposits increased 5%, also +5% excluding repos, supported by a well-targeted strategy. Mutual funds rose 15% year-on-year, supported by our growth strategy focused on high value-added segments.

Results

Attributable profit reached EUR 1,001 million in 2024, 12% higher than in 2023 as follows:

- Total income increased 6%, reflecting higher net interest income (+6%) supported by higher volumes and good margin management. Net fee income increased slightly (+1%), in part due to legal limitations on fees charged on mortgages and other loans.
- Administrative expenses and amortizations rose 1% (-1% in real terms). However, the efficiency ratio improved 1 pp to 26.1%.
- Net loan-loss provisions fell 86%, returning to the minimum levels seen in 2022, with a cost of risk of only 3 bps and an NPL ratio that improved 0.19 pp to 2.40%.
- The other gains (losses) and provisions line recorded losses of EUR 61 million, a 25% greater loss year-on-year.

Portugal. Underlying income statement

EUR million and % change

			/ 2023
	2024	**2023**	**%**
Revenue	2,100	1,982	+6
Expenses	(548)	(542)	+1
Net operating income	**1,553**	**1,440**	**+8**
LLPs	(11)	(77)	(86)
PBT	1,481	1,314	+13
Attributable profit	**1,001**	**896**	**+12**

Detailed financial information in section 4.5 'Appendix'.

Poland

Underlying attributable profit
EUR 800 mn

Business performance

In 2024, we launched a new strategy based on three pillars: total experience (best experience for customers and employees), total digitalization (digitalizing and automatizing customer journeys with the best digital channels) and total responsibility (regulatory compliance and responsible business agenda). We remain in the top 3 in NPS and we substantially increased active customers, supported by OneApp in the first year since its implementation.

There were good commercial dynamics, mainly in SMEs and corporates. Loans and advances to customers were 12% up in the year. In gross terms, excluding reverse repos and in constant euros, they rose 10% mainly in Retail and in CIB.

Customer deposits increased 13% year-on-year. Excluding repos and in constant euros, they rose 11%, driven by both time and demand deposits. Mutual funds increased 30% in constant euros.

Results

Attributable profit was EUR 800 million in 2024. Year-on-year, profit rose 19%. In constant euros, it increased 13%, as follows:

- Total income was 6% higher, driven by net interest income (+6% on the back of higher volumes and strict funding cost control). Net fee income grew 8%, mainly in FX and funds.
- Administrative expenses and amortizations increased 6%, mainly affected by a competitive labour market. The efficiency ratio stood at 27.1% in line with 2023.
- Net loan-loss provisions decreased 28%, with a significant improvement in the cost of risk.
- The other gains (losses) and provisions line recorded losses of EUR 429 million, a 61% greater loss year-on-year, impacted by charges related to the Swiss franc mortgage portfolio.

Poland. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	3,555	3,182	+12	+6
Expenses	(965)	(862)	+12	+6
Net operating income	**2,591**	**2,320**	**+12**	**+6**
LLPs	(511)	(674)	(24)	(28)
PBT	1,650	1,392	+19	+12
Attributable profit	**800**	**674**	**+19**	**+13**

Detailed financial information in section 4.5 'Appendix'.

Digital Consumer Bank Europe

Underlying attributable profit

EUR 642 mn

Strategy	Our strategy is focused on strengthening our leadership in auto and non-auto through strategic alliances and better service through new operational leasing and non-auto (Zinia) platforms.
Business performance [1]	In 2024, new business volumes rose 1% year-on-year (+2% in auto) and the stock of loans grew 4%. Deposits grew double digits, in line with our objective to increase retail funding through common platforms to reduce liability costs.
Results [1]	Net operating income rose 6% year-on-year due to higher net interest income and net fee income and lower costs. However, this was not reflected in attributable profit (-47% year-on-year) due to cost of risk normalization, higher provisions related to the Swiss franc mortgage portfolio in Poland and the provision for potential complaints related to motor finance dealer commissions in the UK.

1. In constant euros.

Strategy

Our strategy in Europe is aligned with that of Consumer at the global level. The vision in our DCB Europe business is to become the **preferred choice of our partners and our end customers** and offer greater profitability and value creation to our shareholders, while being the most cost competitive player in the industry.

Our main focus is on **transforming our operating model:**

- **Offering global solutions** integrated into our partners' (OEMs, importers and retailers) processes, accompanying them as their increasingly digital business models evolve.
- **Simplifying and automating our processes** to improve customer experience and gain scalability.
- **Building and developing global platforms.** In 2024, we strengthened our operational leasing solution and launched an Amazon co-branded card through Zinia in Germany. We prepared the launch of an Openbank branch in Germany (opened in January 2025) and we continued to upgrade our customer value proposition and experience.

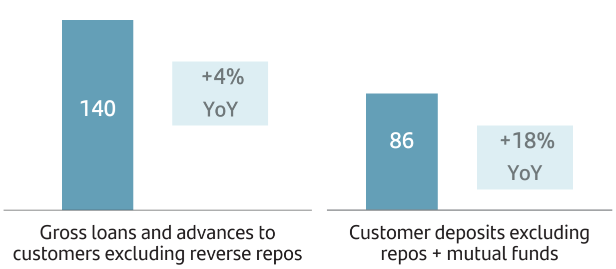
Business performance

The stock of loans and advances to customers rose 3% year-on-year. In gross terms, excluding reverse repos and in constant euros, it rose 4% year-on-year (primarily due to auto). New business volumes rose 1% year-on-year in constant euros, mainly new auto.

In line with our strategy to increase retail funding, customer deposits increased 17% year-on-year. Excluding repos and in constant euros, they grew 18% to EUR 81 billion. Mutual funds increased 24% in constant euros albeit from very low levels. Our access to wholesale funding markets remained strong and diversified.

DCB Europe. 2024 business performance

EUR billion and % change in constant euros



Results

Attributable profit in 2024 was EUR 642 million (5% of the Group's total operating areas), a 46% decline year-on-year. In constant euros, profit fell 47%, as follows:

- Total income increased 3%, due to higher net interest income (+4%), supported by active loan repricing and customer deposit growth, and net fee income (+13%) driven by greater penetration in direct insurance, especially in Germany and due to higher fees from our agreements.
- Administrative expenses and amortizations fell slightly, even as we invest in business growth. Net operating income increased 6% and the efficiency ratio improved 1.7 pp to 45.9%.
- Net loan-loss provisions were 52% higher, impacted by higher provisions in Swiss franc mortgage portfolio in Poland. They were also impacted by normalization, in line with expectations, volumes growth, some regulatory impacts and lower portfolio sales than last year. Despite all of this, cost of risk remained at low levels (0.88%), having normalized in line with expectations.
- Other gains (losses) and provisions registered a loss of EUR 735 million in 2024 compared to a EUR 72 million loss in 2023, mainly driven by Swiss franc mortgage provisions and the provision for potential complaints related to motor finance dealer commissions in the UK (for more information, see note 25.e in the consolidated financial statements).

The largest contribution to profit came from Germany (EUR 229 million), followed by the Nordic countries (EUR 202 million) and France (EUR 113 million).

DCB Europe. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	5,679	5,502	+3	+3
Expenses	(2,604)	(2,618)	(1)	(1)
Net operating income	**3,075**	**2,884**	**+7**	**+6**
LLPs	(1,209)	(792)	+53	+52
PBT	1,131	2,019	(44)	(44)
Attributable profit	**642**	**1,199**	**(46)**	**(47)**

Detailed financial information in section 4.5 'Appendix'.

North America

Underlying attributable profit
EUR 2,579 mn

Strategy	We continue to progress in our digital transformation in the region, leveraging the strengths of our global businesses with the recent launch of Openbank, to deliver a superior customer experience with improved operational leverage.
Business performance [1]	Loans and advances to customers were flat year-on-year, as growth in Mexico was offset by decrease in the US. Customer deposits declined 5%, in line with our strategy to reduce excess corporate deposits in the US, partially mitigated by deposit growth in Mexico and Consumer in the US.
Results [1]	Attributable profit grew 12% year-on-year, driven by revenue growth in CIB in both countries and the good revenue performance in all businesses in Mexico, amply offsetting higher costs (inflation and investments).

1. In constant euros.

Strategy

We continued to pursue business transformation across the US and Mexico, while leveraging our global and regional scale. In 2024, we:

- Remained focused on the transformation of our Retail business, targeting product simplification, digital investments, process and operations streamlining.
- Achieved an important milestone in Consumer, launching Openbank in the US to gather retail deposits and we prepared the full launch in Mexico (in February 2025) to compete with new players in the country.
- Continued to invest in our CIB Banking Build-Out in the US (US BBO initiative), with the expansion of our advisory services and product capabilities, which is already positively impacting revenue.
- Pursued growth in Wealth, with targeted investments to enhance our capabilities and strengthen business growth levers.

Business performance

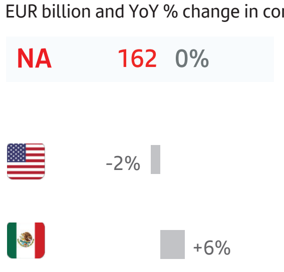
Loans and advances to customers were up 3% year-on-year. In gross terms, excluding reverse repos and in constant euros, they were flat as growth in Mexico was offset by decrease in the US, in line with our strategy focused on capital optimization and efficient allocation, and value creation.

Customer deposits were flat year-on-year. Excluding repos and in constant euros, they decreased 5%, in line with our strategy to reduce excess corporate deposits in CIB in the US.

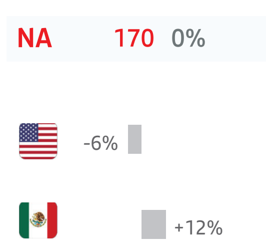
Mutual funds grew 23% year-on-year in constant euros, largely driven by Retail in Mexico and Wealth in both countries.

North America. 2024 business performance

EUR billion and YoY % change in constant euros



Gross loans and advances to customers excluding reverse repos



Customer deposits excluding repos + mutual funds

Results

Attributable profit in 2024 was EUR 2,579 million (19% of the Group's total operating areas), +10% year-on-year. In constant euros, profit grew 12%, by line:

- Total income increased 7%, driven by strong performance in CIB in the US, as we consolidate our US BBO initiative, and by growth in all businesses in Mexico, supported by higher volumes.
- Administrative expenses and amortizations were 5% higher impacted by inflation. In real terms, they rose slightly (+1%) as higher costs related to investments that we are undertaking in Retail in Mexico and for the development of new capabilities in CIB in the US were offset by savings from transformation initiatives.
- Net loan-loss provisions rose 2%, reflecting business growth in Retail and Payments in Mexico, partially compensated by lower provisions in auto and Commercial portfolios in the US.
- We recorded a EUR 336 million loss in the other gains (losses) and provisions line, compared to EUR 138 million loss in 2023 due to charges related to transformation acceleration in the US.

North America. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	13,915	13,174	+6	+7
Expenses	(6,701)	(6,465)	+4	+5
Net operating income	**7,214**	**6,708**	**+8**	**+9**
LLPs	(3,786)	(3,733)	+1	+2
PBT	3,091	2,837	+9	+11
Attributable profit	**2,579**	**2,354**	**+10**	**+12**

Detailed financial information in section 4.5 'Appendix'.

United States

Underlying attributable profit
EUR 1,109 mn

Business performance

Loans and advances to customers were 6% higher than in December 2023. In gross terms, excluding reverse repos and in constant euros, they were 2% down year-on-year, in line with our focus on capital optimization and efficient allocation and value creation.

Customer deposits rose 3% year-on-year. Excluding repos and in constant euros, they fell 8%, mainly due to our strategy to reduce excess corporate deposits in CIB. Deposits from individuals, including those from Openbank since its launch in Q4 2024, grew 2% year-on-year. Mutual funds increased 12% year-on-year in constant euros, supported by an enhanced value proposition.

Results

Attributable profit in 2024 was EUR 1,109 million, a 19% increase year-on-year. In constant euros, profit also grew 19%, as follows:

- Total income rose 5%, driven by strong net fee income growth (+50%) and higher gains on financial transactions supported by increased activity levels in CIB and the good performance related to the Multifamily servicing agreement with the FDIC. Net interest income decreased 1%, due to higher funding costs, partially offset by higher volumes in auto loans. Leasing income dropped mainly due to lower leasing volumes.

- Administrative expenses and amortizations increased 4%. In real terms, they rose just 1%, as investments related to the Openbank launch and the US BBO initiative were largely offset by savings captured from our transformation plan.

- Net loan-loss provisions improved 3% due to lower provisions in the auto and Commercial portfolios, in line with portfolio performance. Cost of risk improved to 1.82%.

- Other gains (losses) and provisions recorded a EUR 190 million loss compared to a EUR 74 million loss in 2023, due to charges related to transformation acceleration.

- Tax on profit had a positive impact both in 2023 and 2024 as a result of the tax incentives related to electric vehicle leasing.

United States. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	7,580	7,209	+5	+5
Expenses	(3,830)	(3,679)	+4	+4
Net operating income	**3,750**	**3,531**	**+6**	**+6**
LLPs	(2,507)	(2,593)	(3)	(3)
PBT	1,053	863	+22	+22
Attributable profit	**1,109**	**932**	**+19**	**+19**

Detailed financial information in section 4.5 'Appendix'.

Mexico

Underlying attributable profit
EUR 1,671 mn

Business performance

In 2024, we recorded solid activity levels, mainly in individuals, where we continued to perform well with a market share of 14% well above our total loan share of 12%.

Loans and advances to customers decreased 6% year-on-year. In gross terms, excluding reverse repos and in constant euros, loans rose 6%, with growth in all global businesses except CIB (-6% year-on-year, in line with our focus on profitability and risk appetite). There were notable increases in Retail (good performance in mortgages, personal loans and corporates) and double-digit growth in Consumer and Wealth.

Customer deposits declined 7% year-on-year. Excluding repos and in constant euros, they increased 5%, driven by demand deposit growth (+7%) due to our strategy to manage funding costs and improve the mix. Mutual funds rose 33% in constant euros.

Results

Attributable profit in 2024 was EUR 1,671 million, 7% higher year-on-year. In constant euros, it increased 10% year-on-year as follows:

- Total income rose 10%, with increases in net interest income (+8%, with growth in all businesses), net fee income (+4%, supported by mutual fund and insurance fees) and gains on financial transactions (+94%).

- Administrative expenses and amortizations increased 6%. In real terms however, they rose just 1%, as our investments in technology and digitalization were offset by savings from transformation initiatives. As a result, the efficiency ratio improved by 1.4 pp to 42.5%.

- Net loan-loss provisions were up 16%, due to the normalization of provisions and solid loan growth. Asset quality performed well and cost of risk remained at comfortable levels (2.64%).

- Other gains (losses) and provisions recorded a EUR 62 million loss, compared to a EUR 57 million loss in 2023.

Mexico. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	6,278	5,899	+6	+10
Expenses	(2,665)	(2,588)	+3	+6
Net operating income	**3,613**	**3,311**	**+9**	**+12**
LLPs	(1,277)	(1,135)	+12	+16
PBT	2,274	2,119	+7	+11
Attributable profit	**1,671**	**1,560**	**+7**	**+10**

Detailed financial information in section 4.5 'Appendix'.

South America

Underlying attributable profit
EUR 3,863 mn

Strategy	In 2024, our franchise continued to grow and create value for the Group, in line with our objective of being the primary bank for our customers and becoming the most profitable bank in each of the countries where we operate. Given our focus on service quality, our customer base grew 10% year-on-year, reaching 80 million.
Business performance [1]	Both loans and deposits grew year-on-year (+9% and +12%, respectively), as we supported regional strategic initiatives including multinationals, consumer, payments and inclusive and sustainable businesses through differential value propositions.
Results [1]	Attributable profit was EUR 3,863 million in 2024, reflecting a 36% increase year-on-year driven by higher activity, lower cost of deposits, good performance in net fee income as well as improvements in efficiency.

1. In constant euros. In volumes and results, the variations in constant euros have been calculated considering the Argentine peso exchange rate on the last working day for each of the periods presented. For further information, see section 8. 'Alternative performance measures' of this chapter.

Strategy

In 2024, we focused on being the primary bank for our customers, leveraging the synergies generated by our global businesses:

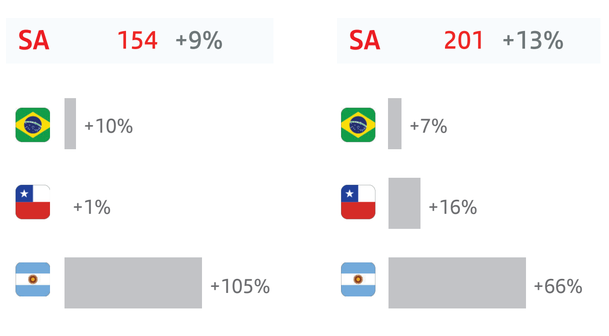
- In Retail, we continued on our journey to become a digital bank with branches by streamlining our product and service offering and improving customer experience.
- In Consumer, we maintained our market leadership in auto by strengthening strategic alliances and new business acquisitions.
- In CIB, we continued evolving towards a pan-regional offering, focusing on Markets and Corporate Finance businesses.
- In Wealth, we increased liability gathering to drive loyalty and continued developing our distribution channels.
- In Payments, we expanded our Getnet business and started implementing Plard, our Cards platform, in Brazil and Chile.

Business performance

Loans and advances to customers decreased 4% year-on-year. In gross terms, excluding reverse repos and in constant euros, they rose 9%, with increases in all global businesses. Retail had a good performance overall in Brazil and in corporates in Uruguay and Chile. There were positive trends in loans across our main countries in Consumer, Payments and Wealth. In CIB, growth in Brazil and Argentina was partially offset by decreases in Chile and Uruguay.

South America. 2024 business performance

EUR billion and YoY % change in constant euros.



Gross loans and advances to customers excluding reverse repos

Customer deposits excluding repos + mutual funds

Customer deposits fell 7% year-on-year. Excluding repos and in constant euros, they grew 12%, rising in all our main countries and driven by double-digit growth in both time and demand deposits. Mutual funds increased 14%, supported by all our main countries.

Results

Attributable profit was EUR 3,863 million (28% of the Group's total operating areas), 27% higher than in 2023. In constant euros, profit increased 36% as follows:

- Total income rose 18%, supported by 27% net interest income growth, up in all global businesses (of note, Retail) on the back of higher activity in the region and, in the case of Brazil and Chile, also benefiting from negative sensitivity of their balance sheets in a lower interest rate environment. Solid net fee income growth amply offset lower gains on financial transactions.
- Administrative expenses and amortizations increased 7% (up 3% in real terms), mainly driven by Argentina, but with good cost management in our main countries. The efficiency ratio improved 3.4 pp, reaching 35.1%.
- Net loan-loss provisions rose 9%, due to Brazil and Argentina, where provisions increased (although both by less than portfolio growth), normalization from low levels in Chile and portfolio growth in Consumer in Uruguay. The cost of risk reached 3.50%, from 3.36% in December 2023.
- Greater loss in other gains (losses) and provisions, mainly driven by Argentina and Chile.

South America. Underlying income statement

EUR million and % change

			/ 2023	
	2024	**2023**	**%**	**% excl. FX**
Revenue	19,783	17,971	+10	+18
Expenses	(6,943)	(6,920)	0	+7
Net operating income	**12,841**	**11,050**	**+16**	**+25**
LLPs	(5,478)	(5,401)	+1	+9
PBT	5,993	4,608	+30	+40
Attributable profit	**3,863**	**3,038**	**+27**	**+36**

Detailed financial information in section 4.5 'Appendix'.

Brazil

Underlying attributable profit
EUR 2,422 mn

Business performance

In Brazil, we continued working to become the primary bank for our customers by launching several initiatives through our global businesses. In Retail, we focused on providing a personalized experience for our customers through data analysis and the use of artificial intelligence. In Consumer, we strengthened our strategic alliances and maintained our leadership in auto for individuals. In CIB, we consolidated our leadership in foreign trade financing and foreign currency. In Wealth, we furthered our fund gathering plan, leveraging a diversified investment ecosystem. In Payments, we achieved sustained growth and increased active customers.

Loans and advances to customers fell 8% year-on-year. In gross terms, excluding reverse repos and in constant euros, they rose 10%, supported by all global businesses, with notable growth in Retail and Consumer.

Customer deposits decreased 15% year-on-year. Excluding repos and in constant euros, they grew 8% mainly driven by time deposits (+9%). Mutual funds rose 6% and total customer funds increased 7% in constant euros.

Results

Attributable profit in 2024 was EUR 2,422 million, 26% higher year-on-year. In constant euros, it increased 36%, as follows:

- Total income rose 11%, as the good performance in net interest income (+20%), which benefitted from higher volumes and the negative sensitivity of the balance sheet in a lower interest rate environment, and net fee income (+6%, particularly insurance and FX fees) amply offset lower gains on financial transactions.
- Administrative expenses and amortizations increased 3%, but fell 1% in real terms, as a result of good cost management. The efficiency ratio improved to 32.1%.
- Net loan-loss provisions rose 3%, increasing below loan growth and having registered charges in 2023 due to single names in CIB. The cost of risk stood at 4.51% (4.77% in 2023).
- The negative impact of other gains (losses) and provisions decreased in the period (-3%).

Brazil. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	13,536	13,104	+3	+11
Expenses	(4,352)	(4,529)	(4)	+3
Net operating income	**9,184**	**8,574**	**+7**	**+15**
LLPs	(4,487)	(4,701)	(5)	+3
PBT	3,830	2,911	+32	+42
Attributable profit	**2,422**	**1,921**	**+26**	**+36**

Detailed financial information in section 4.5 'Appendix'.

Chile

Underlying attributable profit
EUR 629 mn

Business performance

In 2024, we remained focused on improving customer service, furthering digitalization and increasing our customer base by leveraging our digital products. This enabled us to be the most recommended bank in the country for the fifth consecutive year. We further expanded Getnet and we are also scaling our platform to make international transfers to 28 countries, with no cost for our customers. In Consumer, we strengthened our leadership, exceeding a market share of 24%.

We lead the market among privately-owned banks in loans and deposits. Loans and advances to customers decreased 5% year-on-year. Excluding reverse repos and in constant euros, gross loans and advances to customers rose 1%, increasing in all global businesses except CIB.

Customer deposits rose 2% year-on-year. Excluding repos and in constant euros they were 10% higher, mainly underpinned by time deposits (+13%), while mutual funds grew 32%. Total customer funds increased 16% in constant euros.

Results

Attributable profit in 2024 was EUR 629 million, up 8% year-on-year. In constant euros it grew 22%, by line item:

- Total income rose 28%, as an increase in net interest income (+48%), which benefitted from higher activity and the negative sensitivity of the balance sheet in a lower interest rate environment, and in net fee income (mainly driven by mutual funds, cards and advisory) more than offset lower gains on financial transactions (falling from high levels in 2023).
- Administrative expenses and amortizations were up 3% (-1% in real terms) and the efficiency ratio improved 8.6 pp to 36.0%.
- Net loan-loss provisions increased 53%, normalizing from very low levels. The cost of risk rose 39 bps, standing at 1.19%. The NPL ratio stood at 5.37%.
- Other gains (losses) and provisions reflected a loss of EUR 51 million related to labour charges (gain of EUR 51 million in 2023).

Chile. Underlying income statement

EUR million and % change

			/ 2023	
	2024	2023	%	% excl. FX
Revenue	2,592	2,285	+13	+28
Expenses	(933)	(1,020)	(8)	+3
Net operating income	**1,659**	**1,265**	**+31**	**+48**
LLPs	(497)	(365)	+36	+53
PBT	1,111	951	+17	+31
Attributable profit	**629**	**582**	**+8**	**+22**

Detailed financial information in section 4.5 'Appendix'.

Argentina

Underlying attributable profit
EUR 665 mn

Business performance

In Argentina, we pursued our profitable growth and value creation strategy, focused on customer experience. We further consolidated our leadership in the transactional business, generating results with low capital consumption. In Retail, we relaunched mortgage loans and redefined our operating model, focusing on optimizing cost to serve. In Consumer, we strengthened our leadership via strategic alliances. We expanded our perimeter in Wealth and also developed new digital functionalities in Cards.

In volumes and results, in contrast to the other countries, the variations in Argentina have been calculated only considering the Argentine peso exchange rate on the last working day for each of the periods presented. For further information, see section 8. 'Alternative performance measures' of this chapter.

Loans and advances to customers rose 104% year-on-year. In gross terms and excluding reverse repos they were up 105%, underpinned by growth in all businesses (notably in Retail).

Customer deposits increased 74% year-on-year. Excluding repos, they also grew 74%, supported by both demand (+72%) and time deposits (+82%). Mutual funds rose 51% in 2024, contributing to a 66% increase in customer funds.

Results

Attributable profit in 2024 was EUR 665 million, 72% higher year-on-year. By line item:

- Total income grew 61%, underpinned by increases in net interest income (higher credit volumes and income from public securities) and net fee income, in an environment characterized by narrowing margins, regulatory changes and disinflation.
- Administrative expenses and amortizations rose 32%, well below total income growth total income. As a result, the efficiency ratio improved 9.1 pp year-on-year, reaching 41.1%, while net operating income was up 90%.
- Net loan-loss provisions increased (+89%) although by less than loan growth. The cost of risk stood at 4.59%, improving 2.0 pp year-on-year.
- Other gains (losses) and provisions registered charges relating to labour charges.

Argentina. Underlying income statement

EUR million and % change

			/ 2023
	2024	2023	%
Revenue	2,487	1,544	+61
Expenses	(1,022)	(775)	+32
Net operating income	**1,465**	**769**	**+90**
LLPs	(284)	(150)	+89
PBT	827	505	+64
Attributable profit	**665**	**386**	**+72**

Detailed financial information in section 4.5 'Appendix'.

4.5 Appendix

Note: In 2024 for the Argentine peso, we apply an alternative exchange rate that better reflects the evolution of inflation (we continue to apply the official ARS exchange rate to all prior periods). For further information, see section 8. 'Alternative performance measures' of this chapter.

Additionally, in line with the changes published in the Q1 2024 quarterly report, balance sheet series include adjustments to some of the 2023 metrics published in the Annual report 2023 in Retail & Commercial Banking, Digital Consumer Bank, CIB and Wealth Management & Insurance to better reflect our five global businesses' perimeters according to our new operating model; these adjustments do not affect business volumes metrics at the Group level.

Primary segments

RETAIL & COMMERCIAL BANKING

EUR million

Underlying income statement	2024	2023	%	% excl. FX
Net interest income	27,942	25,550	9.4	11.0
Net fee income	4,681	4,497	4.1	7.3
Gains (losses) on financial transactions [A]	812	854	(4.9)	(4.0)
Other operating income	(974)	(1,146)	(15.1)	(14.3)
Total income	**32,461**	**29,754**	**9.1**	**11.0**
Administrative expenses and amortizations	(12,877)	(12,825)	0.4	2.5
Net operating income	**19,584**	**16,930**	**15.7**	**17.4**
Net loan-loss provisions	(5,845)	(6,540)	(10.6)	(7.3)
Other gains (losses) and provisions	(2,865)	(2,401)	19.4	20.7
Profit before tax	**10,874**	**7,989**	**36.1**	**35.9**
Tax on profit	(3,091)	(1,927)	60.4	57.4
Profit from continuing operations	**7,783**	**6,062**	**28.4**	**28.9**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**7,783**	**6,062**	**28.4**	**28.9**
Non-controlling interests	(520)	(403)	29.0	29.1
Profit attributable to the parent	**7,263**	**5,659**	**28.3**	**28.8**

Balance sheet and activity metrics				
Loans and advances to customers	608,945	618,113	(1.5)	(0.9)
Customer deposits	661,152	666,578	(0.8)	0.3
Memorandum items:				
Gross loans and advances to customers [B]	609,490	618,773	(1.5)	(0.7)
Customer funds	747,567	725,971	3.0	4.4
Customer deposits [C]	649,619	638,169	1.8	2.6
Mutual funds	97,948	87,802	11.6	18.8
Risk-weighted Assets	290,922	293,430	(0.9)	

Ratios (%) and customers			
RoTE [D]	18.9	15.1	3.7
Efficiency ratio	39.7	43.1	(3.4)
NPL ratio	3.18	3.21	(0.03)
NPL coverage ratio	58.4	61.4	(3.0)
Number of total customers (thousands)	147,140	138,821	6.0
Number of active customers (thousands)	79,079	75,130	5.3

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

D. Allocated according to RWA consumption.

DIGITAL CONSUMER BANK

EUR million

Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	10,777	10,221	5.4	6.1
Net fee income	1,508	1,229	22.7	23.8
Gains (losses) on financial transactions [A]	(4)	116	—	—
Other operating income	635	730	(13.0)	(13.3)
Total income	**12,916**	**12,296**	**5.0**	**5.7**
Administrative expenses and amortizations	(5,183)	(5,263)	(1.5)	(1.2)
Net operating income	**7,733**	**7,033**	**10.0**	**10.9**
Net loan-loss provisions	(4,562)	(4,106)	11.1	12.4
Other gains (losses) and provisions	(939)	(250)	276.0	283.0
Profit before tax	**2,232**	**2,677**	**(16.6)**	**(16.4)**
Tax on profit	(295)	(426)	(30.9)	(30.8)
Profit from continuing operations	**1,938**	**2,251**	**(13.9)**	**(13.6)**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**1,938**	**2,251**	**(13.9)**	**(13.6)**
Non-controlling interests	(275)	(350)	(21.3)	(21.1)
Profit attributable to the parent	**1,663**	**1,901**	**(12.5)**	**(12.3)**

Balance sheet and activity metrics				
Loans and advances to customers	207,104	199,158	4.0	3.4
Customer deposits	128,975	115,446	11.7	9.2
Memorandum items:				
Gross loans and advances to customers [B]	215,160	206,649	4.1	3.6
Customer funds	137,122	120,996	13.3	10.8
Customer deposits [C]	128,933	114,334	12.8	10.3
Mutual funds	8,189	6,662	22.9	19.4
Risk-weighted Assets	152,399	154,396	(1.3)	

Ratios (%) and customers				
RoTE [D]	9.8	11.5	(1.8)	
Efficiency ratio	40.1	42.8	(2.7)	
NPL ratio	5.07	4.75	0.33	
NPL coverage ratio	73.6	76.5	(2.9)	
Number of total customers (thousands)	25,041	25,413	(1.5)	

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

D. Allocated according to RWA consumption.

CORPORATE & INVESTMENT BANKING

EUR million

Underlying income statement	2024	2023	%	% excl. FX
Net interest income	4,020	3,594	11.9	14.8
Net fee income	2,548	2,131	19.6	21.4
Gains (losses) on financial transactions [A]	1,619	1,795	(9.9)	(6.7)
Other operating income	156	7	—	—
Total income	**8,343**	**7,527**	**10.8**	**13.6**
Administrative expenses and amortizations	(3,807)	(3,387)	12.4	13.8
Net operating income	**4,537**	**4,140**	**9.6**	**13.4**
Net loan-loss provisions	(174)	(165)	5.7	7.3
Other gains (losses) and provisions	(353)	(181)	95.3	100.1
Profit before tax	**4,009**	**3,795**	**5.7**	**9.5**
Tax on profit	(1,065)	(1,137)	(6.3)	(2.2)
Profit from continuing operations	**2,944**	**2,658**	**10.8**	**14.4**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**2,944**	**2,658**	**10.8**	**14.4**
Non-controlling interests	(204)	(219)	(6.5)	(1.1)
Profit attributable to the parent	**2,740**	**2,440**	**12.3**	**15.8**

Balance sheet and activity metrics				
Loans and advances to customers	184,923	168,960	9.4	9.4
Customer deposits	202,355	203,713	(0.7)	1.0
Memorandum items:				
Gross loans and advances to customers [B]	136,818	137,578	(0.6)	0.2
Customer funds	152,450	169,839	(10.2)	(7.0)
Customer deposits [C]	136,672	155,274	(12.0)	(9.7)
Mutual funds	15,777	14,565	8.3	26.2
Risk-weighted Assets	122,274	114,849	6.5	

Ratios (%)			
RoTE [D]	18.1	17.5	0.5
Efficiency ratio	45.6	45.0	0.6
NPL ratio	0.86	1.36	(0.50)
NPL coverage ratio	39.3	41.2	(2.0)

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

D. Allocated according to RWA consumption.

WEALTH MANAGEMENT & INSURANCE

EUR million

Underlying income statement	2024	2023	%	% excl. FX
Net interest income	1,627	1,513	7.6	8.2
Net fee income	1,489	1,262	18.0	19.2
Gains (losses) on financial transactions [A]	213	170	25.7	27.3
Other operating income	332	266	24.7	32.0
Total income	**3,661**	**3,210**	**14.0**	**15.4**
Administrative expenses and amortizations	(1,313)	(1,216)	8.0	9.2
Net operating income	**2,348**	**1,994**	**17.7**	**19.3**
Net loan-loss provisions	(41)	17	—	—
Other gains (losses) and provisions	(48)	(18)	170.8	170.3
Profit before tax	**2,259**	**1,994**	**13.3**	**14.8**
Tax on profit	(531)	(454)	16.9	18.1
Profit from continuing operations	**1,728**	**1,540**	**12.2**	**13.8**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**1,728**	**1,540**	**12.2**	**13.8**
Non-controlling interests	(79)	(73)	7.9	11.6
Profit attributable to the parent	**1,650**	**1,467**	**12.5**	**13.9**
Balance sheet and activity metrics				
Loans and advances to customers	24,479	22,509	8.8	7.7
Customer deposits	60,986	58,507	4.2	3.9
Memorandum items:				
Gross loans and advances to customers [B]	24,611	22,603	8.9	7.9
Customer funds	171,866	157,142	9.4	11.6
Customer deposits [C]	60,058	57,643	4.2	3.7
Mutual funds	111,807	99,499	12.4	16.4
Risk-weighted Assets	11,559	18,418	(37.2)	
Assets under management	498,289	459,544	8.4	12.7
Gross written premiums	11,526	12,598	(11.8)	(8.5)
Ratios (%) and customers				
RoTE [D]	78.7	72.2	6.5	
Efficiency ratio	35.9	37.9	(2.0)	
NPL ratio	0.67	1.40	(0.73)	
NPL coverage ratio	80.3	29.3	51.0	
Number of Private Banking customers (thousands)	299	263	13.7	

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

D. Allocated according to RWA consumption.

PAYMENTS

EUR million

Underlying income statement	2024	2023	%	% excl. FX
Net interest income	2,609	2,424	7.6	12.9
Net fee income	2,793	2,952	(5.4)	(1.5)
Gains (losses) on financial transactions [A]	41	1	—	—
Other operating income	61	(79)	—	—
Total income	**5,505**	**5,298**	**3.9**	**8.6**
Administrative expenses and amortizations	(2,475)	(2,344)	5.6	8.0
Net operating income	**3,030**	**2,954**	**2.6**	**9.0**
Net loan-loss provisions	(1,714)	(1,666)	2.9	8.2
Other gains (losses) and provisions	(347)	(84)	314.3	320.1
Profit before tax	**969**	**1,205**	**(19.6)**	**(12.9)**
Tax on profit	(464)	(509)	(8.8)	(2.2)
Profit from continuing operations	**505**	**696**	**(27.4)**	**(20.8)**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**505**	**696**	**(27.4)**	**(20.8)**
Non-controlling interests	(92)	(89)	3.4	12.0
Profit attributable to the parent	**413**	**607**	**(31.9)**	**(25.7)**

Balance sheet and activity metrics				
Loans and advances to customers	22,840	22,045	3.6	15.0
Customer deposits	1,038	1,418	(26.8)	(26.8)
Memorandum items:				
Gross loans and advances to customers [B]	24,614	23,709	3.8	15.3
Customer funds	1,038	1,418	(26.8)	(26.8)
Customer deposits [C]	1,038	1,418	(26.8)	(26.8)
Mutual funds	—	—	—	—
Risk-weighted Assets	20,346	20,963	(2.9)	

Ratios (%)				
RoTE [D]	15.6	24.9	(9.4)	
NPL ratio	5.14	5.02	0.12	
NPL coverage ratio	140.1	139.8	0.3	

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

D. Allocated according to RWA consumption.

PAGONXT

EUR million

Underlying income statement	2024	2023	%	% excl. FX
Net interest income	132	93	41.0	48.3
Net fee income	958	954	0.5	5.2
Gains (losses) on financial transactions [A]	0	(10)	(97.5)	(97.4)
Other operating income	150	102	46.5	48.3
Total income	**1,240**	**1,140**	**8.7**	**13.6**
Administrative expenses and amortizations	(1,160)	(1,091)	6.3	8.8
Net operating income	**80**	**49**	**62.7**	**210.4**
Net loan-loss provisions	(16)	(24)	(32.5)	(30.9)
Other gains (losses) and provisions	(296)	(42)	611.6	639.1
Profit before tax	**(233)**	**(17)**	**—**	**513.0**
Tax on profit	(57)	(59)	(4.0)	8.9
Profit from continuing operations	**(290)**	**(76)**	**281.8**	**221.4**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**(290)**	**(76)**	**281.8**	**221.4**
Non-controlling interests	(9)	(1)	571.7	—
Profit attributable to the parent	**(299)**	**(77)**	**287.1**	**228.8**

Balance sheet and activity metrics				
Loans and advances to customers	1,066	1,167	(8.7)	6.1
Customer deposits	1,038	1,418	(26.8)	(26.8)
Memorandum items:				
Gross loans and advances to customers [B]	1,087	1,196	(9.1)	5.2
Customer funds	1,038	1,418	(26.8)	(26.8)
Customer deposits [C]	1,038	1,418	(26.8)	(26.8)
Mutual funds	—	—	—	—
Risk-weighted Assets	4,671	5,428	(13.9)	
Total transactions (Getnet, million)	9,837	9,413	4.5	
Total payments volume (Getnet)	221,787	196,342	7.9	13.0

Ratios (%)				
EBITDA margin	27.5	24.8	2.7	
Efficiency ratio	93.6	95.7	(2.1)	

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

CARDS

EUR million

Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	2,478	2,331	6.3	11.4
Net fee income	1,835	1,998	(8.2)	(4.7)
Gains (losses) on financial transactions [A]	41	10	309.2	358.5
Other operating income	(89)	(181)	(50.7)	(49.9)
Total income	**4,265**	**4,158**	**2.6**	**7.2**
Administrative expenses and amortizations	(1,315)	(1,253)	5.0	7.3
Net operating income	**2,950**	**2,905**	**1.5**	**7.1**
Net loan-loss provisions	(1,698)	(1,642)	3.4	8.8
Other gains (losses) and provisions	(50)	(42)	19.2	18.2
Profit before tax	**1,202**	**1,222**	**(1.6)**	**4.5**
Tax on profit	(407)	(450)	(9.5)	(3.5)
Profit from continuing operations	**795**	**772**	**3.0**	**9.1**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**795**	**772**	**3.0**	**9.1**
Non-controlling interests	(83)	(88)	(5.7)	1.6
Profit attributable to the parent	**712**	**684**	**4.1**	**10.1**

Balance sheet and activity metrics				
Loans and advances to customers	21,774	20,877	4.3	15.4
Customer deposits	—	—	—	—
Memorandum items:				
Gross loans and advances to customers [B]	23,526	22,513	4.5	15.8
Customer funds	—	—	—	—
Customer deposits [C]	—	—	—	—
Mutual funds	—	—	—	—
Risk-weighted Assets	15,675	15,535	0.9	
Number of total cards (millions)	100	97	3,6	

Ratios (%)				
RoTE [D]	32.6	35.5	(2.9)	
Efficiency ratio	30.8	30.1	0.7	
NPL ratio	5.25	5.11	0.14	
NPL coverage ratio	141.9	142.1	(0.3)	

A. Includes exchange differences.

B. Excluding reverse repos.

C. Excluding repos.

D. Allocated according to RWA consumption.

Secondary segments

EUR million

	Europe				Spain		
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**
Net interest income	16,720	15,910	5.1	3.3	7,256	6,641	9.3
Net fee income	4,659	4,399	5.9	4.9	2,867	2,699	6.2
Gains (losses) on financial transactions [A]	1,357	1,033	31.3	30.7	1,100	688	59.9
Other operating income	774	97	699.8	706.4	751	105	616.5
Total income	**23,510**	**21,439**	**9.7**	**8.0**	**11,974**	**10,132**	**18.2**
Administrative expenses and amortizations	(9,407)	(9,030)	4.2	2.8	(4,271)	(4,227)	1.0
Net operating income	**14,102**	**12,409**	**13.6**	**11.8**	**7,703**	**5,905**	**30.4**
Net loan-loss provisions	(1,862)	(2,533)	(26.5)	(27.7)	(1,259)	(1,522)	(17.3)
Other gains (losses) and provisions	(2,111)	(1,681)	25.6	23.7	(1,003)	(984)	2.0
Profit before tax	**10,129**	**8,195**	**23.6**	**21.6**	**5,440**	**3,399**	**60.1**
Tax on profit	(3,065)	(2,371)	29.3	27.3	(1,678)	(1,029)	63.1
Profit from continuing operations	**7,064**	**5,824**	**21.3**	**19.3**	**3,763**	**2,371**	**58.7**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**7,064**	**5,824**	**21.3**	**19.3**	**3,763**	**2,371**	**58.7**
Non-controlling interests	(420)	(342)	22.8	16.5	0	0	106.8
Profit attributable to the parent	**6,644**	**5,482**	**21.2**	**19.5**	**3,762**	**2,371**	**58.7**
Balance sheet							
Loans and advances to customers	583,754	570,067	2.4	0.2	246,897	239,214	3.2
Cash, central banks and credit institutions	172,609	198,451	(13.0)	(14.4)	99,657	116,317	(14.3)
Debt instruments	150,428	115,428	30.3	29.4	94,519	70,072	34.9
Other financial assets	52,118	44,538	17.0	16.8	48,132	40,926	17.6
Other asset accounts	25,243	26,860	(6.0)	(7.0)	17,521	17,075	2.6
Total assets	**984,151**	**955,344**	**3.0**	**1.2**	**506,725**	**483,603**	**4.8**
Customer deposits	652,312	644,921	1.1	(0.7)	323,425	324,099	(0.2)
Central banks and credit institutions	110,850	104,164	6.4	4.5	57,218	44,802	27.7
Marketable debt securities	83,036	79,095	5.0	2.3	27,385	28,486	(3.9)
Other financial liabilities	66,358	53,361	24.4	23.8	59,976	46,532	28.9
Other liabilities accounts	28,275	29,633	(4.6)	(4.9)	21,163	22,264	(4.9)
Total liabilities	**940,831**	**911,173**	**3.3**	**1.4**	**489,168**	**466,184**	**4.9**
Total equity	**43,320**	**44,171**	**(1.9)**	**(3.6)**	**17,557**	**17,419**	**0.8**
Memorandum items:							
Gross loans and advances to customers [B]	554,179	551,722	0.4	(1.7)	225,759	229,803	(1.8)
Customer funds	753,172	725,417	3.8	2.1	399,999	386,810	3.4
Customer deposits [C]	627,029	620,299	1.1	(0.8)	306,389	308,745	(0.8)
Mutual funds	126,143	105,118	20.0	19.3	93,609	78,065	19.9
Ratios (%), operating means and customers							
RoTE	16.9	14.5	2.4		21.7	14.2	7.5
Efficiency ratio	40.0	42.1	(2.1)		35.7	41.7	(6.0)
NPL ratio	2.15	2.32	(0.17)		2.68	3.06	(0.38)
NPL coverage ratio	50.2	49.3	0.9		52.6	49.1	3.6
Number of employees [D]	65,746	67,457	(2.5)		23,980	24,713	(3.0)
Number of branches	3,022	3,083	(2.0)		1,827	1,874	(2.5)
Number of total customers (thousands)	46,821	46,293	1.1		15,307	15,023	1.9
Number of active customers (thousands)	29,030	28,538	1.7		8,842	8,367	5.7

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.
D. 2023 employee data for Spain published in the Annual report 2023 have been modified slightly to better reflect the allocation of CIB employees.

