AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AUDITOR'S REPORT

pwc

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

Independent auditor's report on the consolidated annual accounts

To the shareholders of Banco Santander, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Banco Santander, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2024, and the income statement, statement of recognised income and expense, statement of changes in total equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2024, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

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

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

pwc

Key audit matters	How our audit addressed the key audit matters
Estimation of impairment of financial assets at amortised cost - loans and advances to customers – for credit risk	

Key audit matters

The models used to estimate the expected credit losses, along with the adaptations made in the context of the current environment, entail a high complexity by incorporating estimates and judgments, especially those related to the updated and management overlays made to the models to determine the expected credit loss in the current macroeconomic environment.

These estimates require an elevated component of judgement by management and are one of the most significant and complex estimates in the preparation of the consolidated annual accounts as at December 31, 2024 included herein, therefore they have been considered one of the key audit matters.

The main judgements and assumptions used by management are the following:

- The estimation of the Probability of Default (PD) and Loss Given Default (LGD) parameters.
- Identification and classification of the staging criteria of loans and advances to customers.
- The definition and evaluation of the updates and management overlays to adapt the parameters estimated by the expected credit loss models to the conditions and current environment.
- The main assumptions used in the determination of the coverage over expected credit losses estimated individually.

The Group's loans and advances to customers lending business is concentrated in the three global businesses of Retail & Commercial Banking, Digital Consumer Bank and Corporate & Investment Banking, and nine key markets (Brazil, Chile, Spain, United States, Mexico, Poland, Portugal, United Kingdom and the consumer finance business in Europe).

How our audit addressed the key audit matters

We have obtained, in collaboration with our credit risk and economic forecasting experts, an understanding of management's process to estimate the impairment of financial assets at amortised cost - loans and advances to customers - over the estimation of impairment of financial assets assessed collectively and individually, including the potential climate risk impact, on which we have made inquiries to management as part of our understanding audit procedures.

In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes:

- Calculation methodologies, calibrations, monitoring and back-testing of the expected credit loss models performed by management.
- Compliance with regulation and internal policies, and the functionality of the internal expected credit loss models approved by management.
- Reliability of the data sources used in the calculations and the suitability of the expected credit loss models taking into account the conditions and current environment.
- Periodic review process of borrower to determine proper staging criteria.
- Review process over the calculation of the principal models and portfolios.
- Review process of the updates and management overlays to the expected credit loss models made by management due to the conditions and current environment.
- Review process of the expected credit loss models performed by the Internal Validation Unit and their governance.
- Loan collateral assignment and valuation process associated with mortgage collateral operations, including collateral recovery process.

pwc

Banco Santander S.A. and its subsidiaries

Key audit matters	How our audit addressed the key audit matters
As a result, for the year ended 2024 the Group has recognised an amount of EUR 12,644 million of impairment of financial assets at amortised cost. Please refer to Notes 2, 10 and 54 of the consolidated annual accounts as at December 31, 2024.	In addition, in collaboration with our credit risk, economic forecasting and real estate valuation experts we performed the following tests of details: • Tests of principal models with respect to: i) calculation and segmentation methods; ii) methodology used for the estimation of the expected loss parameters; iii) data and main assumptions used, iv) staging criteria and v) scenario information and assumptions. • Evaluation of the management updates to the expected credit loss models made by management due to the conditions and current environment, if applicable. • Verification of the correct consideration of the collaterals in the estimate of the impairment of loans, especially those that are classified as doubtful. • Reperformance of the collective provisions calculation based on the expected credit loss models parameters. • Obtaining a sample of individual credit files to determine the adequacy of their accounting and classification, expected loss estimation methodologies and, where appropriate, corresponding impairment. In the procedures described above, no exceptions were identified outside of a reasonable range.
Goodwill impairment assessment	
The goodwill impairment assessment is an exercise that requires a high degree of judgement and estimation therefore it has been considered one of the key audit matters. Due to their relevance to the Group, management monitors goodwill, particularly the Santander US Auto Cash Generating Unit (CGU) and assesses goodwill for impairment at the end of each annual reporting period or whenever there is any indication of impairment.	We have obtained, in collaboration with our valuation experts, an understanding of the process performed by management to assess the recoverable amount. In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes: • Definition of the Group's CGUs. • Methodology used by management for the goodwill impairment assessment, including the controls in place to supervise the process and the related approvals.

3

Banco Santander S.A. and its subsidiaries

Key audit matters	How our audit addressed the key audit matters
The assumptions used by management to estimate the value in use of the Cash-Generating Units (CGUs) includes financial projections, discount rates and perpetual growth rates. Such valuations, and some of these assumptions, are performed by management's experts. The amount of the Group's consolidated goodwill balance as at December 31, 2024 is EUR 13,438 million. Please refer to Notes 2 and 17 of the consolidated annual accounts as at December 31, 2024.	• Budgeting process on which the projections used in the discounted cash flow projections are based on. • Management's capability of reliable prediction through the comparison of previous years' estimations and impairment assessments with the actual results. • Review process of the reasonableness of the discount rates and perpetual growth rates used by management's experts. • Review process of the mathematical accuracy of the valuation models used by management experts. We also conducted tests of details to evaluate the discounted cash flow projections used by management in their estimation, including the budgetary compliance of the main CGUs and the evaluation of the reasonableness of the assumptions, such as discount rates and perpetual growth rates. In addition, we have performed, among others, the following tests of details: • Verifying the mathematical accuracy of the goodwill impairment test, including the discounted cash flow projections. • Comparing the fair value of the listed CGUs to their recoverable amount. • Obtain and evaluate the valuation reports regarding the goodwill impairment test performed by management's internal and external experts. • Verifying the adequacy of the information disclosed in the consolidated annual accounts in accordance with applicable regulations. In the procedures described above, no exceptions were identified outside of a reasonable range.

pwc

Banco Santander S.A. and its subsidiaries

Key audit matters	How our audit addressed the key audit matters
Litigation provisions and contingencies	
The Group is party to a range of tax, labour and legal proceedings - administrative and judicial - which primarily arise in the ordinary course of its operations. Also, there are other situations not yet subject to any judicial process that, however, have required the recognition of provisions, such as aspects of conduct with clients and the possible compensations that could be derived. These procedures generally take a long period of time to run their course, giving rise to complex processes in accordance with the applicable legislation across the different jurisdictions where the Group operates, therefore it has been considered one of the key audit matters. Management decides when to recognize a provision for these contingent liabilities, based on an estimate using certain procedures consistent with the nature of the uncertainty of the obligations. Among these provisions, mainly related to operations of the global businesses of Retail & Commercial Banking, Digital Consumer Bank and Corporate & Investment Banking, the most significant are those that cover the tax and labour proceedings in Brazil and those that cover the legal proceedings in Brazil, Spain, Poland, Mexico and the United Kingdom. The amount of the litigation provisions and contingencies as at December 31, 2024 is EUR 4,464 million. Please refer to Notes 2 and 25 of the consolidated annual accounts as at December 31, 2024.	We have obtained, in collaboration with our experts, an understanding of the estimation process performed by management for litigation provisions and contingencies. In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes: • Additions, logs and updates over the completeness of the legal matters in the systems. • Accuracy of the key data, maintained in the systems, used in the calculation of the litigations provisions and contingencies. • Assessment of the criteria used to estimate the expected losses from litigation provisions and contingencies and evaluation of the adequacy over the calculation of the provisions for regulatory, legal or tax procedures and their recognition. • Major minutes reconciliation of the tax inspections and the amounts accounted for. In addition, we have performed the following tests of details: • Analysis for reasonableness of the expected outcomes of the most significant tax and legal proceedings. • Assessment of possible contingencies relating to compliance with the tax obligations for all the years open to inspection, of the communications with the regulatory bodies and analysis of the ongoing regulatory inspections. • Sending, obtaining and analysing, if any, audit confirmation letters from external and internal lawyers and external tax advisors who work with the Group or performing alternative procedures if confirmations are not received. • Analysis of the recognition and reasonableness of the provisions recorded.

5

pwc

Banco Santander S.A. and its subsidiaries

Key audit matters	How our audit addressed the key audit matters
	• Verifying the adequacy of the information disclosed in the consolidated annual accounts in accordance with applicable regulations. In the procedures described above, no exceptions were identified outside of a reasonable range.
Information systems The Group's financial information is highly dependent on information technology (IT) systems in the geographies where it operates, therefore an adequate control of these systems is crucial to ensuring correct data processing. In this context, it is vital to evaluate aspects such as the organization of the Group's Technology and Operations department, controls over software maintenance and development, physical and logical security controls, controls over computer operations, and the management's response to cybersecurity risks, therefore it has been considered one of the key audit matters. In this respect, management continues monitoring the internal controls over IT systems, including third-party services and the access controls that support the Group's technology processes.	We have evaluated, in collaboration with our IT system specialists, the internal controls over the IT systems, databases and applications that support the Group's financial reporting. For this purpose, we have performed procedures over the design and operating effectiveness of key controls and test of details related to: • The function of the IT governance framework. • Access and logical security controls over the applications, operating systems and databases that support the relevant financial information. • Application development and change management. • Maintenance of computer operations, including obtaining an understanding of management's response to cybersecurity risks. In addition, considering the monitoring carried out by management over its internal controls over IT systems, our approach and audit plan included the following aspects: • Evaluation of the monitoring made by management as part of its internal control environment of the Group, including third-party services internal control • Testing of the design and operating effectiveness of the controls implemented by management, including access controls. In the procedures described above, no exceptions were identified outside of a reasonable range.

Other information: Consolidated directors' report

Other information comprises only the consolidated directors' report for the 2024 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

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

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

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

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated directors' report is consistent with that contained in the consolidated annual accounts for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent company's audit committee with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

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

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

pwc

Banco Santander S.A. and its subsidiaries

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Banco Santander, S.A. and its subsidiaries for the 2024 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Banco Santander, S.A. are responsible for presenting the annual financial report for the 2024 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

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

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

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated 26 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 22 March 2024 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2024.

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

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 47 of the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Julián González Gómez (20179)

26 February 2025

9

CONSOLIDATED FINANCIAL STATEMENTS

Translation of the consolidated annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 55). In the event of a discrepancy, the Spanish- version prevails.

Grupo Santander

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2024, 2023 AND 2022

EUR million

ASSETS	Note	2024	2023[A]	2022[A]
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEPOSITS ON DEMAND		**192,208**	**220,342**	**223,073**
FINANCIAL ASSETS HELD FOR TRADING		**230,253**	**176,921**	**156,118**
Derivatives	9 and 11	64,100	56,328	67,002
Equity instruments	8	16,636	15,057	10,066
Debt securities	7	82,646	62,124	41,403
Loans and advances		66,871	43,412	37,647
Central banks	6	12,966	17,717	11,595
Credit institutions	6	27,314	14,061	16,502
Customers	10	26,591	11,634	9,550
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS		**6,130**	**5,910**	**5,713**
Equity instruments	8	4,641	4,068	3,711
Debt securities	7	447	860	1,134
Loans and advances		1,042	982	868
Central banks	6	—	—	—
Credit institutions	6	—	—	—
Customers	10	1,042	982	868
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		**7,915**	**9,773**	**8,989**
Debt securities	7	2,897	3,095	2,542
Loans and advances		5,018	6,678	6,447
Central banks	6	—	—	—
Credit institutions	6	408	459	673
Customers	10	4,610	6,219	5,774
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**89,898**	**83,308**	**85,239**
Equity instruments	8	2,193	1,761	1,941
Debt securities	7	76,558	73,565	75,083
Loans and advances		11,147	7,982	8,215
Central banks	6	—	—	—
Credit institutions	6	363	313	—
Customers	10	10,784	7,669	8,215
FINANCIAL ASSETS AT AMORTIZED COST		**1,203,707**	**1,191,403**	**1,147,044**
Debt securities	7	120,949	103,559	73,554
Loans and advances		1,082,758	1,087,844	1,073,490
Central banks	6	16,179	20,082	15,375
Credit institutions	6	55,537	57,917	46,518
Customers	10	1,011,042	1,009,845	1,011,597
HEDGING DERIVATIVES	**36**	**5,672**	**5,297**	**8,069**
CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**36**	**(704)**	**(788)**	**(3,749)**

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2024, 2023 AND 2022

EUR million

ASSETS	Note	2024	2023[A]	2022[A]
INVESTMENTS	**13**	**7,277**	**7,646**	**7,615**
Joint venture entities		2,061	1,964	1,981
Associated entities		5,216	5,682	5,634
ASSETS UNDER REINSURANCE CONTRACTS		**222**	**237**	**308**
TANGIBLE ASSETS		**32,087**	**33,882**	**34,073**
Property, plant and equipment	16	31,212	32,926	33,044
For own-use		12,636	13,408	13,489
Leased out under an operating lease		18,576	19,518	19,555
Investment properties	16	875	956	1,029
Of which leased out under an operating lease		*749*	*851*	*804*
INTANGIBLE ASSETS		**19,259**	**19,871**	**18,645**
Goodwill	17	13,438	14,017	13,741
Other intangible assets	18	5,821	5,854	4,904
TAX ASSETS		**30,596**	**31,390**	**29,987**
Current tax assets		11,426	10,623	9,200
Deferred tax assets	27	19,170	20,767	20,787
OTHER ASSETS		**8,559**	**8,856**	**10,082**
Insurance contracts linked to pensions	14	81	93	104
Inventories		6	7	11
Other	19	8,472	8,756	9,967
NON-CURRENT ASSETS HELD FOR SALE	**12**	**4,002**	**3,014**	**3,453**
TOTAL ASSETS		**1,837,081**	**1,797,062**	**1,734,659**

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated balance sheet as of 31 December 2024.

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2024, 2023 AND 2022

EUR million

LIABILITIES	Note	2024	2023[A]	2022[A]
FINANCIAL LIABILITIES HELD FOR TRADING		**152,151**	**122,270**	**115,185**
Derivatives	9 and 11	57,753	50,589	64,891
Short positions	9	35,830	26,174	22,515
Deposits		58,568	45,507	27,779
Central banks	20	13,300	7,808	5,757
Credit institutions	20	26,284	17,862	9,796
Customers	21	18,984	19,837	12,226
Marketable debt securities	22	—	—	—
Other financial liabilities	24	—	—	—
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		**36,360**	**40,367**	**40,268**
Deposits		28,806	34,996	34,841
Central banks	20	1,774	1,209	1,740
Credit institutions	20	1,625	1,735	1,958
Customers	21	25,407	32,052	31,143
Marketable debt securities	22	7,554	5,371	5,427
Other financial liabilities	24	—	—	—
Memorandum items: subordinated liabilities	23	—	—	—
FINANCIAL LIABILITIES AT AMORTIZED COST		**1,484,322**	**1,468,703**	**1,423,858**
Deposits		1,126,439	1,125,308	1,111,887
Central banks	20	24,882	48,782	76,952
Credit institutions	20	90,012	81,246	68,582
Customers	21	1,011,545	995,280	966,353
Marketable debt securities	22	317,967	303,208	274,912
Other financial liabilities	24	39,916	40,187	37,059
Memorandum items: subordinated liabilities	*23*	*35,813*	*30,912*	*25,926*
HEDGING DERIVATIVES	**36**	**4,752**	**7,656**	**9,228**
CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**36**	**(9)**	**55**	**(117)**
LIABILITIES UNDER INSURANCE CONTRACTS	**15**	**17,829**	**17,799**	**16,426**
PROVISIONS	**25**	**8,407**	**8,441**	**8,149**
Pensions and other post-retirement obligations		1,731	2,225	2,392
Other long term employee benefits		915	880	950
Taxes and other legal contingencies		2,717	2,715	2,074
Contingent liabilities and commitments		710	702	734
Other provisions		2,334	1,919	1,999
TAX LIABILITIES		**9,598**	**9,932**	**9,468**
Current tax liabilities		3,322	3,846	3,040
Deferred tax liabilities	27	6,276	6,086	6,428
OTHER LIABILITIES	**26**	**16,344**	**17,598**	**14,609**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**—**	**—**	**—**
TOTAL LIABILITIES		**1,729,754**	**1,692,821**	**1,637,074**

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2024, 2023 AND 2022

EUR million

EQUITY	Note	2024	2023[A]	2022[A]
SHAREHOLDERS´ EQUITY	30	**135,196**	**130,443**	**124,732**
CAPITAL	31	**7,576**	**8,092**	**8,397**
Called up paid capital		7,576	8,092	8,397
Unpaid capital which has been called up		—	—	—
SHARE PREMIUM	32	**40,079**	**44,373**	**46,273**
EQUITY INSTRUMENTS ISSUED OTHER THAN CAPITAL	34	**—**	**720**	**688**
Equity component of the compound financial instrument		—	—	—
Other equity instruments issued		—	720	688
OTHER EQUITY	34	**217**	**195**	**175**
ACCUMULATED RETAINED EARNINGS	33	**82,326**	**74,114**	**66,702**
REVALUATION RESERVES	33	**—**	**—**	**—**
OTHER RESERVES	33	**(5,976)**	**(5,751)**	**(5,454)**
Reserves or accumulated losses in joint venture investments		1,831	1,762	1,553
Others		(7,807)	(7,513)	(7,007)
(-) OWN SHARES	34	**(68)**	**(1,078)**	**(675)**
PROFIT OR LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		**12,574**	**11,076**	**9,605**
(-) INTERIM DIVIDENDS	4	**(1,532)**	**(1,298)**	**(979)**
OTHER COMPREHENSIVE INCOME OR LOSS	29	**(36,595)**	**(35,020)**	**(35,628)**
Items that will not be reclassified to profit or loss		(4,757)	(5,212)	(4,635)
Items that may be reclassified to profit or loss		(31,838)	(29,808)	(30,993)
NON-CONTROLLING INTEREST	28	**8,726**	**8,818**	**8,481**
Other comprehensive income or loss		(2,020)	(1,559)	(1,856)
Other items		10,746	10,377	10,337
TOTAL EQUITY		**107,327**	**104,241**	**97,585**
TOTAL LIABILITIES AND EQUITY		**1,837,081**	**1,797,062**	**1,734,659**
MEMORANDUM ITEMS: OFF BALANCE SHEET AMOUNTS	35			
Loan commitments granted		302,861	279,589	274,075
Financial guarantees granted		16,901	15,435	12,856
Other commitments granted		134,493	113,273	92,672

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated balance sheet as of 31 December 2024.

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

EUR million

		(Debit) Credit		
	Note	**2024**	**2023[A]**	**2022[A]**
Interest income	38	112,735	105,252	71,430
Financial assets at fair value through other comprehensive income		*7,324*	*5,995*	*5,479*
Financial assets at amortized cost		*84,309*	*77,701*	*59,214*
Other interest income		*21,102*	*21,556*	*6,737*
Interest expense	39	(66,067)	(61,991)	(32,811)
Interest income/(charges)		**46,668**	**43,261**	**38,619**
Dividend income	40	714	571	488
Income from companies accounted for using the equity method	13	711	613	702
Commission income	41	17,602	16,321	15,867
Commission expense	42	(4,592)	(4,264)	(4,077)
Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net	43	(114)	96	149
Financial assets at amortized cost		*(190)*	*(3)*	*34*
Other financial assets and liabilities		*76*	*99*	*115*
Gain or losses on financial assets and liabilities held for trading, net	43	1,459	2,322	842
Reclassification of financial assets at fair value through other comprehensive income		—	—	—
Reclassification of financial assets at amortized cost		—	—	—
Other gains (losses)		*1,459*	*2,322*	*842*
Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss	43	495	204	162
Reclassification of financial assets at fair value through other comprehensive income		—	—	—
Reclassification of financial assets at amortized cost		—	—	—
Other gains (losses)		*495*	*204*	*162*
Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net	43	691	(93)	968
Gain or losses from hedge accounting, net	43	16	63	74
Exchange differences, net	44	(274)	41	(542)
Other operating income[B]	45	803	1,104	1,510
Other operating expenses	45	(2,324)	(2,827)	(2,803)
Income from insurance and reinsurance contracts		470	460	2,698
Expenses from insurance and reinsurance contracts		(449)	(449)	(2,540)

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

EUR million

		(Debit) Credit		
	Note	2024	2023[A]	2022[A]
Total income		**61,876**	**57,423**	**52,117**
Administrative expenses		(22,740)	(22,241)	(20,918)
Staff costs	*46*	*(14,328)*	*(13,726)*	*(12,547)*
Other general administrative expenses	*47*	*(8,412)*	*(8,515)*	*(8,371)*
Depreciation and amortisation cost	16 and 18	(3,294)	(3,184)	(2,985)
Provisions or reversal of provisions, net	25	(3,883)	(2,678)	(1,881)
Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes		(12,644)	(12,956)	(10,863)
Financial assets at fair value through other comprehensive income		—	*(44)*	*(7)*
Financial assets at amortized cost	*10*	*(12,644)*	*(12,912)*	*(10,856)*
Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates, net	17 and 18	—	—	—
Impairment or reversal of impairment on non-financial assets, net		(628)	(237)	(239)
Tangible assets	*16*	*(386)*	*(136)*	*(140)*
Intangible assets	*17 and 18*	*(231)*	*(73)*	*(75)*
Others		*(11)*	*(28)*	*(24)*
Gain or losses on non-financial assets and investments, net	48	367	313	12
Negative goodwill recognized in results		—	39	—
Gains or losses on non-current assets held for sale not classified as discontinued operations	49	(27)	(20)	7
Operating profit/(loss) before tax		**19,027**	**16,459**	**15,250**
Tax expense or income from continuing operations	27	(5,283)	(4,276)	(4,486)
Profit/(loss) from continuing operations		**13,744**	**12,183**	**10,764**
Profit/(loss) after tax from discontinued operations	37	—	—	—
Profit/(loss) for the year		**13,744**	**12,183**	**10,764**
Profit/(loss) attributable to non-controlling interests	28	1,170	1,107	1,159
Profit/(loss) attributable to the parent		12,574	11,076	9,605
Earnings/(losses) per share				
Basic	4	0.771	0.654	0.539
Diluted	4	0.768	0.651	0.537

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated income statement for the year ended 31 December 2024.
B. Includes EUR -1,225 million at 31 December 2024 (EUR -1,016 and EUR -674 at 31 December 2023 and 2022, respectively) derived from the net loss generated in Argentina as a result of the application of IAS 29 *Financial reporting in hyperinflationary economies*.

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

EUR million

	Note	2024	2023[A]	2022[A]
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**13,744**	**12,183**	**10,764**
OTHER RECOGNISED INCOME AND EXPENSE		**(2,339)**	**614**	**(2,660)**
Items that will not be reclassified to profit or loss	**29**	**219**	**(964)**	**(399)**
Actuarial gains and losses on defined benefit pension plans		(584)	(1,038)	(56)
Non-current assets held for sale		—	—	—
Other recognised income and expense of investments in subsidiaries, joint ventures and associates		(3)	(5)	17
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		447	(162)	(497)
Gains or losses resulting from the accounting for hedges of equity instruments measured at fair value through other comprehensive income, net	36	—	—	—
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)		*20*	*(29)*	*18*
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)		*(20)*	*29*	*(18)*
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		277	(120)	88
Income tax relating to items that will not be reclassified		82	361	49
Items that may be reclassified to profit or loss	**29**	**(2,558)**	**1,578**	**(2,261)**
Hedges of net investments in foreign operations (effective portion)	36	420	(1,888)	(2,467)
Revaluation gains (losses)		*420*	*(1,888)*	*(2,467)*
Amounts transferred to income statement		—	—	—
Other reclassifications		—	—	—
Exchanges differences		(3,047)	1,017	3,658
Revaluation gains (losses)		*(3,047)*	*1,009*	*3,658*
Amounts transferred to income statement		—	*8*	—
Other reclassifications		—	—	—
Cash flow hedges (effective portion)	36	558	2,592	(3,016)
Revaluation gains (losses)		*(698)*	*(30)*	*(1,762)*
Amounts transferred to income statement		*1,256*	*2,622*	*(1,254)*
Transferred to initial carrying amount of hedged items		—	—	—
Other reclassifications		—	—	—
Hedging instruments (items not designated)	36	—	—	—
Revaluation gains (losses)		—	—	—
Amounts transferred to income statement		—	—	—
Other reclassifications		—	—	—
Debt instruments at fair value with changes in other comprehensive income		(493)	858	(2,086)
Revaluation gains (losses)	*29*	*(447)*	*852*	*(2,591)*
Amounts transferred to income statement		*(46)*	*6*	*(99)*
Other reclassifications		—	—	*604*
Non-current assets held for sale		—	—	—
Revaluation gains (losses)		—	—	—
Amounts transferred to income statement		—	—	—
Other reclassifications		—	—	—
Share of other recognised income and expense of investments		(108)	19	85
Income tax relating to items that may be reclassified to profit or loss		112	(1,020)	1,565
Total recognised income and expenses for the year		**11,405**	**12,797**	**8,104**
Attributable to non-controlling interests		709	1,401	1,410
Attributable to the parent		10,696	11,396	6,694

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2024.

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

EUR million

	Capital	Share premium	Equity instruments issued (not capital)	Other equity instruments	Accumulated retained earnings
Balance at 31 December 2023[A]	**8,092**	**44,373**	**720**	**195**	**74,114**
Adjustments due to errors	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—
Opening balance at 1 January 2024[A]	**8,092**	**44,373**	**720**	**195**	**74,114**
Total recognised income and expense	**—**	**—**	**—**	**—**	**—**
Other changes in equity	**(516)**	**(4,294)**	**(720)**	**22**	**8,212**
Issuance of ordinary shares	—	—	—	—	—
Issuance of preferred shares	—	—	—	—	—
Issuance of other financial instruments	—	—	—	—	—
Maturity of other financial instruments	—	—	(751)	—	—
Conversion of financial liabilities into equity	—	—	—	—	—
Capital reduction	(516)	(4,294)	—	—	—
Dividends	—	—	—	—	(1,485)
Purchase of equity instruments	—	—	—	—	—
Disposal of equity instruments	—	—	—	—	—
Transfer from equity to liabilities	—	—	—	—	—
Transfer from liabilities to equity	—	—	—	—	—
Transfers between equity items	—	—	—	—	9,697
Increases (decreases) due to business combinations	—	—	—	—	—
Share-based payment	—	—	—	(62)	—
Others increases or (-) decreases in equity	—	—	31	84	—
Balance at 31 December 2024	**7,576**	**40,079**	**—**	**217**	**82,326**

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated statement of changes in total equity for the year ended 31 December 2024.

						Non-controlling interest		
Revaluation reserves	Other reserves	(-) Own shares	Profit attributable to shareholders of the parent	(-) Interim dividends	Other comprehensive income	Other comprehensive income	Other items	Total
—	**(5,751)**	**(1,078)**	**11,076**	**(1,298)**	**(35,020)**	**(1,559)**	**10,377**	**104,241**
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	**(5,751)**	**(1,078)**	**11,076**	**(1,298)**	**(35,020)**	**(1,559)**	**10,377**	**104,241**
—	**—**	**—**	**12,574**	**—**	**(1,878)**	**(461)**	**1,170**	**11,405**
—	**(225)**	**1,010**	**(11,076)**	**(234)**	**303**	**—**	**(801)**	**(8,319)**
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	(590)	(1,341)
—	—	—	—	—	—	—	—	—
—	516	4,294	—	—	—	—	(93)	(93)
—	—	—	—	(1,532)	—	—	(660)	(3,677)
—	—	(4,038)	—	—	—	—	—	(4,038)
—	8	754	—	—	—	—	—	762
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	(215)	—	(11,076)	1,298	303	—	(7)	—
—	—	—	—	—	—	—	(8)	(8)
—	—	—	—	—	—	—	—	(62)
—	(534)	—	—	—	—	—	557	138
—	**(5,976)**	**(68)**	**12,574**	**(1,532)**	**(36,595)**	**(2,020)**	**10,746**	**107,327**

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

EUR million

	Capital	Share premium	Equity instruments issued (not capital)	Other equity instruments	Accumulated retained earnings
Balance at 31 December 2022[A]	**8,397**	**46,273**	**688**	**175**	**66,702**
Adjustments due to errors	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—
Opening balance at 1 January 2023[A]	**8,397**	**46,273**	**688**	**175**	**66,702**
Total recognised income and expense	**—**	**—**	**—**	**—**	**—**
Other changes in equity	**(305)**	**(1,900)**	**32**	**20**	**7,412**
Issuance of ordinary shares	—	—	—	—	—
Issuance of preferred shares	—	—	—	—	—
Issuance of other financial instruments	—	—	—	—	—
Maturity of other financial instruments	—	—	—	—	—
Conversion of financial liabilities into equity	—	—	—	—	—
Capital reduction	(305)	(1,900)	—	—	—
Dividends	—	—	—	—	(963)
Purchase of equity instruments	—	—	—	—	—
Disposal of equity instruments	—	—	—	—	—
Transfer from equity to liabilities	—	—	—	—	—
Transfer from liabilities to equity	—	—	—	—	—
Transfers between equity items	—	—	—	—	8,375
Increases (decreases) due to business combinations	—	—	—	—	—
Share-based payment	—	—	—	(60)	—
Others increases or (-) decreases in equity	—	—	32	80	—
Balance at 31 December 2023[A]	**8,092**	**44,373**	**720**	**195**	**74,114**

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated statement of changes in total equity for the year ended 31 December 2024.

					Non-controlling interest			
Revaluation reserves	Other reserves	(-) Own shares	Profit attributable to shareholders of the parent	(-) Interim dividends	Other comprehensive income	Other comprehensive income	Other items	Total
—	**(5,454)**	**(675)**	**9,605**	**(979)**	**(35,628)**	**(1,856)**	**10,337**	**97,585**
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	**(5,454)**	**(675)**	**9,605**	**(979)**	**(35,628)**	**(1,856)**	**10,337**	**97,585**
—	**—**	**—**	**11,076**	**—**	**320**	**294**	**1,107**	**12,797**
—	**(297)**	**(403)**	**(9,605)**	**(319)**	**288**	**3**	**(1,067)**	**(6,141)**
—	—	—	—	—	—	—	1	1
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	305	1,900	—	—	—	—	—	—
—	—	—	—	(1,298)	—	—	(748)	(3,009)
—	—	(3,109)	—	—	—	—	—	(3,109)
—	13	806	—	—	—	—	—	819
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	(37)	—	(9,605)	979	288	3	(3)	—
—	—	—	—	—	—	—	(364)	(364)
—	—	—	—	—	—	—	—	(60)
—	(578)	—	—	—	—	—	47	(419)
—	**(5,751)**	**(1,078)**	**11,076**	**(1,298)**	**(35,020)**	**(1,559)**	**10,377**	**104,241**

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

EUR million

	Capital	Share premium	Equity instruments issued (not capital)	Other equity instruments	Accumulated retained earnings
Balance at 31 December 2021[A]	**8,670**	**47,979**	**658**	**152**	**60,273**
Adjustments due to errors	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—
Opening balance at 1 January 2022[A]	**8,670**	**47,979**	**658**	**152**	**60,273**
Total recognised income and expense	**—**	**—**	**—**	**—**	**—**
Other changes in equity	**(273)**	**(1,706)**	**30**	**23**	**6,429**
Issuance of ordinary shares	—	—	—	—	—
Issuance of preferred shares	—	—	—	—	—
Issuance of other financial instruments	—	—	—	—	—
Maturity of other financial instruments	—	—	—	—	—
Conversion of financial liabilities into equity	—	—	—	—	—
Capital reduction	(273)	(1,706)	—	—	—
Dividends	—	—	—	—	(869)
Purchase of equity instruments	—	—	—	—	—
Disposal of equity instruments	—	—	—	—	—
Transfer from equity to liabilities	—	—	—	—	—
Transfer from liabilities to equity	—	—	—	—	—
Transfers between equity items	—	—	—	—	7,298
Increases (decreases) due to business combinations	—	—	—	—	—
Share-based payment	—	—	—	(49)	—
Others increases or (-) decreases in equity	—	—	30	72	—
Balance at 31 December 2022[A]	**8,397**	**46,273**	**688**	**175**	**66,702**

A. Presented for comparison purposes only (note 1.d).
The accompanying notes 1 to 55 and appendices are an integral part of the consolidated statement of changes in total equity for the year ended 31 December 2024.

					Non-controlling interest			
Revaluation reserves	Other reserves	(-) Own shares	Profit attributable to shareholders of the parent	(-) Interim dividends	Other comprehensive income	Other comprehensive income	Other items	Total
—	**(4,477)**	**(894)**	**8,124**	**(836)**	**(32,719)**	**(2,104)**	**12,227**	**97,053**
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	**(4,477)**	**(894)**	**8,124**	**(836)**	**(32,719)**	**(2,104)**	**12,227**	**97,053**
—	**—**	**—**	**9,605**	**—**	**(2,911)**	**251**	**1,159**	**8,104**
—	**(977)**	**219**	**(8,124)**	**(143)**	**2**	**(3)**	**(3,049)**	**(7,572)**
—	—	—	—	—	—	—	9	9
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	(756)	(756)
—	—	—	—	—	—	—	—	—
—	273	1,706	—	—	—	—	—	—
—	—	—	—	(979)	—	—	(500)	(2,348)
—	—	(2,050)	—	—	—	—	—	(2,050)
—	7	563	—	—	—	—	—	570
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	(12)	—	(8,124)	836	2	(3)	3	—
—	—	—	—	—	—	—	31	31
—	—	—	—	—	—	—	—	(49)
—	(1,245)	—	—	—	—	—	(1,836)	(2,979)
—	**(5,454)**	**(675)**	**9,605**	**(979)**	**(35,628)**	**(1,856)**	**10,337**	**97,585**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 2024, 2023 AND 2022

EUR million

	Note	2024	2023[A]	2022[A]
A. CASH FLOWS FROM OPERATING ACTIVITIES		**(24,155)**	**5,015**	**27,706**
Profit or loss for the year		**13,744**	**12,183**	**10,764**
Adjustments made to obtain the cash flows from operating activities		**28,361**	**26,948**	**23,970**
Depreciation and amortisation cost		3,294	3,184	2,985
Other adjustments		25,067	23,764	20,985
Net increase/(decrease) in operating assets		**117,996**	**74,982**	**108,774**
Financial assets held-for-trading		62,460	18,332	30,837
Non-trading financial assets mandatorily at fair value through profit or loss		31	286	218
Financial assets at fair value through profit or loss		(1,850)	874	(7,083)
Financial assets at fair value through other comprehensive income		10,225	(4,470)	(22,358)
Financial assets at amortized cost		45,995	60,525	105,618
Other operating assets		1,135	(565)	1,542
Net increase/(decrease) in operating liabilities		**57,616**	**46,080**	**107,244**
Financial liabilities held-for-trading		34,256	5,450	29,533
Financial liabilities designated at fair value through profit or loss		(3,854)	(11)	27,705
Financial liabilities at amortized cost		34,164	40,138	55,595
Other operating liabilities		(6,950)	503	(5,589)
Income tax recovered/(paid)		**(5,880)**	**(5,214)**	**(5,498)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(3,712)**	**(5,366)**	**(3,898)**
Payments		**11,355**	**15,056**	**11,776**
Tangible assets	16	8,494	11,446	9,066
Intangible assets	18	2,104	2,197	1,774
Investments	13	686	139	152
Subsidiaries and other business units		71	1,274	784
Non-current assets held for sale and associated liabilities		—	—	—
Other payments related to investing activities		—	—	—
Proceeds		**7,643**	**9,690**	**7,878**
Tangible assets	16	5,966	7,074	5,558
Intangible assets	18	—	—	—
Investments	13	681	814	533
Subsidiaries and other business units		8	885	734
Non-current assets held for sale and associated liabilities	12	988	917	1,053
Other proceeds related to investing activities		—	—	—
C. CASH FLOW FROM FINANCING ACTIVITIES		**(5,510)**	**(2,058)**	**(9,964)**
Payments		**14,045**	**10,187**	**10,665**
Dividends	4	3,017	2,261	1,848
Subordinated liabilities	23	4,096	2,931	2,291
Redemption of own equity instruments		751	—	—
Acquisition of own equity instruments		4,038	3,109	2,050
Other payments related to financing activities		2,143	1,886	4,476
Proceeds		**8,535**	**8,129**	**701**
Subordinated liabilities	23	7,001	7,007	119
Issuance of own equity instruments		—	—	—
Disposal of own equity instruments		765	825	573
Other proceeds related to financing activities		769	297	9

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 2024, 2023 AND 2022

EUR million

	Note	2024	2023[A]	2022[A]
D. EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES		**5,243**	**(322)**	**(1,460)**
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS[B]		**(28,134)**	**(2,731)**	**12,384**
F. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**220,342**	**223,073**	**210,689**
G. CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**192,208**	**220,342**	**223,073**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR				
Cash		*9,253*	*8,621*	*8,929*
Cash equivalents at central banks		*170,914*	*199,932*	*200,830*
Other financial assets		*12,041*	*11,789*	*13,314*
Less, bank overdrafts refundable on demand		—	—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**192,208**	**220,342**	**223,073**
In which, restricted cash		—	—	—

A. Presented for comparison purposes only (note 1.d).
B. During 2024, the variation is primarily due to balance sheet management, focusing on liquidity optimization and investment in liquid assets for interest rate risk management, without resulting in any deterioration in the liquidity position, which has remained stable throughout the year (see also Note 54, Liquidity Risk section).

The accompanying notes 1 to 55 and appendices are an integral part of the consolidated statement of cash flows for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Banco Santander, S.A., and Companies composing Grupo Santander

Notes to the consolidated financial statements (consolidated annual accounts) for the year ended 31 December 2024.

1. Introduction, basis of presentation of the consolidated financial statements (consolidated annual accounts) and other information

a) Introduction

Banco Santander, S.A. ('the parent' or 'Banco Santander'), is a private-law entity subject to the rules and regulations applicable to banks operating in Spain, where it was constituted and currently maintains its legal domicile, which is paseo de Pereda, numbers 9 to 12, 39004, Santander, Spain.

The principal headquarters of Banco Santander are located in Ciudad Grupo Santander, Avenida Cantabria s/n, 28660, Boadilla del Monte, Madrid, Spain.

The corporate purpose of Banco Santander, S.A. mainly entails carrying out all kinds of activities, operations and services inherent to the banking business in general and permitted by current legislation, and the acquisition, holding, enjoyment and disposal of all kinds of securities.

In addition to the operations carried on directly by it, Banco Santander is the head of a group of subsidiaries that engage in various business activities and which compose, together with it, Grupo Santander ('Santander' or 'the Group'). Therefore, Banco Santander is obliged to prepare, in addition to its own separate financial statements, the Group's consolidated financial statements, which also include the interests in joint ventures and investments in associates.

At 31 December 2024, Grupo Santander consisted of 735 subsidiaries of Banco Santander, S.A. In addition, other 205 companies are associates of the Group, joint ventures or companies of which the Group holds more than 5% (excluding the Group companies of negligible interest with respect to the fair presentation that the annual accounts must express).

Grupo Santander consolidated financial statements for 2022 were approved by the shareholders at the group´s annual general meeting on 31 March 2023. Grupo Santander consolidated financial statements for 2023 were approved by the shareholders at the group´s annual general meeting on 22 March 2024. The Group's 2024 consolidated financial statements, the financial statements of the parent and of substantially all the Group companies have not been approved yet by their shareholders at the respective annual general meetings. However, Banco Santander board of directors considers that the aforementioned financial statements will be approved without any significant changes.

b) Basis of presentation of the consolidated financial statements

Under Regulation (EC) n.º 1606/2002 of the European Parliament and of the Council of 19 July 2002 all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in conformity with the International Financial Reporting Standards ('IFRS') previously adopted by the European Union ('EU-IFRS').

In order to adapt the accounting system of Spanish credit institutions with the principles and criteria established by the IFRS adopted by the European Union ('EU-IFRS'), the Bank of Spain published circular 4/2017, dated 27 November 2017, on Public and Confidential Financial Reporting Standards and Financial Statement Formats and the following regulations.

Particularly, during 2023 and 2021, the Bank of Spain published Circulars 1/2023 of 24 February of 2023, and 6/2021 of 22 December of 2021, amending Circular 4/2017 of 27 November to credit institutions on Public and Confidential Financial Reporting Standards and Financial Statement Formats.

Grupo Santander consolidated financial statements for 2024 were authorised by the Bank's directors (at the board meeting on 25 February 2025) in accordance with International Financial Reporting Standards as adopted by the European Union and with Bank of Spain circular 4/2017 and subsequent modifications, and Spanish corporate and commercial law applicable to the Group, using the basis of consolidation, accounting policies and measurement bases set forth in note 2, accordingly, they present fairly the Group's equity and financial position at 31 December 2024, 2023 and 2022 and the consolidated results of its operations and the consolidated cash flows in 2024, 2023 and 2022. These consolidated annual accounts have been prepared on the basis of the accounting records held by Banco Santander and by each of the other companies of the Group, and include the adjustments and reclassifications required to standardise the accounting policies and valuation criteria applied by Grupo Santander.

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

The figures of the consolidated annual accounts are presented in millions of euros unless another alternative monetary unit is indicated, rounded to the nearest million unit.

Adoption of new standards and interpretations issued

The following modifications came into force and were adopted by the European Union in 2024:

- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback without recognising any amount of the gain or loss that relates to the right of use retained. This new requirement does not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

- Classification of Liabilities, amendments to IAS 1 Presentation of Financial Statements, considering non-current liabilities those in which the entity has the possibility of deferring payment for more than 12 months from the closing date of the reporting period.

  Likewise, an additional amendment to IAS 1 on the classification of liabilities with covenants as current or non-current has been approved, specifying that covenants that must be complied with after the reporting date do not affect the classification of liabilities and require additionally their respective breakdowns.

  They should be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Additional disclosures are required for companies entering into supplier financing arrangements. The objective of the new disclosures is to provide information on Supplier Finance Arrangements (SFA) that allows investors to evaluate the effects on an entity's liabilities, cash flows and liquidity risk exposure.

The application of the aforementioned amendments to accounting standards and interpretations did not have any material effects on Grupo Santander consolidated financial statements.

Likewise, at the date of approval of these consolidated annual accounts, the following standards which effectively came into force have effective dates after 31 December 2024:

- IAS 21 Effects of changes in foreign currency exchange rates: IAS 21 established the requirements to apply when there is a temporary lack of interchangeability between two currencies, but did not give indications when this situation was not temporary. Given this scenario, IAS 21 has been modified establishing the criteria to identify these situations, specifying how entities should estimate the spot exchange rate, the methodologies and data to be considered, as well as the associated disclosure requirements. It will be applicable from 1 January 2025.

Finally, at the date of approval of these consolidated annual accounts, the following standards which effectively come into force after 31 December 2024 had not yet been adopted by the European Union:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: (i) amendments to classification and measurement requirements related to the assessment of contractual cash flows of certain financial assets (with ESG characteristics, non-recourse or contractually linked); (ii) an accounting policy option for the derecognition of financial liabilities settled through an electronic payment system is included; (iii) the disclosure requirements related to equity instruments designated at fair value through other comprehensive income are amended; (iv) disclosure requirements are included for financial instruments with contingent characteristics that may modify their contractual cash flows. These amendments will be applicable from 1 January 2026.

- Amendments to IFRS 9 and IFRS 7 - Nature-dependent electricity contracts for electricity contracts dependent on energy sources and susceptible to variations due to uncontrollable factors, such as weather conditions, this modification: (i) clarifies the application of the 'own use' requirements; (ii) allows hedge accounting if these contracts were used as hedging instruments; and, (iii) adds new filing requirements for greater clarity on the impact of these contracts. These modifications will be applicable form 1 January 2026.

- Amendments to IFRS Improvement Cycle: introduces minor amendments, effective from 1 January 2026, to the following standards:

  - IFRS 1 First-time Adoption of International Financial Reporting Standards, for hedge accounting in first adoption.

  - IFRS 7 Financial Instruments: Disclosures: updated references and alignment with IFRS 13, as well as clarifications in the Implementation Guidance.

  - IFRS 9 Financial Instruments: amendment to apply derecognition criteria to lease liabilities recorded by the lessee and replacement of the term 'transaction price' with 'the amount determined in accordance with IFRS 15'.

  - IFRS10 Consolidated Financial Statements: Determining a 'de facto agent'.

  - IAS 7 Statement of Cashflows: replacing the term 'cost method' with 'cost'.

- IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements: this is the new standard with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Applicable from 1 January 2027.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures: this new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. A subsidiary is eligible if: (i) it does not have public accountability; and (ii) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. Applicable from 1 January 2027.

During 2024, the Group has started a project with the aim of adapting its accounting policies related to hedging transactions to the requirements on hedge accounting established in Chapter 6 of IFRS 9, in accordance with IFRS' accounting options related to this subject. The Group expects to complete the project throughout 2025 without significant impacts.

Grupo Santander is currently analyzing the possible effects of these new standards and interpretations, and unless expressly indicated otherwise, no significant impacts are expected from their application.

All accounting policies and measurement bases with a material effect on the consolidated financial statements for 2024 were applied in the preparation of these consolidated annual accounts.

c) Use of critical estimates

The consolidated results and the determination of consolidated equity are sensitive to the accounting policies, measurement bases and estimates used by the directors of Banco Santander in preparing the consolidated financial statements.

The main accounting policies and measurement bases are set forth in note 2.

In the consolidated financial statements estimates were occasionally made by the senior management of Grupo Santander in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates, which were made on the basis of the best information available, relate basically to the following:

- The impairment losses on certain assets: it applies to financial assets at fair value through other comprehensive income, financial assets at amortised cost, non-current assets held for sale, investments, tangible assets and intangible assets (see notes 6, 7, 10, 12, 13, 16, 17, 18 and 54).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and commitments and other obligations (see note 25).
- The useful life of the tangible and intangible assets (see notes 16 and 18).
- The measurement of goodwill arising on consolidation (see note 17).
- The calculation of provisions and the consideration of contingent liabilities (see note 25).
- The fair value of certain unquoted assets and liabilities (see notes 6, 7, 8, 9, 10, 11, 20, 21 and 22).
- The recoverability of deferred tax assets (see note 27).
- The fair value of the identifiable assets acquired and the liabilities assumed in business combinations in accordance with IFRS 3 (see note 17).

To update the previous estimates, the Group's management has taken into account the current macroeconomic scenario resulting from the complex geopolitical situation and the changes in inflation levels and interest rates.

For this reason, the Management of the Group has particularly evaluated the uncertainties caused by the current environment in relation to credit, liquidity and market risk, taking into account the best information available, to estimate the impact on the provisions for impairment of the credit portfolio, on the rates of interest, and in the valuation of debt instruments, developing in the notes the main estimates made during the period ended December 31, 2024 (see notes 10, 17, 50 and 54).

Although these estimates have been made on the basis of the best information available at the end of the year 2024, and considering information updated at the date of preparation of these consolidated annual accounts, it is possible that events that may take place in the future may make it necessary to modify them (upwards or downwards) in the coming years, which would be done, if appropriate, in a prospective manner, recognising the effects of the change in estimate in the corresponding consolidated income statement.

d) Information relating to 2023 and 2022

The information contained in the consolidated financial statements for the financial years 2023 and 2022 was prepared with the standards in force in said years, and exclusively for comparative purposes with the information relating to the year ended 31 December 2024.

Regarding the first application of IFRS 17, it has been restated the balance sheet information relating to 'Liabilities under insurance contracts' corresponding to the years closed on 31 December 2022, of a portfolio of products for an amount of approximately EUR 16 billion (see Note 2.i).

Additionally, the segment information corresponding to the years ended 31 December 2023 and 2022 was restated for comparative purposes. In accordance with the Group's organizational structure, as required by IFRS 8 (see note 52).

In order to interpret the changes in the balances with respect to 31 December 2024, it is necessary to take into consideration the exchange rate effect arising from the volume of foreign currency balances held by Grupo Santander in view of its geographic diversity (see note 52.b) and the impact of the appreciation/depreciation of the various currencies against the euro in 2024, based on the exchange rates at the end of 2024: Mexican peso (-13.28%), US dollar (6.39%), Brazilian real (-16.53%), Sterling pound (4.62%), Chilean peso (-6.52%), and Polish zloty (1.59%); as well as the evolution of the comparable average rates: Mexican peso (-2.87%), US dollar (-0.06%), Brazilian real (-7.09%), Sterling pound (2.74%), Chilean peso (-11.18%) and Polish zloty (5.41%).

e) Capital management

i. Regulatory and economic capital

Credit institutions must meet a series of minimum capital and liquidity requirements. These minimum requirements are regulated by the European Capital Requirements Regulation (CRR) directly applicable under the Spanish legal system, and by the Capital Requirements Directive (CRD).

On 19 June 2024, the final update of the banking package was published in the Official Journal of the European Union Regulation (EU) 2024/1623 (CRR3) amending the CRR as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor and also Directive (EU) 2024/1619 (CRD6), amending the CRD as regards requirements for supervisory powers, sanctions, third-country branches, and environmental, social and governance risks.

The update of the banking package aims firstly to implement Basel III final reforms and, secondly, to enhance the standardisation of banking supervision in the European Union (EU).

The CRR3 introduces greater sensitivity to standardised metrics, to reduce the variability of risk-weighted assets between institutions using internal models for capital requirement calculation and facilitate the comparability among banks.

The goal of achieving more robust supervision and protection of financial stability in the CRD6 is expressed in a series of provisions concerning fit-and-proper requirements, extending the scope by revising certain definitions and additions on the establishment of third-country branches in the EU in order to achieve greater regulatory harmonization and better supervision of this type of entities.

The CRR3 and CRD6 came into force on 9 July 2024. Although early implementation was established for certain provisions, such as certain definitions that may affect the scope of consolidation or the capital requirements for crypto assets exposures, most of the changes were not applicable until 1 January 2025. At the same time the regulatory authority has imposed a delay for certain changes, due to issues resulting from difficulty in their implementation by institutions or to level the playing field with respect to other comparable jurisdictions. Specifically, the new regulation for the new market risk capital calculation approach (FRTB), linked to the standards already published by the Basel Committee on Banking Supervision (BCBS) in 2017, will be delayed to 1st of January 2026 at the earliest. The Commission and the Council, without opposition from the Parliament, have issued a delegated act stipulating a delay of 12 months for the application of this standard, which is generating uncertainty regarding the form, content and date of implementation of this approach in other comparable jurisdictions, such as the UK and USA.

This delay, which was published in July 2024, is accompanied by a delay in the rules regulating the Trading and Banking Book Boundary allocating instruments between investment and trading books for prudential purposes, the definition of trading and investment desks, the rules regarding the prudential recognition of internal risk transfers between investment and trading books, the treatment of structural FX and newest market risk reporting and disclosure framework.

For the calculation of the output floor banks have to use the FRTB SA model for calculating the market share of the output floor and compare it with the results from the internal model or CRR2 market standardized model, depending on the use by each institution. Therefore, this is the only metric in which FRTB SA is, as today official and binding.

Other articles, such as the new regulation on calculating capital by Credit Valuation Adjustment (CVA) risk, which significantly impact the capital requirements, are not affected by this delay and came into force as of 1 January 2025.

The changes regarding the CVA mainly affect the methodological modifications for capital calculation and establish a new standard model based on sensitivities aligned with the new standard model for calculating capital requirements for market risk.

Considering the regulation published to date, the implementation of CRR III does not have a significant impact in terms of capital on the Group.

In terms of resolution regulation, institutions must have an adequate funding structure to ensure that, in the event of financial distress, the institution has sufficient liabilities to absorb losses in order to recover or resolve its positions, while ensuring the protection of depositors and financial stability. For this purpose global systemically important institutions must therefore meet several minimum loss-absorbing requirements, e.g. Total Loss-Absorbing Capacity (TLAC), Minimum Requirement for own funds and Eligible Liabilities (MREL), which are regulated by the CRR and by the Bank Recovery and Resolution Directive (BRRD).

The regulation on the prudential treatment for global systemically important banks was published on 25 October 2022. This modified both the CRR and the BRRD regarding the prudential treatment of global systemically important banks (G-SIBs) with a multiple point of entry (MPE) resolution strategy, as well as the methods for indirect subscription of eligible instruments (Daisy Chains) to meet the minimum requirement for own funds and eligible liabilities. This regulation, known as the 'Quick Fix', covers the following two objectives:

- The inclusion in BRRD and CRR of references to third country subsidiaries to adjust the deduction for the holding of TLAC instruments issued from subsidiaries in third countries based on the excess TLAC/MREL existing in those subsidiaries, as well as the adjustment where the sum of the requirements for own funds and eligible liabilities of G-SIBs under an MPE strategy is higher than the theoretical requirement for the same group under a single point of entry (SPE) strategy. The latter adjustment is based on a comparison between the two possible resolution strategies.

  Additionally, for the subsidiaries in jurisdictions without a resolution regime in place, the Regulation provides a transitional period until 31 December 2024. During this transitional period the institutions may adjust the deductions based on the excesses above the capital requirements in subsidiaries in third countries, if they meet certain requirements.

- Inclusion of a deduction scheme for MREL instrument holdings through entities of the same resolution group other than the resolution entity. This regulation sets a deduction for the intermediate entity (Daisy Chains) that repurchases instruments, and, if there is such a deduction, the intermediate entity is obliged to issue the same amount as it is repurchasing, transferring the internal MREL needs to the resolution entity, which will cover it with external MREL.

This Regulation is applicable from 14 November 2022, except for the provisions relating to Daisy Chains, which applies from 1 January 2024.

In April 2024 Directive (EU) 2024/1174 was published, which amends the Daisy Chain Act to exclude daisy chain requirements in some cases, e.g. institutions that would prefer liquidation rather than resolution.

Additionally, in 2024 the SRB amended the MREL policy to adapt it to the latest amendments involving daisy chains, among other aspects.

The Deposit Guarantee Schemes (DGSs) are regulated by the Deposit Guarantee Schemes Directive (DGSD), which has not undergone any significant changes since its publication in 2014. The Directive aims to harmonise the DGSs of the Member States, thus ensuring stability and balance in the various different countries. The Directive creates an appropriate framework for depositors to have improved access to DGS through the establishment of a clear scope of coverage, shorter repayment periods, the requirement of a reliable information and robust funding requirements of the DGS. This Directive is transposed into Spanish law by Royal Decree 2606/1996, with additional amendments set forth in Royal Decree 1041/2021.

To guarantee customers' deposits, the DGS collect available financial means in the form of contributions that members institutions have to make at least once a year. After the target level of 0.8% of the amount of covered deposits was reached, with the contributions raised until 2023, the Spanish DGS has not required the additional contribution to its institution's deposits compartment in 2024 (however, it will require a contribution to its securities compartment in February 2025 according to institution's data as of December 2024). These annual contributions are established depending on the total covered deposits and the risk profile faced by the institutions involved in the DGS. The method for calculation contributions is set out in the EBA Guidelines (EBA/GL/2023/02.

The Council agreed on 19 June 2024 on its position on the revision of the CMDI, which includes a broad set of measures aiming to strengthen the current EU crisis management framework. The trialogue process was initiated in December 2024.

Within the sustainability field from a prudential perspective, the CRR3 has introduced new requirements for integrating ESG risks in this framework, in particular including definitions, a 'more ecological' infrastructure supporting factor, climate considerations in collateral assessments and additional mandates to assess whether the prudential treatment of exposures related to assets or liabilities subject to the impact of environmental or social factors should be adjusted. To assess precisely whether specific prudential treatment is required, the CRR3 provides three mandates for creating the reports that assess data availability for the exposure categories, evaluation of the actual risk situation of exposures that affect environmental factors compared with the risk situation of other exposures and the potential effects of prudential treatment on financial stability. If considered necessary, after publication of these reports, a legislative proposal to amend the current prudential framework may be submitted to the Commission by 31 December 2026 to ensure a prudential framework which will continue supporting financial stability and a sustainable transition.

Furthermore, the CRR3/CRD6 regulatory package contains additional disclosure obligations concerning ESG, obligations on reporting to competent authorities and the obligation to establish specific plans for addressing short-, medium- and long-term financial risks derived from ESG factors, including generated risks as a consequence of the transition period.

In 2024 the EBA held a consultation on the Guidelines on the management of ESG risks, highlighting among its content mainly the following topics: reference methodology for the identification and measurement of ESG risks, minimum standards and reference methodology for the management and monitoring of ESG risks, and transition plans addressing the key aspects included in the new CRD6.

At the international level and particularly regarding reporting obligations on climate risks, it is important to note that the Basel Committee published a consultation paper at the end of 2023 (proposing a series of qualitative and quantitative requirements which should be disclosed in the entities' Pillar III reports). In this document the Committee acknowledges that precise, consistent and quality climate data is still evolving, but also the Committee believes that the disclosure requirements will expedite the availability of such information and will facilitate banks' prospective risk.

In the digital field, due to the increase in international crypto assets activities, significant adjustments have also been made to the prudential framework. Following the publication of the Basel standards, the European regulation needs to be adapted to incorporate them. Therefore, the CRR3 includes the mandate to the Commission to issue a legislative proposal by 30 June 2025 that incorporates international standards on the prudential regulation applicable in Europe. Until that framework is fully integrated, the CRR3 has set out a transitional framework for calculating own funds that will be applied until the Basel standards are incorporated. The implementation of this temporary treatment is pending more comprehensive elaboration in a technical standard to be issued by the EBA.

Apart from the treatment of exposures to this type of assets, the regulation also covers obligations concerning reporting to the competent authorities and disclosure to preserve transparency and market discipline. All these provisions have to be implemented before the enforcement date of the CRR3, and compliance is obligatory from 9 July 2024.

At 31 December 2024 Grupo Santander met the minimum capital requirements established by current legislation (see note 54.d). Additionally, it should be noted that the Group has filed an appeal with the Court of Justice of the European Union (CJEU) requesting the annulment of a decision by the European Central Bank (ECB) related to the treatment of deferred tax assets generated at Banco Santander Brasil, which, if resolved favourably, would have a positive impact of approximately 17 basis points on the Group's CET1, using the amounts at the end of the year.

f) Environmental impact

In view of the business activities carried on by the Group entities, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its consolidated equity, financial position or results (see note 54.a).

g) Events after the reporting period

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').

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.

2. Accounting policies

The accounting policies applied in preparing the consolidated financial statements were as follows:

a) Foreign currency transactions

i. Presentation currency

Banco Santander's functional and presentation currency is the euro. Also, the presentation currency of the Group is the euro.

ii. Translation of foreign currency balances

Foreign currency balances are translated to euros in two consecutive stages:

- Translation of foreign currency to the functional currency (currency of the main economic environment in which the entity operates).
- Translation to euros of the balances held in the functional currencies of entities whose functional currency is not the euro.

Translation of foreign currency to the functional currency

Foreign currency transactions performed by consolidated entities (or entities accounted for using the equity method) not located in European Monetary Union ('EMU') countries are initially recognised in their respective currencies. Monetary items in foreign currency are subsequently translated to their functional currencies using the closing rate.

Furthermore:

- Non-monetary items measured at historical cost are translated to the functional currency at the exchange rate at the date of acquisition.
- Non-monetary items measured at fair value are translated at the exchange rate at the date when the fair value was determined.
- Income and expenses are translated at the average exchange rates for the year for all the transactions performed during the year. When applying this criterion, the Group considers whether there have been significant changes in the exchange rates in the year which, in view of their materiality with respect to the consolidated financial statements taken as a whole, would make it necessary to use the exchange rates at the transaction date rather than the aforementioned average exchange rates.
- The balances arising from non-hedging forward foreign currency/foreign currency and foreign currency/euro purchase and sale transactions are translated at the closing rates prevailing in the forward foreign currency market for the related maturity.

Translation of functional currencies to euros

The balances in the financial statements of consolidated entities (or entities accounted for using the equity method) whose functional currency is not the euro are translated to euros as follows:

- Assets and liabilities, at the closing rates.
- Income and expenses, at the average exchange rates for the year.
- Equity items, at the historical exchange rates.

iii. Recognition of exchange differences

The exchange differences arising on the translation of foreign currency balances to the functional currency are generally recognised at their net amount under 'Exchange differences, net' in the consolidated income statement, except for exchange differences arising on financial instruments at fair value through profit or loss, which are recognised in the consolidated income statement without distinguishing them from other changes in fair value, and for exchange differences arising on non-monetary items measured at fair value through equity, which are recognised under 'Other comprehensive income–Items that may be reclassified to profit or loss–Exchange differences' except for exchange differences on equity instruments, where the option to irrevocably elect to be measured at fair value through changes in accumulated other comprehensive income, which are recognised in accumulated 'Other Comprehensive Income - Items not to be reclassified to profit or loss - Changes in fair value of equity instruments measured at fair value' through other comprehensive income (see note 29).

The exchange differences arising on the translation to euros of the financial statements denominated in functional currencies other than the euro are recognised in 'Other comprehensive income–Items that may be reclassified to profit or loss–Exchange differences' in the consolidated balance sheet, whereas those arising on the translation to euros of the financial statements of entities accounted for using the equity method are recognised in equity under 'Other comprehensive income–Items that may be reclassified to profit or loss and Items not reclassified to profit or loss–Other recognised income and expense' of investments in subsidiaries, joint ventures and associates (see note 29), until the related item is derecognised, at which time they are recognised in profit or loss.

Exchange differences arising on actuarial gains or losses when converting to euros the financial statements denominated in the functional currencies of entities whose functional currency is different from the euro are recognised under equity 'Other comprehensive income–Items not reclassified to profit or loss–Actuarial gains or (-) losses' on defined benefit pension plans (see note 29).

iv. Entities located in hyperinflationary economies

When a subsidiary operates in a country with hyperinflationary economy, IAS 29 Financial Information in Hyperinflationary Economies is applied, which means that:

– Historical cost of non-monetary assets and liabilities and of the various items of equity have to be adjusted to reflect the changes in the purchasing power of the currency due to inflation from their date of acquisition or incorporation into the consolidated balance sheet.

– The different items of the income statement are adjusted by the inflationary index since their generation, with a balancing entry in 'Other comprehensive income'.

– The loss on the net monetary position is recorded in the income for the year against 'Accumulated Other comprehensive income'.

– All components of the financial statements of the subsidiary are translated at the closing exchange rate.

The deterioration of the economic situation in Argentina over the last years caused, among other impacts, a significant increase in inflation, which by the end of 2018 had reached 48% per year (147% accumulated in three years). This led the Group to conclude that it was necessary to apply IAS 29 Financial Information in Hyperinflationary Economies to its activities in the country in question in its consolidated financial statements from that year on.

The Group has decided, in the year 2024, to apply an alternative exchange rate for the conversion of its businesses in Argentina in the preparation of its consolidated annual accounts, as a consequence of the divergence observed between the official exchange rate and certain macroeconomic variables, mainly inflation, together with the fact that for certain operations, such as the repatriation of dividends, the exchange rate implicit in orderly transactions between market participants did not correspond to the official exchange rate. As of 31 December 2024, the alternative exchange rate used takes as a reference the CCL dollar ('*contado con liquidación*'), which is the exchange rate that results from the sale in US dollars of local bonds denominated in Argentine pesos (bonds with dual peso denomination /dollar), which as of this date does not differ significantly with other market rates.

Inflation during 2024, to the national consumer price index published by the National Statistics and Census Institute, was 117.8% for the year (211.2% at 31 December 2023). The official exchange rate at 31 December 2024 has been of 1,071.16 Argentine pesos per euro (893.63 Argentine pesos per euro at 31 December 2023). The exchange rate applied by the Group as of 31 December 2024 was 1,232.39 Argentine pesos per euro.

At 31 December 2024, no other country in which the consolidated and associated entities of Grupo Santander are located is considered to have a hyperinflationary economy in accordance with the criteria established in this regard by the International Financial Reporting Standards adopted by the European Union.

v. Exposure to foreign currency risk

Grupo Santander hedges a portion of its long-term foreign currency positions using foreign exchange derivative financial instruments (see note 36). Also, the Group manages foreign exchange risk dynamically by hedging its short-term position (with a potential impact on profit or loss) in order to limit the impact of currency depreciations while optimising the cost of financing the hedges.

The following tables show the sensitivity of the consolidated income statement and consolidated equity to percentage changes of ± 1% in the foreign exchange rate positions arising from investments in Grupo Santander companies with currencies other than the euro (with its hedges) and in their results (with its hedges), in which the Group maintains significant balances.

The estimated effect on the consolidated equity attributable to Grupo Santander and on consolidated profit and loss account of a 1% appreciation of the euro against the corresponding currency is as follows:

EUR million

	Effect on consolidated equity			Effect on consolidated profit		
Currency	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
US dollar	(168.4)	(136.9)	(146.0)	(3.9)	(3.4)	(4.4)
Chilean peso	(15.3)	(35.3)	(14.8)	(2.1)	(2.3)	(2.0)
Pound sterling	(96.5)	(79.1)	(94.7)	(4.4)	(3.1)	(1.5)
Mexican peso	(33.9)	(36.4)	(27.7)	(0.5)	(0.1)	(2.0)
Brazilian real	(144.1)	(175.7)	(100.1)	(4.3)	(6.5)	(5.9)
Polish zloty	(25.1)	(48.8)	(19.8)	(0.4)	—	(1.3)
Argentine peso	(18.3)	(7.5)	(17.1)	(6.6)	(4.2)	(2.1)

Similarly, the estimated effect on the Group's consolidated equity and on consolidated profit and loss account of a 1% depreciation of the euro against the corresponding currency is as follows:

EUR million

	Effect on consolidated equity			Effect on consolidated profit		
Currency	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
US dollar	171.8	139.7	148.9	4.0	3.4	4.5
Chilean peso	15.6	36.0	15.1	2.2	2.3	2.1
Pound sterling	98.4	80.7	96.7	4.5	3.1	1.5
Mexican peso	34.6	37.1	28.2	0.5	0.1	2.0
Brazilian real	147.0	179.3	102.1	4.3	6.6	6.0
Polish *zloty*	25.6	49.8	20.2	0.4	—	1.4
Argentine peso	18.7	7.7	17.4	6.7	4.2	2.2

The above data were obtained as follows:

a) Effect on consolidated equity: in accordance with the accounting policy detailed in note 2.a.iii, foreign exchange rate impact arising on the translation to euros of the financial statements in the functional currencies of the Group entities whose functional currency is not the euro are recognised in consolidated equity. The potential effect that a change in the exchange rates of the related currency would have on the Group's consolidated equity was therefore determined by applying the aforementioned change to the net value of each unit's assets and liabilities - including, where appropriate, the related goodwill- and by taking into consideration the offsetting effect of the hedges of net investments in foreign operations.

b) Effect on consolidated profit: the effect was determined by applying the up and down movements in the average exchange rates of the year, as indicated in note 2.a.ii (except in the case of Argentina, which is a hyperinflationary economy and has applied the closing exchange rate), to translate to euros the income and expenses of the consolidated entities whose functional currency is not the euro, taking into consideration, where appropriate, the offsetting effect of the various hedging transactions in place.

The estimates used to obtain the foregoing data were performed considering the effects of the changes in the exchange rate in standalone basis not considering the effect of the performance of other variables whose changes would affect equity and profit or loss, such as variations in the interest rates of the reference currencies or other market factors. Accordingly, all variables other than the exchange rate variations were kept constant with respect to their positions at 31 December 2024, 2023 and 2022.

b) Basis of consolidation

i. Subsidiaries

Subsidiaries are defined as entities over which the Bank has the capacity to exercise control. The Bank controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are fully consolidated with those of the Bank. Accordingly, all balances and effects of the transactions between consolidated companies are eliminated on consolidation.

On acquisition of control of a subsidiary, its assets, liabilities and contingent liabilities are recognised at their acquisition-date fair values. Any positive differences between the acquisition cost and the fair values of the identifiable net assets acquired are recognised as goodwill (see note 17). Negative differences are recognised in profit or loss on the date of acquisition.

Additionally, the share of third parties of Grupo Santander equity is presented under 'Non-controlling interests' in the consolidated balance sheet (see note 28). Their share of the profit for the year is presented under 'Profit attributable to non-controlling interests' in the consolidated income statement.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries for which control is lost during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

At 31 December 2024, apart from the structured consolidated entities, Grupo Santander does not control any company in which it maintains a percentage of direct participation in its share capital of less than 50%.

The appendices contain significant information on the subsidiaries.

ii. Interests in joint ventures

Joint ventures are deemed to be entities that are not subsidiaries but which are jointly controlled by two or more unrelated entities. This is evidenced by contractual arrangements whereby two or more parties have interests in entities so that decisions about the relevant activities require the unanimous consent of all the parties sharing control.

In the consolidated financial statements, investments in joint ventures are accounted for using the equity method, i.e. at the Group’s share of net assets of the investee, after taking into account the dividends received therefrom and other equity eliminations. The profits and losses resulting from transactions with a joint venture are eliminated to the extent of the Group’s interest therein.

The appendices contain relevant information on the joint ventures.

iii. Associates

Associates are entities over which Banco Santander is in a position to exercise significant influence, but not control or joint control. It is presumed that Banco Santander exercises significant influence if it holds 20% or more of the voting power of the investee.

In the consolidated financial statements, investments in associates are accounted for using the equity method, with the same criteria applicable to shares in joint ventures.

There are certain investments in entities which, although Grupo Santander owns 20% or more of their voting power, are not considered to be associates because the Group is not in a position to exercise significant influence over them. As of 31 December 2023 and 2022, the investment in Project Quasar Investments 2017, S.L. was in this situation, despite maintaining a 49% stake in the share capital. The rest of the investments are not significant for the Group.

There are also certain investments in associates where the Group owns less than 20% of the voting rights, as it is determined that it has the capacity to exercise significant influence over them. The impact of these companies is immaterial in the Group's consolidated financial statements.

The appendices contain significant information on the associates.

iv. Structured entities

In some cases, Grupo Santander incorporates entities, or holds ownership interests therein, to enable its customers to access certain investments, or for the transfer of risks or other purposes. Those entities are called 'structured entities' and they are characterized by the fact that since the voting, or similar power is not a key factor in deciding who controls the entity. The control is determined by using internal criteria and procedures and taking into consideration the applicable legislation, as described above. Specifically, for those entities to which this policy applies (mainly investment funds and pension funds), the Group analyses the following factors:

- Percentage of ownership held by Grupo Santander; 20% is established as the general threshold.
- Identification of the fund manager, and verification as to whether it is a company controlled by the Group since this could affect Grupo Santander ability to direct the relevant activities.
- Existence of agreements between investors that might require decisions to be taken jointly by the investors, rather than by the fund manager.
- Existence of currently exercisable removal rights (possibility of removing the manager from his position), since the existence of such rights might limit the manager’s power over the fund, and it may be concluded that the manager is acting as an agent of the investors.
- Analysis of the fund manager’s remuneration regime, taking into consideration that a remuneration regime that is proportionate to the service rendered does not, generally, create exposure of such importance as to indicate that the manager is acting as the principal. Conversely, if the remuneration regime is not proportionate to the service rendered, this might give rise to an exposure that would lead the Group to a different conclusion.

These structured entities also include the securitisation special purpose vehicles, which are consolidated in the case of the Special Purpose Vehicles (SPVs) over which, being exposed to variable yield, it is considered that the Group continues to exercise control.

The exposure associated with unconsolidated structured entities, additional to investments in the equity of investment funds (note 8), are not material with respect to the Group’s consolidated financial statements.

v. Business combinations

A business combination is the bringing together of two or more separate entities or economic units into one single entity or group of entities.

Business combinations whereby Grupo Santander obtains control over an entity or a business are recognised for accounting purposes as follows:

- Grupo Santander measures the cost of the business combination, which is normally the consideration transferred, defined as the acquisition-date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued, if any, by the acquirer. In cases where the amount of the consideration to be transferred has not been definitively established at the acquisition date, but rather depends on future events, any contingent consideration is recognised as part of the consideration transferred and measured at its acquisition-date fair value. Moreover, acquisition-related costs do not for these purposes form part of the cost of the business combination.

- The fair values of the assets, liabilities and contingent liabilities of the acquired entity or business, including any intangible assets identified in the business combination which might not have been recognised by the acquiree, are estimated and recognised in the consolidated balance sheet; the Group also estimates the amount of any non-controlling interests and the fair value of the previously held equity interest in the acquiree.

- Any positive difference between the aforementioned items is recognised as discussed in note 2.m. Any negative difference is recognised under 'Negative Goodwill' recognised in the consolidated income statement.

Goodwill is only calculated and recognised once, when control of a business or an entity is obtained.

vi. Changes in the levels of ownership interests in subsidiaries

Acquisitions and disposals not giving rise to a change in control are recognised as equity transactions, and no gain or loss is recognised in the income statement and the initially recognised goodwill is not remeasured. The difference between the consideration transferred or received and the decrease or increase in non-controlling interests, respectively, is recognised in reserves.

Similarly, when control over a subsidiary is lost, the assets, liabilities and non-controlling interests and any other items recognised in 'Other Comprehensive income' of that company are derecognised from the consolidated balance sheet, and the fair value of the consideration received and of any remaining equity interest is recognised. The difference between these amounts is recognised in profit or loss.

c) Classification of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following transactions are not treated for accounting purposes as financial instruments:

- Investments in associates and joint ventures (see note 13).

- Rights and obligations under employee benefit plans (see note 25).

- Rights and obligations under insurance contracts (see note 15).

- Contracts and obligations relating to employee remuneration based on own equity instruments (see note 34).

i. Classification of financial assets for measurement purposes

Financial assets are initially classified into the various categories used for management and measurement purposes, unless they have to be presented as 'Non-current assets held for sale' or they relate to 'Cash, cash balances at central banks and other deposits on demand', 'Changes in the fair value of hedged items in portfolio hedges of interest rate risk (asset side)', 'Hedging derivatives and Investments', which are reported separately.

Classification of financial instruments: the classification criteria for financial assets depends on the business model for their management and the characteristics of their contractual flows.

Grupo Santander business models refer to the way in which it manages its financial assets to generate cash flows. In defining these models, the Group takes into account the following factors:

- How key entity staff are assessed and reported on the performance of the business model and the financial assets held in the business model.

- The risks that affect the performance of the business model (and the financial assets held in the business model) and, specifically, the way in which these risks are managed.

- How business managers are remunerated.

- The frequency, the calendar and volume of sales in previous years, as well as expectations of future sales and the reasons of the sales.

The analysis of the characteristics of the contractual flows of financial assets requires an assessment of the congruence of these flows with a basic loan agreement. The Group determines if the contractual cash flows of its financial assets that are only principal and interest payments on the outstanding principal amount at the beginning of the transaction. This analysis takes into consideration four factors (performance, clauses, contractually linked products and currencies). Furthermore, among the most significant judgements used by the Group in carrying out this analysis, the following ones are included:

- The return on the financial asset, in particular in cases of periodic interest rate adjustments where the term of the reference rate does not coincide with the frequency of the adjustment. In these cases, an assessment is made to determine whether or not the contractual cash flows differ significantly from the flows without this change in the time value of money, establishing a tolerance level of 5%.

- When contractual clauses that may modify the cash flows of the financial asset exist, the structure of the cash flows before and after the activation of such clauses is analysed, regardless of the probability of occurrence of the contingent event. The evaluation of contractual flows of financial assets with characteristics associated with ESG is included in this analysis.

- Financial assets whose cash flows have different priority for payment due to a contractual link to underlying assets (e.g. securitisations) require a look-through analysis by the Group so as to review that both the financial asset and the underlying assets are only principal and interest payments and that the exposure to credit risk of the set of underlying assets belonging to the tranche analysed is less than or equal to the exposure to credit risk of the set of underlying assets of the instrument.

Depending on these factors, the asset can be measured at amortised cost, at fair value with changes in other comprehensive income, or at fair value with changes through profit and loss. IFRS 9 also establishes an option to designate an instrument at fair value with changes in profit or loss, when doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'accounting asymmetry') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on different bases.