EUR million

	United Kingdom				Portugal		
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**
Net interest income	4,950	5,152	(3.9)	(6.5)	1,548	1,465	5.7
Net fee income	283	338	(16.2)	(18.4)	467	464	0.8
Gains (losses) on financial transactions [A]	(18)	29	—	—	45	33	35.3
Other operating income	2	5	(67.2)	(68.1)	40	21	94.3
Total income	**5,216**	**5,525**	**(5.6)**	**(8.1)**	**2,100**	**1,982**	**6.0**
Administrative expenses and amortizations	(2,918)	(2,745)	6.3	3.4	(548)	(542)	1.0
Net operating income	**2,299**	**2,779**	**(17.3)**	**(19.5)**	**1,553**	**1,440**	**7.8**
Net loan-loss provisions	(64)	(247)	(74.2)	(74.9)	(11)	(77)	(85.7)
Other gains (losses) and provisions	(441)	(425)	3.9	1.1	(61)	(49)	24.5
Profit before tax	**1,794**	**2,107**	**(14.9)**	**(17.1)**	**1,481**	**1,314**	**12.7**
Tax on profit	(488)	(563)	(13.3)	(15.6)	(478)	(416)	14.9
Profit from continuing operations	**1,306**	**1,545**	**(15.4)**	**(17.7)**	**1,003**	**898**	**11.6**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**1,306**	**1,545**	**(15.4)**	**(17.7)**	**1,003**	**898**	**11.6**
Non-controlling interests	—	—	—	—	(2)	(2)	4.6
Profit attributable to the parent	**1,306**	**1,545**	**(15.4)**	**(17.7)**	**1,001**	**896**	**11.7**
Balance sheet							
Loans and advances to customers	246,453	245,743	0.3	(4.1)	38,410	36,864	4.2
Cash, central banks and credit institutions	54,787	62,387	(12.2)	(16.1)	3,873	8,084	(52.1)
Debt instruments	15,120	10,234	47.7	41.2	15,010	10,991	36.6
Other financial assets	390	289	35.0	29.1	1,129	1,078	4.7
Other asset accounts	3,382	4,363	(22.5)	(25.9)	1,109	1,279	(13.3)
Total assets	**320,132**	**323,016**	**(0.9)**	**(5.3)**	**59,530**	**58,297**	**2.1**
Customer deposits	230,408	233,453	(1.3)	(5.7)	38,304	36,366	5.3
Central banks and credit institutions	25,665	28,202	(9.0)	(13.0)	8,813	9,237	(4.6)
Marketable debt securities	47,933	43,850	9.3	4.5	4,973	4,813	3.3
Other financial liabilities	2,500	3,434	(27.2)	(30.4)	339	319	6.3
Other liabilities accounts	1,733	1,704	1.7	(2.8)	3,056	3,725	(18.0)
Total liabilities	**308,239**	**310,642**	**(0.8)**	**(5.2)**	**55,485**	**54,460**	**1.9**
Total equity	**11,893**	**12,373**	**(3.9)**	**(8.1)**	**4,046**	**3,837**	**5.4**
Memorandum items:							
Gross loans and advances to customers [B]	236,496	235,111	0.6	(3.9)	39,143	37,658	3.9
Customer funds	230,479	231,667	(0.5)	(4.9)	43,186	40,618	6.3
Customer deposits [C]	222,835	224,396	(0.7)	(5.1)	38,304	36,366	5.3
Mutual funds	7,643	7,272	5.1	0.5	4,882	4,252	14.8
Ratios (%), operating means and customers							
RoTE	11.1	13.0	(1.9)		25.4	25.9	(0.6)
Efficiency ratio	55.9	49.7	6.2		26.1	27.3	(1.3)
NPL ratio	1.33	1.42	(0.09)		2.40	2.59	(0.19)
NPL coverage ratio	29.3	30.3	(1.0)		79.4	82.7	(3.3)
Number of employees	20,455	22,280	(8.2)		4,901	4,945	(0.9)
Number of branches	444	444	0.0		374	376	(0.5)
Number of total customers (thousands)	22,541	22,481	0.3		2,989	2,908	2,8
Number of active customers (thousands)	13,646	13,864	(1.6)		1,905	1,838	3,6

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	Poland				Other Europe			
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	2,844	2,543	11.8	6.1	121	109	11.1	11.2
Net fee income	674	589	14.4	8.5	367	309	19.0	19.0
Gains (losses) on financial transactions [A]	57	67	(14.8)	(19.1)	174	217	(19.9)	(19.9)
Other operating income	(20)	(17)	15.0	9.1	2	(16)	—	—
Total income	**3,555**	**3,182**	**11.7**	**6.0**	**664**	**618**	**7.4**	**7.4**
Administrative expenses and amortizations	(965)	(862)	11.9	6.1	(706)	(653)	8.1	8.1
Net operating income	**2,591**	**2,320**	**11.7**	**5.9**	**(42)**	**(35)**	**20.8**	**20.5**
Net loan-loss provisions	(511)	(674)	(24.2)	(28.0)	(17)	(12)	42.6	42.6
Other gains (losses) and provisions	(429)	(253)	69.3	60.6	(176)	30	—	—
Profit before tax	**1,650**	**1,392**	**18.5**	**12.4**	**(236)**	**(17)**	**—**	**—**
Tax on profit	(431)	(377)	14.4	8.5	10	13	(24.2)	(24.3)
Profit from continuing operations	**1,219**	**1,015**	**20.1**	**13.9**	**(227)**	**(5)**	**—**	**—**
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Consolidated profit	**1,219**	**1,015**	**20.1**	**13.9**	**(227)**	**(5)**	**—**	**—**
Non-controlling interests	(419)	(342)	22.6	16.3	1	2	(32.3)	(32.3)
Profit attributable to the parent	**800**	**674**	**18.8**	**12.7**	**(225)**	**(3)**	**—**	**—**
Balance sheet								
Loans and advances to customers	38,042	33,850	12.4	10.6	13,952	14,397	(3.1)	(8.6)
Cash, central banks and credit institutions	10,283	9,289	10.7	9.0	4,009	2,374	68.9	63.0
Debt instruments	17,489	15,070	16.1	14.2	8,289	9,060	(8.5)	(9.3)
Other financial assets	493	733	(32.7)	(33.8)	1,975	1,512	30.6	24.6
Other asset accounts	1,961	1,974	(0.6)	(2.2)	1,270	2,170	(41.5)	(43.0)
Total assets	**68,269**	**60,916**	**12.1**	**10.3**	**29,495**	**29,512**	**(0.1)**	**(3.9)**
Customer deposits	50,331	44,500	13.1	11.3	9,843	6,503	51.4	42.3
Central banks and credit institutions	5,020	4,623	8.6	6.9	14,134	17,300	(18.3)	(20.9)
Marketable debt securities	2,744	1,945	41.1	38.9	—	—	—	—
Other financial liabilities	1,656	1,706	(3.0)	(4.5)	1,888	1,369	37.9	31.0
Other liabilities accounts	1,688	1,687	0.0	(1.5)	635	253	151.4	146.2
Total liabilities	**61,439**	**54,462**	**12.8**	**11.0**	**26,500**	**25,425**	**4.2**	**0.1**
Total equity	**6,830**	**6,454**	**5.8**	**4.2**	**2,995**	**4,087**	**(26.7)**	**(28.6)**
Memorandum items:								
Gross loans and advances to customers [B]	38,729	34,729	11.5	9.8	14,052	14,420	(2.6)	(8.1)
Customer funds	56,581	49,371	14.6	12.8	22,927	16,951	35.3	30.4
Customer deposits [C]	50,086	44,462	12.6	10.9	9,415	6,330	48.7	39.6
Mutual funds	6,495	4,909	32.3	30.2	13,512	10,621	27.2	24.7
Ratios (%), operating means and customers								
RoTE	20.2	17.7	2.5					
Efficiency ratio	27.1	27.1	0.0					
NPL ratio	3.66	3.55	0.11					
NPL coverage ratio	61.9	73.3	(11.4)					
Number of employees	11,038	10,822	2.0					
Number of branches	368	381	(3.4)					
Number of total customers (thousands)	5,979	5,877	1.7					
Number of active customers (thousands)	4,632	4,465	3.7					

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	DCB Europe			
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	4,361	4,193	4.0	3.8
Net fee income	902	796	13.4	13.1
Gains (losses) on financial transactions [A]	(24)	117	—	—
Other operating income	440	396	11.0	10.2
Total income	**5,679**	**5,502**	**3.2**	**2.9**
Administrative expenses and amortizations	(2,604)	(2,618)	(0.5)	(0.7)
Net operating income	**3,075**	**2,884**	**6.6**	**6.2**
Net loan-loss provisions	(1,209)	(792)	52.6	51.9
Other gains (losses) and provisions	(735)	(72)	914.1	867.3
Profit before tax	**1,131**	**2,019**	**(44.0)**	**(44.1)**
Tax on profit	(255)	(493)	(48.2)	(48.3)
Profit from continuing operations	**876**	**1,526**	**(42.6)**	**(42.7)**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**876**	**1,526**	**(42.6)**	**(42.7)**
Non-controlling interests	(234)	(327)	(28.7)	(28.8)
Profit attributable to the parent	**642**	**1,199**	**(46.5)**	**(46.5)**
Balance sheet				
Loans and advances to customers	137,038	132,692	3.3	3.4
Cash, central banks and credit institutions	19,185	18,636	2.9	3.1
Debt instruments	6,310	5,387	17.1	17.8
Other financial assets	128	135	(5.3)	(5.4)
Other asset accounts	11,115	9,945	11.8	11.3
Total assets	**173,775**	**166,796**	**4.2**	**4.3**
Customer deposits	81,376	69,334	17.4	17.9
Central banks and credit institutions	28,120	31,965	(12.0)	(12.9)
Marketable debt securities	43,137	44,605	(3.3)	(3.1)
Other financial liabilities	1,918	2,218	(13.5)	(13.7)
Other liabilities accounts	5,714	5,233	9.2	9.5
Total liabilities	**160,264**	**153,355**	**4.5**	**4.6**
Total equity	**13,512**	**13,441**	**0.5**	**0.8**
Memorandum items:				
Gross loans and advances to customers [B]	139,927	135,202	3.5	3.6
Customer funds	85,876	72,963	17.7	18.2
Customer deposits [C]	81,376	69,334	17.4	17.9
Mutual funds	4,500	3,629	24.0	24.0
Ratios (%), operating means and customers				
RoTE	6.4	12.3	(5.9)	
Efficiency ratio	45.9	47.6	(1.7)	
NPL ratio	2.50	2.12	0.37	
NPL coverage ratio	82.5	88.0	(5.5)	
Number of employees	16,792	16,795	0.0	
Number of branches	326	342	(4.7)	
Number of total customers (thousands)	19,550	20,193	(3.2)	

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	North America				United States			
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	10,330	10,159	1.7	3.0	5,693	5,742	(0.9)	(0.8)
Net fee income	2,594	2,192	18.3	20.5	1,152	766	50.3	50.4
Gains (losses) on financial transactions [A]	747	505	48.1	49.9	371	294	25.8	25.9
Other operating income	243	318	(23.6)	(24.1)	365	406	(10.1)	(10.1)
Total income	**13,915**	**13,174**	**5.6**	**7.0**	**7,580**	**7,209**	**5.1**	**5.2**
Administrative expenses and amortizations	(6,701)	(6,465)	3.6	4.9	(3,830)	(3,679)	4.1	4.2
Net operating income	**7,214**	**6,708**	**7.5**	**9.1**	**3,750**	**3,531**	**6.2**	**6.3**
Net loan-loss provisions	(3,786)	(3,733)	1.4	2.4	(2,507)	(2,593)	(3.3)	(3.3)
Other gains (losses) and provisions	(336)	(138)	143.1	146.1	(190)	(74)	154.9	155.0
Profit before tax	**3,091**	**2,837**	**9.0**	**11.4**	**1,053**	**863**	**22.0**	**22.1**
Tax on profit	(509)	(468)	8.7	12.5	56	69	(19.1)	(19.1)
Profit from continuing operations	**2,582**	**2,369**	**9.0**	**11.2**	**1,109**	**932**	**19.0**	**19.0**
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Consolidated profit	**2,582**	**2,369**	**9.0**	**11.2**	**1,109**	**932**	**19.0**	**19.0**
Non-controlling interests	(3)	(15)	(78.6)	(77.8)	—	—	—	—
Profit attributable to the parent	**2,579**	**2,354**	**9.6**	**11.7**	**1,109**	**932**	**19.0**	**19.0**
Balance sheet								
Loans and advances to customers	179,941	174,780	3.0	1.9	134,856	126,843	6.3	(0.1)
Cash, central banks and credit institutions	39,855	35,969	10.8	12.4	28,200	21,215	32.9	24.9
Debt instruments	57,135	50,311	13.6	18.8	27,042	22,686	19.2	12.0
Other financial assets	8,759	10,937	(19.9)	(15.0)	2,821	4,075	(30.8)	(34.9)
Other asset accounts	22,112	22,829	(3.1)	(4.1)	16,058	16,307	(1.5)	(7.4)
Total assets	**307,801**	**294,827**	**4.4**	**4.9**	**208,978**	**191,126**	**9.3**	**2.8**
Customer deposits	175,586	175,958	(0.2)	(0.6)	125,403	121,782	3.0	(3.2)
Central banks and credit institutions	44,332	34,723	27.7	32.1	26,794	17,411	53.9	44.7
Marketable debt securities	41,414	35,133	17.9	15.7	31,783	27,059	17.5	10.4
Other financial liabilities	14,998	18,606	(19.4)	(14.7)	5,223	7,276	(28.2)	(32.5)
Other liabilities accounts	6,869	6,764	1.6	5.9	3,683	3,119	18.1	11.0
Total liabilities	**283,200**	**271,183**	**4.4**	**4.9**	**192,886**	**176,646**	**9.2**	**2.6**
Total equity	**24,601**	**23,644**	**4.0**	**5.2**	**16,091**	**14,480**	**11.1**	**4.5**
Memorandum items:								
Gross loans and advances to customers [B]	162,263	161,401	0.5	0.1	117,511	112,671	4.3	(2.0)
Customer funds	169,753	171,310	(0.9)	(0.1)	108,246	108,062	0.2	(5.8)
Customer deposits [C]	135,419	141,863	(4.5)	(4.6)	93,545	95,697	(2.2)	(8.1)
Mutual funds	34,334	29,447	16.6	22.8	14,702	12,364	18.9	11.8
Ratios (%), operating means and customers								
RoTE	11.2	9.8	1.4		7.5	6.1	1.5	
Efficiency ratio	48.2	49.1	(0.9)		50.5	51.0	(0.5)	
NPL ratio	4.22	4.09	0.12		4.72	4.57	0.15	
NPL coverage ratio	69.7	73.8	(4.2)		63.8	67.7	(3.9)	
Number of employees	42,846	45,593	(6.0)		12,484	13,489	(7.5)	
Number of branches	1,761	1,784	(1.3)		405	415	(2.4)	
Number of total customers (thousands)	25,762	25,027	2.9		4,474	4,510	(0.8)	
Number of active customers (thousands)	15,178	14,486	4.8		4,308	4,223	2.0	

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	Mexico				Other North America			
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	4,631	4,408	5.0	8.1	7	8	(16.7)	(16.7)
Net fee income	1,385	1,374	0.8	3.8	57	52	10.9	10.9
Gains (losses) on financial transactions [A]	396	211	88.0	93.5	(20)	(1)	—	—
Other operating income	(133)	(94)	41.7	45.9	12	6	86.5	86.5
Total income	**6,278**	**5,899**	**6.4**	**9.6**	**57**	**66**	**(13.9)**	**(13.9)**
Administrative expenses and amortizations	(2,665)	(2,588)	3.0	6.0	(206)	(199)	3.3	3.3
Net operating income	**3,613**	**3,311**	**9.1**	**12.3**	**(149)**	**(133)**	**11.7**	**11.7**
Net loan-loss provisions	(1,277)	(1,135)	12.5	15.8	(2)	(5)	(54.0)	(54.0)
Other gains (losses) and provisions	(62)	(57)	8.1	11.3	(85)	(7)	—	—
Profit before tax	**2,274**	**2,119**	**7.3**	**10.5**	**(236)**	**(145)**	**62.8**	**62.8**
Tax on profit	(598)	(541)	10.5	13.7	34	5	589.9	588.4
Profit from continuing operations	**1,676**	**1,577**	**6.3**	**9.4**	**(202)**	**(140)**	**44.4**	**44.4**
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Consolidated profit	**1,676**	**1,577**	**6.3**	**9.4**	**(202)**	**(140)**	**44.4**	**44.4**
Non-controlling interests	(5)	(17)	(73.0)	(72.2)	1	2	(32.3)	(32.3)
Profit attributable to the parent	**1,671**	**1,560**	**7.2**	**10.3**	**(201)**	**(138)**	**45.5**	**45.6**
Balance sheet								
Loans and advances to customers	45,054	47,905	(6.0)	8.5	30	32	(6.9)	(6.9)
Cash, central banks and credit institutions	10,945	14,088	(22.3)	(10.4)	710	666	6.5	6.5
Debt instruments	30,092	27,624	8.9	25.6	1	2	(28.9)	(28.9)
Other financial assets	5,785	6,723	(14.0)	(0.8)	154	139	10.5	10.5
Other asset accounts	5,745	6,156	(6.7)	7.6	308	366	(15.7)	(15.7)
Total assets	**97,621**	**102,496**	**(4.8)**	**9.8**	**1,203**	**1,205**	**(0.2)**	**(0.2)**
Customer deposits	49,836	53,703	(7.2)	7.0	347	473	(26.8)	(26.8)
Central banks and credit institutions	17,260	17,047	1.3	16.8	277	265	4.5	3.8
Marketable debt securities	9,632	8,074	19.3	37.6	—	—	—	—
Other financial liabilities	9,640	11,189	(13.8)	(0.6)	135	141	(4.2)	(4.2)
Other liabilities accounts	3,115	3,579	(13.0)	0.3	72	66	9.1	9.1
Total liabilities	**89,483**	**93,592**	**(4.4)**	**10.3**	**830**	**945**	**(12.1)**	**(12.3)**
Total equity	**8,138**	**8,904**	**(8.6)**	**5.4**	**372**	**259**	**43.6**	**44.6**
Memorandum items:								
Gross loans and advances to customers [B]	44,715	48,688	(8.2)	5.9	37	41	(11.0)	(11.0)
Customer funds	61,160	62,775	(2.6)	12.4	347	473	(26.8)	(26.8)
Customer deposits [C]	41,528	45,693	(9.1)	4.8	347	473	(26.8)	(26.8)
Mutual funds	19,632	17,082	14.9	32.5	—	—	—	—
Ratios (%), operating means and customers								
RoTE	20.0	17.7	2.3					
Efficiency ratio	42.5	43.9	(1.4)					
NPL ratio	2.71	2.82	(0.11)					
NPL coverage ratio	100.4	100.0	0.4					
Number of employees	28,957	30,876	(6.2)					
Number of branches	1,356	1,369	(0.9)					
Number of total customers (thousands)	21,289	20,517	3.8					
Number of active customers (thousands)	10,871	10,263	5.9					

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	South America				Brazil			
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	15,566	13,040	19.4	27.3	10,121	9,116	11.0	19.5
Net fee income	4,864	4,684	3.9	11.2	3,414	3,462	(1.4)	6.1
Gains (losses) on financial transactions [A]	601	1,280	(53.1)	(50.4)	(37)	483	—	—
Other operating income	(1,247)	(1,033)	20.8	20.3	39	43	(10.3)	(3.4)
Total income	**19,783**	**17,971**	**10.1**	**17.9**	**13,536**	**13,104**	**3.3**	**11.2**
Administrative expenses and amortizations	(6,943)	(6,920)	0.3	7.1	(4,352)	(4,529)	(3.9)	3.4
Net operating income	**12,841**	**11,050**	**16.2**	**24.8**	**9,184**	**8,574**	**7.1**	**15.3**
Net loan-loss provisions	(5,478)	(5,401)	1.4	9.0	(4,487)	(4,701)	(4.5)	2.7
Other gains (losses) and provisions	(1,369)	(1,041)	31.6	40.1	(867)	(963)	(9.9)	(3.0)
Profit before tax	**5,993**	**4,608**	**30.1**	**39.7**	**3,830**	**2,911**	**31.6**	**41.6**
Tax on profit	(1,617)	(1,121)	44.3	54.1	(1,165)	(776)	50.1	61.6
Profit from continuing operations	**4,376**	**3,487**	**25.5**	**35.1**	**2,665**	**2,135**	**24.8**	**34.4**
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Consolidated profit	**4,376**	**3,487**	**25.5**	**35.1**	**2,665**	**2,135**	**24.8**	**34.4**
Non-controlling interests	(513)	(449)	14.4	26.0	(243)	(215)	13.2	21.9
Profit attributable to the parent	**3,863**	**3,038**	**27.1**	**36.4**	**2,422**	**1,921**	**26.1**	**35.8**
Balance sheet								
Loans and advances to customers	147,559	153,244	(3.7)	9.9	88,620	96,399	(8.1)	10.1
Cash, central banks and credit institutions	60,865	67,410	(9.7)	4.8	46,745	53,618	(12.8)	4.4
Debt instruments	58,703	64,352	(8.8)	5.6	45,670	47,325	(3.5)	15.6
Other financial assets	25,121	20,796	20.8	34.8	10,632	8,161	30.3	56.1
Other asset accounts	18,970	19,247	(1.4)	14.0	13,844	14,590	(5.1)	13.7
Total assets	**311,218**	**325,049**	**(4.3)**	**9.9**	**205,510**	**220,093**	**(6.6)**	**11.9**
Customer deposits	145,233	155,448	(6.6)	7.6	93,994	110,162	(14.7)	2.2
Central banks and credit institutions	44,760	48,898	(8.5)	3.5	30,878	28,333	9.0	30.6
Marketable debt securities	36,811	39,603	(7.1)	7.5	25,351	27,976	(9.4)	8.6
Other financial liabilities	50,177	42,438	18.2	36.1	34,215	28,625	19.5	43.2
Other liabilities accounts	8,808	12,768	(31.0)	(21.4)	5,582	7,938	(29.7)	(15.7)
Total liabilities	**285,790**	**299,155**	**(4.5)**	**9.7**	**190,020**	**203,035**	**(6.4)**	**12.1**
Total equity	**25,428**	**25,894**	**(1.8)**	**12.2**	**15,490**	**17,058**	**(9.2)**	**8.8**
Memorandum items:								
Gross loans and advances to customers [B]	154,323	160,987	(4.1)	9.5	93,785	102,583	(8.6)	9.5
Customer funds	201,241	205,675	(2.2)	12.6	129,881	145,044	(10.5)	7.3
Customer deposits [C]	132,496	135,342	(2.1)	12.1	81,378	90,297	(9.9)	8.0
Mutual funds	68,745	70,333	(2.3)	13.6	48,503	54,747	(11.4)	6.1
Ratios (%), operating means and customers								
RoTE	18.7	14.4	4.3		17.5	13.7	3.8	
Efficiency ratio	35.1	38.5	(3.4)		32.1	34.6	(2.4)	
NPL ratio	5.42	5.72	(0.30)		6.14	6.56	(0.42)	
NPL coverage ratio	76.5	78.4	(1.9)		82.7	84.7	(2.0)	
Number of employees	79,571	80,997	(1.8)		56,619	57,775	(2.0)	
Number of branches	2,902	3,309	(12.3)		2,202	2,580	(14.7)	
Number of total customers (thousands)	80,405	73,028	10.1		69,455	62,804	10.6	
Number of active customers (thousands)	40,527	37,517	8.0		33,123	30,460	8.7	

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	Chile				Argentina		
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**	**2024**	**2023**	**%**
Net interest income	1,822	1,383	31.8	48.3	2,919	1,879	55.3
Net fee income	551	572	(3.7)	8.4	602	396	52.2
Gains (losses) on financial transactions [A]	238	320	(25.7)	(16.3)	229	341	(32.8)
Other operating income	(18)	11	—	—	(1,263)	(1,071)	17.9
Total income	**2,592**	**2,285**	**13.4**	**27.7**	**2,487**	**1,544**	**61.1**
Administrative expenses and amortizations	(933)	(1,020)	(8.5)	3.0	(1,022)	(775)	31.9
Net operating income	**1,659**	**1,265**	**31.1**	**47.6**	**1,465**	**769**	**90.4**
Net loan-loss provisions	(497)	(365)	36.1	53.2	(284)	(150)	89.5
Other gains (losses) and provisions	(51)	51	—	—	(353)	(114)	209.1
Profit before tax	**1,111**	**951**	**16.7**	**31.4**	**827**	**505**	**63.8**
Tax on profit	(211)	(135)	56.1	75.7	(161)	(117)	38.0
Profit from continuing operations	**899**	**816**	**10.2**	**24.1**	**666**	**388**	**71.6**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**899**	**816**	**10.2**	**24.1**	**666**	**388**	**71.6**
Non-controlling interests	(271)	(234)	15.5	30.0	(1)	(2)	(43.9)
Profit attributable to the parent	**629**	**582**	**8.1**	**21.7**	**665**	**386**	**72.2**
Balance sheet							
Loans and advances to customers	40,332	42,616	(5.4)	1.2	7,684	3,767	104.0
Cash, central banks and credit institutions	5,759	6,373	(9.6)	(3.3)	4,901	4,548	7.8
Debt instruments	7,993	13,273	(39.8)	(35.6)	2,654	1,368	94.0
Other financial assets	13,554	12,159	11.5	19.3	23	11	112.9
Other asset accounts	2,796	2,746	1.8	8.9	978	776	26.1
Total assets	**70,434**	**77,167**	**(8.7)**	**(2.4)**	**16,240**	**10,470**	**55.1**
Customer deposits	30,181	29,578	2.0	9.2	11,293	6,478	74.3
Central banks and credit institutions	8,133	14,808	(45.1)	(41.2)	852	1,271	(33.0)
Marketable debt securities	10,403	10,775	(3.5)	3.3	158	148	6.4
Other financial liabilities	14,323	12,624	13.5	21.4	968	638	51.6
Other liabilities accounts	1,942	3,733	(48.0)	(44.3)	476	455	4.6
Total liabilities	**64,983**	**71,518**	**(9.1)**	**(2.8)**	**13,746**	**8,990**	**52.9**
Total equity	**5,451**	**5,648**	**(3.5)**	**3.2**	**2,494**	**1,479**	**68.6**
Memorandum items:							
Gross loans and advances to customers [B]	41,405	43,823	(5.5)	1.1	7,938	3,878	104.7
Customer funds	43,383	40,098	8.2	15.7	17,047	10,288	65.7
Customer deposits [C]	30,060	29,337	2.5	9.6	11,293	6,478	74.3
Mutual funds	13,324	10,761	23.8	32.5	5,754	3,810	51.0
Ratios (%), operating means and customers							
RoTE	17.0	14.8	2.2		34.8	55.6	(20.8)
Efficiency ratio	36.0	44.6	(8.6)		41.1	50.2	(9.1)
NPL ratio	5.37	5.01	0.36		2.06	1.99	0.07
NPL coverage ratio	49.9	52.7	(2.8)		177.1	165.7	11.4
Number of employees	9,587	9,948	(3.6)		8,166	8,455	(3.4)
Number of branches	237	248	(4.4)		301	322	(6.5)
Number of total customers (thousands)	4,311	4,052	6.4		5,117	4,771	7.2
Number of active customers (thousands)	2,556	2,399	6.6		3,674	3,562	3.1

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

EUR million

	Other South America			
Underlying income statement	**2024**	**2023**	**%**	**% excl. FX**
Net interest income	703	662	6.2	8.2
Net fee income	298	254	17.3	18.0
Gains (losses) on financial transactions [A]	172	137	25.2	24.1
Other operating income	(5)	(16)	(68.4)	(68.3)
Total income	**1,168**	**1,038**	**12.6**	**13.9**
Administrative expenses and amortizations	(635)	(596)	6.5	7.1
Net operating income	**533**	**441**	**20.8**	**23.3**
Net loan-loss provisions	(210)	(186)	13.2	14.7
Other gains (losses) and provisions	(97)	(15)	566.6	586.5
Profit before tax	**225**	**241**	**(6.4)**	**(4.0)**
Tax on profit	(80)	(93)	(13.5)	(12.4)
Profit from continuing operations	**145**	**148**	**(2.0)**	**1.4**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**145**	**148**	**(2.0)**	**1.4**
Non-controlling interests	1	2	(37.1)	(37.0)
Profit attributable to the parent	**146**	**150**	**(2.5)**	**0.8**
Balance sheet				
Loans and advances to customers	10,923	10,463	4.4	6.7
Cash, central banks and credit institutions	3,459	2,870	20.5	21.9
Debt instruments	2,387	2,386	0.1	4.1
Other financial assets	913	466	96.0	102.5
Other asset accounts	1,352	1,135	19.1	20.1
Total assets	**19,034**	**17,320**	**9.9**	**12.3**
Customer deposits	9,765	9,230	5.8	9.1
Central banks and credit institutions	4,898	4,486	9.2	9.6
Marketable debt securities	898	703	27.7	32.0
Other financial liabilities	671	550	21.9	25.1
Other liabilities accounts	807	641	25.8	28.3
Total liabilities	**17,040**	**15,611**	**9.2**	**11.6**
Total equity	**1,994**	**1,709**	**16.6**	**19.0**
Memorandum items:				
Gross loans and advances to customers [B]	11,196	10,703	4.6	6.9
Customer funds	10,930	10,246	6.7	10.2
Customer deposits [C]	9,765	9,230	5.8	9.1
Mutual funds	1,165	1,016	14.7	20.5

A. Includes exchange differences.
B. Excluding reverse repos.
C. Excluding repos.

5. RESEARCH, DEVELOPMENT AND INNOVATION (R&D&I)

Research, development and innovation activity

Innovation and technological development are crucial to Santander's strategy. We focus on operational excellence and customer experience to meet the challenges that stem from digital transformation.

The information we gather through new technology platforms helps us to better understand the customer journey and design a more accurate digital profile which boosts trust and increases customer loyalty.

In addition to competition from other banks, we must be mindful of new entrants to the financial system that use new technology to stand out from the crowd and gain a competitive advantage.

Developing a sound strategic technology plan must provide:

- greater capacity to adapt to customers' needs (customized products and services, full availability and excellent, secure service on all channels);
- enhanced processes for Santander's professionals to ensure greater reliability and productivity; and
- proper risk management that provides teams with the means to spot and assess all business, operational, reputational, regulatory and compliance risks.

As a global systemically important bank, Santander and its subsidiaries face increasing regulatory demands that impact system models and underlying technology, which require considerable investments to guarantee compliance and legal certainty.

As in previous years, the European Commission's 2024 EU Industrial R&D Investment Scoreboard (based on 2023 data) recognized our technological efforts. We were the top bank in R&D investment, both in Europe and globally, with EUR 2,197 million invested. In 2024, the equivalent investment in R&D&I to that considered in the ranking was EUR 2,104 million. See note 18 to the consolidated financial statements.

Technology strategy

To aid the Group's strategy to become the best open digital platform for financial services, our technology must boost efficiency and minimize risk through optimization, simplification, supporting business growth and value creation.

Our IT strategy is based on a global platform model with reusable components, known as the ONE Santander platform. This strategy is aligned with the Group's strategic initiatives, global business and operating model.

Our in-house ONE Santander platform is supported by common technical components (such as a cloud-based platform, common data platform and artificial intelligence platform) as well as components of our five global businesses and global control and support functions. For example, Gravity is one of the components of the global platform and its implementation laid the foundations for digitalization with its own core banking software.

To ensure the commitment of all Group units to the IT strategy and to manage the ONE Santander platform, there is an appropriate global governance including all active players involved in key decision making.

To implement our technology strategy, we use internal regulation and the Group's governance model that defines platforms, projects and initiatives to shape the strategy across our footprint.

Innovation is at the core of Santander's activity, with a commitment to the latest technology that enable more robust, efficient and secure systems and processes.

Artificial intelligence (AI) is transforming our business across multiple dimensions, from data-driven strategies, to process automation and customer interaction. Our AI and Agents Platform, which provides us with advanced generative AI capabilities and supervised autonomous agents, is a key enabler and accelerator of the Group's transformation. During 2024, we made significant progress, with ongoing initiatives which demonstrate the impact of these technologies.

We have an inventory of over 550 data-driven models using machine learning to accelerate revenue growth and operational efficiency across multiple countries and businesses. Our models focus on areas including simplification, business growth (customer acquisition and retention, card lifecycle optimization), risk management and pricing optimization (advanced credit and smart pricing models).

Generative AI is having significant impacts on customer support, operations and software development. In 2024, we implemented conversational assistants in Spain, Brazil and the UK.

In process automation, we are using operational agents to manage over 6 million documents. Additionally, 5,800 developers are using AI tools supporting software development, achieving a 25% improvement in the time-to-deliver.

At Santander, we are confident that data and AI will continue to play a pivotal role in our strategy, as they represent a significant opportunity in the coming years to drive cost savings, revenue generation, business growth and operational simplification.

Santander Digital Services (SDS), a Group service company, is contributing to the implementation of our global business strategy using this new technology. It is providing our ONE Santander platform with components linked to the cloud, process automation, generative AI or data projects among other areas. With over 9,000 employees in Spain, Poland, Portugal, the UK, Mexico, the US, Brazil and Chile, SDS is a key element in Santander's technology and operations strategy, offering its services and know-how to the different Group entities and banks.

Technological infrastructure

Santander has a network of high-quality data processing centres (CPDs) interconnected by a redundant communications system. They are spread across strategic markets to support and develop our operations. They combine traditional IT systems with the capabilities of a private, on-premise cloud, which, thanks to its swift adoption, enables us to integrate management of the business areas' technology, accelerate digitalization and achieve significant cost savings.

Santander has migrated more than 96% of its technology infrastructure to the cloud and has accelerated the deployment of next generation infrastructure in the on-premise private cloud with a technology architecture that provides greater resilience and efficiency while reducing energy consumption.

Our local Cloud Centres of Excellence (CCoEs), coordinated by Global CCoE, guarantee consistent and rigorous cloud adoption across our entities. This minimizes risk in accordance with our public cloud policy. Migration will also contribute towards Santander's sustainable banking goals as we have reduced our carbon footprint by 32 tonnes.

Cybersecurity

Cybersecurity is crucial in supporting our purpose of helping people and businesses prosper and to become the best open financial services platform. Both the digital evolution, driven by the boom in connectivity and emerging technologies, as well as the complex cyber threat landscape, continue to make cybersecurity a business risk and a priority for the Group.

In 2024, the Group continued to strengthen its cyber defences in an effort to mitigate the risks associated with the current environment, which is marked by increased geopolitical tensions and the accelerating adoption of emerging technologies such as artificial intelligence. As a result, new controls have been implemented to address current risk areas and new attack methods. Among these, security controls were strengthened, focusing on ransomware and distributed denial of service (DDoS) preparedness and response, access management in virtual environments, supply chain protection, and the incorporation of measures to prevent digital fraud and identity theft, ensuring a more secure customer experience. To ensure alignment with the cybersecurity requirements set out in the Digital Operational Resilience Act (DORA), regulation that aims to strengthen IT security of financial entities, we also reviewed and adapted internal regulations with a focus on incident management and reporting and advanced penetration testing.

To manage the environment with increasingly complex threats and the rapidly transforming digital landscape that means a continually expanding attack surface, Santander has updated its cybersecurity strategy, which focuses on three pillars:

- Shift-left. Embedding security by default is key to help identify and mitigate cybersecurity risks from the earliest stages of initiatives. It is essential to have a culture where security is our priority as an organization. In particular, we have defined measures in this area aimed at reinforcing the risk culture, reducing the attack surface and combating phishing scams, among others.
- Automated and assisted cyber defence. Taking advantage of the capabilities provided by advanced technologies to reduce response times, such as the use of AI to speed up analysis by cybersecurity teams, providing more dynamic and efficient defence capabilities.
- Resilience. Strengthening resilience globally is essential to sustainably defend the bank against evolving threats.

The Santander Fusion Center, which integrates the cybersecurity and IT monitoring teams, carries out the functions of detection, monitoring and response to operational failures and cybersecurity events for the Group's entities, 24 hours a day, seven days a week.

Information systems are regularly reviewed through internal and external audits. Santander identifies IT assets, systems and information (including those of third parties) and periodically reviews the risks and level of protection to proactively detect and remedy potential weaknesses. The activities performed comprise periodic security tests including vulnerability scans, penetration tests and red team exercises that simulate real cyber-attack scenarios.

In addition to periodic testing and review, independent certification authorities review and certify our critical cybersecurity processes. Certifications, including International Organization for Standardization (ISO) 27001:2022 and 27017, Statement on Standards for Attestation Engagements (SSAE) 18 and Payment Card Industry Data Security Standard - PCI DSS4.0, are regularly reviewed and updated, including new processes and controls on an annual basis.

For more details on the cybersecurity initiatives we ran in 2024, see section 3.3.1 'Conduct with customers' in the 'Sustainability statement' chapter. For details on the measurement, monitoring and control of cybersecurity-related risks, and their respective mitigation plans, see section 5.2 'Operational risk management' in the 'Risk management and compliance' chapter.

Fintech ecosystem

Santander actively participates in the fintech ecosystem in all the regions in which we operate. We work with fintech companies as partners as part of our efforts to foster and channel innovation while improving customer experience and efficiency. Through our Fintech Station programme, we work with startups and scale-ups in pilot programmes and implement or co-create new products and services with them. In 2024, Santander Fintech Station worked on eight Proofs of Concept (PoC) and also launched six production initiatives. The Group also provides banking services to these fintech companies, such as advice on financing rounds, buying and selling processes and IPOs.

Santander is an active investor in the fintech sector, sometimes directly through its Corporate Venture Capital (CVC) programme, or through funds promoted by the Group, such as Mouro Capital, a global fintech venture capital fund. To date, the Group has invested in several strategic fintech startups directly and through Mouro, which has a portfolio comprising 46 companies throughout Europe, North America and South America and continues to be a key tool to drive innovation within the Group. Santander collaborates with many of the companies in Mouro's portfolio, for example, with ThetaRay for money laundering and sanctions prevention worldwide. Atempo Growth, a pan-European venture debt fund also backed by the Group, consolidated its market position by financing 31 companies, many of them in the fintech sector (e.g., Form3, Acin or Clarity.ai). In February 2024, Trainera Venture Finance began its activity, a venture debt fund launched with Inveready, which has since financed 15 high-growth startups in Spain, several of them in the fintech sector such as REVENI or TECFYS.

6. SIGNIFICANT EVENTS SINCE YEAR END

- On 20 January 2025, Banco Santander, S.A. prepaid all the Tier 1 Contingently Convertible Preferred Securities with ISIN code XS179325004 and common code 179325004 in circulation, for a total nominal amount of EUR 187.6 million and which trade on the Irish Stock Market 'Global Exchange Market' (the 'PPCC').

- As part of our strategy of becoming ONE Santander, through the simplification and transformation of the Group, and after a year with our five global businesses in full operation, the board of directors approved the dissolution of the regional structures. This is effective from 3 February 2025, having fulfilled their mission to support the transition to the global operating model. Through this, we are taking another step in simplifying the Group's structure, as the CEOs in our main markets will now report directly to the Group's CEO, Héctor Grisi.

- Under the authorization of the 2023 annual general meeting and also according to the 2024 shareholder remuneration policy, on 4 February 2025 the board resolved to execute a new share buyback programme for a maximum amount of approximately EUR 1,587 million. The appropriate regulatory authorization has already been obtained and the execution of which began on 6 February 2025.

7. TREND INFORMATION 2025

This directors' report contains prospective information on the directors' plans, forecasts and estimates, based on what they consider to be reasonable assumptions. Readers of this report should take into account that such prospective information must not be considered a guarantee of our future performance as the plans, forecasts and estimates are subject to numerous risks and uncertainties, our future performance may not match initial expectations. These risks and uncertainties are described in the 'Risk management and compliance' chapter of this report and in note 54 of the consolidated financial statements.

Macroeconomic environment

The prospects for 2025 are for a moderate economic slowdown, in an environment that will continue to be relatively uncertain due to global geopolitical tensions. Inflation is expected to continue to slow down gradually, converging toward the central banks' targets, although it is likely to do so at different rates between regions. Central banks such as the Fed or the ECB are expected to complete their rate-cutting cycle in 2025, with terminal rates depending on the strength of the economies. Economic slowdown is not expected to have a strong impact on the unemployment rate due to the strength of most labour markets.

Our **macroeconomic forecasts for 2025** by country/region are as follows:

Eurozone

The eurozone is expected to face many challenges in 2025. Economic growth could show some improvement, particularly in household consumption, supported by increased real income, high savings rates and lower interest rates. However, the year will be marked by uncertainty arising from a complex geopolitical situation, the potential protectionist shift in US trade policy, elections in Germany and France's difficulties in reducing its public deficit. Inflation is expected to reach the ECB's 2% target, which is expected to allow the ECB to reduce interest rates to levels which have a neutral effect on the economy.

Spain

We expect notable dynamism in economic growth, although growing at a slightly lower rate than in 2024. Household consumption is expected to be the main growth driver and we expect corporate investment to play a growing role (due to the reconstruction of the damage caused by the floods in Valencia and the implementation of the EU Recovery and Resilience Plan). The unemployment rate is expected to continue to improve. Inflation is expected to around 2%, as wage increases are moderating.

United Kingdom

In 2025, we expect the economy to regain momentum and register growth close to its potential. Growth is likely to be supported by increased public spending, offsetting part of the slowdown in the private sector. Households are expected to face weaker growth in nominal income with slightly higher inflation than in 2024 which, together with increased fiscal pressure (tax thresholds will not be adjusted for inflation), would reduce their purchasing power. The labour market is expected to maintain the stability observed in recent years, with an unemployment rate at full employment. The Bank of England is expected to continue relaxing its monetary policy until the end of the year reaching 3.75%.

Portugal

In 2025, the economy is expected to maintain a growth rate similar to that observed in 2024, driven by improved external demand from the eurozone and the dynamism of domestic consumption supported by improved purchasing power. External demand is expected to be underpinned by positive trends in tourism services. The labour market is expected to remain at full employment, with the unemployment rate around 6.6%. We expect inflation to remain slightly above the ECB's 2% target.

Poland

The economy in 2025 is expected to accelerate, supported by an investment boom largely financed from EU funds. While investment is expected to take the lead, private consumption will likely continue to support domestic demand, leaving the economy partially immune to the weak growth expected in the euro area. The labour market is expected to remain at full employment, and continue to fuel significant wage increases, albeit less so than in 2024. Inflation is expected to remain around 5%. The central bank will not consider interest rate cuts until it sees a change in inflation, which is not expected before the second half of the year.

US

The scope of the economic policies of the new administration is still unknown. In 2025, positive growth inertia, combined with deregulation policies and tax cuts, can be expected to offset the potential negative impact of tariff increases and tightened migration policies. Thus, we expect growth to remain around 2%, with inflation slightly higher than expected, but not too far from the target, which would lead the Fed to pause interest rate cuts earlier and at a higher level than previously expected.

Mexico

We expect the economy to slow down, reflecting the effects of fiscal consolidation and reduced investment in infrastructure. The central bank is expected to continue its cycle of cutting official rates, with gradual declines, keeping an eye on the Fed's monetary policy and exchange rate movements.

Brazil

The economy is expected to slow down, toward more moderate rates compared to the strong dynamism of the last three years. Monetary and fiscal policies will face major challenges. Brazil's central bank is expected to continue the cycle of interest rate hikes that restarted in September 2024, which is likely to contribute to the slowdown of the economy, moderate inflation and anchor its medium-term expectations. Fiscal policy is expected to undertake a consolidation process to meet targets and direct the public debt ratio toward a sustainable path.

Chile

The economy is expected to grow at a similar rate to that of 2024, but with a solid recovery in domestic demand, especially in investment. External demand will likely have a smaller contribution, reflecting increases in imports. Inflation is expected to moderate, but remain above the 3% target, which is expected to be reached in 2026. The central bank has room for additional interest rate cuts depending on inflation and its constraints.

Argentina

The economy is expected to show a clear recovery, consolidating the improvement in the second half of 2024, with the fiscal balance remaining close to equilibrium, and inflation is expected to continue the moderation observed in the final months of 2024. Expectations of a new agreement with the IMF that would eventually involve additional funding for Argentina and a more stable exchange rate are expected to lead to a replenishment of international reserves.

→ Financial markets

Our outlook for 2025 points to cautious optimism: a macroeconomic environment characterized by lower interest rates and positive economic growth should support risk appetite.

Tax cuts and deregulation efforts from the new US government are likely to support profit growth in the US, although the high valuations of the technology sector could bring some bouts of volatility. Other opportunities are also expected to arise in other regions.

While the US and the eurozone are expected to move forward in the monetary easing cycle, we believe that long-term yields on sovereign bonds have little room to fall from their current levels. The Fed and ECB rate cuts are widely discounted, while the new administration's agenda puts upward pressure on US Treasury yields.

Cyclical divergence between the US and the eurozone, geopolitical uncertainty and relatively higher interest rates in the US are tilting towards a more appreciated US dollar against the euro in 2025.

Macroeconomic and geopolitical uncertainty are expected to continue to sustain demand for precious metals.

In developing economies, a major hotspot of uncertainty remains with respect to the Chinese economy and the effect of the Chinese government's reaction to the new tariffs introduced by the US. In Latin America, markets are expected to remain vulnerable to global uncertainty. In any event, domestic factors are likely to continue to play a significant role in market behaviour, which pay close attention to how countries in the region face their main challenges, in particular, fiscal consolidation and anchoring inflation expectations to central bank targets.

The financial sector is expected to be marked by monetary policy normalization, which will have an impact on net interest income. This impact is expected to be partially offset by an improvement in business volumes in a stable portfolio credit quality environment.

Risks are slightly skewed to the downside and may come from non-bank financial institutions, with the risk of disorderly adjustments in asset prices and disruptions to market liquidity. Even so, at the moment, most entities currently have solid solvency positions to face such a scenario.

In addition to the economic environment, banks must cope with the acceleration of the business digitalization and knowledge and management of the risks associated with climate change.

→ Financial regulation

Elections held across our footprint (the US, Mexico, the UK, the EU) in 2024, will usher in a new political cycle that will define the regulatory agenda. The first 100 days of the European Commission will be critical, focusing on boosting competitiveness and growth through simplification and with defence and both the green and digital transitions as the main focus points of its strategy.

Competitiveness and Capital Markets Union 2.0

Recently released publications by political figures such as Enrico Letta, Christian Noyer and Mario Draghi agree on a lack of competitiveness and innovation within the EU. The new Savings and Investments Union (SIU) will be instrumental in channelling the trillions of euros in European savings towards capital markets, but this will require less fragmented, more liquid and transparent markets. The debate on how to complete the Banking Union, through the creation of a deposit guarantee fund, is expected to resume.

Prudential and resolution

During 2025, the European Banking Authority (EBA) is expected to continue developing technical standards to further the implementation of Basel III in Europe. Some legislative developments are expected in the field of non-bank financial intermediaries (NBFIs) and in the macroprudential framework in Europe. The European Commission will review the securitization framework and a legislative proposal is expected to be presented in 2025. In addition, the crisis management and deposit insurance (CMDI) framework review in Europe is expected to resume.

Sustainability

The sustainability regulatory agenda is expected to be reviewed in 2025, focusing on implementation. In January 2025, the reporting obligations established in the Corporate Sustainability Reporting Directive (CSRD) came into force. Although transposition is delayed in some European countries, companies will still be expected to comply with this standard and collect data on sustainability for the 2024 financial year. Under the CSRD, general reporting standards will continue to be implemented and industry-specific standards will continue to be developed (European Sustainability Reporting Standards, ESRS).

The European Commission has announced an omnibus proposal that will reduce the burden on companies, by simultaneously revising and simplifying sustainability regulations, including taxonomy, reporting and due diligence standards. In addition, a proposal to revise the Sustainable Finance Disclosure Regulation

(SFDR) is expected, which could include a new categorization system for financial products such as funds.

Regarding prudential matters, in 2025, the EBA will continue to assess the need for an adjustment in the Pillar 1 framework, to ensure that climate and environmental risks are adequately integrated. In addition, it will continue to analyse if emerging systemic risks, such as ESG, should be managed by using macroprudential tools.

The Basel Committee is expected to publish the final international standards on Pillar 3 climate disclosure requirements during 2025. Developments will continue in countries that have already begun their work in this area, such as Mexico, Chile and Brazil.

Digital

Discussions will continue to revolve around innovation, data use and artificial intelligence. Regulators have widened their view on fraud beyond the financial sector, as a significant amount of fraud occurs through different digital platforms. Central banks will continue to explore the opportunities linked to central bank digital currencies (CBDCs), focused on the wholesale market, with the exception of some jurisdictions such as the EU, which continues to design the digital euro. By the end of 2025, the ECB will have to decide whether to continue with the development of the digital euro, which depends upon a regulatory framework that remains under discussion since 2023. Focus will remain on the implementation of the Digital Markets Act (DMA) whose objective is to regulate competition in digital markets.

Retail banking

Access to capital markets and consumer protection will continue to be a priority in the EU's agenda, in line with projects such as the SIU and the Retail Investment Strategy (RIS). The transposition of the new directive regarding consumer credit should also occur in 2025.

These are the main management priorities for 2025 in our Global Business segments and countries:

Retail

Retail & Commercial Banking

A global business integrating our retail and commercial banking activities

Retail & Commercial Banking's top priorities for 2025 are to:

- Continue our **transformation journey** towards our vision of becoming a digital bank with branches underpinned by a common operating model and a global tech platform.
- Adapt our **business model** towards value creation through stronger customer relationships and network effects.
- Strengthen **structural efficiency** on the back of the transformation of our operating and business models to drive cost-to-serve efficiencies.

Our vision for 2025 is to continue working on the transformation of our operating model, to become a **digital bank with branches,** powered by the Group's network, with all of our products and services available to our customers on our websites and applications, and with the branch network serving as a powerful sales and advisory channel.

This vision is underpinned by **Retail's common operating model,** which leverages our global scale and local presence, and takes advantage of best practices across the Group. The operating model is centred around three strategic pillars: i) customer experience; ii) operational leverage; and iii) global technology platform.

Our transformation efforts in 2024 resulted in increased customer growth and efficiency. In 2025, we will continue to focus on our **transformation journey** building on our three strategic pillars:

- **Customer experience.** Provide our customers with the best products and experiences and make them available through improved customer journeys. Continue enhancing our digital capabilities to drive engagement and digital sales. Also, continue implementing our new branch and Work Café model that provides enhanced capabilities for personal advisory and support to our customers.
- **Operational leverage.** Continue to streamline processes and promote lean organizational structures to drive efficiency, accuracy and speed. Develop the key role of artificial intelligence in automating operations, resulting in faster transaction processing, reduced operational tasks and efficiencies in cost to serve.
- **Global technology platform.** Deploy our Global Platform to deliver best-in-class solutions and reduce the cost per transaction, promoting efficiency and innovation across the Group. Continue to converge all units towards the global platform with focusing on rolling out: Gravity, our award-winning back-end technology, which will increase the number of transactions it processes while reducing the cost per technical transaction and ODS, our proprietary cloud-based front-end technology which enables a superior digital experience, global products and faster time to market.

Additionally, as part of our **business model transformation,** we will deepen our focus on value creation through stronger customer relationships and network effects.

- Build strong **customer relationships** and consolidate our position as their trusted financial partner through a tailored approach to our core segments (individuals, SMEs and commercial banking).
- Leverage our competitive position to better serve our customers, taking advantage of the **network effect** provided by the Group's global business structure.

Executing the transformation of our operating and business models across our footprint to pave the way for **structural savings** and **cost-to-serve efficiencies**, and support **value creation** for our shareholders.

Customer experience

Best digital products and **new branch model**

Operational leverage

Process automation and leaner organization

Global platform

Proprietary back-end (Gravity) and **cloud based front-end** (ODS) technologies

Consumer

Digital Consumer Bank

Deliver the best solution to customers (B2B and B2C), while being the most cost competitive player in the market

Our priorities for 2025 are to:

- **Converge towards global platforms** and continue transforming our operating model, automating key processes and gaining efficiencies and providing best customer experience.
- **Grow and consolidate partnerships** with our partners, offering solutions with a better digital experience.
- **Promote the network effect** through a complete product offering to our customers, leveraging the Group's capabilities.
- Continue **gathering customer deposits** to lower funding costs and reduce net interest income volatility across the cycle, to be able to offer our customers better pricing.
- Enhance and automate our **originate-to-share model.**

Our vision is to become the **preferred choice of our partners and our end customers,** and offer greater profitability and value creation to our shareholders, while being the most cost competitive player in the industry.

In 2025, our strategic priorities include:

- **In Auto:**
  - Continue to consolidate Santander's leadership position by: i) strengthening existing partnerships and incorporating new strategic agreements with OEMs and retailers; ii) expanding the operational leasing platform across Europe; and iii) developing new revenue sources.
  - Support profitability improvement by simplifying, automating and digitalizing customer journeys to operate with lower cost-to-serve. Utilize improved digital capabilities to take customer experience to the next level.
- **In the consumer lending business (non-auto),** within our objective to expand our consumer lending offering through Zinia, we will continue prioritizing the expansion to other products and markets and continue transforming the check-out lending business through existing agreements and expanding them across regions.
- **In Openbank:** leverage advanced data, tech and product capabilities to successfully deliver on our plans for the US and Mexico, expanding our value proposition.
- Finally, we will continue to drive deposit gathering initiatives in Europe and the expansion of securitization programmes, as part of our originate-to-share model.

Customer experience

Global solutions and relationship management (OEMs, importers and retailers)

Operational leverage

Operational and commercial benchmark to maximize profitability and growth

Global platform

From multiple country-specific platforms to **global platforms** (e.g. leasing, BNPL)

CIB

Corporate & Investment Banking

Our global platform to support corporate and institutional clients

Our aim is to become a focused, world-class Corporate & Investment Banking business, positioning ourselves as a trusted advisor to our clients while delivering profitable growth. Our priorities for 2025 are to:

- **Deepen our client relationships,** with a particular focus on the US.
- Fully leverage our **enhanced centres of expertise,** increase connectivity around the client agenda and further digitalize our business.
- Keep evolving our **active capital management** and global operating models.
- Attract, develop and retain **top talent.**

In order to deliver on our 2025 priorities, **we will focus on the following levers**:

- **Deepen client relationships**:
  - Foster and expand our advisory/value-added businesses on the back of our transformation initiatives, with a particular focus on fee business.
  - Materialize the growth plan for our US franchise, maximizing impact on global CIB, leveraging our new capabilities and expanded coverage.
  - Continue to foster collaboration with other global businesses to generate additional value for the Group.
- **Operational leverage:**
  - Consolidate our centres of expertise to strengthen our positioning in our core markets.
  - Further grow our Global Markets franchise on the back of the investments made and leveraging collaboration opportunities with Global Transaction Banking and Global Banking.
  - Advance in the execution of our automatization and digitalization initiatives, enhancing the business value from our data and exploring tangible opportunities from AI.
- **Global platforms:**
  - Keep evolving our operating model deepening globalization, standardization and specialization of our business, improving client experience, efficiency and risk management.
  - Further optimize our originate-to-share model in close partnership with the Group's Global Asset Desk for active capital management.
- Attract, develop and retain **top talent** while strengthening our culture and risk awareness.

Customer experience

Trusted advisor to our clients, building long-term relationships supported by **our global reach and local strength**

Operational leverage

Consolidate our **global centres of expertise and tech investments** as levers for growth

Global platform

Further optimize our **originate-to-share and global operational models,** leveraging technology

Wealth

Wealth Management & Insurance

Globalizing and transforming our Private Banking, Asset Management and Insurance businesses

Our priorities for 2025 are to:

- **Improve our customer experience** providing enhanced value-added products and services and expanding our presence to new countries and businesses.
- Boost **operational leverage** by globalizing service and product factories/hubs and enhancing local distribution.
- Develop common **global platforms** to transform our operations and distribution model leveraging Group's technology, data and AI.

We aim to **transform** Wealth businesses leveraging the Group's technology and AI as major enablers, while promoting globalization and simplification to deliver more value to our customers. This should increase Wealth's contribution to the Group while maintaining attractive profitability levels.

To deliver on this ambition, our priorities for 2025 are organized around three growth levers:

- Provide our customers with personalized best-in-class service and investment & protection solutions, leveraging digital and data capabilities to enhance **customer experience**.

  We are increasing our penetration in our footprint and expanding into new markets that are relevant for our business (e.g., Middle East and the US), which should enable us to increase our customer base.

  We will continue developing products with significant growth potential, such as alternative investments, life retirement solutions and non-life high-growth businesses, including health and cyber insurance.

- Globalize our service and investment & insurance product factories to better serve local distribution networks with a simplified value proposition and developing common hubs to boost **operational leverage**.

  We also plan to continue leveraging the synergies between our businesses to improve profitability and provide a stable source of capital, while we keep working to reinforce the collaboration with the other global businesses.

- Develop common **global platforms** to transform how our businesses operate with an increased focus on technology, data and AI, providing a tailored value proposition and service to our clients while we evolve and improve our distribution model, for example, through an embedded and highly contextualized offer or digital platforms for servicing and claims.

Additionally, we will continue to further reinforce our leadership and governance, having recently made a few additions and changes to the board of directors of Santander Insurance Holding.

Customer experience

Providing our customers with **enhanced value-added** products and **personalized** services

Operational leverage

Globalize our operations and product factories while **simplifying** our processes and value proposition

Global platform

Develop common **digital platforms** to transform our operations, service and distribution capabilities

Payments

Payments

Single infrastructures for payments solutions: PagoNxt and Cards

Our priorities for 2025 are to:

→ **Scale up our global platform** of innovative payments and integrated value-added solutions.

→ **Roll out our global payment platform** to all our regions and the open market.

→ **Expand our cards business** while improving customer experience.

PagoNxt

In PagoNxt, our priorities by business are:

- **Getnet**
  - Strategic market share management with focus on profitable growth, investing in commercial capabilities to further expand business across Santander's banks and capture opportunities in the open market.
  - Focus on product globalization and delivery of strategic value-added services.
  - Investment in globalizing technology to improve efficiency and lower cost per transaction, and scale up our platform functionalities.
- **Ebury**
  - Customer growth through enhanced product offering and online capabilities and geographical expansion.
  - Introduction of tailored products to capture verticals such as mass payments.
- **Payments**
  - Migration of Group A2A payments to the new cloud-native platform.
  - Leverage scale and connectivity to drive lower cost-per-transaction and to offer adjacent services and open market propositions.
  - Delivery of an instant cross-border payments solution.

Cards

We aim to provide an exceptional payments experience, foster customer loyalty and leverage transactional data to enhance profitability.

To implement this vision, we are focusing on three pillars:

- **Profitably expand our credit business:**
  - Drive profitable growth through credit cards through the use of data and models through our Cards Risk Data Lab.
  - Exploit the commercial cards business, with a complete offering in their payment management through corporate cards, leveraging Santander's presence in the corporate and SME segments.
  - Connect card issuing and acquiring platforms, developing new business opportunities between Cards and Getnet.
- **Improve payment experience through cards**:
  - Offer our customers the most seamless and convenient card payment experience through Invisible Payments, both for face-to-face and e-commerce purchases.
  - Expand, develop and adopt common digital services that improve customer experience.
- **Build and implement our global card processing tech platform:**
  - Once the debit solution is completed, the aim for 2025 is to finish the credit solution development and to improve the solution for corporates.
  - After starting the debit integration in Brazil, continue implementing the platform in the other countries, and start with the credit integration once the building is complete.

Customer experience

Deliver **best-in-class payment solutions** leveraging our global and local scale

Operational leverage

Reduce cost per transaction through capex optimization and operational efficiency

Global platform

Migrate volumes to common global platforms to **gain scale** and offer competitive pricing in the **open market**

Secondary segments

E Europe

Spain

- Continue to grow and develop our customer base, providing personalized answers to our customers' needs and the best experience, to become their main bank.
- Evolve our operating model towards a digital bank with branches, moving forward in the simplification of products and services, digitalization and the elimination of operational processes to focus on value creation.

Portugal

- Further our commercial and digital transformation, focusing on excellence in customer experience and satisfaction.
- Remain best-in-class in terms of efficiency and profitability, creating value with an appropriate return on capital.

United Kingdom

- Prioritize profitability, through pricing discipline and planned balance sheet optimization, growing through customer engagement and exceptional customer experience.
- Continue transforming the bank through simplification and digitalization, in order to improve efficiency and performance.

Poland

- Accelerate our digital transformation, through increased availability of products and services through digital channels.
- Continue to improve customer and employee experience.

DCBE DCB Europe

In 2025, our strategic priorities include:

- Expand our European leadership with strong focus on profitability, through competitive, innovative financing products and solutions.
  - Auto: expand the implementation of the operational leasing platform, digitalize customer journeys, grow partnerships and deliver the best customer experience.
  - Consumer lending: continue to expand partnerships through Zinia and transform our consumer lending business.
- Transform our operating model through global platforms, the simplification and the automatization of processes, aiming to become the most cost competitive player in the market.
- Reduce sensitivity to interest rates by increasing deposit gathering, optimizing the balance sheet and maintaining a strict capital allocation.

NA North America

US

- Deliver strategic priorities through disciplined capital allocation, focused on customer-centric growth in businesses that benefit from Santander's global network or operate at scale locally and where we have deep expertise.
- Consumer: leverage Group-developed digital platforms to support profitable growth.
- CIB: enhance advisory and investment banking capabilities focused on profitable client relationships and expanding our product and services offering.
- Wealth: accelerate growth through initiatives to expand cross-border client relationships, while enhancing local private banking.

Mexico

- Strengthen our Retail transformation and enhance our model by focusing on digital offerings and channels, new service models, continued product simplification and customer primacy.
- Roll-out new digital capabilities, particularly through the launch of Openbank, to challenge the rise of neobanks with a superior and fully-digital value proposition.
- Grow selectively, rebalancing our asset mix towards more profitable and capital-light businesses.
- Reinforce our low-cost producer positioning, offering the best products at the best price while improving our deposit mix.

SA South America

Brazil

- Focus on being the primary bank for our customers. Sustain value creation and continue to personalize our offering and improve customer experience, through intensive use of technology.
- Continue with our sustainable growth strategy, focusing on disciplined capital management, process optimization and cost reduction to improve profitability.
- Further diversify our asset portfolio and boost our liabilities business and transactional revenue.

Chile

- Continue to digitally transform the bank, capturing new customers, maintaining our NPS leadership and consolidating our position in the mass segment through new product offerings.
- Strengthen our corporate and private banking franchise, with specialized value propositions and a leadership position in transactional foreign exchange and Wealth Management products.
- Continue to transform our operating model, boosting global initiatives, converging our platforms, further simplifying our offering and reducing cost per active customer.

Argentina

- Further develop our financial platform, promoting synergies between businesses and within value chains, and consolidating recent inorganic acquisitions.
- Continue to pursue our profitable growth and value creation strategy. Increase productivity and reduce cost to serve by streamlining products and processes. Focus on operational excellence and market leadership in customer experience.

8. ALTERNATIVE PERFORMANCE MEASURES (APMs)

In addition to the financial information prepared under IFRS, this consolidated directors' report contains financial measures that constitute alternative performance measures (APMs) to comply with the guidelines on alternative performance measures issued by the European Securities and Markets Authority on 5 October 2015 and non-IFRS measures.

The financial measures contained in this consolidated directors' report that qualify as APMs and non-IFRS measures have been calculated using our financial information but are not defined or detailed in the applicable financial information framework or under IFRS and therefore have neither been audited nor are susceptible to being fully audited.

We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, the way in which Santander defines and calculates these APMs and non-IFRS measures may differ from the calculations used by other companies with similar measures and, therefore, may not be comparable.

Additional APMs to those included in this section are presented in section SN 9. 'Alternative Performance Measures' of the 'Sustainability statement' chapter.

The APMs and non-IFRS measures we use in this document can be categorized as follows:

Underlying results

In addition to IFRS results measures, we present some results measures which are non-IFRS and which we refer to as underlying measures. These measures allow in our view a better year-on-year comparability given that they exclude items outside the ordinary performance of our business (e.g. capital gains, write-downs, impairment of goodwill) or certain line items have been reclassified in the underlying ("adjusted") income statement, as their impact on profit is zero, to better understand the trends in the business. Further information is included at the end of section 3.2 'Results'.

In addition, in section 4. 'Financial information by segment' covering the primary and secondary segments, results are presented only on an underlying basis in accordance with IFRS 8. The use of this information by the Group's governance bodies and a reconciliation on an aggregate basis to our IFRS consolidated results can be found in note 52.c to our consolidated financial statements.

Profitability and efficiency ratios

The purpose of the profitability ratios is to measure the ratio of profit to equity, to tangible equity, to assets and to risk-weighted assets, while the efficiency ratio measures how much general administrative expenses (personnel and other) and amortization costs are needed to generate revenue.

Additionally, goodwill adjustments have been removed from the RoTE numerator as, since they are not considered in the denominator, we believe this calculation is more correct.

Ratio	Formula	Relevance of the metric
RoE (Return on Equity)	Profit attributable to the parent ――― Average stockholders' equity [A] (excl. minority interests)	This ratio measures the return that shareholders obtain on the funds invested in the bank and as such measures the bank's ability to pay shareholders.
RoTE (Return on Tangible Equity)	Profit attributable to the parent [B] ――― Average stockholders' equity [A] (excl. minority interests) - intangible assets	This is used to evaluate the profitability of the company as a percentage of its tangible equity. It is measured as the return that shareholders receive as a percentage of the funds invested in the bank less intangible assets.
RoA (Return on Assets)	Consolidated profit ――― Average total assets	This metric measures the profitability of a company as a percentage of its total assets. It is an indicator that reflects the efficiency of the bank's total assets in generating profit over a given period.
RoRWA (Return on Risk-Weighted Assets)	Consolidated profit ――― Average risk-weighted assets	The return adjusted for risk is a derivative of the RoA metric. The difference is that RoRWA measures profit in relation to the bank's risk-weighted assets.
RoRAC (Return on Risk-Adjusted Capital)	Underlying consolidated profit ――― Average economic capital	This is the return on economic capital required internally (necessary to support all risks inherent in our activity).
Economic Value Added	Underlying consolidated profit – (average economic capital x cost of capital)	Economic value added is the profit generated in excess of the cost of economic capital employed. This measures risk-adjusted returns in absolute terms, complementing the RoRAC approach.
Efficiency (Cost-to-income)	Operating expenses [C] ――― Total income	One of the most commonly used indicators when comparing productivity of different financial entities. It measures the amount of resources used to generate the bank's total income.

A. Stockholders' equity = Capital and Reserves + Accumulated other comprehensive income + Profit attributable to the parent + Dividends.
B. Excluding the adjustment to the valuation of goodwill.
C. Operating expenses = Administrative expenses + amortizations.

Profitability and efficiency [A B] (EUR million and %)

	2024	2023	2022
RoE	**13.00%**	**11.91%**	**10.67%**
Profit attributable to the parent	12,574	11,076	9,605
Average stockholders' equity (excluding minority interests)	96,744	93,035	89,986
RoTE	**16.27%**	**15.06%**	**13.37%**
Profit attributable to the parent	12,574	11,076	9,605
(-) Goodwill impairment	(4)	(20)	—
Profit attributable to the parent (excluding goodwill impairment)	12,578	11,096	9,605
Average stockholders' equity (excluding minority interests)	96,744	93,035	89,986
(-) Average intangible assets	19,428	19,361	18,164
Average stockholders' equity (excl. minority interests) - intangible assets	77,316	73,675	71,822
RoA	**0.76%**	**0.69%**	**0.63%**
Consolidated profit	13,744	12,209	10,764
Average total assets	1,803,272	1,773,103	1,720,273
RoRWA	**2.18%**	**1.96%**	**1.77%**
Consolidated profit	13,744	12,209	10,764
Average risk-weighted assets	630,494	624,031	606,952
RoRAC	**17.52%**	**15.34%**	**14.00%**
Consolidated profit	13,744	12,209	10,764
(-) Net capital gains and provisions	—	—	—
Underlying consolidated profit	13,744	12,209	10,764
Average economic capital	78,430	79,605	76,872
Economic value added	**4,332**	**3,285**	**2,146**
Underlying consolidated profit	13,744	12,209	10,764
(-) Average economic capital x cost of capital	(9,412)	(8,924)	(8,617)
Average economic capital	78,430	79,605	76,872
Cost of capital	12.00%	11.21%	11.21%
Efficiency ratio	**41.8%**	**44.1%**	**45.8%**
Underlying operating expenses	26,034	25,425	23,903
Operating expenses	26,034	25,425	23,903
Adjustments to operating expenses for items outside ordinary course of businesses [C]	—	—	—
Underlying total income	62,211	57,647	52,154
Total income	61,876	57,423	52,117
Adjustments to total income for items outside ordinary course of businesses [C]	335	224	37

A. Averages included in the RoE, RoTE, RoA and RoRWA denominators are calculated using the monthly average over the period, which we believe should not differ materially from using daily balances.
B. The risk-weighted assets included in the denominator of the RoRWA metric are calculated in line with the criteria laid out in the CRR (Capital Requirements Regulation).
C. Following the adjustments in note 52.c to the consolidated financial statements.

Ratio	Formula	Relevance of the metric
Global business RoTE	Profit attributable to the parent excluding goodwill impairment / Average stockholders' equity (excl. minority interests) - intangible assets [A]	This indicator is used to evaluate the profitability of the company as a percentage of its tangible equity. It's measured as the return that shareholders receive as a percentage of the funds invested in the entity less intangible assets.

A. Allocated according to RWA consumption.

RoTE (EUR million and %)

	2024			2023		
	%	Numerator	Denominator	%	Numerator	Denominator
Retail & Commercial Banking	**18.9**	**7,265**	**38,482**	**15.1**	**5,659**	**37,362**
Digital Consumer Bank	**9.8**	**1,663**	**17,050**	**11.5**	**1,901**	**16,502**
Corporate & Investment Banking	**18.1**	**2,740**	**15,178**	**17.5**	**2,440**	**13,922**
Wealth Management & Insurance	**78.7**	**1,650**	**2,097**	**72.2**	**1,467**	**2,033**
Payments	**15.6**	**415**	**2,664**	**24.9**	**627**	**2,512**
PagoNxt						
Cards	32.6	712	2,187	35.5	684	1,928
Europe	**16.9**	**6,645**	**39,292**	**14.5**	**5,489**	**37,931**
Spain	21.7	3,762	17,347	14.2	2,371	16,742
United Kingdom	11.1	1,306	11,781	13.0	1,545	11,874
Portugal	25.4	1,001	3,948	25.9	896	3,458
Poland	20.2	800	3,956	17.7	674	3,810
DCB Europe	**6.4**	**642**	**10,055**	**12.3**	**1,199**	**9,721**
North America	**11.2**	**2,580**	**23,089**	**9.8**	**2,360**	**24,183**
US	7.5	1,109	14,742	6.1	932	15,355
Mexico	20.0	1,671	8,343	17.7	1,560	8,814
South America	**18.7**	**3,865**	**20,671**	**14.4**	**3,045**	**21,097**
Brazil	17.5	2,424	13,853	13.7	1,921	13,987
Chile	17.0	629	3,693	14.8	582	3,925
Argentina	34.8	665	1,909	55.6	386	694

Numerator: profit attributable to the parent excluding goodwill impairment.
Denominator: average stockholders' equity (excluding minority interests) - intangible assets, for global businesses allocated according to RWA consumption.
PagoNxt's RoTE is not provided as we do not consider it a relevant metric to measure performance in this type of business.

Efficiency ratio (EUR million and %)

	2024			2023		
	%	Numerator	Denominator	%	Numerator	Denominator
Retail & Commercial Banking	**39.7**	**12,877**	**32,461**	**43.1**	**12,825**	**29,754**
Digital Consumer Bank	**40.1**	**5,183**	**12,916**	**42.8**	**5,263**	**12,296**
Corporate & Investment Banking	**45.6**	**3,807**	**8,343**	**45.0**	**3,387**	**7,527**
Wealth Management & Insurance	**35.9**	**1,313**	**3,661**	**37.9**	**1,216**	**3,210**
Payments	**45.0**	**2,475**	**5,505**	**44.2**	**2,344**	**5,298**
PagoNxt	93.6	1,160	1,240	95.7	1,091	1,140
Cards	30.8	1,315	4,265	30.1	1,253	4,158
Europe	**40.0**	**9,407**	**23,510**	**42.1**	**9,030**	**21,439**
Spain	35.7	4,271	11,974	41.7	4,227	10,132
United Kingdom	55.9	2,918	5,216	49.7	2,745	5,525
Portugal	26.1	548	2,100	27.3	542	1,982
Poland	27.1	965	3,555	27.1	862	3,182
DCB Europe	**45.9**	**2,604**	**5,679**	**47.6**	**2,618**	**5,502**
North America	**48.2**	**6,701**	**13,915**	**49.1**	**6,465**	**13,174**
US	50.5	3,830	7,580	51.0	3,679	7,209
Mexico	42.5	2,665	6,278	43.9	2,588	5,899
South America	**35.1**	**6,943**	**19,783**	**38.5**	**6,920**	**17,971**
Brazil	32.1	4,352	13,536	34.6	4,529	13,104
Chile	36.0	933	2,592	44.6	1,020	2,285
Argentina	41.1	1,022	2,487	50.2	775	1,544

Numerator: underlying operating expenses.
Denominator: underlying total income.