Grupo Santander uses the following criteria for the classification of the financial debt instruments:

- Amortised cost: financial instruments under a business model whose objective is to collect principal and interest flows, over which there is no significant unjustified sales and fair value is not a key element in the management of these assets and contractual conditions they give rise to cash flows on specific dates, which are only payments of principal and interest on the outstanding principal amount. In this sense, unjustified sales are considered to be those other than those related to an (i) increase in the credit risk of the asset, (ii) unanticipated funding needs (stress case scenarios) and (iii) those close to maturity . Additionally, the characteristics of its contractual flows represent substantially a 'basic financing agreement'.

- Fair value with changes in other comprehensive income: financial instruments held in a business model whose objective is to collect principal and interest cash flows and the sale of these assets, where fair value is a key factor in their management. Additionally, the contractual cash flow characteristics substantially represent a 'basic financing agreement'.

- Fair value with changes in profit or loss: financial instruments included in a business model whose objective is not obtained through the above mentioned models, where fair value is a key factor in managing of these assets, and financial instruments whose contractual cash flow characteristics do not substantially represent a 'basic financing agreement'. In this section it can be enclosed the portfolios classified under 'Financial assets held for trading', 'Non-trading financial assets mandatorily at fair value through profit or loss' and 'Financial assets at fair value through profit or loss'. In this regard, most of the financial assets presented in the category of 'Financial assets designated at value reasonable with change in results' are instruments financial services that, not being part of the portfolio of negotiation, are contracted jointly with other financial instruments that are recorded in the category of 'held for trading', and that by both are recorded at fair value with changes in results, so your record in any other category would produce accounting asymmetries.

Equity instruments will be classified at fair value under IFRS 9, with changes in profit or loss, unless the Group decides, for non-trading assets, to classify them at fair value with changes in other comprehensive income (irrevocably) at initial recognition.

ii. Classification of financial assets for presentation purposes

Financial assets are classified by nature into the following items in the consolidated balance sheet:

- Cash, cash balances at Central Banks and other deposits on demand: cash balances and balances receivable on demand relating to deposits with central banks and credit institutions.

- Loans and advances: includes the debit balances of all credit and loans granted by the Group, other than those represented by securities, as well as finance lease receivables and other debit balances of a financial nature in favour of the Group such as cheques drawn on credit institutions, balances receivable from clearing houses and settlement agencies for transactions on the stock exchange and organised markets, bonds given in cash, capital calls, fees and commissions receivable for financial guarantees and debit balances arising from transactions not originating in banking transactions and services, such as the collection of rentals and similar items. They are classified, on the basis of the institutional sector to which the debtor belongs, into:

  - Central banks: credit of any nature, including deposits and money market transactions received from the Bank of Spain or other central banks.

  - Credit institutions: credit of any nature, including deposits and money market transactions, in the name of credit institutions.

  - Customers: includes the remaining credit, including money market transactions through central counterparties.

- Debt securities: bonds and other securities that represent a debt for their issuer, that generate an interest return, and that are in the form of certificates or book entries.

- Equity instruments: financial instruments issued by other entities, such as shares, which have the nature of equity instruments for the issuer, other than investments in subsidiaries, joint ventures or associates. Investment fund units are included in this item.

- Derivatives: includes the fair value in favour of the Group of derivatives which do not form part of hedge accounting, including embedded derivatives separated from hybrid financial instruments.

- Repurchase agreements and reverse repurchase agreements: Purchases of financial instruments under a non-optional resale (repurchase) agreement at a fixed price (repos) are recognised in the consolidated balance sheet as financing granted, based on the nature of the debtor, under 'Loans and advances with central banks', 'Loans and advances to credit institutions' or 'Loans and advances to customers. Differences between the purchase and sale prices are recognised as interest over the contract term.

- Changes in the fair value of hedged items in portfolio hedges of interest rate risk: this item is the balancing entry for the amounts credited to the consolidated income statement in respect of the measurement of the portfolios of financial instruments which are effectively hedged against interest rate risk through fair value hedging derivatives.

- Hedging derivatives: Includes the fair value in favour of the Group of derivatives, including embedded derivatives separated from hybrid financial instruments, designated as hedging instruments in hedge accounting.

iii. Classification of financial liabilities for measurement purposes

Financial liabilities are initially classified into the various categories used for management and measurement purposes, unless they have to be presented as 'Liabilities associated with non-current assets held for sale' or they relate to 'Hedging derivatives' or changes in the fair value of hedged items in portfolio hedges of interest rate risk (liability side), which are reported separately.

In most cases, changes in the fair value of financial liabilities designated at fair value through profit or loss, caused by the entity's credit risk, are recognized in other comprehensive income.

Financial liabilities are included for measurement purposes in one of the following categories:

- Financial liabilities held for trading (at fair value through profit or loss): this category includes financial liabilities incurred for the purpose of generating a profit in the near term from fluctuations in their prices, financial derivatives not designated as hedging instruments, and financial liabilities arising from the outright sale of financial assets acquired under reverse repurchase agreements ('reverse repos') or borrowed (short positions).

- Financial liabilities designated at fair value through profit or loss: financial liabilities are included in this category when they provide more relevant information, either because this eliminates or significantly reduces recognition or measurement inconsistencies (accounting mismatches) that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases, or because a group of financial liabilities or financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided on that basis to the Group's key management personnel.

Liabilities may only be included in this category on the date when they are incurred or originated.

- Financial liabilities at amortised cost: financial liabilities, irrespective of their instrumentation and maturity, not included in any of the above-mentioned categories which arise from the ordinary borrowing activities carried on by financial institutions.

iv. Classification of financial liabilities for presentation purposes

Financial liabilities are classified by nature into the following items in the consolidated balance sheet:

- Deposits: includes all repayable balances received in cash by Grupo Santander, other than those instrumented as marketable securities and those having the substance of subordinated liabilities (amount of the loans received, which for credit priority purposes are after common creditors), except for the debt instruments. This item also includes cash bonds and cash consignments received the amount of which may be invested without restriction. Deposits are classified on the basis of the creditor's institutional sector into:

  – Central banks: deposits of any nature, including credit received and money market transactions received from the Bank of Spain or other central banks.

  – Credit institutions: deposits of any nature, including credit received and money market transactions in the name of credit institutions.

  – Customer: includes the remaining deposits, including money market transactions through central counterparties.

- Marketable debt securities: includes the amount of bonds and other debt represented by marketable securities, other than those having the substance of subordinated liabilities (amount of the loans received, which for credit priority purposes are after common creditors, and includes the amount of the financial instruments issued by the Group which, having the legal nature of capital, do not meet the requirements to qualify as equity, such as certain preferred shares issued). This item includes the component that has the consideration of financial liability of the securities issued that are compound financial instruments.

- Derivatives: includes the fair value, with a negative balance for the Group, of derivatives, including embedded derivatives separated from the host contract, which do not form part of hedge accounting.

- Short positions: includes the amount of financial liabilities arising from the outright sale of financial assets acquired under reverse repurchase agreements or borrowed.
- Other financial liabilities: includes the amount of payment obligations having the nature of financial liabilities not included in other items (includes, among others, the balance of lease liabilities), and liabilities under financial guarantee contracts, unless they have been classified as non-performing.
- Repurchase agreements and reverse repurchase agreements: Sales of financial instruments under a non-optional resale (repurchase) agreement at a fixed price (repos) are recognised in the consolidated balance sheet as financing received, based on the nature of the creditor, under 'Deposits from central banks', 'Deposits from credit institutions' or 'Customer deposits'. Differences between the purchase and sale prices are recognised as interest over the contract term.
- Changes in the fair value of hedged items in portfolio hedges of interest rate risk: this item is the balancing entry for the amounts charged to the consolidated income statement in respect of the measurement of the portfolios of financial instruments which are effectively hedged against interest rate risk through fair value hedging derivatives.
- Hedging derivatives: includes the fair value of the Group's liability in respect of derivatives, including embedded derivatives separated from hybrid financial instruments, designated as hedging instruments in hedge accounting.
- The preference shares contingently convertible into ordinary shares eligible as Additional Tier 1 capital (PPCC) -perpetual shares, which may be repurchased by the issuer in certain circumstances, the interest on which is discretionary, and would convert into variable number of newly issued ordinary shares if the capital ratio of the Bank or its consolidated group falls below a given percentage (trigger event), as those two terms are defined in the related issue prospectuses are recognised for accounting purposes by the Group as compound instruments. The liability component reflects the issuer's obligation to deliver a variable number of shares and the equity component reflects the issuer's discretion in relation to the payment of the related coupons. In order to effect the initial allocation, the Group estimates the fair value of the liability as the amount that would have to be delivered if the trigger event were to occur immediately and, accordingly, the equity component, calculated as the residual amount, is zero. In view of the aforementioned discretionary nature of the payment of the coupons, they are deducted directly from equity.
- Capital perpetual preference shares (PPCA), with the possibility of purchase by the issuer in certain circumstances, whose remuneration is discretionary, and which will be amortised permanently, totally or partially, in the event that the bank or its consolidated group submits a capital ratio lesser than a certain percentage (trigger event), as defined in the corresponding prospectuses, are accounted for by the Group as equity instruments.
- Derivatives embedded in other financial instruments or in other host contracts are accounted for separately as derivatives if their risks and characteristics are not closely related to those of the host contracts, provided that the host contracts are not classified as financial assets/liabilities designated at fair value through profit or loss or as 'Financial assets/liabilities held for trading'.

d) Measurement of financial assets and liabilities and recognition of fair value changes

In general, financial assets and liabilities are initially recognised at fair value which, in the absence of evidence to the contrary, is deemed to be the transaction price.

In this regard, IFRS 9 states that regular way purchases or sales of financial assets shall be recognised and derecognised on the trade date or on the settlement date. Grupo Santander has opted to make such recognition on the trading date or settlement date, depending on the convention of each of the markets in which the transactions are carried out. For example, in relation to the purchase or sale of debt securities or equity instruments traded in the Spanish market, securities market regulations stipulate their effective transfer at the time of settlement and, therefore, the same time has been established for the accounting record to be made.

The fair value of instruments not measured at fair value through profit and loss is adjusted by transaction costs. Subsequently, and on the occasion of each accounting close, they are valued in accordance with the following criteria:

i. Measurement of financial assets

Financial assets are measured at fair value are valued mainly at their fair value without deducting any transaction cost for their sale.

The fair value of a financial instrument on a given date is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an active, transparent and deep market (quoted price or market price). At 31 December 2024, there were no significant investments in quoted financial instruments that had ceased to be recognised at their quoted price because their market could not be deemed to be active.

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

All derivatives are recognised in the balance sheet at fair value from the trade date. If the fair value is positive, they are recognised as an asset and if the fair value is negative, they are recognised as a liability. The fair value on the trade date is deemed, in the absence of evidence to the contrary, to be the transaction price. The changes in the fair value of derivatives from the trade date are recorded in the consolidated income statement. Specifically, the fair value of financial derivatives traded in organised markets included in the portfolios of financial assets or liabilities held for trading is deemed to be their daily quoted price and if, for exceptional reasons, the quoted price cannot be determined on a given date, these financial derivatives are measured using methods similar to those used to measure derivatives.

The fair value of derivatives is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement (present value or theoretical close) using valuation techniques commonly used by the financial markets: net present value, option pricing models and other methods.

The amount of debt securities and loans and advances under a business model whose objective is to collect the principal and interest flows are valued at their amortised cost, as long as they comply with the 'SPPI' (Solely Payments of Principal and Interest) test, using the effective interest rate method in their determination. Amortised cost refers to the acquisition cost of a corrected financial asset or liability (more or less, as the case may be) for repayments of principal and the part systematically charged to the consolidated income statement of the difference between the initial cost and the corresponding reimbursement value at expiration. In the case of financial assets, the amortised cost includes, in addition, the corrections to their value due to the impairment. In the loans and advances covered in fair value hedging transactions, the changes that occur in their fair value related to the risk or the risks covered in these hedging transactions are recorded.

The effective interest rate is the discount rate that exactly matches the carrying amount of a financial instrument to all its estimated cash flows of all kinds over its remaining life.

For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees and transaction costs that, because of their nature, form part of their financial return. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the next benchmark interest reset date.

Equity instruments and contracts related with these instruments are measured at fair value. However, in certain circumstances the Group estimates cost value as a suitable estimate of the fair value. This can happen if the recent event available information is not enough to measure the fair value or if there is a broad range of possible measures and the cost value represents the best estimates of fair value within this range.

The amounts at which the financial assets are recognised represent, in all material respects, the Group's maximum exposure to credit risk at each reporting date. Also, Grupo Santander has received collateral and other credit enhancements to mitigate its exposure to credit risk, which consist mainly of mortgage guarantees, cash collateral, equity instruments and personal security, assets leased out under finance lease and full-service lease agreements, assets acquired under repurchase agreements, securities loans and credit derivatives.

ii. Measurement of financial liabilities

In general, financial liabilities are measured at amortised cost, as defined above, except for those included under 'Financial liabilities held for trading' and 'Financial liabilities designated at fair value through profit or loss' and financial liabilities designated as hedged items (or hedging instruments) in fair value hedges, which are measured at fair value. The changes in credit risk arising from financial liabilities designated at fair value through profit or loss are recognised in accumulated other comprehensive income, unless they generate or increase an accounting mismatch, in which case changes in the fair value of the financial liability in all respects are recognised in the income statement.

iii. Valuation techniques

The financial instruments at fair value determined on the basis of published price quotations in active markets (level 1) include government debt securities, private-sector debt securities, derivatives traded in organised markets, securitised assets, shares, short positions and fixed-income securities issued.

In cases where price quotations cannot be observed, management makes its best estimate of the price that the market would set, using its own internal models, described in note 50. In most cases, these internal models use data based on observable market parameters as significant inputs (level 2) and, in cases, they use significant inputs not observable in market data (level 3). In order to make these estimates, various techniques are employed, including the extrapolation of observable market data. The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, unless the fair value of the instrument can be obtained from other market transactions performed with the same or similar instruments or can be measured by using a valuation technique in which the variables used include only observable market data, mainly interest rates.

iv. Recognition of fair value changes

As a general rule, changes in the carrying amount of financial assets and liabilities are recognised in the consolidated income statement. A distinction is made between the changes resulting from the accrual of interest and similar items, (which are recognised under Interest income or Interest expense, as appropriate), and those arising for other reasons, which are recognised at their net amount under 'Gains/losses on financial assets and liabilities'.

Adjustments due to changes in fair value arising from:

- 'Financial assets at fair value with changes in other comprehensive income' are recorded temporarily, in the case of debt instruments in 'Other comprehensive income - Elements that can be reclassified to profit or loss - Financial assets at fair value with changes in other comprehensive income', while in the case of equity instruments are recorded in 'other comprehensive income - Elements that will not be reclassified to line item - Changes in the fair value of equity instruments valued at fair value with changes in other comprehensive income'.

  Exchange differences on debt instruments measured at fair value with changes in other comprehensive income are recognised under 'Exchange Differences, net' of the consolidated income statement. Exchange differences on equity instruments, in which the irrevocable option of being measured at fair value with changes in other comprehensive income has been chosen, are recognised in 'Other comprehensive income - Items that will not be reclassified to profit or loss - Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income'.

- Items charged or credited to 'Items that may be reclassified to profit or loss – Financial assets at fair value through other comprehensive income' and 'Other comprehensive income – Items that may be reclassified to profit or loss – Exchange differences in equity' remain in the Group's consolidated equity until the asset giving rise to them is impaired or derecognised, at which time they are recognised in the consolidated income statement.

- Unrealized capital gains on financial assets at fair value through other comprehensive income classified as 'Non-current assets held for sale' because they form part of a disposal group or a discontinued operation that are recorded in the equity balancing entry 'Other accumulated comprehensive income - Items that can be reclassified in income - Non-current assets as held for sale.

v. Hedging transactions

The consolidated entities use financial derivatives for the following purposes: i) to facilitate these instruments to customers who request them in the management of their market and credit risks; ii) to use these derivatives in the management of the risks of the Group entities' own positions and assets and liabilities (hedging derivatives); and iii) to obtain gains from changes in the prices of these derivatives (derivatives).

Financial derivatives that do not qualify for hedge accounting are treated for accounting purposes as trading derivatives. Additionally, certain financial assets and liabilities can be designated as hedging instruments to cover exchange rate risk.

A derivative qualifies for hedge accounting if all the following conditions are met:

1. The derivative hedges one of the following three types of exposure:

a. Changes in the fair value of assets and liabilities, as well as firm commitments, due to fluctuations, among others, in the interest rate and/or exchange rate to which the position or balance to be hedged is subject (fair value hedge).

b. Changes in the estimated cash flows arising from assets and liabilities, commitments and highly probable forecast transactions (cash flow hedge).

c. The net investment in a foreign operation (hedge of a net investment in a foreign operation).

2. It is effective in offsetting exposure inherent in the hedged item or position throughout the expected term of the hedge, which means that:

a. At the date of arrangement the hedge is expected, under normal conditions, to be highly effective (prospective effectiveness).

b. There is sufficient evidence that the hedge was actually effective during the whole life of the hedged item or position (retrospective effectiveness). To this end, the Group checks that the results of the hedge were within a range of 80% to 125% of the results of the hedged item.

3. There must be adequate documentation evidencing the specific designation of the financial derivative to hedge certain balances or transactions and how this hedge was expected to be achieved and measured, provided that this is consistent with the Group's management of own risks.

The changes in value of financial instruments qualifying for hedge accounting are recognised as follows:

a. In fair value hedges, the gains or losses arising on both the hedging instruments and the hedged items attributable to the type of risk being hedged are recognised directly in the consolidated income statement.

b. In fair value hedges of interest rate risk on a portfolio of financial instruments, the gains or losses that arise on measuring the hedging instruments are recognised directly in the consolidated income statement, whereas the gains or losses due to changes in the fair value of the hedged amount (attributable to the hedged risk) are recognised in the consolidated income statement with a balancing entry under Changes in the fair value of hedged items in portfolio hedges of interest rate risk on the asset or liability side of the balance sheet, as appropriate.

c. In cash flow hedges, the effective portion of the change in value of the hedging instrument is recognised temporarily in Other comprehensive income – under Items that may be reclassified to profit or loss – Hedging derivatives – Cash flow hedges (effective portion) until the covered element affects the results, when it is recognised in the consolidated income statement, unless, if the forecast transactions result in the recognition of non-financial assets or liabilities, it is included in the cost of the non-financial asset or liability.

d. In hedges of a net investment in a foreign operation, the gains or losses attributable to the portion of the hedging instruments qualifying as an effective hedge are recognised temporarily in Other comprehensive income under Items that may be reclassified to profit or loss – Hedges of net investments in foreign operations until the gains or losses – on the hedged item are recognised in profit or loss.

e. The ineffective portion of the gains or losses on the hedging instruments of cash flow hedges and hedges of a net investment in a foreign operation is recognised directly under 'Gains/losses on financial assets and liabilities (net)' in the consolidated income statement, in Gains or losses from hedge accounting, net.

If a derivative designated as a hedge no longer meets the requirements described above due to expiration, ineffectiveness or for any other reason, the derivative is classified for accounting purposes as a trading derivative.

When fair value hedge accounting is discontinued, the adjustments previously recognised on the hedged item are amortised to profit or loss at the effective interest rate recalculated at the date of hedge discontinuation. The adjustments must be fully amortised at maturity.

When cash flow hedge accounting is discontinued, any cumulative gain or loss on the hedging instrument recognised in equity under other comprehensive income 'Items that may be reclassified to profit or loss' (from the period when the hedge was effective) remains in this equity item until the forecast transaction occurs, at which time it is recognised in profit or loss, unless the transaction is no longer expected to occur, in which case the cumulative gain or loss is recognised immediately in profit or loss.

e) Derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

1. If the Group transfers substantially all the risks and rewards to third parties unconditional -sale of financial assets, sale of financial assets under an agreement to repurchase them at their fair value at the date of repurchase, sale of financial assets with a purchased call option or written put option that is deeply out of the money, securitisation of assets in which the transferor does not retain a subordinated debt or grant any credit enhancement to the new holders, and other similar cases-, the transferred financial asset is derecognised and any rights or obligations retained or created in the transfer are recognised simultaneously.

2. If the Group retains substantially all the risks and rewards associated with the transferred financial asset -sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, and other similar cases-, the transferred financial asset is not derecognised and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognised:

a. An associated financial liability, which is recognised for an amount equal to the consideration received and is subsequently measured at amortised cost, unless it meets the requirements for classification under 'Financial liabilities designated at fair value through profit or loss'.

b. The income from the transferred financial asset not derecognised and any expense incurred on the new financial liability, without offsetting.

3. If the Group neither transfers nor retains substantially all the risks and rewards associated with the transferred financial asset -sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitisation of assets in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the transferred asset, and other similar cases- the following distinction is made:

a. If the transferor does not retain control of the transferred financial asset, the asset is derecognised and any rights or obligations retained or created in the transfer are recognised.

b. If the transferor retains control of the transferred financial asset, it continues to recognise it for an amount equal to its exposure to changes in value and recognises a financial liability associated with the transferred financial asset. The net carrying amount of the transferred asset and the associated liability is the amortised cost of the rights and obligations retained, if the transferred asset is measured at amortised cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Accordingly, financial assets are only derecognised when the rights to the cash flows they generate have expired or when substantially all the inherent risks and rewards have been transferred to third parties. Similarly, financial liabilities are only derecognised when the obligations they generate have been extinguished or when they are acquired with the intention either to cancel them or to resell them.

Regarding contractual modifications of financial assets, Grupo Santander has differentiated them into two main categories in relation to the conditions under which a modification leads to the disposal of the financial asset (and the recognition of a new financial asset) and those under which the accounting of the original financial instrument with the modified terms is maintained:

- Contractual modifications for commercial or market reasons, which are generally carried out at the request of the debtor to apply current market conditions to the debt. The new contract is considered a new transaction and, consequently, it is necessary to derecognize the original financial asset and recognize a new financial asset subject to the classification and measurement requirements established by IFRS 9. The new financial asset will be recorded at fair value and, if applicable, the difference between the carrying amount of the asset derecognized and the fair value of the new asset will be recognized in profit or loss.

- Modifications due to refinancing or restructuring, in which the payment conditions are modified to allow a customer that is experiencing financial difficulties (current or foreseeable) to meet its payment obligations and that, if such modification had not been made, it would be reasonably certain that it would not be able to meet such payment obligations. In this case, the modification does not result in the derecognition of the financial asset, but rather the original financial asset is maintained and does not require a new assessment of its classification and measurement. When assessing credit impairment, the current credit risk (considering the modified cash flows) should be compared with the credit risk at initial recognition. The gross carrying amount of the financial asset (the present value of the renegotiated or modified contractual cash flows that are discounted at the original effective interest rate of the financial asset) should be recalculated, with a gain or loss recognized in profit or loss for the difference.

f) Offsetting of financial instruments

Financial asset and liability balances are offset, i.e. reported in the consolidated balance sheet at their net amount, only if the Group entities currently have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

g) Impairment of financial assets

i. Definition

Grupo Santander associates an impairment in the value to financial assets measured at amortised cost, debt instruments measured at fair value with changes in other comprehensive income, lease receivables, assets from contracts and loan commitments and the financial guarantees issued that are not measured at fair value through profit or loss.

The impairment for expected credit losses is recorded with a charge to the consolidated income statement for the period in which the impairment arises. In the event of occurrence, the recoveries of previously recognised impairment losses are recorded in the consolidated income statement for the period in which the impairment no longer exists or is reduced.

In the case of purchased or originated credit-impaired assets, the Group only recognizes at the reporting date the changes in the expected credit losses during the life of the asset since the initial recognition as a credit loss. In the case of assets measured at fair value with changes in other comprehensive income, the changes in the fair value due to expected credit losses are charged in the consolidated income statement of the year where the change happened, reflecting the rest of the valuation in other comprehensive income.

As a rule, the expected credit loss is estimated as the difference between the contractual cash flows to be recovered and the expected cash flows discounted using the original effective interest rate. In the case of purchased or originated credit-impaired assets, this difference is discounted using the effective interest rate adjusted by credit rating.

Depending on the classification of financial instruments, which is mentioned in the following sections, the expected credit losses may be along 12 months or during the life of the financial instrument:

- 12-month expected credit losses: arising from the potential default events, as defined in the following sections that are estimated to be likely to occur within the 12 months following the reporting date. These losses will be associated with financial assets classified as 'normal risk' as defined in the following sections.

- Expected credit losses over the life of the financial instrument: arising from the potential default events that are estimated to be likely to occur throughout the life of the financial instruments. These losses are associated with financial assets classified as 'normal risk under watchlist' or 'doubtful risk'.

With the purpose of estimating the expected life of the financial instrument all the contractual terms have been taken into account (e.g. prepayments, duration, purchase options, etc.), being the contractual period (including extension options) the maximum period considered to measure the expected credit losses. In the case of financial instruments with an uncertain maturity period and a component of undrawn commitment (e.g.: credit cards), the expected life is estimated through quantitative analyses to determine the period during which the entity is exposed to credit risk, also considering the effectiveness of management procedures that mitigate such exposure (e.g. the ability to unilaterally cancel such financial instruments, etc.).

The following constitute effective guarantees:

a) Mortgage guarantees on housing as long as they are first duly constituted and registered in favour of the entity. The properties include:

i. Buildings and building elements, distinguishing among:

- Houses.
- Offices, stores and multi-purpose premises.
- Rest of buildings such as non-multi-purpose premises and hotels.

ii. Urban and developable ordered land.

iii. Rest of properties that classify as: buildings and building elements under construction, such as property development in progress and halted development, and the rest of land types, such as rustic lands.

b) Collateral guarantees on financial instruments in the form of cash deposits, debt securities or equity instruments issued by creditworthy issuers.

c) Other types of real guarantees, including properties received in guarantee and second and subsequent mortgages on properties, as long as the entity demonstrates its effectiveness. When assessing the effectiveness of the second and subsequent mortgages on properties the entity will implement particularly restrictive criteria. It will take into account, among others, whether the previous charges are in favour of the entity itself or not and the relationship between the risk guaranteed by them and the property value.

d) Personal guarantees, as well as the incorporation of new owners, covering the entire amount of the financial instruments and implying direct and joint liability to the entity of persons or other entities whose solvency is sufficiently proven to ensure the repayment of the loan on the agreed terms.

The different aspects that the Group considers for the evaluation of effective guarantees are set out below in relation to the individual analysis.

ii. Financial instruments presentation

For the purposes of estimating the impairment amount, and in accordance with its internal policies, the Group classifies its financial instruments (financial assets, commitments and guarantees) measured at amortised cost or fair value through other comprehensive income in one of the following categories:

- Normal Risk ('stage 1'): includes all instruments that do not meet the requirements to be classified in the rest of the categories.

- Normal risk under watchlist ('stage 2'): includes all instruments that, without meeting the criteria for classification as doubtful or default risk, have experienced significant increases in credit risk since initial recognition.

In order to determine whether a financial instrument has increased its credit risk since initial recognition and is to be classified in stage 2, the Group considers the following criteria:

Quantitative criteria	Changes in the risk of a default occurring through the expected life of the financial instrument are analysed and quantified with respect to its credit level in its initial recognition. With the purpose of determining if such changes are considered as significant, with the consequent classification into stage 2, each Group unit has defined the quantitative thresholds to consider in each of its portfolios taking into account corporate guidelines ensuring a consistent interpretation in all units. Within the quantitative thresholds, two types are considered: A relative threshold is those that compare current credit quality with credit quality at the time of origination in percentage terms of change. In addition, an absolute threshold compares both references in total terms, calculating the difference between the two. These absolute/relative concepts are used homogeneously (with different values) in all geographies. The use of one type of threshold or another (or both) is determined in accordance with the process described in note 54, below, and is marked by the type of portfolio and characteristics such as the starting point of the average credit quality of the portfolio.
Qualitative criteria	In addition to the quantitative criteria indicated, various indicators are used that are aligned with those used by the Group in the normal management of credit risk. Irregular positions of more than 30 days and renewals are common criteria in all Group units. In addition, each unit can define other qualitative indicators, for each of its portfolios, according to the particularities and normal management practices in line with the policies currently in force (i.e. use of management alerts, etc.). The use of these qualitative criteria is complemented with the use of an expert judgement, under the corresponding governance.

In the case of forbearances, instruments classified as 'normal risk under watchlist' may be generally reclassified to 'normal risk' in the following circumstances: at least two years have elapsed from the date of reclassification to that category or from its forbearance date, the client has paid the accrued principal and interest balance, and the client has no other instruments with more than 30 days past due balances.

- Doubtful Risk ('stage 3'): includes financial instruments, overdue or not, in which, without meeting the circumstances to classify them in the category of default risk, there are reasonable doubts about their total repayment (principal and interests) by the client in the terms contractually agreed. Likewise, off-balance-sheet exposures whose payment is probable and their recovery doubtful are considered in stage 3. Within this category, two situations are differentiated:

  - Doubtful risk for non-performing loans: financial instruments, irrespective of the client and guarantee, with balances more than 90 consecutive days on material arrears for principal, interest or expenses contractually agreed.

    This category also includes all loan balances for a client when the operations with more than 90 consecutive days on material arrears are greater than 20% of the amounts pending collection.

    These instruments may be reclassified to other categories if, as a result of the collection of part of the past due balances, the reasons for their classification in this category do not remain and the client does not have balances more than 90 consecutive days on material arrears in other loans.

– Doubtful risk for reasons other than non-performing loans: this category includes doubtful recovery financial instruments that are not more than 90 consecutive days on material arrears.

Grupo Santander considers that a financial instrument to be doubtful for reasons other than delinquency when one or more combined events have occurred with a negative impact on the estimated future cash flows of the financial instrument. To this end, the following indicators, among others, are considered:

a) Negative net equity or decrease because of losses of the client's net equity by at least 50% during the last financial year.

b) Continued losses or significant decrease in revenue or, in general, in the client's recurring cash flows.

c) Generalised delay in payments or insufficient cash flows to service debts.

d) Significantly inadequate economic or financial structure or inability to obtain additional financing by the client.

e) Existence of an internal or external credit rating showing that the client is in default.

f) Existence of overdue customer commitments with a significant amount to public institutions or employees.

These financial instruments may be reclassified to other categories if, as a result of an individualised study, reasonable doubts do not remain about the total repayment under the contractually agreed terms and the client does not have balances of 90 days on material arrears.

In the case of forbearances, instruments classified as doubtful risk may be reclassified to the category of 'normal risk under watchlist' when the following circumstances are present: a minimum period of one year has elapsed from the forbearance date, the client has paid the accrued principal and interest amounts, and the client has no other loan balances of 90 days on material arrears.

- Default Risk: includes all financial assets, or part of them, for which, after an individualised analysis, their recovery is considered remote due to a notorious and irrecoverable deterioration of their solvency.

  In any event, except in the case of financial instruments with effective collateral covering a substantial portion of the transaction amount, the Group generally consider as remote the following:

  - Those operations that, after an individualized analysis, are categorized as unsustainable debt, assuming an irrecoverability of such debt.

  - Transactions classified as doubtful due to non-performing loans with recovery costs that exceed the amounts receivable.

  - The operations on which the award is executed. The queue of these operations shall be included under default risk, as the recovery of the flows, provided that no further guarantees associated with the operation remain after the award of the property.

  - Those operations on which a deduction is made, the portion of the operation corresponding to that deduction, will be given as a balance at the time of signature.

A financial asset amount is maintained in the balance sheet until they are considered as a 'default risk', either all or a part of it, and the write-off is registered against the balance sheet.

In the case of operations that have only been partially derecognised, for forgiveness reasons or because part of the total balance is considered unrecoverable, the remaining amount shall be fully classified in the category of 'doubtful risk', except where duly justified.

The classification of a financial asset, or part of it, as a 'default risk' does not involve the disruption of negotiations and legal proceedings to recover the amount.

iii. Impairment valuation assessment

Grupo Santander has policies, methods and procedures in place to hedge its credit risk, both due to the insolvency attributable to counterparties and its residence in a specific country.

These policies, methods and procedures are applied in the concession, study and documentation of financial assets, commitments and guarantees, as well as in the identification of their impairment and in the calculation of the amounts needed to cover their credit risk.

The impairment represents the best estimation of the financial assets expected credit losses at the balance sheet date, assessed both individually and collectively.

- Individually: for the purposes of estimating the provisions for credit risk arising from the insolvency of a financial instrument, the Group individually assesses impairment by estimating the expected credit losses on those financial instruments that are considered to be significant and with sufficient information to make such an estimate.

  Therefore, this classification mostly includes wholesale banking customers —Corporations, specialised financing— as well as some of the largest companies —Chartered and real estate developers— from retail banking. The determination of the perimeter in which the individualised estimate is applied is detailed in a later section.

  The individually assessed impairment estimate is equal to the difference between the gross carrying amount of the financial instrument and the estimated value of the expected cash flows receivable discounted using the original effective interest rate of the transaction. The estimate of these cash flows takes into account all available information on the financial asset and the effective guarantees associated with that asset. This estimation process is detailed below.

- Collectively: the Group also assesses impairment by estimating the expected credit losses collectively in cases where they are not assessed on an individual basis. This includes, for example, loans with individuals, sole proprietors or businesses in retail banking subject to a standardised risk management.

For the purposes of the collective assessment of expected credit losses, the Group has consistent and reliable internal models. For the development of these models, instruments with similar credit risk characteristics that are indicative of the debtors' capacity to pay are considered.

The credit risk characteristics used to group the instruments are, among others: type of instrument, debtor's sector of activity, geographical area of activity, type of guarantee, aging of past due balances and any other factor relevant to estimating the future cash flows.

Grupo Santander performs retrospective and monitoring tests to evaluate the reasonableness of the collective estimate.

On the other hand, the methodology required to estimate the expected credit loss due to credit events is based on an unbiased and weighted consideration by the probability of occurrence of a series of scenarios, considering a range of three to five possible future scenarios, depending on the characteristics of each unit, which could have an impact on the collection of contractual cash flows, always taking into account the time value of money, as well as all available, reasonable and sustainable information on past events, current conditions and forecasts of the evolution of macroeconomic scenarios that are shown to be relevant for the estimation of this amount (for example: GDP (Gross Domestic Product), housing price, unemployment rate, etc.).

The estimation of expected losses requires expert judgment and the support of historical, current and future information. The probability of loss is measured considering past events, the present situation and future trends of macroeconomic scenarios.

Grupo Santander uses forward-looking information in both internal risk management and prudential regulation processes, so that for the calculation of the impairment loss allowance, various scenarios are incorporated that take advantage of the experience with such information, thus ensuring consistency in obtaining the expected loss.

The complexity of the estimation in this exercise has been derived from the current macroeconomic scenario as a consequence of the complex geopolitical situation, as well changes in inflations levels and interest rates, which has generated uncertainty in economic evolution.

Grupo Santander has internally ensured the criteria to be followed for guarantees received from government bodies, both through credit lines and other public guarantees, so that when they are adequately reflected in each of the contracts, they are recognised as mitigating factors of the potential expected losses, and therefore of the provisions to be recognised, based on the provisions of the applicable standard (IFRS 9 Par. B5.5.55). Furthermore, where applicable, these guarantees are appropriately reflected in the mitigation of the significant increase in risk, considering their nature as personal guarantees.

For the estimation of the parameters used in the estimation of impairment provisions -EAD (exposure at default), PD (probability of default), LGD (loss given default)-, the Group based its experience in developing internal models for the estimation of parameters both in the regulatory area and for management purposes, adapting the development of the impairment provision models under IFRS 9.

- Exposure at default: is the amount of estimated risk incurred at the time of the counterparty's analysis.
- Probability of default: is the estimated probability that the counterparty will default on its principal and/or interest payment obligations.
- Loss given default: is the estimate of the severity of the loss incurred in the event of non-compliance. It depends mainly on the updating of the guarantees associated with the operation and the future cash flows that are expected to be recovered.

In any case, when estimating the flows expected to be recovered, portfolio sales are included. It should be noted that due to the Group's recovery policy and the experience observed in relation to the prices of past sales of assets classified as stage 3 and/or default risk, there is no substantial divergence between the flows obtained from recoveries after performing recovery management of the assets with those obtained from the sale of portfolios of assets discounting structural expenses and other costs incurred.

The definition of default implemented by the Group for the purpose of calculating the impairment provision models is based on the definition in Article 178 of Regulation 575/2013 of the European Union (CRR), which is fully aligned with the requirements of IFRS 9, which considers that a 'default' exists in relation to a specific customer/contract when at least one of the following circumstances exists: the entity considers that there are reasonable doubts about the payment of all its credit obligations or that the customer/contract is in an irregular situation for more than 90 consecutive days past due material balances with respect to any significant credit obligation.

Grupo Santander aligned partially and voluntarily during 2022 the accounting definition of Stage 3, as well as the calculation of impairment provision models, to the New Definition of Default, incorporating the criteria defined by the EBA in its implementation guide of the definition of default, capturing the economic deterioration of the operations (days in default - on a daily basis - and materiality thresholds - minimum amount in arrears). The alignment of criteria was done taking into account the criteria of IFRS 9 as well as the accounting principles of unbiased presentation of financial information. Grupo Santander registered an increase in the default rate at around 19 basis points, with no material impact on the provision figures for credit risk.

In addition, the Group considers the risk generated in all cross-border transactions due to circumstances other than the usual commercial risk of insolvency (sovereign risk, transfer risk or risks arising from international financial activity, such as wars, natural catastrophes, balance of payments crisis, etc.).

IFRS 9 includes a series of practical solutions that can be implemented by entities, with the aim of facilitating its implementation. In order to achieve a complete and high-level implementation of the standard, and following the best practices of the industry, the Group applies these practical solutions adapting them to their own characteristics and circumstances:

– Rebuttable presumption that the credit risk has increased significantly, when payments are more than 30 days past due: this threshold is used as an additional, but not primary, indicator of significant risk increase.

– Assets with low credit risk at the reporting date: the Group adopts this practice prioritizing its reduced and punctual use and its systematic and periodic justification through quantitative evidence.

This information is provided in more detail in note 54.b.

iv. Detail of individual estimate of impairment

For the individual estimate of the assessment for impairment of the financial asset, the Group has a specific methodology to estimate the value of the cash flows expected to be collected:

- Recovery through the debtor's ordinary activities (going approach).
- Recovery through the execution and sale of the collateral guaranteeing the operations (gone approach).

Gone approach:

a. Evaluation of the effectiveness of guarantees

Grupo Santander assesses the effectiveness of all the guarantees associated considering the following:

- The time required to execute these guarantees.
- Grupo Santander's ability to enforce or assert these guarantees in its favour.
- The existence of limitations imposed by each local unit´s regulation on the foreclosure of collateral.

Under no circumstances the Group considers that a guarantee is effective if its effectiveness depends substantially on the solvency of the debtor, as could be the case:

- Promises of shares or other securities of the debtor himself when their valuation may be significantly affected by a debtor's default.
- Personal cross-collateralisation: when the guarantor of a transaction is, at the same time, guaranteed by the holder of that transaction.

The different types of effective guarantees have been detailed in section i. Definition

b. Valuation of guarantees

Grupo Santander assesses the guarantees on the basis of their nature in accordance with the following:

- Mortgage guarantees on properties associated with financial instruments, using complete individual valuations carried out by independent valuation experts and under generally accepted valuation standards. If this is not possible, alternative valuations are used with duly documented and approved internal valuation models.
- Personal guarantees are valued individually on the basis of the guarantor´s updated information.
- The rest of the guarantees are valued based on current market values.

c. Adjustments to the value of guarantees and estimation of future cash flow inflows and outflows

Grupo Santander applies a series of adjustments to the value of the guarantees in order to improve the reference values:

- Adjustments based on the historical sales experience of local units for certain types of assets.
- Individual expert adjustments based on additional management information.

Likewise, to adjust the value of the guarantees, the time value of money is taken into account based on the historical experience of each of the units, estimating:

- Period of adjudication.
- Estimated time of sale of the asset.

In addition, the Group takes into account all those cash inflows and outflows linked to that guarantee until it is sold:

- Possible future income commitments in favour of the borrower which will available after the asset is awarded.
- Estimated foreclosure costs.
- Asset maintenance costs, taxes and community costs.
- Estimated marketing or sales costs.

Finally, since it is considered that the guarantee will be sold in the future, the Group applies an additional adjustment ('index forward') in order to adjust the value of the guarantees to future valuation expectations.

v. Impairment individual assessment scope

Grupo Santander determines the perimeter over which it makes an estimate of the assessment for impairment on an individual basis based on a relevance threshold set by each of the geographical areas and the stage in which the operations are located. In general, the Group applies the individualised calculation of expected losses to the significant exposures classified in stage 3, although Banco Santander, S.A. has also extended its analyses to some of the exposures classified in stage 2.

It should be noted that, in any case and irrespective of the stage in which their transactions are carried out, for customers who do not receive standardised treatment, a relational risk management model is applied, with individualised treatment and monitoring by the assigned risk analyst. In addition to wholesale customers (Santander Corporate & Investment Banking or SCIB) and large companies, this relational management model also includes other segments of smaller companies for which there is information and capacity for more personalised and expert analysis and monitoring. As indicated in the Group's wholesale credit model, the individual treatment of the client facilitates the continuous updating of information. The risk assumed must be followed and monitored throughout its life cycle, enabling anticipation and action to be taken in the event of possible impairments. In this way, the customer's credit quality is analysed individually, taking into account specific aspects such as his competitive position, financial performance, management, etc. In the wholesale risk management model, every customer with a credit risk position is assigned a rating, which has an associated probability of customer default.

Thus, individual analysis of the debtor triggers a specific rating for each customer, which determines the appropriate parameters for calculating the expected loss, so that it is the rating itself that initially modulates the necessary coverage, adjusting the severity of the possible loss to the guarantees and other mitigating factors that the customer may have available. In addition, if as a result of this individualised monitoring of the customer, the analyst finally considers that his coverage is not sufficient, he has the necessary mechanisms to adjust it under his expert judgement, always under the appropriate governance.

h) 'Non-current assets' and 'liabilities associated with non-current assets held for sale'

Non-current assets held for sale' includes the carrying amount of individual items, disposal groups or items forming part of a business unit earmarked for disposal (discontinued operations), whose sale in their present condition is highly likely to be completed within one year from the reporting date. Therefore, the recovery of the carrying amount of these items -which can be of a financial nature or otherwise- will foreseeably be effected through the proceeds from their disposal.

Specifically, property or other non-current assets received by the consolidated entities as total or partial settlement of their debtors' payment obligations to them are deemed to be 'Non-current assets held for sale', unless the consolidated entities have decided to make continuing use of these assets.

'Liabilities associated with non-current assets held for sale' includes the balances payable arising from the assets held for sale or disposal groups and from discontinued operations.

'Non-current assets and disposal groups of items that have been classified as held for sale' are generally recognised at the date of their allocation to this category and are subsequently valued at the lower of their fair value less costs to sell or its book value. 'Non-current assets and disposal groups of items that are classified as held for sale' are not amortised as long as they remain in this category.

The valuation of the portfolio of non-current assets held for sale has been made in compliance with the requirements of International Financial Reporting Standards in relation to the estimate of the fair value of tangible assets and the value-in-use of financial assets.

The value of the portfolio is determined as the sum of the values of the individual elements that compose the portfolio, without considering any total or batch grouping in order to correct the individual values.

For the purposes of its consideration in initial recognition, the Group obtains, at the time of award, the fair value of the corresponding asset by requesting an appraisal from external valuation agencies.

Grupo Santander has in place a corporate policy that ensures the professional competence and the independence and objectivity of the external appraisal agencies, in accordance with the regulations, which require appraisal agencies to meet independence, neutrality and credibility requirements, so that the use of their estimates does not reduce the reliability of its valuations. This policy establishes that all the appraisal companies and agencies with which the Group works in Spain should be registered in the Official Register of the Bank of Spain and that the appraisals performed by them should follow the methodology established in Order ECO/805/2003, of 27 March. The main appraisal companies and agencies with which the Group worked in Spain in 2024 are as follows: Tinsa Tasaciones Inmobiliarias, S.A.U., Sociedad de Tasación, S.A., Global Valuation, S.A.U., Instituto de Valoraciones, S.A., Euroevaluaciones, S.A. and Valoraciones Mediterráneo, S.A.

Also, this policy establishes that the various subsidiaries abroad work with appraisal companies that have recent experience in the area and the type of asset under appraisal and meet the independence requirements established in the corporate policy. They should verify, inter alia, that the appraisal company is not a party related to the Group and that its billings to the Group in the last twelve months do not exceed 15% of the appraisal company's total billings.

At 31 December 2024 the fair value less costs to sell of non-current assets held for sale exceeded their carrying amount by EUR 553 million (EUR 624 million at 31 December 2023); however, in accordance with the accounting standards, this unrealised gain could not be recognised.

Banco Santander, in compliance with Bank of Spain Circular 4/2017, and subsequent amendments, on public and private financial reporting standards and financial statement models, has developed a methodology that enables it to estimate the fair value and costs of sale of assets foreclosed or received in payment of debts. This methodology is based on the classification of the portfolio of foreclosed assets into different segments. Segmentation enables the intrinsic characteristics of Banco Santander's portfolio of foreclosed assets to be differentiated, so that assets with homogeneous characteristics are grouped by segment.

Thus, the portfolio is segmented into (i) finished assets of a residential and tertiary nature, (ii) developments in progress and (iii) land.[1]

In determining the critical segments in the overall portfolio, assets are classified on the basis of the nature of the asset and its stage of development. This segmentation is made in order to seek the liquidation of the asset (which should be carried out in the shortest possible time).

When making decisions, the situation and/or characteristics of the asset are fundamentally taken into account, as well as the evaluation of all the determining factors that favour the recovery of the debt. For them, the following aspects are analyzed, among others:

- The time that has elapsed since the adjudication.
- The transferability and contingencies of the foreclosed asset.
- The economic viability from the real estate point of view with the necessary investment estimate.
- The expenses that may arise from the marketing process.
- The offers received, as well as the difficulties in finding buyers.

In the case of real estate assets foreclosed in Spain, which represent 81% of the Group’s total non-current assets held for sale, the valuation of the portfolio is carried out by applying the following models:

- Market Value Model used in the valuation of finished properties of a residential nature (mainly homes and car parks) and properties of a tertiary nature (offices, commercial premises and multipurpose buildings). For the valuation of finished assets whose availability for sale is immediate, a market sale value provided by a third party external to Banco Santander is considered, calculated under the AVM methodology by the comparable properties method adjusted by our experience in selling similar assets, given the term, price, volume, trend in the value of these assets and the time elapsing until their sale and discounting the estimated costs of sale.

  The market value is determined on the basis of the definition established by the International Valuation Standards drawn up by the IVSC (International Valuation Standards Council), understood as the estimated amount for which an asset or a liability should be exchanged on the measurement date between a willing buyer and a willing seller, in an arm's length transaction, after appropriate marketing, and in which the parties have acted with sufficient information, prudently and without coercion.

  The current market value of the properties is estimated on the basis of automated valuations obtained by taking comparable properties as a reference; simulating the procedure carried out by an appraiser in a physical valuation according to Order ECO 805/2003: selection of properties and obtaining the unit value by applying homogenisation adjustments. The selection of the properties is carried out by location within the same real estate cluster and according to the characteristics of the properties, filtering by type[2], surface area range and age. The model enables a distinction to be made within the municipality under study as to which areas are similar and comparable and therefore have a similar value in the property market, discriminating between which properties are good comparators and which are not.

  Adjustments to homogenize the properties are made according to: (i) the age of the property according to the age of the property to be valued, (ii) the deviation of the built area from the common area with respect to the property to be valued and (iii) by age of the date of capture of the property according to the price evolution index of the real estate market.

  In addition, for individually significant assets, complete individual valuations are carried out, including a visit to the asset, market analysis (data relating to supply, demand, current sale or rental price ranges and supply-demand and revaluation expectations) and an estimate of expected income and costs.

1. The assets in a situation of 'stopped development' are included under 'land

2. Assets qualified as protected housing are taken into account. The maximum legal value of these assets is determined by the VPO module, obtained from the result of multiplying the State Basic Module (MBE) by a zone coefficient determined by each autonomous community. To carry out the valuation of a protected property, the useful surface area is used in accordance with current regulations.

For this segmentation of assets, when they are completed, the real costs are known and the actual expenses for the marketing and sale of the asset must be taken into account. Therefore, Banco Santander uses the actual costs in its calculation engine or, failing that, those estimated on the basis of its observed experience.

- Market Value Model according to Evolution of Market Values used to update the valuation of developments in progress. The valuation model estimates the current market value of the properties based on complete individual valuations by third parties, calculated from the values of the feasibility studies and development costs of the promotion, as well as the selling costs, distinguishing by location, size and type of property. The inputs used in the valuation model for residential assets under construction are actual revenues and costs.

  For this purpose, in order to calculate the investment flows, Banco Santander considers, on the basis of the feasibility studies, the expenditure required for construction, the professional fees relating to the project and to project management, the premiums for mandatory building insurance, the developer's administrative expenses, licenses, taxes on new construction and fees, and urban development charges.

  With respect to the calculation of income flows, Banco Santander takes into account the square metres built, the number of homes under construction and the estimated selling price over 1.5 years.

  The market value will be the result of the difference between the income flows and the investment flows estimated at each moment.

- Land Valuation model. The methodology followed by the Group regarding land valuation consists of updating the individual reference valuation of each of the land on an annual basis, through updated valuation valuations carried out by independent professionals and following the methodology established in the Order ECO/805/2003, of 27 March, whose main verifications in the case of land valuation, regardless of the degree of urbanisation of the land, correspond to:

  – Visual verification of the assessed property.

  – Registry description.

  – Urban planning.

  – Visible easements.

  – Visible state of occupation, possession, use and exploitation.

  – Protection regime.

  – Apparent state of preservation.

  – Correspondence with cadastral property.

  – Existence of expropriation procedure, expropriation plan or project, administrative resolution or file that may lead to expropriation.

  – Expiry of the urbanization or building deadlines.

  – Existence of a procedure for failure to comply with obligations.

  – Verification of surfaces.

For the purposes of valuation, the land will be classified in the following levels:

– Level I: It will include all the lands that do not belong to level II.

– Level II: It shall include land classified as undeveloped where building is not allowed for uses other than agriculture, forestry, livestock or linked to an economic exploitation permitted by the regulations in force. Also included are lands classified as developable that are not included in a development area of urban planning or that, in such an area, the conditions for its development have not been defined.

  In those cases where the Group does not have an updated reference value through an ECO valuation for the current year, we use as a reference value the latest available ECO valuation reduced or corrected by the average annual coverage ratio of the land on which we have obtained an updated reference value, through an ECO valuation.

  Grupo Santander applies a discount to the aforementioned reference values that takes into account both the discount on the reference value in the sales process and the estimated costs of marketing or selling the land; discount on reference value = % discount on sales + % marketing costs being:

– % discount on Sales: = 100 - (sales price / updated appraisal value).

– marketing costs: calculated on the basis of our historical experience in sales and in accordance with the marketing management fees negotiated with our suppliers of this type of service.

In this way the Group obtains the corrected market value, an amount that we compare with the net cost of each piece of land to determine its correct valuation and conclude with our valuation process.

In addition, in relation to the previously mentioned valuations, less costs to sell, are contrasted with the sales experience of each type of asset in order to confirm that there is no significant difference between the sale price and the valuation.

Impairment losses on an asset or disposal group arising from a reduction in its carrying amount to its fair value (less costs to sell) are recognised under 'Gains or (losses) on non-current assets held for sale not classified as discontinued operations' in the consolidated income statement.

The gains on a non-current asset held for sale resulting from subsequent increases in fair value (less costs to sell) increase its carrying amount and are recognised in the consolidated income statement up to an amount equal to the impairment losses previously recognised.

i) Assets under reinsurance contracts and Liabilities under insurance contracts

The Group has prepared the accounting policy that establishes the criteria for recording insurance contracts, in accordance with IFRS 17. This standard defines insurance contracts as contracts under which one party accepts a significant insurance risk from another party by agreeing to compensate the policyholder if a specific uncertain future event negatively affects the policyholder.

IFRS 17 requires a level of aggregation of contracts that the Group identifies in portfolios of contracts with similar risks and that are managed jointly. The Group then divides each portfolio into a minimum of three groups: (i) contracts that are onerous on initial recognition; (ii) contracts that, upon initial recognition, have no significant possibility of subsequently becoming onerous; and (iii) any remaining contract.

For contracts that are considered not to be onerous, a profit margin is recognized in the profit and loss account (referred to as 'Contractual Service Margin' or 'CSM') throughout the period in which the entity performs the service. However, if at the time of initial recognition, or during the period in which the entity performs the service, the contract is onerous, the entity recognizes the loss in the income statement.

Contract limits define the term up to which compliance cash flows must be considered in order to measure an insurance contract. Fulfillment cash flows comprise an unbiased, probability-weighted estimate of future cash flows, a discount adjustment to the present value to reflect the time value of money for monetary and financial risks, and a risk adjustment for non-fulfillment risks. financial. The identification of the contractual limit under IFRS 17 is essential not only for measuring the fulfillment cash flows of a group of contracts, but also for determining the applicable measurement model, in case the contractual limits are identified in a year or more.

Cash flows are within the contractual limit of an insurance contract if they arise from substantial rights and obligations that exist during the reporting period, in which the entity can obligate the insurance policyholder to pay premiums or in which the entity has a substantive obligation to provide services to the insured.

The Group has carried out an analysis of the limits of insurance and reinsurance contracts under IFRS 17, separately, generally applying the General Model (Building Block Approach) to all contracts, except those eligible to be valued by the Simplified Model (Premium Allocation Approach), or the Variable Commission Approach ('VCA' or Variable Fee Approach).

The general model measures a group of contracts as the sum of the fulfillment cash flows and the Contractual Service Margin. The CSM represents benefits not yet recorded that the entity will recognize as providing services under the insurance contract.

Insurance contracts with direct participation apply the VCA as a modified version of the General Model. This should reduce the volatility of results due to the asymmetry between the accounting treatment of the profit and losses of the underlying items attributable to the policyholders and the accounting treatment of the liability owed to those policyholders.

Another aspect considered in measuring the present value of the future cash flows of a group of insurance contracts is the discount rate applied to reflect the time value of money and the financial risks related to those cash flows. The Group has established a generally chosen methodology and guarantees that the calculation components have a homogeneous basis, previously approved by the Group, establishing the base curves provided by the Group and allowing adjustments to these curves based on the expert criteria of each local address.

Likewise, measuring compliance cash flows requires a risk adjustment for non-financial risk. Risk adjustment for non-financial risk is the compensation necessary to withstand uncertainty about the amount and timing of cash flows arising from non-financial risks. If a change in the assumptions occurs, it could affect the income statement or the Other comprehensive income, depending on its nature. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks, such as interruption risk and expense risk.

j) Tangible assets

Tangible assets includes the amount of buildings, land, furniture, vehicles, computer hardware and other fixtures owned by the consolidated entities or acquired under finance leases. Tangible assets are classified by use as follows:

i. Property, plant and equipment for own use

Property, plant and equipment for own use – including tangible assets received by the consolidated entities in full or partial satisfaction of financial assets representing receivables from third parties which are intended to be held for continuing use and tangible assets acquired under finance leases– are presented at acquisition cost, less the related accumulated depreciation and any estimated impairment losses (carrying amount higher than recoverable amount).

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand has an indefinite life and, therefore, is not depreciated. The annual tangible asset depreciation charge is recognised in the consolidated income statement and are essentially equivalent to the following amortization percentages (determined based on the years of estimated useful life, on average, of the different elements):

	Average annual rate
Buildings for own use	2.7%
Furniture	9.8%
Fixtures	9.8%
Office and IT equipment	23.9%
Lease use rights	Less than the lease term or the useful life of the underlying asset

At the end of each reporting period, consolidated entities assess whether there is any indication that the carrying amount of an asset exceeds its recoverable amount, in which case they write down the carrying amount of the asset to its recoverable amount and adjust future depreciation charges in proportion to its adjusted carrying amount and to its new remaining useful life, if the useful life needs to be re-estimated.

Similarly, if there is an indication of a recovery in the value of a tangible asset, the consolidated entities recognise the reversal of the impairment loss recognised in prior periods and adjust the future depreciation charges accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

The estimated useful lives of the items of property, plant and equipment for own use are reviewed at least at the end of the reporting period with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recognised in the consolidated income statement in future years on the basis of the new useful lives.

Upkeep and maintenance expenses relating to property, plant and equipment for own use are recognised as an expense in the period in which they are incurred, since they do not increase the useful lives of the assets.

ii. Investment property

'Investment property' reflects the net values of the land, buildings and other structures held either to earn rentals or for obtaining profits by sales due to future increase in market prices.

The criteria used to recognise the acquisition cost of investment property, to calculate its depreciation and its estimated useful life and to recognise any impairment losses thereon are consistent with those described in relation to property, plant and equipment for own use.

In order to evaluate the possible impairment Grupo Santander determines periodically the fair value of its investment property so that, at the end of the reporting period, the fair value reflects the market conditions of the investment property at that date. This fair value is determined annually, taking as benchmarks the valuations performed by independent experts. The methodology used to determine the fair value of investment property is selected based on the status of the asset in question; thus, for properties earmarked for lease, the valuations are performed using the sales comparison approach, whereas for leased properties the valuations are made primarily using the income capitalisation approach and, exceptionally, the sales comparison approach.

In the sales comparison approach, the property market segment for comparable properties is analysed, inter alia, and, based on specific information on actual transactions and firm offers, current prices are obtained for cash sales of those properties. The valuations performed using this approach are considered as Level 2 valuations.

In the income capitalisation approach, the cash flows estimated to be obtained over the useful life of the property are discounted taking into account factors that may influence the amount and actual obtainment thereof, such as: (i) the payments that are normally received on comparable properties; (ii) current and probable future occupancy; (iii) the current or foreseeable default rate on payments. The valuations performed using this approach are considered as Level 3 valuations, since significant unobservable inputs are used, such as current and probable future occupancy and/or the current or foreseeable default rate on payments.

iii. Assets leased out under an operating lease

'Property, plant and equipment' - Leased out under an operating lease reflects the amount of the tangible assets, other than land and buildings, leased out by the Group under an operating lease.

The criteria used to recognise the acquisition cost of assets leased out under operating leases, to calculate their depreciation and their respective estimated useful lives and to recognise the impairment losses thereon are consistent with those described in relation to property, plant and equipment for own use.

k) Accounting for leases

The main aspects contained in the regulation (IFRS 16) adopted by the Group are included below:

When the Group acts as lessee, it recognises a right-of-use asset representing its right to use the underlying leased asset with a corresponding lease liability on the date on which the leased asset is available for use by the Group.

Each lease payment is allocated between liability and finance charge. The finance charge is allocated to the income statement during the term of the lease in such a way as to produce a constant periodic interest rate on the remaining balance of the liability for each year.

The right-of-use asset is depreciated over the useful life of the asset or the lease term, whichever is shorter, on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset.

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including inflation-linked payments), less any lease incentive receivable.
- Variable lease payments that depend on an index or rate.
- The amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain that it will exercise that option.
- Lease termination penalty payments, if the term of the lease reflects the lessee's exercise of that option.

Lease payments are discounted using the interest rate implicit in the lease. When this interest rate cannot be obtained, the interest rate used in these cases, is the lessee's incremental borrowing rate at the related date. For this purpose, the entity has calculated this incremental borrowing rate taking as reference the listed debt instruments issued by the Group; in this regard, the Group has estimated different interest rate curves depending on the currency and economic environment in which the contracts are located.

In order to construct the incremental borrowing rate, a methodology has been developed at the corporate level. This methodology is based on the need for each entity to consider its economic and financial situation, for which the following factors must be considered:

- Economic and political situation (country risk).
- Credit risk of the company.
- Monetary policy.
- Volume and seniority of the company's debt instrument issues.

The incremental borrowing rate is defined as the interest rate that a lessee would have to pay for borrowing, given a similar period to the duration of the lease and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Group entities have a wide stock and variety of financing instruments issued in different currencies to that of the euro (pound, dollar, etc.) that provide sufficient information to be able to determine an 'all in rate' (reference rate plus adjustment for credit spread at different terms and in different currencies). In circumstances, where the leasing company has its own financing, this has been used as the starting point for determining the incremental borrowing rate. On the other hand, for those Grupo Santander entities that do not have their own financing, the information from the financing of the consolidated subgroup to which they belong was used as the starting point for estimating the entity's curve, analysing other factors to assess whether it is necessary to make any type of negative or positive adjustment to the initially estimated credit spread.

Right-of-use assets are valued at cost which includes the following:

- The amount of the initial measurement of the lease liability.
- Any lease payment made at or before the commencement date less any lease incentive received.
- Any initial direct costs.
- Restoration costs.

The Group recognises the payments associated with short-term leases and leases of low-value assets on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term less than or equal to 12 months (a lease that contains a purchase option is not a short term lease).

l) Intangible assets

Intangible assets are identifiable non-monetary assets (separable from other assets) without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated entities.

Only assets whose cost can be measured reliably and it is likely that the consolidated entities obtain future economic benefits are recognised.

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

i. Goodwill

Any excess of the cost of the investments in the consolidated entities and entities accounted for using the equity method over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

a. If it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets (or reducing the value of the liabilities) whose fair values were higher (lower) than the carrying amounts at which they had been recognised in the acquired entities' balance sheets.

b. If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value of these assets within twelve months following the date of acquisition can be measured reliably.

c. The remaining amount is recognised as goodwill, which is allocated to one or more cash-generating units (CGU) (a cash-generating unit is the smallest identifiable group of assets that, as a result of continuing operation, generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets). The cash-generating units represent the Group's geographical and/or business segments.

Goodwill (only recognised when it has been acquired by consideration) represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired entity that are not capable of being individually identified and separately recognised.

At the end of each annual reporting period or whenever there is any indication of impairment goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to 'Impairment or reversal of impairment on non-financial assets, net - Intangible assets' in the consolidated income statement.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

In the event of sale or departure of an activity that is part of a CGU, the part of the goodwill that can be assigned to said activity would be written-off, taking as a reference the relative value of the same over the total of the CGU at the time of sale or abandonment. If applicable, the distribution by currency of the remaining goodwill will be performed based on the relative values of the remaining activities.

ii. Other intangible assets

Other intangible assets includes the amount of identifiable intangible assets, such as purchased customer lists and computer software.

Other intangible assets can have an indefinite useful life -when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the consolidated entities- or a finite useful life, in all other cases.

Intangible assets with indefinite useful lives are not amortised, but rather at the end of each reporting period or whenever there is any indication of impairment the consolidated entities review the remaining useful lives of the assets in order to determine whether they continue to be indefinite and, if this is not the case, to take the appropriate steps.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those used to depreciate tangible assets.

The intangible asset amortisation charge is recognised under 'Depreciation and amortisation' in the consolidated income statement.

In both cases the consolidated entities recognise any impairment loss on the carrying amount of these assets with a charge to 'Impairment or reversal of impairment on non-financial assets, net - Intangible assets in the consolidated' income statement.

The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for tangible assets (see note 2.k).

Internally developed computer software

Internally developed computer software is recognised as an intangible asset if, among other requisites (basically the Group's ability to use or sell it), it can be identified and its ability to generate future economic benefits can be demonstrated.

Expenditure on research activities is recognised as an expense in the year in which it is incurred and cannot be subsequently capitalised into the carrying amount of the intangible asset.

m) Other assets

Other assets' in the consolidated balance sheet includes the amount of assets not recorded in other items, the breakdown being as follows:

- Inventories: this item includes the amount of assets, other than financial instruments, that are held for sale in the ordinary course of business, that are in the process of production, construction or development for such purpose, or that are to be consumed in the production process or in the provision of services. Inventories include land and other property held for sale in the property development business.

  Inventories are measured at the lower of cost and net realisable value, which is the estimated selling price of the inventories in the ordinary course of business, less the estimated costs of completion and the estimated costs required to make the sale.

  Any write-downs of inventories -such as those due to damage, obsolescence or reduction of selling price- to net realisable value and other impairment losses are recognised as expenses for the year in which the impairment or loss occurs. Subsequent reversals are recognised in the consolidated income statement for the year in which they occur.

  The carrying amount of inventories is derecognised and recognised as an expense in the period in which the revenue from their sale is recognised.

- Other: this item includes the balance of all prepayments and accrued income (excluding accrued interest, fees and commissions), the net amount of the difference between pension plan obligations and the value of the plan assets with a balance in the entity's favour, when this net amount is to be reported in the consolidated balance sheet, and the amount of any other assets not included in other items.

n) Other liabilities

'Other liabilities' includes the balance of all accrued expenses and deferred income, excluding accrued interest, and the amount of any other liabilities not included in other categories.

o) Provisions and contingent liabilities (assets)

When preparing the financial statements of the consolidated entities, Banco Santander's directors made a distinction between:

- Provisions: credit balances covering present obligations at the reporting date arising from past events which could give rise to a loss for the consolidated entities, which is considered to be likely to occur and certain as to its nature but uncertain as to its amount and/or timing.

- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated entities. They include the present obligations of the consolidated entities when it is not probable that an outflow of resources embodying economic benefits will be required to settle them. The Group does not recognise the contingent liability. The Group will disclose a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

- Contingent assets: possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by, the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised in the consolidated balance sheet or in the consolidated income statement, but rather are disclosed in the notes, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits.

Grupo Santander's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not the obligation will have to be settled. In accordance with accounting standards, contingent liabilities must not be recognised in the consolidated financial statements, but must rather be disclosed in the Notes.

Provisions (which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year) are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Provisions are classified according to the obligations covered as follows (see note 25):

- Provision for pensions and similar obligations: includes the amount of all the provisions made to cover post-employment benefits, including obligations to pre-retirees and similar obligations.

- Provisions for contingent liabilities and commitments: include the amount of the provisions made to cover contingent liabilities -defined as those transactions in which the Group guarantees the obligations of a third party, arising as a result of financial guarantees granted or contracts of another kind- and contingent commitments -defined as irrevocable commitments that may give rise to the recognition of financial assets.

- Provisions for taxes and other legal contingencies and Other provisions: include the amount of the provisions recognised to cover tax and legal contingencies and litigation and the other provisions recognised by the consolidated entities. Other provisions includes, inter alia, any provisions for restructuring costs and environmental measures.

p) Own equity instruments

Own equity instruments are those meeting both of the following conditions:

- The instruments do not include any contractual obligation for the issuer (i) to deliver cash or another financial asset to a third party; or (ii) to exchange financial assets or financial liabilities with a third party under conditions that are potentially unfavourable to the issuer.

- The instruments will or may be settled in the issuer's own equity instruments and are: (i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or (ii) a derivative that will be settled by the issuer through the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Transactions involving own equity instruments, including their issuance and cancellation, are charged directly to equity.

Changes in the value of instruments classified as own equity instruments are not recognised in the consolidated financial statements. Consideration received or paid in exchange for such instruments, including the coupons on preference shares contingently convertible into ordinary shares and the coupons associated with CCPP, is directly added to or deducted from equity.

q) Equity-instrument-based employee remuneration

Own equity instruments delivered to employees in consideration for their services, if the instruments are delivered once the specific period of service has ended, are recognised as an expense for services (with the corresponding increase in equity) as the services are rendered by employees during the service period. At the grant date the services received (and the related increase in equity) are measured at the fair value of the equity instruments granted. If the equity instruments granted are vested immediately, Grupo Santander recognises in full, at the grant date, the expense for the services received.

When the requirements stipulated in the remuneration agreement include external market conditions (such as equity instruments reaching a certain quoted price), the amount ultimately to be recognised in equity will depend on the other conditions being met by the employees (normally length of service requirements), irrespective of whether the market conditions are satisfied.

If the conditions of the agreement are met but the external market conditions are not satisfied, the amounts previously recognised in equity are not reversed, even if the employees do not exercise their right to receive the equity instruments.

r) Recognition of income and expenses

The most significant criteria used by Grupo Santander to recognise its income and expenses are summarised as follows:

i. Interest income, interest expenses and similar items

Interest income, interest expenses and similar items are generally recognised on an accrual basis using the effective interest method. Dividends received from other companies are recognised as income when the consolidated entities' right to receive them arises.

ii. Commissions, fees and similar items

Fee and commission income and expenses are recognised in the consolidated income statement using criteria that vary according to their nature. The main criteria are as follows:

- Fee and commission income and expenses relating to financial assets and financial liabilities measured at fair value through profit or loss are recognised when paid.

- Those arising from transactions or services that are performed over a period of time are recognised over the life of these transactions or services.

- Those relating to services provided in a single act are recognised when the single act is carried out.

iii. Non-finance income and expenses

They are recognised for accounting purposes when the good is delivered or the non-financial service is rendered. To determine the amount and timing of recognition, a five-step model is followed: identification of the contract with the customer, identification of the separate obligations of the contract, determination of the transaction price, distribution of the transaction price among the identified obligations and finally recording of income as the obligations are satisfied.

iv. Deferred collections and payments

These are recognised for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

v. Loan arrangement fees

Loan arrangement fees, mainly loan origination, application and information fees, are accrued and recognised in income over the term of the loan.

s) Financial guarantees

Financial guarantees are considered contracts that require the issuer to make specific payments to reimburse the creditor for the loss it incurs when a specific debtor defaults on its due date payment obligation in accordance with the original or modified conditions of debt instrument, regardless of its legal form, which may be, among others, a deposit, financial guarantee, insurance contract or credit derivative.

Grupo Santander initially recognises the financial guarantees provided on the liability side of the consolidated balance sheet at fair value, which is generally the present value of the fees, commissions and interest receivable from these contracts over the term thereof, and simultaneously the Group recognises the amount of the fees, commissions and similar interest received at the inception of the transactions and a credit on the asset side of the consolidated balance sheet for the present value of the fees, commissions and interest outstanding.

Financial guarantees, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments carried at amortised cost (described in note 2.g above).

The provisions made for these transactions are recognised under 'Provisions - Provisions for commitments and guarantees given in the consolidated balance sheet' (see note 25). These provisions are recognised and reversed with a charge or credit, respectively, to 'Provisions or reversal of provisions', net, in the consolidated income statement.

t) Assets under management and investment and pension funds managed by the Group

Assets owned by third parties and managed by the consolidated entities are not presented on the face of the consolidated balance sheet. The investment funds and pension funds managed by the consolidated companies are also not presented in the Group's consolidated balance sheet, as they are owned by third parties.

The commissions generated by these activities are included in the balance of the 'Commission income' chapter of the consolidated profit and loss account.

Note 2.b.iv describes the internal criteria and procedures used to determine whether control exists over the structured entities, which include, inter alia, investment funds and pension funds.

u) Post-employment benefits

Under the collective agreements currently in force and other arrangements, the Spanish banks included in the Group and certain other Spanish and foreign consolidated entities have undertaken to supplement the public social security system benefits accruing to certain employees, and to their beneficiary right holders, for retirement, permanent disability or death, and the post-employment welfare benefits.

Grupo Santander's post-employment obligations to its employees are deemed to be defined contribution plans when the Group makes pre-determined contributions (recognised under Personnel expenses in the consolidated income statement) to a separate entity and will have no legal or effective obligation to make further contributions if the separate entity cannot pay the employee benefits relating to the service rendered in the current and prior periods. Post-employment obligations that do not meet the aforementioned conditions are classified as defined benefit plans (see note 25).

Defined contribution plans

The contributions made in this connection in each year are recognised under 'Personnel expenses' in the consolidated income statement.

The amounts not yet contributed at each year-end are recognised, at their present value, under 'Provisions - Provision for pensions' and similar obligations on the liability side of the consolidated balance sheet.

Defined benefit plans

Grupo Santander recognises under 'Provisions - Provision for pensions and similar obligations on the liability side of the consolidated balance sheet' (or under 'Other assets' on the asset side, as appropriate) the present value of its defined benefit post-employment obligations, net of the fair value of the plan assets.

Plan assets are defined as those that will be directly used to settle obligations and that meet the following conditions:

- They are not owned by the consolidated entities, but by a legally separate third party that is not a party related to the Group.
- They are only available to pay or fund post-employment benefits and they cannot be returned to the consolidated entities unless the assets remaining in the plan are sufficient to meet all the benefit obligations of the plan and of the entity to current and former employees, or they are returned to reimburse employee benefits already paid by Grupo Santander.

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

Grupo Santander will recognise the following items in the income statement:

- Current service cost, (the increase in the present value of the obligations resulting from employee service in the current period), is recognised under 'Staff costs'.
- The past service cost, which arises from changes to existing post-employment benefits or from the introduction of new benefits and includes the cost of reductions, is recognised under 'Provisions or reversal of provisions'.
- Any gain or loss arising from a liquidation of the plan is included in the 'Provisions or reversion of provisions'.

- Net interest on the net defined benefit liability (asset), i.e. the change during the period in the net defined benefit liability (asset) that arises from the passage of time, is recognised under 'Interest expense' and similar charges ('Interest and similar income' if it constitutes income) in the consolidated income statement.

The remeasurement of the net defined benefit liability (asset) is recognised in 'Other comprehensive income' under Items not reclassified to profit or loss and includes:

- Actuarial gains and losses generated in the year, arising from the differences between the previous actuarial assumptions and what has actually occurred and from the effects of changes in actuarial assumptions.
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

v) Other long-term employee benefits

Other long-term employee benefits, defined as obligations to pre-retirees -taken to be those who have ceased to render services at the entity but who, without being legally retired, continue to have economic rights vis-à-vis the entity until they acquire the legal status of retiree-, long-service bonuses, obligations for death of spouse or disability before retirement that depend on the employee’s length of service at the entity and other similar items, are treated for accounting purposes, where applicable, as established above for defined benefit post-employment plans, except that actuarial gains and losses are recognised under 'Provisions or reversal of provisions', net, in the consolidated income statement (see note 25).

w) Termination benefits

Termination benefits are recognised when there is a detailed formal plan identifying the basic changes to be made, provided that implementation of the plan has begun, its main features have been publicly announced or objective facts concerning its implementation have been disclosed.

x) Income tax

The expense for Spanish income tax and other similar taxes applicable to the foreign consolidated entities is recognised in the consolidated income statement, except when they arise from a transaction whose results are recognised directly in equity, in which case the related tax effect is recognised in equity.

The current income tax expense is calculated as the sum of the current tax resulting from application of the appropriate tax rate to the taxable profit for the year (net of any deductions allowable for tax purposes), and of the changes in deferred tax assets and liabilities recognised in the consolidated income statement.

'Deferred tax assets' and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

'Tax assets' include the amount of all tax assets, which are broken down into current -amounts of tax to be recovered within the next twelve months- and deferred -amounts of tax to be recovered in future years, including those arising from tax loss or tax credit carryforwards.

Tax liabilities' includes the amount of all tax liabilities (except provisions for taxes), which are broken down into current -the amount payable in respect of the income tax on the taxable profit for the year and other taxes in the next twelve months- and deferred -the amount of income tax payable in future years.

Deferred tax liabilities are recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates or joint ventures, except when the Group is able to control the timing of the reversal of the temporary difference and, in addition, it is probable that the temporary difference will not reverse in the foreseeable future. In this regard, no deferred tax liabilities of EUR 331.2 million were recognised in relation to the taxation that would arise from the undistributed earnings of certain Group holding companies, in accordance with the legislation applicable in those jurisdictions.

Deferred tax assets are only recognised for temporary differences to the extent that it is considered probable that the consolidated entities will have sufficient future taxable profits against which the deferred tax assets can be utilised, and the deferred tax assets do not arise from, in its initial recognition of (i)a business combination, (ii) an operation that does not affect either the tax result or the accounting result or (iii) on the date of the transaction, does not generate deductible and taxable temporary differences for the same amount (in which case assets and deferred tax liabilities). Other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated entities will have sufficient future taxable profits against which they can be utilised.

Differences generated by the different accounting and tax treatment of any of the income and expenses recorded directly in equity to be paid or recovered in the future are accounted for as temporary differences.

The deferred tax assets and liabilities are reassessed at the reporting date in order to ascertain whether any adjustments need to be made on the basis of the findings of the analyses performed.