Credit risk indicators

The credit risk indicators measure the quality of the credit portfolio and the percentage of non-performing loans covered by provisions.

Ratio	Formula	Relevance of the metric
NPL ratio (Non-performing loans ratio)	Credit impaired customer loans and advances, guarantees and undrawn balances / Total Risk [A]	The NPL ratio is an important variable regarding financial institutions' activity since it gives an indication of the level of credit risk the entities are exposed to. It calculates risks that are, in accounting terms, declared to be credit impaired as a percentage of the total outstanding amount of customer credit and contingent liabilities.
NPL coverage ratio	Total allowances to cover impairment losses on customer loans and advances, guarantees and undrawn balances / Credit impaired customer loans and advances, guarantees and undrawn balances	The NPL coverage ratio is a fundamental metric in the financial sector. It reflects the level of provisions as a percentage of the credit impaired assets. Therefore, it is a good indicator of the entity's solvency against customer defaults both present and future.
Cost of risk	Allowances for loan-loss provisions over the last 12 months / Average loans and advances to customers over the last 12 months	This ratio quantifies loan-loss provisions arising from credit risk over a defined period of time for a given loan portfolio. As such, it acts as an indicator of credit quality.

A. Total risk = non-impaired and impaired customer loans and advances and guarantees + impaired undrawn customer balances.

Credit risk (I) (EUR million and %)

	2024	2023	2022
NPL ratio	**3.05%**	**3.14%**	**3.08%**
Credit impaired customer loans and advances, guarantees and undrawn balances	35,265	35,620	34,673
Gross loans and advances to customers registered under the headings 'financial assets measured at amortized cost' and 'financial assets designated at fair value through profit or loss' classified in stage 3 (OCI), excluding POCI (Purchased or Originated Credit Impaired)	33,568	33,821	32,617
POCI exposure (Purchased or Originated Credit Impaired) that is additionally impaired	163	273	271
Customer guarantees and undrawn balances classified in stage 3	1,521	1,517	1,776
Doubtful exposure of loans and advances to customers at fair value through profit or loss	13	9	9
Total risk	1,157,274	1,133,898	1,124,121
Impaired and non-impaired gross loans and advances to customers	1,076,195	1,059,135	1,058,688
Impaired and non-impaired customer guarantees and impaired undrawn customer balances	81,079	74,763	65,433

Credit risk (II) (EUR million and %)

	2024	2023	2022
NPL coverage ratio	**64.8%**	**65.9%**	**67.5%**
Total allowances to cover impairment losses on customer loans and advances, guarantees and undrawn balances	22,835	23,490	23,418
Total allowances to cover impairment losses on loans and advances to customers measured at amortized cost and designated at fair value through OCI	22,125	22,788	22,684
Total allowances to cover impairment losses on customer guarantees and undrawn balances	710	702	734
Credit impaired customer loans and advances, guarantees and undrawn balances	35,265	35,620	34,673
Gross loans and advances to customers registered under the headings 'financial assets measured at amortized cost' and 'financial assets designated at fair value through profit or loss' classified in stage 3 (OCI), excluding POCI (Purchased or Originated Credit Impaired)	33,568	33,821	32,617
POCI exposure (Purchased or Originated Credit Impaired) that is additionally impaired	163	273	271
Customer guarantees and undrawn balances classified in stage 3	1,521	1,517	1,776
Doubtful exposure of loans and advances to customers at fair value through profit or loss	13	9	9
Cost of risk	**1.15%**	**1.18%**	**0.99%**
Underlying allowances for loan-loss provisions over the last 12 months	12,333	12,458	10,509
Allowances for loan-loss provisions over the last 12 months	12,685	12,932	10,836
Adjustments to loan-loss provisions for items outside ordinary course of businesses	-352	-474	-327
Average loans and advances to customers over the last 12 months	1,075,821	1,059,566	1,059,972

NPL ratio (EUR million and %)

	2024			2023		
	%	Numerator	Denominator	%	Numerator	Denominator
Retail & Commercial Banking	**3.18**	**20,468**	**643,782**	**3.21**	**20,961**	**652,382**
Digital Consumer Bank	**5.07**	**10,992**	**216,613**	**4.75**	**9,831**	**207,107**
Corporate & Investment Banking	**0.86**	**2,068**	**241,078**	**1.36**	**3,007**	**221,593**
Wealth Management & Insurance	**0.67**	**169**	**25,226**	**1.40**	**330**	**23,612**
Payments	**5.14**	**1,266**	**24,615**	**5.02**	**1,191**	**23,710**
PagoNxt						
Cards	5.25	1,235	23,526	5.11	1,151	22,513
Europe	**2.15**	**13,774**	**640,094**	**2.32**	**14,495**	**624,696**
Spain	2.68	7,672	285,883	3.06	8,529	278,569
United Kingdom	1.33	3,299	248,061	1.42	3,518	247,360
Portugal	2.40	993	41,418	2.59	1,024	39,503
Poland	3.66	1,636	44,704	3.55	1,397	39,329
DCB Europe	**2.50**	**3,527**	**141,312**	**2.12**	**2,877**	**135,608**
North America	**4.22**	**8,375**	**198,607**	**4.09**	**7,805**	**190,720**
US	4.72	7,012	148,643	4.57	6,303	137,893
Mexico	2.71	1,352	49,927	2.82	1,489	52,785
South America	**5.42**	**9,287**	**171,301**	**5.72**	**10,142**	**177,380**
Brazil	6.14	6,418	104,519	6.56	7,479	113,937
Chile	5.37	2,394	44,590	5.01	2,332	46,565
Argentina	2.06	173	8,411	1.99	78	3,903

Numerator: credit impaired customer loans and advances, guarantees and undrawn balances.
Denominator: total risk.
PagoNxt's NPL ratio is not provided as we do not consider it a relevant metric for this type of business.

NPL coverage ratio (EUR million and %)

	2024			2023		
	%	Numerator	Denominator	%	Numerator	Denominator
Retail & Commercial Banking	**58.4**	**11,949**	**20,468**	**61.4**	**12,868**	**20,961**
Digital Consumer Bank	**73.6**	**8,088**	**10,992**	**76.5**	**7,521**	**9,831**
Corporate & Investment Banking	**39.3**	**812**	**2,068**	**41.2**	**1,240**	**3,007**
Wealth Management & Insurance	**80.3**	**135**	**169**	**29.3**	**97**	**330**
Payments	**140.1**	**1,774**	**1,266**	**139.8**	**1,665**	**1,191**
PagoNxt						
Cards	141.9	1,752	1,235	142.1	1,636	1,151
Europe	**50.2**	**6,909**	**13,774**	**49.3**	**7,147**	**14,495**
Spain	52.6	4,039	7,672	49.1	4,185	8,529
United Kingdom	29.3	967	3,299	30.3	1,066	3,518
Portugal	79.4	789	993	82.7	847	1,024
Poland	61.9	1,013	1,636	73.3	1,024	1,397
DCB Europe	**82.5**	**2,910**	**3,527**	**88.0**	**2,532**	**2,877**
North America	**69.7**	**5,836**	**8,375**	**73.8**	**5,763**	**7,805**
US	63.8	4,471	7,012	67.7	4,265	6,303
Mexico	100.4	1,358	1,352	100.0	1,489	1,489
South America	**76.5**	**7,103**	**9,287**	**78.4**	**7,948**	**10,142**
Brazil	82.7	5,311	6,418	84.7	6,338	7,479
Chile	49.9	1,196	2,394	52.7	1,230	2,332
Argentina	177.1	307	173	165.7	128	78

Numerator: total allowances to cover impairment losses on customer loans and advances, guarantees and undrawn balances.
Denominator: credit impaired customer loans and advances, guarantees and undrawn balances.
PagoNxt's coverage ratio is not provided as we do not consider it a relevant metric for this type of business.

Cost of risk (EUR million and %)

	2024			2023		
	%	Numerator	Denominator	%	Numerator	Denominator
Retail & Commercial Banking	**0.92**	**5,845**	**632,300**	**1.02**	**6,540**	**638,166**
Digital Consumer Bank	**2.16**	**4,562**	**210,747**	**2.04**	**4,106**	**201,376**
Corporate & Investment Banking	**0.10**	**174**	**180,565**	**0.10**	**165**	**168,553**
Wealth Management & Insurance	**0.18**	**41**	**23,264**	**(0.08)**	**(17)**	**22,366**
Payments	**7.39**	**1,714**	**23,183**	**7.22**	**1,666**	**23,060**
PagoNxt						
Cards	7.64	1,698	22,225	7.44	1,642	22,058
Europe	**0.32**	**1,862**	**590,624**	**0.44**	**2,533**	**582,256**
Spain	0.50	1,259	249,759	0.62	1,522	246,660
United Kingdom	0.03	64	251,348	0.10	247	251,362
Portugal	0.03	11	38,454	0.20	77	38,546
Poland	1.38	511	37,138	2.08	674	32,385
DCB Europe	**0.88**	**1,209**	**137,165**	**0.62**	**792**	**128,583**
North America	**2.04**	**3,786**	**185,873**	**2.05**	**3,733**	**182,037**
US	1.82	2,507	137,581	1.92	2,593	135,190
Mexico	2.64	1,277	48,439	2.43	1,135	46,729
South America	**3.50**	**5,478**	**156,397**	**3.36**	**5,401**	**160,644**
Brazil	4.51	4,487	99,532	4.77	4,701	98,555
Chile	1.19	497	41,582	0.80	365	45,637
Argentina	4.59	284	6,190	6.64	150	2,262

Numerator: underlying allowances for loan-loss provisions over the last 12 months.
Denominator: average loans and advances to customers over the last 12 months.
PagoNxt's cost of risk is not provided as we do not consider it a relevant metric for this type of business.

Other indicators

The Group has a series of additional financial metrics which facilitate analysis of the underlying business trends and performance.

Ratio	Formula	Relevance of the metric
TNAV per share (Tangible net asset value per share)	$\frac{\text{Tangible book value}^{A}}{\text{Number of shares excluding treasury stock}}$	This is a very commonly used ratio used to measure the company's accounting value per share having deducted the intangible assets. It is useful in evaluating the amount each shareholder would receive if the company were to enter into liquidation and had to sell all the company's tangible assets.
Price to tangible book value per share (X)	$\frac{\text{Share price}}{\text{TNAV per share}}$	This is one of the most commonly used ratios by market participants for the valuation of listed companies both in absolute terms and relative to other entities. This ratio measures the relationship between the price paid for a company and its accounting equity value.
LTD ratio (Loan-to-deposit)	$\frac{\text{Net loans and advances to customers}}{\text{Customer deposits}}$	This is an indicator of the bank's liquidity. It measures the total loans and advances to customers net of loan-loss provisions as a percentage of customer deposits.
Loans and advances (excl. reverse repos)	Gross loans and advances to customers excluding reverse repos	In order to aid analysis of the commercial banking activity, reverse repos are excluded as they are highly volatile treasury products.
Deposits (excl. repos)	Customer deposits excluding repos	In order to aid analysis of the commercial banking activity, repos are excluded as they are highly volatile treasury products.
PAT + After tax fees (in Wealth Management & Insurance)	Net profit + fees ceded by Santander Asset Management and Santander Insurance to the branch network, net of taxes, excluding Private Banking customers	Metric to assess Wealth Management & Insurance's total contribution to the Group's profit.

A. Tangible book value = Stockholders' equity (excl. minority interests) - intangible assets.

Others (EUR million and %)

	Dec-24	Dec-23	Dec-22
TNAV (tangible book value) per share	**5.24**	**4.76**	**4.26**
Tangible book value	79,342	75,552	70,459
Number of shares excl. treasury stock (million)	15,137	15,886	16,551
Price to tangible book value per share (X)	**0.85**	**0.79**	**0.66**
Share price (euros)	4.465	3.780	2.803
TNAV (tangible book value) per share	5.24	4.76	4.26
Loan-to-deposit ratio	**100%**	**99%**	**103%**
Net loans and advances to customers	1,054,069	1,036,349	1,036,004
Customer deposits	1,055,936	1,047,169	1,009,722

	2024	2023
PAT + After tax fees (in Wealth) (Constant EUR million)	**3,399**	**3,039**
Profit after tax	1,728	1,518
Net fee income net of tax	1,671	1,521

Impact of exchange rate movements on profit and loss accounts

We make use of certain financial measures in local currency to help in the assessment of our ongoing operating performance. These non-IFRS financial measures include the results of operations of our subsidiary banks located outside the eurozone, excluding the impact of foreign exchange. Because changes in foreign currency exchange rates do not have an operating impact on the results, we believe that evaluating their performance on a local currency basis provides an additional and meaningful assessment of performance to both management and the company's investors.

The Group presents, at both the Group level as well as the business unit level, the real changes in euros in the income statement as well as the changes excluding the exchange rate effect (i.e., "excluding FX" or "constant euros"), as it considers the latter facilitates analysis, since it enables business movements to be identified without taking into account the impact of converting each local currency into euros.

Said variations, excluding the impact of exchange rate movements, are calculated by converting income statement lines for the different business units comprising the Group into our presentation currency, the euro, applying the average exchange rate for 2024 to all periods contemplated in the analysis. We use this method for all countries with the exception of Argentina, where we use the exchange rate on the last working day of each period presented, given it is a hyperinflationary economy, to mitigate the distortions caused by the hyperinflation.

Impact of exchange rate movements on the balance sheet

The Group presents, at both the Group level as well as the business unit level, the changes in euros as well as the changes excluding the exchange rate effect ("excluding FX" or "constant euros") for loans and advances to customers excluding reverse repurchase agreements (repos) and customer funds (which comprise deposits and mutual funds) excluding repos. Additionally, we present changes in the main balance sheet lines of the Group's countries and regions both in euros as well as the changes excluding the exchange rate effect. As with the income statement, the reason is to facilitate analysis by isolating the changes in the balance sheet that are not caused by converting each local currency into euros.

These changes excluding the impact of exchange rate movements are calculated by converting the balances, into our presentation currency, the euro, applying the closing exchange rate on the last working day of December 2024 to all periods contemplated in the analysis. We use this method to calculate the variations for all countries with the exception of Argentina, where we use the exchange rate on the last working day of each period presented, given it is a hyperinflationary economy, to mitigate the distortions caused by the hyperinflation.

Due to the significant divergence between the official Argentine peso exchange rate and other macroeconomic magnitudes, mainly inflation, we applied an alternative exchange rate to 2024 results which reflects the exchange rate observed in transactions ordered between market participants under the prevailing economic conditions, such as the repatriation of dividends from businesses in Argentina. This alternative exchange rate takes the dollar *contado con liquidación* rate (CCL) as a reference, which is the exchange rate resulting from the sale of local bonds denominated in Argentine pesos in US dollars (dual denomination peso/dollar bonds). At the end of the year, the value of this exchange rate did not significantly differ from other market rates or the official exchange rate.

The average and period-end exchange rates for the main currencies in which the Group operates are set out in the table below.

Exchange rates: 1 euro/currency parity

	Average (income statement)		Period-end (balance sheet)	
	2024	2023	2024	2023
US dollar	1.082	1.081	1.039	1.105
Pound sterling	0.846	0.870	0.829	0.868
Brazilian real	5.809	5.397	6.427	5.365
Mexican peso	19.723	19.158	21.554	18.691
Chilean peso	1,020.473	906.417	1,032.560	965.192
Argentine peso [A]			1,232.389	893.635
Polish zloty	4.305	4.538	4.275	4.343

A. Average exchange rates for the Argentine peso are not included since we use the exchange rate on the last working day of each period presented given it is a hyperinflationary economy. For 2024 data, we apply an alternative exchange rate for the Argentine peso that better reflects the evolution of inflation (we continue to apply the official ARS exchange rate to all prior periods).

Impact of inflation on operating expenses

Santander presents, for both the Group and the business units included in the primary and secondary segments: i) the changes in operating expenses in euros; ii) the changes excluding the exchange rate effect with the exception of Argentina which is calculated as described above; and iii) the changes excluding the exchange rate effect minus the effect of average inflation over the year except for Argentina as cost growth in euros should already largely reflect the effect of hyperinflation on exchange rates. The reason is that the two latter facilitate analysis for management purposes.

Inflation is calculated as the arithmetic average of the last 12 months for each country and, for the regions and global businesses, as the weighted average the inflation rate of each country comprising the regions or global business, weighted by each country's operating expenses in the region or global business. For the Group, the global businesses and South America, we exclude the impact of inflation in Argentina from the calculation of the region's average inflation as cost growth in euros should already largely reflect the effect of hyperinflation on exchange rates.

The table below shows the average inflation rates calculated as indicated.

Average inflation 2024 (%)

	Average inflation last 12 months
Retail & Commercial Banking [A]	**3.4**
Digital Consumer Bank [A]	**2.7**
Corporate & Investment Banking [A]	**3.2**
Wealth Management & Insurance [A]	**3.1**
Payments[A]	**3.3**
Europe	**2.8**
Spain	2.8
United Kingdom	2.5
Portugal	2.4
Poland	3.7
DCB Europe	**2.4**
North America	**3.7**
US	3.0
Mexico	4.7
South America [A]	**3.9**
Brazil	4.4
Chile	4.3
Total Group [A]	**3.3**

A. Excluding the impact of inflation in Argentina.

RISK MANAGEMENT AND COMPLIANCE

Our risk management and compliance is key to making us a solid, safe and sustainable bank that helps people and businesses prosper

2024 Highlights

- **Credit quality** indicators improved despite the macro and geopolitical scenario.

NPL ratio	Cost of risk
3.05%	1.15%
-9 bp /2023	-3 bp /2023

- **VaR** remained at moderate levels in an economic context marked by geopolitical risk and the evolution of inflation. Robust and diversified liquidity buffer.

Avg. VaR	LCR ratio[1]
€17.1 Mn	168%
+5.4 Mn /2023	

- **Capital optimization** with updated models that allow for better capital allocation in our businesses.

Fully-loaded CET1 ratio[2]	RWAs
12.8%	€625 Bn
+51 bp /2023	+1 Bn /2023

[1] Group LCR: Calculated since 2024 to better reflect the restrictions to transferability of assets, using an internal methodology that determines the minimum common coverage percentage simultaneously across all the Group's jurisdictions, considering all existing restrictions on liquidity transfer in third countries.
[2] Fully-loaded IFRS 9.

- The **operational risk** profile did not show significant changes in the year, maintaining a focus on risks related to process execution, suppliers and cyberrisk.

- In **compliance risk,** our profile remained stable, with continuous progress in enhancing the Group's FCC risk profile and proactive management of conduct related risks to support delivering effective customer outcomes.

- During 2024, technological transformation was strengthened and the **model risk** function was simplified, making it more efficient. Additionally, the model inventory was reviewed from the perspective of the five global businesses, seeking effective management aligned with the Group's strategy.

- In **strategic risk**, we focused on monitoring the evolution and potential impact of geopolitical risks, and on effectively challenging our three-year financial plan and strategic initiatives to support the Group's transformation.

1. RISK MANAGEMENT AND CONTROL MODEL

Our risk management and control model is underpinned by common principles, a solid risk culture, a clear governance structure and advanced management processes for different risk types.

Robust corporate governance is crucial to the functioning of banks and, especially, to risk management. According to regulatory requirements, Grupo Santander's governance structure and risk management enable the board of directors and top management to receive accurate information, make decisions on strategy and oversee every risk to which the bank is exposed to check consistency with our risk appetite and set limits.

1.1 Risk principles and culture

Grupo Santander's risk management and control must follow these mandatory principles and our risk culture (Risk Pro), which consider regulatory requirements and best market practices:

1. **All employees are risk managers** who must understand the risks that their work can pose and avoid taken risks that will exceed the Group's risk appetite or have an unknown impact.
2. **Senior managers must be involved** to promote consistent risk management and control through their conduct, action and communications, as well as reviewing our risk culture and making sure we keep our risk profile within risk appetite.
3. I**ndependence of risk management and control functions**, according to our three lines of defence model (described in detail in section 1.3 'Risk and compliance governance') and with clearly defined roles and responsibilities.
4. **We take a forward-looking, comprehensive approach** for all businesses and risk types, which should be proactive and analyse trends over different time periods and under different scenarios.
5. **Effective information management** to identify, assess, manage and disclose risks at appropriate levels.

Risk culture - *Risk Pro*

One of the pillars of the Group's culture, The Santander Way, is our solid risk culture, Risk Pro (or 'I AM RISK' in the US), which is a key lever of the Group's purpose to help people and businesses prosper.

Risk Pro is each employee's accountability for the risks taken in their day to day and their individual contribution to identifying, assessing and managing risks properly and responsibly. In addition, it is part of all stages of the employee life cycle: recruitment, training, day-to-day activities, remuneration, and recognition.

Because communication is a key tool in embedding our risk culture, in 2024 we enhanced all units' communications and awareness plans in this area.

For more details about Group's risk culture, see the section **'4.1. Corporate culture'** of the 'Sustainability statement'.

1.2 Key risk types

Grupo Santander has suitable procedures in place to identify, measure, manage, control and report the risks that we are exposed to in our day-to-day operations and under special circumstances.

The Risk and Compliance functions follow internal regulations for each type of risk. These regulations define the processes, tools, responsibilities, roles, and governance requirements necessary to establish our control environment.

Our corporate risk framework defines each key risk type. They are (click on each one type for more details):

Credit risk	Operational risk
Market risk	Financial crime risk
Liquidity risk	Model risk
Structural risk	Reputational risk
	Strategic risk

ESG risk factors

Given the cross-cutting impact that ESG (environmental, social and governance) risk factors can have on the different types of risks that exist in different time horizons, our ESG risk management requires a comprehensive view to be able to manage and control these risks correctly, align with the Group's sustainability strategy, and meet regulatory requirements and supervisory expectations.

For more details about ESG factor management, see the section **'2.3 Embedding ESG in risk management'** of the 'Sustainability statement'.

1.3 Risk and compliance governance

Our risk and compliance governance structure emanates from our board of directors and is set up to promote autonomy between management and control functions according to our three lines of defence model. Our units' adherence to corporate frameworks gives us a common governance model that we replicate across our footprint.

Lines of defence

Grupo Santander's risk governance keeps the functions of each line of defence separate to manage and control risks effectively. This model is key to ensuring that the Group remains robust, secure and sustainable.

1st The business and support functions that take or originate risks are primarily responsible for managing them. The first line detects, measures, controls, monitors and reports on the risks it originates according to internal risk management policies, models and procedures. Risk management must be consistent with the approved risk appetite and related limits. The first line of defence executes the mitigation plans for the risks where we have identified shortcomings in their control environment.

2nd The second line of defence, comprising the risk and compliance functions, independently oversees and challenges risk management at the first line of defence. Its duties include promoting that risks are managed according to the senior management approved risk appetite, and strengthening our risk culture across the Group. The second line of defence must supervise and challenge the control environment implemented by the first line.

3rd The third line of defence, which is the Internal Audit functions, is fully independent to give the board and senior management assurance of high-quality and efficient internal control, governance and risk management to verify that we comply with the law and to preserve our value, solvency and reputation.

Risk, compliance and internal audit functions are sufficiently separate and independent from each other. Each function has direct access to the board and its committees. The risk and compliance functions report to the risk supervision, regulation and compliance committee and the internal audit function reports to the audit committee.

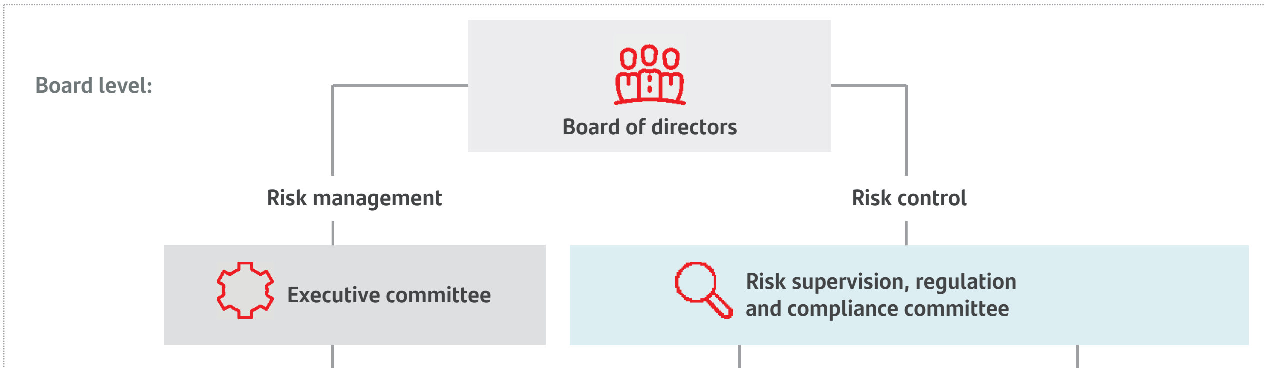
Risk and compliance committees' structure

The Group's risk and compliance governance covers our day-to-day operations and special situations. It is supported by a clearly defined committee structure, from the board of directors and board committees to top level committees and lower level forums.

Our governance aims to facilitate effective and efficient decision-making on risks, oversee risk control, and check that we manage risks according to the risk appetite set by the Group and subsidiary boards of directors. To achieve these aims, our risk and compliance governance keeps risk control and risk-taking separate.

The board of directors has final oversight of risk and compliance management and control to promote a sound risk culture and to review and approve risk appetite and policy, with support from its risk supervision, regulation and compliance committee (RSRCC) and its executive committee.

For more details, see section **4.8 'Risk supervision, regulation and compliance committee activities in 2024'** on 'Corporate governance' chapter.



Executive level:	Executive risk committee (ERC)	Risk control committee (RCC)	Compliance and conduct committee
Chair:	CEO	CRO	CCO
Frequency:	Weekly	Monthly	Monthly
Fora:	• Model approval forum • Risk proposal forum	• Market, structural, liquidity and capital risk control forum • Credit risk control forum • Provisions forum	• Corporate product governance forum • Financial crime compliance forum

Our governance structure includes key positions and executive level committees that enable us to perform effective risk control and oversight.

The **Group chief risk officer (CRO)**, who leads the implementation and execution of our risk strategy and promotes proper risk culture, is in charge of overseeing all risks, as well as challenging and advising business lines on risk management.

The **Group chief compliance officer (CCO)** leads the implementation and execution of the compliance risk strategy and is in charge of overseeing the risks within their purview and reporting on them to the CRO.

The CRO and the CCO report directly to both the risk supervision, regulation and compliance committee and the board of directors.

The executive risk committee, the risk control committee and the compliance and conduct committee are executive committees with powers delegated from the board.

Executive risk committee (ERC)

The ERC manages risk with board-given authority to accept, modify or escalate the important models as well as actions and transactions that may pose significant risk to the Group. It makes the highest-level risk decisions, mindful of risk appetite. It is formed of the CEO and other senior managers from the Risk, Finance and Compliance areas. The CRO can veto the committee's resolutions.

Risk control committee (RCC)

The RCC controls and provides a holistic overview of risks. It makes sure business lines are managed according to the board-approved risk appetite. It also determines and checks the impact of existing and emerging risks on Grupo Santander's risk profile. It is formed of senior officers from the Risk, Compliance, Financial Accounting and Control, and other areas. From time to time, subsidiary-level CROs to report the committee on their risk profile.

Compliance & conduct committee

This committee monitors and reviews compliance risk management and oversees corrective measures for new risks and risks detected among management-related deficiencies. It is formed of senior officers from the Compliance, Risk, Financial Accounting and Control, and other areas. The chair holds the casting vote over the committee's resolutions.

Executive-level committees delegate some duties to management and control fora and meetings (see chart above) that:

- inform the CRO, the CCO, the risk control committee, and the compliance and control committee if risks are being managed within risk appetite;
- regularly monitor each key risk type; and
- oversee measures to meet supervisors' and auditors' expectations.

In 2024, the reputational risk forum was embedded in the compliance committee as a simplification proposal suggested. Recurrent updates on these reputational risk matters are presented to the compliance committee.

Grupo Santander can establish additional governance measures for special situations. We have upgraded the monitoring of all risks, with special attention to the main macroeconomic indicators, liquidity, vulnerable sectors and customers, cybersecurity reinforcement, among other areas. The special situations forums we have set up are enabling us to cope with the geopolitical and macroeconomic environment landscape resiliently.

Group-subsidiary relations

Grupo Santander subsidiaries' risk and compliance management and control model is consistent with the frameworks approved by the Group board of directors. Subsidiaries adhere to the frameworks through their own boards and can only adapt to higher standards according to local law and regulation.

As part of our aggregate risk oversight, we challenge and ratify subsidiaries' internal regulation and transactions to create a common risk management and control model across the Group.

The risk and compliance functions will continue to support the businesses and oversee risk control both globally and locally. Throughout the year, we continued to build on our group-subsidiary governance model (GSGM) by leveraging our global scale to uncover synergy under a common operating model and platform. The model promotes process simplification and more enhanced control to help grow the business.

The GSGM sets out the principles that govern the relationship between Group and subsidiary key positions to safeguard the independence of the second lines of defence in local units. The CRO, the CCO and regional heads of risk are involved in appointing, setting objectives for, reviewing and compensating their country-unit counterparts and assessing whether risks are properly controlled.

Our subsidiaries work together to strengthen group- subsidiary relations effectively through these common initiatives:

- Enhancing organizational structures based on subsidiary benchmarks and strategic vision to promote more advanced risk management infrastructures and practices;
- Exchanging best practices to strengthen processes and drive innovation to have a quantitative impact;
- Promoting internal talent and encouraging geographic and functional mobility, which we placed special emphasis on in 2024. Continuous investment in our risk employees' development and promoting diverse teams and a global outlook are key to boosting risk expertise across our footprint.

For more details on our relationship with our subsidiaries, see section 7. 'Group structure and internal governance' of the 'Corporate Governance' chapter.

1.4 Risk management processes and tools

In the following section, we describe Grupo Santander's processes and tools to carry out effective risk management.

Risk appetite and structure of limits

Risk appetite is the aggregate level and types of risk we deem prudent for our business strategy, even in unforeseen circumstances.

The risk appetite is expressed through qualitative statements and quantitative limits and metrics representative of the bank's risk profile. Those metrics cover all key risk types according to our corporate risk framework. We articulate them in five axes that provide us with a holistic view of all risks we incur in the development of our business model:

Risk Appetite axes	Key risks: Credit risk	Market risk	Liquidity risk	Structural risk	Operat. risk	Financial Crime Risk	Model risk	Reputat. risk	Strategic risk
P&L volatility	Control of P&L volatility associated with business plan under baseline and stressed conditions								
Solvency	Control of capital ratios under baseline and stressed scenarios (aligned with ICAAP)								
Liquidity	Control of liquidity ratios under base and stress scenarios (aligned with ILAAP)								
Concentration	Control of concentration levels in customers, sectors and portfolios								
Non financial risks & control environment	Solid controls on non financial risks aimed to minimize financial, operative, technological losses, as well as legal and regulatory breaches, and conduct events or reputational damage								

Our risk appetite and business model rests on:

- a medium-low, predictable target risk profile, customer focus, internationally diversified operations and a significant market share;
- stable, recurrent earnings and shareholder remuneration, sustained by a sound base of capital, liquidity and sources of funding;
- autonomous subsidiaries that are self-sufficient in terms of capital and liquidity to safeguard their risk profiles against compromising the Group's profile;
- an independent risk function and a senior management actively engaged in supporting a robust control environment and risk culture; and
- a conduct model that protects our customers and our Simple, Personal and Fair culture.

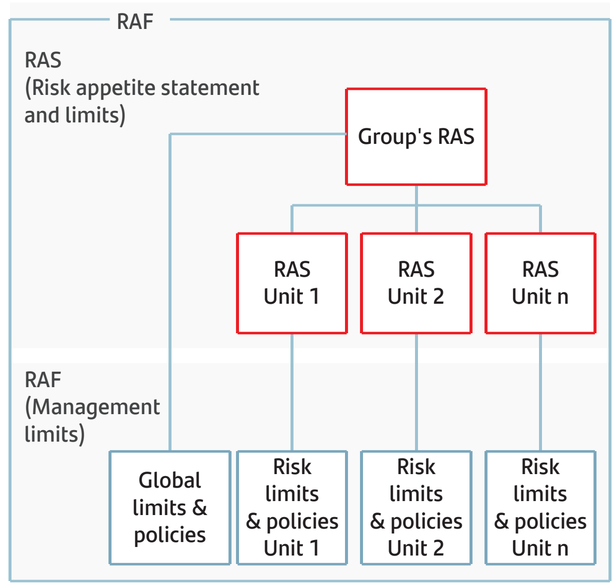
Risk appetite is governed throughout the Group by the following principles:

- **Risk appetite is part of the board's duties.** It prepares the risk appetite statement (RAS) for the whole Group every year. In a cascading down process, each subsidiary's board also sets its own risk appetite.
- **Comprehensiveness and forward-looking approach.** Our appetite includes of all material risks that we are exposed to and defines our target risk profile for the current and medium term with a forward-looking view considering stress scenarios.

To promote that all material risks are adequately represented, we use corporate methodologies to identify and assess the risk to which we are exposed to, in the different counties, and are inherent to our activities (emerging risks and risk control self-assessment — RCSA— among others).

For more details on these exercises see sections 'Management and control model' 5.2 Operational risk management' and '8.3 Emerging risks'.

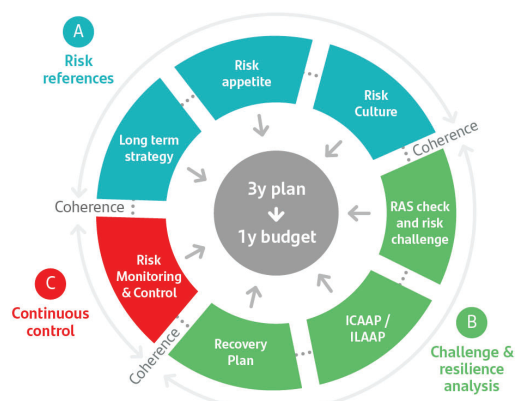
- **Common standards embedded in the day-to-day risk management.** The Group shares the same risk appetite model, which sets common requirements for processes, metrics, governance bodies, controls and standards. It also facilitates an effective and traceable embedding of our appetite into more granular management policies and limits across our subsidiaries.
- **Continuous adaptation** to market best practices, regulatory requirements and supervisors' expectations.
- **Aligning with business plans and strategy.** The risk appetite is a key point of reference for strategic and business planning. We verify that the three-year strategic plans, the annual budget, and capital and liquidity planning are within the limits set in the RAS before we approve them.



RAF Risk appetite framework

We promote that strategic and business plans are aligned with our risk appetite by:

- considering the risk appetite, long-term strategic view and the risk culture when drafting strategic and business plans.
- challenging business and strategic plans against the risk appetite. Misalignments trigger a review of either the three-year strategic plan (to make sure we stay within RAS limits) or risk appetite limits, with independent governance.
- control through the three lines of defence model that the risk appetite limits are subject to periodic oversight and that the specialized control functions report on risk profile and compliance with limits to the board and its committees every month.



Risk profile assessment (RPA)

Risk identification and assessment activities, and risk profile calculation extend to all types of risks arising from the entity's activities. The risk framework, reviewed annually, defines the key risk types resulting from the Group's main risk identification and assessment exercises.

Risk identification encompasses all processes aimed at detecting risks and vulnerabilities, both internal and external, to which the Group is exposed. These processes enable the responsible functions to become aware of these risks and form the starting point for effective management and control.

Risk assessment includes processes through which the relevance of identified risks is determined, quantitatively and/or qualitatively, considering both inherent risk (before considering the effects of associated mitigant and controls) and residual risk levels.

We systematically evaluate the Group's risk profile and its subsidiaries using a unique RPA methodology, based on the fundamental principles of the risk identification and assessment model: responsibility of all functions, efficiency, common methodologies, completeness in covering all risks, materiality, and orientation towards corrective and mitigation actions.

The calculation of the risk profile according to this methodology generates results through a scoring system composed of four materiality categories: low, medium-low, medium-high and high. This allows for monitoring the risk appetite approved by the board. Additionally, it provides a holistic view of all risks at a given point in time, enabling the identification of management weaknesses and potential deviations from the business plan, on which corrective actions can be taken. It provides evidence of prudent risk management, confirming strong solvency ratios and comfortable liquidity levels.

Our objective is to maintain a medium-low risk profile, stable in an environment dominated by market volatility, a gradual decline in inflation, and ongoing geopolitical tensions. Prudent and forward-looking risk management means strong profitability indicators and credit quality at year-end, as well as a solid liquidity risk profile.

Scenario analysis

Scenario analyses enable us to measure the resilience of our balance sheet, financial statements and our capital adequacy under stressful conditions. We use the findings of these analyses to review our risk appetite and draw up actions to mitigate expected losses or, if needed, to reduce capital and liquidity.

Scenario analyses also enable senior management to comprehend the nature and scope of the vulnerabilities to which the Group is exposed in the execution of its business plan.

Our Research department plays a key role in determining scenarios, macroeconomic variables and other factors that can affect our risk profile in our markets.

We conduct a systematic review of our risk exposure under base, adverse and favourable scenarios that predict an impact on solvency and liquidity. These exercises are fundamental to our processes:

- **Regulatory exercises** based on EU and domestic supervisors' guidelines.
- **Business planning** to help set the Group’s risk strategy and profile, with:
  - internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) that measure capital and liquidity in various scenarios;
  - budget and strategic planning when implementing a new risk approval policy, in assessing the risk profile or when monitoring specific portfolios and business lines;
  - our annual recovery plan, which specifies which tools Grupo Santander could use to survive a severe financial crisis. The plan’s financial and macroeconomic stress scenarios have various levels of severity, plus idiosyncratic and/or systemic events; and
  - risk appetite, with stressed metrics to determine how much risk we want to expose ourselves to.
- **Recurrent risk management** also uses scenario analyses for:
  - provisions estimates, which involve adjusting the value of credit operations due to existing or prospective risk factors that have not been considered in the initial approval and rating process, both for individual customers and for the portfolio as a whole; and
  - regular credit and market risk stress tests that simulate changes in expected losses to estimate required capital and absorb unexpected losses.

For more details on scenario analysis, see sections **3.2 'Market risk management' and 3.6 'Liquidity risk management'** and section **'Expected loss estimation'** in Note 54 to the consolidated financial statement.

- **Climate change scenario analysis**, for which we have embedded the scenarios defined by the Network for Greening the Financial System (NGFS), by Representative Concentration Pathways (RCP) and by the Intergovernmental Panel on Climate Change (IPCC), which our Research department integrates and expands by adjusting them to more specific variables by country and sector to offer a more complete and tailored view of our portfolios.

  This enables us to boost our forward-looking capabilities to quantify the impact on our customers of a transition to a lower greenhouse gas emissions economic model, as well as potential physical risk events.