Regarding taxes on profits arising from the application of tax laws for the implementation of the Pillar Two model rules, including those related to national minimum complementary taxes, the Group applies the mandatory and temporary exception to the recognition of deferred tax assets and liabilities derived from said tax laws (see note 27.f).

y) Residual maturity periods

In note 51 it is provided an analysis of the maturities of the balances of certain items in the consolidated balance sheet.

Santander Group has recorded as 'time liabilities' those recognised financial liabilities in which the counterparty may require payments.

Likewise, when Grupo Santander has committed to having amounts available at different maturity periods, these amounts have been recorded in the first year in which they may be required.

Additionally, for the financial guarantee contracts issued, the Group has recorded the maximum amount of the financial guarantee issued in the first year in which the guarantee can be executed.

z) Consolidated statement of recognised income and expense

This statement presents the income and expenses generated by the Group as a result of its business activity in the year, and a distinction is made between the income and expenses recognised in the consolidated income statement for the year and the other income and expenses recognised directly in consolidated equity.

Accordingly, this statement presents:

a. Consolidated profit for the year.

b. The net amount of the income and expenses recognised in 'Other comprehensive income' under items that will not be reclassified to profit or loss.

c. The net amount of the income and expenses recognised in Other comprehensive income under items that may be reclassified subsequently to profit or loss.

d. The income tax incurred in respect of the items indicated in b and c above, except for the valuation adjustments arising from investments in associates or joint ventures accounted for using the equity method, which are presented net.

e. Total consolidated recognised income and expense, calculated as the sum of a) to d) above, presenting separately the amount attributable to the parent company and the amount relating to non-controlling interests.

The statement presents the items separately by nature, grouping together items that, in accordance with the applicable accounting standards, will not be reclassified subsequently to profit and loss since the requirements established by the corresponding accounting standards are met.

aa) Statement of changes in total equity

This statement presents all the changes in equity, including those arising from changes in accounting policies and from the correction of errors. Accordingly, this statement presents a reconciliation of the carrying amount at the beginning and end of the year of all the consolidated equity items, and the changes are grouped together on the basis of their nature into the following items:

a. Adjustments due to changes in accounting policies and to errors: include the changes in consolidated equity arising as a result of the retrospective restatement of the balances in the consolidated financial statements, distinguishing between those resulting from changes in accounting policies and those relating to the correction of errors.

b. Income and expense recognised in the year: includes, in aggregate form, the total of the aforementioned items recognised in the consolidated statement of recognised 'Income and expense'.

c. Other changes in equity: includes the remaining items recognised in equity, including, inter alia, increases and decreases in capital, distribution of profit, transactions involving own equity instruments, equity-instrument-based payments, transfers between equity items and any other increases or decreases in consolidated equity.

ab) Consolidated statement of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value, irrespective of the portfolio in which they are classified.

  Grupo Santander classifies as cash and cash equivalents the balances recognised under 'Cash, cash balances at central banks' and 'Other deposits on demand' in the consolidated balance sheet.

- Operating activities: the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.

- Investing activities: the acquisition or disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

During 2024 Grupo Santander received interest amounting to EUR 117,046 million (EUR 101,029 and EUR 69,282 in 2023 and 2022, respectively) and paid interest amounting to EUR 61,091 million (EUR 50,954 and EUR 23,390 in 2023 and 2022, respectively).

Also, dividends received and paid by the Group are detailed in notes 4, 28 and 40, including dividends paid to minority interests (non-controlling interests)

3. Grupo Santander

a) Banco Santander, S.A., and international Group structure

The growth of Grupo Santander in the last decades has led Banco Santander to also act, in practice, as a holding entity of the shares of the various companies in its Group, and its results are becoming progressively less representative of the performance and earnings of the Group. Therefore, each year the bank determines the amount of the dividends to be distributed to its shareholders on the basis of the consolidated net profit, while maintaining the Group's objectives of capitalisation and taking into account that the transactions of the Bank and of the rest of the Group are managed on a consolidated basis (notwithstanding the allocation to each company of the related net worth effect).

At the international level, the various banks and other subsidiaries, joint ventures and associates of the Group are integrated in a corporate structure comprising various holding companies which are the ultimate shareholders of the banks and subsidiaries abroad.

The purpose of this structure, all of which is controlled Banco Santander, is to optimise the international organisation from the strategic, economic, financial and tax standpoints, since it makes it possible to define the most appropriate units to be entrusted with acquiring, selling or holding stakes in other international entities, the most appropriate financing method for these transactions and the most appropriate means of remitting the profits obtained by the group's various operating units to Spain.

The Appendices provide relevant data on the consolidated group companies and on the companies accounted for using the equity method.

b) Acquisitions and disposals

Following is a summary of the main acquisitions and disposals of ownership interests in the share capital of other entities and other significant corporate transactions performed in the last three years or pending to be completed:

i. Agreement for the sale of the stake in Caceis

On 19 December 2024, Grupo Santander signed an agreement with Crédit Agricole S.A. for the sale of its 30.5% stake in the share capital of CACEIS. Following the execution of the planned transaction, Crédit Agricole S.A. will control 100% of the share capital of CACEIS.

The transaction will generate an increase of around 10 basis points on the fully loaded CET1 ratio and will not have a material impact on the Group's results or earnings per share.

The closing of the transaction is subject to the usual conditions for this type of transaction, including obtaining the relevant regulatory authorizations, which is expected to occur throughout 2025.

As a result of the above, as of 31 December 2024, this participation has been reclassified, at its carrying value, from the caption 'investments' to the caption 'Non-current assets held for sale' in the balance sheet (see note 12).

The joint depositary, custody and asset servicing services business of Grupo Santander and CACEIS in Latin America is not included in the scope of the transaction and will continue to be jointly controlled by Grupo Santander and CACEIS.

ii. Accelerated placement of ordinary shares of Santander Bank Polska

On September 10, 2024, Banco Santander, S.A. announced an accelerated placement of 5,320,000 ordinary shares of its subsidiary Santander Bank Polska S.A., representing approximately 5.2% of its share capital, at a price of PLN 463 (EUR 108) per ordinary share. The transaction was settled on September 13, with the total transaction amounting to PLN 2,463 million (EUR 575 million). Banco Santander will continue to hold a majority stake in Santander Bank Polska .S.A of 62.2% of the share capital (prior to this transaction, the percentage of participation was 67.4%).

This sale has resulted in an increase in reserves and valuation adjustments of EUR 158 million and EUR 57 million, respectively, and an increase in minority equity of EUR 360 million.

iii. Tender offers for shares of Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México

On 21 October 2022, Banco Santander, S.A. ('Banco Santander') announced that it intends to make concurrent cash tender offers to acquire all of the shares of Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México ('Santander Mexico') in Mexico (Shares) and United States (American Depositary Shares ('ADSs')) which were not owned by Grupo Santander, which amount to approximately 3.76% of Santander Mexico's share capital.

The offers were launched on 7 February 2023 and were originally scheduled to close on 8 March 2023. On 1 March 2023, Banco Santander announced its decision to extend the expiration date of the offers so that they could be concluded on 10 April 2023. Finally, after the offers' closing, 3.6% of the capital accepted the offer, which raised the Group's stake in Santander México from 96.2% to 99.8%.will be settled on 13 March 2023.

Shareholders who participated in the offerings received 24.52 Mexican pesos (approximately EUR 1.20) per Share and USD 6.6876 in cash for each ADS (i.e., the equivalent in United States dollars of 122.6 Mexican pesos in cash for each ADS at the US dollar/Mexican peso exchange rate on the expiration date of 10 April 2023),which corresponded to the book value of the Santander México share according to the quarterly report of Santander México corresponding to the fourth quarter of the year 2022 in accordance with applicable legislation, with a total disbursement by Banco Santander of approximately EUR 300 million.

The operation led to an increase of EUR 13 million in Reserves and a decrease of EUR 313 million in minority interests.

Once the offers were concluded and settled, Banco Santander proceeded to: (i) withdraw the ADSs from the listing on the New York Stock Exchange ('NYSE') and the Shares from the registry before the Securities and Exchange Commission ('SEC') in the United States and; (ii) cancel the registration of the Shares in the National Securities Registry of the National Banking and Securities Commission ('CNBV') and withdraw the listing of the Shares in the Mexican Stock Exchange, S.A.B. de C.V. ('BMV'). Said cancellation was approved by the extraordinary general shareholders' meeting of Santander México held on 30 November 2022, with the favourable vote of the holders of the shares that represent more than 95% of the shares of Santander Mexico, as required by the Mexican Securities Market Law.

Pursuant to Mexican law, on 12 May 2023, Banco Santander and Santander México established a trust (the 'Repurchase Trust'), to which the holders of the Shares that remain outstanding after the conclusion of the offers, to sell said Shares to the repurchase trust, at the same cash price that would have been paid to them in the Mexican offer with respect to the same. At the end of the year, said trust has already been liquidated and the Group's effective participation amounts to 99.98%.

iv. Agreement to acquire a significant holding in Ebury Partners Limited

On 28 April 2020, the investment announced on 4 November 2019 in Ebury, a payments and foreign exchange platform for SMEs, was completed. The transaction involved a total disbursement of GBP 357 million (approximately EUR 409 million) of which GBP 70 million (approximately EUR 80 million) was for new shares. By the end of 2019, the Group had already acquired 6.4% of the company for GBP 40 million (approximately EUR 45 million). Following the disbursement made in April 2020, which gave the Group 50.38% of the economic rights of the company, without the conditions to obtain control being met, this interest was recorded under 'Investments - Associated entities' in the consolidated balance sheet.

In April 2022 Grupo Santander acquired a new package of shares for GBP 113 million (approximately EUR 135 million) and subscribed in full to a new capital increase, paying an additional GBP 60 million (approximately EUR 72 million). Following these transactions, the Group holds 66.54% of the economic rights and control of the company.

The total value of the net assets identified in the business combination amounted to EUR 413 million, mainly intangible assets (IT developments, customer lists and brand) and resulted in the recognition of goodwill of EUR 316 million.

No gain or loss was recorded for the difference between the book value and the fair value of the previous holding as this difference was not significant.

v. Purchase by SHUSA for shares of Santander Consumer USA

In August 2021 Santander Holdings USA, Inc. ('SHUSA') and Santander Consumer USA Holdings Inc. ('SC') entered into a definitive agreement pursuant to which SHUSA acquired all outstanding shares of common stock of SC not already owned by SHUSA via an all-cash tender offer (the 'Tender Offer') for USD 41.50 per SC common share (the 'Offer Price'), followed by a second-step consisting of a merge (together with the Offer, the 'Transaction') in which a wholly owned subsidiary of SHUSA was merged with and into SC, with SC surviving as a wholly owned subsidiary of SHUSA, and all outstanding shares of common stock of SC not tendered in the Tender Offer were converted into the right to receive the Offer Price in cash. The Offer Price represented a 14% premium to the closing price of SC common stock of USD 36.43 as of 1 July 2021, the last day prior to the announcement of SHUSA's initial offer to acquire the remaining outstanding shares of SC's common stock.

On 31 January 2022, after completion of the customary closing conditions, the Transaction was performed and SHUSA increased its share up to the 100% of SC's common stock. The transaction meant a disbursement of USD 2,510 million (around EUR 2,239 million) for the Group, with a decrease of reserves of EUR 487 million and a decrease of EUR 1,752 million of minority interests.

vi. Acquisition of Amherst Pierpont Securities LLC, a US fixed-income broker dealer

On 15 July 2021, Santander Holdings USA, Inc. (SHUSA), reached an agreement to acquire Amherst Pierpont Securities LLC, a market-leading independent fixed-income and structured products broker dealer, through the acquisition of its parent holding company, Pierpont Capital Holdings LLC, for a total consideration of approximately USD 450 million (around EUR 405 million). The operation was closed on 11 April 2022 once the pertinent regulatory approvals have been obtained. Immediately after the acquisition, SHUSA lent financing to the company for an amount of USD 163 million (approximately EUR 147 million), which the company used to cancel debt with third parties. Amherst Pierpont Securities LLC (now Santander Capital Holdings LLC, see note 17) is part of Santander Corporate & Investment Banking, Global business line.

The business combination meant the recognition of a goodwill of EUR 158 million and EUR 24 million of intangible assets (mainly relationships with customers) identified in the purchase price allocation, without other relevant value adjustments to net assets of the business.

c) Offshore entities

Spanish regulation

According to current Spanish regulation (Law 11/2021, of 9 July, Royal Decree 1080/1991, of 5 July and Order HFP/115/2023, of 9 February), Grupo Santander has three branches in the non-cooperative jurisdictions of Jersey, the Isle of Man and the Cayman Islands (offshore entities). Santander also has two other subsidiaries incorporated in non-cooperative jurisdictions that are tax resident in the UK and subject to British tax law.

i. Offshore subsidiaries

A subsidiary resident in Jersey was liquidated during 2024 so, at the reporting date, Grupo Santander does not have subsidiaries in non-cooperative jurisdictions.

ii. Offshore branches

Grupo Santander has three offshore branches in the Cayman Islands, the Isle of Man and Jersey. They report to, and consolidate balance sheets and income statements with, their foreign headquarters. They are taxed either with their headquarters (the Cayman Islands branch in Brazil) or in the territories they are located in (Jersey and Isle of Man, pertain to the UK).

These three offshore branches have a total of 167 employees as of December 2024.

iii. Subsidiaries in non-cooperative jurisdictions that are tax resident in the United Kingdom

Grupo Santander also has two subsidiaries that were incorporated in offshore jurisdictions (one in Bermuda without activity and one in Guernsey with leasing activity), but are not deemed offshore entities because they only operate from and are tax resident in the UK and, thus, are subject to British tax law.

iv. Other offshore holdings

From Brazil, Grupo Santander manages Santander Brazil Global Investment Fund SPC, a *segregated portfolio company* located in the Cayman Islands. The Group also has other non-controlling financial interest of a reduced amount in entities located in non-cooperative jurisdictions.

The European Union (EU)

In February 2025, the Council of the EU updated the blacklist of non-cooperative jurisdictions for tax purposes, which currently contains 11 jurisdictions. Additionally, the EU grey list comprises 8 jurisdictions which have sufficiently committed to adapt their legislation to international tax standards, subject to monitoring by the EU. Both lists are subject to permanent review and update. Santander is not present in any of the countries and territories included in these lists.

Organization for Economic Cooperation and Development (OECD)

Grupo Santander is not present in any jurisdiction non-compliant with both OECD standards on transparency and exchange of information for tax purposes (Automatic exchange of information standard -AEOI- and Exchange of information on request standard -EOIR-), according to the last annual report of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes released in November 2024.

However, although The Bahamas and Chile -jurisdictions where the Group is present- have complete legal and regulatory frameworks in place for the application of the AEOI standard, they need to improve the effectiveness of this standard.

The Group's presence in offshore territories at the end of 2024 is as follows:

Presence of the Group in non-cooperative jurisdictions[a]	Spanish legislation		Council of the EU blacklist		OECD[b]	
	Sub.	Branch	Sub.	Branch	Sub.	Branch
Jersey		1				
Isle of Man		1				
Cayman Islands		1				
2024	**—**	**3**	**—**	**—**	**—**	**—**
2023[c]	**1**	**3**	**1**	**1**	**—**	**—**

a Additionally, there are one subsidiary constituted in Guernsey and one in Bermuda, but residents for tax purposes in the UK.
b Jurisdictions non-compliant with both OECD standards on transparency and exchange of information for tax purposes (AEOI and EOIR). Jersey, the Isle of Man and the Cayman Islands continue to fully comply with both OECD standards.
c At the end of 2023, The Bahamas was included in the EU blacklist, having Santander one subsidiary and one branch in this territory. The Bahamas was removed from this list in February 2024 update.

Grupo Santander has the right mechanisms (risk management, supervision, verification and review plans, and regular reporting) to prevent reputational, tax and legal risk in entities resident in non-cooperative jurisdictions. Grupo Santander also maintains its policy of limiting and reducing its presence in non-cooperative jurisdictions when possible.

PwC member firms audited the financial statements of Grupo Santander's offshore entities in 2024, 2023 and 2022.

4. Distribution of Banco Santander's profit, shareholder remuneration scheme and earnings per share

a) Distribution of Banco Santander's profit and shareholder remuneration scheme

The distribution of the Bank's current annual results that the board of directors will propose for approval by the shareholders at the annual general meeting is as follows:

EUR million

To dividends	3,181
Dividend paid at 31 December[A]	*1,532*
Complementary dividend[B]	*1,649*
To voluntary reserves[C]	6,920
Net profit for the year	**10,101**

A. Total amount paid as interim dividend, at the rate of EUR 10 fixed cents per eligible share (recorded in 'Shareholders' equity - Interim dividends').
B. Fixed complementary dividend of EUR 11 gross cents per eligible share, payable in cash as from 2 May 2025. The total amount has been estimated on the assumption that, as a result of the partial implementation of the buyback program announced on February 5, 2025, the number of the Bank's outstanding shares eligible for the dividend will be 14,988,884,075. Therefore, the total amount of the complementary dividend may be higher if fewer shares are acquired in the buyback program than expected, or lower in the opposite case.
C. Estimated amount corresponding to a complementary dividend of EUR 1,648,777,248.25. To be increased or reduced by the same amount by which the total amount of the complementary dividend is respectively lower or higher than the estimate of that complementary dividend.

The transcribed proposal comprises the part of the 2024 shareholder remuneration policy that is implemented through cash dividends (the interim dividend paid in November 2024 of EUR 10 cents per share with dividend entitlement, approved by the board of directors on 24 September 2024, and the complementary dividend expected to be paid as of 2 May 2025, of EUR 11 cents per share with the dividend entitlement, proposed by the board of directors on 25 February 2025, and therefore subject to approval by the General Meeting of Shareholders).

In addition, the 2024 remuneration policy also includes expected shareholder remuneration through the implementation of share buyback programs to which an amount equivalent to 25% of the Group's ordinary profit will be allocated. The first of these programs based on the results of 2024, for an approximate amount of EUR 1,525 million, was completed between August 2024 and January 2025. On 6 February 2025 a second buyback program on account of the 2024 results was started for a maximum amount of EUR 1,587 million. It also submits to the general meeting of shareholders an agreement for reduction of capital that will allow the amortization of own shares acquired in this second repurchase program, subject to the relevant regulatory authorization.

The accounting statement, prepared by the Bank pursuant to legal requirements, evidencing the existence of sufficient liquidity for the payment of the interim dividend on the date and for the amount mentioned above, was as follows:

EUR million

	31 August 2024
Profit before taxes	6,549
Tax expense	373
Dividends paid in cash	—
Distributable maximum amount	**6,176**
Available liquidity	87,847

Finally, and although it is not part of the remuneration charged to the 2024 financial year, it should be noted that pursuant to the resolution of the Bank's General Meeting of Shareholders held on 22 March 2024, on 2 May 2024 the Bank paid a complementary cash dividend of EUR 9.5 cents per share charged to the results of the 2023 financial year. Finally, also charged to the results of 2023, the Bank implemented two repurchase programs. The first of them for a maximum amount of EUR 1,310 million, which ended on January 2024 and the second one, for a maximum amount of EUR 1,459 million, which ended in June 2024.

b) Earnings/loss per share from continuing and discontinued operations

i. Basic earnings / loss per share

Basic earnings/loss per share are calculated by dividing the net profit attributable to the Group, adjusted by the after-tax amount of the remuneration of contingently convertible preference shares (PPCC) recognised in equity and the capital perpetual preference shares (PPCA) (see note 23), if applicable, by the weighted average number of ordinary shares outstanding during that period, excluding the average number of own shares held through that period.

Accordingly:

	2024	2023	2022
Profit (Loss) attributable to the Parent (EUR million)	12,574	11,076	9,605
Remuneration of PPCC and PPCA (EUR million) (note 23)	(620)	(492)	(529)
	11,954	10,584	9,076
Of which:			
Profit (Loss) from discontinued operations (non controlling interest net) (EUR million)	—	—	—
Profit (Loss) from continuing operations (non-controlling interest and PPCC and PPCA net) (EUR million)	*11,954*	*10,584*	*9,076*
Weighted average number of shares outstanding	15,497,607,269	16,172,084,714	16,848,344,667
Basic earnings (Loss) per share (euros)	**0.771**	**0.654**	**0.539**
Of which, from discounted operations (euros)	**—**	**—**	**—**
Basic earnings (Loss) per share from continuing operations (euros)	**0.771**	**0.654**	**0.539**

ii. Diluted earnings / loss per share

Diluted earnings/loss per share are calculated by dividing the net profit attributable to the Group, adjusted by the after-tax amount of the remuneration of contingently convertible preference shares recognised in equity (PPCC) recognised in equity and the capital perpetual preference shares (PPCA) (see note 23), by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares and adjusted for all the dilutive effects inherent to potential ordinary shares (share options, and convertible debt securities).

Accordingly, diluted earnings/loss per share were determined as follows:

	2024	2023	2022
Profit (Loss) attributable to the Parent (EUR million)	12,574	11,076	9,605
Remuneration of PPCC and PPCA (EUR million) (Note 23)	(620)	(492)	(529)
Dilutive effect of changes in profit for the period arising from potential conversion of ordinary shares	—	—	—
	11,954	10,584	9,076
Of which:			
Profit (Loss) from discontinued operations (net of non-controlling interests) (EUR million)	—	—	—
Profit (Loss) from continuing operations (net of non-controlling interests and PPCC and PPCA) (EUR million)	*11,954*	*10,584*	*9,076*
Weighted average number of shares outstanding	15,497,607,269	16,172,084,714	16,848,344,667
Dilutive effect of options/rights on shares	70,110,570	75,180,407	55,316,206
Adjusted number of shares	15,567,717,839	16,247,265,121	16,903,660,873
Diluted earnings (Loss) per share (euros)	**0.768**	**0.651**	**0.537**
Of which, from discounted operations (euros)	**—**	**—**	**—**
Diluted earnings (Loss) per share from continuing operations (euros)	**0.768**	**0.651**	**0.537**

5. Remuneration and other benefits paid to the Bank's directors and senior managers

The following section contains qualitative and quantitative disclosures on the remuneration paid to the members of the board of directors —both executive and non-executive directors— and senior managers for 2024 and 2023.

a) Remuneration of Directors

i. Bylaw-stipulated emoluments

The annual general meeting held on 22 March 2013 approved an amendment to the Bylaws, whereby the remuneration of directors in their capacity as board members became an annual fixed amount determined by the annual general meeting. This amount shall remain in effect unless the shareholders resolve to change it at a general meeting. However, the board of directors may elect to reduce the amount in any years in which it deems such action justified.

The maximum remuneration established by the annual general meeting was EUR 6 million in 2024 (EUR 6 million in 2023), with two components: (a) an annual emolument and (b) attendance fees.

The specific amount payable for the above-mentioned items to each of the directors is determined by the board of directors. For such purpose, it takes into consideration the positions held by each director on the board, their membership of the board and the board committees and their attendance to the meetings thereof, and any other objective circumstances considered by the board.

The total Bylaw-stipulated emoluments earned by the directors in 2024 amounted to EUR 5.4 million (EUR 5.3 million in 2023).

Annual allotment

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 28,000 ,thus equalizing its remuneration to other committees of mandatory existence, considering the importance and complexity of the matters addressed in it. 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:

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 appointments 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 appointments 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.

Attendance fees

The directors receive fees for attending board and committee meetings, excluding executive committee meetings, where no attendance fees are received.

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. So the amounts for 2024 and 2023 are as follows:

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

ii. Salaries

The executive directors receive salaries. In accordance with the policy approved by the annual general meeting, salaries are composed of a fixed annual remuneration and a variable one, which consists in a unique incentive, which is a deferred variable remuneration plan linked to multi-year objectives, which establishes the following payment scheme:

- 40% of the variable remuneration amount, determined at year-end on the basis of the achievement of the established objectives, is paid immediately.

- The remaining 60% is deferred over five years, to be paid in five portions, provided that the conditions of permanence in the Group and non-concurrence of the malus clauses are met, and subject to long term metrics, taking into account the following accrual scheme:

  - The accrual of the first and second portion (payment in 2026 and 2027) will be conditional on none of the malus clauses being triggered.

  - The accrual of the third, fourth, and fifth portion (payment in 2028, 2029 and 2030), is linked to objectives related to the period 2024—2026 and the metrics and scales associated with these objectives. The fulfilment of the objectives determines the percentage to be paid of the deferred amount in these three annuities, and 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.

In accordance with current remuneration policies, the amounts already paid will be subject to a possible recovery (clawback) by the Bank during the period set out in the policy in force at each moment.

The immediate payment (or short-term), as well as each deferred payment (linked to long term metrics and not linked to long-term metrics) will be settled 50% in cash and the remaining 50% in instruments, consisting of Banco Santander, S.A. shares and restricted stock units (RSUs) of PagoNxt, split as:

◦ the amount of PagoNxt RSUs set for each year; and

◦ the rest, all in shares of Banco Santander, S.A.

Comparative of executive remuneration (Chair and CEO)

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.

Variable contributions to pensions were not modified in 2024, so the amounts are the 22% of the 30% of the last three assigned bonus' average.

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 returns, the board approved a negative adjustment of 27.30%.

Moreover, the ratio of executive directors' total remuneration to underlying attributable profit fell to 0.18% from 0.19% in 2023.

iii. Detail by director

The detail, by bank director, of the short-term (immediate) and deferred (not subject to long-term goals) remuneration for 2024 and 2023 is provided below:

EUR thousand

	2024								
	Bylaw-stipulated emoluments								
	Annual emolument								
	Board[F]	Executive committee	Audit[1] committee	Nomination committee[2]	Remuneration committee	Risk supervision, regulation and compliance oversight committee[3]	Responsible banking, sustainability and culture committee[4]	Innovation and technology committee[5]	Attendance fees and commissions
Ana Botín	98	170	—	—	—	—	—	44	56
Héctor Grisi	98	170	—	—	—	—	—	28	56
José Antonio Álvarez	128	170	—	—	—	—	—	28	56
Glenn Hutchins	415	—	—	28	78	—	—	82	97
Bruce Carnegie-Brown[A]	22	—	—	18	6	—	—	—	31
Homaira Akbari	98	—	43	—	—	—	28	28	88
Javier Botín[B]	98	—	—	—	—	—	—	—	46
Sol Daurella	98	—	—	28	28	—	50	—	88
Henrique de Castro	98	—	43	—	28	—	—	28	103
Gina Díez	98	—	—	28	—	—	28	—	71
Luis Isasi	98	170	—	—	28	43	—	—	101
Ramiro Mato[C]	48	83	21	—	—	21	38	—	60
Belén Romana	98	170	43	67	—	59	6	28	128
Pamela Walkden	98	—	59	—	—	97	22	—	105
Germán de la Fuente	98	—	97	—	—	43	—	—	100
Carlos Barrabés[D]	50	—	—	14	—	—	18	14	31
Antonio Weiss[E]	50	—	—	—	—	—	—	—	22
Total 2024	**1,791**	**933**	**306**	**183**	**168**	**263**	**190**	**280**	**1,240**
Total 2023	**1,700**	**1,147**	**328**	**162**	**191**	**285**	**139**	**287**	**1,096**

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.

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.

Other remuneration includes EUR 1,000 thousand for the role as non-executive Chair of the Santander España business unit and for attending its board and committee meetings for Luis Isasi. 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).

	2024									2023
	Short-term and deferred (not subject to long-term goals) salaries of executive directors									
		Variable - immediate payment		Deferred variable						
	Fixed	In cash	In instruments	In cash	In instruments	Total	Pension contribution	Other remuneration	Total	Total
Ana Botín	3,435	1,851	1,851	1,110	1,111	9,358	1,339	1,062	12,127	11,544
Héctor Grisi	3,150	1,279	1,279	767	768	7,243	1,105	437	9,137	8,257
José Antonio Álvarez	—	—	—	—	—	—	—	3,316	3,698	3,553
Glenn Hutchins	—	—	—	—	—	—	—	—	700	372
Bruce Carnegie-Brown[A]	—	—	—	—	—	—	—	—	78	576
Homaira Akbari	—	—	—	—	—	—	—	—	285	265
Javier Botín[B]	—	—	—	—	—	—	—	—	144	137
Sol Daurella	—	—	—	—	—	—	—	—	292	249
Henrique de Castro	—	—	—	—	—	—	—	—	300	284
Gina Díez	—	—	—	—	—	—	—	—	225	211
Luis Isasi	—	—	—	—	—	—	—	1,000	1,440	1,417
Ramiro Mato[C]	—	—	—	—	—	—	—	—	271	518
Belén Romana	—	—	—	—	—	—	—	—	599	572
Pamela Walkden	—	—	—	—	—	—	—	—	381	341
Germán de la Fuente	—	—	—	—	—	—	—	—	338	271
Carlos Barrabés[D]	—	—	—	—	—	—	—	—	128	—
Antonio Weiss[E]	—	—	—	—	—	—	—	—	72	—
Total 2024	**6,585**	**3,130**	**3,130**	**1,877**	**1,879**	**16,601**	**2,444**	**5,815**	**30,214**	**—**
Total 2023	**6,271**	**3,000**	**3,000**	**1,800**	**1,800**	**15,871**	**2,110**	**5,251**		**28,567**

Footnotes in previous table.

Following is the detail by executive director of the salaries linked to multi-year objectives at their fair Value, which will only be received if the conditions of permanence in the Group, non-applicability of malus clauses and achievement of the established objectives are met (or, as the case may be, of the minimum thresholds thereof, with the consequent reduction of amount agreed-upon at the end of the year) in the terms described in Note 46.

EUR thousand

	2024				2023
	Variable subject to long-term objectives[1]				
	In cash	In shares	In RSUs	Total	Total
Ana Botín	1,166	956	210	2,332	2,243
Héctor Grisi	806	629	176	1,611	1,537
Total	**1,972**	**1,585**	**386**	**3,943**	**3,780**

1. Corresponds with the fair value of the maximum amount they are entitled to in a total of 3 years: 2028, 2029 and 2030, subject to conditions of continued service, with the exceptions provided, and to the non-applicability of malus clauses and achievement of the objectives established.

The fair value has been determined at the grant date based on the valuation report of an independent expert, Willis Towers Watson. Based on the design of the plan for 2024 and the levels of achievement of similar plans in comparable entities, the fair value considered is 70% of the variable remuneration subject to long-term objectives. (see note 46).

Note 5.e below includes disclosures on the shares delivered from the deferred remuneration schemes in place in previous years and for which delivery conditions were met, as well as on the maximum number of shares that may be received in future years in connection with the aforementioned 2024 and 2023 variable remuneration plans.

b) Remuneration of the board members as representatives of the Bank

By resolution of the executive committee, all the remuneration received by the Bank's directors who represent the Bank on the boards of directors of listed companies in which the Bank has a stake, paid by those companies and relating to appointments made on or after 18 March 2002, accrues to the Group. In 2024 the Bank's directors did not receive any remuneration in respect of these representative duties.

On the other hand, in their personal capacity, in 2024 Homaira Akbari was paid USD 100 thousand (EUR 96 thousand) as member of the board of Santander Consumer USA Holdings, Inc. and EUR 200 thousand as member of the board of PagoNxt S.L., and Henrique de Castro and José Antonio Álvarez were each paid the same EUR 200 thousand as members of the board of PagoNxt S.L. José Antonio Álvarez also received BRL 1,135 thousand (EUR 183 thousand) as member of Banco Santander (Brasil) S.A. Likewise, Pamela Walkden was paid GBP 109 thousand (EUR 129 thousand) as member of Santander UK plc and Santander UK Group Holdings.

Likewise, Luis Isasi was paid EUR 1,000 thousand as non-executive Chair of the Santander España business unit and for attending its board and committee meetings (amounts paid by Banco Santander, S.A.).

And finally, José Antonio Álvarez, as strategic adviser of Grupo Santander, received fixed remuneration of EUR 1,750 thousand. In addition, he received the life and health insurance contributions, and the supplement for having waived the death and disability policy.

c) Post-employment and other long-term benefits

In 2012, the contracts of Ana Botín and other members of the Bank's senior management with defined benefit pension commitments were modified to transform these commitments into a defined contribution system, which covers the contingencies of retirement, disability and death. From that moment on, the Bank makes annual contributions to their pension system for their benefit.

This system gives them the right to receive benefits upon retirement, regardless of whether or not they are active at the Bank at such time, based on contributions to the system, and replaced their previous right to receive a pension supplement in the event of retirement.

The initial balance for Ana Botín in the new defined benefits system corresponded to the market value of the assets from which the provisions corresponding to the respective accrued obligations had materialised on the date on which the old pension commitments were transferred into the new benefits system.

Since 2013, the Bank has made annual contributions to the benefits system for executive directors and other members of executive team, in proportion to their respective pensionable bases, until they leave Grupo Santander or until their retirement within the Group, death, or disability.

The benefit plan system is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A., and the economic rights of the foregoing directors under this plan belong to them regardless of whether or not they are active at the Bank at the time of their retirement, death or disability.

In accordance with the provisions of the remuneration regulations, contributions made calculated on variable remuneration are subject to the discretionary pension benefits regime. Under this regime, contributions are subject to malus clauses and clawback according to the policy in force at any given time and during the same period in which the variable remuneration is deferred.

Furthermore, they must be invested in bank shares for a period of five years from the date when the executive director leaves the Group, regardless of whether or not they leave to retire. Once that period has elapsed, the amount invested in shares will be reinvested, along with the remainder of the cumulative balance corresponding to the executive director, or it will be paid to the executive director or to their beneficiaries in the event of a contingency covered by the benefits system.

As per the director´s remuneration policy approved at the 23 March 2018 general shareholder´s meeting, the system was changed with a focus on:

- Aligning the annual contributions with practices of comparable institutions.
- Reducing future liabilities by eliminating the supplementary benefits scheme in the event of death (death of spouse or parent) and permanent disability of serving directors.
- Not increasing total costs for the Bank.

The changes to the system were the following:

- Fixed and variable pension contributions were reduced to 22% of the respective pensionable bases. The gross annual salaries and the benchmark variable remuneration were increased in the corresponding amount with no increase in total costs for the Bank. The pensionable base for the purposes of the annual contributions for the executive directors is the sum of fixed remuneration plus 30% of the average of their last three variable remuneration amounts. 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.

  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.
- The death and disability supplementary benefits were eliminated since 1 April 2018. A fixed remuneration supplement (included in other remuneration in section a.iii in this note) was implemented the same date.
- The total amount insured for life and accident insurance was increased.

The provisions recognised in 2024 and 2023 for retirement pensions were as follows:

EUR thousand

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

Following is a detail of the balances relating to each of the directors under the welfare system as of 31 December 2024 and 2023:

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) Insurance

The Group pays for life insurance policies for the Bank’s directors, who will be entitled to receive benefits if they are declared disabled. In the event of death, the benefits will be payable to their heirs. The premiums paid by the Group are included in the 'Other remuneration' column of the table shown in Note 5.a.iii above. Also, the following table provides information on the sums insured for the Bank’s directors:

Insured capital

EUR thousand

	2024	2023
Ana Botín	21,525	21,054
Héctor Grisi	12,600	50
José Antonio Álvarez	11,215	11,910
Total	**45,340**	**33,014**

The insured capital has been modified in 2018 for Ana Botín as part of the pension systems transformation set out in note 5.c) above, which has encompassed the elimination of the supplementary benefits systems (death of spouse and death of parent) and the increase of the life and accident insurance annuities.

During 2024 and 2023, the Group has disbursed a total amount of EUR 13.5 million and EUR 13.2 million, respectively, for the payment of civil-liability insurance premiums. These premiums correspond to several civil-liability insurance policies that hedge, among others, directors, senior management and other managers and employees of the Group and the Bank itself, as well as its subsidiaries, in light of certain types of potential claims of third parties. For this reason, it is not possible to disaggregate or individualize the amount that correspond to the directors and executives.

As of 31 December 2024 and 2023, no life insurance commitments exist for the Group in respect of any other directors.

e) Deferred variable remuneration systems

The following information relates to the maximum number of shares to which the executive directors are entitled at the beginning and end of 2024 and 2023 due to their participation in the deferred variable remuneration systems, which instrumented a portion of their variable remuneration relating to 2024 and prior years, as well as on the deliveries, in shares or in cash, made to them in 2024 and 2023 once the conditions for the receipt thereof had been met (see Note 46):

i) Deferred variable compensation plan linked to multiannual objectives

In the annual shareholders meeting of 18 March 2016, with the aim of simplifying the remuneration structure, improving the ex-ante risk adjustment and increasing the incidence of long-term objectives, the bonus plan (deferred and conditioned variable compensation plan) and ILP were replaced by one single plan.

The variable remuneration of executive directors and certain executives (including senior management) corresponding to 2024 has been approved by the board of directors and implemented through the ninth cycle of the deferred variable remuneration plan linked to multi-year objectives. The application of the plan was authorised by the annual general meeting of shareholders, as it entails the delivery of shares to the beneficiaries.

As indicated in section a.ii of this note, 60% of the variable remuneration amount is deferred over five years for executive directors, to be paid, where appropriate, in five portions, provided that the conditions of permanence in the Group, according to the following accrual scheme:

- The accrual of the first and second parts (instalments in 2026 and 2027) is conditional on none of the malus clauses being triggered.
- The accrual of the third, fourth and fifth parts (instalments in 2028, 2029 and 2030) is linked to non-concurrence of malus clauses and the fulfilment of certain objectives related to the 2024- 2026 period. These objectives and their respective weights are:
  - Banco Santander's consolidated Return on tangible equity (RoTE) target in 2026 (weight of 40%).
  - Relative performance of Banco Santander's total shareholder return (TSR) in 2024-2026 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 (weight of 40%).
  - Four sustainability metrics, which have different weighting (with a total weight of 20%).

The degree of compliance with the above objectives determines the percentage to be applied to the deferred amount in these three annuities, with a maximum achievement ratio of 125%, so executives have the incentive to exceed their targets.

Both the immediate (short-term) and each of the deferred (long-term and conditioned) portions are paid 50% in cash and the remaining 50% in instruments.

The accrual of deferred amounts (whether or not subject to performance measures) is conditioned, in addition to the permanence of the beneficiary in the Group, to non-occurrence, during the period prior to each of the deliveries, of any the circumstances giving rise to the application of malus as set out in the Group's remuneration policy in its chapter related to malus and clawback. Likewise, the amounts already paid of the incentive will be subject to clawback by the Bank in the cases and during the term foreseen in said policy, and in accordance with the terms and conditions foreseen in it.

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:

i. Significant failures in risk management committed by the entity, or by a business unit or risk control.

ii. The increase suffered by the entity or by a business unit of its capital needs, not foreseen at the time of generation of the exposures.

iii. Regulatory sanctions or judicial sentences from events that could be attributable to the unit or the personnel responsible for those. Also, the breach of internal codes of conduct of the entity.

iv. Irregular conduct, whether individual or collective. In this regard, the negative effects derived from the marketing of inappropriate products and the responsibilities of the people or bodies that made those decisions will be specially considered.

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 maximum number of shares to be delivered is calculated by taking into account the average weighted daily volume of the average weighted listing prices corresponding to the fifty trading sessions prior to the previous Friday (excluded) to the date on which the bonus is agreed by the board of executive directors of the Bank.

ii) Shares assigned by deferred variable remuneration plans

The following table shows the number of Santander shares assigned to each director already in service and pending delivery as of 1 January 2023, 31 December 2023 and 31 December 2024, as well as the gross shares that were delivered to them in 2023 and 2024, either in the form of an immediate payment or a deferred payment. In this case after having been appraised by the board, at the proposal of the remuneration committee, that the corresponding one-fifth of each plan had accrued. They come from the deferred conditional and linked to multi-year objectives in 2018, 2019, 2020, 2021, 2022, 2023 and 2024 were formalized.

Share-based variable remuneration

	Maximum number of shares to be delivered at January 1,2023	Shares delivered in 2023 (immediate payment 2022 variable remuneration)	Shares delivered in 2023 (deferred payment 2021 variable remuneration)	Shares delivered in 2023 (deferred payment 2020 variable remuneration)	Shares delivered in 2023 (deferred payment 2019 variable remuneration)	Shares delivered in 2023 (deferred payment 2018 variable remuneration)	Variable remuneration 2023 (Maximum number of shares to be delivered)
2018 variable remuneration							
Ana Botín	68,800	—	—	—	—	(34,400)	—
José Antonio Álvarez	45,975	—	—	—	—	(22,988)	—
	114,776					**(57,388)**	
2019 variable remuneration							
Ana Botín	106,357	—	—	—	(35,452)	—	—
José Antonio Álvarez	71,079	—	—	—	(23,693)	—	—
	177,435				**(59,145)**		
2020 variable remuneration							
Ana Botín	149,095	—	—	(37,274)	—	—	—
José Antonio Álvarez	80,983	—	—	(20,246)	—	—	—
	230,078			**(57,520)**			
2021 variable remuneration							
Ana Botín	888,373	—	(177,675)	—	—	—	—
José Antonio Álvarez	599,555	—	(119,911)	—	—	—	—
	1,487,928		**(297,586)**				
2022 variable remuneration							
Ana Botín	631,829	(273,410)	—	—	—	—	—
José Antonio Álvarez	426,475	(184,521)	—	—	—	—	—
	1,058,305	**(457,931)**					
2023 variable remuneration							
Ana Botín	—	—	—	—	—	—	1,127,209
José Antonio Álvarez	—	—	—	—	—	—	749,143
							1,876,352
2024 variable remuneration[1]							
Ana Botín	—	—	—	—	—	—	—
Héctor Grisi	—	—	—	—	—	—	—

1. For each director, 40% of the shares indicated correspond to the short-term variable (or immediate payment). The remaining 60% is deferred for delivery, where appropriate, by fifths in the next five years, the last three being subject to the fulfilment of multiannual objectives.

Maximum number of shares to be delivered at December 31, 2023	Instruments matured but not consolidated at January 1, 2024[2]	Shares delivered in 2024 (immediate payment 2023 variable remuneration)	Shares delivered in 2024 (deferred payment 2022 variable remuneration)	Shares delivered in 2024 (deferred payment 2021 variable remuneration)	Shares delivered in 2024 (deferred payment 2020 variable remuneration)	Shares delivered in 2024 (deferred payment 2019 variable remuneration)	Shares delivered in 2024 (deferred payment 2018 variable remuneration)	Variable remuneration 2024 (Maximum number of shares to be delivered)	Maximum number of shares to be delivered at December 31, 2024
34,400	—	—	—	—	—	—	(34,400)	—	—
22,988	—	—	—	—	—	—	(22,988)	—	—
57,388							**(57,388)**		
70,905	—	—	—	—	—	(35,452)	—	—	35,452
47,386	—	—	—	—	—	(23,693)	—	—	23,693
118,290						**(59,145)**			**59,145**
111,821	(18,674)	—	—	—	(31,049)	—	—	—	62,098
60,737	(10,143)	—	—	—	(16,865)	—	—	—	33,729
172,558	**(28,817)**				**(47,914)**				**95,827**
710,698	—	—	—	(177,675)	—	—	—	—	533,023
479,644	—	—	—	(119,911)	—	—	—	—	359,733
1,190,342				**(297,586)**					**892,756**
358,419	—	—	(62,334)	—	—	—	—	—	296,085
241,954	—	—	(42,079)	—	—	—	—	—	199,875
600,374			**(104,413)**						**495,961**
1,127,209	—	(469,286)	—	—	—	—	—	—	657,923
749,143	—	(321,645)	—	—	—	—	—	—	427,498
1,876,352		**(790,931)**							**1,085,421**
—	—	—	—	—	—	—	—	976,463	976,463
—	—	—	—	—	—	—	—	656,032	656,032
								1,632,495	**1,632,495**

2. 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 to 66 percentile). Weight of 33.3%.

    2) Fifth cycle of the deferred multi-year objectives variable remuneration plan (2020): 83.0% 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) Forth 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%.

Furthermore, the maximum number of RSUs of PagoNxt, S.L. to be delivered under the current plan is 10,621 and 8,921 units for Ana Botín and Héctor Grisi, respectively.

In addition, the table below shows the cash delivered in 2024 and 2023, by way of either immediate payment or deferred payment, in the latter case once the Board had determined, at the proposal of the remuneration committee, that one-fifth relating to each plan had accrued:

EUR thousand

	2024		2023	
	Cash paid (immediate payment 2023 variable remuneration)	**Cash paid (deferred payments from 2022, 2021, 2020 and 2019 variable remuneration)**	**Cash paid (immediate payment 2022 variable remuneration)**	**Cash paid (deferred payments from 2021, 2020, 2019 and 2018 variable remuneration)**
Ana Botín	1,780	1,419	1,689	1,117
Héctor Grisi	1,220	863	1,823	697
José Antonio Álvarez	0	945	1,140	737
Total	**3,000**	**3,228**	**4,651**	**2,551**

iii) Information on former members of the board of directors

The chart below includes information on the maximum number of shares to which former members of the board of directors, are entitled for their participation in the various deferred variable remuneration systems, which instrumented a portion of their variable remuneration relating to the years in which they were executive directors. Also set forth below is information on the deliveries, whether in shares or in cash, made in 2024 and 2023 to former board members, upon achievement of the conditions for the receipt thereof (see note 46):

Maximum number of shares to be delivered

	2024	2023
Deferred conditional variable remuneration plan and linked to objectives (2018)	—	29,860
Deferred conditional variable remuneration plan and linked to objectives (2019)	24,490	48,980
Deferred conditional variable remuneration plan and linked to objectives (2020)	71,024	106,536
Deferred conditional variable remuneration plan and linked to objectives (2021)	206,100	300,000
Deferred conditional variable remuneration plan and linked to objectives (2022)	—	—
Deferred conditional variable remuneration plan and linked to objectives (2023)	—	—

Number of shares delivered

	2024	2023
Deferred conditional variable remuneration plan and linked to objectives (2017)	—	6,145
Deferred conditional variable remuneration plan and linked to objectives (2018)	29,860	29,860
Deferred conditional variable remuneration plan and linked to objectives (2019)	24,490	24,490
Deferred conditional variable remuneration plan and linked to objectives (2020)	35,512	42,632
Deferred conditional variable remuneration plan and linked to objectives (2021)	12,911	75,000
Deferred conditional variable remuneration plan and linked to objectives (2022)	—	—
Deferred conditional variable remuneration plan and linked to objectives (2023)	—	—

In addition, EUR 650 thousand and EUR 1,471 thousand relating to the deferred portion payable in cash of the aforementioned plans were paid each in 2024 and 2023.

f) Loans

Grupo Santander's direct risk exposure to the bank's directors and the guarantees provided for them are detailed below. These transactions were made on terms equivalent to those that prevail in arm's-length transactions or the related compensation in kind was recognized:

EUR thousand

	2024			2023		
	Loans and credits	**Guarantees**	**Total**	**Loans and credits**	**Guarantees**	**Total**
Ana Botín	—	—	—	26	—	26
Héctor Grisi	—	—	—	8	—	8
José Antonio Álvarez	—	—	—	4	—	4
Glenn Hutchins	—	—	—	—	—	—
Antonio Francesco Weiss [B]	—	—	—	—	—	—
Belén Romana	—	—	—	—	—	—
Bruce Carnegie-Brown [A]	—	—	—	—	—	—
Germán de la Fuente	—	—	—	—	—	—
Gina Díez Barroso	5	—	5	1	—	1
Henrique de Castro	—	—	—	—	—	—
Homaira Akbari	—	—	—	—	—	—
Javier Botín	—	—	—	4	—	4
Juan Carlos Barrabés [C]	138	—	138	—	—	—
Luis Isasi	—	—	—	—	—	—
Pamela Walkden	—	—	—	—	—	—
Ramiro Mato [D]	—	—	—	—	—	—
Sol Daurella	—	—	—	51	—	51
	143	**—**	**143**	**94**	**—**	**94**

A. Ceased as director of Banco Santander, S.A. on 22 March 2024.
B. Director since 27 June 2024.
C. Director since 27 June 2024.
D. Ceased as director of Banco Santander, S.A. on 27 June 2024 .

g) Senior management

The table below includes the amounts relating to the short-term remuneration of the members of senior management at 31 December 2024 and those at 31 December 2023, excluding the remuneration of the executive directors, which is detailed above. This amount has been reduced by 39% compared to that reported in 2014 (EUR 80,792 thousand):

EUR thousand

		Short-term salaries and deferred remuneration							
			Variable remuneration (bonus) - Immediate payment		Deferred variable remuneration				
Year	**Number of persons**	**Fixed**	**In cash**	**In instruments[2]**	**In cash**	**In instruments[3]**	**Pensions**	**Other remuneration[1]**	**Total**
2024	14	16,466	7,376	7,377	3,319	3,320	4,520	7,153	49,531
2023	14	17,109	7,355	7,356 –	3,219	3,220	4,775	7,135	50,169

1. Includes other remuneration items such as life and medical insurance premiums and localization aids and lastly RSUs from PagoNxt S.L., for his work as a director in said entity.
2. The amount of immediate payment for 2024 is 1,611,965 shares (1,567,930 Santander shares and 1,386,491 share options in 2023).
3. The deferred amount in instruments not linked to long-term objectives for 2024 is 725,399 shares (700,305 Santander shares and 554,597 share options in 2023).

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

Also, the detail of the breakdown of the remuneration linked to long-term objectives of the members of senior management at 31 December 2024 and 31 December 2023 is provided below. These remuneration payments shall be received, as the case may be, in the corresponding deferral periods, upon achievement of the conditions stipulated for each payment (see note 46):

EUR thousand

		Variable remuneration subject to long-term objectives[1]		
Year	Number of people	Cash payment	Instrument payment	Total
2024	14	3,485	3,486	6,971
2023	14	3,380	3,381	6,761

1. Relates to the fair value of the maximum annual amounts for years 2028, 2029 and 2030 of the ninth cycle of the deferred conditional variable remuneration plan (2027, 2028 and 2029 for the eighth cycle of the deferred variable compensation plan linked to annual objectives for the year 2023).

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 2022). 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).

The maximum number of Santander shares that the members of senior management at each plan grant date (excluding executive directors) were entitled to receive as of 31 December 2024 and 31 December 2023 relating to the deferred portion under the various plans then in force is the following (see note 46):

Maximum number of shares to be delivered

	2024	2023
Deferred conditional variable remuneration plan and linked to objectives (2018)	—	72,734
Deferred conditional variable remuneration plan and linked to objectives (2019)	71,294	176,704
Deferred conditional variable remuneration plan and linked to objectives (2020)	370,522	728,200
Deferred conditional variable remuneration plan and linked to objectives (2021)	966,680	1,824,824
Deferred conditional variable remuneration plan and linked to objectives (2022)	1,430,464	2,320,032
Deferred conditional variable remuneration plan and linked to objectives (2023)	1,395,815	—

Since the conditions established in the corresponding deferred share-based remuneration schemes for prior years had been met, the following number of Santander shares was delivered in 2024 and 2023 to the senior management, in addition to the payment of the related cash amounts:

Number of shares delivered

	2024	2023
Deferred conditional variable remuneration plan and linked to objectives (2017)	—	11,046
Deferred conditional variable remuneration plan and linked to objectives (2018)	57,730	72,734
Deferred conditional variable remuneration plan and linked to objectives (2019)	71,294	88,352
Deferred conditional variable remuneration plan and linked to objectives (2020)	185,261	292,737
Deferred conditional variable remuneration plan and linked to objectives (2021)	351,777	456,206
Deferred conditional variable remuneration plan and linked to objectives (2022)	357,615	2,070,634
Deferred conditional variable remuneration plan and linked to objectives (2023)	1,212,984	—

As indicated in note 5.c above, senior management participate in the benefit system created in 2012, which covers the contingencies of retirement, disability and death. Banco Santander makes annual contributions to the benefit plans of its senior managers. In 2012, the contracts of the senior managers with benefit pension commitments were amended to transform them into a contribution system. The system, which is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A., gives senior managers the right to receive benefits upon retirement, regardless of whether or not they are active at Banco Santander at such time, based on contributions to the system. This new system replaced their previous right to receive a pension supplement in the event of retirement. In the event of pre-retirement, and up to the retirement date, senior managers appointed prior to September 2015 are entitled to receive an annual allowance.

In addition, further to applicable remuneration regulations, from 2016 (inclusive), a discretionary pension benefit component of at least 15% of total remuneration in contributions to the pension system has been included. Under the regime corresponding to these discretionary benefits, the contributions that are calculated on variable remunerations are subject to malus and clawback clauses, subject to policies applicable at each time, and during the same period in which the variable remuneration is deferred.

Likewise, the annual contributions calculated on variable remunerations must be invested in Bank shares for a period of five years from the date that the senior manager leaves the Group, regardless of whether or not they leave to retire. Once that period has elapsed, the amount invested in shares will be reinvested, along with the remainder of the cumulative balance corresponding to the senior manager, or it will be paid to the senior manager or to their beneficiaries in the event of a contingency covered by the benefits system.

The contracts of some members of senior management were modified at the beginning of 2018 with the same objective and changes indicated in section c of this note for Ana Botín. The modifications, which are aimed at aligning the annual contributions with the practices of comparable institutions and reducing the risk of future obligations by eliminating the supplementary scheme for death (widowhood and orphanhood) and permanent disability in service without increasing the costs to the bank, are as follows:

- Contributions to the pensionable bases were reduced. Gross annual salaries were increased in the corresponding amount.
- The death and disability supplementary benefits were eliminated since 1 January 2018 for some members of senior management and since 1 April 2018 for executive directors. A fixed remuneration supplement reflected in other remuneration in the table above was implemented on the same date.
- The amounts insured for life and accident insurance were increased.

All of the above was done without an increase in total cost for the Bank.

The balance as of 31 December 2024 in the pension system for those who were part of senior management at year end amounted to EUR 51 million (EUR 57 million at 31 December 2023).

The net charge to income corresponding to pension amounted to EUR 4.5 million in 2024 (EUR 4.7 million in 31 December 2023).

In 2024 and 2023 there have been no payments in the form of a single payment of the annual voluntary pre-retirement allowance.

Additionally, the capital insured by life and accident insurance at 31 December 2024 of this group amounts to EUR 83 million (EUR 84.4 million at 31 December 2023).

h) Post-employment benefits to former directors and former senior executive vice presidents

The post-employment benefits and settlements paid in 2024 to former directors of the Bank, other than those detailed in note 5.c amounted to EUR 5.6 million and EUR 5.6 million in 2023, respectively. Also, the post-employment benefits and settlements paid in 2024 to former executive vice presidents amounted to EUR 12.7 million and EUR 15.0 million in 2023, respectively.

Contributions to insurance policies that hedge pensions to previous members of the Bank's board of directors, amounted to EUR 0.17 million in 2024 (EUR 0.17 million in 2023). Likewise, contributions to insurance policies that hedge pensions for previous senior managers amounted to EUR 2.3 million in 2024 (EUR 3.3 million in 2023).

No releases or charges were recorded in the consolidated income statement for pension commitments and similar obligations held by the Group with previous former members of the bank's board of directors or former members of senior management in 2024 and 2023.

In addition, 'Provisions - Pension Fund and similar obligations' in the consolidated balance sheet as at 31 December 2024 included EUR 46 million in respect of the post-employment benefit obligations to former Directors of the Bank (EUR 46 million at 31 December 2023) and EUR 96 million corresponding to former members of senior management (EUR 88 million at 31 December 2023).

i) Pre-retirement and retirement

The board of directors approved an amendment to the contracts of executive directors whereby they ceased to have the right to pre-retire in case of termination of his contract.

j) Contract termination

The executive directors and members of senior management have indefinite-term employment contracts. Executive directors or senior managers whose contracts are terminated voluntarily or due to breach of duties are not entitled to receive any economic compensation. If Banco Santander terminates the contract for any other reason, they will be entitled to the corresponding legally-stipulated termination benefit, without prejudice to any compensation that may for non-competition obligations, as detailed in the directors' remuneration policy.

If Banco Santander were to terminate her contract, Ana Botín would have to remain at Banco Santander's disposal for a period of 4 months in order to ensure an adequate transition, and would receive her fixed salary during that period.

k) Information on investments held by the directors in other companies and conflicts of interest

None of the members of the board of directors have declared that they or persons related to them may have a direct or indirect conflict of interest with the interests of Banco Santander, S.A., as set forth in article 229 of the Corporate Enterprises Act.

6. Loans and advances to central banks and credit institutions

The detail, by classification, type and currency, of Loans and advances to central banks and credit institutions in the consolidated balance sheets is as follows:

EUR million

CENTRAL BANKS	2024	2023	2022
Classification			
Financial assets held for trading	12,966	17,717	11,595
Non-trading financial assets mandatorily at fair value through profit or loss	—	—	—
Financial assets designated at fair value through profit or loss	—	—	—
Financial assets designated at fair value through other comprehensive income	—	—	—
Financial assets at amortised cost	16,179	20,082	15,375
	29,145	**37,799**	**26,970**
Type			
Time deposits	16,179	17,747	15,180
Reverse repurchase agreements	12,966	20,052	11,790
Impaired assets	—	—	—
Valuation adjustments for impairment	—	—	—
	29,145	**37,799**	**26,970**
CREDIT INSTITUTIONS			
Classification			
Financial assets held for trading	27,314	14,061	16,502
Non-trading financial assets mandatorily at fair value through profit or loss	—	—	—
Financial assets designated at fair value through profit or loss	408	459	673
Financial assets designated at fair value through other comprehensive income	363	313	—
Financial assets at amortised cost	55,537	57,917	46,518
	83,622	**72,750**	**63,693**
Type			
Time deposits	9,036	8,560	8,891
Reverse repurchase agreements	48,932	35,846	27,321
Non- loans advances	25,659	28,353	27,487
Impaired assets	—	—	—
Valuation adjustments for impairment	(5)	(9)	(6)
	83,622	**72,750**	**63,693**
CURRENCY			
Euro	43,347	34,229	26,024
Pound sterling	2,424	3,539	4,474
US dollar	22,539	17,602	18,468
Brazilian real	39,379	47,151	34,863
Other currencies	5,078	8,028	6,834
TOTAL	**112,767**	**110,549**	**90,663**

The loans and advances to credit institutions classified under 'Financial assets at amortised' cost are mainly time accounts and deposits.

Note 51 contains a detail of their residual maturity periods.

This line item also includes irrevocable payment commitments to the Single Resolution Fund made in accordance with article 70.3 of Regulation 806/2014, which establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain security service companies. investment within the framework of a Single Resolution Mechanism and a Single Resolution Fund, for which, in accordance with the standard, no provision has been recorded, these commitments have not been significant regarding the consolidated annual accounts.

At 31 December 2024 the gross exposure by impairment stage of the assets accounted subject to impairment for amounts to EUR 72,084 million, EUR 0 million and EUR 0 million (EUR 78,321, EUR 0 million and EUR 0 million in 2023 and EUR 61,898 million, EUR 1 million and EUR 0 million in 2022), and the loan loss provision by impairment stage amounts to EUR 5 million, EUR 0 million and EUR 0 million (EUR 9 million, EUR 0 million and EUR 0 million in 2023 and EUR 6 million, EUR 0 million and EUR 0 million in 2022) in stage 1, stage 2 and stage 3, respectively.

7. Debt securities

a) Detail

The detail, by classification, type and currency, of Debt securities in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Classification			
Financial assets held for trading	82,646	62,124	41,403
Non-trading financial assets mandatorily at fair value through profit or loss	447	860	1,134
Financial assets designated at fair value through profit or loss	2,897	3,095	2,542
Financial assets designated at fair value through other comprehensive income	76,558	73,565	75,083
Financial assets at amortised cost	120,949	103,559	73,554
	283,497	**243,203**	**193,716**
Type			
Spanish government debt securities	56,919	40,321	26,876
Foreign government debt securities	164,747	145,732	121,018
Issued by financial institutions	16,776	14,681	10,176
Other fixed-income securities	44,703	42,294	35,468
Impaired financial assets	701	461	404
Impairment losses	(349)	(286)	(226)
	283,497	**243,203**	**193,716**
Currency			
Euro	118,456	90,857	63,903
Pound sterling	15,630	9,284	6,732
US dollar	48,189	38,161	37,749
Brazilian real	44,432	46,190	35,841
Other currencies	57,139	58,997	49,717
Debt securities excluding impairment adjustments	**283,846**	**243,489**	**193,942**
Impairment losses	(349)	(286)	(226)
	283,497	**243,203**	**193,716**

The increase in the year of the debt securities portfolio under the heading 'Financial assets at fair value with changes in other comprehensive income' is mainly due to the increase in exposure to European Union sovereign debt, as a result of greater activity in the markets business, both its own and for distribution to clients.

Likewise, the increase in the debt securities portfolio under the heading 'Financial assets at amortized cost' is due to the continuation of the strategy started in year 2022 in which two new business models were created for the optimization of excess liquidity and the management of the maturity of the balance sheet credit and deposit portfolios.

At 31 December 2024, 2023 and 2022 the gross exposure by impairment stage of the book assets amounted to EUR 196,514 million, EUR 176,697 million and EUR 148,384 million in stage 1; EUR 597 million, EUR 203 million and EUR 75 million in stage 2, and EUR 701 million, EUR 461 million and EUR 404 million in stage 3, respectively.

In addition, at 31 December 2024, the Group had EUR 44 million of exposure in assets purchased with impairments, which correspond mainly to the business combinations carried out by the Group with any additional impairment signs.

b) Breakdown

The breakdown, by origin of the issuer, of debt securities at 31 December 2024, 2023 and 2022, net of impairment losses, is as follows:

EUR million

	2024				2023				2022			
	Private fixed-income	Public fixed-income	Total	%	Private fixed-income	Public fixed-income	Total	%	Private fixed-income	Public fixed-income	Total	%
Spain	1,901	56,919	58,820	20.75%	2,525	40,321	42,846	17.62%	1,015	26,876	27,891	14.40%
United Kingdom	3,077	9,903	12,980	4.58%	2,816	4,748	7,564	3.11%	2,545	3,013	5,558	2.87%
Portugal	3,224	5,138	8,362	2.95%	2,826	4,815	7,641	3.14%	2,572	3,603	6,175	3.19%
Italy	3,072	22,954	26,026	9.18%	2,968	12,945	15,913	6.54%	1,948	8,329	10,277	5.31%
Ireland	4,557	14	4,571	1.61%	5,632	11	5,643	2.32%	6,141	11	6,152	3.18%
Poland	2,472	15,224	17,696	6.24%	2,937	12,482	15,419	6.34%	2,830	9,443	12,273	6.34%
Other European countries	11,593	12,702	24,295	8.57%	9,797	15,495	25,292	10.40%	8,161	9,655	17,816	9.20%
United States	12,475	27,811	40,286	14.21%	8,959	22,992	31,951	13.14%	8,950	22,318	31,268	16.14%
Brazil	12,738	32,645	45,383	16.01%	13,551	32,342	45,893	18.87%	9,201	28,191	37,392	19.30%
Mexico	2,190	20,822	23,012	8.12%	1,969	20,738	22,707	9.34%	481	17,578	18,059	9.32%
Chile	96	6,982	7,078	2.50%	49	11,995	12,044	4.95%	28	10,009	10,037	5.18%
Other American countries	3,336	4,502	7,838	2.76%	2,315	2,546	4,861	2.00%	1,560	5,960	7,520	3.88%
Rest of the world	1,100	6,050	7,150	2.52%	806	4,623	5,429	2.23%	390	2,908	3,298	1.70%
	61,831	**221,666**	**283,497**	**100%**	**57,150**	**186,053**	**243,203**	**100%**	**45,822**	**147,894**	**193,716**	**100%**

The detail, by issuer rating, of Debt securities at 31 December 2024, 2023 and 2022 is as follows:

EUR million

	2024				2023				2022			
	Private fixed-income	Public fixed-income	Total	%	Private fixed-income	Public fixed-income	Total	%	Private fixed-income	Public fixed-income	Total	%
AAA	16,889	6,440	23,329	8.23%	15,152	7,887	23,039	9.47%	13,481	5,494	18,975	9.80%
AA	16,972	47,254	64,226	22.65%	15,142	36,704	51,846	21.32%	9,542	30,502	40,044	20.67%
A	10,056	87,814	97,870	34.53%	11,175	68,112	79,287	32.60%	10,058	48,341	58,399	30.15%
BBB	8,900	44,483	53,383	18.83%	7,749	39,173	46,922	19.29%	5,181	29,900	35,081	18.11%
Below BBB	5,543	35,675	41,218	14.54%	4,654	34,177	38,831	15.97%	2,974	33,657	36,631	18.91%
Unrated	3,471	—	3,471	1.22%	3,278	—	3,278	1.35%	4,586	—	4,586	2.37%
	61,831	**221,666**	**283,497**	**100%**	**57,150**	**186,053**	**243,203**	**100%**	**45,822**	**147,894**	**193,716**	**100%**

During 2024, Portugal's rating for sovereign issuances has been modified from BBB+ to A-. For the years 2023 and 2022, the distribution of the exposure by rating level of the previous table has not been affected by ratings reviews of the sovereign issuers.

The detail, by type of financial instrument, of private fixed-income securities at 31 December 2024, 2023 and 2022, net of impairment losses, is as follows:

EUR million

	2024	2023	2022
Securitised mortgage bonds	10,709	9,310	9,222
Other asset-backed bonds	11,624	10,243	7,120
Floating rate debt	17,323	15,376	12,397
Fixed rate debt	22,175	22,221	17,083
Total	**61,831**	**57,150**	**45,822**

c) Impairment losses

The changes in the impairment losses on debt securities are summarised below:

EUR million

	2024	2023	2022
Balance at beginning of year	286	226	215
Net impairment losses for the year[A]	226	24	16
Of which:			
Impairment losses charged to income	*234*	*36*	*30*
Impairment losses reversed with a credit to income	*(8)*	*(12)*	*(14)*
Assets written off	(131)	0	0
Exchange differences and other items	(32)	36	(5)
Balance at end of year	**349**	**286**	**226**
Of which:			
By geographical location of risk:			
European Union	*23*	*22*	*26*
America	*326*	*264*	*200*

A. Of the EUR 226 million corresponding to net provisions for the year ended 31 December 2024 (EUR 24 million and EUR 16 million at 31 December 2023 and 2022, respectively), EUR 227 million relates to financial assets at amortized cost (EUR 23 million and EUR 17 million at 31 December 2023 and 2022, respectively) and EUR -1 million relates to financial assets designated at fair value through other comprehensive income (EUR 1 million and EUR -1 million at 31 December 2023 and 2022, respectively).

At 31 December 2024, 2023 and 2022 the loan loss provision by impairment stage of the assets accounted for under IFRS9 amounted to EUR 39 million, EUR 30 million and EUR 25 million in stage 1, EUR 9 million, EUR 8 million and EUR 2 million in stage 2, and EUR 301 million, EUR 248 million and EUR 199 million in stage 3, respectively.

8. Equity instruments

a) Breakdown

The detail, by classification and type, of Equity instruments in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Classification			
Financial assets held for trading	16,636	15,057	10,066
Non-trading financial assets mandatorily at fair value through profit or loss	4,641	4,068	3,711
Financial assets designated at fair value through other comprehensive income	2,193	1,761	1,941
	23,470	**20,886**	**15,718**
Type			
Shares of Spanish companies	3,730	3,540	3,284
Shares of foreign companies	17,153	15,185	10,494
Shares of investment funds	2,587	2,161	1,940
	23,470	**20,886**	**15,718**

Note 29 contains a detail of the 'Other comprehensive income', recognised in equity, on 'Financial assets designated at fair value through other comprehensive income'.

b) Changes

The changes in 'Financial assets at fair value through other comprehensive income' were as follows:

EUR million

	2024	2023	2022
Balance at beginning of the year	1,761	1,941	2,453
Net additions (disposals)	(35)	11	(33)
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (EIGR)[A]	447	(162)	(497)
Changes in the RV hedged with micro-hedging transactions	20	(29)	18
Balance at end of year	**2,193**	**1,761**	**1,941**

A. They do not include fair value movements for currency risk hedged with hedging instruments.

c) Notifications of acquisitions of investments

The notifications of the acquisitions and disposals of holdings in investees made by the Bank in 2024, in compliance with Article 155 of the Spanish Limited Liability Companies Law and Article 105 of Spanish Securities Market Law 24/1998, are listed in appendix IV.

9. Trading derivatives (assets and liabilities) and short positions

a) Trading Derivatives

The detail, by type of inherent risk, of the fair value of the trading derivatives arranged by the Group is as follows (see note 11):

EUR million

	2024		2023		2022	
	Debit balance	Credit balance	Debit balance	Credit balance	Debit balance	Credit balance
Interest rate risk	30,834	24,754	31,480	26,014	38,789	37,641
Currency risk	29,395	29,110	22,834	23,094	26,391	26,063
Price risk	1,765	1,632	1,279	904	1,347	817
Other risks	2,106	2,257	735	577	475	370
	64,100	**57,753**	**56,328**	**50,589**	**67,002**	**64,891**

b) Short positions

Following is a breakdown of the short positions (liabilities):

EUR million

	2024	2023	2022
Borrowed securities			
Debt instruments	2,566	3,263	1,979
Of which:			
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	*1,199*	1,881	*1,362*
Banco Santander, S.A.	*1,347*	*1,383*	*617*
Equity instruments	538	546	993
Of which:			
Banco Santander, S.A.	*358*	*312*	*934*
Short sales			
Debt instruments	32,726	22,365	19,543
Of which:			
Banco Santander, S.A.	*23,813*	*16,143*	*12,902*
Banco Santander (Brasil) S.A.	*5,950*	*3,462*	*3,857*
Santander US Capital Markets LLC	*2,382*	*2,442*	*2,690*
	35,830	**26,174**	**22,515**

10. Loans and advances to customers

a) Detail

The detail, by classification, of Loans and advances to customers in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Financial assets held for trading	26,591	11,634	9,550
Non-trading financial assets mandatorily at fair value through profit or loss	1,042	982	868
Financial assets designated at fair value through profit or loss	4,610	6,219	5,774
Financial assets at fair value through other comprehensive income	10,784	7,669	8,215
Financial assets at amortized cost	1,011,042	1,009,845	1,011,597
Of which:			
Impairment losses	*(22,125)*	*(22,788)*	*(22,684)*
	1,054,069	1,036,349	1,036,004
Loans and advances to customers disregarding impairment losses	**1,076,194**	**1,059,137**	**1,058,688**

Note 51 contains a detail of the residual maturity periods of 'Financial assets at amortized cost'.

Note 54 shows the Group's total exposure, by geographical origin of the issuer.

There are no loans and advances to customers for material amounts without fixed maturity dates.

b) Breakdown

Following is a breakdown of the loans and advances granted to the Group's customers, which reflect the Group's exposure to credit risk in its main activity, without considering the balance of value adjustments for impairment, taking into account the type and situation of the transactions, the geographical area of their residence and the type of interest rate on the transactions:

EUR million

	2024	2023	2022
Loan type and status			
Commercial credit	53,209	55,628	56,688
Secured loans	557,463	554,375	565,609
Reverse repurchase agreements	59,648	44,184	39,500
Other term loans	296,339	295,485	290,031
Finance leases	40,120	38,723	39,833
Receivable on demand	10,756	12,277	11,435
Credit cards receivables	24,928	24,371	22,704
Impaired assets	33,731	34,094	32,888
	1,076,194	**1,059,137**	**1,058,688**
Geographical area			
Spain	198,164	203,680	212,804
European Union (excluding Spain)	223,525	211,368	202,958
United States and Puerto Rico	142,773	126,894	125,436
Other OECD countries[A]	372,696	374,812	385,906
South America (non - OECD)	112,979	120,610	112,803
Rest of the world	26,057	21,773	18,781
	1,076,194	**1,059,137**	**1,058,688**
Interest rate formula			
Fixed rate	678,994	647,349	642,537
Floating rate	397,200	411,788	416,151
	1,076,194	**1,059,137**	**1,058,688**

A. Includes, mainly, customers from the United Kingdom.

At 31 December 2024, 2023 and 2022 the Group had granted loans amounting to EUR 16,562 million, EUR 15,544 million and EUR 14,698 million to Spanish public sector agencies which had a rating at 31 December 2024 of A (ratings of A at 31 December 2023 and 31 December 2022), and EUR 13,593 million, EUR 11,530 million, and EUR 12,467 million to the public sector in other countries (at 31 December 2024, the breakdown of this amount by issuer rating was as follows: 3.5% AAA, 13.7% AA, 39.5% A, 31.1% BBB, 10.8% below BBB and 1.4% without rating).

Without considering the public administrations, the amount of the loans and advances at 31 December 2024, 2023 and 2022 amounts to EUR 1,046,039 million, EUR 1,032,063 million and EUR 1,031,523 million, of which, EUR 1,012,389 million, EUR 998,010 million and EUR 998,689 million are classified as performing, respectively.

Following is a detail, by activity, of the loans to customers at 31 December 2024, net of impairment losses:

EUR million

			Secured loans						
			Net exposure		Loan to value ratio[C]				
	Total	Without collateral	Of which property collateral	Of which other collateral	Less than or equal to 40%	More than 40% and less than or equal to 60%	More than 60% and less than or equal to 80%	More than 80% and less than or equal to 100%	More than 100%
Public sector	26,902	25,179	169	1,554	73	69	14	1,540	27
Other financial institutions (financial business activity)	109,110	40,813	2,306	65,991	1,976	985	417	64,060	859
Non-financial corporations and individual entrepreneurs (non-financial business activity) (broken down by purpose)	330,025	174,064	72,803	83,158	29,010	27,544	23,192	47,590	28,625
Of which:									
Construction and property development	*21,793*	*1,967*	*18,275*	*1,551*	*7,373*	*5,984*	*1,945*	*2,619*	*1,905*
Civil engineering construction	*3,182*	*1,998*	*80*	*1,104*	*77*	*50*	*234*	*666*	*157*
Large companies	*173,280*	*110,225*	*20,435*	*42,620*	*8,528*	*7,031*	*7,125*	*26,178*	*14,193*
SMEs and individual entrepreneurs	*131,770*	*59,874*	*34,013*	*37,883*	*13,032*	*14,479*	*13,888*	*18,127*	*12,370*
Households – other (broken down by purpose)	564,687	111,389	357,377	95,921	103,138	130,087	120,000	57,983	42,090
Of which:									
Residential	*350,450*	*1,910*	*348,437*	*103*	*93,356*	*120,164*	*107,941*	*25,131*	*1,948*
Consumer loans	*196,757*	*105,729*	*2,382*	*88,646*	*5,527*	*7,273*	*9,520*	*29,171*	*39,537*
Other purposes	*17,480*	*3,750*	*6,558*	*7,172*	*4,255*	*2,650*	*2,539*	*3,681*	*605*
Total[A]	**1,030,724**	**351,445**	**432,655**	**246,624**	**134,197**	**158,685**	**143,623**	**171,173**	**71,601**
Memorandum item									
Refinanced and restructured transactions[B]	19,998	6,532	7,594	5,872	3,557	1,845	1,906	1,403	4,755

A. In addition, the Group has granted advances to customers amounting to EUR 23,345 million, bringing the total of loans and advances to EUR 1,054,069 million.
B. Includes the net balance of the impairment of the accumulated value or accumulated losses in the fair value due to credit risk.
C. The ratio is the carrying amount of the transactions at 31 December 2024 provided by the latest available appraisal value of the collateral.

Note 54 contains information relating to the forborne loan portfolio.