To make stress testing more consistent and robust:

- Our three lines of defence and senior management are involved in scenario analysis governance and oversight.
- The models we develop estimate future metric values (e.g. credit losses).
- Our backtesting and reverse stress exercises challenge model outcomes regularly.
- Our teams contribute expert opinions and a vast understanding of portfolios.
- And we thoroughly monitor models, scenarios, assumptions, results and mitigating management measures.

Amid an economic 'soft landing', where falling inflation is paving the way for central banks to cut interest rates; the unfolding of armed conflicts; election outcomes; early signs of GDP weakness in some economies; and the effects of floods in Brazil, hurricanes in the US, flash floods in Spain and other climate events, scenario analysis proved vital in 2024 to identify and manage correctly the potential impacts of these events on our portfolios.

We boosted our management and forecasting capacity by drawing up action points, adapting our strategy to maintain solvency levels and considering our more vulnerable customers due to the macroeconomic environment and some specific events.

Risk reporting structure

In order for senior management to have a complete and up-to-date view of the risk profile for proper decision-making, we report recurrently and in a consolidated manner on current and future risks. Reporting is comprehensive and dynamic, adapts to needs, and prioritizes all significant risks in a timely and appropriate manner.

Our reports cover every risk included in our corporate risk framework, with all necessary considerations for their proper risk assessment. They also provide a consolidated view of all risks, maintaining the quality and consistency of information according to our corporate data framework.

Our risk reporting structure continues to strike a balance between data, analysis and qualitative commentary, incorporating forward-looking measures, risk appetite information and limits, emerging risks, and other elements.

We continue to enhance our reporting with simpler, automated processes and tighter controls that adapt to new needs. In 2024, we continued to report and monitor all the impacts of ongoing armed conflicts and natural disasters; escalated cases of risk from macroeconomic and geopolitical volatility; and paid close attention to every emerging risk that could have a direct or indirect impact on the Group. Moreover, we adapted reporting by embedding the global businesses to be consistent with the Group's strategic objectives and round off the existing geographical view.

1.5 Internal control system

Our internal control system (ICS) comprises the risk and control procedures that the board of directors, senior management and the rest of our employees perform as part of scheme of individual responsibilities. Its aim is to provide reasonable guarantee regarding the operational efficiency; the reliability of financial and sustainability reports; and compliance with internal policies, by acting responsibly and covering every process across the organization (business, risk and support areas).

Our ICS is consistent with the most demanding international standards and follows the guidelines set out by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). We base it on these principles:

- **Tone at the top:** the board of directors oversees the ICS's integrity, while senior management sets an appropriate ICS. Both groups work to raise awareness of the ICS's importance, especially in new initiatives (transformation projects, regulatory compliance, and others).
- **Risk Control Self-Assessment (RCSA):** it is where we identify, document and assess the ICS's risks and controls to measure — dynamically and proactively — the likelihood and exposure of each operational risk related to our targets once we've assessed the effectiveness of the control that mitigates such exposure.
- **Oversight:** ongoing review of the ICS's effectiveness as well as the management of material deteriorations and oversight of the mitigation plans drawn up to resolves any issues correctly. Monitoring the implementation of the ICS helps to reinforce its robustness and effectiveness.
- **Governance & reporting:** to make sure that we adopt accurate and clear information, and disclosure procedures for decision-making, as well as form strict governance to assess the status and performance of the ICS continuously.

To establish a robust control environment, the first line of defence:

- identifies and documents risk and control based on its knowledge and understanding of its businesses and processes. This covers the risks that we face in performing our activities and achieving the targets we set; and the controls we need to mitigate risks.
- keeps our ICS dynamic to reflect the Group's reality, the risks that affect us, and the controls to mitigate them; and
- assesses the effectiveness of internal controls and exposure to risks, and sets and monitors the mitigation of control shortcomings and undesired exposure.

We run all of this on our Heracles system to provide a comprehensive view of Santander's ICS.

As the second line of defence, the Internal Control function:

- sets the standards and methodology for, and oversees the implementation of, the Group's ICS. This will help safeguard the suitability and integrity of the internal risks and controls that each function sets to provide reasonable guarantee regarding the achievement of targets.
- oversees and challenges the ICS's effectiveness by monitoring its main shortcomings, unwanted risk exposure and the correct execution of mitigation plans.
- reports a comprehensive overview of the internal control environment regularly to senior management and governance bodies to enhance our risk management.

We compile the key conclusions and main shortcomings of the RCSA in a report to submit to the CRO, CAO and governance bodies. The report outlines whether we have overcome those shortcomings correctly or have remediation plans in place to do so. It helps the CEO, CFO and CAO decide on the ICS's effectiveness according to the Sarbanes-Oxley Act (SOx).

2. CREDIT RISK

2.1 Introduction

Credit risk is the risk of financial loss when a customer or counterparty whom Santander has financed or has a contractual obligation with defaults or loses creditworthiness. It includes counterparty risk, country risk and sovereign risk and generates the most exposure and capital consumption.

2.2 Credit risk management

We take a holistic view of the credit risk cycle, including the transaction, the customer and the portfolio to identify, analyse and make decisions about credit risk.

Credit risk identification facilitates active and effective portfolio management. We classify external and internal risk in each business to adopt any corrective or mitigating measures through:

1
Planning
Strategic commercial plans (SCPs) are a risk management and control tool the business and risk areas prepare for different credit portfolios. It helps us determine business targets, risk policies, infrastructure, to have a holistic view of the portfolios, and draw up actions plans aligned with our risk appetite statement.

2
Risk assessment and credit rating
Risk approval depends on the applicant's ability to repay the debt, for which we review their regular sources of income, including funds and net cash flows from any businesses. The credit quality assessment models are based on the credit rating engines for each of our segments.

3
Scenario analysis
Scenario analyses determine potential risks in credit portfolios; give us a better understanding of their performance under various macroeconomic and environmental conditions; and enable us to bring forward and employ management strategies to avoid future deviations from set targets.

4
Monitoring
Our holistic, regular monitoring of every customer enables us to track credit quality, spot risk trends early and check business performance against original plans, which are key to credit risk management.

5
Mitigation techniques
We approve risk according to a borrower's ability to make due payment, regardless of any additional collateral or personal guarantees we may require. We always consider guarantees or collateral as a reinforcement measure to mitigate a loss if the borrower defaults on their payment obligation.

6
Collections and recoveries
The Collections & Recoveries area draws up a strategy based on local economic conditions, business models and other recovery-related particulars. For effective and efficient recoveries management, the area segments customers based on certain aspects and the use of new digital channels.

For more details on the credit cycle, see the **'Credit risk management' section** in Note 54 to the consolidated financial statement.

2.3 Key metrics

During 2024, increasing geopolitical tensions, different electoral processes, uncertainty associated with the pace of inflation decline, the cut in interest rates by central banks in some geographies, as well as uncertainty about economic growth, have marked market behaviour.

Although the financial system, in general terms, has benefited throughout much of the year from the increase in credit margins, it is also facing certain adverse factors (headwinds) related to lower loan demand, deterioration in credit quality, and potential increase in credit losses due to the reduction in disposable income of households, despite the strength of labor markets, as fiscal policies that have supported families and businesses are being withdrawn.

The macroeconomic outlook has influenced Grupo Santander's performance and led us to strengthen our credit risk control framework with a more anticipatory vision in all processes, in order to strengthen our resilience to possible future economic disruptions. Our geographical and business diversification, prudent balance sheet management, and proactive risk management, among others, help us face this challenging environment.

Our credit risk maintained a strong, diversified balance of mature and emerging markets: Europe (56%), North America (17%), South America (15%) and Digital Consumer Bank Europe (12%).

The distribution of credit risk by global businesses (including gross loans to customers, guarantees, and documentary credits) is shown below:

Main credit risk performance metrics from our activity with customers
Dec. 24 data

	Credit risk with customers[A] (EUR million)			Impaired loans (EUR million)			NPL ratio (%)		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Retail & Commercial Banking	643,782	652,382	657,201	20,468	20,961	22,033	3.18	3.21	3.35
Digital Consumer Bank	216,613	207,107	197,290	10,992	9,831	8,027	5.07	4.75	4.07
Corporate & Investment Banking	241,078	221,593	218,691	2,068	3,007	2,457	0.86	1.36	1.12
Wealth Management & Insurance	25,226	23,612	23,177	169	330	159	0.67	1.40	0.69
Payments	24,615	23,710	21,938	1,266	1,191	1,103	5.14	5.02	5.03
Total Grupo	**1,157,274**	**1,133,898**	**1,124,121**	**35,265**	**35,620**	**34,673**	**3.05**	**3.14**	**3.08**

	NPL Coverage Ratio (%)			Net loan-loss provisions[B] (EUR millions)			Cost of risk[C] (%)		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Retail & Commercial Banking	58.4	61.4	61.6	5,845	6,540	5,887	0.92	1.02	0.89
Digital Consumer Bank	73.6	76.5	90.9	4,562	4,106	3,222	2.16	2.04	1.69
Corporate & Investment Banking	39.3	41.2	35.3	174	165	257	0.10	0.10	0.16
Wealth Management & Insurance	80.3	29.3	78.5	41	(17)	21	0.18	-0.08	0.09
Payments	140.1	139.8	140.1	1,714	1,666	1,132	7.39	7.22	5.76
Total Grupo	**64.8**	**65.9**	**67.5**	**12,333**	**12,458**	**10,509**	**1.15**	**1.18**	**0.99**

Total Group includes Corporate Centre.
A. Includes gross loans and advances to customers, guarantees and documentary credits
B. Loan-loss provisions net of post write-off recoveries (EUR 1,606 million).
C. Cost of risk calculated as the ratio of loan-loss provisions over the past 12 months / average customer loans and advances of the last 12 months.

For more details on secondary segments, see 2. 'Main aggregates and variations' section in Note 54 to the consolidated financial statement.

Credit quality in December 2024 was as follows:

The **NPL ratio** stood at 3.05% (-9 bps versus 2023 year end), since the impaired loans remained stable, reaching EUR 35,265 million, with increase in Consumer and Payments, which were offset by the positive behaviour in Retail, CIB and Wealth. Gross credit risk with customers (total risk) grew 2.1% in 2024 to EUR 1,157 million, owing mainly to the strong performance of CIB.

Per IFRS 9 guidelines, Group **loan-loss provisions** for 2024 amounted to EUR 12,333 million, 1% less than the previous year despite normalization in Consumer, an increase in provisions for Swiss Franc mortgages in Poland, and an increase in Wealth (after registering net releases in 2023), which was partially offset by a strong performance in Retail (in Europe). In general, our credit profile in the global businesses and markets remained positive.

The **cost of risk** stood at 1.15% (-3 bps versus 2023 year end), in line with our target for the year, due to the good performance of loan-loss provisions and total risk.

The **NPL coverage ratio** fell to 65%, with loan-loss reserves standing at EUR 22,835 million. Coverage remains at a comfortable level, considering that 66% of the Group's portfolio is backed by collaterals.

To alleviate the mortgage burden for clients considered vulnerable, since the rates reduction, derived from the decreases in official rates in some countries, has not yet been applied to the entire portfolio, the Group maintains the aid measures proposed by various governments, and particularly in Spain, the ICO lines for those affected by the flash floods and the promotion of social housing.

For more details on segments, see section '4.1 Description of segments' of the 'Economic and financial review' chapter.

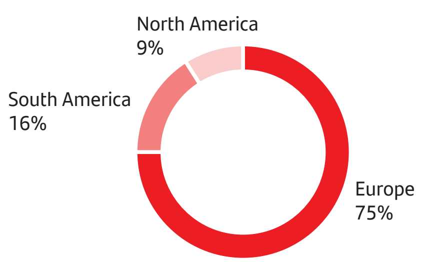
Our credit risk management performance within the five global businesses at 2024 year end was as follows:

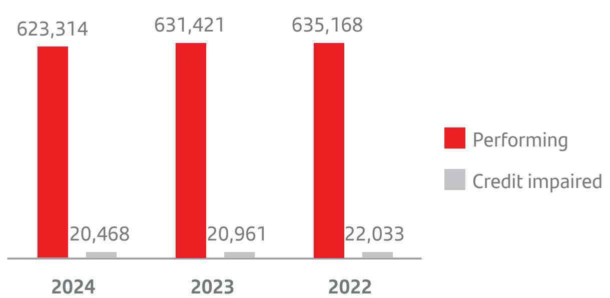
Retail & Commercial Banking

The Retail portfolio mainly comprises high quality mortgages (90% of which have a loan to value ratio of lower than 80%) and a corporate portfolio in which around 50% is backed by collateral or real estate guarantee.

Portfolio distribution by region and by performing loans and credit impaired

Dec.24





The Retail credit risk with customers is distributed between Mortgages (52%), Corporates (24%), SMEs (14%), and Other individuals (10%).

The **NPL ratio** decreased 3 bps to 3.18%, owing to a 2.4% decrease in impaired loans mainly in Mexico, the UK and Spain on the back of non-performing portfolio sales, partially offset by growths in South America and the US . The credit risk with customers (total risk) fell slightly in the year (-1.3%).

Loan-loss provisions in 2024 fell 11% in comparison with the same period in 2023, largely due to strongly performing European portfolios, which were partially offset by an increase, due to normalization in Mexico and Chile.

The **cost of risk** decreased 10 bps to 0.92% in comparison with 2023, explained by the positive loan-loss provision effect.

The **NPL coverage ratio** fell slightly to 58%. Since Retail includes the mortgage portfolios for Spain and the UK, which are backed by quality collateral, this ratio is at a suitable level versus the portfolio risk.

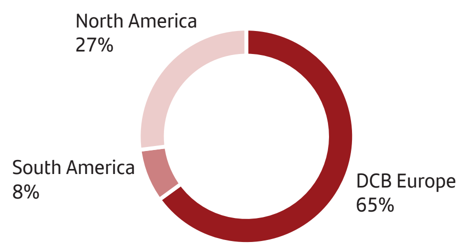
Digital Consumer Bank

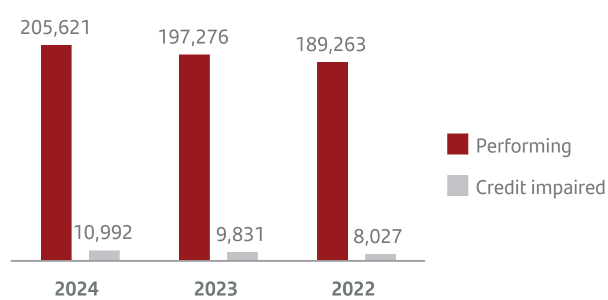
Digital Consumer Bank brings together all our consumer finance businesses in Europe and the Americas, and also includes Openbank, Open Digital Services (ODS) and SBNA Consumer. The portfolio mainly comprises auto loans (80% of the total) that originate from our strategic alliances with manufacturers, the leasing business, and consumer loans.

In the second half of the year, we launched a new digital proposition in the US under the Openbank brand. This launch will help ramp up the execution of our profitable growth strategy for the US by capturing deposits to provide liquidity to our auto lending subsidiary.

Portfolio distribution by region and by performing loans and credit impaired

Dec.24





The **NPL ratio** stood at 5.07%, up 32 bps in comparison to 2023, owing to an increase in impaired loans mainly in the United States and Europe, which the growth in credit risk with customers (total risk) could not offset because of lower auto loan volume in Europe and the US.

Loan-loss provisions in 2024 grew 11% in comparison with the same period in 2023, due to normalization in Europe, higher volume in Latin America, an increase in the coverage of the Swiss franc mortgage portfolio, lower portfolio sales, and less regulatory burden.

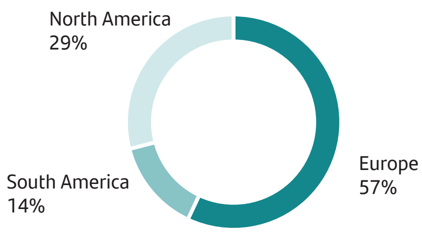
The **cost of risk** climbed 12 bps to 2.16% in comparison with December 2023; the growth in loan-loss provision could not offset by credit risk with customers (total risk) growth (+4.5%)

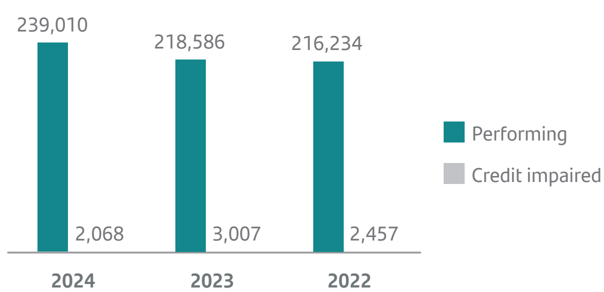
The **NPL coverage ratio** fell slightly to 74%, which is considered a comfortable level considering the positive effect of the evolution of vehicle prices and the increased weight of the guaranteed loan portfolio, mainly in the US.

Corporate & Investment Banking

Corporate & Investment Banking is a wholesale business in which over 85% of our customers have a credit rating higher than 'investment grade'. It's a business with a strong component of advisory services and high value added solutions.

Portfolio distribution by region and by performing loans and credit impaired
Dec.24





The **NPL ratio** improved by 50 bps during the year, reaching 0.86%, due to a 31% drop in impaired loans (mainly in Brazil), accompanied by a 9% growth in the primarily in Spain and the US, driven by the New York branch.

Loan-loss provisions in 2024 grew 6% in comparison with the same period in 2023, due to significant growth in Spain and the United States portfolios, partly offset by good performance of loan-loss provision in Brazil.

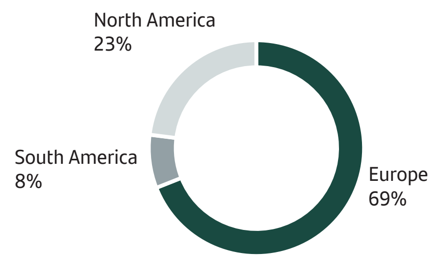
The **cost of risk,** meanwhile, remained stable at 0.10%.

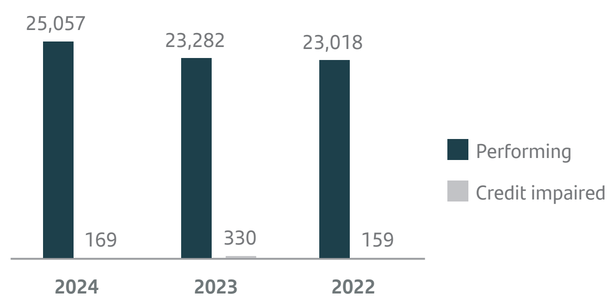
The **NPL coverage ratio** stood at 39%, down 2 pp from December 2023, owing to the outflow of some credit impaired assets with an above-average level of coverage.

Wealth Management & Insurance

Wealth Management & Insurance brings together Santander Private Banking in Miami and Switzerland, Santander Asset Management, and Santander Insurance.

Portfolio distribution by region and by performing loans and credit impaired
Dec.24





The **NPL ratio** closed at 0.67%, with a decrease of 73 bps during the year, almost halving impaired loans, mainly in Europe and Brazil. On the other hand, gross credit risk with customers (total risk) increased by 7% over the period.

Loan-loss provisions in 2024 stood at EUR 41 million, compared with a EUR 17 million release in the same period one year earlier.

The **cost of risk** increased by 26 basis points during the year, changing from negative to positive, standing at 0.18%.

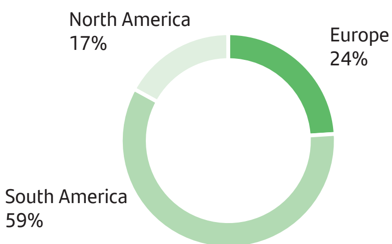
The **NPL coverage ratio** climbed to 80%.

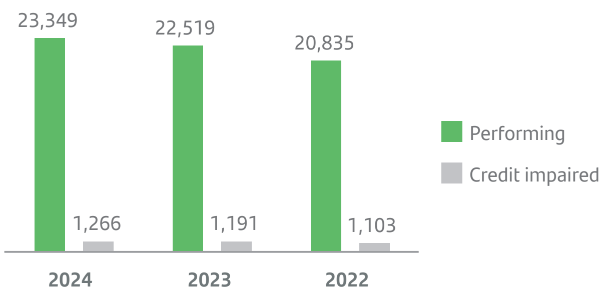
Payments

Payments brings together the Group's digital payment services. It offers global technology solutions for our banks and our customers in the open market. The portfolio groups our exposure to payment and transfer processor operations (PagoNxt) and the Cards businesses, which are typified by rapid turnover and profitability that is appropriate to their level of risk.

Portfolio distribution by region and by performing loans and credit impaired

Dec.24





The **NPL ratio** closed at 5.14%, 12 bps above 2023 year-end, due to a 6% increase in impaired loans, mainly in Brazil and, to a lesser extent, in Europe. Though Mexico performed strongly, it was not enough to offset the other markets. On the other hand, gross credit risk with customers (total risk) increased by 4% comparing to 2023, although in constant euros it increased by 15% during the year, thanks to the good commercial dynamics in all countries, with a clear strategic focus on growth, service quality, and technological transformation to offer the Group's payments and cards customers an improved experience and quality of service.

Loan-loss provisions, which are concentrated in Cards, reached EUR 1,714 million, increased by 3% comparing to 2023, owing to performance in South America and Mexico.

The **cost of risk** increased by 17 bps during the year, reaching 7.39%, due to the growth in provisions and the portfolio. The anticipatory measures adopted have allowed the improvement of the quality and profitability of new production, contributing to a balanced risk profile with the portfolio's economic profitability.

The **NPL coverage ratio** remained high and stable at 140%.

Reconciliation of key figures

Santander's 2024 consolidated financial statements disclose loans and advances to customers before and after loan-loss reserves. Credit risk with customers also includes off-balance sheet risk or contingent liabilities. This table shows the relationship between those concepts:

Gross credit risk with customers[A]
1,157,274

Gross credit risk with customers 1,157,274		Gross loans and advances to customers & others 1,076,195					Contingent liabilities 81,079
Loans and advances to customers(Gross) **1,076,195**	=	Financial assets measured at amortized cost (Gross)[B] 1,033,025	+	Financial assets held for trading[B] 26,591	+	Financial assets at fair value (Gross)[B] 16,579	
Loan-loss reserves **-22,125**	=	Loan-loss reserves -21,983		+		Loan-loss reserves -142	
Net loans and advances to customers **1,054,070**	=	Net financial assets measured at amortized cost 1,011,042	+	Financial assets held for trading 26,591	+	Net financial assets at fair value 16,437	
		Net loans and advances to customers 1,054,070					

Section 2. Credit risk   Balance sheet item from consolidated financial statement

A. Includes gross loans and advances to customers, guarantees and documentary credits.
B. Before loan-loss allowances.

Financial asset impairment

IFRS 9 amended the criteria for provisioning financial assets subject to credit risk, from only recognizing losses once they had occurred to requiring provisions from the time the transaction receives approval (based on expected losses) because the credit risk exists from that moment as opposed to upon default. This gave rise to modification of the models and methodologies we use to calculate expected losses for customers and portfolios, which now consider economic forecasts and the residual life of individual transactions.

We quantify expected losses from credit events and, therefore, impairment provisions, using an unbiased, weighted consideration of up to five future scenarios that could affect our ability to collect contractual cash flows. They consider the time-value of money, information from past events, and current conditions and projections of GDP, house prices, unemployment, interest rates, and other important macroeconomic factors.

We calculated impairment losses using parameters (mainly EAD[1], PD[2], LGD[3] and discount rate) based on internal models and regulatory and management expertise. As they are far from a simple adaptation, we define, update and validate them according to IFRS 9 guidelines.

[1] Exposure at Default.
[2] Probability of Default.
[3] Loss Given Default.

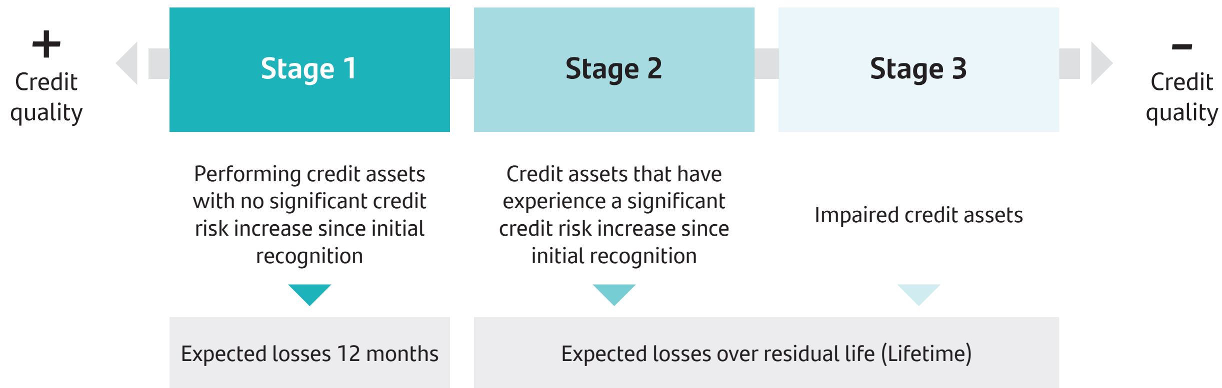
For more details on financial asset impairment and the calculation of provisions under IFRS 9, see section '2. Main aggregates and variations' in Note 54 to the consolidated financial statement.

IFRS 9 classifies financial assets in stages according to changes in the level of credit risk from the time of approval to the date of analysis to establish transaction prices and with varying criteria to calculate expected loss. Transactions with contrasting likelihood of default should be pegged to different interest rates or spreads that cover each transaction's expected losses.

If a transaction's risk increases significantly compared to when it was approved, the original interest rate will no longer cover the potential risk, which calls for greater provisions. Under IFRS 9, transactions are split according to three stages:

- **Stage 1** includes financial assets with no significant increase in credit risk since initial approval or registration. Thus, the impairment provision reflects expected credit losses from defaults over the next 12 months from the reporting date.

- **Stage 2** include financial assets that show a significant credit risk increase since initial registration or the time for approval but no materialized impairment event. Thus, the impairment provision reflects expected losses from defaults over the transaction's lifetime.
- **Stage 3** includes financial assets with true signs of credit risk impairment as a result of one or more events resulting in a loss. Thus, the impairment provision reflects expected losses for credit risk over the instrument's expected lifetime.



Impairment provisions or loan loss reserves include expected credit risk losses over the expected residual life of purchased or originated credit impaired (POCI) financial assets.

The following table shows credit risk exposure by stage and geography:

Exposure by stage and geography[A,B]

EUR million. Dec.24

	Stage 1	Stage 2	Stage 3	Total
Europe	**537,090**	**48,589**	**13,774**	**599,453**
Spain	231,751	17,145	7,672	256,568
UK	209,782	23,962	3,299	237,043
Portugal	37,129	3,296	993	41,418
Poland	38,651	4,112	1,636	44,400
North America	**149,875**	**15,615**	**8,375**	**173,865**
US	102,907	11,184	7,012	121,103
Mexico	42,939	4,016	1,352	48,307
South America	**144,619**	**16,505**	**9,287**	**170,411**
Brazil	86,544	10,793	6,418	103,755
Chile	38,223	3,866	2,394	44,483
Argentina	7,115	1,123	173	8,411
DCB Europe	**130,618**	**7,151**	**3,527**	**141,297**
Total Group	**967,367**	**87,938**	**35,265**	**1,090,569**

A. Does not include EUR 34,668 million in temporary purchases of stage 1 assets, nor EUR 32,230 million in unimpaired risk.
B. Total Group includes the Corporate Centre.

Stage 3 financial assets (showing impairment) performed as follows:

2022 - 2024 Impaired credit assets

EUR million

	2024	2023	2022
Start of period	**35,620**	**34,673**	**33,234**
Net entries	13,787	14,658	13,257
Perimeter	17	(59)	—
FX and others	(947)	195	417
Write-off	(13,212)	(13,847)	(12,235)
End of period	**35,265**	**35,620**	**34,673**

The following table shows the calculation of IFRS 9 loan loss reserves for assets subject to credit risk:

2022 - 2024 loan-loss reserves

EUR million

	2024	2023	2022
Start of period	**23,490**	**23,418**	**23,698**
Stage 1 and 2	9,026	9,272	9,983
Stage 3	14,464	14,146	13,714
Gross provision for impaired assets and write-downs	13,511	13,524	11,665
Provision for other assets	428	526	305
FX and other	(1,382)	(132)	(14)
Write-off	(13,212)	(13,847)	(12,235)
End of period	**22,835**	**23,490**	**23,418**
Stage 1 and 2	8,535	9,026	9,272
Stage 3	14,300	14,464	14,146

Forbearance

Grupo Santander's forbearance policy follows the EBA Guidelines on management of non-performing and forborne exposures. It is a standard for our subsidiaries and meets supervisory expectations.

The policy establishes criteria for identification, classification and monitoring forbearances, to underwrite and monitor these transactions with the utmost diligence. Forbearance must aim to recover outstanding debt, with payment obligations adapted to customers' circumstances.

Forborne debt should remain appropriately classified for sufficient time in order to determine both associated risk and reasonable certainty about recovery of ability to pay. Forbearance may never be used to delay the immediate recognition of losses or hinder the appropriate recognition of risk of default.

In 2024, forbearance stock continued to fall (15% in the year), and stood at EUR 27,144 million, due to consistent payment behaviour in our core markets. In terms of credit quality, 54% are classified as credit impaired with average coverage of 41%.

Key forbearance figures

EUR million

	2024	2023	2022
Performing	12,459	16,919	18,988
Credit impaired	14,685	15,044	15,185
Total forborne	**27,144**	**31,963**	**34,173**
% Total coverage[A]	**26%**	**25%**	**24%**

A. Total forbearance portfolio loan-loss allowances/total forborne portfolio.

2.4 Other credit risk details

Credit risk from financial markets activities

This section covers the credit risk generated from treasury activity with customers (especially credit institutions) through money market financing and counterparty risk products to meet the needs of customers and the Group's own needs in their management.

Counterparty credit risk is the risk that a customer will default before the final settlement of a transaction's cash flows. It creates a bilateral credit risk because it can affect both parties to a transaction. It is also uncertain because it depends on market factors, which can be volatile.

As part of counterparty credit risk exposure, an additional risk known as wrong-way risk can arise. This risk occurs when the exposure to a portfolio or counterparty increases as the credit quality of the counterparty deteriorates. In other words, there is wrong-way risk when there is an increase in default risk, and consequently, the exposure to the counterparty increases. Santander has specific models to measure this risk.

Regarding settlement risk, this occurs when the settlement of a transaction involves a bilateral exchange of flows or assets between two counterparties. For example, when a counterparty buys dollars in exchange for euros, the settlement of the transaction involves one party delivering euros and receiving an equivalent amount of dollars from the other. Settlement risk is the risk that one of the parties fails to meet their settlement obligations. We have also developed a global infrastructure and specific models to measure this risk.

To manage and control counterparty risk, it is essential to have an infrastructure that allows measuring current and potential exposure at different levels of aggregation and granularity in an agile and dynamic way, ensuring the generation of reports with sufficient detail to facilitate the understanding of exposures and the decision-making process.

To measure exposure, we follow two methodologies: mark-to-market (MtM or replacement value in derivatives) plus potential future exposure (add-on), and Monte Carlo simulation for calculating exposure for some countries and products. Additionally, we calculate capital at risk or unexpected loss, which is the loss that constitutes economic capital net of guarantees and recoveries, after deducting the expected loss.

After market close, we recalculate exposures by adjusting all operations to their new time horizon, adapting the potential future exposure and applying mitigation measures (netting, collateral, among others), so that exposures can be controlled daily against the limits approved by senior management within the risk appetite. We perform risk control through a real-time integrated system, which allows us to know at any moment the available exposure limit with any counterparty, in any product and term, and across all subsidiaries.

Counterparty risk exposures: over-the-counter (OTC) transactions and organized markets (OM)

As at December 2024, the positive market value of total exposure (under management criteria) with netting and collateral agreements for counterparty risk was 15,855 million euros (net credit risk equivalent of 52,604 million euros). Despite the environment in which we operate, the 9% increase in exposure compared to the previous year is driven by the 26% increase in the Group's trading volume in notional terms over this period.

Counterparty risk: exposure in terms of market value and credit risk equivalent, including the mitigation effect[A]

EUR million

	2024	2023	2022
Market value with netting effect and collateral[B]	15,855	13,428	13,249
Net CRE[C]	52,604	48,372	45,157

A. Figures under internal risk management criteria. Listed derivatives have a market value of zero. No collateral is received for these types of transactions.
B. Includes the mitigation of netting agreements and deducting the collateral received.
C. CRE (credit risk equivalent): net value of replacement plus the maximum potential value, less collateral received.

The chart below shows counterparty risk products (especially interest rate and FX hedging instruments) by nominal risk:

Counterparty risk by nominal[A]

EUR million

	2024	2023	2022
	Nominal	Nominal	Nominal
Credit derivatives[B]	45,628	24,528	14,765
Equity derivatives	28,431	20,326	26,177
Fixed income derivatives	17,567	4,793	13,320
Exchange rate derivatives	1,391,564	1,256,997	1,069,870
Interest rate derivatives	8,718,567	6,775,004	5,538,173
Commodity derivatives	23,762	20,061	13,496
Total OTC derivatives	**9,994,422**	**7,909,027**	**6,479,325**
Derivatives organised markets[C]	**231,098**	**192,682**	**196,476**
Repos	**457,977**	**421,937**	**259,946**
Securities lending	**74,139**	**61,374**	**52,269**
Total counterparty risk[D]	**10,757,636**	**8,585,020**	**6,988,017**

A. Figures under internal risk management criteria.
B. Credit derivatives acquired including hedging of loans.
C. Refers to transactions involving listed derivatives (proprietary portfolio). Listed derivatives have a market value of zero. No collateral is received for these types of transactions.
D. Spot transaction not included.

As the following table shows, most of Santander's derivatives reach maturity in up to five years, and repurchase agreements and securities lending in up to one year.

Counterparty risk: Distribution of nominal risk by maturity[A]

EUR million. Dec.24 data

	Up to 1 year	Up to 5 years	Up to 10 years	More than 10 years
Credit derivatives[B]	28%	47%	21%	3%
Equity derivatives	59%	27%	15%	—%
Fixed income derivatives	97%	3%	—%	—%
Exchange rate derivatives	57%	27%	11%	6%
Interest rate derivatives	44%	36%	12%	7%
Commodity derivatives	79%	19%	1%	—%
Total OTC derivatives	**45%**	**35%**	**12%**	**7%**
Derivatives organised markets[C]	**67%**	**24%**	**8%**	**1%**
Repos	**95%**	**5%**	**—%**	**—%**
Securities lending	**99%**	**1%**	**—%**	**—%**
Total counterparty risk	**48%**	**34%**	**12%**	**7%**

A. Figures under internal risk management criteria.
B. Credit derivatives acquired, including coverage of loans.
C. Refers to transactions involving listed derivatives (proprietary portfolio). Listed derivatives have a market value of zero. No collateral is received for these types of transactions.

Even if the credit quality of some counterparties declines, most counterparty credit risk is with customers with high credit quality (90% rated A or higher).

In terms of notional value, 97% of operations with counterparty credit risk belong to CIB's customer and are handled under its management model.

Counterparty risk: Notional values by customer rating[A]

Dec.24 data

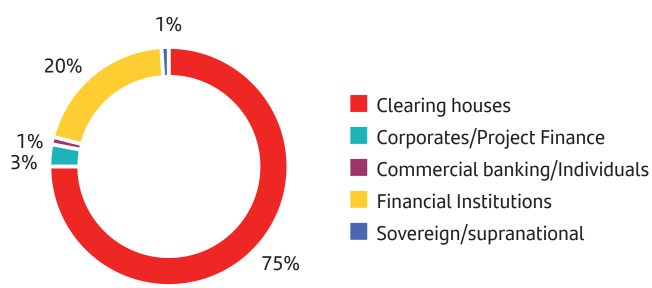
Rating	%
AAA	0.67%
AA	1.11%
A	87.84%
BBB	9.27%
BB	1.04%
B	0.07%
Other	0.01%

A. Ratings based on internally defined equivalences between internal ratings and credit agency ratings.

Transactions with clearing houses and financial institutions are subject to netting and collateral agreements, which we also seek to use to cover all other transactions. In general, the collateral agreements Santander signs are bilateral; still, we do sign some unilateral agreements in the customer's favour, mainly with multilateral organizations and securitization funds.

Counterparty risk: Notional values by customer segment

Dec.24 data



We use collateral to reduce counterparty risk. It consists of highly liquid instruments with economic value. They are deposited or transferred from one counterparty to another to guarantee or reduce counterparty credit risk from portfolios of cross-risk derivatives.

We measure trades subject to collateral agreements daily, with parameters to determine the amount of collateral to be paid or received from the counterparty (in cash or securities). Our processes to manage collateral properly and more often have proved effective amid high volatility.

Most of the collateral received under Credit Support Annex (CSA), Overseas Securities Lending Agreement (OSLA), International Securities Market Association (ISMA), Global Master Repurchase Agreement (GMRA) and other agreements signed by the Group has been effective (44%); the rest is subject to strict quality policies in regard to the issuer and their rating, debt seniority and haircuts.

Because of the credit risk we assume with each counterparty, we apply credit valuation adjustments (CVA) to over-the-counter (OTC) derivatives when calculating the results of trading portfolios.

A CVA is a change to the market value of OTC derivatives that accounts for counterparty credit risk throughout the contract life. A counterparty's CVA adds up to the CVA on all maturity dates. It discounts the value of a derivative offered by a buyer based on the chance that the counterparty will default. We calculate it with exposure at default, probability of default, loss given default, the discount curve and other inputs.

We also apply debt valuation adjustments (DVA), which are similar to CVA but result from credit risk assumed by OTC counterparties trading with Grupo Santander. Both CVA and DVA are done within the potential period of exposure.

As of December 2024, CVA adjustments amounted to EUR 272 million (representing a 7.2% decrease compared to December 2023) and DVA adjustments were EUR 317 million (3.9% decrease vs December 2023). These decreases are mainly due to drops in interest rate markets in EUR and USD, a decrease in inflation, and movements in credit markets where spread levels have moderately decreased compared to those in December 2023.

Counterparty risk, organized markets and clearing houses

Santander's policies promote early action according to regulation on OTC derivatives, repurchase agreements and securities lending (whether settled through clearing houses or bilaterally). In recent years, we have been standardizing OTC transactions to settle and clear new contracts through clearing houses according to current regulation, in addition to promoting internal use of electronic execution systems.

We actively manage contracts not settled by clearing houses to optimize volume, in accordance with regulation on margins and capital.

While our counterparty risk management does not contemplate credit risk in such transactions, we have been calculating regulatory credit exposure for organized market exchanges since the Basel principles on capital calculation.