Following is the movement of the gross exposure broken down by impairment stage of loans and advances to customers recognised under 'Financial assets at amortised cost' and 'Financial assets at fair value through other comprehensive income' during 2024, 2023 and 2022:

2024

EUR million

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of year	929,133	76,654	33,821	1,039,608
Movements				
Transfers				
To stage 2 from stage 1	(49,316)	49,316		—
To stage 3 from stage 1	(11,517)		11,517	—
To stage 3 from stage 2		(10,083)	10,083	—
To stage 1 from stage 2	21,475	(21,475)		—
To stage 2 from stage 3		2,358	(2,358)	—
To stage 1 from stage 3	447		(447)	—
Net changes on financial assets	43,281	(11,616)	(4,889)	26,776
Write-offs	—	—	(13,212)	(13,212)
Exchange differences and others	(8,090)	(699)	(947)	(9,736)
Balance at the end of the year	**925,413**	**84,455**	**33,568**	**1,043,436**

2023

EUR million

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of year	942,861	66,696	32,617	1,042,174
Movements				
Transfers				
To stage 2 from stage 1	(43,278)	43,278		—
To stage 3 from stage 1	(12,636)		12,636	—
To stage 3 from stage 2		(9,915)	9,915	—
To stage 1 from stage 2	15,180	(15,180)		—
To stage 2 from stage 3		2,899	(2,899)	—
To stage 1 from stage 3	488		(488)	—
Net changes on financial assets	29,696	(10,673)	(4,218)	14,805
Write-offs	—	—	(13,847)	(13,847)
Exchange differences and others	(3,178)	(451)	105	(3,524)
Balance at the end of the year	**929,133**	**76,654**	**33,821**	**1,039,608**

2022

EUR million

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of year	878,700	67,584	31,287	977,571
Movements				
Transfers				
To stage 2 from stage 1	(31,811)	31,811		—
To stage 3 from stage 1	(11,143)		11,143	—
To stage 3 from stage 2		(8,487)	8,487	—
To stage 1 from stage 2	18,907	(18,907)		—
To stage 2 from stage 3		3,250	(3,250)	—
To stage 1 from stage 3	456		(456)	—
Net changes on financial assets	86,459	(8,839)	(2,568)	75,052
Write-offs	—	—	(12,235)	(12,235)
Exchange differences and others	1,293	284	209	1,786
Balance at the end of the year	**942,861**	**66,696**	**32,617**	**1,042,174**

In addition, at 31 December 2024, the Group had EUR 515 million (EUR 694 million at 31 December 2023 and EUR 322 million at 31 December 2022) of exposure in assets purchased with impairment of which EUR 163 million still show signs of additional impairment, which correspond mainly to the business combinations carried out by the Group.

c) Impairment losses on loans and advances to customers at amortised cost and at fair value through other comprehensive income

The changes in the impairment losses on the assets making up the balances of financial assets at amortised cost and at fair value through other comprehensive income - Loans and advances - Customers:

EUR million

	2024	2023	2022
Amount at beginning of the year	22,788	22,684	22,964
Impairment losses charged to income for the year	13,608	14,011	11,676
Of which:			
Impairment losses charged to profit or loss	*23,703*	*21,413*	*19,879*
Impairment losses reversed with a credit to profit or loss	*(10,095)*	*(7,402)*	*(8,203)*
Change of perimeter	—	(48)	—
Write-off of impaired balances against recorded impairment allowance	(13,212)	(13,847)	(12,235)
Exchange differences and other changes	(1,059)	(12)	279
Amount at end of the year	**22,125**	**22,788**	**22,684**
Which correspond to:			
Impaired assets	*14,088*	*14,238*	*13,931*
Other assets	*8,037*	*8,550*	*8,753*
Of which:			
Individually calculated	*2,258*	*2,951*	*2,493*
Collective calculated	*19,867*	*19,837*	*20,191*

In addition, provisions for debt securities amounting to EUR 226 million were recorded at 31 December 2024 (provisions amounting to EUR 24 million and EUR 16 million as of 31 December 2023 and 2022, respectively), written-off assets recoveries have been recorded in the year amounting to EUR 1,605 million at 31 December 2024 (EUR 1,592 million and EUR 1,459 million at 31 December 2023 and 2022, respectively).

EUR 415 million were recorded in the account for losses on renegotiation or contractual modification at 31 December 2024 (EUR 513 and EUR 630 million at 31 December 2023 and 2022, respectively) mainly due to the impact of the adjustment of the gross amount of mortgage loans denominated and indexed to foreign currencies in Poland, and of the Moratorium law approved in July 2022 in this same country (see note 25.e.)

With this, the impairment recorded in Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes: 'Financial assets at fair value through other comprehensive income' and 'Financial assets at amortised cost (IFRS 9) and, Loans and receivables (IAS 39)'; amounts EUR 12,644 million at 31 December 2024 (EUR 12,956 million and EUR 10,863 million at 31 December 2023 and 2022, respectively).

Following is the movement of the loan loss provision broken down by impairment stage of loans and advances to customers during 2024, 2023 and 2022:

2024

EUR million

	Stage 1	Stage 2	Stage 3	Total
Loss allowance at the beginning of the year	3,596	4,954	14,238	22,788
Transfers				
To stage 2 from stage 1	(626)	2,676		2,050
To stage 3 from stage 1	(385)		4,548	4,163
To stage 3 from stage 2		(1,591)	3,444	1,853
To stage 1 from stage 2	109	(725)		(616)
To stage 2 from stage 3		278	(693)	(415)
To stage 1 from stage 3	23		(156)	(133)
Net changes of the exposure and modifications in the credit risk	755	(704)	6,655	6,706
Write-offs	—	—	(13,212)	(13,212)
FX and other movements	(179)	(144)	(736)	(1,059)
Loss allowance at the end of the year	**3,293**	**4,744**	**14,088**	**22,125**

2023

EUR million

	Stage 1	Stage 2	Stage 3	Total
Loss allowance at the beginning of the year	3,626	5,127	13,931	22,684
Transfers				
To stage 2 from stage 1	(696)	2,954		2,258
To stage 3 from stage 1	(405)		4,278	3,873
To stage 3 from stage 2		(1,820)	3,721	1,901
To stage 1 from stage 2	149	(905)		(756)
To stage 2 from stage 3		282	(920)	(638)
To stage 1 from stage 3	27		(184)	(157)
Net changes of the exposure and modifications in the credit risk	875	(557)	7,212	7,530
Write-offs	—	—	(13,847)	(13,847)
FX and other movements	20	(127)	47	(60)
Loss allowance at the end of the year	**3,596**	**4,954**	**14,238**	**22,788**

2022

EUR million

	Stage 1	Stage 2	Stage 3	Total
Loss allowance at the beginning of the year	4,188	5,226	13,550	22,964
Transfers				
To stage 2 from stage 1	(713)	3,046		2,333
To stage 3 from stage 1	(557)		4,586	4,029
To stage 3 from stage 2		(1,802)	3,182	1,380
To stage 1 from stage 2	215	(894)		(679)
To stage 2 from stage 3		400	(933)	(533)
To stage 1 from stage 3	9		(161)	(152)
Net changes of the exposure and modifications in the credit risk	414	(1,056)	5,940	5,298
Write-offs	—	—	(12,235)	(12,235)
FX and other movements	70	207	2	279
Loss allowance at the end of the year	**3,626**	**5,127**	**13,931**	**22,684**

d) Impaired assets and assets with unpaid past-due amounts

The detail of the changes in the balance of the financial assets classified as 'Financial assets Loans to customers' considered to be impaired due to credit risk is as follows:

EUR million

	2024	2023	2022
Balance at beginning of year	34,094	32,888	31,645
Net additions	13,779	14,944	13,060
Written-off assets	(13,212)	(13,847)	(12,235)
Changes in the scope of consolidation	17	(59)	—
Exchange differences and other	(947)	168	418
Balance at end of year	**33,731**	**34,094**	**32,888**

This amount, after deducting the related allowances, represents the Group's best estimate of the discounted value of the flows that are expected to be recovered from the impaired assets.

At 31 December 2024, the Group's written-off assets totalled EUR 49,939 million (EUR 48,138 million and EUR 43,675 million at 31 December 2023 and 2022, respectively).

Set forth below for each class of impaired asset are the gross amount, associated allowances and information relating to the collateral and/or other credit enhancements obtained at 31 December 2024:

EUR million

	Gross amount	Allowance recognised	Estimated collateral value[A]
Without associated real collateral	14,207	8,037	—
With real estate collateral	9,519	2,371	6,979
With other collateral	10,005	3,680	5,789
Total	**33,731**	**14,088**	**12,768**

A. Including the estimated value of the collateral associated with each loan. Accordingly, any other cash flows that may be obtained, such as those arising from borrowers' personal guarantees, are not included.

When classifying assets in the previous table, the main factors considered by the Group to determine whether an asset has become impaired are the existence of amounts past due —assets impaired due to arrears— or other circumstances that may arise which will not result in all contractual cash flows being recovered, such as a deterioration of the borrower's financial situation, the worsening of its capacity to generate funds or difficulties experienced by it in accessing credit.

e) Transferred credits

'Loans and advances to customers' includes, inter alia, the securitised loans transferred to third parties on which the Group has retained the risks and rewards, albeit partially, and which therefore, in accordance with the applicable accounting standards, cannot be derecognised. This is mainly due to mortgage loans, loans to companies and consumer loans in which the group retains subordinate financing and/or grants some kind of credit enhancement to new holders.

Securitisation is used as a tool for the management of regulatory capital and as a means of diversifying the Group's liquidity sources.

The breakdown of securitized loans held on the balance sheet, according to the nature of the financial instrument in which they are originated, is shown below:

EUR million

	2024	2023	2022
Retained on the balance sheet	80,824	75,738	82,603
Of which			
Securitised mortgage assets	*17,782*	*16,994*	*16,265*
Of which: UK assets	*9,034*	*6,096*	*4,144*
Other securitised assets	*63,042*	*58,744*	*66,338*
Total[A]	**80,824**	**75,738**	**82,603**

A. Note 22 details the liabilities associated with these securitisation transactions.

At 31 December 2024, Grupo Santander had loans that had been fully derecognised and for which it retained servicing amounting to EUR 14,919 million (EUR 13,923 million and EUR 13,711 million at 31 December 2023 and 2022, respectively).

11. Trading derivatives

The detail of the notional amounts and the market values of the trading derivatives held by the Group in 2024, 2023 and 2022 is as follows:

EUR million

	2024		2023		2022	
	Notional amount	**Market value**	**Notional amount**	**Market value**	**Notional amount**	**Market value**
Trading derivatives						
Interest rate risk						
Forward rate agreements	1,992,413	13	829,913	3	100,579	22
Interest rate swaps	6,127,812	6,364	5,381,966	5,514	4,844,043	2,387
Options, futures and other derivatives	377,285	(297)	398,519	(51)	495,994	(1,261)
Credit risk						
Credit default swaps	41,111	(572)	22,462	(86)	16,185	(6)
Foreign currency risk						
Foreign currency purchases and sales	514,268	595	471,955	33	384,024	423
Foreign currency options	221,159	528	77,934	288	54,967	150
Currency swaps	625,765	(838)	586,405	(581)	496,441	(245)
Securities and commodities derivatives and other	78,328	554	68,664	619	71,237	641
Total	**9,978,141**	**6,347**	**7,837,818**	**5,739**	**6,463,470**	**2,111**

12. Non-current assets

The detail of Non-current assets held for sale in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Tangible assets	2,851	2,991	3,435
Of which:			
Foreclosed assets	*2,621*	*2,773*	*3,101*
Of which property assets in Spain	*1,896*	*2,138*	*2,596*
Other tangible assets held for sale	*230*	*218*	*334*
Other assets	1,151	23	18
Of which: Caceis (Note 3)[A]	*1,137*	—	—
Total	**4,002**	**3,014**	**3,453**

A. As a result of the agreement for the sale of the stake in Caceis, as of 31 December 2024, this participation has been reclassified, at its carrying value, from the caption 'Investments' to the caption 'Non-current assets held for sale' in the balance sheet (see note 3).

At 31 December 2024, the provisions recognised for the total non-current assets held for sale totalled EUR 2,606 million (EUR 2,956 million and EUR 3,425 million at 31 December 2023 and 2022, respectively). The charges recorded in those years amounted to EUR 163 million, EUR 139 million and EUR 204 million, respectively, and the recoveries during these exercises are amounted to EUR 71 million, EUR 88 million and EUR 110 million, respectively.

13. Investments

a) Breakdown

The detail, by company, of Investments is as follows:

EUR million

	2024	2023	2022
Associated entities	**5,216**	**5,682**	**5,634**
Merlin Properties, SOCIMI, S.A.	1,803	1,621	1,653
Caceis (Notes 3 and 12)	—	1,139	1,046
Zurich Santander Insurance America, S.L. - Consolidated	884	936	916
Metrovacesa, S.A.	841	899	979
CNP Santander	397	423	406
Pluxee Beneficios Brasil S.A. [A]	309	—	—
Other companies	982	664	634
Joint Ventures entities	**2,061**	**1,964**	**1,981**
Santander Caceis Latam Holding 1, S.L. - Consolidated (previously Santander Securities Services Latam Holding, S.L)	381	389	359
Santander Vida Seguros y Reaseguros, S.A.	356	362	356
U.C.I., S.A. - Consolidated	325	349	416
Fortune Auto Finance Co., Ltd	261	254	244
Hyundai Capital UK Limited	249	205	223
Banco RCI Brasil S.A.	94	92	95
Other companies	395	313	288
Total Associated entities and Joint ventures	**7,277**	**7,646**	**7,615**

A. Acquisition of 20% of Pluxee Beneficios Brasil, S.A. in 2024.

Of the entities included above, at 31 December 2024, the entities Merlin Properties, SOCIMI, S.A, and Metrovacesa, S.A. and Compañía Española de Viviendas en Alquiler, S.A., are the only listed companies.

Below is a breakdown of the Goodwill of the main investments in joint ventures and associates included in the balance of this heading:

EUR million

	2024	2023	2022
Goodwill	**1,238**	**1,460**	**1,508**
Of which:			
Zurich Santander Insurance America, S.L. - Consolidated	*526*	*526*	*526*
Pluxee Beneficios Brasil, s.a.[A]	*122*	—	—
Caceis (Notes 3 and 12)	—	*337*	*337*

A. Acquisition of 20% of Pluxee Beneficios Brasil, S.A. in 2024.

b) Changes

The changes in the investments were as follows:

EUR million

	2024	2023	2022
Balance at beginning of year	7,646	7,615	7,525
Acquisitions (disposals) of companies and capital increases (reductions)[A]	1,011	52	142
Changes in the consolidation method (note 3)	*(13)*	*(43)*	*(320)*
Of which:			
Ebury Partners Limited	—	—	*(382)*
Transfers to Non current Assets [B]	**(1,137)**	**—**	**—**
Effect of equity accounting	711	613	702
Dividends distributed and reimbursements of share premium	(745)	(565)	(560)
Of which:			
Zurich Santander Insurance América, S.L. - Consolidado	*(202)*	*(202)*	*(160)*
Caceis	*(114)*	—	—
CNP Santander	*(88)*	*(51)*	*(15)*
Santander Vida Seguros y Reaseguros, S.A.- Consolidated	*(82)*	*(52)*	*(40)*
CIP S.A.	*(56)*	—	—
Merlin Properties, SOCIMI, S.A.	*(53)*	*(51)*	*(139)*
Metrovacesa, S.A.	*(52)*	*(50)*	*(124)*
Hyundai Capital UK Limited	—	*(58)*	—
Other global result	(32)	(24)	70
Exchange differences and other changes	(164)	(2)	56
Balance at end of year	**7,277**	**7,646**	**7,615**

A. Includes the acquisition of 20% of Pluxee Beneficios Brasil, S.A. and the capital increase of Merlin Properties, SOCIMI, S.A.
B. Stake in Caceis (Notes 3 and 12).

c) Impairment adjustments

During the years 2024, 2023 and 2022 there was no evidence of significant impairment in the Group's associated interests.

d) Other information

A summary of the financial information at the end of December 2024 of the main associates and joint ventures (obtained from the information available at the date of preparation of the consolidated financial statements) is shown below:

EUR million

	Associates					Joint ventures					
	Merlin Properties, SOCIMI, S.A.[A]	Metrovacesa, S.A.[A]	Pluxee Beneficios Brasil S.A.	Zurich Santander Insurance América, S.L. - Consolidated	CNP Santander	Santander Caceis Latam Holding, S.L. - Consolidated	U.C.I., S.A. - Consolidated	Hyundai Capital UK Limited	Fortune Auto Finance Co., LTD	Santander Vida Seguros y Reaseguros, S.A.- Consolidated (note 3)	Banco RCI Brasil S.A.
Current assets	600	2,137	643	1,850	215	159	219	2,321	174	130	12
Non current assets	11,465	396	639	18,384	2,273	537	9,698	3,354	2,195	1,689	1,985
Total assets	**12,065**	**2,533**	**1,282**	**20,234**	**2,488**	**696**	**9,917**	**5,675**	**2,369**	**1,819**	**1,997**
Current liabilities	215	555	292	718	108	152	127	2,366	36	186	82
Non current liabilities	5,312	292	450	18,541	1,990	12	9,187	2,812	1,812	1,088	1,677
Total liabilities	**5,527**	**847**	**742**	**19,259**	**2,098**	**164**	**9,314**	**5,178**	**1,848**	**1,274**	**1,759**
Attributable profit for the period	(83)	(21)	79	481	105	80	(77)	65	22	123	40
Other accumulated comprehensive income	(22)	—	(43)	(801)	(21)	(304)	98	14	(1)	(26)	(228)
Rest of equity	6,643	1,707	504	1,295	306	756	582	418	500	448	426
Total Equity	**6,538**	**1,686**	**540**	**975**	**390**	**532**	**603**	**497**	**521**	**545**	**238**
Total liabilities and equity	**12,065**	**2,533**	**1,282**	**20,234**	**2,488**	**696**	**9,917**	**5,675**	**2,369**	**1,819**	**1,997**
Ordinary activities income	473	585	419	5,784	878	146	640	369	188	882	277
Profit (loss) from continuing operations	(83)	(21)	79	481	105	80	(77)	65	22	123	40
Profit (loss) for the year from discontinuing operations	—	—	—	—	—	—	—	—	—	—	—

A. Data as of 31 December 2023, latest accounts available.

14. Insurance contracts linked to pensions

The detail of Insurance contracts linked to pensions in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Assets relating to insurance contracts covering post-employment benefit plan obligations:			
Banco Santander, S.A.	81	93	104
	81	**93**	**104**

15. Liabilities under insurance contracts

The detail of Liabilities under insurance contracts and reinsurance assets in the consolidated balance sheets (see note 2.i) is as follows:

EUR million

	2024	2023	2022
Liabilities under insurance contracts	**17,829**	**17,799**	**16,426**
Liability for Remaining Coverage (LRC)	17,377	17,333	15,919
Liabilities relating to insurance contracts measured under BBA/VFA	17,292	17,262	15,841
Current value of future cashflows (PVFCF)	*16,614*	*16,627*	*15,206*
Risk adjustment for non-financial risk (RA)	*199*	*211*	*154*
Contractual service margin (CSM)	*479*	*424*	*481*
Liabilities relating to insurance contracts measured under PAA	85	71	78
Liability for incurred claims (LIC)	452	466	507

The balance of liabilities under insurance contracts reflected in the consolidated balance sheet includes the following elements:

- Liability for Remaining Coverage (LRC): amount of obligations provisioned to meet the fulfillment of future services assigned to the group on a date for a specific coverage period.
  - Liabilities relating to insurance contracts measured under BBA/VFA, formed from the sum of the following elements:
    - Current value of future cashflows (PVFCF): present value of future inflow and outflow cash flows weighted by their probability of occurrence.
    - Risk adjustment for non-financial risk (RA): reflects compensation for the uncertainty of cash flows by quantifying the amount necessary to compensate for unexpected losses in liability flows.
    - Contractual service margin (CSM): future benefit to be recognized during the coverage period.
  - Liabilities relating to insurance contracts measured under PAA, valued using the premium allocation method, represent the portion of premiums written for the remaining hedge net of acquisition expenses.
- Liability for Incurred Claims (LIC): amount of obligations provisioned to meet the fulfillment of past services assigned to the group on a date.

The insurance activity is carried out mainly in the life insurance sector in its life-savings modality. Within the amount of liabilities for insurance contracts, Individual Life Annuities are the product that has the greatest weight in the consolidated balance sheet. This product consists of life annuities where the client contributes a single premium and receives a constant and periodic insured income (monthly, quarterly, semi-annual or annual) until his death where, at that time, the beneficiaries will receive the insured capital of 102% or 101% of the premium contributed.

The income and expenses recorded in the profit and loss account for the insurance activity, including reinsurance income and expenses, are not material in the Group's consolidated annual accounts.

16. Tangible assets

a) Changes

The changes in Tangible assets in the consolidated balance sheets were as follows:

EUR million

	Tangible assets				Of which: For leasing			
	For own use	Leased out under an operating lease	Investment property	Total	For own use	Leased out under an operating lease	Investment property	Total
Cost								
Balance at 1 January 2022	25,529	24,423	1,537	51,489	4,429	—	—	4,429
Additions / disposals (net) due to change in the scope of consolidation	14	89	—	103	1	—	—	1
Additions / disposals (net)	604	(822)	(64)	(282)	109[A]	—	—	109
Transfers, exchange differences and other items	423	1,476	107	2,006	153	—	—	153
Balance at 31 December 2022	**26,570**	**25,166**	**1,580**	**53,316**	**4,692**	**—**	**—**	**4,692**
Additions / disposals (net) due to change in the scope of consolidation	11	37	—	48	(13)	—	—	(13)
Additions / disposals (net)	1,122	742	(34)	1,830	125[A]	—	—	125
Transfers, exchange differences and other items	(1,460)	(641)	30	(2,071)	33	—	—	33
Balance at 31 December 2023	**26,243**	**25,304**	**1,576**	**53,123**	**4,837**	**—**	**—**	**4,837**
Additions / disposals (net) due to change in the scope of consolidation	28	(1,192)	—	(1,164)	—	—	—	—
Additions / disposals (net)	730	(1,716)	(17)	(1,003)	179[A]	—	—	179
Transfers, exchange differences and other items	(1,345)	1,003	(104)	(446)	(235)	—	—	(235)
Balance at 31 December 2024	**25,656**	**23,399**	**1,455**	**50,510**	**4,781**	**—**	**—**	**4,781**
Accumulated depreciation								
Balances at 1 January 2022	(12,015)	(5,238)	(149)	(17,402)	(1,789)	—	—	(1,789)
Disposals due to change in the scope of consolidation	(7)	(30)	4	(33)	—	—	—	—
Disposals	1,065	2,882	16	3,963	164	—	—	164
Charge for the year	(1,821)	—	(13)	(1,834)	(636)	—	—	(636)
Transfers, exchange differences and other items	(114)	(3,192)	(30)	(3,336)	(4)	—	—	(4)
Balance at 31 December 2022	**(12,892)**	**(5,578)**	**(172)**	**(18,642)**	**(2,265)**	**—**	**—**	**(2,265)**
Disposals due to change in the scope of consolidation	7	—	—	7	7	—	—	7
Disposals	284	2,540	—	2,824	160	—	—	160
Charge for the year	(1,744)	—	(11)	(1,755)	(609)	—	—	(609)
Transfers, exchange differences and other items	1,708	(2,744)	(16)	(1,052)	98	—	—	98
Balance at 31 December 2023	**(12,637)**	**(5,782)**	**(199)**	**(18,618)**	**(2,609)**	**—**	**—**	**(2,609)**
Disposals due to change in the scope of consolidation	—	686	—	686	—	—	—	—
Disposals	672	3,214	—	3,886	196	—	—	196
Charge for the year	(1,602)	—	(9)	(1,611)	(492)	—	—	(492)
Transfers, exchange differences and other items	948	(2,902)	46	(1,908)	91	—	—	91
Balance at 31 December 2024	**(12,619)**	**(4,784)**	**(162)**	**(17,565)**	**(2,814)**	**—**	**—**	**(2,814)**

A. Includes contract extensions on operating leases and repurchases.

EUR million

	Tangible assets				Of which: For leasing			
	For own use	Leased out under an operating lease	Investment property	Total	For own use	Leased out under an operating lease	Investment property	Total
Impairment losses								
Balance at 1 January 2022	(255)	(102)	(408)	(765)	(15)	—	—	(15)
Impairment charge for the year	(95)	(33)	(29)	(157)	(2)	—	—	(2)
Releases	12	1	4	17	1	—	—	1
Disposals due to change in the scope of consolidation	—	—	—	—	—	—	—	—
Disposals	34	76	9	119	13			13
Exchange differences and other	115	25	45	185	(11)	—	—	(11)
Balance at 31 December 2022	**(189)**	**(33)**	**(379)**	**(601)**	**(14)**	**—**	**—**	**(14)**
Impairment charge for the year	(115)	(29)	(12)	(156)	(39)	—	—	(39)
Releases	5	11	4	20	4	—	—	4
Disposals due to change in the scope of consolidation	—	—	—	—	—	—	—	—
Disposals	36	—	4	40	5			5
Exchange differences and other	65	47	(38)	74	(1)	—	—	(1)
Balance at 31 December 2023	**(198)**	**(4)**	**(421)**	**(623)**	**(45)**	**—**	**—**	**(45)**
Impairment charge for the year	(280)	(70)	(81)	(431)	(33)	—	—	(33)
Releases	34	3	8	45	10	—	—	10
Disposals due to change in the scope of consolidation	—	—	—	—	—	—	—	—
Disposals	53	—	—	53	19	—	—	19
Exchange differences and other	(10)	32	76	98	—	—	—	—
Balance at 31 December 2024	**(401)**	**(39)**	**(418)**	**(858)**	**(49)**	**—**	**—**	**(49)**
Tangible assets, net								
Balances at 31 December 2022	13,489	19,555	1,029	34,073	2,413	—	—	2,413
Balances at 31 December 2023	13,408	19,518	956	33,882	2,183	—	—	2,183
Balances at 31 December 2024	**12,636**	**18,576**	**875**	**32,087**	**1,918**	**—**	**—**	**1,918**

b) Tangible assets - For own use

The detail, by class of asset, of 'Property, plant and equipment' which is owned by the Group in the consolidated balance sheets is as follows:

EUR million

	Tangible assets for own use				
	Cost	Accumulated depreciation	Impairment losses	Carrying amount	Of which: for leasing
Land and buildings	14,623	(4,467)	(175)	9,981	2,349
IT equipment and fixtures	5,285	(3,984)	—	1,301	53
Furniture and vehicles	6,445	(4,389)	—	2,056	11
Construction in progress and other items	217	(52)	(14)	151	—
Balances at 31 December 2022	**26,570**	**(12,892)**	**(189)**	**13,489**	**2,413**
Land and buildings	14,973	(5,010)	(154)	9,809	2,104
IT equipment and fixtures	5,614	(4,154)	—	1,460	60
Furniture and vehicles	5,412	(3,424)	—	1,988	19
Construction in progress and other items	244	(49)	(44)	151	—
Balances at 31 December 2023	**26,243**	**(12,637)**	**(198)**	**13,408**	**2,183**
Land and buildings	15,113	(5,516)	(353)	9,244	1,882
IT equipment and fixtures	5,283	(3,926)	—	1,357	23
Furniture and vehicles	4,963	(3,130)	—	1,833	13
Construction in progress and other items	297	(47)	(48)	202	—
Balances at 31 December 2024	**25,656**	**(12,619)**	**(401)**	**12,636**	**1,918**

The carrying amount at 31 December 2024 in the foregoing table includes the following approximate amounts EUR 6,531 million (EUR 7,119 million at 31 December 2023 and EUR 7,083 million at 31 December 2022) relating to property, plant and equipment owned by group entities and branches located abroad.

c) Tangible assets - Leased out under an operating lease

Grupo Santander has assets leased out under operating leases where the company is the lessor and do not meet the accounting requirements to be classified as finance leases. The net cost of these leases is recorded as an asset and depreciated on a straight-line basis over the contractual term of the lease to the expected residual value.

The expected residual value and, consequently, the monthly depreciation expense may change during the term of the lease. The Group estimates expected residual values using independent data sources and internal statistical models. It also assesses the estimate of the residual value of these leases and adjusts the depreciation rate in line with the change in the expected value of the asset at the end of the lease.

Grupo Santander periodically assesses its investment in operating leases for impairment in certain circumstances, such as a systemic and material decrease in the values of used vehicles. If assets leased out under operating leases are deemed to be impaired, impairment is measured as the amount by which the carrying amount of the assets exceeds the fair value as estimated by discounted cash flows.

Of the 18,576 EUR million that the Group had assigned to operating leases at 31 December 2024 (19,518 EUR and 19,555 EUR at 31 December 2023 and 2022, respectively), EUR 11,336 million (EUR 12,525 and EUR 13,389 at 31 December 2023 and 2022, respectively) relate to vehicles of Santander US Auto's business. The variable lease payments of various items of this business are not significant.

In addition, the maturity analysis of the assets leased out under operating leases from Santander US Auto, is as follows:

EUR million

Maturity Analysis	2024
2025	3,524
2026	5,246
2027	4,481
2028	351

d) Tangible assets - Investment property

The fair value of investment property at 31 December 2024, 2023, 2022 amounted to EUR 1,041, 1,163 and 1,153 million, respectively. A comparison of the fair value of investment property at 31 December 2024, 2023 and 2022 with the net book value shows gross unrealised gains of EUR 166, 207 and 124 million, respectively, attributed completely to the group.

The rental income earned from investment property and the direct costs related both to investment properties that generated rental income in 2024, 2023 and 2022 and to investment properties that did not generate rental income in those years are not material in the context of the consolidated financial statements.

17. Intangible assets – Goodwill

The detail of goodwill, based on the cash-generating units giving rise thereto, is as follows:

EUR million

	2024	2023	2022
Banco Santander (Brasil)	3,079	3,679	3,503
SAM Investment Holdings Limited	1,444	1,444	1,444
Santander Consumer Germany	1,304	1,304	1,304
Santander Bank Polska	1,178	1,159	1,075
Santander Portugal	1,040	1,040	1,040
Santander US Auto	1,068	1,003	1,039
Santander España	998	998	998
Santander Holding USA (ex. Auto)	865	814	844
Santander UK	641	612	599
Banco Santander - Chile	482	516	548
Grupo Financiero Santander (México)	453	523	469
Ebury Partners	340	350	298
Santander Consumer Nordics	211	206	215
Other companies	335	369	365
Total Goodwill	**13,438**	**14,017**	**13,741**

The changes in goodwill were as follows:

EUR million

	2024	2023	2022
Balance at beginning of year	14,017	13,741	12,713
Additions (note 3)	30	56	534
Of which:			
Ebury Partners	—	*45*	*316*
Santander Holding USA (ex. Auto) [A]	—	—	*158*
Impairment losses	(4)	(20)	—
Disposals or changes in scope of consolidation	—	—	—
Exchange differences and other items	(605)	240	494
Balance at end of year	**13,438**	**14,017**	**13,741**

A. Acquisition of Santander US Capital Markets LLC (previously Amherst Pierpont Securities LLC) (see note 3).

Grupo Santander has goodwill generated by cash-generating units located in non-euro currency countries (mainly Brazil, Poland, the United States, the United Kingdom, Chile, Mexico, Norway and Sweden) and, therefore, this gives rise to exchange differences on the translation to euros, at closing rates, of the amounts of goodwill denominated in foreign currencies. Accordingly, in 2024 there was a decrease of EUR 605 million (an increase of EUR 240 million in 2023 and EUR 494 million in 2022), due to exchange differences and other items which, pursuant to current standards, were recognised with a change to 'Other comprehensive income - Items that may be reclassified to profit or loss - Exchange differences in other comprehensive income in the consolidated statement of recognised income and expense' (see note 29.d).

At least once per year (or whenever there is any indication of impairment), Grupo Santander performs an analysis of the potential impairment of its recorded goodwill with respect to its recoverable amount. The first step that must be taken in order to perform this analysis is the identification of the cash-generating units, which are the Group's smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash flows of other assets or groups of assets.

The amount to be recovered of each cash-generating unit is determined taking into consideration the carrying amount (including any fair value adjustment arising on the business combination) of all the assets and liabilities of all the independent legal entities composing the cash-generating unit, together with the related goodwill.

The amount to be recovered of the cash-generating unit is compared with its recoverable amount in order to determine whether there is any impairment.

Grupo Santander's directors assess the existence of any indication that might be considered to be evidence of impairment of the cash-generating unit by reviewing information including the following (i) certain macroeconomic variables that might affect its investments (population data, political situation, economic situation —including banking concentration level—, among others) and (ii) various microeconomic variables comparing the investments of the Group with the financial services industry of the country in which the cash-generating unit carries on most of its business activities (balance sheet composition, total funds under management, results, efficiency ratio, capital adequacy ratio, return on equity, among others).

Regardless of whether there is any indication of impairment, every year the Group calculates the recoverable amount of each cash-generating unit to which goodwill, has been allocated and, to this end, it uses price quotations, market references (multiples), internal estimates and valuations performed by internal and external experts.

Firstly, the Group determines the recoverable amount by calculating the fair value of each cash-generating unit on the basis of the quoted price of the cash-generating units, if available.

In addition, the Group performs estimates of the recoverable amounts of certain cash-generating units by calculating their value in use using discounted cash flow projections. The main assumptions used in this calculation are (i) earnings projections based on the financial budgets approved by the Group's directors which cover between three and five year periods (unless a longer time horizon can be justified), (ii) discount rates determined as the cost of capital taking into account the risk-free rate of return plus a risk premium in line with the market and the business in which the units operate and (iii) constant growth rates used in order to extrapolate earnings in perpetuity which do not exceed the long-term average growth rate for the market in which the cash-generating unit in question operates.

The cash flow projections used by Group management to obtain the values in use are based on the financial budgets approved by both local management of the related local units and the Group's directors. The Group's budgetary estimation process is common for all the cash-generating units. The local management teams prepare their budgets using the following key assumptions:

a) Microeconomic variables of the cash-generating unit: management takes into consideration the current balance sheet structure, the product mix and the business decisions taken by local management in this regard.

b) Macroeconomic variables: growth is estimated on the basis of the changing environment, taking into consideration expected GDP growth in the unit's geographical location and forecast trends in interest and exchange rates. These data, which are based on external information sources, are provided by the Group's economic research service.

c) Past performance variables: in addition, management takes into consideration in the projection the difference (both positive and negative) between the cash-generating unit's past performance and budgets.

During 2024, the Group has recognised impairment losses of EUR 4 million of immaterial goodwill that has been recorded under the heading 'Impairment or reversal of the impairment of non-financial assets - Intangible assets' (EUR 20 million and EUR 0 million in 2023 and 2022, respectively). Goodwill is deducted from CET1 for regulatory purposes, so an impairment of goodwill has no impact on the Group's capital ratios.

Following is a detail of the main assumptions taken into account in determining the recoverable amount, at 2024 year-end, of the most significant cash-generating units which were valued using the discounted cash flow method:

	2024		
	Projected period	Discount rate[A]	Nominal perpetual growth rate
Santander UK	5 years	11.8%	2.5%
Santander Bank Polska	5 years	12.9%	5.0%
Santander US Auto	3 years	12.2%	3.0%
Santander Holding USA (ex. Auto)[B]	5 years	13.4%	3.5%
Santander Consumer Germany	5 years	9.1%	2.0%
SAM Investment Holdings, Limited	5 years	11.6%	2.5%
Santander Portugal	5 years	10.2%	2.5%

A. Post-tax discount rate.
B. Weighted information of the main assumptions of the segments to which goodwill has been allocated.

The discount and nominal perpetual growth rates taken into account in 2023 and 2022 are presented below for comparison purposes:

	Discount rate[A]		Nominal perpetual growth rate	
	2023	2022	2023	2022
Santander UK	11.9%	11.1%	2.5%	2.5%
Santander Bank Polska	13.2%	15.6%	5.0%	4.8%
Santander US Auto	12.8%	12.2%	3.0%	2.8%
Santander Holding USA (ex. Auto)[B]	13.4%	12.6%	3.5%	3.5%
Santander Consumer Germany	9.7%	9.4%	2.3%	2.3%
SAM Investment Holdings, Limited	11.6%	12.2%	2.5%	2.5%
Santander Portugal	11.2%	11.1%	2.5%	2.3%

A. Post-tax discount rate.
B. Weighted information of the main assumptions of the segments to which goodwill has been allocated.

The variations reflected in the assumptions used in 2024 are mainly a consequence of the current macroeconomic scenario, as well as the level of inflation.

Given the degree of uncertainty of the above key assumptions on which the recoverable amount of the cash-generating units is based, the Group performs a sensitivity analysis which consisted of adjusting +/- 50 basis points the discount rate, adjusting +/- 50 basis points the growth rate in perpetuity and reducing the cash flow projections by 5%. These changes in the key assumptions in isolation mean that the recoverable amount of all the cash-generating units continues to exceed their amount to be recovered and have been considered by the Group as reasonably possible changes in the business operations of the cash-generating units are not contemplated.

The recoverable amount of Banco Santander - Chile and Banco Santander (Brasil) was calculated as the fair values of the aforementioned cash-generating units obtained from the quoted market prices of their shares at year-end. This value exceeded the amount to be recovered. A significant reduction in the quoted market prices of these cash generating unit could result in an indication of impairment which in turn may lead to a goodwill impairment charge in the future.

18. Intangible assets - Other intangible assets

The detail of Intangible assets - Other intangible assets in the consolidated balance sheets and of the changes therein in 2024, 2023, and 2022 is as follows:

EUR million

	Estimated useful life	31/12/2023	Net additions and disposals	Change in scope of consolidation	Amortization and impairment	Application of amortization and impairment	Exchange differences and other	31/12/2024
Cost		14,773	2,104	(8)		(1,169)	(439)	15,261
Brand names		*40*	—	—		—	*(8)*	*32*
IT developments	*3-10 years*	*12,867*	*2,104*	*(8)*		*(1,169)*	*(472)*	*13,322*
Other		*1,866*	—	—		—	*41*	*1,907*
Accumulated amortisation		(8,851)	—	6	(1,683)	1,062	231	(9,235)
Development		*(8,078)*	—	*6*	*(1,546)*	*1,062*	*244*	*(8,312)*
Other		*(773)*	—	—	*(137)*	—	*(13)*	*(923)*
Impairment losses		(68)	—	—	(227)	107	(17)	(205)
Of which addition					*(227)*			
Of which Liberation					—			
		5,854	**2,104**	**(2)**	**(1,910)**	**—**	**(225)**	**5,821**

EUR million

	Estimated useful life	31/12/2022	Net additions and disposals	Change in scope of consolidation	Amortization and impairment	Application of amortization and impairment	Exchange differences and other	31/12/2023
Cost		12,502	2,197	176		(230)	128	14,773
Brand names		*33*	—	*8*		*(2)*	*1*	*40*
IT developments	*3-10 years*	*10,721*	*2,197*	*18*		*(196)*	*127*	*12,867*
Other		*1,748*	—	*150*		*(32)*	—	*1,866*
Accumulated amortisation		(7,554)	—	5	(1,429)	209	(82)	(8,851)
Development		*(6,866)*	—	—	*(1,294)*	*177*	*(95)*	*(8,078)*
Other		*(688)*	—	*5*	*(135)*	*32*	*13*	*(773)*
Impairment losses		(44)	—	—	(53)	21	8	(68)
Of which addition					*(53)*			
Of which Liberation					—			
		4,904	**2,197**	**181**	**(1,482)**	**—**	**54**	**5,854**

EUR million

	Estimated useful life	31/12/2021	Net additions and disposals	Change in scope of consolidation	Amortization and impairment	Application of amortization and impairment	Exchange differences and other	31/12/2022
Cost		10,712	1,757	381		(511)	163	12,502
Brand names		*4*	*—*	*27*		*—*	*2*	*33*
IT developments	*3-10 years*	*9,189*	*1,748*	*153*		*(497)*	*128*	*10,721*
Other		*1,519*	*9*	*201*		*(14)*	*33*	*1,748*
Accumulated amortisation		(6,707)	—	—	(1,151)	412	(108)	(7,554)
Development		*(6,149)*	*—*	*—*	*(1,024)*	*403*	*(96)*	*(6,866)*
Other		*(558)*	*—*	*—*	*(127)*	*9*	*(12)*	*(688)*
Impairment losses		(134)	—	—	(75)	99	66	(44)
Of which addition					*(75)*			
Of which Liberation					*—*			
		3,871	**1,757**	**381**	**(1,226)**	**—**	**121**	**4,904**

In 2024, 2023 and 2022, impairment losses of EUR 227 million, EUR 53 million and EUR 75 million, respectively, were recognised under Impairment or reversal of impairment on non-financial assets, net – intangible assets. This impairment losses are related mainly to the decline in or loss of the recoverable value of certain computer systems and applications as a result of the processes initiated by the Group to transform or integrate businesses and to adapt to the various regulatory changes.

19. Other assets

The detail of 'Other assets' is as follows:

EUR million

	2024	2023	2022
Transactions in transit	469	246	83
Net pension plan assets (note 25)	677	1,001	1,345
Prepayments and accrued income	3,016	2,911	3,003
Other (note 2.m)	4,310	4,598	5,536
	8,472	**8,756**	**9,967**

20. Deposits from central banks and credit institutions

The detail, by classification, counterparty, type and currency, of Deposits from central banks and 'Deposits from credit institutions' in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
CENTRAL BANKS			
Classification			
Financial liabilities held for trading	13,300	7,808	5,757
Financial liabilities designated at fair value through profit or loss	1,774	1,209	1,740
Financial liabilities at amortized cost	24,882	48,782	76,952
	39,956	**57,799**	**84,449**
Type			
Deposits on demand	405	117	—
Time deposits	18,488	43,853	72,320
Reverse repurchase agreements	21,063	13,829	12,129
	39,956	**57,799**	**84,449**
CREDIT INSTITUTIONS			
Classification			
Financial liabilities held for trading	26,284	17,862	9,796
Financial liabilities designated at fair value through profit or loss	1,625	1,735	1,958
Financial liabilities at amortized cost	90,012	81,246	68,582
	117,921	**100,843**	**80,336**
Type			
Deposits on demand	6,657	5,468	6,808
Time deposits	54,716	54,402	49,221
Reverse repurchase agreements	56,273	40,689	24,245
Subordinated deposits	275	284	62
	117,921	**100,843**	**80,336**
Currency			
Euro	53,779	53,921	65,133
Pound sterling	21,853	27,697	35,357
US dollar	57,992	49,447	30,924
Brazilian real	7,459	7,997	14,195
Other currencies	16,794	19,580	19,176
TOTAL	**157,877**	**158,642**	**164,785**

At 31 December 2024, no conditional long-term financing of the European Central Bank (TLTRO- Targeted Long-Term Refinancing Operation-) is outstanding. As of 2023 and 2022, the balance of such financing amounted to EUR 11,583 million and EUR 33,536 million, respectively, all corresponding to the TLTRO III financing program.

At 31 December 2024, the expense recognized in the consolidated income statement corresponding to TLTRO III amounts to EUR 158 million (expense of EUR 659 million and income EUR 489 million at 31 December 2023 and 2022, respectively), as a result of the conditions of the financing program.

Note 51 contains a detail of the residual maturity periods of financial liabilities at amortised cost.

21. Customer deposits

The detail, by classification, geographical area and type, of Customer deposits is as follows:

EUR million

	2024	2023	2022
Classification			
Financial liabilities held for trading	18,984	19,837	12,226
Financial liabilities designated at fair value through profit or loss	25,407	32,052	31,143
Financial liabilities at amortized cost	1,011,545	995,280	966,353
	1,055,936	**1,047,169**	**1,009,722**
Geographical area			
Spain	395,479	388,736	386,826
European Union (excluding Spain)	133,056	120,540	111,930
United Kingdom	233,192	235,698	232,364
United States	88,712	83,555	87,497
Rest of America	194,689	208,713	181,782
Rest of the world	10,808	9,927	9,323
	1,055,936	**1,047,169**	**1,009,722**
Type			
Demand deposits-	677,818	661,262	710,232
Time deposits-	298,276	305,296	235,598
Deposits redeemable at notice	1,525	1,789	501
Repurchase agreements	78,317	78,822	63,391
	1,055,936	**1,047,169**	**1,009,722**

Note 51 contains a detail of the residual maturity periods of financial liabilities at amortised cost.

22. Marketable debt securities

a) Breakdown

The detail, by classification and type, of Marketable debt securities is as follows:

EUR million

	2024	2023	2022
Classification			
Financial liabilities held for trading	—	—	—
Financial liabilities designated at fair value through profit or loss	7,554	5,371	5,427
Financial liabilities at amortized cost	317,967	303,208	274,912
	325,521	**308,579**	**280,339**
Type			
Bonds and debentures outstanding	252,765	231,880	211,597
Subordinated	35,461	30,529	25,717
Notes and other securities	37,295	46,170	43,025
	325,521	**308,579**	**280,339**

The distribution of the book value of debt securities issued by contractual maturity at 31 December 2024 is shown below:

EUR million

	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Subordinated debt	1,572	1,857	3,928	2,192	25,912	35,461
Senior unsecured debt	9,586	17,494	50,084	37,748	36,994	151,906
Senior secured debt	6,389	11,337	48,824	21,616	12,693	100,859
Promissory notes and other securities	18,866	18,429	—	—	—	37,295
Debt securities issued	**36,413**	**49,117**	**102,836**	**61,556**	**75,599**	**325,521**

The distribution by contractual maturity of the notional amounts of these debt securities issued at 31 December 2024 is as follows:

EUR million

	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Subordinated debt	1,542	1,836	3,809	2,165	25,370	34,722
Senior unsecured debt	9,533	17,398	49,808	37,540	36,790	151,069
Senior secured debt	6,372	11,307	48,689	21,555	12,657	100,580
Promissory notes and other securities	18,868	18,432	—	—	—	37,300
Debt securities issued	**36,315**	**48,973**	**102,306**	**61,260**	**74,817**	**323,671**

b) Bonds and debentures outstanding

The detail, by currency of issue, of 'Bonds and debentures outstanding' is as follows:

	EUR million			2024	
Currency of issue	**2024**	**2023**	**2022**	**Outstanding issue amount in foreign currency (Million)**	**Annual interest rate (%)**
Euro	110,973	101,657	87,295	110,973	2.78%
US dollar	79,740	70,229	75,798	82,846	4.86%
Pound sterling	23,961	20,520	15,883	19,872	4.18%
Brazilian real	18,683	21,861	18,024	120,084	12.24%
Chilean peso	4,579	4,921	4,653	4,728,094	3.38%
Other currencies	14,829	12,692	9,944		
Balance at end of year	**252,765**	**231,880**	**211,597**		

The changes in 'Bonds and debentures outstanding' were as follows:

EUR million

	2024	2023	2022
Balance at beginning of year	**231,880**	**211,597**	**194,362**
Net inclusion of entities in the Group	(1,224)	(1,467)	—
Of which:			
SPIRE SA Compartment 2023-374	*(1,224)*	*—*	*—*
Auto ABS UK Loans PLC	*—*	*(841)*	*—*
PSA Bank Deutschland GmbH	*—*	*(626)*	*—*
Issues	**77,921**	**68,568**	**66,033**
Of which:			
Banco Santander, S.A.	*20,559*	*19,706*	*19,243*
Santander UK Group Holdings plc	*9,884*	*6,002*	*10,178*
Santander Consumer USA Holdings Inc.	*8,949*	*7,309*	*13,315*
Banco Santander (Brasil) S.A.	*8,039*	*12,781*	*11,233*
Santander Bank, National Association	*4,133*	*1,346*	*1,222*
Santander Holdings USA, Inc.	*3,004*	*1,850*	*2,315*
Santander International Products, Plc.	*2,752*	*1,054*	*599*
Santander Consumer Finance, S.A.	*2,271*	*2,557*	*1,293*
Stellantis Financial Services Italia S.p.A.	*2,021*	*761*	*—*
SC Germany S.A., Compartment Consumer 2024-1	*1,500*	*—*	*—*
Santander Consumo 6, F.T.	*1,230*	*—*	*—*
Santander Consumo 7, F.T.	*1,218*	*—*	*—*
Banco Santander - Chile	*1,171*	*814*	*1,486*
Banco Santander Totta, S.A.	*1,129*	*1,734*	*113*
Santander Bank Polska S.A.	*1,002*	*1,102*	*—*
Santander Consumer Bank S.p.A.	*1,001*	*1,460*	*—*
SC Germany S.A., Compartment Consumer 2024-2	*1,000*	*—*	*—*
Banque Stellantis France	*897*	*1,145*	*60*
Santander Consumer Bank AG	*180*	*1,256*	*—*
Redemptions and repurchases	**(57,676)**	**(48,825)**	**(49,903)**
Of which:			
Banco Santander, S.A.	*(15,888)*	*(7,889)*	*(9,297)*
Santander Consumer USA Holdings Inc.	*(10,806)*	*(14,466)*	*(15,252)*
Santander Group UK	*(7,764)*	*(6,185)*	*(5,267)*
Banco Santander (Brasil) S.A.	*(6,919)*	*(10,542)*	*(2,721)*
Santander Consumer Finance, S.A.	*(2,900)*	*(1,800)*	*(3,357)*
Banco Santander - Chile	*(1,486)*	*(575)*	*(1,452)*
Santander Bank, National Association	*(1,440)*	*(567)*	*(287)*
Santander Holdings USA, Inc.	*(1,387)*	*—*	*(3,153)*
Banco Santander Totta, S.A.	*(1,055)*	*(108)*	*(62)*
Banque Stellantis France	*(565)*	*(813)*	*(1,165)*
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	*(122)*	*(140)*	*(1,316)*
Exchange differences and other movements	1,864	2,007	1,105
Balance at year-end	**252,765**	**231,880**	**211,597**

c) Notes and other securities

The notes of the Group (see Note 22.a) were issued basically by Santander Consumer Finance, S.A., Santander UK plc, Banco Santander (México), S.A. Institución de Banca Múltiple, Grupo Financiero Santander México, Banco Santander, S.A., Santander Consumer Bank AG, Banque Stellantis France, Banco Santander - Chile and Banco Santander S.A. - Uruguay.

d) Guarantees

Set forth below is information on the liabilities secured by assets:

EUR million

	2024	2023	2022
Asset-backed securities	49,723	37,717	40,138
Of which, mortgage-backed securities	*4,377*	*3,019*	*1,549*
Other mortgage securities	50,141	49,478	43,650
Of which: mortgage-backed bonds	*22,631*	*24,619*	*22,049*
Covered bonds (non mortgage and export financing)	995	764	352
	100,859	**87,959**	**84,140**

The main characteristics of the assets securing the aforementioned financial liabilities are as follows:

1. Asset-backed securities

a. Mortgage-backed securities- these securities are secured by mortgage assets (see Note 10.e) with average maturities of more than ten years that must: be a first mortgage for acquisition of principal or second residence, be current in payments, have a loan-to-value ratio below 80% and have a liability insurance policy in force covering at least the appraisal value. The value of the financial liabilities broken down in the foregoing table is lower than the balance of the assets securing them —securitised assets retained on the balance sheet— mainly because the Group repurchases a portion of the bonds issued, and in such cases they are not recognised on the liability side of the consolidated balance sheet.

b. Other asset - backed securities: includes asset-backed securities, notes issued by securitization funds collateralized mainly by mortgage loans that do not meet the above requirements and other loans (mainly personal loans with an average maturity of five years and loans to SMEs with average maturities of seven years) and private issues of Santander Consumer USA Holdings Inc. collateralized by vehicles assigned under operating leases.

2. Other mortgage securities include mainly:

a. Mortgage-backed bonds with average maturities of more than ten years that are secured by a portfolio of mortgage loans and credits (included in secured loans —see note 10.b—) which must: not be classified as of procedural stage; have available appraisals performed by specialised entities; have a loan-to-value (LTV) ratio below 80% in the case of home loans and below 60% for loans for other assets and have sufficient liability insurance.

b. Other debt securities issued as part of the Group's liquidity strategy in the UK, mainly covered bonds in the UK secured by mortgage loans and other assets.

Grupo Santander has a balance corresponding to mortgage bonds at 31 December 2024 of EUR 22,631 million (all of them issued in euros), which correspond to issues of Banco Santander, S.A. (with an outstanding face value of EUR 22,368 million).

The issuing entity may repay the mortgage bonds early, if this has been expressly established in the final conditions of the issue in question and in the conditions established there.

None of the mortgage bonds issued by Banco Santander have replacement assets involved.

During 2023, the Bank of Spain has published Circular 1/2023 of 4 February , which modifies Circular 4/2017, repealing the breakdown in the annual accounts and the information related to internal accounting development and management control.

Additionally, Banco Santander, S.A. issues internationalization certificates, which are securities whose capital and interest are guaranteed by loans and credits that are linked to the financing of export contracts or the internationalization of companies.

The fair value of the guarantees received by the Group (financial and non-financial assets) which the Group is authorised to sell or pledge even if the owner of the guarantee has not defaulted is scantly material taking into account the Consolidated financial statements as a whole.

23. Subordinated liabilities

a) Breakdown

The detail, by currency of issue, of Subordinated liabilities, deposits and marketable debt securities, in the consolidated balance sheets is as follows:

	EUR million			2024	
Currency of issue	**2024**	**2023**	**2022**	**Outstanding issue amount in foreign currency (million)**	**Annual interest rate (%)**
Euro	14,999	13,684	12,940	14,999	4.11%
US dollar	13,425	11,300	8,438	13,948	6.27%
Pound sterling	1,409	1,353	1,358	1,169	4.30%
Brazilian real	3,600	2,518	1,127	23,139	14.01%
Other currencies	2,380	2,057	2,063		
Balance at end of year	**35,813**	**30,912**	**25,926**		

Note 51 contains a detail of the residual maturity periods of subordinated liabilities at each year-end.

b) Changes

The movement in the balance of subordinated liabilities in the last three years were as follows:

EUR million

	2024	**2023**	**2022**
Balance at beginning of year	30,912	25,926	26,196
Net inclusion of entities in the Group	—	(40)	—
Issuances[A]	7,001	7,007	119
Of which:			
Banco Santander, S.A.	*5,625*	*5,610*	—
Banco Santander (Brasil) S.A.	*1,338*	*1,112*	—
Banque Stellantis France	*25*	*150*	—
Banco Santander - Chile	—	—	*113*
Redemptions and repurchases[A]	(2,572)	(1,781)	(1,040)
Of which:			
Banco Santander, S.A.	*(2,433)*	*(1,000)*	*(889)*
Santander Bank Polska S.A.	*(100)*	—	—
Santander UK plc	—	*(702)*	*(98)*
Banque Stellantis France	—	*(78)*	—
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	—	—	*(52)*
Exchange differences and other movements	472	(200)	651
Balance at end of year	**35,813**	**30,912**	**25,926**

A. The balance relating to issuances, redemptions and repurchases (EUR 4,429 million), together with the interest paid in remuneration of these issuances including PPCC (EUR 1,524 million), is included in the cash flow from financing activities.

c) Other disclosures

This caption includes contingent convertible or redeemable preferred participations, as well as other subordinated financial instruments issued by consolidated companies, which do not qualify as equity (preferred shares).

Preferred shares do not have voting rights and are non-cumulative. They have been subscribed by third parties outside the Group, and except for the issues of Santander UK plc, the rest are redeemable by decision of the issuer, according to the terms of each issue.

Banco Santander's contingently convertible preferred participations are subordinated debentures and rank after common creditors and any other subordinated credit that by law and/or by their terms, to the extent permitted by Spanish law, ranks higher than the contingently convertible preferred participations. Their remuneration is conditioned to the obtainment of sufficient distributable profits, and to the limitations imposed by the regulations on shareholders' equity, and they have no voting rights. The other issues of Banco Santander, S.A. mentioned in this caption are also subordinated debentures and, for credit ranking purposes, they rank behind all the common creditors of the issuing entities and ahead of any other subordinated credit that ranks pari passu with the Bank's contingently convertible preferred participations.

The main issues of subordinated debt securities issued, broken down by company, are detailed below:

Issues by Banco Santander, S.A.

On 11 September 2024, Banco Santander, S.A., proceeded to redeem in advance the entirety of the issuance called 'First Issue of Special Subordinated Debt of Banco Pastor, S.A.', with ISIN code ES0213770011, with an original nominal amount issued of EUR 300 million and a current nominal amount of EUR 11.5 million.

On 1 August 2024, Banco Santander, S.A. carried out a placement of preference shares contingently convertible into newly issued ordinary shares of the Bank (PPCC), for a nominal amount of USD 1,500 million (valued at EUR 1,356 million). The issuance has been made at par and the remuneration of the PPCC, whose payment is subject to certain conditions and is also discretionary, has been set at 8% annually for the first ten years, being reviewed every five years thereafter by applying a margin of 391.1 basis points over the 5-year mid-swap rate.

On 20 May 2024, Banco Santander, S.A., proceeded to partially redeem in advance the contingently convertible preferred shares with ISIN code XS1793250041, for a total nominal amount of EUR 1,312 million and which are traded on the market of the Irish Stock Exchange 'Global Exchange Market' (the 'PPCC'), leaving the amount in circulation at EUR 187.6 million.

On 20 May 2024, Banco Santander, S.A. carried out a placement of preference shares contingently convertible into newly issued ordinary shares of the Bank (PPCC), for a nominal amount of EUR 1,500 million. The Issuance has been made at par and the remuneration of the PPCC, whose payment is subject to certain conditions and is also discretionary, has been set at 7% annually for the first six years, being reviewed every five years thereafter by applying a margin of 443.2 basis points over the 5-year mid-swap rate.

On 14 March 2024, Banco Santander, S.A. issued subordinated obligations for an amount of USD 1,250 million (valued at EUR 1,158 million) for a term of 10 years. The issuance was made at par and the issue coupon was set at 6.35% per year, payable bi-annually.

On 8 February 2024, Banco Santander, S.A., proceeded to prepay all of the contingently convertible Tier 1 preferred shares with ISIN code XS1951093894, for a total nominal amount of USD 1,200 million (valued at EUR 1,110 million) and that were traded on the Irish Stock Exchange 'Global Exchange Market' (the 'PPCC').

On 22 January 2024, Banco Santander, S.A. issued subordinated bonds for an amount of EUR 1,250 million for a term of 10 years and 3 months. The issue was carried out at 99.74% and the issue coupon was set at 5% per year for the first 5 years and 3 months, with an amortization option in April 2029, reviewing the coupon, in case of non-amortization, at a fixed rate equivalent to a margin of 250 points plus the 5-year Euro swap rate.

At 29 December 2023, Banco Santander, S.A., proceeded to prepay all the Tier 1 Contingently Convertible Preferred Securities with ISIN code XS1692931121 for a total nominal amount of EUR 1,000 million and which were traded on the Irish Stock Market 'Global Exchange Market' (the 'PPCC').

At 21 November 2023, Banco Santander, S.A., carried out a placement of two series of contingently convertible preferred shares into newly issued ordinary shares of the Bank, for a total nominal amount of USD 1,150 million (EUR 1,054 million at the exchange rate on the day of issue) and USD 1,350 million (EUR 1,235 million at the exchange rate on the day of issue), respectively.

The issue was carried out at par and the remuneration of the PPCC, whose payment is subject to certain conditions and is also discretionary, was set (i) for the first Series at 9.625% annually for the first five years and six months, being reviewed every five years thereafter by applying a margin of 530.6 basis points on the five-year UST rate (5-year UST), and (ii) for the second Series at 9.625% annually for the first ten years, being reviewed thereafter every five years, applying a margin of 529.8 basis points on the five-year UST rate.

At 8 August 2023, Banco Santander, S.A. carried out an issue of subordinated obligations for an amount of 2,000 million dollars (1,821 million euros at the exchange rate on the day of issuance). The issue was carried out at par coupon was set at 6.921% per year, payable semiannually during the 10-year life of the operation.

At 23 May 2023, Banco Santander, S.A. issued subordinated bonds for an amount of 1,500 million euros for a term of 10 years and 3 months. The issue was carried at 99.739% and the coupon of the issue was set at 5.75% annually for the first 5 years and 3 months, with the option of amortization in August 2028, revising the coupon, in case of non-amortization, at a margin of 285 points plus the Euro Swap type 5 years.

At 6 July 2022 and 20 July 2022, two subordinated issues matured for a nominal amount of EUR 114 million and EUR 25 million, respectively.

At 25 April 2022, Banco Santander, S.A. proceeded to prepay all the Tier 1 Contingently Convertible Preferred Securities with ISIN code XS1602466424 and common code 160246642 in circulation, for a total nominal amount of EUR 750 million and which were traded on the Irish Stock Market 'Global Exchange Market' (the 'PPCC').

At 22 November 2021, Banco Santander, S.A. issued subordinated debentures for a term of eleven years, with a redemption option on the tenth anniversary of the issue date, in the amount of USD 1,000 million (EUR 1,007 million at the exchange rate on the day of issue). The issue bears interest at an annual rate of 3.225%, payable semi-annually, for the first ten years. This issue has an early redemption option in the tenth year from the issue date and if the redemption is not executed in the tenth year, the coupon is repriced at a margin of 160 points over the one-year US government bond.

At 4 October 2021, Banco Santander, S.A. issued subordinated debentures for a term of eleven years, with a redemption option on the sixth anniversary of the issue date, amounting to GBP 850 million (EUR 887 million at the exchange rate on the day of issue). The issue bears interest at an annual rate of 2.25%, payable annually for the first six years (then repricing at a margin of 165 points over the 5-year UK government bond).

At 21 September 2021, Banco Santander, S.A. carried out a placement of preferential shares contingently convertible into newly issued ordinary shares of the Bank ('PPCC') for a nominal amount of EUR 1,000 million (issue placed on the market EUR 997 million). The issuance was carried out at par and the remuneration of the PPCC, whose payment is subject to certain conditions and is also discretionary, was set at 3.625% per year for the first eight years, being reviewed every five years applying a margin of 376 basis points over the 5-year Mid-Swap Rate.

At 12 May 2021, Banco Santander, S.A. placed the issue of preference shares contingently convertible into newly issued ordinary shares of the Bank, previously announced, for a total nominal amount of EUR 1,578 million, issued in a Series in Dollars of USD 1,000 million (EUR 828 million at the exchange rate on the day of issue) and a Series in Euros for an amount of EUR 750 million. The issuance was carried out at par and the remuneration of the PPCC, whose payment is subject to certain conditions and is also discretionary, was set (i) for the Series in Dollars at 4.750% per annum for the first six years, being revised every five years applying a margin of 375.3 basis points over the 5-year UST rate and (ii) for the Series in Euros by 4.125% per annum for the first seven years, being revised every five years applying a margin of 431.1 basis points over the applicable 5-year euro mid-swap.

At 3 December 2020, Banco Santander, S.A. issued subordinated debentures with a ten-year term of USD 1,500 million (EUR 1,222 million at the date of issue). The issue bears interest at an annual rate of 2.749%, payable semiannually.

At 22 October 2020, it carried out a ten-year subordinated debenture issue for an amount of EUR 1,000 million. The issue bears interest at an annual rate of 1.625%, payable annually.

At 14 January 2020, it carried out a placement of contingently convertible preferred participations into newly issued ordinary shares of the Bank (the 'PPCCs'), excluding the pre-emptive subscription rights of its shareholders and for a nominal amount of EUR 1,500 million (the 'Issue' and the 'PPCCs'). The Issue was made at par and the remuneration of the PPCCs, the payment of which is subject to certain conditions and is also discretionary, was set at 4.375% per annum for the first six years, revised every five years thereafter by applying a margin of 453.4 basis points over the 5-year mid-Swap Rate (5-year mid-Swap Rate).

At 19 March 2018, a 'PPCC' issue was carried out, for a nominal amount of EUR 1,500 million. The remuneration of the issue, the payment of which is subject to certain conditions and is also discretionary, was set at 4.75% per annum, payable quarterly, for the first seven years (revised thereafter by applying a margin of 410 basis points over the Mid-swap rate).

At 8 February 2018, a ten-year subordinated debenture issue of EUR 1,250 million was carried out. The issue accrues annual interest of 2.125% payable annually.

Issues by Banco Santander - Chile

In January 2022, Banco Santander - Chile carried out an issuance, in the local market, of subordinated obligations with a term of 6 years, for an amount of UF 3.3 million (equivalent to USD 105 million), which accrues an annual interest of 1.25%.

In June 2020, Banco Santander - Chile issued subordinated debentures for a term of fifteen years, in the amount of UF 5 million (equivalent to USD 185 million). The issue bears annual interest at 3.5%.

In April 2020, Banco Santander - Chile issued two subordinated debentures, the first for a term of fourteen years, for an amount of UF 3 million (equivalent to USD 100 million), bearing annual interest at 3%, and the second for a term of nineteen years, for an amount of UF 3 million (equivalent to USD 100 million), bearing annual interest at 3.15%.

Issues Banco Santander (Brasil) S.A.

At September 2024, Brazil issued AT1 Financial Notes (PerpNC5) in its local market for an amount of BRL 7,600 million at CDI + 140% (equivalent to UST +222 bps).

At the beginning of October 2023, Banco Santander (Brasil) S.A. carried out an issue of Subordinated Financial Bills (TIER II) in its local market for a 10-year term, with a repurchase option as of the fifth anniversary of the issue date, in the amount of BRL 6,000 million. The issue price was CDI +1.6% per annum, payable at maturity.

At the end of November 2021, Banco Santander (Brasil) S.A. carried out an issue of Subordinated Financial Bills (TIER II) in its local market for a 10-year term, with a repurchase option as of the fifth anniversary of the issue date, in the amount of BRL 5,500 million. The issue price was CDI 2% per annum, payable at maturity.

Issues by Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México

In January 2022, Banco Santander México, S.A. Multiple Institution, Grupo Financiero Santander México proceeded to redeem early a perpetual issue carried out at 30 December 2016 for a nominal amount of USD 500 million, of which 88.2% of the issue had been acquired by the Group.

At 1 October 2018, a ten-year subordinated debenture issue was made by Banco Santander México, S.A. Institución de Banca Múltiple, Grupo Financiero Santander México for a nominal amount of USD 1,300 million and at an interest rate of 5.95%, with the group having acquired 75% of the issue.

Issues by Santander Bank Polska S.A.

At 28 November 2024, Santander Bank Polska S.A proceeded to repay subordinated debt ISIN XS0531310182 for EUR 100 million. The debt was originally fully subscribed by the EBRD at 5 August 2010.

At 20 April 2018, Santander Bank Polska S.A. carried out a ten-year subordinated debenture issue with a redemption option on the fifth anniversary of the issue date in the amount of PLN 1,000 million. The issue bears floating interest at Wibor (6M) + 160 basis points payable semi-annually.

The accrued interests from the subordinated liabilities during 2024 amounted to EUR 1,397 million (EUR 1,049 million and EUR 992 million during 2023 and 2022, respectively).

In addition, interests from the PPCC and PPCA during 2023 amounted to EUR 620 million (EUR 492 million and EUR 529 million in 2023 and 2022, respectively).

24. Other financial liabilities

The detail of Other financial liabilities in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Trade payables	1,452	1,783	1,563
Clearing houses	776	1,269	1,200
Tax collection accounts:			
Public Institutions	6,156	4,986	5,796
Factoring accounts payable	226	272	262
Unsettled financial transactions	7,421	6,412	5,429
Lease liabilities (note 2.k)	2,202	2,400	2,622
Other financial liabilities	21,683	23,065	20,187
	39,916	**40,187**	**37,059**

Note 51 contains a detail of the residual maturity periods of other financial liabilities at each year-end.

Lease liabilities

The cash outflow of leases in 2024 was EUR 684 million (EUR 738 million and EUR 710 in 2023 and 2022, respectively).

The analysis of the maturities of lease liabilities at 31 December 2024, 2023 and 2022 is shown below:

EUR million

	2024	2023	2022
Maturity Analysis - Discounted payments			
Within 1 year	526	586	707
Between 1 and 3 years	868	918	1,005
Between 3 and 5 years	405	480	454
Later than 5 years	403	416	456
Total discounted payments at the end of the year	**2,202**	**2,400**	**2,622**

During 2024, 2023 and 2022 there were no significant variable lease payments not included in the valuation of lease liabilities.

25. Provisions

a) Breakdown

The detail of Provisions in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Provision for pensions and other obligations post-employments	1,731	2,225	2,392
Other long term employee benefits	915	880	950
Provisions for taxes and other legal contingencies	2,717	2,715	2,074
Contingent liabilities and commitments (note 2.o)	710	702	734
Other provisions	2,334	1,919	1,999
Provisions	**8,407**	**8,441**	**8,149**

b) Changes

The changes in 'Provisions' in the last three years were as follows:

EUR million

	2024				
	Post employment plans	Long term employee benefits	Contingent liabilities and commitments	Other provisions	Total
Balances at beginning of year	**2,225**	**880**	**702**	**4,634**	**8,441**
Incorporation of Group companies, net	—	—	—	—	—
Additions charged to income	96	368	41	3,530	4,035
Interest expense (note 39)	77	29	—	—	106
Staff costs (note 46)	35	11	—	—	46
Provisions or reversion of provisions	(16)	328	41	3,530	3,883
Addition	*5*	*335*	*502*	*4,931*	*5,773*
Release	*(21)*	*(7)*	*(461)*	*(1,401)*	*(1,890)*
Other additions arising from insurance contracts linked to pensions	(2)	—	—	—	(2)
Changes in value recognised in equity	643	—	—	—	643
Payments to pensioners and pre-retirees with a charge to internal provisions	(153)	(331)	—	—	(484)
Insurance premiums paid	—	—	—	—	—
Payments to external funds	(708)	—	—	—	(708)
Amounts used	—	—	—	(2,490)	(2,490)
Transfer, exchange differences and other changes	(370)	(2)	(33)	(623)	(1,028)
Balances at end of year	**1,731**	**915**	**710**	**5,051**	**8,407**

EUR million

	2023					2022				
	Post employment plans	Long term employee benefits	Contingent liabilities and commitments	Other provisions	Total	Post employment plans	Long term employee benefits	Contingent liabilities and commitments	Other provisions	Total
Balances at beginning of year	**2,392**	**950**	**734**	**4,073**	**8,149**	**3,185**	**1,242**	**733**	**4,423**	**9,583**
Incorporation of Group companies, net	(4)	—	—	—	(4)	—	—	—	—	—
Additions charged to income	93	244	(24)	2,501	2,814	128	69	(27)	1,876	2,046
Interest expense (note 39)	60	34	—	—	94	73	27	—	—	100
Staff costs (note 46)	33	9	—	—	42	57	8	—	—	65
Provisions or reversion of provisions	—	201	(24)	2,501	2,678	(2)	34	(27)	1,876	1,881
Addition	*3*	*204*	*392*	*4,013*	*4,612*	*10*	*105*	*618*	*3,484*	*4,217*
Release	*(3)*	*(3)*	*(416)*	*(1,512)*	*(1,934)*	*(12)*	*(71)*	*(645)*	*(1,608)*	*(2,336)*
Other additions arising from insurance contracts linked to pensions	—	—	—	—	—	(33)	—	—	—	(33)
Changes in value recognised in equity	944	—	—	—	944	242	—	—	—	242
Payments to pensioners and pre-retirees with a charge to internal provisions	(182)	(316)	—	—	(498)	(229)	(363)	—	—	(592)
Insurance premiums paid	—	—	—	—	—	(3)	—	—	—	(3)
Payments to external funds	(750)	—	—	—	(750)	(451)	—	—	—	(451)
Amounts used	—	—	(1)	(2,087)	(2,088)	—	—	—	(2,817)	(2,817)
Transfer, exchange differences and other changes	(268)	2	(7)	147	(126)	(447)	2	28	591	174
Balances at end of year	**2,225**	**880**	**702**	**4,634**	**8,441**	**2,392**	**950**	**734**	**4,073**	**8,149**

c) Provision for pensions and other obligations post –employments and Other long term employee benefits

The detail of Provisions for pensions and similar obligations is as follows:

EUR million

	2024	2023	2022
Provisions for post-employment plans - Spanish entities	674	770	1,245
Provisions for other similar obligations - Spanish entities	852	817	895
Of which pre-retirements	*839*	*805*	*884*
Provisions for post-employment plans - United Kingdom	28	76	29
Provisions for post-employment plans - Other subsidiaries	1,029	1,379	1,118
Provisions for other similar obligations - Other subsidiaries	63	63	55
Provision for pensions and other obligations post -employments and Other long term employee benefits	**2,646**	**3,105**	**3,342**
Of which defined benefits	*2,638*	*3,097*	*3,335*

i. Spanish entities - Post-employment plans and other similar obligations

At 31 December 2024, 2023 and 2022, the Spanish entities had post-employment benefit obligations under defined contribution and defined benefit plans. In addition, in various years some of the consolidated entities offered certain of their employees the possibility of taking pre-retirement and, therefore, provisions are recognised each year for the obligations to employees taking pre-retirement -in terms of salaries and other employee benefit costs- from the date of their pre-retirement to the agreed end date.

In 2022, the provisions made to cover the commitments with 446 employees covered by early retirement and incentivized dismissals plan amounted to EUR 92 million.

In 2023, the provisions made to cover the commitments with 502 employees covered by early retirements and incentivized dismissals amounted to EUR 160 million.

In 2024, the provisions made to cover the commitments with 826 employees covered by early retirements and incentivized dismissals amounted to EUR 303 million.

The expenses incurred by the Spanish companies in 2024, 2023 and 2022 in respect of contributions to defined contribution plans amounted to EUR 126 million, EUR 116 million and EUR 101 million, respectively.

The amount of the defined benefit obligations was determined on the basis of the work performed by independent actuaries using the following actuarial techniques:

1. Valuation method: projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

2. Actuarial assumptions used: unbiased and mutually compatible. Specifically, the most significant actuarial assumptions used in the calculations were as follows:

	Post-employment plans			Other similar obligations		
	2024	2023	2022	2024	2023	2022
Annual discount rate	3.00%	3.35%	3.80%	3.00%	3.35%	3.80%
Mortality tables	PER2020 M/F Col. Orden 1	PER2020 M/F Col. Orden 1	PER2020 M/F Col. Orden 1	PER2020 M/F Col. Orden 1	PER2020 M/F Col. Orden 1	PER2020 M/F Col. Orden 1
Cumulative annual CPI growth	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Annual salary increase rate	1.25%[A]	1.25%[A]	1.25%[A]	N/A	N/A	N/A
Annual social security pension increase rate	2.12%	2.12%	2.00%	N/A	N/A	N/A
Annual benefit increase rate	N/A	N/A	N/A	0%	0%	0 %

A. Corresponds to the group’s defined-benefit obligations.

The discount rate used for the flows was determined by reference to high-quality corporate bonds (at least AA in euros) matching the durations of the commitments. From the bond portfolio considered, callable, putable and sinkable bonds, which could distort the rates, are excluded.

Any changes in the main assumptions could affect the calculation of the obligations. At 31 December 2024, if the discount rate used had been decreased or increased by 50 basis points (bp), there would have been an increase or decrease in the present value of the post-employment obligations of 4.18% (-50 bp) to -3.88% (+50 bp),respectively, and an increase or decrease in the present value of the long-term obligations of 1.11% (-50 bp) to -1.08% (+50 bp), respectively.

These changes would be offset in part by increases or decreases in the fair value of the assets and insurance contracts linked to pensions.

3. The estimated retirement age of each employee is the first at which the employee is entitled to retire or the agreed-upon age, as appropriate.