The table below shows the weight of contracts settled by CCP versus total counterparty risk as of December 2024:

Counterparty risk: Notional values by settlement channel and product[A]

Nominal in EUR million

	Bilateral		CCP[B]		Organised markets[C]		Total
	Nominal	%	Nominal	%	Nominal	%	
Credit derivatives	17,944	39.3%	27,684	60.7%	—	—%	45,628
Equity derivatives	21,315	75.0%	574	2.0%	6,542	23.0%	28,431
Fixed income derivatives	17,471	99.5%	96	0.5%	—	—%	17,567
Exchange rate derivatives	1,316,307	94.6%	39,420	2.8%	35,838	2.6%	1,391,564
Interest rate derivatives	810,896	9.3%	7,740,492	88.8%	167,179	1.9%	8,718,567
Commodity derivatives	2,223	9.4%	—	—%	21,539	90.6%	23,762
Repos	275,003	60.0%	182,973	40.0%	—	—%	457,977
Securities lending	73,845	99.6%	294	0.4%	—	—%	74,139
Total	**2,535,003**		**7,991,535**		**231,098**		**10,757,636**

A. Figures under internal risk management criteria.
B. Central counterparties (CCP).
C. Refers to transactions involving listed derivatives (proprietary portfolio). Listed derivatives have a market value of zero. No collateral is received for these types of transactions.

Risk settled by CCP and product[A]

Nominal in EUR million

	Sept. 2024	2023	2022
Credit derivatives	27,684	10,140	4,848
Equity derivatives	574	559	758
Fixed income derivatives	96	—	15
Exchange rate derivatives	39,420	44,152	24,349
Interest rate derivatives	7,740,492	5,844,580	4,555,519
Commodity derivatives	—	—	—
Repos	182,973	193,386	109,248
Securities lending	294	—	—
Total	**7,991,535**	**6,092,817**	**4,694,737**

A. Figures under internal risk management criteria.

Credit derivatives

We use credit derivatives to hedge transactions, customer business in financial markets and trading. The credit derivatives Santander has negotiated have a low notional value: 0.4% of the notional value of counterparty risk. Furthermore, we subject credit derivatives to internal robust controls and procedures to minimize operational risk.

Concentration risk

Concentration risk control is key to our management. We continuously monitor credit risk concentration by region and country, economic sector, customer type and other criteria.

The board sets concentration limits according to risk appetite. Accordingly, the executive risk committee develops risk policies and reviews the appropriate exposure levels so we can effectively manage credit risk concentration.

Because Santander is subject to the Capital Requirements Regulation (CRR) stipulations on large risks, exposure with a customer or group of associated customers will be considered 'large exposure' if its value is equal to, or greater than, 10% of eligible capital.

No large exposure should exceed 25% of the entity's eligible capital, including the credit risk reduction effect set out in the regulation.

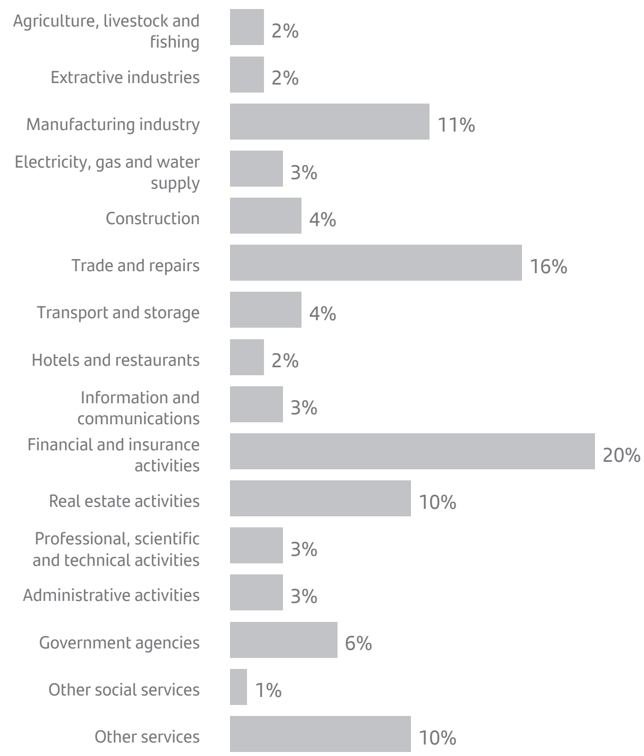
The use of risk mitigation techniques resulted in no groups triggering those thresholds as at the end of December. 5.5% of total credit risk (including loans to customers and off-balance-sheet risk) is with the 20 'large exposure' groups, according to regulation on credit exposure. While 8.4% of total credit risk is with the 40 'large exposure' groups.

Our Risk division works closely with the Finance division on actively managing credit portfolios with credit derivatives, securitizations and other techniques to reduce exposure concentration and optimize risk-reward.

As indicated in the key metrics section of this chapter, our credit risk is diversified among our core markets (Spain 25%, the UK 21%, the US 12%, Brazil 9%, etc.). Grupo Santander is enhancing our markets with global businesses that will help boost local performance to add value.

In terms of sector diversification, 56% of our credit risk is with individuals, who are inherently highly diverse. It is also well distributed, with no significant concentration in a particular industry. The chart below shows credit risk by industry as at December 2024:

Diversification by economic sector[A]



A. Includes total risk (gross) on balance for all clients with economic activity but excludes individuals and reverse repos.

Sectors identification and management

Grupo Santander conducts a quarterly review of exposure to customers operating in sectors that could be more affected by macroeconomic conditions (energy consumption, commodity prices, and key macroeconomic variables). This monitoring is complemented by the use of internal tools that allow projecting the behaviour and evolution of clients in each sector under different macroeconomic scenarios. It considers:

- Market information: Industries' stock market performance.
- Analysts' EBITDA forecasts for the coming years.
- Internal information: Changes in credit exposure, defaults (in different timelines) and stagings.
- Our industry experts' opinion, based on specific details about our exposures and our relationships with customers.

We continued to build up our analysis of potential losses to the highest level of granularity by enhancing our sector-level methodology and projection tool based on the resilience of each company's financial statements to different macroeconomic scenarios. We considered their pledge to meet energy commitments through possible transition plans by quantifying impacts under the assumptions of an orderly, disorderly or non-existent transition to be able to keep our management of the portfolio one step ahead.

Country risk

In credit risk, country risk involves transactions with customers residing in a particular country with unusual business risk. It includes sovereign risk and transfer risk, as well as war, natural disaster, balance of payments crisis and other things that can disrupt international finance. To cover potential losses arising from these types of events, we integrate country risk into our models and provisioning processes in accordance with applicable regulation.

We assume country risk very selectively in transactions that enhance our global relations with customers. And we follow highly cautious standards to manage it.

Sovereign risk and risk with government agencies

Sovereign risk arises from central bank transactions (including regulatory cash reserves), government bonds (public debt) and transactions with non-commercial government institutions funded exclusively by a state's budget revenue.

Our standard for sovereign risk differs somewhat from the EBA's standard for regular stress testing. In particular, the EBA does not consider deposits with central banks, exposures with insurance companies or indirect exposures from guarantees and other financial instruments. However, its standard does generally include entities run by regional, local and central governments.

We continue to track and manage transactions with sovereign risk based on available information, such as reports by rating agencies and international organizations. We monitor each country where we have cross-border[4] and sovereign risk. We analyse events that could affect the country's political or institutional stability and assign its government or central bank a credit rating. This helps us set limits for transactions with sovereign risk.

In recent years, total sovereign risk exposure has remained within regulatory requirements and strategy defined for its management. Because exposure spans several countries, each with its distinct macroeconomic outlook and growth scenario, it varies due to our liquidity management strategy and our interest and FX rate coverage, which apply limits based on each country's credit rating.

At the end of December 2024, total sovereign risk exposure was EUR 198,627 million, which was 23% higher than 2023.

For more details on sovereign risk exposure, see section '**4. Other credit risk aspects**' in Note 54 to the consolidated financial statement.

Our exposure to local sovereign risk not in the issuer country's currency at the end of December 2024 was minor (EUR 4,459 million or 1.1% of total sovereign risk), based on our management criteria. Exposure to non-local sovereign issuers with cross-border risk was also minor[5] (EUR 11,494 million or 2.8% of total sovereign risk). The sovereign debt we hold in Latin America, which is recorded in local ledgers, is predominantly in local currency and short-term.

Additionally, our investment strategy for sovereign risk considers country's credit quality to set the maximum exposure limits.

The table below shows exposure ratios by rating[6] December 2024:

	2024	2023	2022
AAA	21%	18%	27%
AA	18%	19%	19%
A	41%	41%	34%
BBB	11%	12%	11%
Lower than BBB	9%	10%	9%

[4] Risks with domestic public or private borrowers in foreign currency and originated outside the country.
[5] Countries that are not considered low risk by Banco de España.
[6] Internal ratings are applied.

3. MARKET, STRUCTURAL AND LIQUIDITY RISK

3.1 Introduction

This section is about Grupo Santander's management and control of market risk in 2024, including trading risk, liquidity risk and structural risk. It provides a brief description of our methodologies and metrics.

Market risk comes from movements in interest rates, inflation, foreign exchange, equity prices, credit spread, commodity prices, volatility, liquidity risk from products and the balance sheet, and other market variables that can affect transaction performance. It also includes trading and structural risk.

For more details on market factors see section **'Activities subject to market risk and types of market risk'**, in Note 54 to the consolidated financial statement.

Options, futures, forwards, swaps and other derivatives can mitigate some or all of these risks.

Market risk factors that require more complex hedging are correlation, market liquidity, pre-payment and underwriting risk.

On-balance sheet liquidity risk is also key (for more detail, see 3.6 'Liquidity risk management'), as pension and actuarial risk also depend on market variables (for more details, see 3.8 'Pension and actuarial risk management' at the end of this section).

We check our compliance with the Basel Committee's Fundamental Review of the Trading Book (FRTB) and its implementation according to the EU's Capital Requirements Regulation (CRR II) and the EBA's guidelines on market risks.

In 2024, we ran several projects to give control teams the best tools to manage market risk and capital consumption. They included:

- Running numerous initiatives to enhance the calculation of market risk-related capital requirements under the Fundamental Review of the Trading Book - Standard Approach (FRTB- SA) methodology. In particular we:
  - rounded off the scope of calculation for entities and risk factors subject to market risk-related capital;
  - made necessary amendments to adapt the calculation to the CRR III;
  - strengthened the control environment over metrics, static risks and technical procedures through an overhaul of data architecture to reduce calculation times and enable us to run simulations; and
  - built up the exploitation layer of capital data under FRTB SA.
  - developed new regulatory reporting required by the EBA; and
  - strengthen our governance framework for FRTB-SA procedures by redefining the functions of certain forums, adapting internal regulation, and setting new escalation criteria.
- Enhancing the procedures to classify financial instruments under the fair value hierarchy.
- Updating the stress test programme for trading portfolios to meet regulator's expectations.
- Implementing new valuation adjustment methodologies in all units using corporate tools and common standards.
- Broadening the content and analysis of market risk reporting to top management.
- Enhancing the governance framework for the approval and use of market risk models.

3.2 Market risk management

Because factors inside and outside a unit can give rise to market risk, management and control must cover all potential risk sources with coordinated, uniform treatment by all subsidiaries.

The Group's senior management receives thorough, accurate reporting on a regular basis to measure subsidiaries' risk profiles and gain a holistic view of market risk for global analysis and control.

Limits management and control system

The market risk area runs daily checks so that market positions remain within approved limits. It also assesses the performance of, and significant changes in, related metrics.

We set market risk limits in a dynamic process according to risk appetite levels in the annual limits plan prepared by senior management and extended to all subsidiaries.

We take a prudent approach to manage market risk activity from multiple perspectives and to establish appetite limits on different metrics including:

- value at risk (VaR) and stressed VaR (sVaR) limits;
- equivalent and/or nominal position limits;
- interest rate sensitivity limits;
- vega limits;
- limits for risk of delivery of short sales (bonds and equities);
- limits to reduce effective losses or protect profits during the year (loss trigger and stop loss);
- credit limits (limits for total exposure and jump-to-default by issuer); and
- origination limits.

Those general limits have sub-limits that make the structure granular enough to control market risks from trading. We monitor subsidiaries' positions every day.

We set global approval and control limits, global approval limits with subsidiary-run control and subsidiary-level approval and control limits. Each subsidiary's business unit manager requests limits based on business particulars and budgetary targets so that they will match the risk-reward ratio. Risk bodies approve limits according to established governance.

Subsidiaries must adhere to approved limits. The day a limit breach occurs, subsidiary business managers must provide a written explanation with an action plan to correct it.

Market risk-related capital requirements

We use internal and standard models to determine market risk-related capital requirements. We also use internal models to calculate regulatory capital for the trading books of our subsidiaries in Chile, Mexico and Spain (Santander España's trading book includes Santander London Branch, which helps diversify its positions).

In 2024, we continued to work on enhancing the calculation of market risk-related capital, most notably to adapt our infrastructure to new FRTB requirements. Moreover, we worked to enrich internal regulation and reporting on market risk-related capital to meet supervisory expectations.

We rolled out all these enhancements in our core markets through corporate tools, enabling us to automate processes and reduce the use of expert judgement significantly.

Our internal market risk model calculates the Group's consolidated regulatory capital as subsidiaries' total regulatory capital that the ECB has approved. Because it does not consider capital savings owing to geographical diversification, our model is conservative.

It uses advanced methods with VaR, stressed VaR, Incremental Risk Charge (IRC) and Risk Not in Model (RNIM) as fundamental metrics to calculate ECB-approved regulatory capital in trading consistently with the CRR.

Methodologies and key aspects

a) Value at Risk (VaR)

Value at risk (VaR), our standard methodology for managing and controlling market risk, measures maximum expected loss with a certain confidence level over a given time. For standard historical simulation, the confidence level is 99% and the time window is one day. We also apply a two-year horizon or VaR over 520 days and other statistical adjustments in order to quickly and efficiently account for recent events that influence risk levels.

We report the highest of two VaR figures, which we calculate every day. One figure includes an exponential decay factor with a low weighting on the oldest observations; the other weights all observations the same. We also use the same methodology to calculate value at earnings (VaE), which gives maximum potential earnings within a certain confidence level and time horizon.

As a risk metric, historical VaR simulation has many advantages. It states a portfolio's market risk in a single figure according to market movements. Still, it does have its limitations:

- VaR is calibrated to a certain confidence level, above which it does not reveal potential losses.
- The liquidity horizon of products in a portfolio is longer than the VaR model's.
- VaR is not a dynamic measure of risk even if it is subject every day to significant, albeit unlikely, changes.
- High sensitivity to time windows.
- Inability to show plausible high-impact events outside the time window.
- No market inputs (e.g. correlations, dividends or recovery rates) for measurement parameters.
- Slow adaptation to new volatility and correlations, as the weighting of the newest and the oldest data is the same.

To circumvent some limitations, we use stressed VaR (sVaR) and expected shortfall (ES); calculate VaR with exponential decay; make conservative measurement adjustments; and run analyses and backtesting to assess the accuracy of the VaR calculation model.

b) Stressed VaR (sVaR) and Expected Shortfall (ES)

Every day, we calculate sVaR for our main portfolios using the same VaR calculation method but with these exceptions:

- A window of 260 observations (as opposed to 520 for VaR) over a continuous stress period. For each portfolio, we review the history of a subset of market risk factors (selected with expert criteria) and the most significant positions per book.
- Unlike VaR, the percentile we take to get sVaR has uniform weighting and is not the highest one based on exponential and uniform weightings.

We calculate ES as expected loss above VaR at a 99% confidence level. We also weight all observations the same. Unlike VaR, ES has the advantage of showing tail risk (i.e. the risk of loss due to a rare event) while being a subadditive metric. According to the Basel Committee, 97.5% ES is a risk level similar to 99% VaR.

c) Scenario analysis

Santander's risk measures are based on normal market conditions, price stability, sufficient liquidity and other assumptions used in daily risk management and decision-making. However, some extreme movements and vast unforeseen changes might not be properly anticipated.

Scenario analysis enables us to recognize unexpected outcomes and estimate how much capital could be needed to absorb losses stemming from those outcomes.

We regularly calculate and review stress test scenarios for all the trading books of the Group and our subsidiaries, such as:

Historical scenarios

Historical scenarios consider trading portfolio performance during a crisis or significant past market events to estimate maximum losses based on existing positions.

Hypothetical scenarios

We use extreme scenarios based on market risk shocks that do not relate to past events (e.g. abrupt crisis with strong movements in all risk factors, worst-case scenarios, scenarios based on regulatory stress exercises, and forward-looking scenarios). Unlike generally *ex post* historical scenarios, hypothetical scenarios are ex ante.

Reverse stress test scenarios

Reverse stress test scenarios indicate loss-causing market variables that may compromise the bank's survival. They supplement traditional stress test scenarios and point out potentially vulnerable business areas, hidden risks and correlations between risk factors.

Climate change scenarios

We use climate change scenarios to measure the potential impact of current exposure to climate-sensitive economic activities on trading portfolios resulting from climate and environmental risks. They include both exposure to physical risk and transition risk.

Other stress test scenarios

In addition to the above scenarios, we conduct other stress tests every quarter to identify potential losses or significant impacts on capital arising from extreme market movements (e.g. IRC scenarios, proxy stress scenarios in the VaR calculation stress scenarios in valuation adjustments).

d) Calibration and backtesting

According to regulation, the VaR model must accurately show material risks. Because VaR uses statistical techniques under normal conditions for a certain confidence level over a set time horizon, the estimate of maximum potential loss may differ from actual losses. We review and contrast the VaR calculation model on a regular basis to verify its accuracy.

We run internal backtesting, contrast VaR and review assumptions about portfolios for subsidiaries that follow the internal market risk model. For subsidiaries with an approved internal model, we run regulatory backtesting to find exceptions (where daily profit or loss is higher than VaR or VaE) that will influence the calculation of regulatory capital requirements for market risk.

Through backtesting, we assess the quality and general effectiveness of our risk measurement model. Our backtesting compares daily VaR/VaE observed on D-1 to profit and loss (P&L) observed on D: Economic P&L, actual P&L, hypothetical P&L, and theoretical P&L.

We run daily backtesting for our subsidiaries, as well as daily, weekly and monthly internal (non-regulatory) backtesting depending on portfolio granularity.

The number (or proportion) of exceptions we record is one of the most intuitive indicators of a model's soundness. As our regulatory backtesting covers a historical period of one year (250 days) and a 99% VaR, we expect two to three exceptions per year. To calculate regulatory capital for market risk, we take the regulatory K[7] from the number of exceptions we find in actual and hypothetical backtesting.

e) Analysis of positions, sensitivities and results

Santander uses positions to quantify the market value of derivative transactions by main risk factor and with the Delta value of futures and options. We can express risk positions in subsidiaries' base currency and in the currency used to standardize information. We monitor positions every day to correct any incidents we find immediately.

Sensitivity to market risk is the estimated impact of change in a risk factor on the market value of an instrument or portfolio. We measure it with partial derivatives or a full portfolio revaluation to get an analytical approximation.

The Market risk area's daily P&L statement is an excellent indicator of the impact of changes of financial variables on portfolios.

f) Derivatives activities and credit management

Because of their atypical characteristics, we have special measures to monitor derivatives and credit management daily. On the one hand, we monitor the sensitivity of underlying assets to price movements (Delta and Gamma) to volatility (Vega[8]) and over time (Theta). On the other hand, we systematically check measurements of their sensitivity to spread risk, jump-to-default risk and position concentrations by rating.

Based on regulation and the Basel Committee's recommendations, we also calculate the IRC, an additional metric for credit risk in the trading book.

[7] K: Parameter to calculate regulatory capital consumption for market risk.
[8] Vega represents the sensitivity of the value of a portfolio to changes in the value of market volatility.

The IRC covers default risk and rating migration risk (which VaR does not show adequately) by taking credit spread changes into account. In general, we apply it to government and corporate bonds; to forwards, options and other bond derivatives; and to credit default swaps, asset-backed securities and other credit derivatives. To calculate it, we take direct measurements of loss distribution tails at the right percentile (99.9%) over a one-year horizon and follow the Monte Carlo method with one million simulations.

g) Credit valuation adjustment (CVA) and debit valuation adjustment (DVA)

The Group calculates trading book results through CVA and DVA.

For more details on CVA and DVA see 'Credit risk from financial markets activities' in section 2.4 'Other credit risk details'

3.3 Key market risk metrics

In 2024, trading risk levels remained low, slightly above 2023 levels, amid the high volatility caused by uncertainty over inflation and the pace of central bank monetary policy tightening and its effects on global economies. Moreover, political issues such as elections in certain countries and the conflicts in Ukraine and the Middle East compounded market volatility.

Risks continued to originate from trading non-complex instruments with customers. Most were hedges for interest rate and FX risk.

2024 saw generally low consumption of trading limits, which are based on the Group's market risk appetite.

VaR analysis

As the VaR of CIB's trading book shows, market risk strategy focuses on trading with customers to minimize net directional exposure and keep risk diversified by geography and risk factor.

In 2024, VaR fluctuated between EUR 23.0 and EUR 11.6 million. Average VaR in 2024 was EUR 17.1 million, higher than 2023 and 2022 (EUR 11.7 million and EUR 14.1 million, respectively). Market volatility throughout the year (especially in terms of interest rates) caused VaR to stay above its three-year average for almost the entire period.

VaR at the end of December (EUR 18.7 million) was EUR 5.2 million higher compared to the end of 2023, reflecting the spike in market volatility caused by geopolitical risk, inflation and its impact on central banks' monetary policy, and greater exposure to interest rate risk in North America.

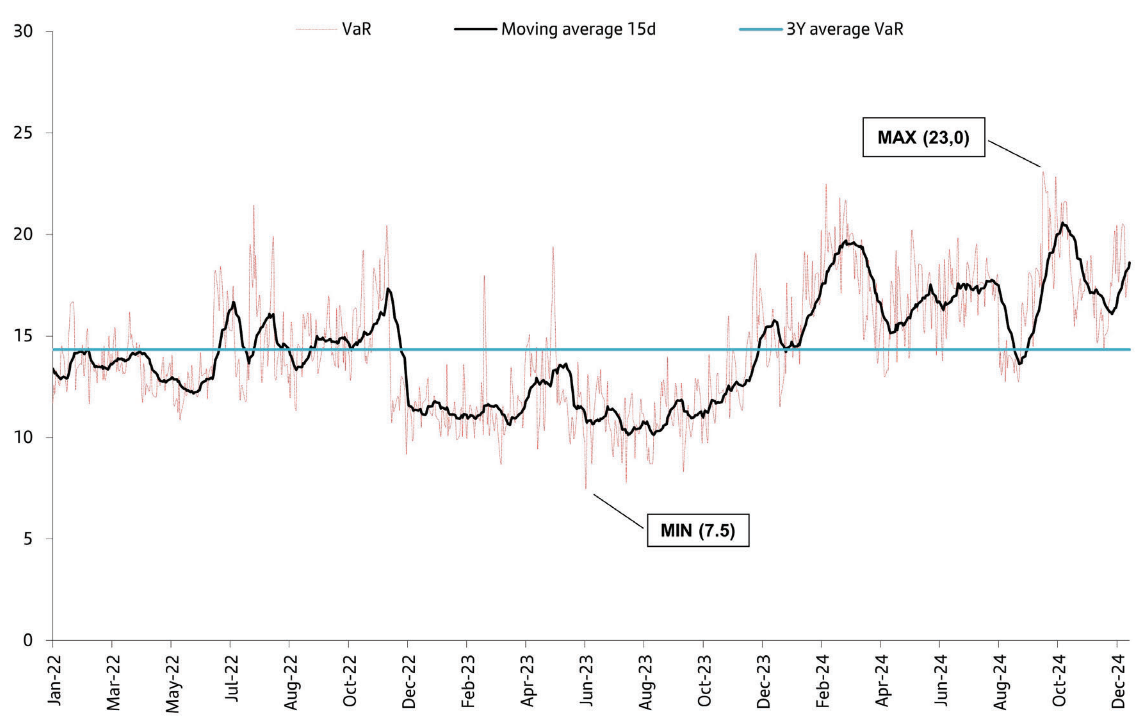
Average VaR was higher for all risk factors, especially interest rates. Temporary VaR increases owe more to short-term price volatility than to significant changes in positions.

Average VaR was higher in the three regions where we operate, with the increase due to interest rates risk factor in North America, and more distributed among the other factors in the other regions.

For more details on VaR and expected shortfall (ES) by risk factor and region see table on section '2. Trading market risk management', in Note 54 to the consolidated financial statement

VaR 2022-2024

EUR million. VaR at 99% over a one day horizon



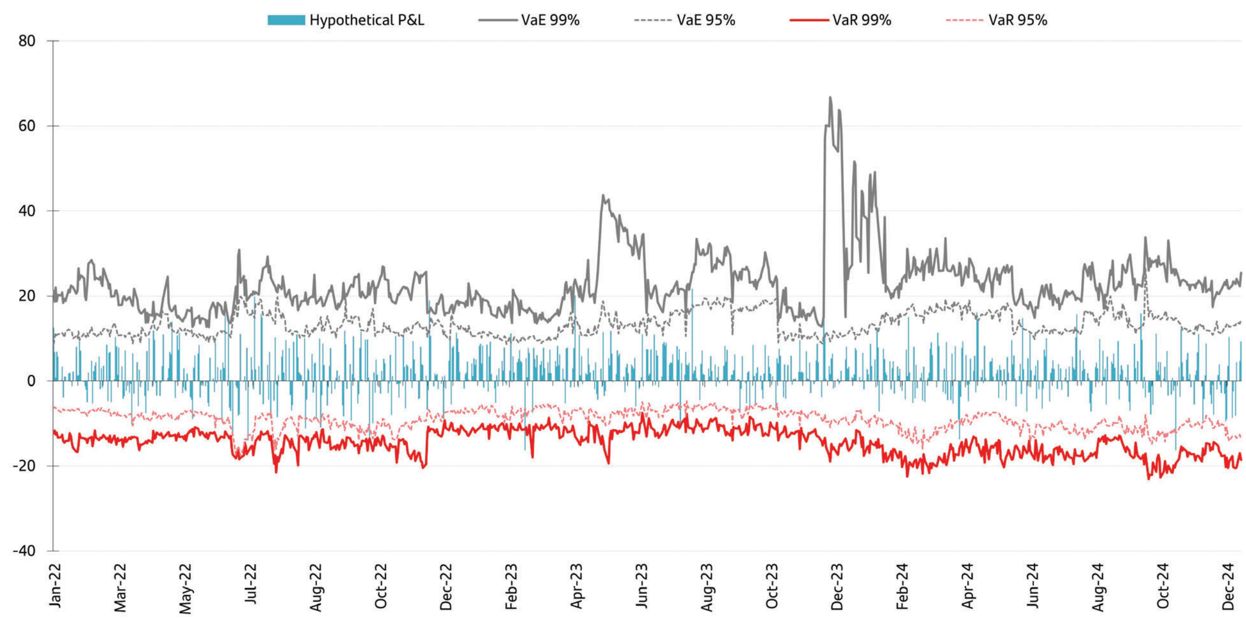
Backtesting

Actual losses can differ from predicted losses because of VaR's limitations. Santander measures the accuracy of our VaR calculation model to make sure it is reliable (see 'Methodologies' in section 3.2 'Market risk management'). The most important tests we run involve backtesting:

- Backtesting of hypothetical P&L and of the entire trading book showed no exceptions in 2024 (daily loss greater than VaR or daily profit greater than VaE) to VaR and VaE at 99% confidence level.
- These results are consistent with assumptions in the VaR calculation model.

Backtesting of trading portfolios: daily results vs. VaR for previous day

EUR million



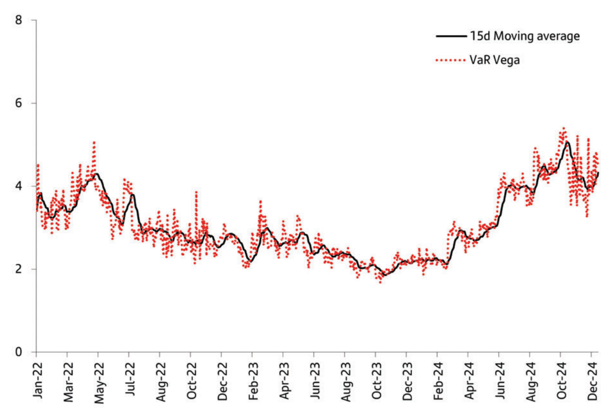
Derivatives risk management

Our operations with derivatives consist mainly in selling investment products and hedging risks for customers. We aim to keep open net risk as low as possible. Trading includes equity, fixed-income and FX options, chiefly in Spain, Brazil, the UK, the US and Mexico.

The graph shows the VaR vega of structural derivatives over the past three years. On average, it has increased some EUR 3.0 million. In general, high VaR values stem from sudden spikes in market volatility, such as changes to monetary policy on the back of inflation performance, or at times of political uncertainty in our geographies.

Change in risk over time (VaR) of structure derivatives

EUR million. VaR Vega at a 99% over a one day horizon



Average VaR was based mainly on equities, followed by interest rates and FX rates. In December 2024, average risk (EUR 3.5 million) was slightly higher than in 2023 and more or less the same as in 2022 (see table below):

Financial derivatives. Risk (VaR) by risk factor

EUR million. VaR at a 99% over a one day horizon

	2024				2023		2022	
	Minimum	Average	Maximum	Latest	Average	Latest	Average	Latest
Total VaR Vega	**1.9**	**3.5**	**5.4**	**4.5**	**2.4**	**2.1**	**3.2**	**2.7**
Diversification effect	0.6	(2.0)	(5.7)	(1.7)	(1.9)	(1.2)	(1.1)	(1.0)
Interest rate VaR	0.8	1.3	3.0	0.9	2.0	1.5	2.0	1.4
Equity VaR	—	3.1	5.2	3.8	1.4	1.2	1.4	0.9
FX VaR	0.5	1.1	2.9	1.5	0.9	0.6	0.9	1.4
Commodity VaR	—	—	—	—	—	—	—	—

Santander's exposure to complex structured instruments and assets is very limited, this reflects our risk culture and prudent risk management. The Group's risk appetite restricts total level 3 assets and liabilities (those whose fair value is calculated using significant unobservable inputs in market data) to 5% of the Group's total assets and liabilities measured at fair value.

At the end of December 2024, our exposure to hedge funds amounted to EUR 111 million (indirect as the counterparty in derivative contracts). We review this type of counterparty risk on a case-by-case basis, setting collateralization ratios based on each fund's characteristics and assets.

Our policy on approving new derivatives transactions has always been extremely prudent and conservative. It is reviewed by senior management.

Scenario analysis

The table below shows worst case scenario results from the end of December 2024:

Stress scenario: maximum volatility (worst case)

EUR million. Dec 2024

	Interest rate	Equities	Exchange rate	Credit spread	Commodities	Total
Total trading	**(275.8)**	**26.3**	**(83.2)**	**(69.2)**	**—**	**(401.9)**
Europe	(118.4)	27.6	(80.3)	(69.2)	—	(240.3)
North America	(151.9)	(0.2)	(1.9)	—	—	(154.0)
South America	(5.5)	(1.1)	(1.0)	—	—	(7.6)

Our analysis found that Santander's trading books would lose EUR 402 million in market value in the worst-case scenario of market stress. Losses would mainly affect Europe (especially in interest rates if rates rise, in exchange rates if the euro were to appreciate and finally in credit spreads if credit prices rise) and North America (especially if interest rates rise).

Connection with balance sheet items

Below are items on Santander's consolidated balance sheet that generate market risk. The table distinguishes positions whose main risk metric is VaR from other positions that are monitored with other risk metrics.

Risk metric values on the consolidated balance sheet

EUR million. Dec. 2024

		Main market risk metrics		
Assets subject to market risk	**Balance sheet amount**	**VaR**	**Other**	**Main risk factors for 'Other' balance**
Cash, cash balances at central banks and other deposits on demand	192,208		192,208	Interest rate
Financial assets held for trading	230,253	230,253		
Non-trading financial assets mandatorily at fair value through profit or loss	6,130	4,641	1,489	Interest rate, spread
Financial assets designated at fair value through profit or loss	7,915		7,915	Interest rate, spread
Financial assets at fair value through other comprehensive income	89,898	2,193	87,705	Interest rate, spread
Financial assets measured at amortised cost	1,203,707		1,203,707	Interest rate, spread
Hedging derivatives	5,672		5,672	Interest rate, exchange rate
Changes in the fair value of hedged items in portfolio hedges of interest risk	(704)		(704)	Interest rate
Other assets	102,002			
Total assets	**1,837,081**			
Liabilities subject to market risk				
Financial liabilities held for trading	152,151	152,151		
Financial liabilities designated at fair value through profit or loss	36,360		36,360	Interest rate, spread
Financial liabilities at amortised cost	1,484,322		1,484,322	Interest rate, spread
Hedging derivatives	4,752		4,752	Interest rate, exchange rate
Changes in the fair value hedged items in portfolio hedges of interest rate risk	(9)		(9)	Interest rate
Other liabilities	52,178			
Total liabilities	**1,729,754**			
Total equity	**107,327**			

3.4 Structural balance sheet risk management

Structural risk is the risk that market or balance sheet movements will change the value or profit generation of assets or liabilities in the banking book.

It covers insurance and pension risks, as well as the risk that Santander will not have sufficient capital (in terms of quantity or quality) to meet internal business targets, regulatory requirements or market expectations.

Limits management and control systems

The internal policies set by senior management dictate mechanisms to monitor and control structural risk according to regulatory requirements and our risk appetite. These mechanisms consider sub-types of structural risk and their implications, contingencies and interrelations.

The Structural risk area's role in the second line of defence is to oversee that structural risks are understood, controlled and reported to senior management according to established governance:

- It sets interest rate risk metrics and reviews and challenges the structural risk appetite and limits proposed by the first line of defence.
- It oversees the first line of defence's structural risk management and checks compliance with set limits.
- It regularly reports on our risk profile to senior management and issues guidelines to business lines about measures it deems necessary.
- It reviews and challenges business proposals and helps senior management and business units understand the interest rate risk of the Group's businesses and operations.
- It develops and revises models and policy, and checks that structural risk procedures are fit and proper.

Like market risk, structural risk also has an annual plan framework to set structural balance sheet risk limits according to risk appetite.

These are the main limits we use:

- Structural interest risk in the banking book:
  - Net interest income (NII) sensitivity limit over a one-year horizon.
  - Economic value of equity (EVE) sensitivity limit.
  - Limit of the negative impact on shareholder equity of changes to the value of assets carried at fair value in the banking book stemming from adverse movements in the market.
- Structural FX risk:
  - Limit on the net permanent position of the core capital ratio.
  - Limit on the individual hedge required for each currency.

We supplement these limits with other alerts and triggers that monitor certain aspects of such risks and complement the metrics described above.

Business lines' risk managers must provide explanations for potential limit and sub-limit breaches as well as an action plan to correct them.

Methodologies and other key details

a) Structural interest rate risk

As part of structural risk, interest rate risk in the banking book (IRRBB) is a key balance sheet risk.

Santander measures the potential impact of interest rate movements on EVE and NII. Because of the effect of changing rates, we must manage and control many subtypes of interest rate risk, such as repricing risk, yield curve risk, basis risk and option risk (e.g. behavioural or automatic).

Interest rate positions on the balance sheet and market conditions and outlooks could necessitate certain financial measures to achieve the Group's risk profile target.

Metrics for checking IRRBB include NII and EVE sensitivity to interest rate movements.

- Net interest income (NII) and sensitivity: NII is the difference between interest income from assets and the interest cost of liabilities in the banking book over a typical one- to three-year horizon (one year being standard in Santander). It enables us to see short-term risks and supplement economic value of equity (EVE) sensitivity.
- Economic value of equity (EVE) and sensitivity: EVE is the difference between the present value of all assets minus the present value of all liabilities in the banking book. It does not include shareholder equity and non-interest-bearing instruments. It enables us to see long-term risks and supplement NII sensitivity.

b) Credit spread risk

The metrics we use to monitor credit spread risk in the banking book (CSRBB) includes NII and EVE sensitivity to changes in spread curves as well as the impact of stress scenarios on positions that have been identified as affecting CSRBB.

In 2024, we embedded the CSRBB monitoring framework in our units and added limits and metrics to track the impact of adverse movements in credit spreads on market value, EVE, and NII.

c) Interest rate models

Interest rate risk metrics consider the behaviour of financial products under stress scenarios in which uncertainty is common and the failure to meet contractual obligations is possible. We have methodologies that help explain how such products will behave. These are our key interest rate risk models:

- Treatment of liabilities without stated maturity. The Group's model shows balances of all accounts without maturity using stable and unstable volumes, settlement speed over time, customer and market types, and other variables.
- Prepayment treatment for certain assets. Prepayment risk mainly affects fixed-rate mortgages in subsidiaries where contractual rates are below market rates and customers have the incentive to pay off all or part of their mortgage early.

d) Structural exchange rate risk/hedging of results

We measure FX positions, VaR and P&L every day.

In 2024, we introduced new limits to FX positions in the banking book to complement the structural FX metrics and monitor exchange rate risk in full.

e) Structural equity risk

We measure equity positions, VaR and P&L.

3.5 Key structural balance sheet risk metrics

In line with previous years, the market risk profile of the Group's balance sheet remained moderate in 2024.

Each subsidiary's Finance division manages interest rate risk from retail banking and is responsible for handling structural risk from interest rate fluctuations.

Grupo Santander measures interest rate risk by analysing changes to EVE and NII triggered by movements in parallel and non-parallel interest rates, balance sheet composition, and shifts in customer behaviour. Once we've measured these risks, we decide whether to follow strategies to mitigate structural risk with interest-rate instruments (such as bonds and derivatives) and keep an interest rate risk profile within risk appetite.

Exposure across all our footprint was moderate in relation to the annual budget and capital levels in 2024.

The NII and EVE sensitivities below are based on scenarios of parallel interest rate movements between ±100 pbs.

Structural interest rate risk

Europe

At the end of December, sensitivity of NII on our core balance sheets to interest rate hikes was positive, while EVE sensitivity was negative in the case of UK and positive in Spain considering the same scenario.

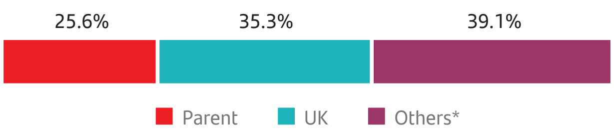
Under the scenarios described above, at the end of December, the most significant risk of NII sensitivity to the euro amounted to EUR 877 million; to the pound sterling, EUR 211 million; to the Polish zloty, EUR 61 million; and to the US dollar, EUR 54 million, all with the risk of rate cuts.

Net interest income (NII) sensitivity
% of total

* Other: Portugal and SCF.

Significant risk of EVE sensitivity to yield curves of the euro was EUR 753 million; of the pound sterling, EUR 662 million; of the Polish zloty, EUR 244 million; and of the US dollar, EUR 132 million, related to the risk of interest rate increases, except for the US dollar.

Economic value of equity (EVE) sensitivity
% of total



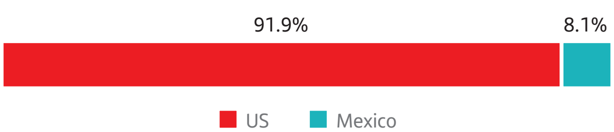
* Other: Poland, Portugal and SCF.

North America

At the end of December, sensitivity of NII on our North America balance sheet to interest rate hikes was positive, while EVE sensitivity was negative.