The fair value of insurance contracts was determined as the present value of the related payment obligations, taking into account the following assumptions:

	Post-employment plans			Other similar obligations		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
Expected rate of return on plan assets	3.00%	3.35%	3.80%	3.00%	3.35%	3.80%
Expected rate of return on reimbursement rights	3.00%	3.35%	3.80%	N/A	N/A	N/A

The funding status of the defined benefit obligations in 2024 and the two preceding years is as follows:

EUR million

	Post-employment plans			Other similar obligations		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
Present value of the obligations						
To current employees	18	21	25	—	—	—
Vested obligations to retired employees	1,829	1,917	2,005	—	—	—
To pre-retirees employees	—	—	—	844	812	892
Long-service bonuses and other benefits	—	—	—	13	12	11
Other	52	49	46	—	—	—
	1,899	**1,987**	**2,076**	**857**	**824**	**903**
Less - Fair value of plan assets	1,234	1,235	861	5	7	8
Provisions - Provisions for pensions	**665**	**752**	**1,215**	**852**	**817**	**895**
Of which:						
Internal provisions for pensions	*593*	*677*	*1,141*	*852*	*817*	*895*
Net pension assets	*(6)*	*(14)*	*(24)*	—	—	—
Insurance contracts linked to pensions (note 14)	*81*	*93*	*104*	—	—	—
Unrecognised net assets for pensions	*(3)*	*(4)*	*(6)*	—	—	—

The amounts recognised in the consolidated income statements in relation to the aforementioned defined benefit obligations are as follows:

EUR million

	Post-employment plans			Other similar obligations		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
Current service cost	3	2	3	1	1	1
Interest cost (net)	28	42	48	25	30	25
Expected return on insurance contracts linked to pensions	(3)	(4)	(4)	—	—	—
Provisions or reversion of provisions						
Actuarial (gains)/losses recognised in the year	—	—	—	—	*7*	*(67)*
Past service cost	*3*	*2*	*2*	—	*13*	—
Pre-retirement cost	—	—	—	*303*	*160*	*92*
Other[A]	*(10)*	*(1)*	*(8)*	*(4)*	*(1)*	—
	21	**41**	**41**	**325**	**210**	**51**

A. Including reduction/settlement effect

In addition, in 2024 'Other comprehensive income – Items not reclassified to profit or loss – Actuarial gains or (-) losses on defined benefit pension plans' has decreased by EUR 21 million with respect to defined benefit obligations (decrease of EUR 10 and increase of EUR 295 million in 2023 and 2022, respectively).

The changes in the present value of the accrued defined benefit obligations were as follows:

EUR million

	Post-employment plans			Other similar obligations		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
Present value of the obligations at beginning of year	1,987	2,076	2,891	824	903	1,198
Incorporation of Group companies, net	—	—	—	—	—	—
Current service cost	3	2	3	1	1	1
Interest cost	71	82	78	25	30	25
Pre-retirement cost	—	—	—	303	160	92
Effect of curtailment/settlement	(10)	(1)	(8)	(4)	(1)	—
Benefits paid	(203)	(210)	(258)	(292)	(290)	(346)
Benefits paid due to settlements	(2)	—	—	—	—	—
Past service cost	3	2	2	—	13	—
Actuarial (gains)/losses	45	37	(631)	—	7	(68)
Demographic actuarial (gains)/losses	—	*(2)*	*2*	*(1)*	—	*(5)*
Financial actuarial (gains)/losses	*45*	*39*	*(633)*	*1*	*7*	*(63)*
Exchange differences and other items	5	(1)	(1)	—	1	1
Present value of the obligations at end of year	**1,899**	**1,987**	**2,076**	**857**	**824**	**903**

The changes in the fair value of plan assets and of insurance contracts linked to pensions were as follows:

Plan Assets

EUR million

	Post-employment plans			Other similar obligations		
	2024	2023	2022	2024	2023	2022
Fair value of plan assets at beginning of year	1,235	861	1,217	7	8	10
Incorporation of Group companies, net	—	—	—	—	—	—
Expected return on plan assets	43	40	30	—	—	—
Gains/(losses) on settlements	—	—	—	—	—	—
Benefits paid	(124)	(89)	(78)	(2)	(2)	(2)
Contributions/(surrenders)	58	409	2	—	—	—
Actuarial gains/(losses)	27	25	(303)	—	—	(1)
Exchange differences and other items	(5)	(11)	(7)	—	1	1
Fair value of plan assets at end of year	**1,234**	**1,235**	**861**	**5**	**7**	**8**

Insurance Contracts linked to pensions

EUR million

	Post-employment plans			Other similar obligations		
	2024	2023	2022	2024	2023	2022
Fair value of insurance contracts linked to pensions at beginning of year	93	104	149	—	—	—
Incorporation of Group companies, net	—	—	—	—	—	—
Expected return on insurance contracts linked to pensions	3	4	4	—	—	—
Benefits paid	(13)	(15)	(16)	—	—	—
Paid premiums	—	—	—	—	—	—
Actuarial gains/(losses)	(2)	—	(33)	—	—	—
Fair value of insurance contracts linked to pensions at end of year	**81**	**93**	**104**	**—**	**—**	**—**

In view of the conversion of the defined-benefit obligations to defined-contribution obligations, the Group will not make material current contributions in Spain in 2025 to fund its defined-benefit pension obligations.

The plan assets and the insurance contracts linked to pensions are instrumented mainly through insurance policies.

The following table shows the estimated benefits payable at 31 December 2024 for the next ten years:

EUR million	
2025	446
2026	393
2027	332
2028	277
2029	227
2030 to 2034	726

ii. United Kingdom

At the end of each of the last three years, the businesses in the United Kingdom had post-employment benefit obligations under defined contribution and defined benefit plans. The expenses incurred in respect of contributions to defined contribution plans amounted to EUR 98 million in 2024 (EUR 87 million in 2023 and EUR 77 million in 2022).

The amount of the defined benefit obligations was determined on the basis of the work performed by independent actuaries using the following actuarial techniques:

1. Valuation method: projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

2. Actuarial assumptions used: unbiased and mutually compatible. Specifically, the most significant actuarial assumptions used in the calculations were as follows:

	2024	2023	2022
Annual discount rate	5.54%	4.63%	4.88%
Mortality tables	The S3 Middle tables weighted at 84% of the CMI_2023 projection with an initial addition of 0.25%, smoothing parameter 7 and improving 1.25%.	The S3 Middle tables weighted at 84% of the CMI_2022 projection with an initial addition of 0.25%, smoothing parameter 7 and improving 1.25%.	The S3 Middle tables weighted at 84% of the CMI_2021 projection with an initial addition of 0.25%, smoothing parameter 7 and improving 1.25%.
Cumulative annual CPI growth	3.11%	3.02%	3.11%
Annual salary increase rate	1.00%	1.00%	1.00%
Annual pension increase rate	3.04%	2.96%	2.98%

The discount rate used for the flows was determined by reference to high-quality corporate bonds (at least AA in pounds sterling) that coincide with the terms of the obligations.

Any changes in the main assumptions could affect the calculation of the obligations. At 31 December 2024, if the discount rate used had been decreased or increased by 50 basis points, there would have been an increase or decrease in the present value of the obligations of 6.20% (-50 bp) and -5.60% (+50 bp), respectively. If the inflation assumption had been increased or decreased by 50 basis points, there would have been an increase or decrease in the present value of the obligations of 4.28% (+50 bp) and -4.16% (-50 bp), respectively. These changes would be offset in part by increases or decreases in the fair value of the assets.

The funding status of the defined benefit obligations in 2024 and the two preceding years is as follows:

EUR million

	2024	2023	2022
Present value of the obligations	8,898	9,451	8,982
Less-			
Fair value of plan assets	9,400	10,208	10,152
Provisions - Provisions for pensions	**(502)**	**(757)**	**(1,170)**
Of which:			
Internal provisions for pensions	*28*	*76*	*29*
Net assets for pensions	*(530)*	*(833)*	*(1,199)*

The amounts recognised in the consolidated income statements in relation to the aforementioned defined benefit obligations are as follows:

EUR million

	2024	2023	2022
Current service cost	13	14	30
Interest cost (net)	(40)	(62)	(37)
Provisions or reversal of provisions, net			
Cost of services provided	—	—	—
Others	—	—	—
	(27)	**(48)**	**(7)**

In addition, in 2024 'Other comprehensive income – Items not reclassified to profit or loss – Actuarial gains or (-) losses on defined benefit pension plans has decreased by EUR 475 million with respect to defined benefit obligations (decrease of EUR 687 and of EUR 857 million in 2023 and 2022, respectively).

The changes in the present value of the accrued defined benefit obligations were as follows:

EUR million

	2024	2023	2022
Present value of the obligations at beginning of year	9,451	8,982	15,392
Net incorporation of companies into the Group	—	(28)	—
Current service cost	13	14	30
Interest cost	438	436	283
Benefits paid	(465)	(428)	(487)
Benefits paid by settlements	—	(9)	—
Contributions made by employees	7	6	9
Past service cost	—	—	—
Actuarial (gains)/losses	(965)	281	(5,660)
Demographic actuarial (gains)/losses	*(133)*	*(59)*	*(144)*
Financial actuarial (gains)/losses	*(832)*	*340*	*(5,516)*
Exchange differences and other items	419	197	(585)
Present value of the obligations at end of year	**8,898**	**9,451**	**8,982**

The changes in the fair value of the plan assets were as follows:

EUR million

	2024	2023	2022
Fair value of plan assets at beginning of year	10,208	10,152	17,244
Net incorporation of companies into the Group	—	(41)	—
Expected return on plan assets	478	498	320
Benefits paid	(465)	(434)	(487)
Contributions	182	225	262
Actuarial gains/(losses)	(1,440)	(406)	(6,517)
Exchange differences and other items	437	214	(670)
Fair value of plan assets at end of year	**9,400**	**10,208**	**10,152**

In 2025 the Group expects to make current contributions to fund these obligations for amounts similar to those made in 2024.

The main categories of plan assets as a percentage of total plan assets are as follows:

	2024	2023	2022
Equity instruments	—	—	—
Debt instruments	66%	62%	51%
Properties	14%	12%	13%
Other	20%	26%	36%

The following table shows the estimated benefits payable at 31 December 2024 for the next ten years:

EUR million	
2025	577
2026	489
2027	511
2028	535
2029	558
2030 to 2034	2,939

iii. Other foreign subsidiaries

Certain of the consolidated foreign entities have acquired commitments to their employees similar to post-employment benefits.

At 31 December 2024, 2023 and 2022, these entities had defined-contribution and defined-benefit post-employment benefit obligations. The expenses incurred in respect of contributions to defined contribution plans amounted to EUR 133 million in 2024 (EUR 107 million at 31 December 2023 and EUR 118 million at 31 December 2022).

The actuarial assumptions used by these entities (discount rates, mortality tables and cumulative annual CPI growth) are consistent with the economic and social conditions prevailing in the countries in which they are located.

Specifically, the discount rate used for the flows was determined by reference to high-quality corporate bonds, except in the case of Brazil where there is no extensive corporate bond market and, accordingly the discount rate was determined by reference to the series B bonds issued by the Brazilian National Treasury Secretariat for a term coinciding with that of the obligations. In Brazil the discount rate used was between 10.50% and 10.58%, the CPI 3.00% and the mortality table the AT-2000, AT-2000 Basic y AT-2000 S10.

Any changes in the main assumptions could affect the calculation of the obligations. At 31 December 2024, if the discount rate used had been decreased or increased by 50 basis points, there would have been an increase or decrease in the present value of the obligations of 3.96% (-50 bp) and -3.71% (+50 bp), respectively. These changes would be offset in part by increases or decreases in the fair value of the assets.

The funding status of the obligations similar to post-employment benefits and other long-term benefits in 2024 and the two preceding years is as follows:

EUR million

	2024	Of which business in Brazil	2023	2022
Present value of the obligations	6,903	*4,465*	8,485	7,578
Less-				
Of which: with a charge to the participants	*157*	*157*	*114*	*107*
Fair value of plan assets	6,502	*4,849*	7,787	7,321
Provisions - Provisions for pensions	**244**	***(541)***	**584**	**150**
Of which:				
Internal provisions for pensions	*1,084*	*211*	*1,434*	*1,166*
Net assets for pensions	*(141)*	*(53)*	*(154)*	*(122)*
Unrecognised net assets for pensions	*(699)*	*(699)*	*(696)*	*(894)*

The amounts recognised in the consolidated income statements in relation to these obligations are as follows:

EUR million

	2024	2023	2022
Current service cost	29	25	31
Interest cost (net)	93	84	64
Provisions or reversion of provisions			
(Actuarial gains)/losses recognised in the year	28	23	8
Past service cost	2	1	8
Pre-retirement cost	—	—	—
Other	(10)	(3)	(3)
	142	**130**	**108**

In addition, in 2024 'Other comprehensive income – Items not reclassified to profit or loss – Actuarial gains or (-) losses on defined benefit pension plans' has decreased by EUR 147 million with respect to defined benefit obligations (decrease of EUR 247 million and increase of EUR 320 million in 2023 and 2022, respectively).

The changes in the present value of the accrued obligations were as follows:

EUR million

	2024	2023	2022
Present value of the obligations at beginning of year	8,485	7,578	8,018
Incorporation of Group companies, net	—	(20)	—
Current service cost	29	25	31
Interest cost	579	600	546
Pre-retirement cost	—	—	—
Effect of curtailment/settlement	(10)	(2)	(3)
Benefits paid	(1,113)	(730)	(653)
Benefits paid due to settlements	(20)	(2)	(179)
Contributions made by employees	4	3	5
Past service cost	2	1	8
Actuarial (gains)/losses	(191)	697	(876)
Demographic actuarial (gains)/losses	*(1)*	*40*	*5*
Financial actuarial (gains)/losses	*(190)*	*657*	*(881)*
Exchange differences and other items	(862)	335	681
Present value of the obligations at end of year	**6,903**	**8,485**	**7,578**

The changes in the fair value of the plan assets were as follows:

EUR million

	2024	2023	2022
Fair value of plan assets at beginning of year	7,787	7,321	7,167
Incorporation of Group companies, net	—	(16)	—
Expected return on plan assets	551	588	570
Benefits paid	(1,022)	(644)	(766)
Contributions	477	124	198
Actuarial gains/(losses)	(304)	110	(498)
Exchange differences and other items	(987)	304	650
Fair value of plan assets at end of year	**6,502**	**7,787**	**7,321**

In 2025 the Group expects to make contributions to fund these obligations for amounts similar to those made in 2024.

The main categories of plan assets as a percentage of total plan assets are as follows:

	2024	2023	2022
Equity instruments	13%	11%	11%
Debt instruments	79%	83%	83%
Properties	1%	1%	1%
Other	7%	5%	5%

The following table shows the estimated benefits payable at 31 December 2024 for the next ten years:

EUR million	
2025	614
2026	604
2027	594
2028	600
2029	611
2030 to 2034	3,067

d) Provisions for taxes and other legal contingencies and Other provisions

'Provisions - Provisions for taxes and other legal contingencies' and 'Provisions - Other provisions', which include, inter alia, provisions for restructuring costs and tax-related and non-tax-related proceedings, were estimated using prudent calculation procedures in keeping with the uncertainty inherent to the obligations covered. The definitive date of the outflow of resources embodying economic benefits for the Group depends on each obligation. In certain cases, these obligations have no fixed settlement period and, in other cases, depend on the legal proceedings in progress.

The detail, by geographical area, of Provisions for taxes and other legal contingencies and Other provisions is as follows:

EUR million

	2024	2023	2022
Recognised by Spanish companies	1,924	1,921	1,768
Recognised by other EU companies	694	433	328
Recognised by other companies	2,433	2,280	1,977
Of which:			
Brazil	*1,445*	*1,618*	*1,243*
United Kingdom [A]	*654*	*373*	*345*
	5,051	**4,634**	**4,073**

A. Of which GBP 293 million (EUR 353.3 million) correspond to the Financial Conduct Authority (FCA) review of the Vehicle Finance Market as detailed in note 25.e.ii.

Set forth below is the detail, by type of provision, of the balance at 31 December 2024, 2023 and 2022 of Provisions for taxes and other legal contingencies and Other provisions.

The types of provision were determined by grouping together items of a similar nature:

EUR million

	2024	2023	2022
Provisions for taxes	727	745	679
Provisions for employment-related proceedings (Brazil)	458	611	301
Provisions for other legal proceedings	1,532	1,359	1,094
Provision for customer remediation	1,001	454	349
Provision for restructuring	589	596	641
Other	744	869	1,009
	5,051	**4,634**	**4,073**

Relevant information is set forth below in relation to each type of provision shown in the preceding table.

The provisions for taxes include provisions for tax-related proceedings.

The provisions for employment-related proceedings (Brazil) relate to claims filed by trade unions, associations, the prosecutor's office and ex-employees claiming employment rights to which, in their view, they are entitled, particularly the payment of overtime and other employment rights, including litigation concerning retirement benefits. The number and nature of these proceedings, which are common for banks in Brazil, justify the classification of these provisions in a separate category or as a separate type from the rest. The Group calculates the provisions associated with these claims in accordance with past experience of payments made in relation to claims for similar items. When claims do not fall within these categories, a case-by-case assessment is performed and the amount of the provision is calculated in accordance with the status of each proceeding and the risk assessment carried out by the legal advisers.

The provisions for other legal proceedings include provisions for court, arbitration or administrative proceedings (other than those included in other categories or types of provisions disclosed separately) brought against Grupo Santander companies.

The provisions for customer remediation include mainly the estimated cost of payments to remedy errors relating to the sale of certain products in the UK, the CHF mortgage portfolio of Poland, as well as the estimated amount related to the floor clauses of Banco Popular Español, S.A.U in Spain. To calculate the provision for customer remediation, the best estimate of the provision made by management is used, which is based on the estimated number of claims to be received and, of these, the number that will be accepted, as well as the estimated average payment per case.

The provisions for restructuring include only the costs arising from restructuring processes carried out by the various Group companies.

Lastly, the Other heading contains very atomized and individually insignificant provisions, such as the provisions to cover the operational risk of the different offices of the Group.

Qualitative information on the main litigation is provided in Note 25 e to the consolidated financial statements.

The Group's general policy is to record provisions for tax and legal proceedings in which the Group assesses the chances of loss to be probable and the Group does not record provisions when the chances of loss are possible or remote. Grupo Santander determines the amounts to be provided for as its best estimate of the expenditure required to settle the corresponding claim based, among other factors, on a case-by-case analysis of the facts and the legal opinion of internal and external counsel or by considering the historical average amount of the loss incurred in claims of the same nature. The definitive date of the outflow of resources embodying economic benefits for the Group depends on each obligation. In certain cases, the obligations do not have a fixed settlement term and, in others, they depend on legal proceedings in progress.

Regarding their variations in fiscal year 2024, in provisions for labor processes and others of a legal nature, EUR 404 million and EUR 327 million were recorded in Brazil in 2024, making payments of EUR 463 million and EUR 205 million, respectively.

e) Litigation and other matters

i. Tax-related litigation

At 31 December 2024 the main tax-related proceedings concerning the Group were as follows:

- Legal actions filed by Banco Santander (Brasil) S.A. and other Group entities to avoid the application of Law 9.718/98, which modifies the basis to calculate Programa de Integraçao Social (PIS) and Contribuição para Financiamento da Seguridade Social (COFINS), extending it to all the entities income, and not only to the income from the provision of services. In relation of Banco Santander (Brasil) S.A. process, in 2015 the Federal Supreme Court (FSC) admitted the extraordinary appeal filed by the Federal Union regarding PIS, and dismissed the extraordinary appeal lodged by the Brazilian Public Prosecutor's Office regarding COFINS contribution, confirming the decision of Federal Regional Court favourable to Banco Santander (Brasil) S.A. of August 2007. The Federal Supreme Court also admitted the appeals related to the other Group entities both for PIS and COFINS. On June 13, 2023, the Federal Supreme Court ruled unfavorably two cases through General Repercussion (Theme 372), including Banco Santander (Brasil) S.A. case. The Bank has filed a new appeal, considering the possible loss as a contingent liability. The cases of the other Group entities are no longer susceptible of appeal and a provision has been recognized for the amount of the estimated loss.

- Banco Santander (Brasil) S.A. and other Group companies in Brazil have appealed against the assessments issued by the Brazilian tax authorities questioning the deduction of loan losses in their income tax returns (Imposto sobre a Renda das Pessoas Jurídicas - IRPJ - and Contribuçao Social sobre o Lucro Liquido - CSLL-) in relation to different administrative processes of various years on the ground that the requirements under the applicable legislation were not met. The appeals, which involves several cases, are pending decision in different administrative and judicial instances. No provision was recognised in connection with the amount considered to be a contingent liability.

- Banco Santander (Brasil) S.A. and other Group companies in Brazil are involved in administrative and legal proceedings against several municipalities that demand payment of the Service Tax on certain items of income from transactions not classified as provisions of services. There are several cases in different judicial instances. A provision was recognised in connection with the amount of the estimated loss.

- Banco Santander (Brasil) S.A. and other Group companies in Brazil are involved in administrative and legal proceedings against the tax authorities in connection with the taxation for social security purposes of certain items which are not considered to be employee remuneration. There are several cases in different judicial instances. A provision was recognised in connection with the amount of the estimated loss.

- In May 2003 the Brazilian tax authorities issued separate infringement notices against Santander Distribuidora de Títulos e Valores Mobiliarios, Ltda. (DTVM, actually Santander Brasil Tecnología S.A.) and Banco Santander (Brasil) S.A. in relation to the Provisional Tax on Financial Movements (Contribuição Provisória sobre Movimentação Financeira) of the years 2000 to 2002. The administrative discussion ended unfavourably for both companies, and on July 3, 2015, they filed a lawsuit requesting the cancellation of both tax assessments. The lawsuit was judged unfavourably in first instance. Therefore, both plaintiffs appealed to the court of second instance. On December 2020, the appeal was decided unfavourably. Against the judgment, the bank filed a motion for clarification which has not been accepted. Currently it is appealed to higher courts. There is a provision recognized for the estimated loss.

- In December 2010 the Brazilian tax authorities issued an infringement notice against Santander Seguros S.A. (Brasil), (currently Zurich Santander Brasil Seguros e Previdência S.A.), as the successor by merger to ABN AMRO Brasil dois Participações S.A., in relation to income tax (IRPJ and CSLL) for 2005, questioning the tax treatment applied to a sale of shares of Real Seguros, S.A. The administrative discussion ended unfavourably, and the CARF decision has been appealed at the Federal Justice. As the former parent of Santander Seguros S.A. (Brasil), Banco Santander (Brasil) S.A. is liable in the event of any adverse outcome of this proceeding. No provision was recognised in connection with this proceeding as it is considered to be a contingent liability.

- In November 2014 the Brazilian tax authorities issued an infringement notice against Banco Santander (Brasil) S.A. in relation to corporate income tax (IRPJ and CSLL) for 2009 questioning the tax-deductibility of the amortisation of the goodwill of Banco ABN AMRO Real S.A. performed prior to the absorption of this bank by Banco Santander (Brasil) S.A., but accepting the amortisation performed after the merger. The Bank appealed before the Higher Chamber of CARF, and a final favourable decision was obtained in April 2024. No provision was recognised in connection with this proceeding as it was considered to be a contingent liability.

- Banco Santander (Brasil) S.A. has also appealed against infringement notices issued by the tax authorities questioning the tax deductibility of the amortisation of the goodwill arising on the acquisition of Banco Comercial e de Investimento Sudameris S.A from years 2007 to 2012. In May and October 2024, the appeal related to period 2009 to 2012 was finally rejected by the CARF and the resolution was appealed at the Federal Justice. No provision was recognised in connection with this matter as it was considered to be a contingent liability.

- Banco Santander (Brasil) S.A. and other companies of the Group in Brazil are undergoing administrative and judicial procedures against Brazilian tax authorities for not admitting tax compensation with credits derived from other tax concepts, not having registered a provision for the amount considered to be a contingent liability.

- Banco Santander (Brasil) S.A. is involved in appeals in relation to infringement notices issued by tax authorities regarding the offsetting of tax losses in the CSLL of year 2009 and 2019. The appeals are pending decision at the administrative level. No provision was recognised in connection with this matter as it is considered to be a contingent liability.

- Banco Santander (Brasil) S.A. filed a suspensive judicial measure aiming to avoid the withholding income tax (Imposto sobre a Renda Retido na Fonte - IRRF), on payments derived from technology services provided by Group foreign entities. A favorable decision was handed down and an appeal was filed by the tax authority at the Federal Regional Court, where it awaits judgment. No provision was recognized as it is considered to be a contingent liability

- Brazilian tax authorities have issued infringement notices against Getnet Adquirência e Serviços para Meios de Pagamento S.A and Banco Santander (Brasil) S.A. as jointly liable in relation to corporate income tax (IRPJ and CSLL) for 2014 to 2018 questioning the tax-deductibility of the amortization of the goodwill from the acquisition of Getnet Tecnologia Proces S.A., considering that the company would not have complied with the legal requirements for such amortization. The tax assessment notices were appealed to the CARF. In 2024, the CARF issued a favourable partial decision on both infraction notices. In December 2024, the tax authorities issued a new infringement notice for 2019 and 2020. No provision was recognized as it is considered to be a contingent liability.

  The total amount for the aforementioned Brazil lawsuits that are fully provisioned is EUR 711 million, and for lawsuits that qualify as contingent liabilities is EUR 4,740 million.

- Banco Santander appealed before European Courts the Decisions 2011/5/CE of 28 October 2009 (First Decision), and 2011/282/UE of 12 January 2011 (Second Decision) of the European Commission, ruling that the deduction of the financial goodwill regulated pursuant to Article 12.5 of the Corporate Income Tax Law constituted illegal State aid. On October 2021 the Court of Justice definitively confirmed these Decisions. The dismissal of the appeal, that only affects these two decisions, had no impact on results.

At the date of approval of these consolidated annual accounts, there are other less significant tax disputes.

ii. Non-tax-related proceedings

At 31 December 2024 the main non-tax-related proceedings concerning the Group were as follows:

- Payment Protection Insurance (PPI): AXA France IARD and AXA France Vie (former GE Capital Corporation Group entities (GE Capital), known as Financial Insurance Company Ltd (FICL) and Financial Assurance Company Ltd (FACL), acquired by AXA SA in 2015) (together, AXA France) have brought a claim for GBP 552 million (EUR 665.6 million) (plus interest) against (i) Santander Cards UK Limited (former GE Capital entity known as GE Capital Bank Limited (GECB), which was acquired by Banco Santander SA in 2008 and subsequently transferred to Santander UK plc); and (ii) Santander Insurance Services UK Limited (a Banco Santander SA subsidiary) (together the Santander Entities). The claim relates to the allocation of liability for compensation and associated costs in respect of a large number of PPI policies distributed by GECB pre-2005, which were underwritten by FICL and FACL. . Axa France reduced their claim from GBP 670 million (EUR 807.9 million) to GBP 552 million (EUR 665.6 million) (plus interest) in their Re-Re-Amended Particulars of Claim dated 29 June 2023. The Santander Entities strongly refute the claim. Trial has been fixed for six weeks, beginning on 3 March 2025.

  There are ongoing factual issues to be resolved which may have legal consequences including in relation to liability. These issues create uncertainties which mean that it is difficult to reliably predict the outcome or the timing of the resolution of the matter. The provision recognized includes the best estimate of the Santander Entities' liability to the specific portfolio.

- Motor Finance Broker Commissions: following the Financial Conduct Authority's (FCA) Motor Market review in 2019 which resulted in a change in rules in January 2021, Santander Consumer (UK) plc (SCUK) has received a number of county court claims and complaints in respect of its historical use of discretionary commission arrangements (DCAs) prior to the 2021 rule changes. In January 2024 the FCA commenced a review of the use of DCAs between lenders and credit brokers (the FCA Review) and paused the handling of these complaints originally until September 2024. The FCA announced in July 2024 that it expected to share the outcome of its Review by May 2025 and that the pause in respect of handling of these complaints was extended to 4 December 2025. In December 2024, the FCA announced the expansion of this pause on DCA complaints handling to other motor finance commission complaints received on or after 26 October 2024, also until 4 December 2025. A claim has also been issued against SCUK, Santander UK plc and others in the Competition Appeal Tribunal (CAT), alleging that SCUK's historical DCAs in respect of used car financing operated in breach of the Competition Act 1998. This is currently paused until the end of July 2025 connected to the outcome of the FCA Review.

  In a judicial proceeding brought against other financial entities, on 25 October 2024, the Court of Appeal issued a judgment establishing certain criteria which, after the corresponding assessment by SCUK, has led it to recognise a provision of GBP 293 million (EUR 353.3 million) as of December 2024, although the referred judgment has been appealed before the Supreme Court. This includes estimates for operational and legal costs (including litigation costs) reached after considering various scenarios which take into account the differences and similarities between the cases in the referred judgment and SCUK's situation, as well as the outcome of the Supreme Court appeal, the scope, nature and timeframe of any redress scheme, applicable time periods, claims, rates and compensatory interest rates.

  The outcome of the FCA's Review and/or adverse outcomes from litigation could result in material costs. The outcome of the FCA's Review may be informed by the judgment of the Court of Appeal handed down on 25 October 2024 in relation to cases against other lenders involving DCAs, as well as the anticipated judgment of the Supreme Court on appeal (noting that permission for leave to appeal to the Supreme Court has been granted relating to these cases, with the hearing listed for 1 to 3 April 2025). The FCA's Review might also be informed by the outcome of a judicial review of a final decision by the Financial Ombudsman Service (FOS) against another lender that was heard in October 2024. Judgment in this case was handed down in December 2024 and permission for leave to appeal to the Court of Appeal has been granted.

  These matters, mean that there are currently significant uncertainties as to the extent of any misconduct, if any, as well as the perimeter of commission models, nature, extent and timing of any remediation action if required. As such, the ultimate financial impact could be materially different than the amount provided and it is not practicable to quantify the extent of any remaining contingent liability.

- Delforca: dispute arising from equity swaps entered into by Gaesco (now Delforca 2008, S.A. (Delforca)) on shares of Inmobiliaria Colonial, S.A. Banco Santander, S.A. is claiming to Delforca before the Court of Barcelona in charge of the bankruptcy proceedings, a total of EUR 66 million from the liquidation resulting from the early termination of financial transactions due to Delforca's non-payment of the equity swaps. In the same bankruptcy proceedings, Delforca and Mobiliaria Monesa, S.A., parent of Delforca (Monesa) have in turn claimed the Bank to repay EUR 57 million, which the Bank received for the enforcement of the agreed guarantee, as a result of the aforementioned liquidation. On 16 September 2021 the Commercial Court Number 10 of Barcelona has ordered Delforca to pay the Bank EUR 66 million plus EUR 11 million in interest and has dismissed the claims filed by Delforca. This decision has been appealed by Delforca, Monesa and the bankruptcy administrator. On 1 June 2023, the appeal hearing took place and on 15 November 2023 the Provincial Court of Barcelona rendered a judgment dismissing the appeals filed by Delforca, Monesa and the bankruptcy administrator and confirming the first instance judgment. Delforca and Monesa (not the bankruptcy administrator) have filed an appeal in cassation before the Supreme Court against the judgment of the Provincial Court of Barcelona.

  Separately, Monesa, filed in 2009 a civil procedure with the Courts of Santander against the Bank claiming damages that have not been specified to date. The procedure is suspended.

- Former employees of Banco do Estado de São Paulo S.A., Santander Banespa, Cia. de Arrendamiento Mercantil: class action filed by AFABESP (an association of retirees and former Banespa employees) claiming payment of a semi-annual bonus provided for in the Bank's bylaws. The final decision rendered on the merits was unfavorable to Santander. However, a favorable decision was subsequently rendered stating that each beneficiary of the decision shall file an individual lawsuit to receive the due amount.

  Since the judgments adopted different positions for each case, a procedure called Incident for the Resolution of Repetitive Demands (IRDR) was commenced before the Regional Labor Court (TRT) with the purpose of establishing objective criteria regarding the arguments brought by the Bank, mainly the statute of limitations and limitation of payments until December 2006 (Plan V).On 11 March 2024, the IRDR was admitted for future judgment, and it was determined that all cases filed in São Paulo - Capital remained suspended from its second instance (TRT).

  Finally, due to the divergence between the interpretation of the Federal Constitution, an Action for Allegation of Non-Compliance with a Fundamental Precept (ADPF) was also filed, so that the Federal Supreme Court (STF) settles the issue and indicates the correct statute of limitations to be used in the individual cases filed.

On 27 June 2024, an agreement was signed with the indication of a nominal and exhaustive list of 7,299 retirees who, according to the criteria presented by the Bank, are entitled to payment of the amounts related to semi-annual bonuses. The maximum value of the agreement was of BRL 2,742.15 million (EUR 420.1 million); though it ultimately depended on the individual and voluntary adherence of each beneficiary (the Agreement). At the end of the voluntary adherence period in August 2024 6,501 people had adhered to the agreement (89% of the total), out of which 6,500 agreements were finally approved at the deadline for judicial approvals set on 15 October 2024, totaling BRL 2,440.51 million (~EUR 379.6 million). The bank has made the necessary contributions to the fund Banesprev to comply with the payments derived from the Agreement. As to the beneficiaries who have not adhered to the Agreement, as of the date of these annual consolidated accounts, there are ongoing factual and legal issues that make it impossible to reliably predict the potential impact.

- 'Planos Económicos': like the rest of the banking system in Brazil, Santander Brazil has been the target of customer complaints and collective civil suits stemming mainly from legislative changes and its application to bank deposits (economic plans). At the end of 2017, an agreement between regulatory entities and the Brazilian Federation of Banks (Febraban) with the purpose of closing the lawsuits was reached and was approved by the Supremo Tribunal Federal. Discussions focused on specifying the amount to be paid to each affected client according to the balance in their notebook at the time of the Plan. Finally, the total value of the payments will depend on the number of adhesions there may be and the number of savers who have proved the existence of the account and its balance on the date the indexes were changed. In November 2018, the STF ordered the suspension of all economic plan proceedings for two years from May 2018. On 29 May 2020, the STF approved the extension of the agreement for 5 additional years starting from 3 June 2020. Condition for this extension was to include in the agreement actions related to the 'Collor I Plan'. On 31 December 2024, the provision recorded for the economic plan proceedings amounts to EUR 167.0 million.

- Floor clauses: as a consequence of the acquisition of Banco Popular Español, S.A.U. (Banco Popular), the Group has been exposed to a material number of transactions with floor clauses. The so-called floor clauses are those under which the borrower accepts a minimum interest rate to be paid to the lender, regardless of the applicable reference interest rate. Banco Popular included floor clauses in certain asset-side transactions with customers. In relation to this type of clauses, and after several rulings issued by the Court of Justice of the European Union (CJEU) and the Spanish Supreme Court, and the extrajudicial process established by the Spanish Royal Decree-Law 1/2017, of 20 January, Banco Popular made provisions that were updated in order to cover the effect of the potential return of the excess interest charged for the application of the floor clauses between the contract date of the corresponding mortgage loans and May 2013. On 31 December 2024, after having processed most of the customer requests, the potential residual loss associated with ongoing court proceedings is estimated at EUR 51.29 million, amount which is fully covered by provisions.

- Banco Popular´s acquisition: after the declaration of the resolution of Banco Popular, some investors filed claims against the EU's Single Resolution Board decision, and the FROB's resolution executed in accordance with the aforementioned decision. Likewise, numerous appeals were filed against Banco Santander, S.A. alleging that the information provided by Banco Popular was erroneous and requesting from Banco Santander, S.A. the restitution of the price paid for the acquisition of the investment instruments or, where appropriate, the corresponding compensation.

  In relation to these appeals, on the one hand, the General Court of the European Union (GCUE) selected 5 appeals from among all those filed before the European courts by various investors against the European institutions and processed them as pilot cases. On 1 June 2022, the GCUE rendered five judgements in which it completely dismissed the appeals, (i) supporting the legality of the resolution framework applied to Banco Popular, (ii) confirming the legality of the action of the European institutions in the resolution of Banco Popular and (iii) rejecting, in particular, all the allegations that there were irregularities in the sale process of Banco Popular to Banco Santander, S.A. Although four of these five judgments were initially appealed in cassation before the CJEU, in July 2023 one of the appellants withdrew his appeal. In June 2024, the CJEU upheld the appeal in case C-551/22-P brought by the Commission, in the sense of attributing to the later the responsibility of the contested decision. On 4 October 2024 the CJEU dismissed the appeals in cases C-535/22-P, C-541/22-P and subsequently, on 14 October the appeal in case C-448/22-P. Therefore, all appeals before the CJEU have already been resolved.

  On the other hand, in relation to the lawsuits initiated by investors directly against Banco Santander, S.A. derived from the acquisition of Banco Popular, on 2 September 2020, the Provincial Court of La Coruña submitted a preliminary ruling to the CJEU in which it asked for the correct interpretation of the Article 60, section 2 of Directive 2014/59/EU of the European Parliament and of the Council of 15 May, establishing a framework for the restructuring and resolution of credit institutions and investment services companies. Said article establishes that, in the cases of redemption of capital instruments in a bank resolution, no liability will subsist in relation to the amount of the instrument that has been redeemed. On 5 May 2022, the CJEU rendered its judgement confirming that Directive 2014/59/EU of the European Parliament and of the Council does not allow that, after the total redemption of the shares of the share capital of a credit institution or an investment services company subject to a resolution procedure, the shareholders who have acquired shares within the framework of a public subscription offer issued by said company before the start of such a resolution procedure, exercise against that entity or against its successor, an action for liability for the information contained in the prospectus, under Directive 2003/71/EC of the European Parliament and of the Council, or an action for annulment of the subscription contract for those shares, which, taking into account its retroactive effects, gives rise to the restitution of the equivalent value of said shares, plus the interest accrued from the date of execution of said contract.

Regarding this judgment, the Supreme Court submitted three preliminary rulings about the application of the judgment of 5 May 2022 to other capital instruments such as subordinated obligations, preferred stocks and subordinated bonds. On 5 September 2024, the CJEU ruled that Directive 2014/59 precludes, after the total write down of the shares in a credit institution under resolution, that persons who have purchased (i) capital instruments that have been converted into shares in that credit institution before the adoption of resolution measures against it, or (ii) capital instruments which, in the context of that procedure, have been converted into shares in that credit institution, which were subsequently transferred to another credit institution, from bringing, against that institution or against its successor entity, an action for damages on the basis of flawed and incorrect information provided in the prospectus or a declaration of nullity. Currently, there are five preliminary rulings pending: (i) three preliminary rulings referred by the First Instance Court 3 of Santa Coloma de Farners in April 2023 concerning pre-emptive subscription rights and the compatibility of the principles of proportionality and legal certainty with the bringing of legal actions by former holders of pre-emptive subscription rights and shares against the entity issuing the securities or against the entity succeeding it, which is currently suspended; and (ii) two preliminary rulings referred by the Supreme Court in November 2023, which complement the ones requested in December 2022, regarding to a holder of subordinated bonds who filed a claim against Banco Popular before the resolution.

On 4 March 2024, in the context of preliminary proceedings 42/2017, the Central Court of Instruction No. 4 issued a ruling transforming the proceedings into Summary Proceedings and terminating the investigation phase. This ruling considers that the circumstantial evidence resulting from the investigation which could constitute a crime is basically the following: (i) an alleged misrepresentation in the prospectus of the 2016 capital increase of Banco Popular; and (ii) an alleged misrepresentation in the annual accounts of Banco Popular for 2015, the interim financial statements for 2016 and the annual accounts for 2016; and (iii) the offer to the market of a distorted amount of regulatory capital, after the capital increase of 2016 (for allegedly having been granted by Banco Popular financing to clients for the subscription of shares in the aforementioned capital increase, without discounting it from the regulatory capital). According to the aforementioned ruling, these facts could constitute the crimes of fraud of investors (art. 282 of the Criminal Code) and accounting falsehood (art. 290 of the Criminal Code). All appeals filed against the ruling have been dismissed. The accusing parties, including the Public Prosecutor's Office, filed their indictment briefs on 28 October 2024, which included requests for compensation for civil liability and the request that not only the defendants but also several entities are held liable for such compensation, including Banco Santander, S.A., the auditing firm and several insurance companies. Following the filing of the indictment briefs, on 22 November 2024, the Court (Investigating Judge) issued an order for the opening of the oral trial against the defendants and civil liability parties, including Banco Santander, S.A. as a possible civil liable party. However, in line with what was determined by the Spanish National Court and confirmed by the Supreme Court concerning the hypothetical succession of Banco Popular by Banco Santander, S.A., the oral trial has not been opened against the Bank as possible direct civil liable party.

The order to open the oral trial states that the plaintiffs have requested compensation for civil liability for a total amount of EUR 2,277.65 million. Additionally, the order rejects the imposition of the guarantee requested by several of the accusing parties, considering that it is unnecessary to secure the outcome of the trial.

The defendants and potential civil liable parties were granted until 4 February 2025 to file their defense writs. After that, the proceedings will be forwarded to the Criminal Chamber of the National Court for the oral trial. Regarding the civil liability, notwithstanding that the Bank considers that in light of the CJEU's rulings dated 5 May 2022 and 5 September 2024 it has no subsidiary civil liability the Spanish National Court has stated that this issue shall be resolved within the ongoing proceedings.

The estimated cost of any compensation to shareholders and bondholders of Banco Popular recognized in the 2017 accounts amounted to EUR 680 million, of which EUR 535 million were applied to the commercial loyalty program. On 15 December 2024, Banco Santander, S.A., proceeded to redeem in advance voluntarily all bonds in circulation regarding such commercial action (vid. note 34 of these consolidated annual accounts).The CJEU judgements of 5 May 2022 and of 5 September 2024 referred above, represented a very significant reduction in the risk associated with these claims.

- German shares investigation: the Cologne Public Prosecution Office is conducting an investigation against the Bank, and other group entities based in UK - Santander UK plc, Santander Financial Services Plc and Cater Allen International Limited -, in relation to a particular type of tax dividend linked transactions known as cum-ex transactions.

  The Group is cooperating with the German authorities. According to the state of the investigations, the result and the effects for the Group, which may potentially include the imposition of material financial consequences (penalties, and/or disgorgement of proceeds) cannot be anticipated. For this reason, the Bank has not recognized any provisions in relation to the potential imposition of financial penalties.

- Banco Santander, S.A. was sued in a legal proceeding in which the plaintiff alleges that the Bank breached his contract as CEO of the institution: in the lawsuit, the claimant mainly requested a declaratory ruling upholding the existence, validity and effectiveness of such contract and its enforcement together with the payment of certain amounts. For the case that the main request is not granted, the claimant sought a compensation for a total amount of approximately EUR 112 million or, an alternative relief for other minor amounts. Banco Santander, S.A. answered to the legal action stating that the conditions to which the appointment of that position was subject to were not met; that the executive services contract required by law was not concluded; and that in any case, the parties could terminate the contract without any justified cause.

On 17 May 2021, the plaintiff reduced his claims for compensation to EUR 61.9 million. On 9 December 2021, the Court upheld the claim and ordered the Bank to compensate the claimant in the amount of EUR 67.8 million. By court order of 13 January 2022, the Court corrected and supplemented its judgment, reducing the total amount to be paid by the Bank to EUR 51.4 million and clarifying that part of this amount (buy out) was to be paid under the terms of the offer letter, i.e., entirely in Banco Santander shares, within the deferral period for this type of remuneration at the plaintiff's former employer and subject to the performance metrics or parameters of the plan in force at the Bank, which was that of 2018. As explained in note 5 of the report of the consolidated annual accounts of the year 2022, the degree of performance of these objectives was 33.3%.

The Bank filed an appeal against the judgment before the Madrid Court of Appeal, which was opposed by the plaintiff. At the same time, the plaintiff filed an application for provisional enforcement of the judgment in the First Instance Court. A court order was issued ordering enforcement of the judgment, and the Bank deposited in the court bank account the full amount provisionally awarded to the claimant, including interest, for an approximate sum of EUR. 35.5 million, within the voluntary compliance period.

On 6 February 2023, Banco Santander was notified with the judgment of 20 January 2023 by which the Madrid Court of Appeal partially upheld the appeal filed by the Bank. The judgment has reduced the amount to be paid by EUR 8 million, which, to the extent that this amount was already paid in the provisional partial enforcement of the judgement of first instance court, must be returned to the Bank together with other amounts for interest, which the appeal judgement also rejects. The plaintiff deposited circa EUR 9.6 million. This amount was received by the Bank on 11 July 2023.

On 11 April 2023, the Bank filed an extraordinary appeal for procedural infringement and an appeal in cassation against the Madrid Court of Appeal's judgment before Spanish Supreme Court. Existing provisions cover the estimated risk of loss.

- Universalpay Entidad de Pago, S.L. (Upay): has filed a lawsuit against Banco Santander, S.A. for breach of the marketing alliance agreement (MAA) and claims payment (EUR 1,050 million). The MAA was originally entered into by Banco Popular and its purpose is the rendering of acquiring services (point of sale payment terminals) for businesses in the Spanish market. The lawsuit was mainly based on the potential breach of clause 6 of the MAA, which established certain obligations of exclusivity, non-competition and customer referral. On 16 December 2022, the Court ruled in favour of the Bank and dismissed the plaintiff's claim in its entirety. The decision was appealed before the Provincial Court of Madrid and the Bank filed its opposition to Upay's appeal. On 4 October 2024 the Court of Appeal issued an order scheduling the date for the vote and decision of the appeal on 14 November 2024. On 20 December 2024, the parties reached an agreement by which the MAA and ancillary agreements, which duration would have elapsed in over five years' time, were terminated and, as a result, they have made an application to the Court to terminate the proceedings. The agreement will not have a material impact in the consolidated annual accounts.

- CHF Polish Mortgage Loans: on 3 October 2019, the CJEU rendered its decision in relation to a judicial proceeding against an unrelated bank in Poland regarding the consequences of potentially unfair contractual clauses in CHF-indexed loan agreements. The CJEU left it up to national courts to decide in this regard, indicating that it is possible to invalidate a contract if it cannot be maintained without abusive terms and there are no explicit supplementary provisions that can replace these terms.

  On 15 June 2023, the CJEU issued its judgment in Case C-520/21, in which it confirmed that it is national law that is relevant to determine the effect of cancellation of a contract - respecting the principles arising from Directive 93/13/EEC. According to the ruling of the CJEU in that case, the bank's claims in excess of the repayment of the nominal amount of the loan's principal and, as the case may be, the payment of default interest are contrary to the objectives of Directive 93/13/EEC if they were to lead to a profit analogous to the one it intended to make from the performance of the contract and thus eliminate the deterrent effect.

  On 25 April 2024, the Civil Chamber of the Supreme Court rendered a decision according to which: (i) in the event that a provision of an indexed or denominated loan agreement relating to the manner of determining the exchange rate of a foreign currency constitutes an abusive contractual term and is not binding, based on the current case law, it is not possible for this provision to be replaced by any other method of determining exchange rates under the law or prevailing practices; (ii) in the event that it is not possible to determine a foreign currency exchange rate binding for the parties in an indexed or denominated credit agreement, the agreement is not binding. Further, referring to the issues related to the cancellation of a credit agreement, the Supreme Court pointed out that: (i) if the bank has paid all or part of the credit amount to the borrower and the borrower has made repayments of the credit, independent claims for the repayment of the undue payment arise in favour of each party (the so-called two condition theory); (ii) the limitation period of the bank's claim for reimbursement of amounts paid under the credit begins from the day following the day on which the borrower challenged the bindingness of the terms of the agreement; (iii) there is no legal basis for either party to claim interest or other benefits for the use of its funds during the period between the undue payment and the date when the repayment became due. The criteria set out by the Supreme Court in its decision could clarify the previous decisions described above. Nine judges of the Supreme Court declined to participate in the resolution raising questions of a constitutional nature and six judges submitted dissenting opinions mainly on issues related to the maintenance of the agreement after the elimination of abusive clauses.

  Santander Bank Polska and Santander Consumer Bank Poland estimate legal risk using a model which considers different possible outcomes and regularly monitor court rulings on foreign currency loans to verify changes in case law practice, including the impact of the aforementioned Supreme Court resolution on this case law. The Bank is reaching settlements with customers who have taken legal action as well as with those who have not yet decided to file a lawsuit. The settlement scenario is reflected in the model used to calculate provisions for legal risks.

As of 31 December 2024, Santander Bank Polska S.A. and Santander Consumer Bank S.A. maintained a portfolio of loans affected by the legal risk connected with CHF mortgage for an approximate gross amount of PLN 5,173.7 million (EUR 1,210.1 million). As of 1 January 2022, in accordance with IFRS 9 and based on the new best available information, the accounting methodology was adapted so that the gross carrying amount of mortgage loans denominated and indexed in foreign currencies is reduced by the amount in which the estimated cash flows are not expected to cover the gross amount of loans, including as a result of legal controversies relating to these loans. In the absence of exposure or insufficient gross exposure, a provision according to IAS 37 is recorded.

As of 31 December 2024, the total value of adjustment to gross carrying amount in accordance with IFRS9 as well as provisions recorded under IAS37, amount to PLN 6,592.0 million (EUR 1,541.9 million). PLN 4,676.8 million (EUR 1,093.1 million) corresponds to adjustment to gross carrying amount under IFRS 9 and PLN 1,915.3 million (EUR 448.0 million) to provisions recognized in accordance with IAS 37. The adjustment to gross carrying amount in accordance with IFRS9 in 2024 amounted to PLN 1,268.9 million (EUR 294.8 million) and the additional provisions under IAS37 amounted to PLN 1,248.8 million (EUR 290.1 million). Other costs related to the dispute amounted to PLN 536.9 million (EUR 124.7 million).

These provisions represent the best estimate as at 31 December 2024. Santander Bank Polska and Santander Consumer Bank Poland will continue to monitor and assess appropriateness of those provisions.

- Banco Santander Mexico: dispute regarding a testamentary trust constituted in 1994 by Mr. Roberto Garza Sada in Banca Serfin (currently Santander Mexico) in favor of his four sons in which he affected shares of Alfa, S.A.B. de C.V. (respectively, Alfa and the Trust). During 1999, Mr. Roberto Garza Sada instructed Santander México in its capacity as trustee to transfer 36,700,000 shares from the Trust's assets to his sons and daughters and himself. These instructions were ratified in 2004 by Mr. Roberto Garza Sada before a Notary Public.

  Mr. Roberto Garza Sada passed away on 14 August 2010 and subsequently, in 2012, his daughters filed a complaint against Santander Mexico alleging it had been negligent in its trustee role. The lawsuit was dismissed at first instance in April 2017 and on appeal in 2018. In May 2018, the plaintiffs filed an appeal (recurso de amparo) before the First Collegiate Court of the Fourth Circuit based in Nuevo León, which ruled in favor of the plaintiffs on 7 May 2021, annulling the 2018 appeal judgment and condemning Santander Mexico to the petitions claimed, consisting of the recovery of the amount of 36,700,000 Alfa shares, together with dividends, interest and damages.

  Santander Mexico has filed various constitutional reviews and appeals against the recurso de amparo referred to above, which have been dismissed by the Supreme Court of Justice of the Nation. As of this date, an amparo review filed by the Bank is pending to be resolved in the Collegiate Courts in the State of Nuevo León, thus the judgment is not final.

  On 29 June 2022, Santander México, within the framework of the amparo review filed by the Bank, requested the First Collegiate Court in Civil Matters of the Fourth Circuit of Nuevo León the recusal of two of the three Magistrates who rendered against Santander Mexico, which was resolved in favour of Santander Mexico. Plaintiffs requested the recusal of the third Magistrate who ruled with a dissenting vote against the recurso de amparo referred above and this was resolved in favour of Plaintiffs, and consequently the matter was referred to the Second Collegiate Court of the Fourth Circuit based in Nuevo León. The President of this Court considered that the Seventh Civil Chamber of the Superior Court of Justice of Nuevo León had fulfilled the Amparo granted to Mrs. Garza, therefore the Bank presented disconformity 'inconformidad', which was sent for resolution by the Second Collegiate Court of the Fourth Circuit based in Nuevo León. However, on 22 April 2024, the Bank asked the Supreme Court of Justice of the Nation to take up the matter. This has been accepted and consequently, the Supreme Court of Justice will resolve the matter. In addition, the Bank presented a Recurso de Reclamación for procedural defects, which is pending to be resolved by the Supreme Court of Justice of the Nation.

  Santander México believes that the actions taken should prevail and reverse the decision against it. The impact of a potential unfavorable resolution for Santander México will be determined in a subsequent proceeding and will also depend on the additional actions that Santander México may take in its defense, so it is not possible to determine it at this time. At the current stage of the proceedings, the provisions recorded are considered to be sufficient to cover the risks deriving from this claim.

- URO Property Holdings, S.A. (before URO Property Holdings, SOCIMI SA): on 16 February 2022, legal proceedings were commenced in the Commercial Court of London against Uro Property Holdings S.A. (Uro), a subsidiary of Banco Santander, S.A., by BNP Paribas Trust Corporation UK Limited (BNP) in its capacity as trustee on behalf of certain bondholders and beneficiaries of security rights. The litigation concerns certain terms of a financing granted to Uro which was supported by a bond issue in 2015. The claimant seeks a declaration by the Court and a monetary award against Uro, in connection with an additional premium above the nominal value of the financing repayment because of Uro having lost its status as SOCIMI (Sociedad Anónima Cotizada de Inversión Inmobiliaria), such loss causing the prepayment of the bond issue and, in the opinion of the claimant BNP, also the obligation to pay the additional premium by Uro. Uro denies being liable to pay that additional premium and filed its defense statement and a counterclaim against the claimant. Furthermore, Uro filed a summary judgement application for BNP's claim to be dismissed before trial. The dismissal of this application by the Commercial Court was confirmed by the Appeal Court. It is estimated that the maximum loss associated with this possible contingency, amounts to approximately EUR 250 million. In November 2024, Uro reached an agreement with bondholders and beneficiaries of security rights, which determine termination of the proceedings. The agreement does not have a material impact in the consolidated annual accounts.

- Mortgage Expenses: In December 2015 the Spanish Supreme Court ruled that mortgage clauses relating to the payment of fees associated to formalizing the mortgage were abusive. On 27 November 2018, the Supreme Court agreed that the taxpayer of the documented legal acts stamp duty tax (IAJD) on the mortgage loans should be the borrower. On 9 November 2018, RDL 17/2018 came into force and modified the Law of the IAJD, establishing that the taxpayer is the Bank. On 23 January 2019, the Supreme Court ruled the distribution of the same must be 50% between the Bank and the borrower in public notary expenses and agency expenses. The Supreme Court also ruled that the Bank must pay 100% of the Registry. On 26 October 2020, the Supreme Court ruled that the Bank is fully responsible for the management expenses; and on 27 January 2021, the Supreme Court ruled that the Bank is also responsible for the valuation expenses.

  In September 2020, the Barcelona Court of Appeal, rendered a decision stating that the commencement (dies a quo) for the statute of limitation starts running from the day the consumer fully paid mortgage expenses. The judgment has been appealed to the Supreme Court, which referred a preliminary matter to the ECJ for the establishment of the dies a quo from which the limitation period for the refund action starts running (C-561/21).

  On 25 January 2024 the ECJ rendered a judgment (joint cases C-810/21 and C-813/21) stating that Directive 93/13 must be fixed on a case-by-case basis by national courts based on the moment when the consumer was aware of the unfair nature of the clause and the legal consequences of such unfair nature.

  Further, on 25 April 2024, two additional judgments were rendered (cases C-561/21 and C-484/21) in which the ECJ stated that the dies a quo of the statute of limitations for the annulment of the mortgage expenses shall be fixed on the moment when the consumer has an effective knowledge of the abusive nature of the clause and its effects and that this date must not be fixed (a) on the date of payment of such expense nor of the execution of the agreement; (b) when the Supreme Court has handed down judgments stating the abusive nature of a clause similar to the one included in the consumer contract; nor (c) when the ECJ has handed down judgments confirming that the statute of limitations for the annulment of contractual provisions is valid subject to its compliance with the principles of equivalence and effectiveness.

  The Supreme Court has confirmed this criterion in its 14 June 2024 judgment, establishing that the public dissemination of case-law declaring the abusive nature of a clause does not necessarily give rise to the limitation period of the reimbursement action derived from similar clauses. However, the 4 July 2024 judgment, rendered in the case C-450/22, the ECJ has established that it cannot be excluded a priori that, as a consequence of the occurrence of an objective event or of a notorious event, such as the amendment of the applicable legislation or a widely disseminated and debated development of jurisprudence, the court considers that the average consumer's overall perception of the floor clause has changed during the reference period and has enabled him to become aware of the potentially significant economic consequences arising from such clause. A further preliminary question concerning the statute of limitations of the annulment of mortgage expenses has been raised before the ECJ by the First Instance Court No 8 of La Coruña. In December in 2024, the Supreme Court handed down two additional judgments regarding statute of limitations, in which it determines that the date to be considered for the purposes of the application of Directive 93/1994 and, consequently, the statute of limitations detailed in its previous judgments, is 31 December 1994 (i.e. the date when the deadline for its transposition ended). This is based on the principle of interpretation in accordance with directives not transposed (applicable once their transposition period has expired). The recorded provision includes the best estimate of Group’s liability for this matter.

Banco Santander and the other Group companies are subject to claims and, therefore, are party to certain judicial and administrative proceedings incidental to the normal course of their business including those in connection with lending activities, relationships with employees and other commercial or tax matters additional to those referred to here.

With the information available to it, the Group considers that, at 31 December 2024, it had reliably estimated the obligations associated with each proceeding and had recognized, where necessary, sufficient provisions to cover reasonably any liabilities that may arise as a result of these tax and legal risks. Disputes in which provisions have been registered but are not disclosed is justified on the basis that it would be prejudicial to the proper defense of the Group. Subject to the qualifications made, it also believes that any liability arising from such claims and proceedings will not have, overall, a material adverse effect on the Group’s business, financial position, or results of operations.

26. Other liabilities

The detail of Other liabilities in the consolidated balance sheets is as follows:

EUR million

	2024	2023	2022
Transactions in transit	910	767	457
Accrued expenses and deferred income	9,003	9,136	8,445
Other	6,431	7,695	5,707
	16,344	**17,598**	**14,609**

27. Tax matters

a) Consolidated Tax Group

In accordance with current Spanish legislation, the Consolidated Tax Group includes Banco Santander, S.A. (as the parent) and Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups (as the controlled entities).

The other Group companies file income tax returns in accordance with the tax regulations applicable to them.

b) Years open for review by the tax authorities

In January 2024, the Spanish tax authorities formalized acts with agreement, conformity and non-conformity, relating to corporate income tax for financial years 2017 to 2019. The adjustments signed in conformity and with agreement had no impact on results.

In June 2024, the tax authorities notified the final assessments derived from the adjustments in non-conformity, which have been appealed at the Central Economic Administrative Court. Banco Santander, S.A., as the parent of the Consolidated Tax Group, considers, in accordance with the advice of its external lawyers, that the assessments should not have a significant impact on the consolidated financial statements, as there are sound arguments as proof in the appeals filed, as well as in the appeals against previous tax audits that are pending at the National Appellate Court (tax years 2003 to 2011) and at the Central Economic Administrative Court (tax years 2012 to 2015). Consequently, no provision has been recorded for this concept. It should also be noted that, in those cases where it has been considered appropriate, the mechanisms available to avoid international double taxation have been used.

In April 2024, the Spanish tax authorities have initiated partial tax audits to verify corporate income tax for the year 2020, as well as value added tax (VAT) for years 2020 to 2022.

At the date of approval of these consolidated annual accounts, subsequent years up to and including 2024, are subject to review.

The other entities have the corresponding years open for review, pursuant to their respective tax regulations.

Because of the possible different interpretations which can be made of the tax regulations, the outcome of the tax audits of the rest of years subject to review might give rise to contingent tax liabilities which cannot be objectively quantified. However, the Group's tax advisers consider that it is unlikely that such tax liabilities will materialize, and that in any event the tax charge arising therefrom would not materially affect the Group's consolidated financial statements.

c) Reconciliation

The reconciliation of the income tax expense calculated at the tax rate applicable in Spain (30%) to the income tax expense recognised and the detail of the effective tax rate are as follows:

EUR million

	2024	2023	2022
Consolidated profit (loss) before tax:			
From continuing operations	19,027	16,459	15,250
From discontinued operations	—	—	—
	19,027	16,459	15,250
Income tax at tax rate applicable in Spain (30%)	5,708	4,938	4,575
By the effect of application of the various tax rates applicable in each country[A]	115	(100)	61
Of which:			
Brazil	*413*	*198*	*472*
United Kingdom	*(53)*	*(51)*	*(161)*
United States	*(25)*	*(28)*	*(99)*
Chile	*(33)*	*(28)*	*(30)*
Poland	*(183)*	*(164)*	*(101)*
Effect of profit or loss of associates and joint ventures	(213)	(184)	(210)
USA electric vehicle leasing incentives	(258)	(259)	—
Global minimum tax Pillar Two	14	—	—
Effect of reassessment of deferred taxes	68	—	—
Permanent differences and other	(151)	(119)	60
Income tax	**5,283**	**4,276**	**4,486**
Effective tax rate	27.77%	25.98%	29.42%
Of which:			
Continuing operations	*5,283*	*4,276*	*4,486*
Of which:			
Current taxes	*4,855*	*5,568*	*4,272*
Deferred taxes	*428*	*(1,292)*	*214*
Income tax (receipts)/payments	5,880	5,214	5,498

A. Calculated by applying the difference between the tax rate applicable in Spain and the tax rate applicable in each jurisdiction to the profit or loss contributed to the Group by the entities which operate in each jurisdiction.

d) Tax recognised in equity

In addition to the income tax recognised in the consolidated income statement, the Group recognised the following amounts in consolidated equity in 2024, 2023 and 2022:

EUR million

	2024	2023	2022
Other comprehensive income			
Items not reclassified to profit or loss	**85**	**358**	**49**
Actuarial gains or (-) losses on defined benefit pension plans	172	302	96
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	(4)	20	(19)
Financial liabilities at fair value with changes in results attributable to changes in credit risk	(83)	36	(26)
Other recognised income and expense of investments in subsidiaries, joint ventures and associates	—	—	(2)
Items that may be reclassified to profit or loss	**54**	**(919)**	**1,522**
Cash flow hedges	(205)	(732)	912
Changes in the fair value of debt instruments through other comprehensive income	261	(214)	661
Other recognised income and expense of investments in subsidiaries, joint ventures and associates	(2)	27	(51)
Total	**139**	**(561)**	**1,571**

e) Deferred taxes

'Tax assets' in the consolidated balance sheets includes debit balances with the Public Treasury relating to deferred tax assets. 'Tax liabilities' includes the liability for the Group's various deferred tax liabilities.

In accordance with EU Regulation 575/2013 on prudential requirements for credit institutions and investment firms (CRR), and subsequently amended by EU Regulation 2019/876 of the European Parliament and of the Council, those deferred tax assets that do not rely on future profitability arising from temporary differences (referred to hereinafter as 'monetizable deferred tax assets'), meeting certain conditions, should not be deducted from regulatory capital and should not be risk-weighted at 250% according to the thresholds set out in Article 48 of the said Regulation, but shall apply a risk weight of 100% under Article 39.

The detail of deferred tax assets, by classification as monetizable or non-monetizable assets, and of deferred tax liabilities at 31 December 2024, 2023 and 2022 is as follows:

EUR million

	2024		2023		2022	
	Monetizable[A]	Other	Monetizable[A]	Other	Monetizable[A]	Other
Tax assets	**10,309**	**8,861**	**11,099**	**9,668**	**10,660**	**10,127**
Tax losses and tax credits	—	2,367	—	2,393	—	1,778
Temporary differences	10,309	6,494	11,099	7,275	10,660	8,349
Of which:						
Non-deductible provisions	—	*1,784*	—	*1,965*	—	*2,182*
Valuation of financial instruments	—	*1,486*	—	*1,543*	—	*1,535*
Loan losses	*7,880*	*1,103*	*8,248*	*1,577*	*7,696*	*1,232*
Pensions	*2,429*	*423*	*2,851*	*665*	*2,964*	*560*
Valuation of tangible and intangible assets	—	*885*	—	*1,060*	—	*1,270*
Tax liabilities	**—**	**6,276**	**—**	**6,086**	**—**	**6,428**
Temporary differences	—	6,276	—	6,086	—	6,428
Of which:						
Valuation of financial instruments	—	*2,412*	—	*2,059*	—	*1,792*
Valuation of tangible and intangible assets	—	*2,797*	—	*2,594*	—	*3,169*
Investments in Group companies	—	*403*	—	*378*	—	*359*

A. In 2023, the Spanish Economic Administrative Court ruled that in 2017 the requirements for the conversion of part of the monetizable assets of Popular Group into a credit against the Tax Administration were met, allowing the conversion to 995 million euros. Banco Santander was refunded without impact on results. The favorable Economic Administrative Court decision was declared harmful to the public interests and challenged at the National Appellate Court by the Tax Administration. The estimation of this appeal, which is pending at the National Appellate Court, would imply that Grupo Santander should repay the amount refunded and would, once again, credit these monetizable assets with no impact on results except for late payment interests. However, it is considered that there are strong defense arguments in relation to this appeal.

Grupo Santander only recognises deferred tax assets for temporary differences or tax loss and tax credit carryforwards where it is considered probable that consolidated entities that generated them will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities are reassessed at the reporting date in order to ascertain whether any adjustments need to be made on the basis of the findings of the analyses performed.

These analyses take into consideration all evidence, both positive and negative, of the recoverability of such deferred tax assets, among which we can find, (i) the results generated by the different entities in previous years, (ii) the projections of results of each entity or fiscal group, (iii) the estimation of the reversal of the different temporary differences according to their nature and (iv) the period and limits established under the applicable legislation of each country for the recovery of the different deferred tax assets, thus concluding on the ability of each entity or fiscal group to recover the deferred tax assets registered.

The projections of results used in this analysis are based on the financial planning approved by both the local directions of the corresponding units and by the Group's directors. The Group's budget estimation process is common for all units. The Group's management prepares its financial planning based on the following key assumptions:

a) Microeconomic variables of the entities that make up the fiscal group in each location: the existing balance structure, the mix of products offered and the commercial strategy at each moment defined by local directions are taken into account, based on the competition, regulatory and market environment.

b) Macroeconomic variables: estimated growths are based on the evolution of the economic environment considering the expected evolution in the gross domestic product of each location, and the forecasts of interest rates, inflation and exchange rates fluctuations. These data are provided by the Group’s Studies Service, based on external sources of information.

Additionally, the Group performs retrospective contrasts (backtesting) on the variables projected in the past. The differential behaviour of these variables with respect to the real market data is considered in the projections estimated in each fiscal year. Thus, and in relation to Spain, the deviations identified by the Directors in recent past years are due to non-recurring events outside the operation of the business, such as the impacts due to the first application of new regulations, the costs assumed for the acceleration of the restructuring plans and the changing effect of the current macroeconomic environment.

Finally, and given the degree of uncertainty of these assumptions on the referred variables, the Group conducts a sensitivity analysis of the most significant assumptions considered in the deferred tax assets' recoverability analysis, considering any reasonable change in the key assumptions on which the projections of results of each entity or fiscal group and the estimation of the reversal of the different temporary differences are based.

In relation to Spain, the sensitivity analysis has consisted of making reasonable changes to the key assumptions, including adjusting 50 basis points for growth (gross domestic product) and adjusting 50 basis points for inflation.

Relevant information is set forth below for the main countries which have recognised deferred tax assets:

Spain

The deferred tax assets recognised at the Consolidated Tax Group total EUR 7,338 million, of which EUR 5,246 million were for monetizable temporary differences with the right to conversion into a credit against the tax administration as explained before, EUR 1,411 million for other temporary differences and EUR 681 million for tax losses and credits.

Brazil

The deferred tax assets recognised in Brazil total EUR 7,198 million, of which EUR 4,979 million were for monetizable temporary differences, EUR 1,363 million for other temporary differences and EUR 856 million for tax losses and credits.

Mexico

The deferred tax assets recognized in Mexico total EUR 1,262 million, which are temporary differences.

United States

The deferred tax assets recognised in the United States total EUR 1,173 million, of which EUR 387 million were for temporary differences and EUR 786 million for tax losses and credits.

The Group estimates that the recognised deferred tax assets for temporary differences, tax losses and credits in the different jurisdictions could be recovered in a maximum period of 15 years.

The changes in Tax assets - Deferred and Tax liabilities - Deferred in the last three years were as follows:

EUR million

	Balances at 31 December 2023	(Charge)/ Credit to income	Foreign currency balance translation differences and other items	(Charge)/Credit to asset and liability valuation adjustments	Acquisition for the year (net)	Balances at 31 December 2024
Deferred tax assets	**20,767**	**119**	**(1,670)**	**(41)**	**(5)**	**19,170**
Tax losses and tax credits	2,393	114	(139)	—	(1)	2,367
Temporary differences	18,374	5	(1,531)	(41)	(4)	16,803
Of which monetizable	*11,099*	*147*	*(937)*	—	—	*10,309*
Deferred tax liabilities	**(6,086)**	**(547)**	**142**	**215**	**—**	**(6,276)**
Temporary differences	(6,086)	(547)	142	215	—	(6,276)
	14,681	**(428)**	**(1,528)**	**174**	**(5)**	**12,894**

EUR million

	Balance at 31 December 2022	(Charge)/ Credit to income	Foreign currency balance translation differences and other items	(Charge)/Credit to asset and liability valuation adjustments	Acquisition for the year (net)	Balance at 31 December 2023
Deferred tax assets	**20,787**	**629**	**(130)**	**(422)**	**(97)**	**20,767**
Tax losses and tax credits	1,778	392	224	—	(1)	2,393
Temporary differences	19,009	237	(354)	(422)	(96)	18,374
Of which monetizable	*10,660*	*1,232*	*(787)*	—	*(6)*	*11,099*
Deferred tax liabilities	**(6,428)**	**663**	**3**	**(338)**	**14**	**(6,086)**
Temporary differences	(6,428)	663	3	(338)	14	(6,086)
	14,359	**1,292**	**(127)**	**(760)**	**(83)**	**14,681**

EUR million

	Balances at 31 December 2021	(Charge)/ Credit to income	Foreign currency balance translation differences and other items	(Charge)/Credit to asset and liability valuation adjustments	Acquisition for the year (net)	Balance at 31 December 2022
Deferred tax assets	**19,440**	**273**	**376**	**697**	**1**	**20,787**
Tax losses and tax credits	1,250	211	317	—	—	1,778
Temporary differences	18,190	62	59	697	1	19,009
Of which monetizable	*10,473*	*507*	*(320)*	—	—	*10,660*
Deferred tax liabilities	**(6,462)**	**(487)**	**(149)**	**684**	**(14)**	**(6,428)**
Temporary differences	(6,462)	(487)	(149)	684	(14)	(6,428)
	12,978	**(214)**	**227**	**1,381**	**(13)**	**14,359**

Also, the Group did not recognise deferred tax assets amounting to approximately EUR 11,200 million of which EUR 6,660 million relate to tax losses, EUR 3,500 million to tax credits, and EUR 1,040 million to other concepts.

f) Global Minimum Tax Pillar Two

In December 2021, the OECD's Inclusive Framework on base erosion and profit shifting (BEPS) approved the model rules of the Global Minimum Tax, known as Pillar Two. Pillar Two applies to multinational groups with a turnover of more than EUR 750 million and entails a minimum tax of 15% calculated on adjusted accounting profit on a jurisdiction-by-jurisdiction basis. The OECD has completed these rules by approving administrative guidances and a report on Safe Harbors in order to simplify their application during the first three years.

In the European Union, in December 2022, the Council adopted Directive 2022/2523 ensuring an overall minimum level of taxation for multinational groups and large domestic groups in the EU, entering into force on 1 January 2024. The Directive implements at EU level the Pillar Two rules of the OECD's Inclusive Framework, extending its application to large national groups.

In Spain, Law 7/2024 was approved on 20 December 2024, establishing a complementary tax to ensure an overall minimum level of taxation for multinational groups and large domestic groups with effects from 1 January 2024. This law transposes Council Directive 2022/2523 and establishes a national complementary tax adapted to Pillar Two Rules. In other jurisdictions, the new global minimum tax is in force in the United Kingdom, Switzerland, the Bahamas and most of the EU member states, and in 2025 will enter into force in other jurisdictions where the Group is present, such as Poland, Brazil, Hong Kong, Singapore, Jersey or the Isle of Man.

The Group is within the scope of this new regulation. Pilar Two rules require the calculation of the effective tax rate resulting from the income tax expense and the accounting result, both with some adjustments, in each jurisdiction where the Group is present. If in a jurisdiction this rate is under 15%, Banco Santander, as the ultimate parent entity, must pay the difference to the Spanish tax authorities as a Top-up Tax, unless there is a Domestic Top-up Tax payable to the local tax authorities, according to the rules of Pillar Two in that jurisdiction (Qualified Domestic Top-up Tax).

Both Banco Santander, S.A., as the ultimate parent entity, and subsidiaries in jurisdictions with Domestic Top-up taxes in force, have estimated these additional taxes, considering the application of transitional Safe Harbors in 2024, 2025 and 2026.

These Safe Harbors entail that no Top-up Tax is due, either in the parent entity or in jurisdictions that have approved a Qualified Domestic Top-up Tax, as long as one of the following conditions is met: (i) the effective tax rate calculated from the Country-by-country reporting exceeds 15% in 2024, 16% in 2025 and 17% in 2026, (ii) the Group's presence in a jurisdiction is not significant, considering so when income is less than EUR 10 million and profit before tax is less than EUR 1 million, or (iii) the profit before tax is lower than the result of adding fixed tangible assets and staff costs, weighted by a certain percentage that varies annually.

Top-up taxes registered by the Group are not significant, since the effective tax rates calculated under Pillar Two rules in most jurisdictions in which the Group operates are above 15%. However, the new rules require to provide a large amount of information to the tax authorities of the different jurisdictions where the Group is present, broken down by entity, which entails relevant administrative burden.

g) Tax reforms

The following significant tax reforms were approved in 2024 and previous years:

In Spain, in 2022, Law 38/2022 established a new temporary levy on credit institutions and financial credit institutions for fiscal years 2023 and 2024. The levy is calculated as 4.8% of net interest and fees earned in the business carried out in Spain in the precedent year and the payment obligation arises on the first day of each period. The recorded levy totals 224 million in 2023 and 334 million euros in 2024, although the tax authorities have reviewed the tax year 2023 and consider that an additional amount is payable due to discrepancies in the criteria applied in determining the tax base, which are being disputed by Banco Santander. Additionally, this law also established for 2023 a 50% limitation on the integration of negative individual tax bases into the consolidated group's tax base, with a 10-year deadline for the reversal of this positive adjustment.

On 20 December 2024, Law 7/2024 was approved. This law establishes, among others, a tax on net interest and commissions obtained in the Spanish territory by certain financial institutions that will be accrued on 1 January 2025, 2026, and 2027. The tax base, with some modifications compared to the temporary levy tax base, is now calculated on an individual basis for each financial entity and the tax liability is determined according to a progressive scale of tax rates from 1% to 7%, with certain deductions. On 24 December 2024, Royal Decree-Law 9/2024 was published in the Spanish State Official Gazette modifying certain technical aspects of the tax and postponing its accrual to 31 January. This Royal Decree-Law has been repealed on 22 January 2025. No expense for this new tax has been recorded in these consolidated annual accounts in accordance with the legislation in force.

The above-mentioned Law has extended during 2024 and 2025, the 50% limitation on the integration of negative individual tax bases into the consolidated group's tax base, with a 10-year deadline for the reversal of this positive adjustment. Besides, this law reintroduces the limits established by Royal Decree-Law 3/2016, that was annulled on 18 January 2024 by the Spanish Constitutional Court, on the offsetting of monetizable deferred tax assets and tax losses (from 70% to 25%) and double taxation deductions (50%) and mandatory reversal of impairment losses that were deducted in previous years in the next three years, irrespective of the recovery of the value of the investments.

In the United Kingdom, the Budget Act for 2021 increased the main corporate income tax rate from 19% to 25% with effect from 1 April 2023. In addition, and also with effect from 1 April 2023, the Bank Surcharge tax rate was reduced from 8% to 3%, so the corporate tax rate for banks is set at 28%.

In Brazil, in 2022 Law 14,446, established for this year an increase in the rate of contribution on net income (CSLL) of banks, from 20% to 21%, and for other financial institutions, from 15% to 16%. In addition, Law 14,467, with effect from 2025, amends the rules on the tax deductibility of credit provisions in financial institutions, bringing those rules closer to the accounting recognition criterion. In 2024, Law 15,078 has been published, which allows the recovery of the accumulated balance of provisions of non-deductible loans at the end of 2024 within a period of 7 years from January 2026 (with option of 10 years).