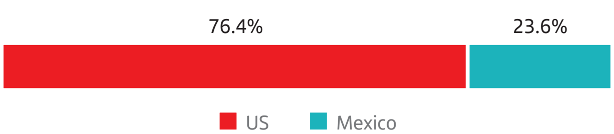
At the end of December, the most significant risk to NII was mainly in the US and amounted to EUR 125 million.

Net interest income (NII) sensitivity
% of total



The most significant risk to EVE was in the US and amounted to EUR 639 million.

Economic value of equity (EVE) sensitivity
% of total

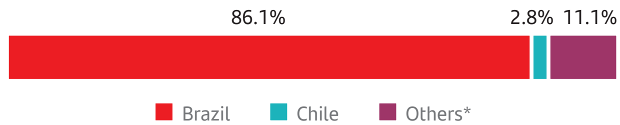


South America

The EVE and NII of our main South American balance sheets are positioned for interest rate cuts.

At the end of December, the most significant risks to NII were mainly in Brazil (EUR 124 million) and Chile (EUR 4 million).

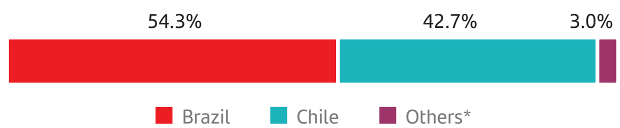
Net interest income (NII) sensitivity
% of total



* Other: Argentina, Peru and Uruguay.

The most significant risks to EVE were in Brazil (EUR 411 million) and Chile (EUR 323 million).

Economic value of equity (EVE)
% of total



* Other: Argentina, Peru and Uruguay.

Structural foreign exchange rate risk/results hedging

Our structural FX risk exposure mainly stems from the performance of, and hedges for, permanent financial investments. In our dynamic management of this risk, we aim to limit the impact of FX rate movements on the core capital ratio. In 2024, the hedged of the different currencies that have an impact on our core capital ratio was close to 100%.

In December 2024, our permanent exposures (with potential impact on shareholder equity) were, from largest to smallest, in the US dollar, British pounds sterling, Brazilian reais, Mexican pesos, Polish złoty and Chilean pesos.

We use FX derivatives to hedge part of those permanent positions. The Finance division manages FX risk and hedging for the expected profits and dividends of subsidiaries whose base currency is not the euro.

Structural equity risk

Santander holds equity positions in its banking and trading books. They are either equity instruments or stock, depending on the share of ownership or control.

Equities in the banking book at the end of September 2024 were diversified, with securities from Spain, China, Morocco, Poland and other countries. Most of them invest in the financial and insurance sectors. We have minor equity exposure to property and other sectors.

Structural equity positions are exposed to market risk. We calculate their VaR with a set of market prices and proxies. At the end of December 2024, VaR at a 99% confidence level over a one-day horizon was EUR 127 million (EUR 171 million in 2023 and EUR 195 million in 2022).

Structural VaR

Homogenous metrics like VaR make it possible to monitor all market risk in the banking book (minus CIB trading; see section 3.3 'Key market risk metrics'). We differentiate fixed income based on interest rates and credit spreads in ALCO portfolios, FX rates and shares.

In general, the structural VaR of our total assets and equity is minor.

Structural VaR

EUR million. VaR at a 99% over a one day horizon

	2024				2023		2022	
	Minimum	Average	Maximum	Latest	Average	Latest	Average	Latest
Structural VaR	**620.7**	**747.7**	**910.0**	**687.5**	**705.0**	**749.5**	**664.0**	**538.5**
Diversification effect	(237.2)	(386.4)	(575.5)	(268.6)	(416.6)	(444.7)	(417.1)	(422.4)
VaR Interest Rate[A]	210.7	412.0	685.6	235.2	348.4	380.2	350.8	304.5
VaR Exchange Rate	526.9	571.7	629.8	594.4	580.4	642.9	493.4	461.0
VaR Equities	120.3	150.4	170.1	126.5	192.8	171.1	236.9	195.4

A. Includes credit spread VaR on ALCO portfolios.

3.6 Liquidity risk management

Liquidity risk occurs if the bank is unable to meet payment obligations promptly or would do so at a high price. Losses may result from a forced asset disposal and a cash flow imbalance.

The second line of defence oversees that this risk is understood, controlled and reported to senior management and across the Group according to established governance. For this purpose:

- defines liquidity risk and provides detailed measurements of current and emerging liquidity risks;
- sets liquidity risk metrics, and reviews and challenges risk appetite and limits proposed by the first line of defence;
- assesses and challenges commercial and business proposals, and gives senior management and business units the information they need to understand Santander's liquidity risk;
- oversees the first line of defence's liquidity risk management and measures how long business will remain within risk appetite limits;
- reports to governing bodies (risk control committee, RSRCC and board of directors) on compliance with risk appetite limits and any exceptions;
- provides a comprehensive overview of our liquidity risk exposure and profile; and
- makes sure that liquidity risk procedures are appropriate to manage the business within risk appetite limits.

The market remained stable throughout 2024. Debt markets operated under normal conditions and we achieved our proposed financing targets. Additionally, our subsidiaries have a sound balance sheet and stable funding structure, supported by a large base of customer deposits, low dependence on short-term funding and liquidity metrics that are well above local and corporate regulatory requirements and within risk appetite limits.

3.7 Key liquidity risk metrics

Our solid liquidity position stands on a decentralized model under which each subsidiary manages its own liquidity autonomously. To measure liquidity risk, we use tools and metrics for the right risk factors. We follow the guidelines set out in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) to draw up liquidity risk metrics. We determine liquidity scenarios for internal metrics based on the behaviour of other banks in liquidity crises, regulatory assumptions, and expert opinion.

These are our core monitoring metrics in the Group:

A) Regulatory metrics:

a. Liquidity coverage ratio (LCR) assesses the short-term resilience of our liquidity profile by making sure we have enough high-quality liquid assets to withstand a considerable market stress scenario for 30 calendar days. In 2024, the Group's LCR remained stable and well above the regulatory threshold.

b. Net stable funding ratio (NSFR) measures long-term liquidity risk. It is the ratio of available stable funding to required stable funding. In 2024, the NSFR of our core subsidiaries and the Group remained above the regulatory requirement of 100% and the internal risk appetite.

B) Internal metrics:

a. Liquidity buffer assesses whether liquid assets are enough for the bank to survive for set time horizons under several liquidity stress scenarios.

b. Wholesale counterparty concentration metric measures the impact of our largest non-financial counterparties withdrawing deposited funds. We use it to measure the quality of our liquidity and to uncover excessive dependency on a small number of customers.

c. Structural asset encumbrance metrics. We calculate two metrics to measure asset encumbrance risk. One the one hand, the asset encumbrance ratio is encumbered assets to total assets; on the other hand, the structural asset encumbrance ratio gives the proportion of encumbered assets by structural funding transaction (namely long-term collateralized issues and credit transactions with central banks).

d. Other liquidity metrics. Grupo Santander has a set of additional liquidity indicators to complement those listed above and to measure other non-covered liquidity risk factors.

e. Liquidity risk scenario analysis. Grupo Santander has five standard scenarios:

i. An idiosyncratic scenario of events that are detrimental only to Santander.

ii. A local market scenario of events that are highly detrimental to Grupo Santander's base country's financial system or real economy.

iii. A global market scenario of events that are highly detrimental to the global financial system.

iv. A combined scenario of more severe idiosyncratic and local and global market events, occurring simultaneously in an interconnected manner.

v. Climate scenarios, with various stress situations based on the potential economic effects of climate change.

We use these stress test outcomes as tools to determine risk appetite and support business decision-making.

f. Early-warning liquidity indicators. The system of early warning indicators consists of quantitative and qualitative liquidity indicators that help predict stress situations and weaknesses in the funding and liquidity structure of Grupo Santander entities. External indicators relate to market-based financial variables; internal indicators relate to our own performance.

g. Intraday liquidity metrics. Santander follows Basel regulation and calculates several metrics and stress scenarios for intraday liquidity risk to maintain a high level of control.

For more details on liquidity metrics, see section **3.4 'Liquidity and funding management'** in the 'Economic and financial review' chapter.

3.8 Actuarial, pension and insurance risk management

Actuarial risk

Actuarial risk stems from biometric changes in defined benefit recipients' and life insurance policyholders' life expectancy; and from suddenly higher non-life insurance payments.

These are the actuarial risks we distinguish:

- **Life liability risk**: Risk of loss on liabilities due to changing risk factors that affect pension obligations, split into mortality/longevity risk, morbidity risk, withdrawal/surrender risk, expense risk, and catastrophe risk.

- **Non-life liability risk**: Risk of loss on liabilities due to changing risk factors that increase Santander's non-life payment obligations towards employees, split into premium risk, reserve risk, and catastrophe risk.

Pension risk

Grupo Santander runs several defined benefit pension schemes that generate financial, market, credit and liquidity risks from assets and investments, as well as market and actuarial risks from pension obligations.

Our pension risk management and control involves identifying, measuring, mitigating and reporting on sources of pension risk to reduce long-term exposure.

Grupo Santander uses a VaR methodology to measure pension risk, set pension risk appetite limits and calculate economic capital. Moreover, we estimate combined losses each year on assets and liabilities under a stress scenario that includes shifts in interest rates, exchange rates, inflation, stock markets, property values and credit spreads.

The majority of our defined benefit pension schemes are in Brazil, Germany, Portugal, Spain and the UK.

In 2024, the impact of market performance on pension risk was slightly negative, owing to contrasting behaviour of discount rates in our core markets and a rise in inflation in the markets that are exposed to this risk. Throughout the year, we took measures to reduce our exposure to pension and actuarial risk by taking advantage of interest rate levels.

Insurance risk

Grupo Santander's insurance risk model is based on our own insurers and partnerships with insurers in which we hold a non-majority interest (joint ventures).

These insurers assume financial, non-financial, actuarial and other risks according to their risk profile.

Our core aim in managing and controlling insurance risk is to identify, measure, mitigate and convey all sources of risk in the insurance business to help meet our commitments to policyholders and shareholders.

We continuously monitor the solvency of our insurers by calculating regulatory solvency levels and making sure that they stay within the established risk appetite. Moreover, we run sensitivity analyses and stress scenarios on the most significant risks to assess their impact on solvency.

In 2024, our insurers' risks remained stable. Regarding actuarial risk, though natural disasters have generally increased in our markets, they have not had a significant impact on solvency due to reinsurance programmes and other public and private protection schemes.

4. CAPITAL RISK

4.1 Introduction

Grupo Santander's structural risk includes the risk that the bank has insufficient capital to absorb losses stemming from its operations or to meet internal business objectives, regulatory requirements and market expectations.

We oversee first-line capital management and check that our capital adequacy and coverage match our risk profile and Group strategy through our Capital Risk area, which is part of our second line of defence. We also oversee transactions that could be considered significant risk transfers (SRT).

Capital management falls under the Group's capital framework and model. It brings together capital planning and adequacy, budget execution and tracking, and the ongoing measurement, reporting and disclosure of capital data.

4.2 Capital risk management

We independently oversee the capital activities carried out by the first line of defence. These activities are split into four workflows to promote an appropriate level and efficient use of capital, meet internal solvency targets and regulatory requirements, and match our risk profile:

Capital planning

We draw up a capital plan (consistent with the strategic plan) that sets out our solvency targets and the actions required to execute it. The control area reviews the plan's viability to identify, assess and quantify the risks that may impact on fulfilling it.

Capital adequacy

We measure capital levels against the risk assumed, based on a risk profile assessment and our risk appetite framework, and under stress scenarios. Oversight of this process aims to:

- cover all significant risks in the course of our operations;
- confirm that results are reasonable and consistent with business strategy, the macroeconomic environment and system variables; and
- check that planning methodologies and assumptions are appropriate.

Capital risk assessment

Capital measurement is an internal risk management process to calculate the metrics we use in capital management, supervisory reporting and market disclosures regularly.

The continuous monitoring of our capital measurement is an additional control function to achieve the right capital risk profile. It involves a review of capital metrics and set thresholds, as well as oversight of compliance with solvency risk appetite to keep capital levels above internal and regulatory requirements, and market expectations.

Origination (risk transfer initiatives)

Origination is where we oversee the structuring and launch of the Group's initiatives to release shareholder equity and their subsequent monitoring.

We oversee securitizations that might be significant risk transfers originated by Santander in order to release capital, according to articles 243 and 245 of Regulations (EU) 2017/2401 and 2017/2402.

Oversight is an essential prerequisite for synthetic and traditional securitizations, especially if they can reduce risk-weighted assets (RWA) under regulatory standards.

The aim is to make sure that oversight includes analysis of the conditions that could alter the securitization's SRT classification, namely:

- if it meets the requirements of an effective risk transfer;
- if it complies with all prudential regulation requirements;
- if its risk parameters follow our methodology; and
- if its economic rationale meets Group-wide standards.

In today's macroeconomic landscape of geopolitical tension, market volatility and other events, we focused on protecting the Group's solvency and meet the internal objectives. We pinpointed and assessed the risks that could affect solvency and continuously monitored key metrics.

The capital risk function regularly assesses potential deviations in capital forecasts to set budget uncertainty levels. We oversee progress with the organic capital plan, securitization plan and other initiatives that impact on capital, as well as the supervisor's review of capital calculation (Internal Model Investigations -IMIs-, On-Site Inspections -OSIs- and others).

In 2024, we continued to enhance monitoring of the achievement of subsidiaries' capital contribution targets to spot risk and opportunity relating to our capital targets for the year. We also checked the impact of market variables on capital levels. Against this backdrop, we continue to implement hedging policies to mitigate exchange rate volatility on our CET1 ratio.

The second and first line of defence set the solvency appetite limits, which were consistent with the Group's medium-low risk profile and resilient to stress conditions.

Regarding planning, in 2024 we performed a more detailed review of our Group and subsidiary recovery plans to enhance measures and hypotheses.

We introduced stricter standards to enhance reporting and governance of SRT securitization oversight during origination. To make monitoring more robust, subsidiaries became more involved in regular analysis and we drove further automation through use of the corporate tool.

At the end of December, our fully-loaded CET1 ratio was 12.8%, above our 12% target.

The fully-loaded CET1 ratio rose 51 bps. We achieved gross organic generation of 209 bps and recognized a 100 bps charge for shareholder remuneration in 2024 (consistent with the target payout of 50%) and a negative regulatory and model impact of 59 bps.

Under IFRS 9 transitional arrangements, the CET1 phased-in ratio at the end of December was 12.8% and the total phased-in capital ratio was 17.4%, comfortably meeting the Basel Committee's 9.6% and 13.9% minimum levels, respectively.

Throughout the year, we maintained all the Group's risk appetite metrics above the established solvency limits.

For more details, see section 3.5 'Capital management and adequacy. Solvency ratios' in the 'Economic and financial review' chapter.

4.3 Key metrics

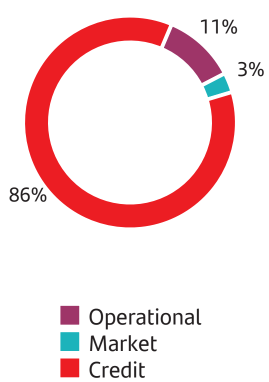
Banco Santander's strong capital position is consistent with our business model, balance sheet structure, risk profile and regulatory requirements. Our robust balance sheet and profitability enable us to finance growth and accumulate capital.

Our model of subsidiaries with autonomy over liquidity and capital enables us to mitigate risk. Our capital metrics are stable, with ratios that remain comfortably above regulatory requirements.

The distribution of risk-weighted assets (RWA) by risk type and by region at year end reflects the Group's core business in credit risk and geographic diversification:

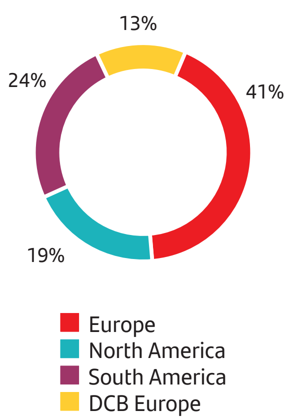
RWA by risk type[A]

Dec.24 data



RWA by region[B]

Dec. 24 data



A. Credit risk included counterparty credit risk, securitizations and amounts below the thresholds for deduction.
B. Others, not included, represent 3% (Corporate centre)

5. OPERATIONAL RISK

5.1 Introduction

Operational risk is inherent in all products, activities, processes, and systems, as well as in all business and support areas. All employees are responsible for managing and controlling the operational risks generated by their activities.

Santander defines operational risk, according to the Basel framework, as the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. Also, it covers categories of risks such as fraud, technological, cyber, legal[9], and conduct risks are included.

5.2 Operational risk management

Management and control model

Our operational risk and control model establishes the core components needed to manage and control this risk properly throughout the cycle according to advanced regulatory standards and best practices. Execution of the model supports the correct setting and update of management priorities as well as the definition and implementation of internal controls to mitigate risk throughout the organization.

In this section we first detail the risk management cycle, as well as the instruments we use to manage and control operational risk. We then focus on operational resilience and the core operational risks and their mitigation plans. Last, we describe how we use insurance as a risk transfer mechanism and operational risk management in the wholesale banking business.

The operational risk cycle comprises:

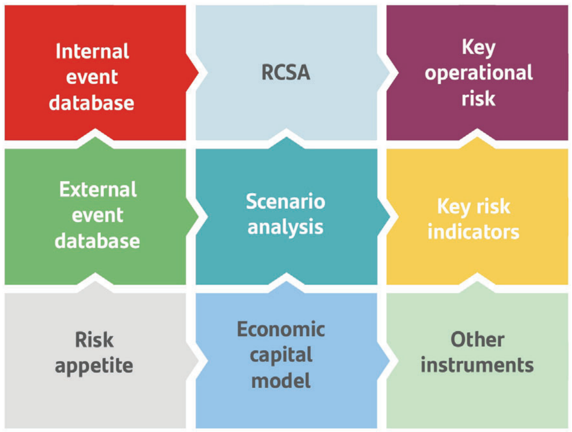
- **strategic planning:** this covers the activities necessary to define the Group's objective operational risk profile, including setting the risk appetite, estimating annual losses and reviewing the management perimeter;
- **identification and assessment of risks and internal controls:** this process aims to identify the risks and factors that may cause operational risk in the organization and assess their potential impact quantitatively or qualitatively;
- **ongoing monitoring of the operational risk profile**, to analyse available information regularly on the nature and extent of the risks incurred in the undertaking of the Group's activities through an adequate alerts system, based on tools, such as indicators and escalation procedures.
- **risk response decisions including risk mitigation and risk transfer measures:** operational risk can emerge in any Group procedure, so its management requires mitigation measures for risks considered unacceptable following identification and assessment.

  The analysis of operational risk exposure can conclude with the acceptance of that level of risk, the implementation of action plans to manage it, the transfer of risk through insurance or other outsourcing mechanisms or, alternatively, the discontinuation of the related activity.

  Against this backdrop, contingency and business continuity plans are key as they enable us to continue activity and limit losses in the event of severe business interruptions, which are particularly sensitive in financial markets. According to the EU Digital Operational Resilience Act (DORA), it is necessary to increase digital operational resilience such as the capacity to build, support and review operational integrity and reliability, contribute to keep networks and information systems secure, and continuously provide quality financial services even in the face of disruption.
- **disclosure and reporting** of information necessary for decision-making.

[9] Legal proceedings stemming from operational risk.

Additionally, at Grupo Santander, we have various tools that allow us to effectively manage and control risk throughout the management cycle, such as:



Internal event database

The internal events database collects and records internal operational risk events, whose impacts could be financial impact (e.g., losses and provisions, regardless of their amount) or non-financial impact (i.e. relating to regulation, customers and/or services). This information:

- enables us to conduct root-cause analysis;
- increases the awareness of risks for better operational risk management;
- enables the escalation of relevant operational risk events to senior risk executives in the shortest time possible;
- facilitates regulatory reporting;
- facilitates the development of the economic capital model within the internal capital adequacy assessment process (ICAAP).

External event database

This database contains quantitative and qualitative information about external operational risk events, which facilitates detailed analysis of relevant events in the industry; comparison with Group and subsidiaries' loss profiles; and preparation for the Risk control self-assessment (RCSA) exercises, insurance and scenario analysis.

It provides an additional source of information to internal events, which boosts operational risk management.

Scenario analysis

This is a tool to analyse highly unlikely events that could result in significant losses and establish appropriate mitigating measures based on the assessment and opinion of experts from business lines and risk managers. Scenario analysis results are also used as input to the economic capital models.

RCSA

The RCSA is an assessment of the operational risks and control environment associated with the Group's activities and operations. Its key aim is to assess inherent and residual operational risk, as well as the design and effectiveness of controls and whether they need to be strengthened or new mitigating actions need to be put in place.

It includes detailed reviews to identify cyber, technology, fraud, supplier and other risk factors that could generate operational risk or a failure to observe the law. The RCSA also covers regulatory compliance, conduct risk and financial crime.

Key operational risks (KORs)

Top-down assessment that considers senior managers' concerns and opinions about operational risk so that the rest of the organization can review them appropriately and we can include them in the RCSA.

Key risk indicators (KRIs)

These provide quantitative information about our risk exposure and control environment. The most relevant indicators are those related to the bank's main risk exposures, and are part of the operational risk appetite.

Risk appetite

It has the following structure:

- A global non-financial risk appetite statement, which asserts our commitment to controlling and limiting non-financial risk events that can result in financial losses; fraud events; operational and technological incidents; legal and regulatory infractions; issues associated with conduct; or reputational damage. This statement has associated loss and control environment metrics.
- Statements regarding technology risk, cyber risk, the cloud, fraud, financial crime compliance, product sales, regulatory compliance, model risk, data management, and supplier risk management, and their own forward-looking monitoring metrics.

Economic capital model

Our economic capital model for operational risk takes a loss distribution approach (LDA) that captures our operational risk profile and calculates economic capital based on information collected from the internal and external event databases and scenario analyses. We use it to determine operational risk economic capital and estimate expected and stressed losses to set operational risk appetite.

Moreover, we use other instruments to analyse and manage operational risk, such as the assessment of new products and services and transformation initiatives; business continuity plans (BCP); review of the management perimeter and corporate insurance policy coverage; recommendations from internal and external auditors and supervisors; and the quality assurance process.

Our management, assessment and reporting system for operational risk, Heracles, supports the operational risk programme and tools through a governance, risk and compliance (GRC) approach and provides information on our subsidiaries and the Group. Heracles also facilitates better operational risk management decisions by using a common set of taxonomies and methodological standards to allow for information consolidation, duplication prevention, and reporting simplification. Through Heracles, we aim for employees to have a timely, complete, and precise view of their operational risks.

Operational resilience and the business continuity plan

The digital transformation, which is ramping up due to the entry of new players with more digital business models, is revolutionizing how banks operate and presenting new business opportunities. At the same time, this structural change has increased exposure to emerging risks such as technology risk, cyber risk, and further dependency on third party suppliers, which heighten the potential exposure to events that could affect the services that we offer to customers.

Thus, regulation continues to focus on the importance of operational resilience through:

- the DORA Act, along with its implementing rules, which complements the perspective of risk related to Information and Communication Technologies (ICT). It encompasses any reasonably identifiable circumstance related to the use of networks and information systems that, if it occur, may compromise the security of networks, systems, tools, processes, operations, or the provision of services;
- the Basel Principles for Operational Resilience guidelines;
- the Building the UK Financial Sector's Operational Resilience rules published by the Bank of England (BoE), the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA);

These regulations require us to strengthen our ability to prevent and recover from disruptive events and verify that we can deliver services to our customers in all our businesses and maintain systemic stability.

To comply with the law and keep our services running, we have an operational resilience and business continuity management system (OR BCMS) that seeks to establish the continuity of services and business activities in all our subsidiaries should a disaster or major incident occur. It is a holistic management process that identifies potential threats and their impact to our operations and resources (people, apps, data, properties and others). It also defines the proper protocols and governance to provide an effective response and recovery in the shortest time possible.

Our operational resilience and business continuity application (ARK@) is vital to maintain and manage the information we use in this process.

In 2024, we continued to enhance and revise our BCMS to adapt it to the new Operational Resilience regulatory requirements, with particular emphasis on:

- critical services identification, establishing the impact tolerance for disruption for each of them, according to the bank's risk appetite, risk capacity and risk profile;
- the Group's board of directors approved operational resilience approach, considering our risk appetite and the tolerance for disruption to critical services;
- internal continuity strategies to minimize the impact on business activities derived from the potential disruptions to the services provided by critical suppliers;
- mandatory risk assessments and cost-benefit analyses in order to select the necessary continuity strategies for each contingency scenario identified;
- bolstering the tests we run every year to check our strategies and plans for every scenario, especially application outage;
- enhancing the methodology to manage and monitor the maturity level of subsidiary business continuity programmes.

Important mitigating measures

Mitigation measures aim to reduce or eliminate exposure to the main sources of risk that our internal and external tools uncover and to significant emerging or potential risks.

Below are the principal sources of operational risk (such as fraud, cyber risk, technology risk, supplier risk, and others) and their respective mitigation measures:

Fraud

The transformation and digitalization of the business has given rise to new risks and threats, such as more payment scams and fraud in loan applications.

To mitigate these risks, we enhanced control mechanisms and implemented new solutions, including:

- stronger authentication for customers;
- increased anti-fraud alerts in loan applications;
- transaction monitoring using advanced fraud prevention models.

Additional examples of controls that we are implementing for online banking fraud include:

→ strong customer authentication and signature to approve transactions;

→ behavioural biometrics and anti-malware protection;

→ identification and secure registration of customer devices.

Moreover, the second line of defence made progress with internal fraud management in 2024 by enhancing a related policy that applies to all Group subsidiaries and coordinating several activities to standardize how we manage these events, based on best practice and identified controls.

Cyber risk

At Santander, cyber risk management is an integral part of our operational risk control and management model. Our cybersecurity management is designed to align with international best practices and provide a framework to measure and monitor the cyber risk profile and control environment, including threats and incidents associated with the use of external service providers.

The increasing reliance on digital systems puts cybersecurity at the heart of managing non-financial risks in the financial industry. Our goal is to make Grupo Santander a cyberresilient organization, capable of preventing, detecting, and quickly responding to cyberattacks, while constantly improving and evolving our defences.

Ransomware in all its forms (data encryption and exfiltration) continues to be the prominent external threat. Moreover, distributed denial of service (DDoS) attacks associated with geopolitical tension and international conflicts in Ukraine and the Middle East, also continue to have a high incidence.

During 2024, multiple events were responded to, including those involving third-party service providers. For example, on May 14, 2024, Santander announced that it had become aware of unauthorized access to a Santander database hosted by an external provider, which included certain customer and employee information. Numerous measures were immediately implemented to manage the incident, such as blocking access to the database, strengthening fraud prevention, taking preventive actions to avoid a similar incident from occurring again, and maintaining direct contact with regulatory bodies and collaborating in the investigation with law enforcement agencies.

In this regard, we continue to improve risk management and develop controls in line with the Group's global cybersecurity framework and international best practices.

From the second line of defence perspective, there is a framework to measure and monitor the cyber risk profile and its control environment. The key aspects of our cyber risk oversight programme in 2024 were:

- the expansion of the services and scope of a global second line of defence Centre of Excellence for cyber risk, providing an opportunity to strengthen control risk activities while achieving efficiencies, simplification and harmonization;
- an update of internal regulation to align with new regulatory requirements (e.g. DORA Regulation);
- a review of our oversight procedures (risk indicators, risk appetite and reference risk);
- participation in the ECB’s first Cyber Resilience Stress Test;
- the automation of dashboards to embed several sources of information and provide a consolidated view of cyber risk.

For more details on cyber security, see section **5 'Research, development and innovation (R&D&I)'** on 'Economic and financial review' chapter.

IT risk

Our aim to become the best open financial services platform on the back of digital transformation requires constant review, assessment and enhancement of our controls to mitigate and manage technological risk.

Despite a demanding environment under constant change, we are quickly adapting our business model and our technology to support the global businesses in their digital transformation by providing them with global platforms that draw on innovative capabilities to meet the new needs of our customers and new regulatory requirements. This also aims to strengthen our position as a digital bank with a global footprint that can adapt to the changing demands of the market.

For 2024, the key aspects of our IT Risk Management programme were:

- monitoring the implementation of actions to meet the requirements of DORA regulation, including a deep dive into the operational resilience scenario mitigation strategy in relation to data mismanagement;
- making key IT assets less obsolete to fit with our risk appetite;
- strengthening the Public Cloud control model by embedding essential controls within the risk and control self-assessment for the first time;
- continuing to enhance automation to correlate data, analyse and report on technology risks to facilitate the collection and consolidation of information, prioritize risk management, and enable more effective independent oversight;
- making headway with the implementation of automated solutions to analyse back-up and inventory controls that help enhance the monitoring and control of technological risk.

Supplier risk management

Our digitalization strategy sets out to offer our customers the best solutions and products in the market. This may lead to an increase in third-party services, cloud services and the large-scale use of new technologies.

In 2024, we boosted our supplier management model and internal control framework due to increased cyber risk, environmental (ESG) risks and regulatory requirements (especially DORA). We implemented a new IT platform to assess and manage the risks in outsourcing and third-party agreements.

We continued to bolster our methodologies and contractual frameworks to enhance the monitoring of third-party risk in our subsidiaries. Moreover, we used a risk-based approach that focused on suppliers that could increase the potential risk level in our operations and customer services in the Group’s subsidiaries. We increased monitoring of those suppliers to check that:

- they have an appropriate control environment in accordance with established Group policies and that mitigate the risk level of the service provided;
- business continuity plans are in place to enable the delivery of the service even in the event of a disruption;
- the proper controls are in place to protect the information processed during the provision of services;
- contracts and third-party agreements include the required clauses to protect the interests of our customers and the Group, while providing coverage of the legal obligations in force;
- regular monitoring of these suppliers is carried out, with particular attention to service level agreements and the regular testing of their business continuity plans;
- exit strategies are defined, including reversion or migration plans, particularly for those services with a high impact on business continuity and difficult to replace.

We continue to embed our environmental, social and governance approach in our strategy and culture to build a more responsible bank. Because our suppliers may have an impact on the environment and broader society, we implemented a new certification procedure to verify that they follow the Group's ESG sustainability standards and criteria.

Other key mitigating actions

We are constantly improving our risk mitigation measures related to customer, products, and business practices. Santander has specific frameworks and policies on the marketing and selling of products and services; customer complaint handling and analysis; financial crime prevention; and compliance with new regulations.

For more details on compliance risk mitigation, see section **6.2 'Compliance risk management'.**

Insurance in operational risk management

Santander considers insurance a key component of operational risk management. The Corporate Insurance function is responsible for the use of risk transfer formulas to optimize and safeguard the bank's financial results.

We have global insurance programmes for property damage, civil liability, fraud, expenses arising from cybersecurity breaches, and third-party claims against directors and officers of the Group (D&O insurance). We supplement these global policies with a wide range of local insurance policies that adapt to the characteristics of each subsidiary and are taken out according to the insurance risk management model that the Corporate Insurance area implements in each market.

This area works with the Non-Financial Risk (NFR) function to perform continuous monitoring and oversight of the proper application of policies and procedures to manage risk that is insurable in our subsidiaries.

This collaboration is governed by:

- NFR's participation as a permanent member in the quarterly corporate insurance forum;
- NFR's attendance at the quarterly claims forum, which monitors and enhances processes for loss recovery via insurance;
- procedures outlining the interaction model between NFR and Corporate Insurance, as well as other functions that correspond to the various insurance typologies (e.g., facilities, cybersecurity and, legal, among others). These procedures pursue the proper management of insurance throughout the entire process of identification, assessment, transfer, and retention of risk;
- twice-yearly coordination of the mapping of risks to insurance across the Group, with the objective of monitoring the effectiveness of insurance coverage, and identifying and correcting any potential gaps in coverage.

We continue to adapt how we use insurance to align our management with changes in the risk environment. Against this backdrop, we extended our analysis and added coverage related to climate change, cyber risk, the digital landscape and other elements to make sure that the policies and governance of the non-financial risk and corporate insurance functions respond to these and other emerging cross-cutting risks.

Analysis and oversight of controls in Corporate & Investment Banking (CIB)

Given the nature, specificity and complexity of financial markets, CIB must enhance operational risk management and control continuously. We implemented these enhancements in 2024:

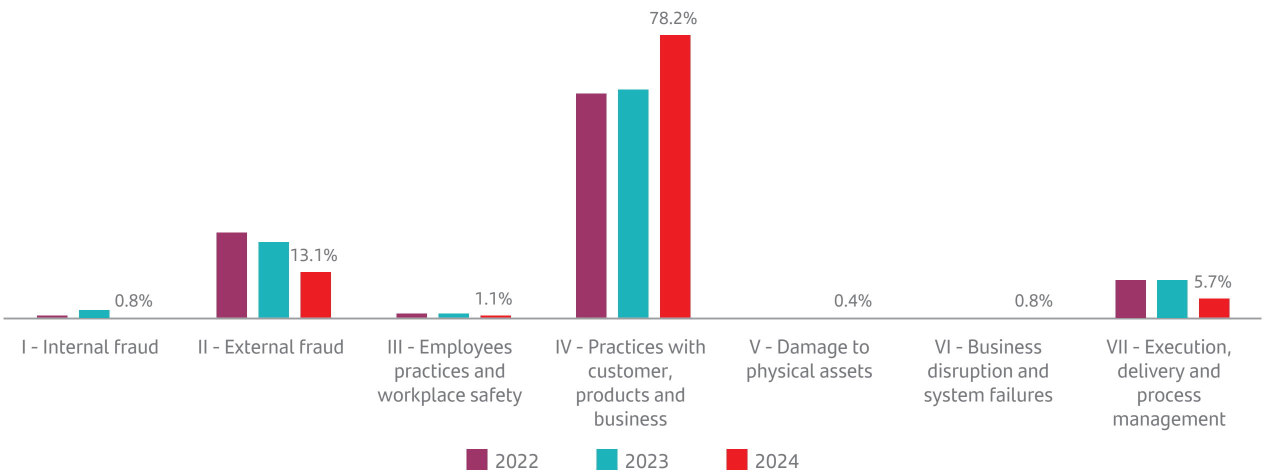
- Enrichment of processes to drive automation and operational excellence in the services provided to our customers, based on a culture of quality that promotes the best CIB standards in every market;
- Reinforcement of the control framework for market activity by enhancing the design of controls, the quality of their execution, and other aspects. We continue to focus on the risk of unauthorized trading as a CIB risk management priority, for which we have clearly defined controls;
- Strengthening of the vendor risk management function through monitoring focused on critical and high risk services and targeted reviews of critical third-party processes to boost the risk profile and promote compliance with internal and regulatory requirements. We placed special emphasis in 2024 on meeting all the requirements set out under the DORA's Act;
- Strengthening cybersecurity control measures to protect against information leaks and cyber attacks in interactions with third parties (including SaaS[10] providers); controls over user access to systems (privileged user access); and technological contingency tests. In addition, we enhanced monitoring and challenge exercises to execute controls correctly.

[10] SaaS - Software as a Service

5.3 Key metrics

Net losses (including incurred losses and net provisions) as per Basel[11] risk categories in the last three years were:

Net losses by operational risk category[A]
(% o/total)



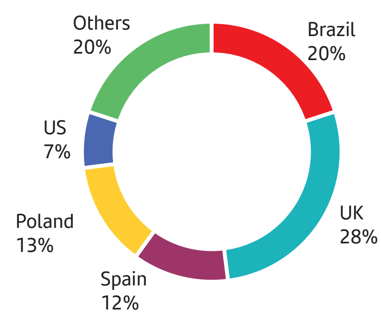
A. Does not include employees litigations in Brazil.

Santander considers employee litigation in Santander Brazil to be a staff expense. Our governing bodies (risk control committee, RSRCC and board of directors) continuously monitor expense levels with specific risk appetite metrics and take special actions to reduce them. These expenses are reported under the categories defined by the Basel Operational Risk framework.

In 2024, the most significant losses by category and geography are related to litigation in Santander Brazil, the UK, Poland and Spain. In the case of the UK, operational risk losses increased in 2024 due to the provision made for the case of vehicle financing commissions (see section on legal provisions in the consolidated financial statements). Excluding this case, UK losses would be lower compared to the previous year.

The net losses by country were:

Net losses by country[A]
(% o/total)



A. Does not include employees litigations in Brazil.

[11] The Basel categories incorporate risks which are detailed in section 6 'Compliance risk'.

6. COMPLIANCE RISK

6.1 Introduction

The compliance risk function is an independent control function within the second line of defence. It reports directly and regularly to the board of directors and its committees through the Group Chief Compliance Officer (CCO). It facilitates critical, independent debate, oversight and control in terms of corporate compliance, product governance, consumer protection, reputational risk, and financial crime. It also measures the impact of compliance and conduct risk on risk appetite. The compliance function regularly reports to the relevant governance bodies at management and board level, on compliance related risks and the effectiveness of the compliance programme in managing them. This function works closely with the wider risk team to promote a common risk and compliance culture.

Our compliance operating model and framework is well established and delivered consistently across the Group. It considers all applicable legal and regulatory requirements and expectations of the Group, and promotes well-defined ethical principles and good conduct requirements, for the benefit of employees, customers, shareholders and the communities we serve in.

In 2024 we focused on enhancing our operating model to strengthen the progression of our commitments, with specific focus on managing our financial crime risks in the face of ongoing geopolitical challenges, and delivering enhanced compliance support to the Group's global divisions.

6.2 Compliance risk management

We have a robust and consistent compliance operating model and framework to meet all legal and regulatory requirements at Group and subsidiary level. Programmes are risk-based and reflect the size and complexity of the Group. The key risks that we cover and describe in the current section include but are not limited to the following:

- Employee compliance: risk of non-compliance with legal and regulatory requirements as outlined in Grupo Santander's Code of Conduct, due to the behaviours and conduct of our employees. Every employee is expected to operate based on the highest ethical considerations and free of any conflict of interest at all times.
- Conduct risk: risk arising from inadequate practices in the Group's relationship with customers, including the way they are treated, as well as the products and services offered and their suitability for each customer. Inadequate treatment of customers includes the risk of not taking due account of the vulnerability or special circumstances and/or economic stress of customers, so that we act in their best interests and offer them viable solutions where possible.
- Reputational risk: risk of current or potential negative economic impact to the bank due to damage to the perception of the bank on the part of employees, customers, shareholders, investors and the wider community.
- Financial crime risk: risk that Santander is used or exploited to make funds or assets with illicit origin and/or that enable criminal activity to appear as legitimate, specifically through money laundering, terrorism financing, sanctions violations and such other crimes as bribery, corruption or fraud.

In addition, ESG factors[12] are cross-cutting in all the organization and managed according to our risk and compliance, and sustainability frameworks. From a compliance programme perspective, they mainly relate to FCC, conduct and reputational risk, where we continue to enhance the risk and compliance control environment in relation to the ESG management.

For more details on ESG factors management, see section '2.3 Embedding climate in risk management' in the 'Sustainability statement' chapter.