In the tax on financial operations (IOF), Decree 10,997/2022 established the reduction to 0% of the IOF applicable to foreign financing and lending transactions, and a gradual reduction in the rates applicable to foreign exchange transactions until their reduction to 0%, as from 2 January 2029.

In December 2023, Congress approved Constitutional Amendment 132/2023 on indirect taxation reform, that has been developed through PLP No. 68/2024 approved in December 2024. This reform replaces the various existing indirect taxes in Brazil, -applicable at the federal, regional and municipal levels-, with two taxes administered at federal level (contribution on goods and services and selective tax) and other administered at regional and municipal levels (tax on goods and services). The new system will be gradually implemented over a transitional period of 8 years (from 2026 to 2033).

Additionally, Law 14,973/2024 has partially extended the payroll tax until 31 December 2027, establishing an optional regime of employees social contributions applicable to certain sectors of activity, which allows calculating these social contributions as a percentage of gross income (between 1% and 4.5%, depending on sector), instead of the general regime consisting of a percentage (20%) of the payroll paid to employees.

In Argentina, since 23 December 2024, Tax for an Inclusive and Solidarity Argentina (PAIS) was eliminated, which imposed certain foreign currency purchasing operations in order to make payments abroad. Likewise, General Resolution (AFIP) No. 5,554 cancels, with effect 1 September 2024, the obligation to practice withholding for VAT and income tax on electronic payments.

In Chile, Law 27,713 on the Compliance of Tax Obligations was published in October 2024, which amends, among other rules, the Tax Code, the Income Tax Law and the VAT Law. In addition, in July 2024, Law 21,681 was published, which, among other measures, establishes a new Substitute Tax of Final Tax, which allows tax profits to be distributed up to 31 January 2025 with a fixed rate of 12%, reducing the tax cost of its distribution.

In the United States, during 2022, Inflation Reduction Act (IRA) was approved, which, among other measures, imposed a minimum taxation on the accounting results of certain large companies, through the introduction of a new Alternative Minimum Tax (AMT) from 2023, as well as relevant tax credits related with investments in clean energies.

h) Other information

In compliance with the disclosure requirement established in the listing rules instrument 2005 published by the UK Financial Conduct Authority, it is hereby stated that shareholders of the Bank resident in the United Kingdom will be entitled to a tax credit for taxes paid abroad in respect of withholdings that the Bank has to pay on the dividends to be paid to such shareholders if the total income of the dividend exceeds the amount of exempt dividends of GBP 500 for the year 2024/25 (GBP 1,000 for the year 2023/24). The shareholders of the Bank resident in the United Kingdom who hold their ownership interest in the Bank through Santander Nominee Service will be informed directly of the amount thus withheld and of any other data they may require to complete their tax returns in the United Kingdom. The other shareholders of the Bank resident in the United Kingdom should contact their bank or securities broker.

Banco Santander, S.A., is part of the Large Business Forum and has adhered since 2010 to the Code of Good Tax Practices in Spain. Also Santander UK is a member of the HMRC's (His Majesty's Revenue and Customs) Code of Practice on Taxation in the United Kingdom and Santander Portugal has adhered to the Code of Good Tax Practices in Portugal, actively participating in the cooperative compliance programs being developed by these Tax Administrations.

28. Non-controlling interests

Non-controlling interests include the net amount of the equity of subsidiaries attributable to equity instruments that do not belong, directly or indirectly, to the Bank, including the portion attributed to them of profit for the year.

a) Breakdown

The detail, by Group company, of 'Equity - Non-controlling interests' is as follows:

EUR million

	2024	2023	2022
Santander Bank Polska S.A.	2,320	1,934	1,603
Grupo PSA	1,725	1,590	1,728
Banco Santander - Chile	1,364	1,379	1,317
Banco Santander (Brasil) S.A.	1,257	1,493	1,210
Banco Santander México, S.A. Institución de Banca Múltiple, Grupo Financiero Santander México	3	4	251
Other companies[A]	887	1,311	1,213
	7,556	**7,711**	**7,322**
Profit/(Loss) for the year attributable to non-controlling interests	1,170	1,107	1,159
Of which:			
Grupo PSA	*217*	*285*	*323*
Banco Santander - Chile	*271*	*235*	*280*
Banco Santander (Brasil) S.A.	*233*	*182*	*259*
Santander Bank Polska S.A.	*413*	*347*	*196*
Banco Santander México, S.A. Institución de Banca Múltiple, Grupo Financiero Santander México	*—*	*13*	*42*
Other companies	*36*	*45*	*59*
TOTAL	**8,726**	**8,818**	**8,481**

A. Includes perpetual Santander UK plc equity instruments convertible at the option of Santander UK plc into preferred shares of the entity itself (EUR 576 million and EUR 564 million in 2023 and 2022, respectively). During 2024, the last outstanding issuance held by third parties was redeemed in advance for an amount of GBP 500 million (EUR 590 million at the transaction rate).

c) Other information

The financial information on the subsidiaries with significant non-controlling interests at 31 December 2024 is summarised below:

EUR million[A]

	Santander Bank Polska S.A.	Banco Santander (Brasil) S.A.	Banco Santander - Chile	Grupo PSA
Total assets	68,269	205,510	70,434	45,373
Total liabilities	61,439	190,020	64,983	41,458
Net assets	**6,830**	**15,490**	**5,451**	**3,915**
Total income	3,555	13,536	2,592	1,053
Total profit	**1,219**	**2,665**	**899**	**431**

A. Information prepared using corporate management criteria, which may not coincide with those published individually by each entity.

b) Changes

The changes in Non-controlling interests are summarised as follows:

EUR million

	2023	2022	2021
Balance at beginning of year	8,818	8,481	10,123
Other comprehensive income	(461)	297	248
Other	369	40	(1,890)
Profit attributable to non-controlling interests	*1,170*	*1,107*	*1,159*
Modification of participation rates[A]	*395*	*(258)*	*(1,811)*
Change of perimeter	*(8)*	*(364)*	*31*
Dividends paid to minority shareholders	*(660)*	*(748)*	*(500)*
Changes in capital and other concepts[B]	*(528)*	*303*	*(769)*
Balance at end of year	**8,726**	**8,818**	**8,481**

A. Include the effects of the accelerated placement of 5.2% of the share capital of Santander Bank Polska S.A. in 2024, the public offer for the acquisition of shares of Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México that occurred in 2023 and the purchase of shares of Santander Holdings USA, Inc. on Santander Consumer USA Holdings Inc. occurred in 2022 (see note 3.b).

B. Includes the effects of the amortization of AT1 UK by EUR 590 million and EUR 756 million at closing of fiscal years 2024 and 2022, respectively.

The foregoing changes are shown in the consolidated statement of changes in total equity.

29. Other comprehensive income

The balances of 'Other comprehensive income' include the amounts, net of the related tax effect, of the adjustments to assets and liabilities recognised in equity through the consolidated statement of recognised income and expense. The amounts arising from subsidiaries are presented, on a line by line basis, in the appropriate items according to their nature.

Respect to items that may be reclassified to profit or loss, the consolidated statement of recognised income and expense includes changes in other comprehensive income as follows:

- Revaluation gains (losses): includes the amount of the income, net of the expenses incurred in the year, recognised directly in equity. The amounts recognised in equity in the year remain under this item, even if in the same year they are transferred to the income statement or to the initial carrying amount of the assets or liabilities or are reclassified to another line item.

- Amounts transferred to income statement: includes the amount of the revaluation gains and losses previously recognised in equity, even in the same year, which are recognised in the income statement.

- Amounts transferred to initial carrying amount of hedged items: includes the amount of the revaluation gains and losses previously recognised in equity, even in the same year, which are recognised in the initial carrying amount of assets or liabilities as a result of cash flow hedges.

- Other reclassifications: includes the amount of the transfers made in the year between the different "Other comprehensive income" items.

a) Breakdown of Other comprehensive income - Items that will not be reclassified in results and Items that can be classified in results

EUR million[A]

	2024	2023	2022
Other comprehensive income	**(36,595)**	**(35,020)**	**(35,628)**
Items that will not be reclassified to profit or loss	**(4,757)**	**(5,212)**	**(4,635)**
Actuarial gains and losses on defined benefit pension plans	(4,404)	(4,324)	(3,945)
Non-current assets held for sale	—	—	—
Share in other income and expenses recognised in investments, joint ventures and associates	(1)	1	10
Other valuation adjustments	—	—	—
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	(432)	(776)	(672)
Inefficiency of fair value hedges of equity instruments measured at fair value with changes in other comprehensive income	—	—	—
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (hedged item)	284	264	293
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (hedging instrument)	(284)	(264)	(293)
Changes in the fair value of financial liabilities measured at fair value through profit or loss attributable to changes in credit risk	80	(113)	(28)
Items that may be reclassified to profit or loss	**(31,838)**	**(29,808)**	**(30,993)**
Hedges of net investments in foreign operations (Effective portion)	(8,002)	(8,684)	(6,750)
Exchange differences	(22,375)	(19,510)	(20,420)
Hedging derivatives. Cash flow hedges (Effective portion)	(298)	(740)	(2,437)
Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income	(736)	(555)	(1,002)
Hedging instruments (items not designated)	—	—	—
Non-current assets classified as held for sale	—	—	—
Share in other income and expenses recognised in investments, joint ventures and associates	(427)	(319)	(384)

A. Net amount of taxes and minorities

b) Other comprehensive income- Items not reclassified to profit or loss – Actuarial gains or (-) losses on defined benefit pension plans

'Other comprehensive income —Items not reclassified to profit or loss— Actuarial gains or (-) losses on defined benefit pension plans' include the actuarial gains and losses and the return on plan assets, less the administrative expenses and taxes inherent to the plan, and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset), attributed to the group net of taxes.

In 2024, the amount of actuarial losses (net of actuarial gains) recognized in the consolidated statement of recognised income was EUR 584 million, which corresponds to:

- In first place, due to the addition against equity of 2024 amounting to EUR 643 million - see note 25.b -, with the following breakdown:
  - Increase of EUR 475 million in the cumulative actuarial losses relating to the Group´s businesses in the UK, mainly due to the evolution of the asset portfolio. These losses have been partially offset by the evolution experienced in the discount rate- increase from 4.63% to 5.54%.
  - Increase of EUR 160 million in accumulated actuarial losses corresponding to the Group's business in Brazil, mainly due to the collective experience and the evolution of the asset portfolio. These losses have been partially offset by the evolution experienced by the discount rate -increase from 8.65% to 10.58% in the main pension benefits and 8.70% to 10.50% in medical benefits.
  - Increase of EUR 21 million in the accumulates actuarial losses relating to the Group´s entities in Spain, mainly due to the evolution experienced by the discount rate -reduction from 3.35% to 3.00%-.
  - Decrease of EUR 13 million in the accumulated actuarial losses corresponding to the Group's businesses in other geographical areas.
- In second place, due to the evolution of exchange rates, a EUR 59 million decrease.

c) Other comprehensive income - Items that will not be reclassified in results - Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income

Since the entry into force of IFRS 9, no impairment analysis is performed of equity instruments recognised under 'Other comprehensive income'. IFRS 9 eliminates the need to carry out the impairment estimate on this class of equity instruments and the reclassification to profit and loss on the disposal of these assets, being recognised at fair value with changes in equity.

The following is a breakdown of the composition of the balance as of 31 December 2024, 2023 and 2022 under 'Other comprehensive income - Items that will not be reclassified to profit or loss - Changes in the fair value of equity instruments measured at fair value with changes in other global result' depending on the geographical origin of the issuer:

EUR million

	2024			
	Capital gains by valuation	**Capital losses by valuation**	**Net gains/losses by valuation**	**Fair Value**
Equity instruments				
Domestic				
Spain	*39*	*(1328)*	*(1,289)*	*117*
International				
Rest of Europe	*131*	*(71)*	*60*	*299*
United States	*22*	*—*	*22*	*24*
Latin America and rest	*775*	*—*	*775*	*1,753*
	967	**(1,399)**	**(432)**	**2,193**
Of which:				
Publicly listed	*779*	*(51)*	*728*	*1,780*
Non publicly listed	*188*	*(1,348)*	*(1,160)*	*413*

EUR million

	2023			
	Capital gains by valuation	**Capital losses by valuation**	**Net gains/losses by valuation**	**Fair Value**
Equity instruments				
Domestic				
Spain	*32*	*(1,173)*	*(1,141)*	*252*
International				
Rest of Europe	*117*	*(71)*	*46*	*267*
United States	*16*	*—*	*16*	*19*
Latin America and rest	*370*	*(67)*	*303*	*1,223*
	535	**(1,311)**	**(776)**	**1,761**
Of which:				
Publicly listed	*316*	*(118)*	*198*	*1,225*
Non publicly listed	*219*	*(1,193)*	*(974)*	*536*

EUR million

	2022			
	Capital gains by valuation	**Capital losses by valuation**	**Net gains/losses by valuation**	**Fair Value**
Equity instruments				
Domestic				
Spain	*30*	*(926)*	*(896)*	*500*
International				
Rest of Europe	*84*	*(60)*	*24*	*225*
United States	*15*	*—*	*15*	*29*
Latin America and rest	*244*	*(59)*	*185*	*1,187*
	373	**(1,045)**	**(672)**	**1,941**
Of which:				
Publicly listed	*246*	*(113)*	*133*	*1,200*
Non publicly listed	*127*	*(932)*	*(805)*	*741*

d) Other comprehensive income - Items that may be reclassified to profit or loss - Hedge of net investments in foreign operations (effective portion) and exchange differences

The change in 2024 reflects the positive effect of the appreciation of pound sterling, the US dollar and Polish zloty and the negative effect of the depreciation of the Brazilian real, Argentine peso, Mexican peso and Chilean peso, whereas the change in 2023 reflected positive effect of the appreciation of the Brazilian real, the US dollar and the Mexican peso and the negative effect of the depreciation of the pound sterling. The change in 2022 reflected the positive effect of the generalized appreciation of the main currencies, especially the Brazilian real, the pound sterling, the US dollar and the Mexican peso.

Of the change in the balance in these years, a loss of EUR 568 million, a profit of EUR 249 million and a profit of EUR 494 million in 2024, 2023 and 2022, respectively relate to the measurement of goodwill.

The detail, by country is as follows:

EUR million

	2024	2023	2022
Net balance at end of year	(30,377)	(28,194)	(27,170)
Of which:			
Brazilian real	*(19,293)*	*(16,340)*	*(16,735)*
Pound sterling	*(3,444)*	*(3,964)*	*(4,219)*
Mexican peso	*(3,995)*	*(2,942)*	*(3,010)*
Argentine peso	*(2,090)*	*(2,655)*	*(1,755)*
Chilean peso	*(2,857)*	*(2,531)*	*(2,081)*
US dollar	*2,923*	*1,819*	*2,384*
Polish zloty	*(709)*	*(786)*	*(999)*
Other	*(912)*	*(795)*	*(755)*

The breakdown of translation differences by currency is as follows:

EUR million

2024				Of which:		
Currency	**Balance at the beginning of the year**	**Balance at the end of the year**	**Movement**	**From goodwill**	**From results[A]**	**From net assets**
Brazilian real	(13,287)	(16,664)	(3,377)	(631)	(206)	(2,540)
Pound sterling	(4,064)	(3,300)	764	39	22	703
Mexican peso	(64)	(1,437)	(1,373)	(82)	(136)	(1,155)
Argentine peso	(2,658)	(2,090)	568	—	—	568
Chilean peso	(1,890)	(2,180)	(290)	(34)	(7)	(249)
US dollar	3,433	4,462	1,029	116	35	878
Polish zloty	(325)	(202)	123	34	5	84
Other	(655)	(964)	(309)	(10)	(8)	(291)
Total Group	**(19,510)**	**(22,375)**	**(2,865)**	**(568)**	**(295)**	**(2,002)**

A. Profit and loss items are translated into euros at the average exchange rate for the year as described in note 2 a) ii.

EUR million

2023				Of which:		
Currency	**Balance at the beginning of the year**	**Balance at the end of the year**	**Movement**	**From goodwill**	**From results[A]**	**From net assets**
Brazilian real	(14,199)	(13,287)	912	191	11	710
Pound sterling	(4,446)	(4,064)	382	20	4	358
Mexican peso	(1,132)	(64)	1,068	62	41	965
Argentine peso	(1,754)	(2,658)	(904)	(4)	—	(900)
Chilean peso	(1,605)	(1,890)	(285)	(32)	(34)	(219)
US dollar	4,062	3,433	(629)	(64)	(16)	(549)
Polish zloty	(776)	(325)	451	87	32	332
Other	(570)	(655)	(85)	(11)	(1)	(73)
Total Group	**(20,420)**	**(19,510)**	**910**	**249**	**37**	**624**

A. Profit and loss items are translated into euros at the average exchange rate for the year as described in note 2 a) ii.

EUR million

2022				Of which:		
Currency	**Balance at the beginning of the year**	**Balance at the end of the year**	**Movement**	**From goodwill**	**From results[A]**	**From net assets**
Brazilian real	(15,913)	(14,199)	1,714	376	(98)	1,436
Pound sterling	(3,504)	(4,446)	(942)	(51)	(67)	(824)
Mexican peso	(2,012)	(1,132)	880	56	18	806
Argentine peso	(2,109)	(1,754)	355	—	—	355
Chilean peso	(1,852)	(1,605)	247	31	5	211
US dollar	2,775	4,062	1,287	102	(24)	1,209
Polish zloty	(678)	(776)	(98)	(21)	—	(77)
Other	(594)	(570)	24	3	(7)	28
Total Group	**(23,887)**	**(20,420)**	**3,467**	**496**	**(173)**	**3,144**

A. Profit and loss items are translated into euros at the average exchange rate for the year as described in note 2 a) ii.

e) Other comprehensive income -Items that may be reclassified to profit or loss - Hedging derivatives – Cash flow hedges (Effective portion)

Other comprehensive income – Items that may be reclassified to profit or loss - Cash flow hedges includes the gains or losses attributable to hedging instruments that qualify as effective hedges. These amounts will remain under this heading until they are recognised in the consolidated income statement in the periods in which the hedged items affect it.

f) Other comprehensive income - Items that may be reclassified to profit or loss – Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income

Includes the net amount of unrealised changes in the fair value of assets classified as Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income (see note 7).

The breakdown, by type of instrument and geographical origin of the issuer, of 'Other comprehensive income – Items that may be reclassified to profit or loss - Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income' at 31 December 2024, 2023 and 2022 is as follows:

EUR million

	31 December 2024			
	Revaluation gains	**Revaluation losses**	**Net revaluation gains/ (losses)**	**Fair value**
Debt instruments				
Issued by Public-sector				
Spain	*103*	*—*	*103*	*13,764*
Rest of Europe	*268*	*(70)*	*198*	*15,413*
Latin America and rest of the world	76	(944)	(868)	38,784
Issued by Private-sector				
Spain	*96*	*(23)*	*73*	*6,019*
Rest of Europe	*25*	*(18)*	*7*	*7,478*
Latin America and rest of the world	*16*	*(265)*	*(249)*	*6,247*
	584	**(1,320)**	**(736)**	**87,705**

EUR million

	31 December 2023			
	Revaluation gains	**Revaluation losses**	**Net revaluation gains/ (losses)**	**Fair value**
Debt instruments				
Issued by Public-sector				
Spain	*17*	*—*	*17*	*9,867*
Rest of Europe	*333*	*(96)*	*237*	*18,258*
Latin America and rest of the world	194	(820)	(626)	38,169
Issued by Private-sector				
Spain	*98*	*(9)*	*89*	*5,129*
Rest of Europe	*19*	*(30)*	*(11)*	*5,018*
Latin America and rest of the world	*6*	*(267)*	*(261)*	*5,106*
	667	**(1,222)**	**(555)**	**81,547**

EUR million

	31 December 2022			
	Revaluation gains	**Revaluation losses**	**Net revaluation gains/ (losses)**	**Fair value**
Debt instruments				
Issued by Public-sector				
Spain	*26*	*(1)*	*25*	*9,312*
Rest of Europe	*268*	*(199)*	*69*	*17,593*
Latin America and rest of the world	196	(937)	(741)	40,873
Issued by Private-sector				
Spain	*—*	*(24)*	*(24)*	*5,727*
Rest of Europe	*11*	*(68)*	*(57)*	*5,203*
Latin America and rest of the world	*16*	*(290)*	*(274)*	*4,590*
	517	**(1,519)**	**(1,002)**	**83,298**

Since the entry into force of IFRS 9, the Group estimates the expected losses on debt instruments measured at fair value with changes in other comprehensive income. These losses are recorded with a charge to the consolidated income statement for the period.

At the end of the years 2023 and 2022, the Group recorded under 'Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss', net due to modification of the consolidated income statement, in the line of financial assets at fair value with changes in other comprehensive income a provision of EUR 44 million and EUR 7 million, respectively.

At the end of the year 2024, the Group did not record any provision in this regard.

g) Other comprehensive income - Items that may be reclassified to profit or loss and Items not reclassified to profit or loss - Other recognised income and expense of investments in subsidiaries, joint ventures and associates

At 31 December 2024, the heading includes a negative amount of EUR 428 million (EUR 318 million and EUR 374 million in 2023 and 2022, respectively). Of the variation in the balance of said years, a gain of EUR 45 million and EUR 44 million has been transferred to results, and a loss of EUR 15 million in the years 2024 2023 and 2022, respectively.

30. Shareholders' equity

The changes in Shareholders' equity are presented in the consolidated statement of changes in total equity. Significant information on certain items of Shareholders' equity and the changes during the year are set forth below.

31. Issued capital

a) Changes

At 31 December 2021, Banco Santander's share capital consisted of EUR 8,670 million, represented by 17,340,641,302 shares of EUR 0.50 of nominal value each and all of them of a unique class and series.

On 1 April 2022, there was a capital reduction amounting to EUR 129,965,136.50 through the redemption of 259,930,273 shares, corresponding to the share buyback program carried out in 2021.

Likewise, on 28 June 2022, Banco Santander decreased its capital by an amount of EUR 143,154,722.50 through the redemption of 286,309,445 shares, corresponding to the share buyback program carried out during the first half of 2022.

Therefore, at 31 December 2022, Banco Santander's share capital consisted of EUR 8,397 million, represented by 16,794,401,584 shares of EUR 0.50 of nominal value each and all of them of a unique class and series. It includes 220,942,806 shares corresponding to the first 2022 share buyback program.

On 21 March 2023, there was a capital reduction amounting EUR 170,203,286 through the redemption of 340,406,572 shares, corresponding to the share buyback program carried out in 2022 and ended in January 2023.

Likewise, on 30 June 2023, there was a capital reduction of EUR 134,924,476.50 through the redemption of 269,848,953 shares, corresponding to the share buyback program during the first half of 2023.

Therefore, Banco Santander's share capital at 31 December 2023 consisted of EUR 8,092 million, represented by 16,184,146,059 shares of EUR 0.50 of nominal value each and all of them of a unique class and series; including 286,842,316 shares corresponding to the first buyback program of 2023 (see note 1.g.).

On 5 February 2024, a capital reduction of EUR179,283,743.50 took place through the redemption of 358,567,487 shares, corresponding to the share buyback program carried out in 2023 and ended in January 2024.

On 1 July 2024, a capital reduction of EUR 165,652,500 took place through the redemption of 331,305,000 shares, corresponding to he share buyback program carried out between February and June 2024.

On 20 December 2024, a capital reduction of EUR 170,890,625 took place through the redemption of 341,781,250 shares, corresponding to he share buyback program carried out during the second semester of 2024.

Aforementioned operations have not entailed the return of contributions to the shareholders as Banco Santander was the owner of the redeemed shares.

Therefore, Banco Santander's share capital at 31 December 2024 consisted of EUR 7,576 million, represented by 15,152,492,322 shares of EUR 0.50 of nominal value each and all of them of a unique class and series.

Banco Santander's shares are listed on the Spanish Stock Market Interconnection System and on the New York, London and Warsaw Stock Exchanges, and all of them have the same features and rights. Santander shares are listed on the London Stock Exchange under Crest Depository Interest (CDI), each CDI representing one Bank's share. They are also listed on the New York Stock Exchange under American Depositary Shares (ADS), each ADS representing one share. Additionally, Banco Santander's shares were listed on the traditional listing of the Mexican Stock Exchange (BMV) and since 29 December 2023, they were listed only in the International Quotation System of said stock exchange.

As of 31 December 2024, no Banco Santander shareholder individually held more than 3% of its total share capital (which is the threshold generally provided for in Spanish regulations for mandatory notification of a significant participation in a listed company). Even though at 31 December 2024, certain custodians appeared in our shareholder registry as holding more than 3% of our share capital, we understand that those shares were held in custody on behalf of other investors, none of whom exceeded that threshold individually. These custodians were State Street Bank (15.26%), The Bank of New York Mellon Corporation (7.16%), Chase Nominees Limited (6.01%) Citibank New York (3.99%) and BNP (3.36%).

At 31 December 2024, neither Banco Santander's shareholder registry nor the CNMV's registry showed any shareholder residing in a non-cooperative jurisdiction with a shareholding equal to, or greater than, 1% of our share capital (which is the other threshold applicable under Spanish regulations).

b) Other considerations

Under Spanish law, only shareholders at the general meeting have the authority to increase share capital. However, they may delegate the authority to approve or execute capital increases to the board of directors. Banco Santander´s Bylaws are fully aligned with Spanish law and do not establish any different conditions for share capital increases.

At 31 December 2024 the shares of the following companies were listed on official stock markets: Banco Santander - Chile; Banco Santander (Brasil) S.A. and Santander Bank Polska S.A.

At 31 December 2024 the number of Banco Santander shares owned by third parties and managed by Group management companies (mainly portfolio, collective investment undertaking and pension fund managers) or jointly managed was 40 million shares, which represented 0.26% of Banco Santander's share capital (36 and 50 million shares, representing 0.22% and 0.30% of the share capital in 2023 and 2022, respectively). In addition, the number of Banco Santander shares owned by third parties and received as security was 78 million shares (equal to 0.51% of the Bank's share capital).

At 31 December 2024 the capital increases in progress at Group companies and the additional capital authorised by their shareholders at the respective general meetings were not material at Group level (see appendix V)

32. Share premium

Share premium includes the amount paid up by the Bank's shareholders in capital issues in excess of the par value.

The Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital at the entities at which it is recognised and does not establish any specific restrictions as to its use.

The change in the balance of share premium corresponds to the capital reductions detailed in note 31.a).

The decreased produced in 2022 by an amount of EUR 1,433 million was the consequence of the difference between the purchase value of the redeemed shares (EUR 1,706 million) and the par value of said shares (EUR 273 million) as a consequence of the capital decreases described in note 31.a.

The decrease produced in 2023 by an amount of EUR 1,595 million was the consequence of the difference between the purchase value of the redeemed shares (EUR 1,900 million) and the par value of said shares (EUR 305 million) (see note 4.a and consolidated statements of changes in total equity) as a consequence of the capital decreases described in note 31.a.

The decrease produced in 2024 by an amount of EUR 3,778 million has been the consequence of the difference between the purchase value of the redeemed shares (EUR 4,294 million) and the par value of said shares (EUR 516 million) (see note 4.a and consolidated statements of changes in total equity) as a consequence of the capital decreases described in note 31.a.

Likewise, in accordance with the applicable legislation, a reserve has been provided in 2024 for amortized capital charged to the issue premium for an amount equal to the nominal value of said amortized shares ascending to EUR 516 million (EUR 305 million and EUR 273 million euros in 2023 and 2022 respectively).

33. Accumulated retained earnings

a) Definitions

The balance of 'Equity - Accumulated gains and Other reserves' includes the net amount of the accumulated results (profits or losses) recognised in previous years through the consolidated income statement which in the profit distribution were allocated in equity, the expenses of own equity instrument issues, the differences between the amount for which the treasury shares are sold and their acquisition price, as well as the net amount of the results accumulated in previous years, generated by the result of non-current assets held for sale, recognised through the consolidated income statement.

b) Breakdown

The detail of Accumulated retained earnings and Reserves of entities accounted for using the equity method is as follows:

EUR million

	2024	2023	2022
Restricted reserves	**3,084**	**2,899**	**2,798**
Legal reserve[A]	1,515	1,618	1,734
Own shares	421	649	737
Revaluation reserve Royal Decree-Law 7/1996	43	43	43
Reserve for retired capital	1,105	589	284
Unrestricted reserves	**24,186**	**16,033**	**7,701**
Voluntary reserves[B]	20,362	14,284	7,917
Consolidation reserves attributable to the Bank	3,824	1,749	(216)
Reserves of subsidiaries	**47,249**	**47,669**	**49,196**
Reserves of entities accounted for using the equity method	**1,831**	**1,762**	**1,553**
	76,350	**68,363**	**61,248**

A. The board of directors has proposed to the general shareholders' meeting the reclassification of the excess that the amount of the balance of the legal reserve account shows over the figure that is equivalent to 20% of the resulting share capital after the executed capital reductions, to be included in the voluntary reserves account.

B. In accordance with the commercial regulations in force in Spain.

i. Legal reserve

Under the Consolidated Spanish Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve. These transfers must be made until the balance of this reserve reaches 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Consequently, once again, after the capital increases described in note 31 had been carried out, the balance of the legal reserve met the percentage of 20% of the share capital, and at 31 December 2024 the Legal reserve was at the stipulated level.

ii. Reserve for treasury shares

According to the Corporate Enterprises Act, an unavailable reserve equivalent to the amount for which Banco Santander's shares owned by subsidiaries are recorded. This reservation shall be freely available when the circumstances which have obliged its constitution disappear. In addition, this reserve covers the outstanding balance of loans granted by the Group with Banco Santander's share guarantee and the amount equivalent to the credits granted by the Group companies to third parties for the acquisition of own shares.

iii. Revaluation reserve Royal Decree Law 7/1996, of 7 June

The balance of Revaluation reserve Royal Decree-Law 7/1996 can be used, free of tax, to increase share capital. From 1 January 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised.

If the balance of this reserve were used in a manner other than that provided for in Royal Decree law 7/1996, of 7 June, it would be subject to taxation.

iv. Reserves of subsidiaries

The detail, by company, of Reserves of subsidiaries, based on the companies' contribution to the Group (considering the effect of consolidation adjustments) is as follows:

EUR million

	2024	2023	2022
Banco Santander (Brasil) S.A. (Consolidated Group)	15,107	14,512	14,663
Santander UK Group	8,576	8,700	8,358
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	5,248	5,684	5,437
Santander Consumer Finance Group	4,729	4,344	3,858
Banco Santander - Chile	4,250	4,112	3,875
Banco Santander Argentina S.A.	2,892	2,813	2,527
Banco Santander Totta, S.A. (Consolidated Group)	2,766	2,626	3,297
Santander Bank Polska S.A.	2,890	2,535	2,140
Grupo Santander Holdings USA	187	1,893	4,324
Santander Investment, S.A.	1,217	1,215	1,316
Santander Seguros y Reaseguros, Compañía Aseguradora, S.A.	836	1,044	1,050
Banco Santander International SA (former Banco Santander (Suisse) S.A)	397	346	310
Other companies and consolidation adjustments	(1,846)	(2,155)	(1,959)
	47,249	**47,669**	**49,196**
Of which, restricted	*4,175*	*3,870*	*3,614*

34. Other equity instruments and own shares

a) Equity instruments issued not capital and other equity instruments

Other equity instruments includes the equity component of compound financial instruments, the increase in equity due to personnel remuneration, and other items not recognised in other 'Shareholders' equity' items.

On 8 September 2017, Banco Santander, S.A. issued contingent redeemable perpetual bonds (the fidelity bonds) amounting to EUR 981 million nominal value EUR - 686 million fair value -.

On 15 December 2024, Banco Santander, S.A., proceeded to redeem in advance voluntarily all of said bonds in circulation.

Additionally, at 31 December 2024 the Group had other equity instruments amounting to EUR 217 million.

b) Own shares

'Shareholders' equity - Own shares' includes the amount of own equity instruments held by all the Group entities.

Transactions involving own equity instruments, including their issuance and cancellation, are recognised directly in equity, and no profit or loss may be recognised on these transactions. The costs of any transaction involving own equity instruments are deducted directly from equity, net of any related tax effect.

At 31 December 2022, the number of treasury shares held by the Group was 243,689,025 (1.45% of the issued share capital).

During 2023, 911,293,677 shares of the Bank were acquired at an average price of EUR 3.41 per share, of which 389,312,719 relate to the Share Buyback Program carried out during the first half of 2023, and 286,842,316 relate to the Share Buyback Program started on September. Likewise, 610,255,525 shares were amortised (note 31) and 246,911,504 shares at an average price of EUR 3.34 per share were transferred, of which 6,617,008 shares correspond to the donation made by Banco Santander to Fundación Banco Santander with extraordinary character.

At 31 December 2023, the number of treasury shares held by the Group was 297,815,673 (1.84% of the issued share capital).

During 2024, 930,610,636 shares of the Bank were acquired at an average price of EUR 4.34 per share, of which 403,030,171 relate to the Share Buyback Program carried out during the first half of 2024, and 341,781,250 relate to the new Share Buyback Program started on September. Likewise, 1,031,653,737 shares were amortised (note 31) and 181,243,113 shares at an average price of EUR 4.22 per share have been transferred, of which 22,167,105 shares correspond to the donation made by Banco Santander to Fundación Banco Santander with extraordinary character.

At 31 December 2024, the Group holds 15,529,459 shares of the Bank's issued share capital (0.10%).

The effect on equity, net of tax, arising from the purchase and sale of Bank shares is of EUR 8 million profit in 2024 (EUR 13 million and EUR 7 million profit in 2023 and 2022, respectively).

35. Memorandum items

Memorandum items relates to balances representing rights, obligations and other legal situations that in the future may have an impact on net assets, as well as any other balances needed to reflect all transactions performed by the consolidated entities although they may not impinge on their net assets.

a) Guarantees and contingent commitments granted

Contingent liabilities includes all transactions under which an entity guarantees the obligations of a third party and which result from financial guarantees granted by the entity or from other types of contracts. The detail is as follows:

	2024	2023	2022
Loans commitment granted	**302,861**	**279,589**	**274,075**
Of which impaired	*511*	*406*	*653*
Financial guarantees granted	**16,901**	**15,435**	**12,856**
Of which impaired	*217*	*578*	*521*
Financial guarantees	16,887	15,400	12,813
Credit derivatives sold	14	35	43
Other commitments granted	**134,493**	**113,273**	**92,672**
Of which impaired	*793*	*542*	*608*
Technical guarantees	61,551	57,363	50,508
Other	72,942	55,910	42,164

The breakdown as at 31 December 2024 of the exposures and the provision fund out of balance sheet by impairment stage is EUR 435,147 million and EUR 305 million (EUR 398,243 million and EUR 302 million in 2023 and EUR 370,729 million and EUR 331 million in 2022) in stage 1, EUR 17,587 million and EUR 192 million (EUR 8,528 million and EUR 174 million in 2023 and EUR 7,092 million and EUR 191 million in 2022) in stage 2 and EUR 1,521 million and EUR 213 million (EUR 1,526 million and EUR 226 million in 2023 and EUR 1,782 million and EUR 212 million in 2022) in stage 3, respectively.

Income from guarantee instruments is recognised under 'Fee and commission income' in the consolidated income statements and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee.

i. Loan commitments granted

Loan commitments granted: firm commitments of grating of credit under predefined terms and conditions, except for those that comply with the definition of derivatives as these can be settled in cash or through the delivery of issuance of another financial instrument. They include stand-by credit lines and long-term deposits.

ii. Financial guarantees granted

Financial guarantees includes, inter alia, financial guarantee contracts such as financial bank guarantees, credit derivatives sold, and risks arising from derivatives arranged for the account of third parties.

iii. Other commitments granted

Other contingent liabilities include all commitments that could give rise to the recognition of financial assets not included in the above items, such as technical guarantees and guarantees for the import and export of goods and services.

b) Memorandum items

i. Off-balance-sheet funds under management

The detail of off-balance-sheet funds managed by the Group and by joint ventures is as follows:

EUR million

	2024	2023	2022
Investment funds	178,840	165,174	142,189
Pension funds	15,646	14,831	14,021
Assets under management	35,999	29,732	25,670
	230,485	**209,737**	**181,880**

ii. Non-managed marketed funds

Additionally, at 31 December 2024 there are non-managed marketed funds totalling EUR 62,002 million (EUR 50,036 million and EUR 48,379 million at 31 December 2023 and 2022, respectively).

c) Third-party securities held in custody

At 31 December 2024 the Group held in custody debt securities and equity instruments totalling EUR 292,216 million (EUR 268,338 million and EUR 231,263 million at 31 December 2023 and 2022, respectively) entrusted to it by third parties.

36. Hedging derivatives

Grupo Santander, within its financial risk management strategy, and in order to reduce asymmetries in the accounting treatment of its operations, enters into hedging derivatives on interest, exchange rate, credit risk or variation of stock prices, depending on the nature of the risk covered.

Based on its objective, Grupo Santander classifies its hedges in the following categories:

- Cash flow hedges: cover the exposure to the variation of the cash flows associated with an asset, liability or a highly probable forecast transaction. This cover the variable-rate issues in foreign currencies, fixed-rate issues in non-local currency, variable-rate interbank financing and variable-rate assets (bonds, commercial loans, mortgages, etc.).

- Fair value hedges: cover the exposure to the variation in the fair value of assets or liabilities, attributable to an identified and hedged risk. This covers the interest risk of assets or liabilities (bonds, loans, bills, issues, deposits, etc.) with coupons or fixed interest rates, interests in entities, issues in foreign currencies and deposits or other fixed rate liabilities.

- Hedging of net investments abroad: cover the exchange rate risk of the investments in subsidiaries domiciled in a country with a different currency from the functional one of the Group.

The following tables contains the detail of the hedging derivatives according to the type of hedging, the hedge risk and the main products used as of 31 December 2024, 2023 and 2022:

EUR million

	2024				
		Carrying amount			
	Nominal value	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Balance sheet line items
Fair value hedges	**308,897**	**2,584**	**2,964**	**483**	
Interest rate risk	**290,152**	**2,070**	**2,319**	**373**	**Hedging derivatives**
Of which:					
Interest rate swap	*108,435*	*1,185*	*2,074*	*(165)*	
Call money swap	*168,280*	*393*	*8*	*321*	
Exchange rate risk	**4,411**	**13**	**59**	**101**	**Hedging derivatives**
Of which:					
Fx forward	*2,240*	*8*	*39*	*(2)*	
Future interest rate	*2,059*	*—*	*—*	*91*	
Interest rate and exchange rate risk	**13,739**	**501**	**586**	**8**	**Hedging derivatives**
Of which:					
Interest rate swap	*882*	*5*	*65*	*17*	
Call money swap	*1,838*	*10*	*—*	*29*	
Currency swap	*11,019*	*486*	*520*	*(38)*	
Base risk	**500**	**—**	**—**	**—**	**Hedging derivatives**
Interest rate swap	*500*	*—*	*—*	*—*	
Equity risk	**95**	**—**	**—**	**1**	**Hedging derivatives**
Equity swap	*95*	*—*	*—*	*1*	
Cash flow hedges	**179,271**	**2,415**	**1,519**	**558**	
Interest rate risk	**134,503**	**1,060**	**1,089**	**144**	
Of which:					
Future interest rate	*6,621*	*—*	*—*	*225*	
Interest rate swap	*43,081*	*485*	*241*	*231*	
Call money swap	*63,582*	*303*	*237*	*(361)*	
Exchange rate risk	**30,653**	**738**	**258**	**459**	**Hedging derivatives**
Of which:					
FX forward	*9,286*	*362*	*51*	*408*	
Currency swap	*19,957*	*323*	*189*	*114*	
Interest rate and exchange rate risk	**11,724**	**539**	**172**	**26**	**Hedging derivatives**
Interest rate swap	*3,092*	*(6)*	*46*	*75*	
Currency swap	*8,632*	*545*	*126*	*(49)*	
Inflation risk	**2,316**	**58**	**—**	**(69)**	**Hedging derivatives**
Of which:					
Inflation swap	*2,163*	*57*	*—*	*82*	
Equity risk	**75**	**20**	**—**	**(2)**	**Hedging derivatives**
Equity swap	*75*	*20*	*—*	*(2)*	
Hedges of net investments in foreign operations	**23,559**	**673**	**269**	**420**	
Exchange rate risk	**23,559**	**673**	**269**	**420**	**Hedging derivatives**
FX forward	*23,559*	*673*	*269*	*420*	
	511,727	**5,672**	**4,752**	**1,461**	

EUR million

	2023				
		Carrying amount			
	Nominal value	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Balance sheet line items
Fair value hedges	**241,792**	**2,661**	**4,231**	**(1,869)**	
Interest rate risk	**225,377**	**2,280**	**3,644**	**(1,684)**	**Hedging derivatives**
Of which:					
Interest rate swap	*92,491*	*1,671*	*2,236*	*(47)*	
Call money swap	*122,891*	*344*	*1,226*	*(1,824)*	
Exchange rate risk	**4,331**	**15**	**24**	**(98)**	**Hedging derivatives**
FX forward	*1,913*	*15*	*24*	*(11)*	
Future interest rate	*2,418*	*—*	*—*	*(87)*	
Interest rate and exchange rate risk	**12,084**	**366**	**563**	**(87)**	**Hedging derivatives**
Future interest rate	*1,218*	*6*	*82*	*59*	
Currency swap	*9,773*	*357*	*384*	*(107)*	
Call money swap	*1,093*	*3*	*97*	*(39)*	
Cash flow hedges	**157,796**	**2,575**	**2,889**	**1,828**	
Interest rate risk	**97,780**	**913**	**1,246**	**2,181**	**Hedging derivatives**
Of which:					
Future interest rate	*3,020*	*—*	*—*	*6*	
Interest rate swap	*37,864*	*403*	*948*	*1,188*	
Call money swap	*53,705*	*469*	*266*	*1,000*	
Exchange rate risk	**34,823**	**1,001**	**663**	**(498)**	**Hedging derivatives**
Of which:					
FX forward	*11,160*	*502*	*241*	*43*	
Currency swap	*20,043*	*446*	*397*	*(537)*	
Interest rate and exchange rate risk	**12,217**	**484**	**74**	**(98)**	**Hedging derivatives**
Interest rate swap	*2,847*	*—*	*(45)*	*227*	
Currency swap	*9,370*	*484*	*119*	*(325)*	
Inflation risk	**12,908**	**155**	**906**	**234**	**Hedging derivatives**
Of which:					
Currency swap	*12,495*	*153*	*906*	*240*	
Equity risk	**68**	**22**	**—**	**9**	**Hedging derivatives**
Option	*68*	*22*	*—*	*9*	
Hedges of net investments in foreign operations	**18,706**	**61**	**536**	**(1,888)**	
Exchange rate risk	**18,706**	**61**	**536**	**(1,888)**	**Hedging derivatives**
FX forward	*18,706*	*61*	*536*	*(1,888)*	
	418,294	**5,297**	**7,656**	**(1,929)**	

EUR million

	2022				
		Carrying amount			
	Nominal value	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Balance sheet line items
Fair value hedges	**214,473**	**5,095**	**4,630**	**3,351**	
Interest rate risk	**190,513**	**4,405**	**4,239**	**2,554**	**Hedging derivatives**
Of which:					
Interest rate swap	*87,477*	*2,950*	*3,203*	*(716)*	
Call money swap	*88,059*	*1,367*	*623*	*3,468*	
Exchange rate risk	**4,492**	**147**	**25**	**(9)**	**Hedging derivatives**
FX forward	*3,745*	*147*	*25*	*(36)*	
Future interest rate	*747*	*—*	*—*	*27*	
Interest rate and exchange rate risk	**19,412**	**543**	**366**	**805**	**Hedging derivatives**
Of which:					
Currency swap	*9,522*	*266*	*286*	*(61)*	
Interest rate swap	*905*	*4*	*80*	*(79)*	
Future interest rate	*8,679*	*261*	*—*	*922*	
Credit risk	**56**	**—**	**—**	**1**	**Hedging derivatives**
CDS	*56*	*—*	*—*	*1*	
Cash flow hedges	**149,756**	**2,730**	**3,767**	**(519)**	
Interest rate risk	**81,626**	**137**	**1,325**	**(2,461)**	**Hedging derivatives**
Of which:					
Future interest rate	*2,027*	*—*	*—*	*51*	
Interest rate swap	*55,886*	*59*	*1,494*	*(1,439)*	
Call money swap	*20,784*	*49*	*(184)*	*(1,151)*	
Exchange rate risk	**34,973**	**1,358**	**746**	**1,760**	**Hedging derivatives**
Of which:					
FX forward	*10,754*	*267*	*172*	*773*	
Currency swap	*20,005*	*951*	*455*	*982*	
Interest rate and exchange rate risk	**16,175**	**1,046**	**292**	**(80)**	**Hedging derivatives**
Interest rate swap	*3,361*	*—*	*161*	*(333)*	
Currency swap	*12,814*	*1,046*	*131*	*249*	
Inflation risk	**16,924**	**180**	**1,403**	**261**	**Hedging derivatives**
Of which:					
Currency swap	*14,096*	*179*	*1,364*	*241*	
Equity risk	**58**	**9**	**1**	**—**	**Hedging derivatives**
Option	*58*	*9*	*1*	*—*	
Hedges of net investments in foreign operations	**22,614**	**244**	**831**	**(2,467)**	
Exchange rate risk	**22,614**	**244**	**831**	**(2,467)**	**Hedging derivatives**
FX forward	*22,614*	*244*	*831*	*(2,467)*	
	386,843	**8,069**	**9,228**	**364**	

Considering the main entities or groups within the Group by the weight of their hedging, the main types of hedging that are being carried out in Santander UK Group Holdings plc group and Banco Santander, S.A.

Santander UK Group Holdings plc group enters into fair value and cash flow hedging derivatives depending on the exposure of the underlying. Only designated risks are hedged and therefore other risks, such as credit risk, are managed but not hedged.

Within fair value hedges, Santander UK Group Holdings plc group has portfolios of assets and liabilities at fixed rate that are exposed to changes in fair value due to changes in market interest rates. These positions are managed by contracting mainly interest rate swaps. Effectiveness is assessed by comparing the changes in the fair value of these portfolios generated by the hedged risk with the changes in the fair value of the derivatives contracted.

Santander UK Group Holdings plc group also has access to international markets to obtain financing by issuing fixed-rate debt or investing in fixed rate debt of other issuers, in its functional currency and other currencies. As such, they are exposed to changes in interest rates and exchange rates, mainly in EUR and USD. This risk is mitigated with cross currency swaps e interest rate swaps in which they pay a fixed rate and receive a variable rate. Effectiveness is evaluated using linear regression techniques to compare changes in the fair value of the debt at interest and exchange rates with changes in the fair value of interest rate swaps or cross currency swaps.

Within the cash flow hedges, Santander UK Group Holdings plc group has portfolios of assets and liabilities at variable rates, normally at SONIA or BoE base rate. To mitigate this market rate variability risk, it contracts interest rate swaps.

As Santander UK Group Holdings plc group obtains financing in the international markets, it assumes a significant exposure to currency risk mainly USD and EUR. In addition, it also holds debt securities for liquidity purposes which assume exposure mainly in JPY and CHF. To manage this exchange rate risk, Spot, Forward y Cross Currency Swap are contracted to match the cash flow profile and the maturity of the estimated interest and principal repayments of the hedged item.

Effectiveness is assessed by comparing changes in the fair value of the derivatives with changes in the fair value of the hedged item attributable to the hedged risk by applying a hypothetical derivative method using linear regression techniques.

It also has inflation risk hedges, which arise from UK bonds linked to UK inflation and are hedged using inflation swaps.

Effectiveness is assessed by comparing changes in the fair value of the inflation swap with the changes in the fair value of the hedged item attributable to the hedged risk, applying the hypothetical derivative method using linear regression techniques.

In addition, within the hedges that cover equity risk, Santander UK Group Holdings plc group offers employees the opportunity to purchase shares of the Bank at a discount under the Sharesave Scheme, exposing the Bank to share price risk. As such, options are purchased allowing them to purchase shares at a pre-set price.

Banco Santander, S.A. covers the risks of its balance sheet in a variety of ways. On the one hand, documented as fair value hedges, it covers the interest rate and foreign exchange risk of fixed-income portfolios at a fixed rate (REPOs are included in this category). Resulting, in an exposure to changes in their fair value due to variations in market conditions based on the various risks hedged, which has an impact on Banco Santander's income statement.

To mitigate these risks, Banco Santander contracts derivatives, mainly Interest Rate Swaps, Cross Currency Swaps, Cap&floors and Forex Forward.

On the other hand, the interest and exchange rate risk of loans granted to corporate clients at a fixed rate or variable rate is covered. These hedges, are carried out through interest rate swaps, cross currency swaps and exchange rate derivatives (forex swaps and forex forward).

In addition, Banco Santander, S.A. manages the interest and exchange risk of debt issues in its various categories (issuing covered bonds, perpetual, subordinated and senior bond) and in different currencies, denominated at fixed rates, and therefore subject to changes in their fair value. These issues are covered through interest rate swaps and cross currency swaps.

The methodology used by Banco Santander, S.A. to measure the effectiveness of fair value hedges is based on comparing the market values of the hedged items (based on the objective risk of the hedge) and of the hedging instruments in order to analyse whether the changes in the market value of the hedged items are offset by the market value of the hedging instruments, thereby mitigating the hedged risk and minimizing volatility in the income statement.

Prospectively, the same analysis is performed, measuring the theoretical market values in the event of parallel variations in the market curves of a positive basis point.

There is a macro hedge of structured loans in which the interest rate risk of fixed-rate loans (mortgage, personal or with other guarantees) granted to legal entities in commercial or corporate banking and wealth clients in the medium-long term is hedged. This hedge is instrumented as a macro hedge of fair value, the main hedging instruments being Interest Rate Swap and Cap&floors. In case of total or partial cancellation or early repayment, the customer is obliged to pay/receive the cost/income of the cancellation of the interest rate risk hedge managed by the Bank.

Regarding cash flow hedges, the objective is to hedge the cash flow exposure to changes in interest rates and exchange rates.

For retrospective purposes, the hypothetical derivative methodology is used to measure effectiveness. By means of this methodology, the hedged risk is modelled as a derivative instrument -not real-, created exclusively for the purpose of measuring the effectiveness of the hedge, and which must comply with the fact that its main characteristics coincide with the critical terms of the hedged item throughout the period for which the hedging relationship is designated. This hypothetical derivative does not incorporate characteristics that are exclusive to the hedging instrument. Additionally, it is worth mentioning that any risk component not associated with the hedged objective risk and effectively documented at the beginning of the hedge is excluded for the purpose of calculating the effectiveness. The market value of the hypothetical derivative that replicates the hedged item is compared with the market value of the hedging instrument, verifying that the hedged risk is effectively mitigated and that the impact on the income statement due to potential ineffectiveness is residual.

Prospectively, the variations in the market values of the hedging instrument and the hedged item (represented by the hypothetical derivative) are measured in the event of parallel shifts of a positive basis point in the affected market curves.

There is another macro-hedge, this time of cash flows, the purpose of which is to actively manage the risk-free interest rate risk (excluding credit risk) of a portion of the floating rate assets of Banco Santander, S.A., through the arrangement of interest rate derivatives whereby the bank exchanges floating rate interest flows for others at a fixed rate agreed at the time the transactions are arranged. The items affected by the Macro-hedging have been designated as those in which their cash flows are exposed to interest rate risk, specifically the floating rate mortgages of the Banco Santander, S.A. network referenced to Euribor 12 Months or Euribor Mortgage, with annual renewal of rates, classified as sound risk and which do not have a contractual floor (or, if not, this floor is not activated). The hedged position affecting the Macro Cash Flow Hedge at the present time is near to EUR 5,000 million.

Regarding net foreign investments hedges, basically, they are allocated in Banco Santander, S.A. and Santander Consumer Finance Group. Grupo Santander assumes as a priority risk management objective to minimize -to the limit determined by the Group's Financial Management- the impact on the calculation of the capital ratio of its permanent investments included within the Group's consolidation perimeter, and whose shares or equity interests are legally denominated in a currency other than that of the Group's parent company. For this purpose, financial instruments (generally derivatives) are contracted to hedge the impact on the capital ratio of changes in forward exchange rates. Grupo Santander mainly hedges the risk for the following currencies: BRL, CLP, MXN, CAD, COP, CNY, GBP, CHF, NOK, USD, PLN, UYU and PEN. The instruments used to hedge the risk of these investments are forex swaps, forex forward and spot currency purchases/sales.

For this type of hedges, ineffectiveness scenarios are considered to be of low probability, given that the hedging instrument is designated considering the position determined and the spot rate at which the position is located.

The following table sets out the maturity profile of the hedging instruments used in Grupo Santander non-dynamic hedging strategies:

EUR million

	31 December 2024					
	Up to one month	**One to three months**	**Three months to one year**	**One year to five years**	**More than five years**	**Total**
Fair value hedges	**9,791**	**15,953**	**88,519**	**163,086**	**31,548**	**308,897**
Interest rate risk	**8,725**	**14,680**	**85,981**	**154,440**	**26,326**	**290,152**
Of which:						
Interest rate swap	*2,877*	*4,261*	*19,788*	*61,440*	*20,069*	*108,435*
Call money swap	*5,033*	*7,652*	*64,102*	*87,473*	*4,020*	*168,280*
Exchange rate risk	**1,054**	**717**	**469**	**112**	**2,059**	**4,411**
Of which:						
Fx forward	*1,054*	*717*	*469*	—	—	*2,240*
Future interest rate	—	—	—	—	*2,059*	*2,059*
Interest rate and exchange rate risk	**12**	**511**	**2,019**	**8,034**	**3,163**	**13,739**
Of which:						
Interest rate swap	—	*43*	—	*491*	*348*	*882*
Call Money Swap	—	*106*	*104*	*1,052*	*576*	*1,838*
Currency swap	*12*	*361*	*1,915*	*6,491*	*2,240*	*11,019*
Base risk	**—**	**—**	**—**	**500**	**—**	**500**
Interest rate swap	—	—	—	*500*	—	*500*
Equity risk	**—**	**45**	**50**	**—**	**—**	**95**
Equity swap	—	*45*	*50*	—	—	*95*
Cash flow hedges	**19,696**	**10,088**	**43,111**	**94,030**	**12,346**	**179,271**
Interest rate risk	**14,628**	**7,932**	**30,390**	**75,459**	**6,094**	**134,503**
Of which:						
Future interest rate	*6,621*	—	—	—	—	*6,621*
Interest rate swap	*1,816*	*1,666*	*5,950*	*32,654*	*995*	*43,081*
Call money swap	*5,330*	*4,190*	*14,896*	*34,841*	*4,325*	*63,582*
Exchange rate risk	**2,982**	**1,377**	**8,765**	**14,703**	**2,826**	**30,653**
Of which:						
FX forward	*2,594*	*1,310*	*5,382*	—	—	*9,286*
Currency swap	*133*	*66*	*3,383*	*14,704*	*1,671*	*19,957*
Interest rate and exchange rate risk	**2,086**	**778**	**3,785**	**3,813**	**1,262**	**11,724**
Of which:						
Interest rate swap	*997*	—	*395*	*1,260*	*440*	*3,092*
Currency swap	*1,090*	*778*	*3,389*	*2,553*	*822*	*8,632*
Inflation risk	**—**	**—**	**153**	**—**	**2,163**	**2,316**
Of which:						
Inflation swap	—	—	—	—	*2,163*	*2,163*
Equity risk	**—**	**1**	**18**	**55**	**1**	**75**
Option	—	*1*	*18*	*55*	*1*	*75*
Hedges of net investments in foreign operations:	**3,918**	**5,644**	**13,997**	**—**	**—**	**23,559**
Exchange rate risk	**3,918**	**5,644**	**13,997**	**—**	**—**	**23,559**
FX forward	*3,918*	*5,644*	*13,997*	—	—	*23,559*
	33,405	**31,685**	**145,627**	**257,116**	**43,894**	**511,727**

EUR million

	31 December 2023					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges	**6,862**	**14,535**	**59,170**	**139,486**	**21,739**	**241,792**
Interest rate risk	**6,266**	**13,749**	**56,860**	**131,323**	**17,179**	**225,377**
Of which:						
Interest rate swap	*2,013*	*2,104*	*16,045*	*59,952*	*12,377*	*92,491*
Call money swap	*4,163*	*11,421*	*39,873*	*65,453*	*1,981*	*122,891*
Exchange rate risk	**566**	**678**	**619**	**50**	**2,418**	**4,331**
Fx forward	*566*	*678*	*619*	*50*	*—*	*1,913*
Future interest rate	*—*	*—*	*—*	*—*	*2,418*	*2,418*
Interest rate and exchange rate risk	**30**	**108**	**1,691**	**8,113**	**2,142**	**12,084**
Currency swap	*30*	*87*	*1,370*	*6,605*	*1,681*	*9,773*
Interest rate swap	*—*	*—*	*321*	*535*	*362*	*1,218*
Call Money Swap	*—*	*21*	*—*	*973*	*99*	*1,093*
Cash flow hedges	**7,873**	**16,149**	**43,913**	**83,291**	**6,570**	**157,796**
Interest rate risk	**4,467**	**6,859**	**30,846**	**53,038**	**2,570**	**97,780**
Of which:						
Future interest rate	*—*	*—*	*—*	*3,020*	*—*	*3,020*
Interest rate swap	*3,191*	*2,876*	*14,108*	*16,793*	*896*	*37,864*
Call money swap	*1,050*	*3,553*	*15,755*	*31,942*	*1,405*	*53,705*
Exchange rate risk	**2,655**	**7,087**	**6,607**	**16,711**	**1,763**	**34,823**
Of which:						
FX forward	*2,013*	*2,344*	*4,617*	*2,186*	*—*	*11,160*
Currency swap	*642*	*2,209*	*1,990*	*14,525*	*677*	*20,043*
Interest rate and exchange rate risk	**407**	**1,547**	**2,270**	**7,187**	**806**	**12,217**
Of which:						
Interest rate swap	*—*	*80*	*—*	*2,575*	*192*	*2,847*
Currency swap	*407*	*1,467*	*2,270*	*4,612*	*614*	*9,370*
Inflation risk	**344**	**656**	**4,182**	**6,296**	**1,430**	**12,908**
Of which:						
Currency swap	*318*	*618*	*3,833*	*6,296*	*1,430*	*12,495*
Equity risk	**—**	**—**	**8**	**59**	**1**	**68**
Option	*—*	*—*	*8*	*59*	*1*	*68*
Hedges of net investments in foreign operations:	**4,303**	**4,940**	**9,463**	**—**	**—**	**18,706**
Exchange rate risk	**4,303**	**4,940**	**9,463**	**—**	**—**	**18,706**
FX forward	*4,303*	*4,940*	*9,463*	*—*	*—*	*18,706*
	19,038	**35,624**	**112,546**	**222,777**	**28,309**	**418,294**

EUR million

	31 December 2022					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges	**6,588**	**9,811**	**37,723**	**136,223**	**24,128**	**214,473**
Interest rate risk	**5,120**	**8,822**	**34,074**	**120,829**	**21,668**	**190,513**
Of which:						
Interest rate swap	*2,535*	*3,005*	*8,854*	*56,868*	*16,215*	*87,477*
Call money swap	*2,492*	*5,039*	*23,511*	*54,786*	*2,231*	*88,059*
Exchange rate risk	**556**	**741**	**2,448**	**—**	**747**	**4,492**
Future interest rate	—	—	—	—	*747*	*747*
Fx forward	*556*	*741*	*2,448*	—	—	*3,745*
Interest rate and exchange rate risk	**912**	**238**	**1,193**	**15,356**	**1,713**	**19,412**
Of which:						
Interest rate swap	—	—	*405*	*192*	*308*	*905*
Currency swap	*912*	*238*	*788*	*6,188*	*1,396*	*9,522*
Future interest rate	—	—	—	*8,679*	—	*8,679*
Credit risk	**—**	**10**	**8**	**38**	**—**	**56**
CDS	—	*10*	*8*	*38*	—	*56*
Cash flow hedges	**10,182**	**15,202**	**41,514**	**75,653**	**7,205**	**149,756**
Interest rate risk	**5,546**	**7,424**	**30,568**	**36,501**	**1,587**	**81,626**
Of which:						
Future interest rate	*2,027*	—	—	—	—	*2,027*
Interest rate swap	*2,292*	*4,877*	*28,103*	*20,568*	*46*	*55,886*
Call money swap	*1,175*	*2,471*	*1,196*	*14,728*	*1,214*	*20,784*
Exchange rate risk	**3,777**	**4,295**	**4,452**	**19,940**	**2,509**	**34,973**
Of which:						
FX forward	*1,996*	*2,487*	*1,982*	*4,289*	—	*10,754*
Currency swap	*1,313*	*1,809*	*2,470*	*13,028*	*1,385*	*20,005*
Interest rate and exchange rate risk	**182**	**509**	**3,982**	**10,294**	**1,208**	**16,175**
Interest rate swap	—	—	*659*	*2,468*	*234*	*3,361*
Currency swap	*182*	*509*	*3,323*	*7,826*	*974*	*12,814*
Inflation risk	**677**	**2,974**	**2,505**	**8,870**	**1,898**	**16,924**
Of which:						
Currency swap	*483*	*951*	*1,895*	*8,869*	*1,898*	*14,096*
Equity risk	**—**	**—**	**7**	**48**	**3**	**58**
Option	—	—	*7*	*48*	*3*	*58*
Hedges of net investments in foreign operations	**2,249**	**5,393**	**14,972**	**—**	**—**	**22,614**
Exchange rate risk	**2,249**	**5,393**	**14,972**	**—**	**—**	**22,614**
FX forward	*2,249*	*5,393*	*14,972*	—	—	*22,614*
	19,019	**30,406**	**94,209**	**211,876**	**31,333**	**386,843**

Additionally, for Santander UK Group Holdings plc and Banco Santander, S.A., both the maturity profile, the average interest and exchange rate of hedging instruments by maturity buckets are shown:

Santander UK Group Holdings plc group

	31 December 2024					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*5,033*	*7,598*	*64,755*	*93,176*	*4,110*	*174,672*
Average fixed interest rate (%) GBP	*3.749*	*4.293*	*4.496*	*3.868*	*3.653*	
Average fixed interest rate (%) EUR	*0.200*	*(0.346)*	*(0.446)*	*0.585*	*4.370*	
Average fixed interest rate (%) USD	*1.677*	*1.534*	*1.531*	*5.756*	*0.449*	
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	*—*	*212*	*258*	*2,280*	*1,152*	*3,902*
Average GBP/EUR exchange rate	*—*	*1.136*	*1.158*	*1.162*	*1.176*	
Average GBP/USD exchange rate	*—*	*—*	*—*	*1.318*	*1.281*	
Average fixed interest rate (%) EUR	*—*	*—*	*1.350*	*3.304*	*2.940*	
Average fixed interest rate (%) USD	*—*	*—*	*—*	*4.831*	*4.375*	
Cash flow hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*5,330*	*4,190*	*14,896*	*34,841*	*4,325*	*63,582*
Average fixed interest rate (%) GBP	*4.592*	*4.075*	*4.761*	*3.707*	*4.352*	
Foreign exchange risk						
Exchange and interest rate instruments						
Nominal	*311*	*954*	*5,941*	*13,235*	*2,730*	*23,171*
Average GBP/JPY exchange rate	*178.368*	*179.995*	*187.640*	*—*	*—*	
Average GBP/CHF exchange rate	*—*	*—*	*1.086*	*1.115*	*—*	
Average GBP/EUR exchange rate	*—*	*1.203*	*1.188*	*1.177*	*1.162*	
Average GBP/USD exchange rate	*—*	*—*	*1.238*	*1.297*	*1.388*	
Average GBP/CAD exchange rate	*—*	*—*	*1.758*	*—*	*—*	
Equity risk						
Equity instruments						
Nominal	*—*	*—*	*19*	*55*	*1*	*75*
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	*1,993*	*476*	*1,039*	*2,294*	*707*	*6,509*
Average GBP/EUR exchange rate	*1.124*	*1.370*	*1.161*	*1.213*	*1.179*	
Average GBP/USD exchange rate	*—*	*—*	*1.538*	*1.319*	*1.537*	
Average fixed interest rate (%) GBP	*1.480*	*2.760*	*3.203*	*2.771*	*4.885*	
Inflation risk						
Interest rate instruments						
Nominal	*—*	*—*	*—*	*—*	*2,163*	*2,163*
Average fixed interest rate (%) GBP	*—*	*—*	*—*	*—*	*4.983*	

	31 December 2023					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*4,163*	*8,230*	*37,158*	*70,075*	*3,467*	*123,093*
Average fixed interest rate (%) GBP	*2.380*	*3.190*	*3.420*	*3.890*	*3.990*	
Average fixed interest rate (%) EUR	*1.140*	*0.180*	*0.450*	*0.210*	*3.920*	
Average fixed interest rate (%) USD	*2.600*	*2.460*	*4.230*	*1.360*	*4.910*	
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	—	*41*	—	*2,172*	*198*	*2,411*
Average GBP/EUR exchange rate	—	*1.113*	—	*1.156*	*1.148*	
Average GBP/USD exchange rate	—	—	—	*1.318*	—	
Average fixed interest rate (%) EUR	—	—	—	*2.770*	*3.480*	
Average fixed interest rate (%) USD	—	—	—	*4.830*	—	
Cash flow hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*1,050*	*3,553*	*15,756*	*31,941*	*1,405*	*53,705*
Average fixed interest rate (%) GBP	*5.060*	*3.050*	*5.380*	*3.840*	*3.450*	
Foreign exchange risk						
Exchange and interest rate instruments						
Nominal	*1,068*	*6,266*	*3,104*	*10,888*	*1,763*	*23,089*
Average GBP/JPY exchange rate	*154.135*	*153.954*	*167.846*	—	—	
Average GBP/CHF exchange rate	*1.092*	*1.093*	*1.089*	*1.121*	*1.121*	
Average GBP/EUR exchange rate	—	*1.197*	*1.167*	*1.179*	—	
Average GBP/USD exchange rate	—	*1.392*	—	*1.277*	*1.388*	
Equity risk						
Equity instruments						
Nominal	—	—	*8*	*58*	*2*	*68*
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	*100*	*905*	*576*	*5,614*	*719*	*7,914*
Average GBP/EUR exchange rate	*1,183*	—	*1.254*	*1.198*	*1.189*	
Average GBP/USD exchange rate	—	*1,663*	—	*1.383*	*1.537*	
Average fixed interest rate (%) GBP	*2.570*	*2.540*	*2.960*	*2.420*	*4.810*	

	31 December 2022					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*2,492*	*5,039*	*24,447*	*51,257*	*4,294*	*87,529*
Average fixed interest rate (%) GBP	*2.580*	*0.880*	*0.560*	*2.070*	*3.780*	
Average fixed interest rate (%) EUR	*1.770*	*1.600*	*0.770*	*0.280*	*3.090*	
Average fixed interest rate (%) USD	*1.350*	*3.470*	*3.510*	*2.000*	*4.920*	
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	—	—	*74*	*821*	*16*	*911*
Average GBP/EUR exchange rate	—	—	*1.212*	*1.157*	*1.100*	
Average GBP/USD exchange rate	—	—	—	*1.186*	—	
Average fixed interest rate (%) EUR	—	—	*3.420*	*2.060*	—	
Average fixed interest rate (%) USD	—	—	—	*4.630*	—	
Cash flow hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*1,175*	*2,471*	*2,188*	*14,728*	*1,213*	*21,775*
Average fixed interest rate (%) GBP	*1.770*	*2.290*	*1.980*	*2.350*	*1.840*	
Foreign exchange risk						
Exchange rate instruments						
Nominal	*3,063*	*3,536*	*2,685*	*14,583*	*2,436*	*26,303*
Average GBP/JPY exchange rate	—	*157.450*	*160.039*	—	—	
Average GBP/CHF exchange ratio	—	*1.131*	—	—	—	
Average GBP/EUR exchange rate	—	—	*1.123*	*1.181*	*1.165*	
Average GBP/USD exchange rate	*1.224*	*1.253*	*1.171*	*1.314*	*1.388*	
Equity risk						
Equity instruments						
Nominal	—	—	*7*	*48*	*2*	*57*
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	—	—	*1,983*	*7,621*	*968*	*10,572*
Average GBP/EUR exchange rate	—	—	*1.185*	*1.210*	*1.196*	
Average GBP/USD exchange rate	—	—	*1.604*	*1.503*	*1.537*	
Average fixed interest rate (%) GBP	—	—	*3.270*	*2.580*	*4.590*	

Banco Santander, S.A.

	31 December 2024					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*1,431*	*4,446*	*6,878*	*33,324*	*15,991*	*62,070*
Average fixed interest rate (%) GBP	—	0.020	3.120	2.640	5.370	
Average fixed interest rate (%) EUR	1.340	0.010	2.000	3.460	3.170	
Average fixed interest rate (%) CHF	—	—	—	—	—	
Average fixed interest rate (%) USD	0.010	3.500	2.740	4.460	4.720	
Average fixed interest rate (%) CZK	—	—	—	2.000	—	
Average fixed interest rate (%) NOK	—	—	—	—	2.400	
Average fixed interest rate (%) AUD	—	—	—	—	3.820	
Average fixed interest rate (%) JPY	—	—	—	—	—	
Average fixed interest rate (%) RON	—	3.610	—	4.200	—	
Average fixed interest rate (%) HKD	—	—	—	1.960	—	
Average fixed interest rate (%) NZD	—	—	—	—	3.250	
Foreign exchange risk						
Exchange and interest rate instruments						
Nominal	*473*	*405*	*287*	—	—	*1,165*
Average GBP/EUR exchange rate	—	—	—	—	—	
Average USD/EUR exchange rate	—	—	—	—	—	
Average COP/USD exchange rate	—	—	—	—	—	
Average PEN/USD exchange rate	—	—	—	—	—	
Average AUD/EUR exchange rate	—	—	—	—	—	
Average SAR/EUR exchange rate	—	—	—	—	—	
Average CNY/EUR exchange rate	7,710	7,710	7,710	—	—	
Average JPY/USD exchange rate	—	—	—	—	—	
Average MXN/EUR exchange rate	2,178	—	—	—	—	
Average MAD/EUR exchange rate	—	—	—	—	—	
Average PEN/EUR exchange rate	—	—	—	—	—	
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	*12*	*148*	*1,355*	*4,859*	*1,669*	*8,043*
Average fixed interest rate (%) AUD/EUR	—	—	—	5.690	6.100	
Average fixed interest rate (%) EUR/USD	—	—	—	—	—	
Average fixed interest rate (%) CZK/EUR	—	—	—	4.190	—	
Average fixed interest rate (%) EUR/COP	—	—	—	—	—	
Average fixed interest rate (%) RON/EUR	—	—	—	—	6.970	
Average fixed interest rate (%) HKD/EUR	—	—	—	4.620	—	
Average fixed interest rate (%) JPY/EUR	—	—	—	1.300	1.410	
Average fixed interest rate (%) NOK/EUR	—	—	—	3.440	4.500	
Average fixed interest rate (%) CHF/EUR	—	—	—	2.030	2.250	
Average fixed interest rate (%) USD/CLP	—	—	—	—	—	
Average fixed interest rate (%) USD/COP	—	12.750	10.580	10.540	7.760	
Average fixed interest rate (%) EUR/GBP	6.690	—	—	—	—	

	31 December 2024					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Average fixed interest rate (%) NZD/EUR	—	—	—	—	—	
Average fixed interest rate (%) USD/MXN	—	—	11.300	—	—	
Average AUD/EUR exchange rate	—	—	—	1.599	1.584	
Average NZD/EUR exchange rate	—	—	—	—	1.666	
Average CZK/EUR exchange rate	—	—	26.030	25.634	—	
Average EUR/GBP exchange rate	1.189	—	—	—	—	
Average EUR/COP exchange rate	—	—	—	—	—	
Average EUR/USD exchange rate	—	—	0.982	0.943	—	
Average HKD/EUR exchange rate	—	—	—	8.488	—	
Average JPY/EUR exchange rate	—	—	—	134.151	129.229	
Average MXN/EUR exchange rate	—	—	—	19.083	—	
Average NOK/EUR exchange rate	—	—	—	9.519	10.429	
Average RON/EUR exchange rate	—	4.810	—	4.940	4.980	
Average CHF/EUR exchange rate	—	—	—	1.019	0.932	
Average USD/CLP exchange rate	—	—	—	—	—	
Average USD/COP exchange rate	—	—	—	—	—	
Average USD/MXN exchange rate	—	—	0.052	—	—	
Credit risk						
Credit risk instruments						
Nominal	—	—	—	—	—	
Basis Risk						
Basis risk instruments						
Nominal	—	—	—	500	—	500
Cash flow hedges						
Interest rate and foreign exchange rate risk						
Interest rate and foreign exchange rate instruments						
Nominal	—	—	—	1,055	84	1,139
Average fixed interest rate (%) EUR/PEN	—	—	—	—	—	
Average fixed interest rate (%) AUD/EUR	—	—	—	3.520	—	
Average fixed interest rate (%) USD/COP	—	—	—	—	—	
Average fixed interest rate (%) EUR/AUD	—	—	—	—	—	
Average fixed interest rate (%) CHF/EUR	—	—	—	3.110	—	
Average EUR/PEN exchange rate	—	—	—	—	—	
Average EUR/USD exchange rate	—	—	—	—	—	
Average AUD/EUR exchange rate	—	—	—	1.580	1.560	
Average RON/EUR exchange rate	—	—	—	4.940	—	
Average JPY/EUR exchange rate	—	—	—	—	—	
Average CHF/EUR exchange rate	—	—	—	1.000	—	
Average EUR/GBP exchange rate	—	—	—	—	—	
Average NOK/EUR exchange rate	—	—	—	—	—	
Average CZK/EUR exchange rate	—	—	—	—	—	
Average EUR/AUD exchange rate	—	—	—	—	—	
Interest rate risk						
Bond Forward instruments						
Nominal	—	—	6,200	5,820	—	12,020
Average fixed interest rate (%) EUR	—	—	—	2.910	—	
Average fixed interest rate (%) USD	—	—	—	—	—	
Average fixed interest rate (%) AUD	—	—	—	—	—	

	31 December 2024					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Exchange rate risk						
Exchange instruments						
Nominal	*14*	*83*	*125*	—	—	*222*
Average exchange rate GBP/EUR	*1.200*	*1.170*	*1.190*	—	—	
Hedges of net investments in foreign operations						
Exchange rate risk						
Exchange and interest rate instruments						
Nominal	*3,240*	*5,070*	*12,821*	—	—	*21,131*
Average BRL/EUR exchange rate	*5.990*	*6.120*	*6.270*	—	—	
Average CLP/EUR exchange rate	*1,052.780*	*1,066.580*	*1,045.090*	—	—	
Average COP/EUR exchange rate	—	*4,703*	—	—	—	
Average GBP/EUR exchange rate	*0.860*	*0.850*	*0.850*	—	—	
Average MXN/EUR exchange rate	*20.280*	*19.830*	*21.970*	—	—	
Average USD/EUR exchange rate	*1.090*	*1.080*	*1.090*	—	—	
Average PLN/EUR exchange rate	*4.370*	*4.410*	*4.410*	—	—	
Average CAD/EUR exchange rate	—	*1.500*	—	—	—	
Average CHF/EUR exchange rate	—	*0.940*	—	—	—	
Average UYU/EUR exchange rate	*45.820*	*45.160*	*48.290*	—	—	

	31 December 2023					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges						
Interest rate risk						
Interest rate instruments						
Nominal	1,532	194	7,880	22,714	8,775	41,095
Average fixed interest rate (%) GBP	—	—	1.375	4.479	2.036	
Average fixed interest rate (%) EUR	0.096	0.014	2.085	2.422	3.421	
Average fixed interest rate (%) CHF	—	—	1.010	—	—	
Average fixed interest rate (%) USD	0.015	3.688	2.603	3.801	4.446	
Foreign exchange risk						
Exchange and interest rate instruments						
Nominal	278	634	524	50	—	1,486
Average PEN/USD exchange rate	3.784	3.751	—	—	—	
Average CNY/EUR exchange rate	—	7.323	7.732	7.716	—	
Average AUD/EUR exchange rate	1.648	1.665	—	—	—	
Average MXN/EUR exchange rate	—	19.363	—	—	—	
Average COP/USD exchange rate	4,159.190	3,998.060	—	—	—	
Average MAD/EUR exchange rate	10.929	11.057	—	—	—	
Average PEN/EUR exchange rate	4.095	4.110	—	—	—	
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	30	66	1,450	4,321	1,150	7,017
Average fixed interest rate (%) AUD/EUR	—	—	—	4.800	3.615	
Average fixed interest rate (%) CZK/EUR	—	—	—	2.000	—	
Average fixed interest rate (%) RON/EUR	5.130	—	—	3.967	—	
Average fixed interest rate (%) HKD/EUR	—	—	2.580	5.270	—	
Average fixed interest rate (%) JPY/EUR	—	—	0.465	1.298	1.407	
Average fixed interest rate (%) NOK/EUR	—	—	—	3.441	4.501	
Average fixed interest rate (%) CHF/EUR	—	—	—	1.243	—	
Average fixed interest rate (%) USD/MXN	—	—	14.250	—	—	
Average fixed interest rate (%) USD/COP	—	17.980	6.152	13.207	7.149	
Average fixed interest rate (%) EUR/USD	—	—	(0.140)	—	—	
Average fixed interest rate (%) USD/CLP	—	—	3.450	—	—	
Average AUD/EUR exchange rate	—	—	—	1.499	1.545	
Average CZK/EUR exchange rate	—	—	—	25.831	—	
Average EUR/USD exchange rate	—	—	0.891	0.961	—	
Average HKD/EUR exchange rate	—	—	8.782	8.666	—	
Average JPY/EUR exchange rate	—	—	120.568	134.151	129.229	
Average NOK/EUR exchange rate	—	—	—	9.519	10.429	
Average RON/EUR exchange rate	4.711	—	—	4.887	—	
Average CHF/EUR exchange rate	—	—	—	1.104	—	
Average MXN/EUR exchange rate	—	—	—	—	19.083	
Average USD/CLP exchange rate	—	—	0.001	—	—	
Average NZD/EUR exchange rate	—	—	—	—	1.666	
Average USD/MXN exchange rate	—	—	0.058	—	—	

	31 December 2023					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Cash flow hedges						
Interest rate and foreign exchange rate risk						
Interest rate and foreign exchange rate instruments						
Nominal	—	—	414	1,075	86	1,575
Average fixed interest rate (%) CHF/EUR	—	—	—	3.106	—	
Average fixed interest rate (%) AUD/EUR	—	—	—	3.521	—	
Average EUR/GBP exchange rate	—	—	1.173	—	—	
Average AUD/EUR exchange rate	—	—	1.625	1.584	1.562	
Average RON/EUR exchange rate	—	—	—	4.940	—	
Average CHF/EUR exchange rate	—	—	—	1.002	—	
Interest rate risk						
Bond Forward instruments						
Nominal	750	1,500	7,750	0	0	10,000
Average fixed interest rate (%) EUR	(0.124)	(0.889)	0.016	—	—	
Exchange rate risk						
Exchange instruments						
Nominal	13	25	111	—	—	
Average exchange rate GBP/EUR	1.148	1.146	1.138	—	—	
Hedges of net investments in foreign operations						
Exchange rate risk						
Exchange and interest rate instruments						
Nominal	3,593	4,870	8,034	—	—	16,497
Average BRL/EUR exchange rate	5.569	5.505	5.481	—	—	
Average CLP/EUR exchange rate	916.724	936.166	987.202	—	—	
Average COP/EUR exchange rate	—	4,525.656	—	—	—	
Average GBP/EUR exchange rate	0.866	0.867	0.876	—	—	
Average MXN/EUR exchange rate	20.078	20.589	20.210	—	—	
Average USD/EUR exchange rate	—	1.129	1.081	—	—	
Average PLN/EUR exchange rate	4.664	4.752	4.580	—	—	
Average CAD/EUR exchange rate	—	1.461	—	—	—	
Average CHF/EUR exchange rate	—	0.940	—	—	—	
Average UYU/EUR exchange rate	43.235	43.521	44.400	—	—	

	31 December 2022					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges						
Interest rate risk						
Interest rate instruments						
Nominal	*1,032*	*1,248*	*2,348*	*24,115*	*8,809*	*37,552*
Average fixed interest rate (%) GBP	—	2.036	2.036	1.856	2.036	
Average fixed interest rate (%) EUR	0.569	(0.406)	0.278	2.396	1.674	
Average fixed interest rate (%) CHF	—	—	—	0.530	—	
Average fixed interest rate (%) JPY	—	—	—	0.465	—	
Average fixed interest rate (%) CZK	—	—	—	1.650	—	
Average fixed interest rate (%) NOK	—	—	—	—	2.327	
Average fixed interest rate (%) AUD	—	1.073	—	—	—	
Average fixed interest rate (%) USD	2.892	3.123	3.835	3.181	3.374	
Average fixed interest rate (%) RON	—	—	—	3.610	—	
Foreign exchange risk						
Exchange and interest rate instruments						
Nominal	*250*	*899*	*2,064*	—	—	*3,213*
Average GBP/EUR exchange rate	—	—	0.877	—	—	
Average USD/EUR exchange rate	1.040	—	0.992	—	—	
Average CNY/EUR exchange rate	7.172	7.252	7.159	—	—	
Average AUD/EUR exchange rate	—	1.587	—	—	—	
Average MXN/EUR exchange rate	—	21.529	—	—	—	
Average JPY/EUR exchange rate	—	—	—	—	—	
Interest rate and foreign exchange rate risk						
Exchange and interest rate instruments						
Nominal	*912*	*38*	*1,101*	*3,767*	*988*	*6,806*
Average fixed interest rate (%) AUD/EUR	4.000	—	—	4.800	3.824	
Average fixed interest rate (%) CZK/EUR	—	—	0.860	—	—	
Average fixed interest rate (%) RON/EUR	—	4.520	—	5.130	—	
Average fixed interest rate (%) HKD/EUR	—	—	—	2.580	—	
Average fixed interest rate (%) JPY/EUR	0.568	—	—	1.442	1.360	
Average fixed interest rate (%) NOK/EUR	—	—	—	3.010	3.762	
Average fixed interest rate (%) CHF/EUR	—	—	—	1.243	—	
Average fixed interest rate (%) EUR/GBP	—	5.170	—	—	—	
Average fixed interest rate (%) NZD/EUR	—	—	—	—	—	
Average fixed interest rate (%) USD/MXN	—	—	12.982	—	—	
Average fixed interest rate (%) USD/COP	—	—	15.452	13.614	7.150	
Average fixed interest rate (%) EUR/USD	—	—	—	(0.140)	—	
Average fixed interest rate (%) USD/CLP	—	—	—	3.450	—	
Average AUD/EUR exchange rate	1.499	—	—	1.499	1.545	
Average CZK/EUR exchange rate	—	—	25.407	25.677	—	
Average EUR/GBP exchange rate	—	1.162	—	—	—	
Average EUR/USD exchange rate	—	—	—	0.945	—	
Average HKD/EUR exchange rate	—	—	—	8.851	—	
Average JPY/EUR exchange rate	133.840	—	—	130.227	118.180	
Average NOK/EUR exchange rate	—	—	—	9.492	9.685	
Average RON/EUR exchange rate	—	4.746	—	4.842	4.927	
Average CHF/EUR exchange rate	—	—	1.092	1.105	—	

	31 December 2022					
	EUR million					
	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	Total
Average USD/CLP exchange rate	—	—	—	*0.001*	—	
Average NZD/EUR exchange rate	—	—	—	—	*1.666*	
Average USD/MXN exchange rate	—	—	*0.051*	—	—	
Credit risk						
Credit risk instruments						
Nominal	—	*9*	*8*	*38*	—	*55*
Cash flow hedges						
Interest rate and foreign exchange rate risk						
Interest rate and foreign exchange rate instruments						
Nominal	—	*3*	*597*	*1,451*	*184*	*2,235*
Average fixed interest rate (%) EUR/PEN	—	—	*6.496*	—	—	
Average fixed rate (%) USD/COP	—		*15.398*	—	—	
Average fixed interest rate (%) EUR/AUD	—	*3.207*	—	—	—	
Average fixed interest rate (%) AUD/EUR	—	—	—	*0.305*	—	
Average EUR/GBP exchange rate	—	—	*1.084*	*1.173*	—	
Average AUD/EUR exchange rate	—	—	—	*1.604*	*1.562*	
Average RON/EUR exchange rate	—	—	—	*4.885*	—	
Average JPY/EUR exchange rate	—	—	—	*120.568*	—	
Average CHF/EUR exchange rate	—	—	—	*1.102*	—	
Average NOK/EUR exchange rate	—	—	—	—	*10.242*	
Average CZK/EUR exchange rate	—	—	—	*26.131*	—	
Average EUR/PEN exchange rate	—	—	*0.252*	—	—	
Average EUR/AUD exchange rate	—	*0.654*	—	—	—	
Interest rate risk						
Bond Forward instruments						
Nominal	*2,250*	*4,500*	*11,453*	*10,000*	—	*28,203*
Average fixed interest rate (%) EUR	*(0.431)*	*(0.404)*	*(0.348)*	*(0.010)*	—	
Inflation risk						
Bond Forward instruments						
Nominal	—	—	*700*	—	—	*700*
Average fixed interest rate (%) EUR	—	—	*0.322*	—	—	
Exchange rate risk						
Exchange rate instruments						
Nominal	*11*	*22*	*99*	*0*	*0*	*132*
Average GBP/EUR exchange rate	*1.156*	*1.153*	*1.142*	—	—	
Hedges of net investments in foreign operations						
Exchange rate risk						
Exchange and interest rate instruments						
Nominal	*2,020*	*4,711*	*13,839*	—	—	*20,570*
Average BRL/EUR exchange rate	*6.554*	*5.797*	*5.866*	—	—	
Average CLP/EUR exchange rate	*953.549*	*955.790*	*944.113*	—	—	
Average COP/EUR exchange rate	—	*4,935.121*	—	—	—	
Average GBP/EUR exchange rate	*0.869*	*0.873*	*0.876*	—	—	
Average MXN/EUR exchange rate	*25.130*	*23.968*	*22.156*	—	—	
Average PLN/EUR exchange rate	—	—	*1.158*	—	—	
Average USD/EUR exchange rate	*4.832*	*4.837*	*4.991*	—	—	

Other geographies

Consumer Group entities mainly have loans portfolios at fixed interest rates and are therefore, exposed to changes in fair value due to movements in market interest rates. The entities manage this risk by contracting interest rate swaps in which they pay a fixed rate and receive a variable rate. Interest rate risk is the only one hedged and, therefore, other risks, such as credit risk, are managed but not hedged by the entities. The interest rate risk component is determined as the change in fair value of fixed rate loans arising solely from changes in a reference rate. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of loans attributable to changes in reference interest rates with changes in the fair value of interest rate swaps.

In addition, in order to access international markets with the aim of obtaining sources of financing, some Consumer Group´s entities issue fixed rate debt in their own currency and in other currencies that differ from their functional currency. Therefore, they are exposed to changes in both interest rates and exchange rates, which they mitigate with derivatives (interest rate swaps, fx forward and cross currency swaps) in which they receive a fixed interest rate and pay a variable interest rate, implemented with a fair value hedge.

The cash flow hedges of the Grupo Santander´s entities hedge the foreign currency risk of loans and financing.

Finally, it has hedges of net investments abroad to hedge the foreign exchange risk of the shareholding in NOK, CNY, PLN, CAD and CHF currencies.

Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México has mainly long-term loan portfolios at fixed interest rates, portfolios of short-term deposits in local currency, portfolios of Mexican Government bonds and corporate bonds in currencies other than the local currency and are therefore exposed to changes in fair value due to movements in market interest rates, as well as these latter portfolios also to variations in exchange rates. The entity manages this risk by contracting derivatives (interest rate swaps or cross currency swaps) in which they pay a fixed rate and receive a variable rate. Only the interest rate and exchange rate risk is hedged, if applicable, and therefore other risks, such as credit risk, are managed but not hedged by the entity.

The interest rate risk component is determined as the change in the fair value of fixed rate loans arising solely from changes in a reference rate. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of loans attributable to changes in benchmark interest rates with changes in the fair value of interest rate swaps.

Regarding cash flow hedges, Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México has a portfolio of unsecured bonds issued at a variable rate in its local currency, which it manages with an interest rate swap in which it receives a variable rate and pays a fixed rate. On the other hand, it also has different items in currencies other than the local currency: unsecured fixed rate bonds, commercial bank loans at variable rates, fixed rate issues, Mexican and Brazilian government bonds at fixed rates. In all these portfolios, the Bank is exposed to exchange rate variations, which it mitigates by contracting cross currency swaps or fx forward.
Banco Santander (Brasil) S.A. has, on the one hand, fair value hedges to protect both assets and liabilities from fluctuations in market rates. The market risk coverage management methodology adopted by the Bank segregates transactions by risk factor (BRL/USD exchange rate risk, pre-set interest rate risk in BRL, USD interest rate risk, inflation....). The entity manages this risk by contracting derivatives (interest rate swaps or interest rate futures) to hedge assets or liabilities at a fixed rate.

Brasil has corporate loans in different currencies than the local one and is therefore exposed to changes in fair value due to exchange rates. This risk is mitigated by contracting cross currency swaps or futures.

It also holds a portfolio of long-term corporate bonds with inflation-indexed rates, thus exposed to changes in market value due to changes in market inflation rates. In order to achieve its mitigation, they contract futures in which they pay the indexed inflation and receive variable interest rates.

In the hedge of cash flows, Banco Santander (Brasil) S.A. has portfolios of loans and government bonds in different currency than the entity's functional currency and, therefore, it is subject to the risk of changes in currency rates. This exposure will be mitigated by hiring Cross Currency Swaps and futures.

Finally, they have a portfolio of variable rate government bonds, so they are exposed to changes in the value due to changes in interest rates. In order to mitigate these changes, a future is hired in which a variable rate is paid and a fixed rate is received.

Additionally, Banco Santander - Chile uses fair value hedges with cross currency swaps, interest rate swaps and call money swaps to hedge its exposure to changes in the fair value of the hedged item attributable to interest rates. The aforementioned hedging instruments modify the effective cost of long-term issues, from a fixed interest rate to a variable interest rate.

In addition, it also makes cash flow hedges in which it uses cross currency swaps to cover the risk of variability of flows attributable to changes in the interest rate of bonds and interbank loans issued at variable rates, as well as to cover the variation of foreign currency, mainly in United States dollars. To hedge the inflation risk present in certain items, it uses both forwards and cross currency swaps.

At Santander Bank, National Association, Interest Rate Swaps are used to leave commercial loans at a fixed rate at a variable rate in USD indexed to 1-month Libor or SOFR, under cash flow hedges.

Regarding the hedged items, the following table shows the detail of the type of hedging, the risk that is hedged and which products are being hedged at 31 December 2024, 2023 and 2022. The products that are being hedged are mainly borrowed deposits, financial deposits, loans, government bonds as assets and financial bonds as liabilities:

	EUR million							
	31 December 2024							
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged item			Change in fair value of hedged item for ineffectiveness assessment	Cash flow reserves or conversion reserves	
	Assets	Liabilities	Assets	Liabilities	Balance sheet line item		Continuing hedges	Discontinued hedges
Fair value hedges	**138,906**	**32,642**	**(1,412)**	**(1,200)**	**Loans and advances / Deposits and Debt securities / Debt securities issued**	**(461)**	**—**	**—**
Interest rate risk	133,149	23,780	(1,345)	(1,176)		(343)	—	—
Exchange rate risk	2,017	1,562	1	3		(118)	—	—
Interest and Exchange rate risk	3,238	7,205	(68)	(27)		1	—	—
Inflation risk	—	—	—	—		—	—	—
Credit risk	—	—	—	—		—	—	—
Base risk	502	—	—	—		—	—	—
Equity risk	—	95	—	—		(1)	—	—
Cash flow hedges						**(564)**	**(478)**	**50**
Interest rate risk						(156)	(794)	83
Exchange rate risk						(439)	213	19
Interest and Exchange rate risk						(40)	11	—
Inflation risk						69	82	(52)
Equity risk						2	10	—
Net foreign investments hedges	**23,559**	—				**(420)**	**(8,002)**	**—**
Exchange rate risk	23,559	—				(420)	(8,002)	—
	162,465	**32,642**	**(1,412)**	**(1,200)**		**(1,445)**	**(8,480)**	**50**

	EUR million							
	31 December 2023							
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged item				Cash flow reserves or conversion reserves	
	Assets	Liabilities	Assets	Liabilities	Balance sheet line item	Change in fair value of hedged item for ineffectiveness assessment	Continuing hedges	Discontinued hedges
Fair value hedges	**134,095**	**26,946**	**(1,798)**	**(1,652)**	**Loans and advances / Deposits and Debt securities / Debt securities issued**	**1,928**		**—**
Interest rate risk	130,672	19,176	(1,682)	(1,546)		1,757	—	—
Exchange rate risk	637	1,365	(1)	(3)		60	—	—
Interest and Exchange rate risk	2,786	6,405	(115)	(103)		111	—	—
Inflation risk	—	—	—	—		—	—	—
Credit risk	—	—	—	—		—	—	—
Cash flow hedges						**(1,824)**	**(813)**	**(173)**
Interest rate risk						(2,182)	(797)	(77)
Exchange rate risk						500	(80)	—
Interest and Exchange rate risk						100	(144)	—
Inflation risk						(233)	196	(96)
Equity risk						(9)	12	—
Net foreign investments hedges	**18,706**	**—**				**1,888**	**(8,684)**	**—**
Exchange rate risk	18,706	—				1,888	(8,684)	—
	152,801	**26,946**	**(1,798)**	**(1,652)**		**1,992**	**(9,497)**	**(173)**

	EUR million							
	31 December 2022							
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged item			Change in fair value of hedged item for ineffectiveness assessment	Cash flow reserves or conversion reserves	
	Assets	Liabilities	Assets	Liabilities	Balance sheet line item		Continuing hedges	Discontinued hedges
Fair value hedges	**126,665**	**59,837**	**(5,487)**	**(3,581)**	**Loans and advances / Deposits and Debt securities / Debt securities issued**	**(3,232)**	**—**	**—**
Interest rate risk	121,605	53,239	(5,069)	(3,428)		(2,397)	—	—
Exchange rate risk	2,792	1,040	(284)	—		(7)	—	—
Interest and Exchange rate risk	2,126	5,558	(134)	(153)		(826)	—	—
Inflation risk	—	—	—	—		—	—	—
Credit risk	142	—	—	—		(2)	—	—
Cash flow hedges						**475**	**(3,353)**	**(225)**
Interest rate risk						2,458	(2,973)	(75)
Exchange rate risk						(1,764)	(88)	(2)
Interest and Exchange rate risk						39	(309)	1
Inflation risk						(258)	14	(149)
Equity risk						—	3	—
Net foreign investments hedges	**22,614**	**—**				**2,467**	**(6,750)**	**—**
Exchange rate risk	22,614	—				2,467	(6,750)	—
	149,279	**59,837**	**(5,487)**	**(3,581)**		**(290)**	**(10,103)**	**(225)**

The cumulative amount of adjustments of the fair value hedging instruments that remain in the balance for hedges items that are no longer adjusted by profit and loss of coverage as at 31 December 2024 is EUR 775 losses (EUR 1,006 million losses and EUR 756 million profits in 2023 and 2022, respectively).

The net impact of the hedges are shown in the following table:

	EUR million				
	31 December 2024				
				Reclassified amount of reserves to the income statement due to:	
	Earnings/ (losses) recognised in another cumulative overall result	Ineffective recognised in the income statement	Line of the income statement that includes the ineffectiveness of cash flows	Cover transaction affecting the income statement	Line of the income statement that includes reclassified items
Fair value hedges		**22**	**Gains or losses financial assets/liabilities**		
Interest rate risk		30	—		
Exchange rate risk		(17)	—		
Interest rate and exchange rate risk		9	—		
Cash flow hedges	**558**	**(6)**	**—**	**(1,256)**	**Interest margin/Gains or losses financial assets/liabilities**
Interest rate risk	163	(12)	—	(1,166)	
Exchange rate risk	312	20	—	319	
Interest rate and exchange rate risk	155	(14)	—	(340)	
Inflation risk	(70)	—	—	(69)	
Equity risk	(2)	—	—	0	
Net foreign investments hedges	**420**	**—**	**—**	**—**	
Exchange rate risk	420	—		—	
	978	**16**		**(1,256)**	

	EUR million				
	31 December 2023				
				Reclassified amount of reserves to the income statement due to:	
	Earnings/ (losses) recognised in another cumulative overall result	Ineffective coverage recognised in the income statement	Line of the income statement that includes the ineffectiveness of cash flows	Cover transaction affecting the income statement	Line of the income statement that includes reclassified items
Fair value hedges		**59**	**Gains or losses financial assets/liabilities**		
Interest rate risk		72			
Exchange rate risk		(38)			
Interest rate and exchange rate risk		25			
Cash flow hedges	**2,592**	**4**	**Gains or losses financial assets/liabilities**	**(2,622)**	**Interest margin/Gains or losses financial assets/liabilities**
Interest rate risk	2,179	2		(1,647)	
Exchange rate risk	7	(1)		(416)	
Interest rate and exchange rate risk	164	2		(431)	
Inflation risk	233	1		(128)	
Equity risk	9	—		0	
Net foreign investments hedges hedges	**(1,888)**	**—**		**—**	
Exchange rate risk	(1,888)	—		—	
	704	**63**		**(2,622)**	

	EUR million				
	31 December 2022				
				Reclassified amount of reserves to the income statement due to:	
	Earnings/(losses) recognised in another cumulative overall result	Ineffective coverage recognised in the income statement	Line of the income statement that includes the ineffectiveness of cash flows	Cover transaction affecting the income statement	Line of the income statement that includes reclassified items
Fair value hedges		**119**	**Gains or losses financial assets/liabilities**		
Interest rate risk		155			
Risk of Exchange rate		(16)			
Risk of interest rate and exchange rate		(20)			
Credit risk					
Cash flow hedges	**(3,016)**	**(45)**	**Gains or losses financial assets/liabilities**	**1,254**	**Interest margin/Gains or losses financial assets/liabilities**
Interest rate risk	(2,458)	1		(370)	
Exchange rate risk	(178)	(10)		2,130	
Interest rate and exchange rate risk	(638)	(39)		587	
Inflation risk	258	3		(1,093)	
Equity risk	0	—		—	
Net foreign investments hedges	**(2,467)**	**—**		**—**	
Exchange rate risk	(2,467)	—		—	
	(5,483)	**74**		**1,254**	

The following table shows the movement in the impact of equity for the year:

EUR million

	2024	2023	2022
Balance at beginning of year	**(9,424)**	**(9,187)**	**(4,559)**
Cash flow hedges			
Interest rate risk	**163**	**2,179**	**(2,458)**
Amounts transferred to income statements	*1,166*	*1,647*	*370*
Gain or loss in value CFE - recognized in equity	*(1,003)*	*532*	*(2,828)*
Exchange rate risk	**312**	**7**	**(178)**
Amounts transferred to income statements	*(319)*	*416*	*(2,130)*
Gain or loss in value CFE - recognized in equity	*631*	*(409)*	*1,952*
Interest rate and exchange rate risk	**155**	**164**	**(638)**
Amounts transferred to income statements	*340*	*431*	*(587)*
Gain or loss in value CFE - recognized in equity	*(185)*	*(267)*	*(51)*
Inflation risk	**(70)**	**233**	**258**
Amounts transferred to income statements	*69*	*128*	*1,093*
Gain or loss in value CFE - recognized in equity	*(139)*	*105*	*(835)*
Equity risk	**(2)**	**9**	**0**
Amounts transferred to income statements	*—*	*—*	*—*
Gain or loss in value CFE - recognized in equity	*(2)*	*9*	*—*
Net foreign investments hedges			
Exchange rate risk	**420**	**(1,888)**	**(2,467)**
Amounts transferred to income statements	*—*	*—*	*—*
Gain or loss in value CFE - recognized in equity	*420*	*(1,888)*	*(2,467)*
Minorities, taxes and others	146	(941)	855
Balance at end of year	**(8,300)**	**(9,424)**	**(9,187)**

37. Discontinued operations

No operations were discontinued in 2024, 2023 or 2022.

38. Interest income

Interest and similar income in the consolidated income statement comprises the interest accruing in the year on all financial assets with an implicit or explicit return, calculated by applying the effective interest method, irrespective of measurement at fair value; and the rectifications of income as a result of hedge accounting. Interest is recognised gross, without deducting any tax withheld at source.

The detail of the main interest and similar income items earned in 2024, 2023 and 2022 is as follows:

EUR million

	2024	2023	2022
Loans and advances, central banks	1,728	1,959	1,606
Loans and advances, credit institutions	6,620	5,361	2,186
Debt instruments	16,120	14,501	10,416
Loans and advances, customers	77,781	70,619	54,110
Other interest[A]	10,486	12,812	3,112
	112,735	**105,252**	**71,430**

A. Mainly include the rectification of income originating from accounting hedges as well as interest on balances in central banks and on demand credit institutions.

Most of the interest and similar income was generated by the Group's financial assets that are measured either at amortised cost or at fair value through other comprehensive income.

39. Interest expense

Interest expense and similar charges in the consolidated income statement includes the interest accruing in the year on all financial liabilities with an implicit or explicit return, including remuneration in kind, calculated by applying the effective interest method, irrespective of measurement at fair value; the rectifications of cost as a result of hedge accounting; and the interest cost attributable to provisions recorded for pensions.

The detail of the main items of interest expense and similar charges accrued in 2024, 2023 and 2022 is as follows:

EUR million

	2024	2023	2022
Central banks deposits	1,745	2,178	706
Credit institution deposits	7,638	7,172	2,784
Customer deposits	36,465	33,238	16,994
Debt securities issued and subordinated liabilities	14,774	12,751	8,464
Marketable debt securities	*13,377*	*11,702*	*7,472*
Subordinated liabilities (note 23)	*1,397*	*1,049*	*992*
Provisions for pensions (note 25)	106	94	100
Lease Liabilities	126	130	116
Other interest expense	5,213	6,428	3,647
	66,067	**61,991**	**32,811**

Most of the interest expense and similar charges was generated by the Group's financial liabilities that are measured at amortised cost.

40. Dividend income

Dividend income includes the dividends and payments on equity instruments out of profits generated by investees after the acquisition of the equity interest.

The detail of income from dividends as follows:

EUR million

	2024	2023	2022
Dividend income classified as:			
Financial assets held for trading	522	415	366
Non-trading financial assets mandatorily at fair value through profit or loss	71	68	35
Financial assets at fair value through other comprehensive income	121	88	87
	714	**571**	**488**

41. Commission income

Commission income comprises the amount of all fees and commissions accruing in favour of the Group in the year, except those that form an integral part of the effective interest rate on financial instruments.

The detail of fee and commission income is as follows:

EUR million

	2024	2023	2022
Coming from collection and payment services			
Bills	220	232	245
Demand accounts	1,504	1,457	1,526
Cards	4,207	4,278	4,012
Orders	704	698	625
Cheques and other	138	128	172
	6,773	**6,793**	**6,580**
Coming from non-banking financial products			
Investment funds	1,462	1,092	1,017
Pension funds	194	178	167
Insurance	2,923	2,715	2,743
	4,579	**3,985**	**3,927**
Coming from Securities services			
Securities underwriting and placement	598	511	438
Securities trading	472	348	339
Administration and custody	370	354	321
Asset management	254	341	446
	1,694	**1,554**	**1,544**
Other			
Foreign exchange	907	846	822
Financial guarantees	562	486	433
Commitment fees	542	549	506
Other fees and commissions	2,545	2,108	2,055
	4,556	**3,989**	**3,816**
	17,602	**16,321**	**15,867**

42. Commission expense

Commission expense shows the amount of all fees and commissions paid or payable by the Group in the year, except those that form an integral part of the effective interest rate on financial instruments.

The detail of commission expense is as follows:

EUR million

	2024	2023	2022
Commissions assigned to third parties	**2,686**	**2,644**	**2,554**
Cards	1,854	1,891	1,872
By collection and return of effects	30	24	18
Other fees assigned	802	729	664
Other commissions paid	**1,906**	**1,620**	**1,523**
Brokerage fees on lending and deposit transactions	84	105	77
Sales of insurance and pension funds	459	358	340
Other fees and commissions	1,363	1,157	1,106
	4,592	**4,264**	**4,077**

43. Gains or losses on financial assets and liabilities

The following information is presented below regarding the gains or losses recorded for financial assets or liabilities:

a) Breakdown

The detail, by origin, of Gains/losses on financial assets and liabilities:

EUR million

	2024	2023	2022
Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net	(114)	96	149
Financial assets at amortized cost	(190)	(3)	34
Other financial assets and liabilities	76	99	115
Of which debt instruments	*53*	*51*	*122*
Gains or losses on financial assets and liabilities held for trading, net[A]	1,459	2,322	842
Gains or losses on non-trading financial assets and liabilities mandatory at fair value through profit or loss	495	204	162
Gains or losses on financial assets and liabilities measured at fair value through profit or loss, net[A]	691	(93)	968
Gains or losses from hedge accounting, net	16	63	74
	2,547	**2,592**	**2,195**

A. Includes the net result obtained by transactions with debt securities, equity instruments, derivatives and short positions included in this portfolio when the Group jointly manages its risk in these instruments.

As explained in note 44, the above breakdown should be analysed in conjunction with the 'Exchange differences, net':

EUR million

	2024	2023	2022
Exchange differences, net	(274)	41	(542)

b) Financial assets and liabilities at fair value through profit or loss

The detail of the amount of the asset balances is as follows:

EUR million

	2024	2023	2022
Loans and receivables:	72,931	51,072	44,962
Central banks	12,966	17,717	11,595
Credit institutions	27,722	14,520	17,175
Customers	32,243	18,835	16,192
Debt instruments	85,990	66,079	45,079
Equity instruments	21,277	19,125	13,777
Derivatives	64,100	56,328	67,002
	244,298	**192,604**	**170,820**

Grupo Santander mitigates and reduces this exposure as follows:

- With respect to derivatives, the Group has entered into framework agreements with a large number of credit institutions and customers for the netting-off of asset positions and the provision of collateral for non-payment.

  At 31 December 2024 the exposure to credit risk of the derivatives presented in the balance sheet is not significant because they are subject to netting and collateral agreements (see note 2.f).

- Loans and advances to credit institutions and Loans and advances includes reverse repos amounting to EUR 65,253 million at 31 December 2024.

  Also, mortgage-backed assets totalled EUR 1,703 million.

- Debt instruments include EUR 68,506 million of Spanish and foreign government securities.

  At 31 December 2024 the amount of the change in the year in the fair value of financial assets at fair value through profit or loss attributable to variations in their credit risk (spread) was not material.

The detail of the amount of the liability balances is as follows:

EUR million

	2024	2023	2022
Deposits	87,374	80,503	62,620
Central banks	15,074	9,017	7,497
Credit institutions	27,909	19,597	11,754
Customer	44,391	51,889	43,369
Marketable debt securities	7,554	5,371	5,427
Short positions	35,830	26,174	22,515
Derivatives	57,753	50,589	64,891
Other financial liabilities	—	—	—
	188,511	**162,637**	**155,453**

At 31 December 2024, the amount of the change in the fair value of financial liabilities at fair value through profit or loss attributable to changes in their credit risk during the year is not material.

In relation to liabilities designated at fair value through profit or loss where it has been determined at initial recognition that the credit risk is recorded in accumulated 'Other comprehensive income' (see 'Statement of recognised income and expense') the amount that the Group would be contractually obliged to pay on maturity of these liabilities at 31 December 2024 is EUR 1,851 million higher than their carrying amount (EUR 866 million higher at 31 December 2023 and EUR 1,044 million higher at 31 December 2022), no significant impact on results as its fair value is covered by hedging operations.

Within Deposits, there are repurchase agreements amounting to EUR 58,569 million at 31 December 2024.

44. Exchange differences, net

Exchange differences shows basically the gains or losses on currency dealings, the differences that arise on translations of monetary items in foreign currencies to the functional currency.

Grupo Santander manages the currencies to which it is exposed together with the arrangement of derivative instruments and, accordingly, the changes in this line item should be analysed together with those recognised under 'Gains/losses on financial assets and liabilities' (see note 43).

45. Other operating income and expenses

Other operating income and Other operating expenses in the consolidated income statements include:

EUR million

	2024	2023	2022
Other operating income	**803**	**1,104**	**1,510**
Non- financial services	654	752	770
Other operating income	149	352	740
Other operating expense	**(2,324)**	**(2,827)**	**(2,803)**
Non-financial services	(498)	(674)	(661)
Other operating expense:	(1,826)	(2,153)	(2,142)
Of which, credit institutions deposit guarantee fund and single resolution fund	*(536)*	*(1,119)*	*(1,258)*
	(1,521)	**(1,723)**	**(1,293)**

In the 2024 financial year, it has been decided that there will be no contribution in Spain to the Single Resolution Fund, as well as a decrease in the contribution to the Deposit Guarantee Fund, by the Single Resolution Board (SRB) and the Deposit Guarantee Fund Management Committee, respectively.

The amount of the Group recognises in relation to income from sub-leases of rights of use is not material.

46. Staff costs

a) Breakdown

The detail of Staff costs is as follows:

EUR million

	2024	2023	2022
Wages and salaries	10,923	10,351	9,563
Social Security costs	1,714	1,637	1,441
Additions to provisions for defined benefit pension plans (note 25)	46	42	65
Contributions to defined contribution pension funds	357	310	296
Other Staff costs	1,288	1,386	1,182
	14,328	**13,726**	**12,547**

b) Headcount

The number of employees of Grupo Santander at 31 December 2024, 2023 and 2022 is 206,753, 212,764 and 206,462, respectively. For the years 2024, 2023 and 2022 the average number of employees of the Group is 209,371, 211,135 and 201,516 , respectively, being the average number of employees of Banco Santander, S.A. 23,839, 24,061 and 23,410, of which 15, 16 and 17 are executive directors and Senior management, respectively.

The functional breakdown (final employment), by gender, at 31 December 2024 is as follows:

Functional breakdown by gender

	Senior executives[A]				Other executives[B]				Other employees			
	Men	Women	Others	Not declared	Men	Women	Others	Not declared	Men	Women	Others	Not declared
Europe	959	443	—	1	8,850	5,096	1	6	32,654	39,201	3	37
North America	198	72	—	—	3,881	2,622	—	3	15,047	19,571	2	3
South America	299	146	—	—	3,982	2,996	—	1	32,507	38,172	—	—
	1,456	**661**	**—**	**1**	**16,713**	**10,714**	**1**	**10**	**80,208**	**96,944**	**5**	**40**

A. Senior Executives includes employees with job profiles under the following harmonized management levels: Senior Executive VP. Executive VP and VP.
B. Other Executives includes Directors, Mangers, Experts and Branch Managers.

The same information, expressed in percentage terms at 31 December 2024 is as follows:

Functional breakdown by gender

	Senior executives[A]				Other executives[B]				Other employees			
	Men	Women	Others	Not declared	Men	Women	Others	Not declared	Men	Women	Others	Not declared
Europe	68%	32%	0%	0%	63%	37%	0%	0%	45%	55%	0%	0%
North America	73%	27%	0%	0%	60%	40%	0%	0%	43%	57%	0%	0%
South America	67%	33%	0%	0%	57%	43%	0%	0%	46%	54%	0%	0%
	69%	**31%**	**0%**	**0%**	**61%**	**39%**	**0%**	**0%**	**45%**	**55%**	**0%**	**0%**

A. Senior Executives includes employees with job profiles under the following harmonized management levels: Senior Executive VP. Executive VP and VP.
B. Other Executives includes Directors, Mangers, Experts and Branch Managers.

The labour relations between employees and the various Group companies are governed by the related collective agreements or similar regulations.

The number of employees in the Group with disabilities, distributed by professional categories, at 31 December 2024, is as follows:

Number of employees[A]

	2024
Senior executives	16
Other executives	267
Other employees	4,545
	4,828

A. An employee with disabilities is considered to be a person who is recognised by the State or the company in each jurisdiction where the Group operates and that entitles them to receive direct monetary assistance, or other types of aid such as, for example, reduction of their taxes. In the case of Spain, employees with disabilities have been considered to be those with a degree of disabilities greater than or equal to 33%.

The number of Group employees with disabilities at 2023 and 2022, was 4,701 and 4,114, respectively.

Likewise, the average number of employees of Banco Santander, S.A. with disabilities, equal to or greater than 33%, during 2024 was 435 (428 and 331 employees during 2023 and 2022). At the end of fiscal year 2024, there were 432 employees (436 and 444 employees at 31 December, 2023 and 2022, respectively).

c) Share-based payments

The main share-based payments granted by the Group in force at 31 December, 2024, 2023 and 2022 are described below.

i. Bank

The variable remuneration policy for the Bank's executive directors and certain executive personnel of the Bank and of other Group companies includes Bank share-based payments, the implementation of which requires, in conformity with the law and the Bank's Bylaws, specific resolutions to be adopted by the general meeting.

Were it necessary or advisable for legal, regulatory or other similar reasons, the delivery mechanisms described below may be adapted in specific cases without altering the maximum number of shares linked to the plan or the essential conditions to which the delivery thereof is subject.

These adaptations may involve replacing the delivery of shares with the delivery of cash amounts of an equal value.

The plans that include share-based payments are as follows: (i) Deferred and Conditional Variable Remuneration Plan; (ii) Deferred Multiyear Objectives Variable Remuneration Plan; (iii) Digital Transformation Award, (iv) Digital Transformation Award 2022, Digital Transformation Award 2023 and (vi) Digital Transformation Award 2024. The characteristics of the plans are set forth below:

Deferred variable remuneration systems	Description and plan beneficiaries	Conditions	Calculation Base
(i) Deferred and conditional variable remuneration plan (2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024)	The purpose of these cycles is to defer a portion of the variable remuneration of the beneficiaries over a period of three years for the sixth cycles, over three or five years for the fifth, seventh, eighth, ninth, tenth and eleventh cycles, and over four or five years for the twelfth cycle, for it to be paid, where appropriate, in cash and in Santander shares. The other portion of the variable remuneration is also to be paid in cash and Santander shares, upon commencement of the cycles, in accordance with the rules set forth below. Beneficiaries: • Executive directors and certain executives (including senior management) and employees who assume risk, who perform control functions or receive an overall remuneration which puts them on the same remuneration level as executives and employees who assume risks (fifth cycle) • In the case of the sixth, seventh, eighth, ninth, tenth, eleventh twelfth, thirteenth cycle and fourteenth, the beneficiaries are Material Risk Takers (Identified staff) that are not beneficiaries of the Deferred Multiyear Objectives Variable Remuneration Plan.	For the fifth and sixth cycles (2015 to 2016), the accrual of the deferred compensation is conditioned, in addition to the requirement that the beneficiary remains in the Group's employ, with the exceptions included in the plan regulations on none of the following circumstances existing during the period prior to each delivery, pursuant to the provisions set forth in each case in the plan regulations: • Poor financial performance of the Group. • Breach by the beneficiary of internal regulations, including, in particular, those relating to risks. • Material restatement of the Group's consolidated financial statements, except when it is required pursuant to a change in accounting standards. • Significant changes in the Group's economic capital or risk profile In the case of the seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth cycles (2017 to 2022), the accrual of deferred compensation is conditioned, in addition to the permanence of the beneficiary in the Group, with the exceptions contained in the plan's regulations, to non-occurrence of a poor performance of the entity as a whole or of a specific division or area of the entity or of the exposures generated by the personnel: i. significant failures in risk management by the entity , or by a business unit or risk control unit. ii. the increase suffered by the entity or by a business unit of its capital needs, not foreseen at the time of generation of the exposures. iii. Regulatory sanctions or judicial sentences for events that could be attributable to the unit or the personnel responsible for those. Also, the breach of internal codes of conduct of the entity. iv. Irregular behaviours, whether individual or collective, considering in particular the negative effects derived from the marketing of inappropriate products and the responsibilities of the persons or bodies that made those decisions.	Fifth cycle (2015): • Executive directors and members of the Identified Staff with total variable remuneration higher than 2.6 million euros: 40% paid immediately and 60% deferred over 5 years deferral period. • Division managers, country heads (of countries which represent at least 1% of Group's economic capital), other executives of the Group with a similar profile and members of the Identified Staff with total variable remuneration between 1.7 million euros (1.8 million in fourth cycle) and 2.6 million euros: 50% paid immediately and 50% deferred over 5 years (fifth cycle) • Other beneficiaries: 60% paid immediately and 40% deferred over 3 years. Sixth cycle (2016): • 60% of bonus will be paid immediately and 40% deferred over a three years period. Seventh, eighth, ninth, tenth and eleventh cycle (2017, 2018, 2019, 2020 and 2021): • Beneficiaries of these plans with target total variable remuneration higher or equal to 2.7 million euros: 40% paid immediately and 60% deferred over 5 years • Beneficiaries of these plans with target total variable remuneration between 1.7 million euros and 2.7 million euros: 50% paid immediately and 50%paid over 5 years • Other beneficiaries of these plans: 60% paid immediately and 40% deferred over 3 years. Twelfth (2022), thirteenth (2023) and fourteenth (2024) cycle: • Beneficiaries of these plans with target total variable remuneration higher or equal to 2.7 million euros: 40% paid immediately and 60% deferred over 5 years • Beneficiaries of these plans with target total variable remuneration between 1.7 million euros and 2.7 million euros: 50% paid immediately and 50% paid over 5 years • Other beneficiaries of these plans: 60% paid immediately and 40% deferred over 4 years .

Deferred variable remuneration systems	Description and plan beneficiaries	Conditions	Calculation Base
(ii)Deferred Multiyear Objectives Variable Remuneration Plan (2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024)	The aim is simplifying the remuneration structure, improving the ex ante risk adjustment and increasing the impact of the long-term objectives on the Group's most relevant roles. The purpose of these cycles is to defer a portion of the variable remuneration of the beneficiaries over a period of three or five years (four or five years for the seventh cycle) for it to be paid, where appropriate, in cash and in Santander shares; the other portion of the variable remuneration is also to be paid in cash and Santander shares (regarding the instruments part, executive directors in the seventh cycle have the opportunity to choose all in share options or half in share options and half in shares), upon commencement of the cycles, in accordance with the rules set forth below. The accrual of the last third of the deferral (in the case of 3 years deferral), the last 2 fourths (in the case of 4 years deferral) and the last three fifths (in the case of 5 years deferral) is also subject to long-term objectives. **Beneficiaries** Executive directors, senior management and certain executives of the Group's first lines of responsibility.	In 2016 the accrual is conditioned, in addition to the permanence of the beneficiary in the Group, with the exceptions contained in the plan's regulations, to non-occurrence of the following circumstances during the period prior to each of the deliveries in the terms set forth in each case in the plan's regulations: i. Poor performance of the Group. ii. Breach by the beneficiary of the internal regulations, including in particular that relating to risks. iii. Material restatement of the Group's consolidated financial statements, except when appropriate under a change in accounting regulations. iv. Significant changes in the Group's economic capital or risk profile. In 2017, 2018, 2019, 2020 and 2021 the accrual is conditioned, in addition to the beneficiary' permanence in the Group, with the exceptions contained in the plan's regulations, to the non-occurrence of poor financial performance from the entity as a whole or of a specific division or area thereof or of the exposures generated by the personnel, taking into account the following factors: v. Significant failures in risk management committed by the entity, or by a business unit or risk control unit. vi. the increase suffered by the entity or by a business unit of its capital needs, not foreseen at the time of generation of the exposures. vii. Regulatory sanctions or court rulings for events that could be attributable to the unit or the personnel responsible for those. Also, the breach of internal codes of conduct of the entity. viii. Irregular behaviours, whether individual or collective, considering in particular negative effects derived from the marketing of inappropriate products and responsibilities of persons or bodies that made those decisions. Paid half in cash and half in shares. In the seventh cycle, and only for executive directors: half in cash and 25% in share options and 25% in shares (unless the director chooses to receive options only). The maximum number of shares to be delivered is calculated by taking into account the weighted average daily volume of weighted average prices for the fifteen trading sessions prior to the previous Friday (excluding) on the date on which the board decides the bonus for the Executive directors of the Bank. In the eighth cycle, and for all Identified Staff: half in cash and 25% in shares and 25% in share options, or half in cash and half in shares, according to each executive´s choice. In the ninth cycle, half in cash and half in shares.	First cycle (2016): • Executive directors and members of the Identified Staff with total variable remuneration higher than or equal to 2.7 million euros: 40% paid immediately and 60% deferred over a 5 years period. • Senior managers, country heads of countries representing at least 1% of the Group´s capital and other members of the identified staff whose total variable remuneration is between 1.7 million and 2.7 million euros: 50% paid immediately and 50% deferred over a 5 years period. • Other beneficiaries: 60% paid immediately and 40% deferred over a 3 years period. The second, third, fourth, fifth and sixth cycles (2017, 2018, 2019,2020 and 2021 respectively) are under the aforementioned deferral rules, except that the variable remuneration considered is the target for each executive and not the actual award. In 2016 the metrics for the deferred portion subject to long-term objectives (last third or last three fifths, respectively, for the cases of three years and five years deferrals) are: • Earnings per share (EPS) growth in 2018 over 2015. • Relative Total Shareholder Return (TSR) in the 2016-2018 period measured against a group of credit institutions. • Compliance with the fully-loaded common equity tier 1 ('CET1') ratio target for financial year 2018. • Compliance with Grupo Santander's underlying return on risk-weighted assets ('RoRWA') growth target for financial year 2018 compared to financial year 2015. In the second, third, fourth, fifth and sixth cycle (2017, 2018, 2019, 2020 and 2021) the metrics for the deferred portion subject to long-term objectives (last third or last three fifths, respectively, for the cases of three years and five years deferrals) are: • EPS growth in 2019, 2020, 2021, 2022 and 2023 (over 2016, 2017, 2018, 2019 and 2020, for each respective cycle) • Relative Total Shareholder Return (TSR) measured against a group of 17 credit institutions (second and third cycles) in the periods 2017-2019 and 2018-2019, respectively, and against a group of 9 entities (fourth, fifth and sixth cycle) for the 2019-2021, 2020-2022 and 2010-2023 period. • Compliance with the fully-loaded common equity tier 1 ('CET1') ratio target for financial years 2019, 2020, 2021,2022 and 2023, respectively. In the seventh (2022), eighth cycle (2023) and ninth cycle (2024), the metrics for the deferred portion subject to long-term objectives (two last fourths and last three fifths, for the cases of four years and five years deferrals) are: • Banco Santander's consolidated Return on tangible equity (RoTE) target in 2024 (7th cycle), 2025 (8th cycle) and 2026 (9th cycle). • Relative Total Shareholder Return (TSR) measured against a group of 9 credit institutions for the period 2022-2024 (7th cycle), 2023-2025 (8th cycle) and 2024-2026 (9th cycle). • Progress level in the public targets of our Sustainability agenda.

Deferred variable remuneration systems	Description and plan beneficiaries	Conditions	Calculation Base
(iii) Digital Transformation Award (2019, 2020 and 2021)	The 2019, 2020 and 2021 Digital Transformation Incentive (the 'Digital Incentive') is a variable remuneration system that includes the delivery of Santander shares and share options. The aim of the Digital Incentive is to attract and retain the critical skill sets to support and accelerate the digital transformation of the Group. By means of this program, the Group offers a remuneration element which is competitive with the remuneration systems offered by other market operators who also compete for digital talent. The number of beneficiaries is limited to a maximum of 250 employees and the total amount of the incentive is limited to 30 million euros.	The funding of this incentive is subject to meeting important milestones that are aligned with the Group´s digital roadmap and have been approved by the board of directors, taking into account the digitalization strategy of the Group, with the aim of becoming the best open, responsible global financial services platform. Performance of 2019 incentive was measured based on achievement of the following milestones: (i) Launch of a Global Trade Services (GTS) platform; (ii) launch of a Global Merchant Services (GMS) platform; (iii) migration of our fully digital bank, OpenBank, to a 'next generation' platform and launch in 3 markets; (iv) extension of SuperDigital in Brazil to at least one other country; (v) and launch of our international payments app based on blockchain Pago FX to non-Santander customers. The milestones for the 2020 Digital Transformation Award were: (i) rolling out the global merchant services (GMS) platform in 3 new geographies, enhancing the platform functionality and achieving volume targets for transactions and participating merchants; (ii) doing the commercial rollout of the global trade services (GTS) platform in 8 new geographies, enhancing platform functionality, and achieving volume targets for on-boarded clients and monthly active users; (iii) launching OpenBank in a new market and migrating the retail banking infrastructure to 'new-mode' bank; (iv) launch the global platform SuperDigital in at least 4 countries, driving target active user growth; (v) deploying machine learning across pre-defined markets for 4 priority use cases, rolling out Conversion Rate Optimization (Digital marketing) for at least 40 sales programs, delivering profit targets, and driving reduction of agent handled calls in contact centers; (vi) successfully implementing initiatives related to on-board and identity services, common API (application programming interface) layer, payment hubs, mobile app for SMEs and virtual assistant services; and (vii) launching the PagoFX global platform in at least 4 countries. The milestones for 2021 were: (i)in relation to Pago Nxt Consumer payment platform: implementation of Superdigital platform in seven countries, acquisition of over 1.5 million active customer base and accelerating growth through B2B (business to business) and B2B2C (business to business to customer) partnerships, acquiring more than 50% of the new customers through these channels, which are more cost-effective; (ii)in relation to Digital Consumer Bank: launching online API for checkout lending in the European Union and completion of controllable items for Openbank launch in USA; (iii)in relation to One Santander strategy: implementation in Europe of One Common Mobile Experience and, specifically, implementation of Europe ONE app for individual customers in at least three of the four countries by December 2021; and be among the three-top rated entities in terms of Mobile NetPromoter Score (Mobile NPS) in at least two of the four countries by December 2021; (iv) In relation to cloud adoption: host 75% of migratable virtual machines on cloud technology (either public cloud or OHE) by December 2021. For these purposes, mainframes, physical servers and servers with non-x86 operating systems will be considered non-migratable.	The Digital Incentive is structured 50% in Santander shares and 50% in options over Santander shares, taking into account the fair value of the option at the moment in which they are granted. For Material Risk Takers subject to five years deferrals, the Digital Incentive (shares and options over shares) shall be delivered in thirds, on the third, fourth and fifth anniversary from their granting. For Material Risk Takers subject to three years deferrals and employees not subject to deferrals, delivery shall be done on the third anniversary from their granting. Any delivery of shares, either directly or via exercise of options overs shares, will be subject generally to the Group's general *malus* & *clawback* provisions as described in the Group's remuneration policy and to the continuity of the beneficiary within the Grupo Santander. In this regard, the board may define specific rules for non-Identified Staff. Vested share options can be exercised until maturity, with all options lapsing after ten years (for granting the 2019 incentive) and eight years (for granting the 2020 and 2021 incentive). The total achievement for 2021 Digital Incentive was 77.5% (85% en 2020 and 83% en 2019).

Deferred variable remuneration systems	Description and plan beneficiaries	Conditions	Calculation base
(iv) Digital Transformation Award (2022)	The board of directors approved the 2022 Digital Transformation Incentive. It is a variable remuneration scheme splits in two different blocks: • The first one, with the same mechanism than previous years, that delivers Santander shares and share options if the group hits major milestones on its digital roadmap. This is aimed at a group of up to 250 (is limited to 30 million euros)employees whose functions are deemed essential to Santander's growth. • And the second one, which delivers PagoNxt, S.L. RSUs and premium prices options (PPOs), and is aimed at up to 50 employees (and limited to 15 million euros) whose roles are considered key to PagoNxt's success. The aim of the Digital Incentive is to attract and retain the critical skill sets to support and accelerate the digital transformation of the Group. By means of this program, the Group offers a remuneration element which is competitive with the remuneration systems offered by other market operators who also compete for digital talent.	Performance of the first block of the incentive shall be measured based on achievement of the following milestones: i. Edelweiss: Our Santander future retail architecture EDELWEISS will mean moving from our current Core centric banking architecture towards a Customer and Data-Centric Core supported by lean Record Processing engines. ii. Simplification: Speed up the simplification of our technology platform and business model by Reducing the total number of applications in production and reducing number of products in the regions. iii. Agile: Agile ways of working enable a better and faster reaction to customers' needs and is based on a value-driven delivery that increases efficiency by reducing time-to-market and development costs, and increasing quality. People working in Agile are more collaborative, engaged, empowered and creative. iv. In Digital Consumer Bank: a) To create the BNPL platform connected to at least one merchant in Netherlands and Germany, and to make sure the platform is ready to connect in Spain. b) To support the definition of Openbank US's IT digital strategy and achieve 2022 milestones in it. c) To have the new leasing platform connected to dealers in Italy. d) To expand the Wabi B2B online business to Germany. To execute the first B2B deal with an Original Equipment Manufacturer or mobility player in at least one country. To expand coches.com business and platform to Portugal. And in regard to the second block of digital incentive: the consolidation of PagoNxt Core Perimeter.	The first block of thee Digital Incentive is structured 50% in Santander shares and 50% in options over Santander shares, taking into account the fair value of the option at the moment in which they are granted. For Material Risk Takers subject to five years deferrals, the Digital Incentive (shares and options over shares) shall be delivered in thirds, on the third, fourth and fifth anniversary from their granting. For Material Risk Takers subject to three years deferrals and employees not subject to deferrals, delivery shall be done on the third anniversary from their granting. Any delivery of shares, either directly or via exercise of options overs shares, will be subject generally to the Group's general *malus* & *clawback* provisions as described in the Group's remuneration policy and to the continuity of the beneficiary within the Grupo Santander. In this regard, the board may define specific rules for non-Identified Staff. Vested share options can be exercised until maturity, with all options lapsing after ten years. The total achievement for 2022 Digital Incentive was 96.5%. The second block of Digital Incentive is structures in restricted stock units (RSUs) and premium priced Options (PPOs) of PagoNxt S.L. in a percentage determined by the internal category of the beneficiary. The total achievement for 2022 was 100%.

Deferred variable remuneration systems	Description and plan beneficiaries	Conditions	Calculation base
(iv) Digital Transformation Award (2023)	The board of directors approved the 2023 Digital Transformation Incentive. It is a variable remuneration scheme which delivers PagoNxt, S.L. RSUs and premium prices options (PPOs), and is aimed at up to 50 employees (and limited to 15 million euros) whose roles are considered key to PagoNxt's success. With this program, the Group offers a remuneration element which is competitive with the remuneration systems offered by other market operators who also compete for digital talent.	And the performance conditions were focus on key digital projects related with PagoNxt's main businesses (Trade, Merchant and Payments) in its core geographies.	This incentive is structures in restricted stock units (RSUs) and premium priced Options (PPOs) of PagoNxt S.L. in a percentage determined by the internal category of the beneficiary. The average achievement for 2023 was 88%.

Deferred variable remuneration systems	Description and plan beneficiaries	Conditions	Calculation base
(iv) Digital Transformation Award (2024)	The board of directors approved the 2024 Digital Transformation Incentive. It is a variable remuneration scheme which delivers PagoNxt, S.L. RSUs, and is aimed at approximately to 50 employees whose roles are considered key to PagoNxt's success. With this program, the Group offers a remuneration element which is competitive with the remuneration systems offered by other market operators who also compete for digital talent.	And the performance conditions were focus on key digital projects related with PagoNxt's main businesses (Trade, Merchant and Payments) in its core geographies.	This incentive is structures in restricted stock units (RSUs) of PagoNxt S.L. in a percentage determined by the internal category of the beneficiary. The average achievement for 2024 was 77%.

ii. Santander UK plc

The long-term incentive plans on shares of the Bank granted by management of Santander UK plc to its employees are as follows:

	Number of shares (in thousand)	Exercise price in pounds sterling[A]	Year granted	Employee group	Number of persons[B]	Date of commencement of exercise period	Date of expiry of exercise period
Plans outstanding at 01/01/2022	**25,936**						
Options granted (sharesave)	13,068	1.89	2022	Employees	4,362	01/11/22	01/11/25
						01/11/22	01/11/27
Options exercised	(242)	1.69					
Options cancelled (net) or not exercised	(8,774)	2.59					
Plans outstanding at 31/12/2022	**29,988**						
Options granted (sharesave)	7,175	2.78	2023	Employees	4,752	01/11/23	01/11/26
						01/11/23	01/11/28
Options exercised	(5,980)	1.7					
Options cancelled (net) or not exercised	(4,044)	2.53					
Plans outstanding at 31/12/2023	**27,139**						
Options granted (sharesave)	4,991	3.36	2024	Employees	4,107	01/11/24	01/11/27
						01/11/24	01/11/29
Options exercised	(4,004)	2.29					
Options cancelled (net) or not exercised	(2,437)	2.37					
Plans outstanding at 31/12/2024	**25,689**						

A. At 31 December, 2024, 2023 and 2022, the euro/pound sterling exchange rate was 1.2099, 1.1525 and 1.1277 , respectively.
B. Number of accounts/contracts. A single employee may have more than one account/contract.

In 2008 the Group launched a voluntary savings scheme for Santander UK employees (Sharesave Scheme) whereby employees who join the scheme see deducted between GBP 5 and GBP 500 from their net monthly pay over a period of three or five years. At the end of the chosen period, the employee may choose between collecting the amount contributed, the interest accrued and a bonus (tax-exempt in the United Kingdom) or exercising options on shares of the Bank in an amount equal to the sum of such three amounts at a fixed price. The exercise price will be the result of reducing by up to 20% the average purchase and sale prices of the Bank shares in the three trading sessions prior to the approval of the scheme by the UK tax authorities (HMRC). This approval must be received within 21 to 41 days following the publication of the Group's results for the first half of the year. This scheme was approved by the Board of Directors, at the proposal of the appointments and remuneration committee, and, since it involved the delivery of Bank shares, its application was authorized by the Annual General Meeting held on June 21, 2008. Also, the scheme was authorized by the UK tax authorities (HMRC) and commenced in September 2008. In subsequent years, at the Annual General Meetings held on June 19, 2009, June 11, 2010, June 17, 2011, March 30, 2012, March 22, 2013, March 28, 2014, March 27, 2015, March 18, 2016, April 7, 2017, March 23, 2018, April 12, 2019, April 3, 2020 and March 26, 2021, respectively, the shareholders approved the application of schemes previously approved by the board and with similar features to the scheme approved in 2008.

iii. Fair value

The fair value of the performance share plans was calculated as follows:

a) Deferred variable compensation plan linked to multi-year objectives 2022, 2023 and 2024:

The Group calculates at the grant date the fair value of the plan based on the valuation report of an independent expert, Willis Towers Watson. According to the design of the plan for 2022, 2023 and 2024 and the levels of achievement of similar plans in comparable entities, it has been considered that the fair value is 70%.

b) Santander UK sharesave plans:

The fair value of each option at the date of grant is estimated using an analytical model that also reflects the correlation between EUR and GBP. This model uses assumptions on the share price, the EUR/GBP FX rate, the EUR/GBP risk-free interest rate, dividend yields, the expected volatilities of both the underlying shares and EUR/GBP for the expected lives of options granted. The weighted average grant-date fair value of options granted during the year was GBP 0.23 (GBP 0.33 and GBP 0.23 reported in 2023 and 2022, respectively).

47. Other general administrative expenses

a) Breakdown

The detail of Other general administrative expenses is as follows:

EUR million

	2024	2023	2022
Technology and systems	2,622	2,471	2,473
Property, fixtures and supplies (note 2.k)	846	818	804
Technical reports	737	809	785
Advertising	540	603	559
Taxes other than income tax	556	570	559
Communications	404	414	410
Surveillance and cash courier services	345	337	336
Per diems and travel expenses	239	218	163
Insurance premiums	102	95	108
Other administrative expenses	2,021	2,180	2,174
	8,412	**8,515**	**8,371**

The payments associated with short-term leases (leases less than or equal to 12 months) and leases of low-value assets, that the Group recognises as an expense in the income statement is not material.

b) Technical reports and other

Technical reports includes the fees from the various Group companies (detailed in the accompanying appendices) for the services provided by their respective auditors, the detail being as follows:

EUR million

	2024	2023	2022
Audit	120.1	117.5	115.4
Audit-related services	13.6	8.6	6.4
Tax services	0.9	1.6	0.5
All other	7.4	5.9	4.8
Total	**142.0**	**133.6**	**127.1**

The audit services and main non-audit services included for each item in the above breakdown are detailed as follows:

- Audit services: audit of the individual and consolidated financial statements of Banco Santander and its subsidiaries (which PwC or another network firm is the external auditor); audit of the interim consolidated financial statements of Banco Santander; integrated audits prepared in order to file the Form 20-F with the SEC and the internal control audits (SOx) for required Group's entities; limited reviews of financial statements; and regulatory reports required to the external auditors on Group's entities.

- Audit-related services: issuance of comfort letters, verification services of financial and non-financial information required by regulators, and other reviews of documentation to be submitted to domestic or foreign authorities that, due to their nature, are typically provided by the external auditor.

- Tax services: tax compliance and advisory services provided to Group companies mainly outside Spain, which have no direct effect on the audited financial statements and are permitted in accordance with the applicable independence regulations.

- Other services: agreed-upon procedure reports, assurance reports and special reports performed under the accepted profession's standards; as well as other reports required by the regulators.

The 'Audit' heading includes the fees for the year's audit, regardless of the date the audit was completed. Any subsequent adjustments, which are not significant, and for purposes of comparison, are shown in this note for each year. The fees corresponding to the rest of the services are shown by reference to when the audit committee approved them.

The services commissioned from the Group's auditors meet the independence requirements under applicable European and Spanish law, the SEC rules and the Public Company Accounting Oversight Board (PCAOB), applicable to the Group, and they did not involve in any case the performance of any work that is incompatible with the auditor's role.

Lastly, the Group commissioned services from audit firms other than PwC amounting to EUR 206.2 million in 2024 (EUR 174.1 million and EUR 185.5 million in 2023 and 2022, respectively).

c) Number of branches

The number of offices according to their geographical location at 31 December 2024, 2023 and 2022 is as follows:

Number of branches

	Group		
	2024	2023	2022
Spain	1,877	1,924	1,966
Group	6,134	6,594	7,053
	8,011	**8,518**	**9,019**

48. Gains or losses on non financial assets, net

The detail of Gains/ (losses) on disposal of assets not classified as non-current assets held for sale is as follows:

EUR million

	2024	2023	2022
Gains			
Tangible and intangible assets	47	53	56
Investments	360	285	5
	407	**338**	**61**
Losses			
Tangible and intangible assets	(36)	(25)	(49)
Investments	(4)	—	—
	(40)	**(25)**	**(49)**
	367	**313**	**12**

49. Gains or losses on non-current assets held for sale not classified as discontinued operations

The detail of Gains/(losses) on non-current assets held for sale not classified as discontinued operations is as follows:

EUR million

Net balance	**2024**	**2023**	**2022**
Tangible assets	(24)	(20)	7
Impairment (note 12)	*(92)*	*(51)*	*(94)*
Gain (loss) on sale (note 12)	*68*	*31*	*101*
Other gains and other losses	(3)	—	—
	(27)	**(20)**	**7**

50. Fair value of financial instruments

a) Details

The following table summarises the fair values, at the end of each of the years indicated, of the financial assets and liabilities listed below, classified according to the different valuation methodologies used by the Group to determine their fair value:

EUR million

	2024			2023			2022		
	Published price quotations in active markets (level 1)	Internal Models (level 2 and 3)	Total	Published price quotations in active markets (level 1)	Internal Models (level 2 and 3)	Total	Published price quotations in active markets (level 1)	Internal Models (level 2 and 3)	Total
Financial assets held for trading	88,147	142,106	230,253	67,842	109,079	176,921	45,014	111,104	156,118
Non-trading financial assets mandatorily at fair value through profit or loss	2,037	4,093	6,130	1,765	4,145	5,910	1,800	3,913	5,713
Financial assets designated at fair value through profit or loss	2,744	5,171	7,915	2,746	7,027	9,773	1,976	7,013	8,989
Financial assets at fair value through other comprehensive income	67,680	22,218	89,898	64,631	18,677	83,308	64,216	21,023	85,239
Hedging derivatives (assets)	—	5,672	5,672	—	5,297	5,297	—	8,069	8,069
Financial liabilities held for trading	29,974	122,177	152,151	20,298	101,972	122,270	16,237	98,948	115,185
Financial liabilities designated at fair value through profit or loss	—	36,360	36,360	25	40,342	40,367	212	40,056	40,268
Hedging derivatives (liabilities)	—	4,752	4,752	—	7,656	7,656	—	9,228	9,228
Liabilities under insurance contracts	—	17,829	17,829	—	17,799	17,799	—	16,426	16,426

Grupo Santander has developed a formal process for the systematic valuation and management of financial instruments, which has been implemented worldwide across all the Group's units. The governance scheme for this process distributes responsibilities between two independent divisions: Treasury (development, marketing and daily management of financial products) and Risk (on a periodic basis, validation of pricing models and daily risk certification of market data, computation of risk metrics, new transaction approval policies, management control of market risk and implementation of fair value adjustment policies).

The approval of new products follows a sequence of steps (request, development, validation, integration in corporate systems and quality assurance) before the product is brought into production. This process ensures that pricing systems have been properly reviewed and are stable before they are used.

The following subsections set forth the most important products and families of derivatives, and the related valuation techniques and inputs, by asset class:

Interest rate and inflation

The fixed income asset class includes basic instruments such as interest rate forwards, interest rate swaps and cross currency swaps, which are valued using the net present value of the estimated future cash flows discounted taking into account basis (swap and cross currency spreads) determined on the basis of the payment frequency and currency of each leg of the derivative. Vanilla options, including caps, floors and swaptions, are priced using the Black-Scholes model, which is one of the benchmark industry models. More exotic derivatives are priced using more complex models which are generally accepted as standard across institutions.

These pricing models are fed with observable market data such as deposit interest rates, futures rates, cross currency swap and constant maturity swap rates, and basis spreads, on the basis of which different yield curves, depending on the payment frequency, and discounting curves are calculated for each currency. In the case of options, implied volatilities are also used as model inputs. These volatilities are observable in the market for cap and floor options and swaptions, and interpolation and extrapolation of volatilities from the quoted ranges are carried out using generally accepted industry models. The pricing of more exotic derivatives may require the use of non-observable data or parameters, such as correlation (among interest rates and cross-asset), mean reversion rates and prepayment rates, which are usually defined from historical data or through calibration.

Inflation-related assets include zero-coupon or year-on-year inflation-linked bonds and swaps, valued with the present value method using forward estimation and discounting. Derivatives on inflation indices are priced using standard or more complex internal models. Valuation inputs of these models consider inflation-linked swap spreads observable in the market and estimations of inflation seasonality, on the basis of which a forward inflation curve is calculated. Also, implied volatilities taken from zero-coupon and year-on-year inflation options are also inputs for the pricing of more complex derivatives.

Equity and foreign exchange

The most important products in these asset classes are forward and futures contracts; they also include vanilla, listed and OTC (Over-The-Counter) derivatives on single underlying assets and baskets of assets. Vanilla options are priced using the standard Black-Scholes model and more exotic derivatives involving forward returns, average performance, or digital, barrier or callable features are priced using generally accepted industry models or internal models, as appropriate. For derivatives on illiquid stocks, hedging takes into account the liquidity constraints in models.

The inputs of equity models consider yield curves, spot prices, dividends, asset funding costs (repo margin spreads), implied volatilities, correlation among equity stocks and indices, and cross-asset correlation. Implied volatilities are obtained from market quotes of European and American-style vanilla call and put options. Various interpolation and extrapolation techniques are used to obtain continuous volatility for illiquid stocks. Dividends are usually estimated for the mid and long term. Correlations are implied, when possible, from market quotes of correlation-dependent products. In all other cases, proxies are used for correlations between benchmark underlyings or correlations are obtained from historical data.

The inputs of foreign exchange models include the yield curve for each currency, the spot foreign exchange rate, the implied volatilities and the correlation among assets of this class. Volatilities are obtained from European call and put options which are quoted in markets as of-the-money, risk reversal or butterfly options. Illiquid currency pairs are usually handled by using the data of the liquid pairs from which the illiquid currency can be derived. For more exotic products, unobservable model parameters may be estimated by fitting to reference prices provided by other non-quoted market sources.

Credit

The most common instrument in this asset class is the credit default swap (CDS), which is used to hedge credit exposure to third parties. In addition, models for first-to-default (FTD), n-to-default (NTD) and single-tranche collateralised debt obligation (CDO) products are also available. These products are valued with standard industry models, which estimate the probability of default of a single issuer (for CDS) or the joint probability of default of more than one issuer for FTD, NTD and CDO.

Valuation inputs are the yield curve, the CDS spread curve and the recovery rate. For indices and important individual issuers, the CDS spread curve is obtained in the market. For less liquid issuers, this spread curve is estimated using proxies or other credit-dependent instruments. Recovery rates are usually set to standard values. For listed single-tranche CDO, the correlation of joint default of several issuers is implied from the market. For FTD, NTD and internal CDO, the correlation is estimated from proxies or historical data when no other option is available.

Valuation adjustment for counterparty risk or default risk

The Credit valuation adjustment (CVA) is a valuation adjustment to over the counter (OTC) derivatives as a result of the risk associated with the credit exposure assumed to each counterparty.

The CVA is calculated taking into account potential exposure to each counterparty in each future period. The CVA for a specific counterparty is equal to the sum of the CVA for all the periods. The following inputs are used to calculate the CVA:

- Expected exposure: including for each transaction the mark-to-market (MtM) value plus an add-on for the potential future exposure for each period. Mitigating factors such as collateral and netting agreements are taken into account, as well as a temporary impairment factor for derivatives with interim payments.
- Severity: percentage of final loss assumed in a counterparty credit event/default.
- Probability of default: for cases where there is no market information (the CDS quoted spread curve, etc.), proxies based on companies holding exchange-listed CDS, in the same industry and with the same external rating as the counterparty, are used.
- Discount factor curve.

The Debit Valuation Adjustment (DVA) is a valuation adjustment similar to the CVA but, in this case, it arises as a result of the Group's own risk assumed by its counterparties in OTC derivatives.

The CVA at 31 December 2024 amounted to EUR 272 million (resulting in a decrease of 7.2% compared to 31 December 2023) and DVA amounted to EUR 317 million (resulting in a decrease of 3.9% compared to 31 December 2023). These decreases are mainly due to the declines in the EUR and USD interest rate markets, lower inflation and the movements in credit markets whose spread levels have reduced moderately compared to those of December 2023.

The CVA at 31 December 2023 amounted to EUR 293 million (resulting in a decrease of 16.5% compared to 31 December 2022) and DVA amounted to EUR 330 million (resulting in a decrease of 9.3% compared to 31 December 2021). These decreases are mainly due to movements in credit markets whose spread levels have reduced moderately compared to those of December 2022, partially offset by the upward movement in interest rates.

The CVA at 31 December 2022 amounted to EUR 351 million (increase of 48% compared to 31 December 2021) and DVA amounted EUR 364 million (increase of 125% compared to 31 December 2021). The increase is mainly due to movements in credit markets whose spread levels have increased substantially compared to those at the end of 2021.

In addition, the Group amounts the funding fair value adjustment (FFVA) is calculated by applying future market funding spreads to the expected future funding exposure of any uncollateralised component of the OTC derivative portfolio. This includes the uncollateralised component of collateralised derivatives in addition to derivatives that are fully uncollateralised. The expected future funding exposure is calculated by a simulation methodology, where available. The FFVA impact is not material for the consolidated annual accounts as of 31 December 2024, 2023 and 2022.

During 2024, the Group has continued to apply the criteria for classifying financial instruments within the levels of the fair value hierarchy established to comply with regulatory expectations. These criteria, based on information from the price contributors and real market transactions, represent a significant reduction in the use of expert judgement to determine observability and allow the measurement of the significance of non-observable valuation inputs based on objective criteria.

There has been increase in the instruments classified as Level 3, especially during the last quarter of the year. This increase has been due to increases in the portfolio due to new operations, with no significant reclassifications having been detected due to changes in the market observability conditions of the valuation inputs for the rest of the positions. The main increases include long-term repo/reverse repo operations, structured notes and short-term financing operations for which there is no observable market price based on the criteria used. These increases have been only partially offset by some non-material reclassifications in derivatives and energy positions due to access to new sources of observability and the sale of certain debt instruments.

Valuation adjustments due to model risk

The valuation models described above do not involve a significant level of subjectivity, since they can be adjusted and recalibrated, where appropriate, through internal calculation of the fair value and subsequent comparison with the related actively traded price. However, valuation adjustments may be necessary when market quoted prices are not available for comparison purposes.

The sources of risk are associated with uncertain model parameters, illiquid underlying issuers, and poor quality market data or missing risk factors (sometimes the best available option is to use limited models with controllable risk). In these situations, the Group calculates and applies valuation adjustments in accordance with common industry practice. The main sources of model risk are described below:

- In the interest rate markets, the sources of model risk include interest rate indexes correlations, basis spread modelling, the risk of calibrating model parameters and the treatment of near-zero or negative interest rates. Other sources of risk arise from the estimation of market data, such as volatilities or yield curves, whether used for estimation or cash flow discounting purposes.

- In the stock markets, the sources of model risk include forward skew modelling, the impact of stochastic interest rates, correlation and multi-curve modelling. Other sources of risk arise from managing hedges of digital callable and barrier option payments. Also worthy of consideration as sources of risk are the estimation of market data such as dividends and correlation for quanto and composite basket options.

- For specific financial instruments relating to home mortgage loans secured by financial institutions in the UK (which are regulated and partially financed by the Government) and property asset derivatives, the main input is the Halifax House Price Index (HPI). In these cases, risk assumptions include estimations of the future growth and the volatility of the HPI, the mortality rate and the implied credit spreads.

- Inflation markets are exposed to model risk resulting from uncertainty around modelling the correlation structure among various Consumer Price Index (CPI) rates. Another source of risk may arise from the bid-offer spread of inflation-linked swaps.

- The currency markets are exposed to model risk resulting from forward skew modelling and the impact of stochastic interest rate and correlation modelling for multi-asset instruments. Risk may also arise from market data, due to the existence of specific illiquid foreign exchange pairs.

- The most important source of model risk for credit derivatives relates to the estimation of the correlation between the probabilities of default of different underlying issuers. For illiquid underlying issuers, the CDS spread may not be well defined.