Corporate compliance

This function oversees and controls regulatory risk from employees, those related to personal data processing, securities markets (markets conduct) and regulatory disclosures to the Spain's stock markets authority, Comisión Nacional del Mercado de Valores (CNMV), and other regulatory bodies where Santander is a publicly traded company. The core elements of corporate compliance are:

[12] A set of potential negative impacts relating to ESG factors (environmental, social and governance), considered as material by the Group according to the corporate risk framework.

A. Employees

We promote a culture of ethics and compliance among our employees, with standards for preventing corporate financial crime risk, conflicts of interest and anti-competitive practices according to the General Code of Conduct (GCC). To support this, we operate Canal Abierto, Grupo Santander´s whistleblowing channel, through which employees and other stakeholders can anonymously and confidentially report financial and accounting irregularities, as well as violations of internal or external regulations and our corporate behaviours.

Employees' compliance

Canal Abierto

- Provide a channel for employees to report unethical conduct and breaches of internal or external regulations.
- Manage and investigate reported cases.
- Promote a culture of speaking up and truly listening.

Training and awareness

- Develop employee training programmes and awareness campaigns on corporate defense, anti-trust and employee compliance.
- Issue messages about ethics to the entire Group to build relationships based on trust.

Disciplinary proceedings

- Investigate conduct that is misaligned with our ethics and compliance principles.
- Assess disciplinary measures.

Policies and procedures

- Promote compliance with the GCC and enact special policies and procedures to enforce it.
- Report to governing bodies regularly.

Appointments

- Assess the suitability of the Group's board and senior management nominations.*

Queries about ethics

- Manage queries from employees and members of governing bodies about ethics and internal regulation.

(*) Run by the Corporate Centre, Corporate Compliance, Legal and Internal Governance areas.

For more details on Canal Abierto, see section **'4.3 Ethical channels'** of the 'Sustainability statement' chapter.

B. Privacy

At Santander, we have a specialist office that enforces our corporate policy on personal data protection and sets out guidelines for all our subsidiaries. In 2024, we increased data protection awareness following the 14th of May incident related to the unauthorized access to a Santander database hosted by a third-party provider. We adopted coordinated and reinforced measures to strengthen our data protection culture and foster collective consciousness about the value and protection of personal data.

C. Market regulation

The Markets Conduct team within Corporate Compliance oversees enforcement of the Code of Conduct in Securities Markets (CCSM). It is also responsible for the control environment applicable to treasury shares transactions and Santander's buyback programmes and for monitoring the use and contribution of benchmarks.

In addition to the application of the CCSM, the risk of market abuse is primarily managed by the relevant business line, with support from CIB Compliance, as outlined below:

- The global control room function is responsible for preventing unlawful disclosures of inside information and transactional conflicts of interest.
- The surveillance function is responsible for: (i) monitoring the bank's activity in financial markets; (ii) deterring and detecting market abuse and other types of misconduct; and (iii) establishing monitoring systems for both the bank's orders and transactions in financial markets and for the communications of employees carrying out this activity.
- The CIB compliance function also oversees compliance with core international market regulations, including, but not limited to:
  - EU laws and regulations: monitoring of compliance with EU Regulations (for example, MiFID II and EMIR), with the focus in 2024 on regulatory reporting, inducements and Algorithmic Trading requirements.
  - UK laws and regulations: continued monitoring of divergences of UK vs. EU regulations.
  - US laws and regulations: monitoring of US compliance programmes and their global application, in particular Dodd-

Frank Swap Dealer and Security Based Swap Dealer; and the Volcker Rule.

D. Relevant Information

The core functions of Corporate Compliance's Relevant Information team are: (i) leading the assessment to decide whether a particular piece of information could be classified as inside or other relevant information; (ii) disclosing relevant information as well as key inside information on the Group to the markets, which can be found on both our website and the CNMV's; and (iii) reporting on transactions with treasury shares or significant holdings of Banco Santander, and on transactions and share-based remuneration schemes of executive directors and senior managers to the CNMV and other regulatory bodies in markets where Santander is a publicly traded company.

E. Automatic exchange of tax information between countries

The data management function oversees automatic tax disclosure between subsidiaries (pursuant to FATCA[13] and CRS[14]) by checking regular reporting obligations and execution of local action plans.

Key corporate compliance lines of action in 2024

Policies, procedures and guidelines

- Enhanced Santander's GCC to avoid conflicts of interest that could arise between Group professionals who have a family member within the Group.
- Revised Santander's CCSM to align its content to the current regulatory framework and best practices and to adopt an approach closer to the expectations of US regulators.

Risk management, methodologies and control

- Successfully completed the transition to the enhanced methodology of EURIBOR contribution set by the European Money Markets Institute.
- Implemented the amendments stemming from EMIR-Refit.
- Applied a control framework to the two buyback programmes carried out in the year (for an amount of EUR 1,459 million and EUR 1,525 million) to contribute to their compliance with applicable regulation.

Subsidiaries Oversight and Awareness

- Ongoing coordination to facilitate proactive identification, management and reporting of any data related risk.
- Established foundation for countries not affected by GDPR to apply similar standards through a comprehensive compliance program which manages personal data protection risks effectively.
- The focus of the Surveillance function was on the continued harmonization of global tools and processes across both trade and communications.
- Benchmark Oversight of subsidiaries and global businesses strengthened through the execution of Risk assessments, and through the advice to local units and businesses.

Conduct and reputational risk

The conduct and reputational risk function promotes suitable levels of consumer protection by fostering a good customer relationship culture throughout the overall customer lifecycle (from design of products, sales, post-sales and in all engagement throughout a customer's relationship with the Group) to protect consumers' rights and promote their fair treatment while managing and mitigating all potential conduct risks with them.

It also promotes a low reputational risk profile by defining criteria and controls to minimize risk that seek to prevent, mitigate and proactively manage stakeholder relationships within the Group.

A. Conduct risk

Customer conduct risk can potentially arise through failures in marketing processes, including product design (e.g. definition of target market and price), in sales (e.g. transparency and suitability) and post-sales (e.g. customer service and consideration of customers in special circumstances).

The first line of defence (i.e. business and its supporting functions), are responsible for identifying, mitigating, managing and resolving risks across all these phases and when dealing with customers. Compliance, as the second line of defence, advises the first line of defence of the global business and the local compliance teams on the implementation of the Group´s conduct risk management model and oversees the control environment and remediation plans, where applicable.

[13] Foreign Account Tax Compliance Act
[14] Common Reporting Standards

Key elements of the conduct risk management model

Internal regulation and governance

- Define principles and processes through a strong regulatory-based conduct risk management model.
- Oversee of local product governance forums and run the corporate one to mitigate conduct risk in the product and service approval.

Oversight of key processes

- Our products and services meet customer needs.
- Sales target the right markets with transparency, ensuring proper training, and customer-centric incentives.
- Our customer service and post-sale services are high-quality and fair.

Risk management

- Monitor results of marketing controls.
- Identify and assess risks using customer voice, risk management tools, and supervisory and sectorial information.
- Escalate issues and action plans.

Our conduct risk model promotes basing our actions on customers' interests, regulation, our values and our principles. That means driving a customer-centric culture throughout the marketing and servicing processes and retail customer relations with a Simple, Personal and Fair approach.

Key conduct risk lines of action in 2024

Implementation of responsible practices with end users

- Vulnerable customers policy implementation.
- Annual review of sales force remuneration, ensuring consistency with Group standards.
- Thematic review on fair lending practices for credit cards and overdrafts.
- Monitoring of responsible pricing, fraud management, and contact centre activities.

Contribution to the simplification strategy

- Conduct risk assessments of product catalogue simplification.
- Optimization of product approval processes.

Promoting best practices in digital strategy

- New guidelines to mitigate conduct risk and improve customer experience in digital sales.
- Policies for crypto and digital Assets and several initiatives approved after expert review.
- Ongoing collaboration in public discussions on digital assets.
- AI project in Brazil to analyse customer complaints better, enhancing depth and speed.

For more details on conduct with customers, see section '3.3 Our customers' of the 'Sustainability' chapter.

B. Reputational risk

Reputational risk is predominantly rooted in stakeholders' perception of the bank in every market where we operate. Reputational risk can arise from multiple sources: from business or business support activities, as a consequence of other risks, from the economic, social and political environment, or from events related to our competitors. Our reputation could also suffer if we are the subject of negative coverage in the media, whether merited or not.

Reputational risk applies to all Group activities and is identified, managed and mitigated by business and support functions, in particular the ones that engage with stakeholders. The second line of defence, in compliance, draws up policies, oversees the risks, challenges the first line of defence and report and escalate to the relevant governing bodies (compliance and conduct committee, CSRRC and board).

Our reputational risk model takes a preventive management and control approach, with effective handling of early warnings as well as procedures to identify, manage and monitor risk events. It also includes elements to identify, analyse and monitor key stakeholders' perception of Grupo Santander and the financial sector, and how that perception may change. Our model is also consistent with the overall risk management and control processes (risk profile, risk appetite, economic capital, emerging risks, and others).

Key reputational risk lines of action in 2024

Policies, procedures and guidelines

- Reviewed models, policies and criteria in sensitive activities: the defence sector and subsidiaries oversight.
- Collaborated with other functions to implement greenwashing guidelines, awareness and meet regulatory requirements.
- Reviewed our humanitarian crisis management guidelines and set assessment criteria for Santander aid deployment.
- Collaboration in definition of a protocol to mitigate reputational risk when restricting or ending business relationships due to FCC reasons.

Risk management, methodologies and control

- Ran initiatives to share best practices with subsidiaries, including enhancements of collaborative tools.
- Enhanced methodologies to quantify reputational risk for economic capital and developed a methodology to quantify reputational impact related to climate & environmental risks.

Subsidiaries oversight and reporting

- Enhanced subsidiary oversight, governance and challenge processes.
- Updated the methodology and processes for the control environment at Group and subsidiary-level (quality assurance, oversight perimeter, etc.).
- Bolstered the process of risk reporting and consolidation in the corporation and subsidiaries for reputational risks, based on a forward-looking approach.

Financial Crime Compliance (FCC)

Financial crime risk arises from acts or the use of the Group's means, products and services for criminal or illegal activities.

The business functions form the first line of defence who is primarily responsible for identifying, managing, mitigating and reporting financial crime risk, taking into consideration the Group's risk culture. The Accountable Executive for FCC oversees that the business embraces, implements and executes the FCC Framework and FCC Programme effectively.

The FCC function, as a second line of defence, oversees financial crime risks and maintains suitable policies and procedures to manage the business activities within the Group's established risk appetite.

In addition, in 2024, we continued to focus on these priorities:

- Priority crime threats, geopolitical events, and focus on information sharing drove the general FCC Group activity for prevention and mitigation purposes against money laundering, terrorism financing and sanctions violation.
- Moreover, we focused on the growing risk in international financial sanctions in an increasingly global and interrelated environment, appropriate knowledge and updating customer due diligence files and, where appropriate, their structures and new businesses and services such as cryptoassets and payment gateways, coupled with the growing risks of fraud, and will continue to do so in the future.
- Continuous cooperation with law enforcement and competent authorities is key to disrupt threatening finance networks support the communities that the Group serves, and the Group is fully committed in this regard.

- Forged and maintained relationships with domestic financial intelligence units, law enforcement agencies and public financial institutions to enhance overall capabilities to prevent, mitigate and detect suspicious activities.
- Enhanced and developed methodologies, procedures, processes and systems to detect and mitigate financial crime, to respond correctly to existing and emerging threats.
- The ongoing FCC strategic programme enables a strong approach to the Group's control framework and operating model, embedding a dynamic model and continuous improvement of scenarios on internal systems such as transaction monitoring and sanctions screening.

Key FCC lines of action in 2024

Frameworks & policies

→ Continued evolution of AML policies and procedures as part of ongoing update of the AML/CFT framework regulation.

Financial Intelligence units

→ Enhanced information sharing activities through a new platform to feed and share information within the Group, enhancing functionality, confidentiality and security controls.

Trainings

→ Targeted training to introduce the new EU AML package and provided an online training module on sanctions.

One FCC strategic program

→ Continued to build on the control framework in several units as a consequence of strengthening the control environment and implementing One FCC strategic program.

Oversight

→ Enhanced the methodology for the FCC unit's oversight to check that all subsidiaries follow a consistent approach to supervise and assess financial crime risk.

Relationship with other associations

→ Banco Santander is a founding member of the Wolfsberg Group (association of 12 global banks that aims to develop financial services industry standards for financial crime) and is actively involved in its activities and initiatives.

For more details on FCC, see section **4.2.3 'Financial Crime Compliance (FCC)' in 'Sustainability statement'**.

7. MODEL RISK

7.1 Introduction

A model is a system, approach or a quantitative method that applies statistical, economic, financial or mathematical theories, techniques and assumptions to transform data into quantitative estimates.

We use models mainly for credit scoring/rating, performance, capital and provisioning, market and structural risk, operational, compliance and liquidity risk, and financial accounting and control, among others.

The use of models entails model risk, which is defined as the potential negative consequences of decisions based on poorly developed, poorly implemented or incorrectly used models. Model risk can lead to financial losses, inappropriate business or strategic decisions or damage to the Group's operations.

7.2 Model risk management

At Grupo Santander we have been measuring, managing and controlling model risk for years. The Model Risk area, which extends to both the corporation and the main subsidiaries, seeks to manage and supervise this risk.

For the proper management of model risk, we have clear internal regulations that establish the principles, responsibilities and processes to organise, approve, manage and govern models through their entire life cycle.

The intensity of model risk management and monitoring is relative to the importance of each model for Santander Group. Through the tiering process, we summarize and classify the level of importance of non-regulatory models. The regulatory models, given their particular relevance for the Group, follow the most intense control and management standards.

At Grupo Santander we define the following phases of the model's life cycle:

1. Identification

The identified models must be included in the scope of model risk control and, consequently, in the Group centralised inventory, a single platform based on an uniform taxonomy for all models used in the business units. This inventory is key for sound management, as it contains all relevant information of each model, enabling to closely monitor them according to their relevance and the tiering criteria.

2. Planning

An internal annual exercise approved by our subsidiaries' governance bodies[15] and reviewed in an aggregated form, which formulates strategic measures for models managed by the Model Risk area and pinpoints needs for any models to be developed, reviewed or implemented during the year.

3. Development

In this phase, the Model unit helps strengthen risk management by developing models and using data according to existing regulatory requirements.

[15] The subsidiaries' local governance bodies (including the local executive risk committee — ERC — or equivalent) approve the plan for the models under their remit. At corporate level, the subsidiaries' plans and global model plan are presented to the model approval forum (MAF) for review and to the ERC for approval.

This unit leads the development of models for all risk types, with the spotlight on complying with regulatory expectations (Internal Rating Based Approach — IRB —, IFRS9, Internal Model Approach — IMA —, and other models). To develop models, we have specialized local and global teams. The experts in each geography are responsible for the development of local models since they are well-versed in the particularities and needs of each unit, while the global experts define the modelling standards, develop global models and support the geographies on the application of these standards and on the development of their own models, where required.

Moreover, we use a boxification methodology that enables us to automate, standardize and maintain the quality of model development.

Throughout the year, we completed the final developments under the IRB Repair Program. Per supervisory requirements, we also delivered on the IRB strategy update, which sought to pursue the consistent use of IRB models in the Group's units. We will execute this strategy in the coming years. We built on models for stress tests, climate change risk management, and others.

At Santander, we believe in innovation, such as the responsible use of machine learning and generative artificial intelligence. Our aim is to delve deeper into these new techniques by running process enhancement and simplification initiatives.

4. Internal validation

Independent model validation is a regulatory requirement and key feature of our model risk management and control.

A specialist unit that is totally independent from developers and users issues technical assessments of internal model suitability. These assessments are expressed through a rating that summarizes the model risk associated to it. Validation intensity and frequency are well-defined and risk-driven.

We have an unique validation approach led by the Single Validation Office, which strengthen the second line of defence ensuring a consistent and standardised model risk management across the Group. It has allowed a greater decentralised organizational structure.

5. Approval

Before the model´s implementation and use, internal governing bodies[16] must approve it through a governance circuit in place for our model inventory, based on its level of importance.

6. Implementation and use

In this phase, we add new models to our IT systems. Because this is another source of model risk, technical teams and model owners test proper model integration based on methodology and expectations.

7. Monitoring and control

We regularly review models so that they are working correctly and that they are suitable for their purpose. Otherwise, they must be adapted and redesigned. Control teams must make sure models are managed according to the general model risk framework and other related internal rules.

Main activities in 2024

To strengthen the Group's model risk culture and position Santander as a benchmark in this area within the banking industry, in 2024 our strategy has focused on:

- implementation of the IV Next project for the evolution of the validation function, reinforcing the identification of root causes of incidents and the binding role of the Internal Validation teams;
- technological transformation and simplification of the function towards a more efficient model;
- continuous improvement of the IRB regulatory models to meet supervisory expectations and adaptation to the new FRTB regulatory framework;
- review of the model inventory from the point of view of the five global businesses, thus enabling effective model risk management aligned with the Group's strategy.

[16] The ERC, model approval forum (MAF), local model governance bodies or the model owner will approve models based on model type or use (regulatory or not); if the model is local or global; the type of amendment to the model; global tiering; and the powers delegated to each subsidiary.

8. STRATEGIC RISK

8.1 Introduction

Strategic risk is the risk of loss or damage arising from strategic decisions or their poor implementation, or the inability to adapt to a changing environment, which may impact the medium- and long-term interests of our key stakeholders.

Grupo Santander's business model is a key element of our strategic risk. It must be viable, sustainable and capable of generating results in line with our annual objectives and in a manner that is consistent with the Group's long-term vision.

Strategic risk has three key components:

1. **Business model risk**, which includes the risk of the model being out of date, becoming irrelevant and/or losing its capacity to continue generating the desired results.

2. **Strategy design risk**, which relates to the strategy and assumptions set out in the Group's long-term plan, considering that this plan may be unsuitable in its nature or because of its assumptions, which could result in the Group not achieving the expected results.

3. **Strategy execution risk**, which involves the three-year strategic plan and potential deviations from it due to internal and external factors, the lack of capacity to respond to changes in the business environment and the risks associated with corporate development transactions and the marketing of new products and services.

8.2 Strategic risk management

Our strategy and business model pillars are customer focus, our global scale with local presence, and geographical, business and product diversification. Our five global businesses are key to driving more value creation, profitability and shareholder remuneration, while helping us maintain a solid and diversified balance sheet thanks to our prudent risk management.

Grupo Santander views strategic risk as a transversal risk. We therefore have an operating model, to which the Group's subsidiaries refer to, that covers the governance, procedures and necessary tools for robust monitoring and control, all within our board-approved risk appetite.

We constantly monitor changes in competition, regulation, market conditions, our organization and other areas to determine the existence of mitigating factors, as well as action plans and the potential need to revise our strategy. The Strategic Risk function engages with key areas of the first and second lines of defence to ready mitigating measures for implementation when necessary.

Our strategic risk operating model is based on:

- Challenging strategic plans: With the support of other specialized areas within the Risk division, the Strategic Risk team challenges the three-year financial plan and long-term strategic plan by identifying potential threats that could undermine our objectives. In 2024, we bolstered this by defining a set of binding constraints that we embedded in the Group's three-year plan as well as by fully integrating our five global businesses into this process.

- Emerging risks: Santander proactively identifies, measures, monitors and manages risks that, under stressed scenarios, could have a significant impact on the Group's profitability, liquidity and solvency. In 2024, we updated the methodology we use to identify and assess these risks by enhancing its foresight component. For more details on the emerging risks we spotted in 2024, see the next section.

- Analysis of business model performance: To identify and assess the main threats to the bank's and our subsidiaries' business plan and strategic objectives in three areas:

  - Strategy execution: Assessing the risk of deviation from plans, targets and strategic initiatives.

  - Viability and sustainability: Assessing our position against competitors and the risk of failing to create shareholder value.

  - Business plan predictability: The risk of results becoming unpredictable and unstable over time.

In 2024, we simplified and strengthened our business model assessment methodology by reducing the number of metrics, dimensions and volatility, giving greater relevance to strategic execution, as well as reinforcing the backtesting of strategic planning

- Participation in the assessment and validation of proposals for new products and services prior to their release by verifying they are consistent with the Group's strategy and weighing up their risk against profitability.

- Corporate development transactions: Encouraging that the analysis of these transactions includes an assessment of their impact on the Group's risk profile and risk appetite.

- Monitoring strategic projects: The Group strategy committee sets out the strategic initiatives inventory every year. We jointly review progress of these initiatives performance twice a year, including an independent challenge from the second line of defence. In 2024, we launched several initiatives, such as those related to the use of Artificial Intelligence, to boost productivity and process automation and increase customer satisfaction. We are also promoting the interoperability of instant payment systems in Europe as a cross-border solution. Moreover, we continued to modernize the Group's core processes — based on cloud computing — to boost efficiency and strengthen our global strategy, which the five global businesses underpin.

The strategic risk function is responsible for providing a consolidated view of the exposure to this risk, providing an independent opinion and challenging the activities of the first line of defence. Senior management regularly receives the Strategic Risk Report, which includes an update on strategy execution, emerging risks, business model performance, corporate development transactions, product marketing, and strategic initiatives.

8.3 Emerging risks in 2024

Our emerging risks exercise aims to detect, assess and monitor risks that may have a significant impact on our business model, profitability and solvency under stressful conditions with low likelihood of occurrence.

Proactive emerging risk management is essential to avoid and mitigate potentially negative impacts on, and deviations from, targets through action plans drawn up in advance.

This involves both the first and second line of defence in our subsidiaries and at the corporate centre. We also embed identified risks in the idiosyncratic scenarios of the Group's Internal Capital Adequacy Assessment Process (ICAAP) and viability, recovery and resolution plans.

In 2024, the main emerging risk drivers were geopolitical and macroeconomic uncertainty in relation to the potential escalation of ongoing military conflicts and deteriorating US-China relations as well as technology risks such as possible service disruptions caused by key suppliers and cyber attacks.

We highlight the following emerging risks:

Geopolitical uncertainty

While this has always formed part of our analysis, it has recently become one of the most important elements to consider in weighing up the potential threats to Grupo Santander. In 2024, we considered these events:

- Potential escalation of the conflicts in Ukraine and the Middle East, which could lead to tighter monetary policy if energy prices and inflation soar.

- Potentially disruptive policies in the US (with an impact on the global economy) and Mexico following recent elections in both countries.

- China-US relations: with a possible shift in the balance of power between economic blocs, an increase in trade tensions related to technology exchange, and the situation involving Taiwan and the South China Sea.

Macroeconomic landscape

This includes threats that often arise from geopolitical events but that are not part of our central scenario and have a very low likelihood of occurrence according to our emerging risks methodology. For instance:

- Severe recession in Germany, caused by a loss of competitiveness and leadership (especially in the automotive sector), which could trigger a potential systemic recession in the EU.

- Potential increase in market volatility, which could generate a sharp deleveraging of non-bank financial institutions and lead to further price adjustments that may spill over to the real economy and the banking sector.

- Vast fiscal imbalance in the EU, political clashes among EU members, and slowdown or even regression in EU integration, which could lead to loss of confidence and higher risk premiums.

Macroeconomic and geopolitical uncertainty can potentially hinder our growth and profitability and diminish asset quality due to a slowdown in one or many of our markets, as well as impacting on our customers and the recoverability of loans and increasing our losses or additional provisioning needs.

In Grupo Santander, we carry out a proactive risk management and have robust risk policies and procedures to keep our risk profile within the limits set in our risk appetite statement. This, coupled with our geographical and business diversification, makes us more resilient to macroeconomic and geopolitical risk.

In addition, the constant reinforcement of mitigating measures helped reduce the potential severity of these risks. We performed these actions in 2024:

- Held frequent monitoring meetings, including special situation forums (where necessary) to review risk profile, with the spotlight on key indicators for its monitoring and control.

- Definition and implementation of playbooks to pursue a quick, forward-looking and proactive response to challenging circumstances.

- Adjusted limits and exposures in relation to our risk appetite (where necessary) and updated internal sovereign risk ratings.

- Continuous monitoring of the US's, China's and the EU's decisions on international trade and tariffs.

- Held asset-liability committee (ALCO) and market committee meetings to monitor structural, interest rate and FX risk, including the coverage of our capital ratios in all major currencies and, where necessary, adjusting our limits and exposure so that we remain within our risk appetite.

Growing legislative and regulatory pressure

An increase in requirements due to new laws and amendments or the extension of legislative measures in the markets where we operate could threaten our capitalization and solvency objectives, stymie profitability, and undermine our ability to extend credit. An example of this would be the potential extension of the windfall tax on banks in Spain.

The key mitigation measures for this risk are:

- Initiatives included under the capital plan such as mobilizing assets through securitization, portfolio sales and other means; and
- Multidisciplinary working groups in cooperation with banking associations, regulators and other stakeholders to anticipate and mitigate the possible outcomes of these measures.

Risks related to generative artificial intelligence (AI)

AI is a technology that aims to create intelligent systems that can operate with certain autonomy to generate results (such as predictions, recommendations or decisions) with impact in both physical and virtual environments.

The major AI risks relate to a potential decline in equality (algorithmic bias), privacy and data processing, design errors and cyber risk. We also consider climate risk due to the high computational intensity of these technologies.

We are firmly committed to promoting the transformation of the financial sector through the responsible use of AI that prioritizes transparency and customer protection.

That's why we set potential AI use cases under our risk management framework. Moreover, we have an AI policy with clearly defined roles and responsibilities, which aligns with the Group's risk appetite and the EU AI Act[17]. Additionally, it is necessary to consider the progressive entry into force of the AI Regulation in the EU (AI Act), which will have a high regulatory impact on the implementation and use of AI systems classified as high-risk. Our generative AI platform makes sure that the developments we undertake in the Group comply with our internal security and ethical control policies.

Potential disruption of a critical ICT[18] supplier

Digitalization is increasing banks' reliance on information and communication technology (ICT) and making them particularly vulnerable to potential disruptions and associated threats. This could result in the loss of data and disruption to our business.

Some of Grupo Santander's mitigating measures in this regard are comprehensive and strictly governed due diligence prior to ICT supplier onboarding, including supplier certification and regular monitoring and review; and exit strategies and business continuity plans for potential failures or disruptions, which we test regularly.

Central bank digital currencies (CBDC) and disintermediation risk

The digital versions of fiduciary currencies issued by central banks (central bank digital currency — CBDC), especially those that target retail customers, could impact on financial system stability if they replace traditional current accounts, which in turn could affect commercial banks' volume, structure and cost of funding. To mitigate CBDC risk, the Group:

- Actively participates in the debate on CBDC with domestic and international authorities to explain the risks to financial stability and propose solutions to mitigate them.
- Monitors central banks' CBDC projects to analyse their impact on the business or the possibility of developing new services for our customers to mitigate impact.
- Sets up multidisciplinary working groups with banking associations, think tanks, regulators and others to foresee and escalate, if necessary, potential CBDC impacts.

Risk of suffering a severe cyber attack

Our goal is to achieve a cyber-resilient organization capable of withstanding large-scale cyberattacks that could disrupt the normal functioning of the bank. In line with new regulatory requirements, the objective is to enhance all necessary capabilities to preserve the security of networks and information systems that underpin the continuous provision of financial services and their quality, even in the face of significant disruptions.

To achieve this, we have a governance and control framework that allows us to measure and monitor the cyber risk profile and its control environment, with the aim of maintaining a high level of digital operational resilience and an effective and prudent management of ICT-related risks.

For more details on the main cybersecurity risks, see 'Cyber risk' in section **5.2 'Operational risk management'.**

To counter these threats, Santander runs several counts with different initiatives described in section **'5. Research, development and innovation (R&D&i)'** of the 'Economic and financial review' chapter.

[17] European regulation on artificial intelligence.
[18] Information and communication technology.

GLOSSARY OF TERMS, ACRONYMS AND ABBREVIATIONS

2023 AGM	Annual general shareholders' meeting of Banco Santander held on 31 March 2023 at second call
2024 AGM	Annual general shareholders' meeting of Banco Santander held on 22 March 2024 at second call
2025 AGM	Annual general shareholders' meeting of Banco Santander called for 3 or 4 April 2025 at first or second call, respectively
A2A	Account-to-account
ABC	Anti-bribery and corruption
Act 10/2014	
Active customer	Those customers who comply with the minimum balance, income and/or transactionality requirements as defined according to the business area
ADR	American depositary receipts
ADS	American depositary shares
AEOI	Automatic Exchange of Information standard
AI	Artificial intelligence
ALCO	Assets and liabilities committee
ALM	Asset and liability management
AML	Anti-money laundering
API	Application programming interface
APM	Alternative performance measure
AuM	Assets under management
B2B	Business-to-business
B2C	Business-to-commerce
Banesto	Banco Español de Crédito, S.A.
BCMS	Business continuity management system
bn	Billion
BNPL	Buy now, pay later. Short-term financing that allows consumers to make purchases and pay for them at a future date
bps	Basis points
BREEAM	Building research establishment environmental assessment method
BRL	Brazilian real
BRRD	Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended from time to time
Bylaws	Bylaws of Banco Santander
CAE	Chief Audit Executive
CAO	Chief Accounting Officer
CapEx	Capital expenditure
CARF	*Conselho Administrativo de Recursos Fiscais* (Administrative Council for Tax Appeals)
CBDC	Central bank digital currency
CCO	Chief Compliance Officer
CCoB	Capital conservation buffer
CCPS	Contingent convertible preferred stock
CCR	Counterparty credit risk
CCSM	Code of Conduct in Securities Markets

CCyB	Countercyclical capital buffer
CDI	CREST Depositary Interests
CEO	Chief Executive Officer
CF	Corporate Finance
CFO	Chief Financial Officer
CFT	Combating the financing of terrorism
CHF	Swiss franc
CIB	Corporate & Investment Banking (primary business segment)
CNBV	*Comisión Nacional Bancaria y de Valores* (Mexican stock market authority)
CNMV	*Comisión Nacional del Mercado de Valores* (Spanish stock market authority)
CO_2e	Carbon dioxide equivalent
CoE	Cost of equity
COFINS	*Contribuiçao para Financiamiento da Seguridade Social* (Contribution for Social Security Financing)
Constant euros	Excluding exchange rates impact
Consumer	Digital Consumer Bank (primary business segment)
Costs in real terms	Costs excluding the effect of average inflation over the last twelve months
CPGF	Corporate product governance forum
CRD	Capital Requirements Directive
CRE	Commercial real estate
CRO	Chief Risk Officer
CRR	Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms, as amended from time to time
CSLL	*Contribuçao Social sobre o Lucro Liquido* (Social Contribution on Net Profit)
CSRBB	Credit spread risk in the banking book
CSRD	Corporate Sustainability Reporting Directive. Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (as updated from time to time)
CVA	Credit valuation adjustment
DCBE	Digital Consumer Bank Europe (secondary business segment)
DCM	Debt capital markets
Digital customer	Every consumer of commercial banking services who has logged on to their personal online banking and/or mobile banking in the last 30 days
DNSH	Do no significant harm
DORA	Digital Operational Resilience Act. Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on Digital Operational Resilience for the Financial Sector and Amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011
DTA	Deferred tax asset
DVA	Debt valuation adjustment
E&CC	Environmental and climate change related
E&S	Environmental and social
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECB	European Central Bank
EFRAG	European Financial Reporting Advisory Group
EIA	Environmental impact assessment
EIB	European Investment Bank
EMIR	European Market Infrastructure Regulation
eNPS	Employee Net Promoter Score is a method of measuring employee satisfaction

EOIR	Exchange Of Information on Request standard
EP	Equator Principles
EPC	Energy performance certificate
EPG	Equal pay gap. It measures differences in remuneration between women and men in the same job at the same level
EPS	Earnings per share
Equal pay gap	The equal pay gap measures differences in remuneration between women and men in the same job at the same level
ESCC	Environmental, social and climate change related
ESG	Environmental, social and governance
ESMA	European Securities and Markets Authority
ESRS	European Sustainability Reporting Standards
EU	European Union
EUR	Euro
EV	Electric vehicle
EVA	Economic value added
EVE	Economic value of equity
FCA	Financial Conduct Authority
FCC	Financial crime compliance
FDIC	Federal Deposit Insurance Corporation
Fed	Federal Reserve
FiDA	Financial Data Access Regulation
Financial inclusion	Number of people who are unbanked, underbanked, in financial difficulty, with difficulties in accessing credit who, through the Group's products and services, are able to access the financial system or receive tailored finance. Financially underserved groups are defined as people who do not have a current account, or who have an account but obtained alternative (non-bank) financial services in the last 12 months. Beneficiaries of various programmes are included in the quantification process only once in the entire period. Only new empowered people are counted, taking as a base year those existing since 2019
First 2024 Buyback Programme	First buyback programme carried out within the 2024 shareholder remuneration policy
FL CET1	Fully-Loaded Common Equity Tier 1
FRTB	Fundamental review of the trading book
FSB	Financial Stability Board
FX	Foreign exchange
G-SIB	Global systemically important bank
GAR	Green asset ratio
GB	Global Banking
GBP	Sterling pound
GCC	General Code of Conduct
GDF	Global Debt Financing
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
Gender pay gap	The gender pay gap measures differences in remuneration between women and men in an organization, business, industry or the broader economy, irrespective of the type of work
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gases
GM	Global Markets
GPG	Gender pay gap. It measures differences in remuneration between women and men in an organization, business, industry or the broader economy, irrespective of the type of work
GSGM	Group-Subsidiary governance model
GTB	Global Transaction Banking

GW	Gigawat
GWh	Gigawatt per hour
HQLA	High-quality liquid assets
ICAAP	Internal capital adequacy assessment process
ICAC	*Instituto de Contabilidad y Auditoría de Cuentas* (Institute of accounting and auditing)
ICE	Internal combustion engines
ICFR	Internal control over financial reporting
ICMA	International Capital Markets Association
ICO	*Instituto Oficial de Crédito* (Spanish public credit institution)
ICS	Internal control system
ICT	Information and communication technology
Identified staff	Other executives whose activities may have a significant impact on the Group's risk profile
IEA	International Energy Agency
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILAAP	Internal liquidity adequacy assessment process
IMF	International Monetary Fund
IRB	Internal ratings-based
IRC	Incremental risk charge
IROs	Impacts, risks and opportunities
IRPJ	*Imposto sobre a Renda das Pessoas Jurídicas* (Corporate Income Tax)
IRRBB	Interest rate risk in the banking book
ISO	International Organization for Standardization
IT	Information technology
JPY	Japanese yen
KPI	Key performance indicators
LCR	Liquidity coverage ratio
LDA	Loss distribution approach
Ley de Sociedades de Capital	Ley de Sociedades de Capital. Spanish Companies Act, approved by Legislative Royal Decree 1/2010, on 2 July
LGD	Loss given default
LTD	Loan to deposit ratio. Ratio of loans and advances to customers over customer deposits
LTV	Loan to value ratio. Ratio of loans and advances to customers to the value of the asset used as collateral
LUC	Land use change
M&A	Mergers and acquisitions
M/LT	Medium-and long-term
MDR	Minimum disclosure requirement
MiFID	Markets in Financial Instruments Directive
mn	Million
MREL	Minimum requirements for own funds and eligible liabilities which are required under the BRRD
MSS	Minimum social safeguards
Mt	Metric tone
MWh	Megawatt per hour
NACE	Nomenclature of Economic Activities of the European Union
NCF	Non-financial corporate
NFR	Non-financial risk
NFRD	Non-Financial Reporting Directive
NGFS	Network for greening the financial system
NGO	Non-governmental organization

NGO TMT	Non-governmental organization Trygg Mat Tracking
NII	Net interest income
NPL	Non-performing loans
NPS	Net promoter score
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange
NZAM	Net Zero Asset Managers initiative
NZBA	Net Zero Banking Alliance
ODS	Open digital services
OECD	Organization for Economic Cooperation and Development
OEM	Original equipment manufacturer
OTC	Over-the-counter
P&L	Profit and loss statement
P2R	Pillar 2 requirement
Payments	PagoNxt (Getnet, Ebury and PagoNxt Payments) and Cards (cards platform and card business in the countries where we operate). Payments is a primary business segment
PBT	Profit before taxes
PCAF	Partnership for Carbon Accounting Financials
PCAOB	Public Company Accounting Oversight Board
PD	Probability of default
PHEV	plug-in hybrid electric vehicle
PIS	*Programa de Integraçao Social* (Social Integration Programme)
PLA	Polylactic acid
POCI	Purchased or originated credit impaired
pp	Percentage point
PVC	Polyvinyl Chloride
RAS	Risk appetite statement
RBSCC	Responsible banking, sustainability and culture committee
RCP	Representative concentration pathway
RCSA	Risk control self-assessment
Repos	Repurchase agreements
Retail	Retail & Commercial (primary business segment)
RoA	Return on assets
RoE	Return on equity
RoRWA	Return (net of tax) on risk weighted assets for a particular business
RoTE	Return on tangible equity
RoTE post-AT1	Return on tangible equity: Group attributable profit – cost of AT1s / average of: net equity (excluding minority interests) – intangible assets (including goodwill)
RPA	Risk profile assessment
RPK	Revenue passenger kilometers
RWA	Risk-weighted assets
SAM	Santander Asset Management
SASB	Sustainability Accounting Standards Board
SBNA	Santander Bank N.A.
SBTi	Science Based Targets initiative
SC USA	Santander Consumer US
SCF	Santander Consumer Finance
SDG	Sustainable development goals
SEC	Securities and Exchange Commission

Second 2024 Buyback Programme	Second share buyback programme charged against 2024 results
SFDR	Sustainable Finance Disclosure Regulation
SFICS	Sustainable finance and investment classification system
SHUSA	Santander Holding USA, Inc
SME	Small and medium enterprises
SN	Sustainability note
SOx	Sarbanes-Oxley Act of 2002
Spanish Corporate Governance Code	CNMV's Good Governance Code for Listed Companies
Spanish Securities Markets Act	Act 6/2023, of 17 March, on the Securities Markets and on Investment Services
SPF	Simple, Personal and Fair
SRB	European Single Resolution Board
SREP	Supervisory review and evaluation process
SRI	Socially responsible investment
SRT	Significant risk transfer
SSM	Single Supervisory Mechanism. The system of banking supervision in Europe. It is composed of the ECB and the competent supervisory authorities of the participating EU countries
STEM	Science, Technology, Engineering, Mathematics
sVaR	Stressed value at risk
SyRB	Systemic risk buffer
T&O	Technology & operations
TCFD	Task Force on Climate-related Financial Disclosures
tCS	Tonne of crude steel
TJ	Terajoule
TLAC	Total loss-absorbing capacity requirement which is required to be met under the CRD V package
TLTRO	Targeted longer-term refinancing operations
TMT	Technology, media and telecom
TNAV	Tangible net asset value
TNFD	Taskforce on Nature-related Financial Disclosure
TPV	Total payments volume
TSR	Total shareholder return
UK	United Kingdom
UN	United Nations
UNEP FI	United Nations Environmental Programme Finance Initiative
UNGP	United Nations Guiding Principles
UoP	Use of Proceeds
US	United States of America
USD	United States dollar
VaE	Value at earnings
VaR	Value at risk
VAT	Value added tax
vkm	Vehicle-kilometer
Wealth	Wealth Management & Insurance (primary business segment)
YoY	Year-on-Year