Set forth below are the financial instruments at fair value whose measurement was based on internal models (levels 2 and 3) at 31 December 2024, 2023 and 2022:

EUR million

	Fair values calculated using internal models at 2024[A]			
	Level 2	**Level 3**	**Valuation techniques**	**Main assumptions**
ASSETS	**163,941**	**15,319**		
Financial assets held for trading	**138,176**	**3,930**		
Central banks[B]	12,966	—	Present value method	Yield curves, FX market prices
Credit institutions[B]	26,546	769	Present value method	Yield curves, FX market prices
Customers[B]	24,602	1,801	Present value method	Yield curves, FX market prices
Debt and equity instruments	11,115	413	Present value method	Yield curves, FX market prices
Derivatives	62,947	947		
Swaps	*47,519*	*556*	Present value method, Gaussian Copula[C]	Yield curves, FX market prices, HPI, Basis, Liquidity
Exchange rate options	*1,583*	*2*	Black-Scholes Model	Yield curves, Volatility surfaces, FX market prices, Liquidity
Interest rate options	*1,879*	*30*	Black's Model, multifactorial advanced models interest rate	Yield curves, Volatility surfaces, FX market prices, Liquidity
Interest rate forwards	*1,445*	—	Present value method	Yield curves, FX market prices
Index and securities options	*465*	*241*	Black's Model, multifactorial advanced models interest rate	Yield curves, Volatility surfaces, FX & EQ market prices, Dividends, Liquidity
Other	*10,056*	*118*	Present value method, Advanced stochastic volatility models and other	Yield curves, Volatility surfaces, FX and EQ market prices, Dividends, Correlation, HPI, Credit, Others
Hedging derivatives	**5,652**	**20**		
Swaps	*5,390*	*20*	Present value method	Yield curves, FX market prices, Basis
Interest rate options	*2*	—	Black's Model	Yield curves, FX market prices, Volatility surfaces
Other	*260*	—	Present value method, Advanced stochastic volatility models and other	Yield curves, Volatility surfaces, FX market prices, Credit, Liquidity, Others
Non-trading financial assets mandatorily at fair value through profit or loss	**1,505**	**2,588**		
Equity instruments	763	1,841	Present value method	Market price, Interest rates curves, Dividends and Others
Debt securities	205	242	Present value method	Yield curves
Loans and receivables	537	505	Present value method, swap asset model & CDS	Yield curves and Credit curves
Financial assets designated at fair value through profit or loss	**5,065**	**106**		
Credit institutions	408	—	Present value method	Yield curves, FX market prices
Customers[C]	4,590	20	Present value method	Yield curves, FX market prices, HPI
Debt securities	67	86	Present value method	Yield curves, FX market prices
Financial assets at fair value through other comprehensive income	**13,543**	**8,675**		
Equity instruments	5	375	Present value method	Market price, Yield curves, Dividends and Others
Debt securities	9,644	1,047	Present value method	Yield curves, FX market prices
Loans and receivables	3,894	7,253	Present value method	Yield curves, FX market prices and Credit curves

EUR million

	Fair values calculated using internal models at 2024[A]			
	Level 2	Level 3	Valuation techniques	Main assumptions
LIABILITIES	**179,766**	**1,352**		
Financial liabilities held for trading	**121,243**	**934**		
Central banks[B]	13,300	—	Present value method	FX market prices, Yield curves
Credit institutions[B]	26,284	—	Present value method	FX market prices, Yield curves
Customers	18,984	—	Present value method	FX market prices, Yield curves
Derivatives	56,205	934		
Swaps	*41,283*	*479*	Present value method, Gaussian Copula[C]	Yield curves, FX market prices, Basis, Liquidity, HPI
Interest rate options	*2,295*	*79*	Black's Model, multifactorial advanced models interest rate	Yield curves, Volatility surfaces, FX market prices, Liquidity
Exchange rate options	*1,057*	—	Black-Scholes Model	Yield curves, Volatility surfaces, FX market prices, Liquidity
Index and securities options	*1,160*	*294*	Black's Model, multifactorial advanced models interest rate	Yield curves, Volatility surfaces, FX & EQ market prices, Dividends, Liquidity
Forwards on interest rate and variable income	*1,276*	—	Present value method	Yield curves, Volatility surfaces, FX & EQ market prices, Dividends, Correlation, Liquidity, HPI
Other	*9,134*	*82*	Present value method, Advanced stochastic volatility models	Yield curves, Volatility surfaces, FX & EQ market prices, Dividends, Correlation, Liquidity, HPI, Credit, Others
Short positions	6,470	—	Present value method	Yield curves ,FX & EQ market prices, Equity
Hedging derivatives	**4,740**	**12**		
Swaps	*4,618*	*12*	Present value method	Yield curves ,FX & EQ market prices, Basis
Interest rate options	*3*	—	Black's Model	Yield curves , Volatility surfaces, FX market prices and Liquidity
Other	*119*	—	Present value method, Advanced stochastic volatility models and other	Yield curves , Volatility surfaces, FX market prices, Credit, Liquidity, Other
Financial liabilities designated at fair value through profit or loss[D]	**36,200**	**160**	Present value method	Yield curves, FX market prices
Liabilities under insurance contracts	**17,583**	**246**	Present Value Method with actuarial techniques	Mortality tables and interest rate curves

A. Level 2 internal models use data based on observable market parameters, while level 3 internal models use significant non-observable inputs in market data.
B. Includes mainly short-term loans/deposits and repurchase/reverse repurchase agreements with corporate customers (mainly brokerage and investment companies).
C. Includes, mainly, structured loans to corporate clients.
D. It mainly includes short-term deposits that are managed based on their fair value.

EUR million

	Fair values calculated using internal models at 2023[A]		Fair values calculated using internal models at 2022[A]		
	Level 2	Level 3	Level 2	Level 3	Valuation techniques
ASSETS	**133,874**	**10,351**	**142,832**	**8,290**	
Financial assets held for trading	**106,993**	**2,086**	**110,721**	**383**	
Central banks[B]	17,717	—	11,595	—	Present value method
Credit institutions[B]	14,061	—	16,502	—	Present Value method
Customers[B]	11,418	24	9,550	—	Present Value method
Debt and equity instruments	8,683	915	6,537	43	Present Value method
Derivatives	55,114	1,147	66,537	340	
Swaps	*44,987*	*577*	*54,367*	*139*	Present Value method, Gaussian Copula
Exchange rate options	*836*	*9*	*916*	*4*	Black-Scholes Model
Interest rate options	*2,210*	*153*	*2,681*	*39*	Black's Model, advanced multifactor interest rate models
Interest rate forwards	*33*	—	*113*	—	Present Value method
Index and securities options	*126*	*235*	*354*	*48*	Black's Model, advanced multifactor interest rate models
Other	*6,922*	*173*	*8,106*	*110*	Present Value method, Advanced stochastic volatility models and other
Hedging derivatives	**5,297**	**—**	**8,069**	**—**	
Swaps	*4,665*	—	*6,687*	—	Present Value method
Interest rate options	*2*	—	*2*	—	Black's Model
Other	*630*	—	*1,380*	—	Present Value method, Advanced stochastic volatility models and other
Non-trading financial assets mandatorily at fair value through profit or loss	**2,050**	**2,095**	**2,080**	**1,833**	
Equity instruments	815	1,495	643	1,269	Present Value method
Debt securities issued	539	313	809	325	Present Value method
Loans and receivables	696	287	628	239	Present Value method, swap asset model & CDS
Financial assets designated at fair value through profit or loss	**6,846**	**181**	**6,586**	**427**	
Credit institutions	459	—	673	—	Present Value method
Customers[C]	6,189	31	5,769	5	Present Value method
Debt securities	198	150	144	422	Present Value method
Financial assets at fair value through other comprehensive income	**12,688**	**5,989**	**15,376**	**5,647**	
Equity instruments	5	492	9	700	Present Value method
Debt securities	9,638	559	11,869	229	Present Value method
Loans and receivables	3,045	4,938	3,498	4,718	Present Value method

EUR million

	Fair values calculated using internal models at 2023[A]		Fair values calculated using internal models at 2022[A]		
	Level 2	Level 3	Level 2	Level 3	Valuation techniques
LIABILITIES	**166,542**	**1,227**	**163,733**	**925**	
Financial liabilities held for trading	**101,103**	**869**	**98,533**	**415**	
Central banks[B]	7,808	—	*5,759*	—	Present Value method
Credit institutions[B]	17,862	—	*9,796*	—	Present Value method
Customers	19,837	—	*12,226*	—	Present Value method
Derivatives	49,380	869	*64,147*	415	
Swaps	*39,395*	*388*	*51,191*	*235*	Present Value method, Gaussian Copula
Interest rate options	*2,207*	*139*	*3,268*	*19*	Black's Model, advanced multifactor interest rate models
Exchange rate options	*549*	*8*	*769*	*0*	Black-Scholes Model
Index and securities options	*466*	*187*	*591*	*42*	Black's Model, advanced multifactor interest rate models
Forwards on interest rate and variable income	*101*	—	*807*	—	Present Value method
Other	*6,662*	*147*	*7,521*	*119*	Present Value method, Advanced stochastic volatility models and other
Short positions	6,216	—	*6,605*	—	Present Value method
Hedging derivatives	**7,650**	**6**	**9,214**	**14**	
Swaps	*6,866*	*6*	*8,142*	*14*	Present Value method
Interest rate options	*1*	—	*0*	—	Black's Model
Other	*783*	—	*1,072*	—	Present Value method, Advanced stochastic volatility models and other
Financial liabilities designated at fair value through profit or loss[D]	**40,313**	**29**	**39,905**	**151**	Present Value method
Liabilities under insurance contracts	**17,476**	**323**	**16,081**	**345**	Present Value method with actuarial techniques

A. Level 2 internal models use data based on observable market parameters, while level 3 internal models use significant non-observable inputs in market data.
B. Includes mainly short-term loans/deposits and repurchase/reverse repurchase with corporate customers (mainly brokerage and investment companies).
C. Includes, mainly, structured loans to corporate clients.
D. Includes, mainly, short-term deposits that are managed based on their fair value.

b) Financial Instruments (level 3)

Set forth below are the Group's main financial instruments measured using unobservable market data as significant inputs of the internal models (level 3):

- HTC&S (Held to collect and sale) syndicated loans classified in the fair value category with changes in other comprehensive income, where the cost of liquidity is not directly observable in the market, as well as the prepayment option in favour of the borrower.

- Illiquid equity in non-trading portfolios, classified at fair value through profit or loss and at fair value through equity.

- Instruments in Santander UK's portfolio (loans, debt securities and derivatives) linked to the House Price Index (HPI). Even if the valuation techniques used for these instruments may be the same as those used to value similar products (present value in the case of loans and debt securities, and the Black-Scholes model for derivatives), the main factors used in the valuation of these instruments are the HPI spot rate, the growth and volatility thereof, and the mortality rates, which are not always observable in the market and, accordingly, these instruments are considered illiquid.

- Callable interest rate derivatives (Bermudan-style options) where the main unobservable input is mean reversion of interest rates.
- Trading derivatives on interest rates, taking as an underlying asset titling and with the amortization rate (CPR, Conditional prepayment rate) as unobservable main entry.

- Derivatives from trading on inflation in Spain, where volatility is not observable in the market.

- Equity volatility derivatives, specifically indices and equities, where volatility is not observable in the long term.

- Derivatives on long-term interest rate and FX in some units (mainly South America) where for certain underlyings it is not possible to demonstrate observability to these terms.

- Debt instruments referenced to certain illiquid interest rates, for which there is no reasonable market observability.

The measurements obtained using the internal models might have been different if other methods or assumptions had been used with respect to interest rate risk, to credit risk, market risk and foreign currency risk spreads, or to their related correlations and volatilities. Nevertheless, the Bank's directors consider that the fair value of the financial assets and liabilities recognised in the consolidated balance sheet and the gains and losses arising from these financial instruments are reasonable.

The net amount recognised in profit and loss in 2024 arising from models whose significant inputs are unobservable market data (level 3) amounted to EUR 523 profit (EUR 404 million profit in 2023 and EUR 90 million loss in 2022, respectively).

1. Valuation techniques

The table below shows the effect, at 31 December 2024, 2023 and 2022 on the fair value of the main financial instruments classified as level 3 of a reasonable change in the assumptions used in the valuation. This effect was determined by applying the probable valuation ranges of the main unobservable inputs detailed in the following table:

2024

Portfolio/Instrument					Impacts (EUR million)	
(Level 3)	Valuation technique	Main unobservable inputs	Range	Weighted average	Unfavourable scenario	Favourable scenario
Financial assets held for trading						
Loans and advances to customers						
Repos/Reverse repos	Other	Long-term repo spread	n.a.	n.a.	(0.05)	—
Debt securities						
Corporate debt	Discounted Cash Flows	Credit spread	0% - 10%	5.06%	(4.50)	4.61
Government debt	Discounted Cash Flows	Discount curve	0% - 8%	3.99%	(8.07)	8.02
Others	Discounted Cash Flows	Credit spread	10% - 90%	54.05%	(1.18)	1.45
Derivatives						
Cap&Floor	Forward estimation	Interest rate	(2)bps - 2bps	0.00bps	—	—
CCS	Discounted Cash Flows	Credit spread	158% - 165%	161.50%	(0.01)	0.01
CDS	Price	Credit spread	100% - 250%	178.83%	(0.09)	0.10
EQ Options	EQ option pricing model	Volatility	0% - 70%	41.25%	(0.48)	0.69
EQ Options	Local volatility	Volatility	10% - 90%	50.00%	(21.54)	21.54
FX Forward	Forward estimation	Swap Rate	0% - 15%	8.08%	(0.06)	0.07
FX Options	FX option pricing model	Volatility	0% - 40%	20.10%	(0.65)	0.66
Inflation Derivatives	Asset Swap model	Inflation Swap Rate	2% - 8%	4.78%	(0.21)	0.18
IR Options	IR option pricing model	Volatility	0% - 30%	17.34%	(0.16)	0.22
IRS	Others	Others	5% - n.a.	n.a.	(4.09)	—
IRS	Discounted Cash Flows	Credit spread	47.8% - 273.4%	155.36%	(1.91)	1.74
IRS	Discounted Cash Flows	Swap rate	1% - 99%	49.58%	(2.45)	2.41
Others	Forward estimation	Price	60bps - 300bps	181.50bps	(3.00)	3.08
Property derivatives	Option pricing model	Growth rate	(5)% - 5%	0.00%	(3.39)	3.39
Securitisation Swap	Discounted Cash Flows	Constant prepayment rates	10% - 90%	50.00%	(0.63)	0.63
Financial assets designated at fair value through profit or loss						
Loans and advances to customers						
Loans	Discounted Cash Flows	Credit spreads	0.1% - 2.0%	1.05%	(0.15)	0.15
Mortgage portfolio	Black Scholes model	Growth rate	(5)% - 5%	0.00%	(0.24)	0.24
Debt securities						
Other debt securities	Others	Inflation Swap Rate	0% - 8%	3.96%	(3.63)	3.55

2024

Portfolio/Instrument					Impacts (EUR million)	
(Level 3)	Valuation technique	Main unobservable inputs	Range	Weighted average	Unfavourable scenario	Favourable scenario
Non-trading financial assets mandatorily at fair value through profit or loss						
Debt securities						
Property securities	Probability weighting	Growth rate	(5)% - 5%	0.00%	(0.24)	0.24
Equity instruments						
Equities	Price Based	Price	90% - 110%	100.00%	(183.98)	183.98
Financial assets at fair value through other comprehensive income						
Loans and advances to customers						
Loans	Discounted Cash Flows	Credit spread	n.a.	n.a.	(18.61)	—
Loans	Discounted Cash Flows	Interest rate curve	3.4% - 6.5%	4.95%	(0.17)	0.17
Loans	Discounted Cash Flows	Margin of a reference portfolio	(1)bps - 1bps	0bp	(30.36)	30.36
Loans	Forward estimation	Credit spread	150bps - 232bps	150bps	(1.96)	—
Loans	Market price	Market price	(5)% - 20%	0.01%	(4.91)	1.23
Debt securities						
Corporate debt	Discounted Cash Flows	Margin of a reference portfolio	(0.01)% - 0.01%	0.00%	(0.09)	0.09
Mortgage Letters	Discounted Cash Flows	Mortgage Letters	1.6% - 5.2%	3.40%	—	—
Equity instruments						
Equities	Price Based	Price	90% - 110%	100.00%	(37.56)	37.56
Financial liabilities held for trading						
Derivatives						
Cap&Floor	Volatility option model	Volatility	10% - 90%	42.20%	(0.11)	0.07
FX Options	Volatility option model	Volatility	10% - 90%	45.30%	(0.03)	0.02
IRS	Discounted Cash Flows	Inflation Swap Rate	1% - 99%	47.12%	(4.77)	4.24
IRS	Discounted Cash Flows	Credit spread	34bps - 68bps	44bps	(4.09)	1.65

A. For each instrument, the valuation technique, the unobservable inputs are shown in the 'Main observable inputs' column under probable scenarios, variation range, average value and impact resulting from valuing the position in the established maximum and minimum range.
B. The breakdown of impacts is shown by type of instrument and unobservable inputs.
C. The estimation of the range of variation of the unobservable inputs has been carried out taking into account plausible movements of said parameters depending on the type of instrument.
D. Zero impacts from fully hedged or back-to-back transactions have not been included in this exercise.

2023

Portfolio/Instrument (Level 3)	Valuation technique	Main unobservable inputs	Range	Weighted average	Impacts (EUR million) Unfavourable scenario	Favourable scenario
Financial assets held for trading						
Loans and advances to customers						
Repos/Reverse repos	Other	Long-term repo spread	n.a.	n.a.	(0.08)	—
Debt securities						
Corporate debt	Discounted Cash Flows	Credit spread	0% - 10%	5.01%	(1.90)	1.90
Government debt	Discounted Cash Flows	Discount curve	0% - 8%	3.99%	(7.77)	7.72
Derivatives						
CCS	Forward estimation	Interest rate	(6)bps - 6bps	0.40bps	(0.90)	1.03
CDS	Credit default models	Illiquid credit default spread curves	100bps - 200bps	149.14bps	(0.14)	0.14
EQ Options	EQ option pricing model	Volatility	0% - 70%	44.39%	(0.51)	0.89
EQ Options	Local volatility	Volatility	10% - 90%	50.00%	(1.26)	1.26
FX Options	FX option pricing model	Volatility	0% - 40%	20.81%	(0.55)	0.59
Inflation Derivatives	Asset Swap model	Inflation Swap Rate	2% - 8%	4.18%	(0.28)	0.16
IR Options	IR option pricing model	Volatility	0.4% - 32.2%	18.86%	(0.29)	0.41
IRS	Others	Others	5% - n.a.	n.a.	(1.25)	—
IRS	Discounted Cash Flows	Credit spread	2.6% - 8.3%	5.60%	(1.97)	2.18
IRS	Discounted Cash Flows	Swap rate	9.4% - 9.8%	9.60%	(1.01)	0.95
IRS	Forward estimation	Interest rate	(5.2)bps - 5.2bps	0.09bps	(0.03)	0.03
IRS	Prepayment modelling	Prepayment rate	2.5% - 9.0%	8.92%	—	0.05
Property derivatives	Option pricing model	Growth rate	(5)% - 5%	0.00%	(3.92)	3.92
Securitisation Swap	Discounted Cash Flows	Constant prepayment rates	(22.30)% - 27.20%	2.47%	(4.95)	4.95
Structured notes	Price based	Price	(10)% - 10%	0.00%	(1.53)	1.53
Financial assets designated at fair value through profit or loss						
Loans and advances to customers						
Loans	Discounted Cash Flows	Credit spreads	0.1% - 3%	1.55%	(0.21)	0.21
Mortgage portfolio	Black Scholes model	Growth rate	(5)%- 5%	0.00%	(0.23)	0.23
Debt securities						
Other debt securities	Others	Inflation Swap Rate	0% - 8%	3.89%	(4.48)	4.25

2023

Portfolio/Instrument					Impacts (EUR million)	
(Level 3)	**Valuation technique**	**Main unobservable inputs**	**Range**	**Weighted average**	**Unfavourable scenario**	**Favourable scenario**
Non-trading financial assets mandatorily at fair value through profit or loss						
Debt securities						
Property securities	Probability weighting	Growth rate	(5)% - 5%	0.00%	(0.35)	0.35
Equity instruments						
Equities	Price Based	Price	90% - 110%	100.00%	(149.49)	149.49
Financial assets at fair value through other comprehensive income						
Loans and advances to customers						
Loans	Discounted Cash Flows	Credit spread	n.a.	n.a.	(20.8)	—
Loans	Discounted Cash Flows	Interest rate curve	4.6% - 9.0%	6.80%	(0.68)	0.68
Loans	Discounted Cash Flows	Margin of a reference portfolio	(1)bp - 1bp	0bp	(20.3)	20.30
Loans	Forward estimation	Credit spread	167.7bps - 365.8bps	167.74bps	(3.46)	—
Loans	Market price	Market price	(10)% - 20%	0.00%	(5.02)	2.51
Debt securities						
Corporate debt	Discounted Cash Flows	Margin of a reference portfolio	(1)% - 1%	0.00%	(0.09)	0.09
Government debt	Discounted Cash Flows	Interest rate	0% - 2%	0.99%	—	—
Equity instruments						
Equities	Price Based	Price	90% - 110%	100.00%	(49.24)	49.24
Financial liabilities held for trading						
Derivatives						
Cap&Floor	Volatility option model	Volatility	10% - 90%	39.03%	(0.45)	0.25
CMS	Discounted Cash Flows	Volatility	10% - 90%	47.66%	—	—
FX Options	Volatility option model	Volatility	10% - 90%	28.09%	(0.45)	0.13
IRS	Discounted Cash Flows	Inflation Swap Rate	10% - 90%	39.03%	(0.45)	0.25
Swaptions	Volatility option model	Volatility	10% - 90%	35.55%	(0.21)	0.10

A. For each instrument, the valuation technique, the unobservable inputs are shown in the 'Main observable inputs' column under probable scenarios, variation range, average value and impact resulting from valuing the position in the established maximum and minimum range.
B. The breakdown of impacts is shown by type of instrument and unobservable inputs.
C. The estimation of the range of variation of the unobservable inputs has been carried out taking into account plausible movements of said parameters depending on the type of instrument.
D. Zero impacts from fully hedged or back-to-back transactions have not been included in this exercise.

2022

Portfolio/Instrument (Level 3)	**Valuation technique**	**Main unobservable inputs**	**Range**	**Weighted average**	**Impacts (EUR million) Unfavourable scenario**	**Impacts (EUR million) Favourable scenario**
Financial assets held for trading						
Debt securities						
Corporate debt	Discounted Cash Flows	Credit spread	0% - 20%	10.07%	(1.38)	1.40
Corporate debt	Price based	Market price	85% - 115%	100.00%	—	—
Government debt	Discounted Cash Flows	Discount curve	0% - 10%	4.92%	(8.34)	8.07
Derivatives						
CCS	Discounted Cash Flows	Interest rate	(0.7)% - 0.7%	0.00%	—	—
CCS	Forward estimation	Interest rate	(4)bps - 4bps	0.42bps	(0.06)	0.07
CDS	Discounted Cash flows	Credit Spread	14.9bps - 42.1bps	21.99bps	(0.05)	0.02
EQ Options	EQ option pricing model	Volatility	0% - 90%	61.30%	(0.23)	0.48
EQ Options	Local volatility	Volatility	10% - 90%	50.00%	(1.05)	1.05
FRAs	Asset Swap model	Interest rate	0% - 6%	2.71%	(1.16)	0.95
Fx Swap	Others	Others	n.a.	n.a	(1.37)	1.37
Inflation Derivatives	Asset Swap model	Inflation Swap Rate	0% - 10%	3.41%	(0.21)	0.11
Inflation Derivatives	Volatility option model	Volatility	0% - 40%	17.37%	(0.14)	0.11
IR Options	IR option pricing model	Volatility	0% -60%	35.82%	(0.30)	0.44
IRS	Asset Swap model	Interest rate	0% - 15%	9.20%	(0.05)	0.08
IRS	Discounted Cash Flows	Credit spread	1.25% - 6.29%	3.89%	(2.25)	2.47
IRS	Discounted Cash Flows	Swap rate	8.6% - 9.1%	8.84%	(0.02)	0.03
IRS	Forward estimation	Interest rate	(6)bps - 6bps	0.13bps	(0.04)	0.04
IRS	Others	Others	5% - n.a.	n.a	(11.58)	—
IRS	Prepayment modelling	Prepayment rate	2.5% - 6.2%	4.17%	(0.06)	0.05
Others	Forward estimation	Price	0% -2%	0.62%	(0.53)	0.24
Property derivatives	Option pricing model	Growth rate	(5)% - 5%	0.00%	(5.75)	5.75
Financial assets designated at fair value through profit or loss						
Loans and advances to customers						
Loans	Discounted Cash Flows	Credit spreads	0.1% - 2%	1.05%	(0.18)	0.18
Mortgage portfolio	Black Scholes model	Growth rate	(5)% - 5%	0.00%	(0.79)	0.79
Debt securities						
Other debt securities	Others	Inflation Swap Rate	0% - 10%	4.74%	(4.25)	3.83
Non-trading financial assets mandatorily at fair value through profit or loss						
Debt securities						
Corporate debt	Discounted Cash Flows	Margin of a reference portfolio	(1)bp - 1bp	0.01pbs	(0.33)	0.33
Property securities	Probability weighting	Growth rate	(5)% - 5%	0.00%	(0.68)	0.68
Equity instruments						
Equities	Price Based	Price	90% - 110%	100.00%	(126.87)	126.87

Financial assets at fair value through other comprehensive income						
Loans and advances to customers						
Loans	Discounted Cash Flows	Credit spread	n.a.	n.a	(24.10)	—
Loans	Discounted Cash Flows	Interest rate curve	0.8% - 1.0%	0.88%	(0.08)	0.08
Loans	Discounted Cash Flows	Margin of a reference portfolio	(1)bp - 1bp	0bp	(17.51)	17.51
Loans	Forward estimation	Credit spread	2.56% - 3.4%	2.56%	(0.49)	—
Debt securities						
Government debt	Discounted Cash Flows	Interest rate	(0.4)% - 1.6%	0.63%	(0.01)	0.01
Equity instruments						
Equities	Price Based	Price	90% - 110%	100.00%	(70.04)	70.04
Financial liabilities held for trading						
Derivatives						
Cap&Floor	Volatility option model	Volatility	10% - 90%	40.73%	(0.29)	0.18
Financial liabilities designated at fair value through profit or loss						
Loans and advances to customers						
Repos/Reverse repos	Others	Long-term repo spread	n.a.	n.a.	(0.13)	—

A. For each instrument, the valuation technique, the unobservable inputs are shown in the 'Main observable inputs' column under probable scenarios, variation range, average value and impact resulting from valuing the position in the established maximum and minimum range.

B. The breakdown of impacts is shown by type of instrument and unobservable inputs.

C. The estimation of the range of variation of the unobservable inputs has been carried out taking into account plausible movements of said parameters depending on the type of instrument.

D. Zero impacts from fully hedged or back-to-back transactions have not been included in this exercise.

2. Movement of financial instruments classified as Level 3

Lastly, the changes in the financial instruments classified as Level 3 in 2024, 2023 and 2022 were as follows:

	01/01/2024	Changes						31/12/2024
EUR million	Fair value calculated using internal models (Level 3)	Purchases/ Issuances	Sales/ Settlements	Changes in fair value recognised in profit or loss	Changes in fair value recognised in equity	Level reclassifications	Other	Fair value calculated using internal models (level 3)
Financial assets held for trading	**2,086**	**3,205**	**(813)**	**302**	**—**	**(715)**	**(135)**	**3,930**
Credit entities	—	770	—	(1)	—	—	—	769
Customers	24	1,808	(24)	(7)	—	—	—	1,801
Debt securities	914	355	(384)	(39)	—	(377)	(56)	413
Equity instruments	1	—	—	(1)	—	—	—	—
Trading derivatives	1,147	272	(405)	350	—	(338)	(79)	947
Swaps	*577*	*184*	*(278)*	*186*	—	*(152)*	*39*	*556*
Exchange rate options	*9*	—	*(1)*	—	—	*(6)*	—	*2*
Interest rate options	*153*	*13*	*(42)*	*(20)*	—	*(74)*	—	*30*
Index and securities options	*235*	*42*	*(44)*	*128*	—	*(106)*	*(14)*	*241*
Other	*173*	*33*	*(40)*	*56*	—	—	*(104)*	*118*
Hedging derivatives (Assets)	**—**	**—**	**—**	**15**	**—**	**(1)**	**6**	**20**
Swaps	—	—	—	15	—	(1)	6	20
Financial assets at fair value through profit or loss	**181**	**417**	**(300)**	**13**	**—**	**(201)**	**(4)**	**106**
Loans and advances to customers	31	—	—	(5)	—	(23)	17	20
Debt securities	150	417	(300)	18	—	(178)	(21)	86
Non-trading financial assets mandatorily at fair value through profit or loss	**2,095**	**719**	**(349)**	**73**	**—**	**132**	**(82)**	**2,588**
Customers	287	390	(128)	(31)	—	41	(54)	505
Debt instruments	313	4	(96)	10	—	11	—	242
Equity instruments	1,495	325	(125)	94	—	80	(28)	1,841
Financial assets at fair value through other comprehensive income	**5,989**	**6,707**	**(3,781)**	**—**	**(136)**	**6**	**(110)**	**8,675**
Loans and advances	4,938	5,962	(3,685)	—	43	—	(5)	7,253
Debt securities	559	743	(81)	—	(74)	6	(106)	1,047
Equity instruments	492	2	(15)	—	(105)	—	1	375
TOTAL ASSETS	**10,351**	**11,048**	**(5,243)**	**403**	**(136)**	**(779)**	**(325)**	**15,319**
Financial liabilities held for trading	**869**	**472**	**(200)**	**(95)**	**—**	**(266)**	**154**	**934**
Trading derivatives	869	472	(200)	(95)	—	(266)	154	934
Swaps	*388*	*371*	*(20)*	*(205)*	—	*(105)*	*50*	*479*
Exchange rate options	*8*	—	*(5)*	—	—	*(3)*	—	—
Interest rate options	*139*	—	*(54)*	*3*	—	*(10)*	*1*	*79*
Index and securities options	*187*	*54*	*(14)*	*113*	—	*(40)*	*(6)*	*294*
Others	*147*	*47*	*(107)*	*(6)*	—	*(108)*	*109*	*82*
Hedging derivatives (Liabilities)	**6**	**—**	**—**	**—**	**—**	**—**	**6**	**12**
Swaps	*6*	—	—	—	—	—	*6*	*12*
Financial liabilities designated at fair value through profit or loss	**29**	**41**	**(5)**	**1**	**—**	**94**	**—**	**160**
Liabilities under insurance contracts	**323**	**—**	**—**	**(26)**	**—**	**—**	**(51)**	**246**
TOTAL LIABILITIES	**1,227**	**513**	**(205)**	**(120)**	**—**	**(172)**	**109**	**1,352**

EUR million	01/01/2023 Fair value calculated using internal models (level 3)	Changes Purchases /Issuances	Sales/ Settlements	Changes in fair value recognized in profit or loss	Changes in fair value recognized in equity	Level reclassifications	Other	31/12/2023 Fair value calculated using internal models (level 3)
Financial assets held for trading	**383**	**496**	**(149)**	**194**	**—**	**1,162**	**—**	**2,086**
Debt securities	42	126	(63)	30	—	773	6	914
Equity instruments	1	—	—	—	—	—	—	1
Trading derivatives	340	347	(86)	163	—	389	(6)	1,147
Swaps	*139*	*90*	*(4)*	*179*	—	*191*	*(18)*	*577*
Exchange rate options	*4*	*1*	—	*4*	—	—	—	*9*
Interest rate options	*39*	—	—	*2*	—	*112*	—	*153*
Index and securities options	*48*	*132*	*(4)*	*(20)*	—	*76*	*3*	*235*
Other	*110*	*124*	*(78)*	*(2)*	—	*10*	*9*	*173*
Financial assets at fair value through profit or loss	**427**	**51**	**—**	**(21)**	**—**	**22**	**(298)**	**181**
Loans and advances to customers	5	—	—	4	—	22	—	31
Debt securities	422	51	—	(25)	—	—	(298)	150
Non-trading financial assets mandatorily at fair value through profit or loss	**1,833**	**345**	**(238)**	**107**	**—**	**(6)**	**54**	**2,095**
Customers	239	99	(73)	13	—	—	9	287
Debt instruments	325	38	(48)	(5)	—	—	3	313
Equity instruments	1,269	208	(117)	99	—	(6)	42	1,495
Financial assets at fair value through other comprehensive income	**5,647**	**3,322**	**(3,411)**	**—**	**(204)**	**231**	**404**	**5,989**
Loans and advances	4,718	3,322	(3,408)	—	36	160	110	4,938
Debt securities	229	—	—	—	5	71	254	559
Equity instruments	700	—	(3)	—	(245)	—	40	492
TOTAL ASSETS	**8,290**	**4,214**	**(3,798)**	**280**	**(204)**	**1,409**	**160**	**10,351**
Financial liabilities held for trading	**415**	**276**	**(167)**	**(118)**	**—**	**476**	**(13)**	**869**
Trading derivatives	415	276	(167)	(118)	—	476	(13)	869
Swaps	*235*	*53*	*(83)*	*(58)*	—	*257*	*(16)*	*388*
Exchange rate options	—	*6*	—	*2*	—	—	—	*8*
Interest rate options	*19*	*4*	*(5)*	*(16)*	—	*137*	—	*139*
Index and securities options	*42*	*88*	*(13)*	*(15)*	—	*82*	*3*	*187*
Others	*119*	*125*	*(66)*	*(31)*	—	—	—	*147*
Hedging derivatives (Liabilities)	**14**	**—**	**—**	**(3)**	**—**	**(5)**	**—**	**6**
Swaps	*14*	—	—	(3)	—	*(5)*	—	6
Financial liabilities designated at fair value through profit or loss	**151**	**32**	**(151)**	**(3)**	**—**	**0**	**0**	**29**
Liabilities under insurance contracts	**345**	**0**	**0**	**0**	**(40)**	**0**	**18**	**323**
TOTAL LIABILITIES	**925**	**308**	**(318)**	**(124)**	**(40)**	**471**	**5**	**1,227**

EUR million	01/01/2022 Fair value calculated using internal models (level 3)	Changes Purchases/ Issuances	Sales/ Settlements	Changes in fair value recognised in profit or loss	Changes in fair value recognised in equity	Level reclassifications	Other	31/12/2022 Fair value calculated using internal models (level 3)
Financial assets held for trading	**537**	**91**	**(99)**	**(116)**	**—**	**(15)**	**(15)**	**383**
Debt securities	22	2	(2)	15	—	2	3	42
Equity instruments	2	—	—	—	—	(1)	—	1
Trading derivatives	513	89	(97)	(131)	—	(16)	(18)	340
Swaps	*224*	*1*	*(47)*	*(20)*	—	*4*	*(23)*	*139*
Exchange rate options	*12*	—	*(9)*	*2*	—	—	*(1)*	*4*
Interest rate options	*182*	—	—	*(142)*	—	*(1)*	—	*39*
Index and securities options	*41*	*27*	*(28)*	*29*	—	*(26)*	*5*	*48*
Other	*54*	*61*	*(13)*	—	—	*7*	*1*	*110*
Financial assets at fair value through profit or loss	**418**	**—**	**(9)**	**(31)**	**—**	**—**	**49**	**427**
Credit entities	—	—	—	—	—	—	—	—
Loans and advances to customers	18	—	(9)	(5)	—	—	1	5
Debt securities	400	—	—	(26)	—	—	48	422
Non-trading financial assets mandatorily at fair value through profit or loss	**1,865**	**521**	**(579)**	**98**	**—**	**(22)**	**(50)**	**1,833**
Customers	268	276	(280)	(25)	—	—	—	239
Debt securities	366	51	(33)	(31)	—	(27)	(1)	325
Equity instruments	1,231	194	(266)	154	—	5	(49)	1,269
Financial assets at fair value through other comprehensive income	**4,847**	**8,564**	**(8,029)**	**—**	**(172)**	**417**	**20**	**5,647**
Loans and advances	3,880	8,471	(7,988)	—	1	349	5	4,718
Debt securities	146	91	(23)	—	—	—	15	229
Equity instruments	821	2	(18)	—	(173)	68	—	700
TOTAL ASSETS	**7,667**	**9,176**	**(8,716)**	**(49)**	**(172)**	**380**	**4**	**8,290**
Financial liabilities held for trading	**160**	**328**	**(97)**	**35**	**—**	**(2)**	**(9)**	**415**
Trading derivatives	160	328	(97)	35	—	(2)	(9)	415
Swaps	*44*	*32*	*(16)*	*189*	—	*9*	*(23)*	*235*
Exchange rate options	*7*	*6*	*(14)*	*1*	—	—	—	—
Interest rate options	*26*	*56*	*(44)*	*(19)*	—	—	—	*19*
Index and securities options	*67*	*23*	*(19)*	*(32)*	—	*(11)*	*14*	*42*
Securities and interest rate futures	—	—	—	—	—	—	—	—
Others	*16*	*211*	*(4)*	*(104)*	—	—	—	*119*
Financial liabilities designated at fair value through profit or loss	**151**	**—**	**(3)**	**3**	**—**	**—**	**—**	**151**
Liabilities under insurance contracts	**318**	**—**	**—**	**(11)**	**—**	**—**	**38**	**345**
TOTAL LIABILITIES	**629**	**328**	**(100)**	**41**	**—**	**(2)**	**29**	**925**

51. Other disclosures

a) Residual maturity periods

The detail, by maturity, of the balances of certain items in the consolidated balance sheet at 31 December 2024, 2023 and 2022 is presented below:

	31 December 2024						
	EUR million						
	On demand	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Assets							
Cash, cash balances at Central Banks and other deposits on demand	192,208	—	—	—	—	—	192,208
Financial assets at fair value through other comprehensive income	—	13,401	9,153	23,902	8,905	32,344	87,705
Debt securities	—	11,072	8,449	22,137	7,623	27,277	76,558
Loans and advances	—	2,329	704	1,765	1,282	5,067	11,147
Credits institutions	—	36	—	98	6	223	363
Customers	—	2,293	704	1,667	1,276	4,844	10,784
Financial assets at amortized cost	41,652	208,565	167,974	220,871	176,710	387,935	1,203,707
Debt securities	—	9,628	14,041	17,071	22,705	57,504	120,949
Loans and advances	41,652	198,937	153,933	203,800	154,005	330,431	1,082,758
Central banks	—	15,067	—	—	—	1,112	16,179
Credits institutions	6,208	23,550	4,166	5,760	1,843	14,010	55,537
Customers	35,444	160,320	149,767	198,040	152,162	315,309	1,011,042
	233,860	**221,966**	**177,127**	**244,773**	**185,615**	**420,279**	**1,483,620**
Liabilities							
Financial liabilities at amortized cost	720,659	256,651	171,362	155,620	89,229	90,801	1,484,322
Deposits	707,418	213,220	121,914	46,431	21,510	15,946	1,126,439
Central banks	17	9,063	11,022	4,772	—	8	24,882
Credit institutions	13,948	27,149	19,300	15,655	6,477	7,483	90,012
Customer deposits	693,453	177,008	91,592	26,004	15,033	8,455	1,011,545
Marketable debt securities[A]	—	35,570	47,977	100,451	60,128	73,841	317,967
Other financial liabilities	13,241	7,861	1,471	8,738	7,591	1,014	39,916
	720,659	**256,651**	**171,362**	**155,620**	**89,229**	**90,801**	**1,484,322**
Difference (assets less liabilities)	**(486,799)**	**(34,685)**	**5,765**	**89,153**	**96,386**	**329,478**	**(702)**

A. Includes promissory notes, certificates of deposit and other short-term debt issues.
See breakdown by type of debt (subordinated debt, senior unsecured debt, senior secured debt, notes and other securities) (see note 22).

	31 December 2023						
	EUR million						
	On demand	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Assets							
Cash, cash balances at Central Banks and other deposits on demand	220,342	—	—	—	—	—	220,342
Financial assets at fair value through other comprehensive income	—	13,544	9,234	19,372	14,162	25,235	81,547
Debt securities	—	13,078	8,433	18,432	12,764	20,858	73,565
Loans and advances	—	466	801	940	1,398	4,377	7,982
Credits institutions	—	—	—	—	313	—	313
Customers	—	466	801	940	1,085	4,377	7,669
Financial assets at amortized cost	40,687	202,066	171,494	232,190	158,556	386,410	1,191,403
Debt securities	—	12,281	14,114	18,608	11,281	47,275	103,559
Loans and advances	40,687	189,785	157,380	213,582	147,275	339,135	1,087,844
Central banks	—	18,730	—	—	—	1,352	20,082
Credits institutions	6,783	26,671	6,313	7,151	1,521	9,478	57,917
Customers	33,904	144,384	151,067	206,431	145,754	328,305	1,009,845
	261,029	**215,610**	**180,728**	**251,562**	**172,718**	**411,645**	**1,493,292**
Liabilities							
Financial liabilities at amortized cost	711,093	246,898	182,516	161,784	88,527	77,885	1,468,703
Deposits	697,339	210,538	118,035	61,332	22,161	15,903	1,125,308
Central banks	168	20,224	6,941	16,846	4,581	22	48,782
Credit institutions	6,572	25,990	21,390	13,434	5,963	7,897	81,246
Customer deposits	690,599	164,324	89,704	31,052	11,617	7,984	995,280
Marketable debt securities[A]	—	28,371	63,440	92,554	57,639	61,204	303,208
Other financial liabilities	13,754	7,989	1,041	7,898	8,727	778	40,187
	711,093	**246,898**	**182,516**	**161,784**	**88,527**	**77,885**	**1,468,703**
Difference (assets less liabilities)	**(450,064)**	**(31,288)**	**(1,788)**	**89,778**	**84,191**	**333,760**	**24,589**

A. Includes promissory notes, certificates of deposit and other short-term debt issues.

	31 December 2022						
	EUR million						
	On demand	**Within 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Assets							
Cash, cash balances at Central Banks and other deposits on demand	223,073	—	—	—	—	—	223,073
Financial assets at fair value through other comprehensive income	—	19,215	5,425	15,377	17,693	25,588	83,298
Debt securities	—	19,011	4,528	13,884	16,631	21,029	75,083
Loans and advances	—	204	897	1,493	1,062	4,559	8,215
Customers	—	204	897	1,493	1,062	4,559	8,215
Financial assets at amortized cost	45,322	194,757	137,632	196,939	135,156	437,238	1,147,044
Debt securities	—	7,956	7,417	21,459	6,715	30,007	73,554
Loans and advances	45,322	186,801	130,215	175,480	128,441	407,231	1,073,490
Central banks	—	14,139	—	—	—	1,236	15,375
Credit institutions	7,565	22,578	2,756	3,580	139	9,900	46,518
Customers	37,757	150,084	127,459	171,900	128,302	396,095	1,011,597
	268,395	**213,972**	**143,057**	**212,316**	**152,849**	**462,826**	**1,453,415**
Liabilities							
Financial liabilities at amortized cost	731,837	236,565	144,666	168,984	81,808	59,998	1,423,858
Deposits	718,366	193,092	96,667	82,663	19,343	1,756	1,111,887
Central banks	117	6,991	18,311	47,018	4,506	9	76,952
Credit institutions	7,172	30,557	15,901	9,670	3,925	1,357	68,582
Customer deposits	711,077	155,544	62,455	25,975	10,912	390	966,353
Marketable debt securities[A]	—	34,408	46,480	81,051	55,359	57,614	274,912
Other financial liabilities	13,471	9,065	1,519	5,270	7,106	628	37,059
	731,837	**236,565**	**144,666**	**168,984**	**81,808**	**59,998**	**1,423,858**
Difference (assets less liabilities)	**(463,442)**	**(22,593)**	**(1,609)**	**43,332**	**71,041**	**402,828**	**29,557**

A. Includes promissory notes, certificates of deposit and other short-term debt issues.

The detail of the remaining contractual maturities of the existing financial liabilities at amortised cost at 31 December 2024, 2023 and 2022 is as follows:

	31 December 2024						
	EUR million						
	On demand	**Within 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Financial liabilities at amortized cost							
Deposits	699,007	207,554	117,431	43,090	19,248	15,796	1,102,126
Central banks	17	9,082	11,026	4,772	—	7	24,904
Credit institutions	13,634	27,170	19,258	15,674	6,482	7,462	89,680
Customer	685,356	171,302	87,147	22,644	12,766	8,327	987,542
Marketable debt securities	—	36,315	48,973	102,306	61,260	74,817	323,671
Other financial liabilities	13,241	7,861	1,471	8,738	7,591	1,014	39,916
	712,248	**251,730**	**167,875**	**154,134**	**88,099**	**91,627**	**1,465,713**

	31 December 2023						
	EUR million						
	On demand	**Within 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Financial liabilities at amortized cost							
Deposits	698,595	204,001	109,311	51,191	20,761	15,585	1,099,444
Central banks	168	20,334	6,853	16,846	4,581	35	48,817
Credit institutions	6,884	25,642	21,334	13,079	5,924	7,685	80,548
Customer	691,543	158,025	81,124	21,266	10,256	7,865	970,079
Marketable debt securities	—	28,258	62,935	91,492	56,944	60,166	299,795
Other financial liabilities	13,666	8,078	1,041	7,898	8,727	777	40,187
	712,261	**240,337**	**173,287**	**150,581**	**86,432**	**76,528**	**1,439,426**

.

	31 December 2022						
	EUR million						
	On demand	**Within 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Financial liabilities at amortized cost							
Deposits	718,366	192,609	96,482	82,618	19,354	1,595	1,111,024
Central banks	117	7,003	18,210	46,933	4,506	9	76,778
Credit institutions	7,172	30,548	15,808	9,722	3,924	1,190	68,364
Customer	711,077	155,058	62,464	25,963	10,924	396	965,882
Marketable debt securities	—	34,312	46,396	81,059	55,357	57,576	274,700
Other financial liabilities	13,471	9,065	1,519	5,270	7,106	626	37,057
	731,837	**235,986**	**144,397**	**168,947**	**81,817**	**59,797**	**1,422,781**

Below is a breakdown of contractual maturities for the rest of financial assets and liabilities as of 31 December 2024, 2023 and 2022:

	31 December 2024					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
FINANCIAL ASSETS						
Financial assets held for trading	**64,300**	**56,571**	**33,945**	**24,504**	**50,933**	**230,253**
Derivatives	14,231	14,504	16,676	12,384	6,305	64,100
Equity instruments	—	—	—	—	16,636	16,636
Debt securities	6,930	21,305	15,319	11,944	27,148	82,646
Loans and advances	43,139	20,762	1,950	176	844	66,871
Central banks	1,241	11,725	—	—	—	12,966
Credits institutions	21,840	4,088	1,287	—	99	27,314
Customers	20,058	4,949	663	176	745	26,591
Financial assets designated at fair value through profit or loss	**152**	**750**	**2,421**	**1,075**	**3,517**	**7,915**
Debt securities	95	342	1,254	680	526	2,897
Loans and advances	57	408	1,167	395	2,991	5,018
Credit institutions	16	—	5	34	353	408
Customers	41	408	1,162	361	2,638	4,610
Non-trading financial assets mandatorily at fair value through profit or loss	**794**	**8**	**29**	**102**	**5,197**	**6,130**
Equity instruments	—	—	—	—	4,641	4,641
Debt securities	39	2	3	10	393	447
Loans and advances	755	6	26	92	163	1,042
Central banks	—	—	—	—	—	—
Credits institutions	—	—	—	—	—	—
Customers	755	6	26	92	163	1,042
Financial assets at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**2,193**	**2,193**
Equity instruments	—	—	—	—	2,193	2,193
Hedging derivatives	**1,786**	**1,423**	**957**	**800**	**706**	**5,672**
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**(61)**	**18**	**(569)**	**(50)**	**(42)**	**(704)**
TOTAL FINANCIAL ASSETS	**66,971**	**58,770**	**36,783**	**26,431**	**62,504**	**251,459**

	31 December 2024					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
FINANCIAL LIABILITIES						
Financial liabilities held for trading	**100,071**	**16,537**	**14,244**	**12,530**	**8,769**	**152,151**
Derivatives	14,364	13,296	11,946	12,335	5,812	57,753
Shorts positions	28,548	2,931	1,199	195	2,957	35,830
Deposits	57,159	310	1,099	—	—	58,568
Central banks	13,300	—	—	—	—	13,300
Credits institutions	24,875	310	1,099	—	—	26,284
Customers	18,984	—	—	—	—	18,984
Financial liabilities designated at fair value through profit or loss	**16,036**	**6,000**	**6,422**	**1,918**	**5,984**	**36,360**
Deposits	15,193	4,860	4,037	490	4,226	28,806
Central banks	1,774	—	—	—	—	1,774
Credits institutions	1,035	133	15	49	393	1,625
Customers	12,384	4,727	4,022	441	3,833	25,407
Marketable debt securities[A]	843	1,140	2,385	1,428	1,758	7,554
Hedging derivatives	**832**	**668**	**826**	**814**	**1,612**	**4,752**
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	—	(5)	13	47	(64)	(9)
TOTAL FINANCIAL LIABILITIES	**116,939**	**23,200**	**21,505**	**15,309**	**16,301**	**193,254**

A. See breakdown by type of debt (subordinated debt, senior unsecured debt, senior secured debt, promissory notes and other securities) (see note 22).

	31 December 2024					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Memorandum items						
Loans commitment granted	133,084	35,747	57,157	57,285	19,588	302,861
Financial guarantees granted	5,103	6,803	3,691	796	508	16,901
Other commitments granted	92,172	20,681	13,197	5,032	3,411	134,493
MEMORANDUM ITEMS	**230,359**	**63,231**	**74,045**	**63,113**	**23,507**	**454,255**

In the Group's experience, no outflows of cash or other financial assets take place prior to the contractual maturity date that might affect the information broken down above.

	31 December 2023					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
FINANCIAL ASSETS						
Financial assets held for trading	**36,120**	**49,668**	**30,602**	**17,912**	**42,619**	**176,921**
Derivatives	8,777	10,551	17,775	9,532	9,693	56,328
Equity instruments	—	—	—	—	15,057	15,057
Debt securities	7,598	18,315	10,274	8,137	17,800	62,124
Loans and advances	19,745	20,802	2,553	243	69	43,412
Central banks	1,146	16,571	—	—	—	17,717
Credits institutions	10,861	2,076	1,079	45	—	14,061
Customers	7,738	2,155	1,474	198	69	11,634
Financial assets designated at fair value through profit or loss	**1,657**	**557**	**2,529**	**1,350**	**3,680**	**9,773**
Debt securities	252	77	1,269	690	807	3,095
Loans and advances	1,405	480	1,260	660	2,873	6,678
Central banks	—	—	—	—	—	—
Credit institutions	26	22	3	15	393	459
Customers	1,379	458	1,257	645	2,480	6,219
Non-trading financial assets mandatorily at fair value through profit or loss	**591**	**153**	**71**	**80**	**5,015**	**5,910**
Equity instruments	—	—	—	—	4,068	4,068
Debt instruments	41	—	57	3	759	860
Loans and advances	550	153	14	77	188	982
Central banks	—	—	—	—	—	—
Credits institutions	—	—	—	—	—	—
Customers	550	153	14	77	188	982
Financial assets at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**1,761**	**1,761**
Equity instruments	—	—	—	—	1,761	1,761
Hedging derivatives	**1,188**	**412**	**1,535**	**937**	**1,225**	**5,297**
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**(237)**	**(225)**	**156**	**(402)**	**(80)**	**(788)**
TOTAL FINANCIAL ASSETS	**39,319**	**50,565**	**34,893**	**19,877**	**54,220**	**198,874**

	31 December 2023					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
FINANCIAL LIABILITIES						
Financial liabilities held for trading	**73,257**	**12,127**	**19,180**	**10,591**	**7,115**	**122,270**
Derivatives	8,147	9,486	17,990	10,060	4,906	50,589
Shorts positions	21,381	1,288	765	531	2,209	26,174
Deposits	43,729	1,353	425	—	—	45,507
Central banks	7,808	—	—	—	—	7,808
Credits institutions	17,228	209	425	—	—	17,862
Customers	18,693	1,144	—	—	—	19,837
Financial liabilities designated at fair value through profit or loss	**23,190**	**7,583**	**4,863**	**1,359**	**3,372**	**40,367**
Deposits	22,688	6,459	3,223	338	2,288	34,996
Central banks	1,158	51	—	—	—	1,209
Credits institutions	1,161	57	84	61	372	1,735
Customers	20,369	6,351	3,139	277	1,916	32,052
Marketable debt securities[A]	502	1,124	1,640	1,021	1,084	5,371
Hedging derivatives	**1,525**	**2,064**	**1,577**	**878**	**1,612**	**7,656**
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	(1)	(4)	36	(5)	29	55
TOTAL FINANCIAL LIABILITIES	**97,971**	**21,770**	**25,656**	**12,823**	**12,128**	**170,348**

A. See breakdown by type of debt (subordinated debt, senior unsecured debt, senior secured debt, promissory notes and other securities) (see note 22).

	31 December 2023					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Memorandum items						
Loans commitment granted	125,083	31,658	55,344	47,204	20,300	279,589
Financial guarantees granted	7,870	4,734	1,654	686	491	15,435
Other commitments granted	81,146	17,448	9,699	3,386	1,594	113,273
MEMORANDUM ITEMS	**214,099**	**53,840**	**66,697**	**51,276**	**22,385**	**408,297**

	31 December 2022					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
FINANCIAL ASSETS						
Financial assets held for trading	**44,770**	**27,562**	**29,753**	**20,177**	**33,856**	**156,118**
Derivatives	7,631	9,983	23,156	15,533	10,699	67,002
Equity instruments	—	—	—	—	10,066	10,066
Debt securities	5,160	13,357	5,667	4,193	13,026	41,403
Loans and advances	31,979	4,222	930	451	65	37,647
Central banks	11,595	—	—	—	—	11,595
Credits institutions	13,650	2,852	—	—	—	16,502
Customers	6,734	1,370	930	451	65	9,550
Financial assets designated at fair value through profit or loss	**236**	**756**	**2,732**	**1,691**	**3,574**	**8,989**
Debt securities	68	77	1,026	599	772	2,542
Loans and advances	168	679	1,706	1,092	2,802	6,447
Credit institutions	6	181	23	4	459	673
Customers	162	498	1,683	1,088	2,343	5,774
Non-trading financial assets mandatorily at fair value through profit or loss	**164**	214	265	70	**5,000**	**5,713**
Equity instruments	—	—	—	—	3,711	3,711
Debt instruments	6	52	52	—	1,024	1,134
Loans and advances	158	162	213	70	265	868
Customers	158	162	213	70	265	868
Financial assets at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**1,941**	**1,941**
Equity instruments	—	—	—	—	1,941	1,941
Hedging derivatives	**2,200**	**1,076**	**1,356**	**1,451**	**1,986**	**8,069**
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**(734)**	**(498)**	**(1,178)**	**(1,036)**	**(303)**	**(3,749)**
TOTAL FINANCIAL ASSETS	**46,636**	**29,110**	**32,928**	**22,353**	**46,054**	**177,081**

	31 December 2022					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
FINANCIAL LIABILITIES						
Financial liabilities held for trading	**51,621**	**12,012**	**23,669**	**18,273**	**9,610**	**115,185**
Derivatives	7,749	9,671	22,479	16,955	8,037	64,891
Shorts positions	17,952	888	1,031	1,071	1,573	22,515
Deposits	25,920	1,453	159	247	—	27,779
Central banks	5,757	—	—	—	—	5,757
Credits institutions	7,963	1,435	151	247	—	9,796
Customers	12,200	18	8	—	—	12,226
Financial liabilities designated at fair value through profit or loss	**25,180**	**3,984**	**4,389**	**1,796**	**4,918**	**40,268**
Deposits	25,017	3,183	3,278	699	2,663	34,841
Central banks	1,702	38	—	—	—	1,740
Credits institutions	1,284	129	54	87	404	1,958
Customers	22,031	3,016	3,224	612	2,259	31,143
Marketable debt securities[A]	163	801	1,111	1,097	2,255	5,427
Hedging derivatives	**947**	**1,469**	**3,650**	**1,159**	**2,003**	**9,228**
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	11	(52)	(140)	20	44	(117)
TOTAL FINANCIAL LIABILITIES	**77,759**	**17,413**	**31,568**	**21,248**	**16,575**	**164,564**

A. See breakdown by type of debt (subordinated debt, senior unsecured debt, senior secured debt, promissory notes and other securities) (see note 22).

	31 December 2022					
	EUR million					
	Within 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Memorandum items						
Loans commitment granted	120,962	32,538	50,875	54,033	15,667	274,075
Financial guarantees granted	7,023	3,586	1,427	441	379	12,856
Other commitments granted	66,716	16,152	7,119	1,517	1,168	92,672
MEMORANDUM ITEMS	**194,701**	**52,276**	**59,421**	**55,991**	**17,214**	**379,603**

b) Equivalent euro value of assets and liabilities

The detail of the main foreign currency balances in the consolidated balance sheet, based on the nature of the related items, is as follows:

Equivalent value in EUR million

	2024		2023		2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash, cash balances at central banks and other deposits on demand	109,932	—	114,410	—	122,391	—
Financial assets/liabilities held for trading	130,076	76,216	106,011	60,581	94,256	60,105
Non-trading financial assets mandatorily at fair value through profit or loss	3,208	—	3,291	—	3,210	—
Other financial assets/liabilities at fair value through profit or loss	793	13,844	1,721	12,699	1,085	19,929
Financial assets at fair value through other comprehensive income	60,861	—	60,516	—	62,046	—
Financial assets at amortized cost	777,226	—	773,504	—	747,138	—
Investments	2,103	—	1,689	—	1,296	—
Tangible assets	18,812	—	20,797	—	21,834	—
Intangible assets	12,282	—	12,772	—	11,881	—
Financial liabilities at amortized cost	—	938,844	—	937,917	—	893,531
Liabilities under insurance contracts	—	261	—	330	—	349
Other	25,891	22,385	26,236	25,740	23,886	24,372
	1,141,184	**1,051,550**	**1,120,947**	**1,037,267**	**1,089,023**	**998,286**

c) Fair value of financial assets and liabilities not measured at fair value

The fair value at year-end of the financial instruments (certain portfolios of loans and advances and debt securities, on the asset side, and deposits and debt securities, on the liability side) registered in the consolidated balance sheet at amortized cost is presented below:

i) Financial assets measured at other than fair value

EUR million

	2024					2023					2022				
Assets	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and advances	1,082,758	1,073,530	—	104,582	968,948	1,087,844	1,077,543	—	103,414	974,129	1,073,490	1,053,703	—	64,968	988,735
Debt securities	120,949	119,539	87,170	13,149	19,220	103,559	102,888	67,951	11,057	23,880	73,554	70,373	37,805	19,254	13,314
	1,203,707	**1,193,069**	**87,170**	**117,731**	**988,168**	**1,191,403**	**1,180,431**	**67,951**	**114,471**	**998,009**	**1,147,044**	**1,124,076**	**37,805**	**84,222**	**1,002,049**

ii) Financial liabilities measured at other than fair value

EUR million

	2024					2023					2022				
Liabilities[A]	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Deposits	1,126,439	1,125,532	—	250,440	875,092	1,125,308	1,124,373	—	263,428	860,945	1,111,887	1,108,918	—	258,701	850,217
Debt securities	317,967	317,912	170,118	112,365	35,429	303,208	298,792	136,109	125,575	37,108	274,912	263,191	106,169	124,939	32,083
	1,444,406	**1,443,444**	**170,118**	**362,805**	**910,521**	**1,428,516**	**1,423,165**	**136,109**	**389,003**	**898,053**	**1,386,799**	**1,372,109**	**106,169**	**383,640**	**882,300**

A. At 31 December 2024, Grupo Santander had other financial liabilities that amounted to EUR 39,916 million, EUR 40,187 million in 2023 and EUR 37,059 million in 2022.

The main valuation methods and inputs used in the estimates at 31 December 2024 of the fair values of the financial assets and liabilities in the foregoing table were as follows:

- Financial assets at amortised cost: the fair value was estimated using the present value method. The estimates were made considering factors such as the expected maturity of the portfolio, market interest rates, spreads on newly approved transactions or market spreads -when available-.
- Financial liabilities at amortised cost:

i) Deposits: the fair value of short term and on demand deposits was taken to be their carrying amount. Factors such as the expected maturity of the transactions and the Group's current cost of funding in similar transactions are consider for the estimation of long term deposits fair value. It had been used also current rates offered for deposits of similar remaining maturities.

ii) Marketable debt securities and subordinated liabilities: the fair value was calculated based on market prices for these instruments -when available- or by the present value method using market interest rates and spreads, as well as using any significant input which is not observable with market data if applicable.

iii) The fair value of cash, cash balances at central banks and other deposits on demand was taken to be their carrying amount since they are mainly short-term balances.

d) Offsetting of financial instruments

Following is the detail of financial assets and liabilities that were offset in the consolidated balance sheets as of 31 December 2024, 2023 and 2022:

	31 December 2024		
	EUR million		
Assets	Gross amount of financial assets	Gross amount of financial assets offset in the balance sheet	Net amount of financial assets presented in the balance sheet
Derivatives	152,331	(82,559)	69,772
Reverse repurchase agreements	189,034	(67,488)	121,546
Total	**341,365**	**(150,047)**	**191,318**

	31 December 2023		
	EUR million		
Assets	Gross amount of financial assets	Gross amount of financial assets offset in the balance sheet	Net amount of financial assets presented in the balance sheet
Derivatives	149,508	(87,883)	61,625
Reverse repurchase agreements	179,580	(79,500)	100,080
Total	**329,088**	**(167,383)**	**161,705**

	31 December 2022		
	EUR million		
Assets	Gross amount of financial assets	Gross amount of financial assets offset in the balance sheet	Net amount of financial assets presented in the balance sheet
Derivatives	176,814	(101,743)	75,071
Reverse repurchase agreements	127,561	(48,949)	78,612
Total	**304,375**	**(150,692)**	**153,683**

	31 December 2024		
	EUR million		
Liabilities	Gross amount of financial liabilities	Gross amount of financial liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet
Derivatives	145,064	(82,559)	62,505
Reverse repurchase agreements	223,141	(67,488)	155,653
Total	**368,205**	**(150,047)**	**218,158**

	31 December 2023		
	EUR million		
Liabilities	Gross amount of financial liabilities	Gross amount of financial liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet
Derivatives	146,128	(87,883)	58,245
Reverse repurchase agreements	212,840	(79,500)	133,340
Total	**358,968**	**(167,383)**	**191,585**

	31 December 2022		
	EUR million		
Liabilities	Gross amount of financial liabilities	Gross amount of financial liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet
Derivatives	175,862	(101,743)	74,119
Reverse repurchase agreements	148,715	(48,949)	99,766
Total	**324,577**	**(150,692)**	**173,885**

At 31 December 2024, Grupo Santander has offset other items amounting to EUR 811 million (EUR 910 million and EUR 1,024 million at 31 December 2023 and 2022, respectively).

At 31 December 2024 the balance sheet shows the amounts EUR 176,198 million (EUR 151,044 million and EUR 141,529 million at 31 December 2023 and 2022) on derivatives and repos as assets and EUR 209,121 million (EUR 180,539 million and EUR 157,572 million at 31 December 2023 and 2022, respectively) on derivatives and repos as liabilities that are subject to netting and collateral arrangements.

52. Primary and secondary segments reporting

Grupo Santander bases 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 (e.g. 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.

Grupo Santander has aligned the information in this note with the underlying information used internally for management reporting and with that presented in Grupo Santander's other public documents.

Grupo Santander executive committee has been determined to be its chief operating decision maker. Grupo Santander's operating segments reflect its organizational and managerial structures. Grupo Santander 's executive committee reviews internal reporting based on these segments to assess performance and allocate resources.

The segments are split by type of business and the geographic area in which profits are earned. Santander prepares the information by aggregating the figures for Grupo Santander’s various geographic areas and business units, relating it to both the accounting data of the units integrated in each segment and that provided by management information systems. The same general principles as those used in Grupo Santander are applied.

On September 18, 2023, Grupo Santander announced a change in the reportable segments to align the disclosed financial information to the new report structure, from the first 2024 three months period onwards.

The main changes, which have been applied to management information for all periods included in the annual accounts, relate to the following:

1. The totality of the Bank's businesses in every market has been consolidated into five global areas: Retail & Commercial Bank, Digital Consumer Bank, Corporate & Investment Banking, Wealth Management & Insurance and Payments, which became the new primary segments.
2. The changes made in financial information are as follows:
   a. The former Retail Banking is divided into the new Retail & Commercial Banking and Digital Consumer Bank segments, while the country-based card business becomes part of the new Payments segment.
   b. The results of activities primarily related to financial management, which are located in the countries, are fully allocated to the global business based on the segment generating the financial position in each unit.
   c. Local corporate centres are allocated to the different global businesses.
   d. The criteria for the distribution of revenues among the global businesses have been revised to better reflect the contribution of each of them to the Group.
3. The former core segments (Europe, North America, South America and Digital Consumer Bank, which is now called DCB Europe) became the new secondary segments. The published financial information for 2023 and 2022 regarding the regions, countries and Corporate Centre remain unchanged.

Grupo Santander recasted the corresponding information of earlier periods considering the changes included in this section to facilitate a homogeneous comparison.

The above-mentioned changes have no impact on the Group’s reported consolidated financial statements.

a) Primary segments

This primary level of segmentation, which is based on the Group’s management structure, comprises six reportable segments: five operating areas plus the Corporate Centre. The operating areas are:

- Retail & Commercial Banking (Retail): new area that integrates the retail banking business (individuals) and commercial banking (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 Transactional Banking, Global Banking (Global Debt Finance and Corporate Finance) and 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: 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).

In addition to these operating units, both primary and secondary, Grupo Santander continues to maintain the area of Corporate Centre, that includes the centralized activities relating to equity stakes in financial companies, financial management of the structural exchange rate position, assumed within the sphere of Grupo Santander’s assets and liabilities committee, as well as management of liquidity and of shareholders’ equity via issuances.

As Grupo Santander’s holding entity, this area manages all capital and reserves and allocations of capital and liquidity with the rest of businesses. It also incorporates amortization of goodwill but not the costs related to the Grupo Santander’s central services (charged to the areas), except for corporate and institutional expenses related to the Grupo Santander’s functioning.

There are no customers located in any of the areas that generate income exceeding 10% of Total income.

The main masses of the balance sheets of the different segments, summarized, are indicated below:

EUR million

	2024						
Balance sheet (condensed)	**Retail & Commercial Banking**	**Digital Consumer Bank**	**Corporate & Investment Banking**	**Wealth Management & Insurance**	**Payments**	**Corporate Centre**	**Total**
Loans and advances to customers	608,945	207,104	184,923	24,479	22,840	5,778	**1,054,069**
Customer deposits	661,152	128,975	202,355	60,986	1,038	1,430	**1,055,936**
Memorandum items							
Gross loans and advances to customers[A]	609,490	215,160	136,818	24,611	24,614	5,853	**1,016,546**
Customers funds	747,567	137,122	152,450	171,866	1,038	1,299	**1,211,342**
Customer deposits[B]	*649,619*	*128,933*	*136,672*	*60,058*	*1,038*	*1,299*	***977,620***
Investment funds	*97,948*	*8,189*	*15,777*	*111,807*	—	—	***233,722***

EUR million

	2023						
Balance sheet (condensed)	**Retail & Commercial Banking**	**Digital Consumer Bank**	**Corporate & Investment Banking**	**Wealth Management & Insurance**	**Payments**	**Corporate Centre**	**Total**
Loans and advances to customers	618,113	199,158	168,960	22,509	22,045	5,565	**1,036,349**
Customer deposits	666,578	115,446	203,713	58,507	1,418	1,508	**1,047,169**
Memorandum items							
Gross loans and advances to customers[A]	618,773	206,649	137,578	22,603	23,709	5,640	**1,014,951**
Customers funds	725,971	120,996	169,839	157,142	1,418	1,508	**1,176,874**
Customer deposits[B]	*638,169*	*114,334*	*155,274*	*57,643*	*1,418*	*1,508*	***968,346***
Investment funds	*87,802*	*6,662*	*14,565*	*99,499*	—	—	***208,528***

EUR million

	2022						
Balance sheet (condensed)	**Retail & Commercial Banking**	**Digital Consumer Bank**	**Corporate & Investment Banking**	**Wealth Management & Insurance**	**Payments**	**Corporate Centre**	**Total**
Loans and advances to customers	622,933	189,623	173,397	22,127	22,140	5,785	**1,036,004**
Customer deposits	616,601	103,021	230,194	58,324	688	895	**1,009,722**
Memorandum items							
Gross loans and advances to customers[A]	629,478	196,878	142,646	22,247	22,161	5,779	**1,019,188**
Customers funds	675,028	108,824	195,814	149,135	688	895	**1,130,385**
Customer deposits[B]	*598,110*	*102,946*	*186,678*	*57,014*	*688*	*895*	***946,331***
Investment funds	*76,918*	*5,878*	*9,136*	*92,121*	—	—	***184,053***

A. Excluding reverse repos.
B. Excluding repos.

The condensed income statements for the primary segments are as follows:

EUR million

	2024						
Underlying income statement (condensed)	**Retail & Commercial Banking**	**Digital Consumer Bank**	**Corporate & Investment Banking**	**Wealth Management & Insurance**	**Payments**	**Corporate Centre**	**Total**
Net interest income[A]	**27,942**	**10,777**	**4,020**	**1,627**	**2,609**	**(308)**	**46,668**
Net fee income	4,681	1,508	2,548	1,489	2,793	(11)	13,010
Gains (losses) on financial transactions[B]	812	(4)	1,619	213	41	(408)	2,273
Other operating income[C]	(974)	635	156	332	61	50	260
Total income	**32,461**	**12,916**	**8,343**	**3,661**	**5,505**	**(676)**	**62,211**
Administrative expenses, depreciation and amortisation	(12,877)	(5,183)	(3,807)	(1,313)	(2,475)	(379)	(26,034)
Net operating income[D]	**19,584**	**7,733**	**4,537**	**2,348**	**3,030**	**(1,055)**	**36,177**
Net loan-loss provisions[E]	(5,845)	(4,562)	(174)	(41)	(1,714)	3	(12,333)
Other gains (losses) and provisions[F]	(2,865)	(939)	(353)	(48)	(347)	(265)	(4,817)
Operating profit/(loss) before tax	**10,874**	**2,232**	**4,009**	**2,259**	**969**	**(1,317)**	**19,027**
Tax on profit	(3,091)	(295)	(1,065)	(531)	(464)	162	(5,283)
Profit from continuing operations	**7,783**	**1,938**	**2,944**	**1,728**	**505**	**(1,155)**	**13,744**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**7,783**	**1,938**	**2,944**	**1,728**	**505**	**(1,155)**	**13,744**
Non-controlling interests	(520)	(275)	(204)	(79)	(92)	1	(1,170)
Attributable profit to the parent	**7,263**	**1,663**	**2,740**	**1,650**	**413**	**(1,154)**	**12,574**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes an addition of EUR 41 million mainly corresponding to the results by commitments and contingent risks includes in the line of the statutory income statement of provisions or reversal of provisions.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except an addition EUR 41 million mainly corresponding to the results by commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognised in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

EUR million

	2023						
Underlying income statement (condensed)	**Retail & Commercial Banking**	**Digital Consumer Bank**	**Corporate & Investment Banking**	**Wealth Management & Insurance**	**Payments**	**Corporate Centre**	**Total**
Net interest income[A]	**25,550**	**10,221**	**3,594**	**1,513**	**2,424**	**(41)**	**43,261**
Net fee income	4,497	1,229	2,131	1,262	2,952	(13)	12,057
Gains (losses) on financial transactions[B]	854	116	1,795	170	1	(302)	2,633
Other operating income[C]	(1,146)	730	7	266	(79)	(83)	(304)
Total income	**29,754**	**12,296**	**7,527**	**3,210**	**5,298**	**(439)**	**57,647**
Administrative expenses, depreciation and amortisation	(12,825)	(5,263)	(3,387)	(1,216)	(2,344)	(391)	(25,425)
Net operating income[D]	**16,930**	**7,033**	**4,140**	**1,994**	**2,954**	**(829)**	**32,222**
Net loan-loss provisions[E]	(6,540)	(4,106)	(165)	17	(1,666)	2	(12,458)
Other gains (losses) and provisions[F]	(2,401)	(250)	(181)	(18)	(84)	(134)	(3,066)
Operating profit/(loss) before tax	**7,989**	**2,677**	**3,795**	**1,994**	**1,205**	**(961)**	**16,698**
Tax on profit	(1,927)	(426)	(1,137)	(454)	(509)	(36)	(4,489)
Profit from continuing operations	**6,062**	**2,251**	**2,658**	**1,540**	**696**	**(998)**	**12,209**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**6,062**	**2,251**	**2,658**	**1,540**	**696**	**(998)**	**12,209**
Non-controlling interests	(403)	(350)	(219)	(73)	(89)	—	(1,133)
Attributable profit to the parent	**5,659**	**1,901**	**2,440**	**1,467**	**607**	**(998)**	**11,076**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. 'Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. 'Net Loan loss provisions' refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes a release of EUR 24 million mainly corresponding to the results by commitments and contingent risks includes in the line of the statutory income statement of provisions or reversal of provisions.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except a release of EUR 24 million mainly corresponding to the results by commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognised in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

EUR million

Underlying income statement (condensed)	2022 Retail & Commercial Banking	Digital Consumer Bank	Corporate & Investment Banking	Wealth Management & Insurance	Payments	Corporate Centre	Total
Net interest income[A]	**22,093**	**10,121**	**3,816**	**883**	**2,359**	**(652)**	**38,619**
Net fee income	4,672	1,269	1,922	1,293	2,653	(19)	11,790
Gains (losses) on financial transactions[B]	1,141	144	962	108	20	(723)	1,653
Other operating income[C]	(913)	856	3	394	(158)	(91)	92
Total income	**26,994**	**12,391**	**6,703**	**2,678**	**4,874**	**(1,485)**	**52,154**
Administrative expenses, depreciation and amortisation	(12,059)	(5,197)	(2,901)	(1,104)	(2,271)	(372)	(23,903)
Net operating income[D]	**14,935**	**7,194**	**3,802**	**1,574**	**2,604**	**(1,857)**	**28,251**
Net loan-loss provisions[E]	(5,887)	(3,222)	(257)	(21)	(1,132)	10	(10,509)
Other gains (losses) and provisions[F]	(1,950)	(91)	(166)	(37)	(74)	(174)	(2,492)
Operating profit/(loss) before tax	**7,099**	**3,880**	**3,379**	**1,516**	**1,398**	**(2,021)**	**15,250**
Tax on profit	(1,676)	(881)	(955)	(346)	(603)	(27)	(4,486)
Profit from continuing operations	**5,423**	**3,000**	**2,424**	**1,170**	**795**	**(2,048)**	**10,764**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**5,423**	**3,000**	**2,424**	**1,170**	**795**	**(2,048)**	**10,764**
Non-controlling interests	(406)	(389)	(191)	(69)	(103)	1	(1,159)
Attributable profit to the parent	**5,017**	**2,610**	**2,233**	**1,101**	**693**	**(2,049)**	**9,605**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.

B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.

C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.

D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.

E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes a release of EUR 27 million mainly corresponding to the results by commitments and contingent risks includes in the line of the statutory income statement of provisions or reversal of provisions.

F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except a release of EUR 27 million mainly corresponding to the results by commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognised in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

b) Secondary segments

At this secondary level, Grupo Santander is structured into Europe, DCB Europe, North America and South America:

- Europe: which comprises all business activity carried out in the region, except that included in Digital Consumer Bank.
- DCB Europe: includes Santander Consumer Finance, which incorporates the entire consumer finance business in Europe, Openbank and ODS.
- North America: which 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, Santander's New York branch and Santander US Capital Markets (SanCap).
- South America: includes all the financial activities carried out by Grupo Santander through its banks and subsidiary banks in the region.

With regard to the balance sheet, due to the required segregation of the various business units (included in a single consolidated balance sheet), the amounts lent and borrowed between the units are shown as increases in the assets and liabilities of each business. These amounts relating to intra-Group liquidity are eliminated and are shown in the Intra-Group eliminations column in the table below in order to reconcile the amounts contributed by each business unit to the consolidated Grupo Santander's balance sheet.

There are no customers located in a place different from the location of the Group's assets that generate revenues in excess of 10% of ordinary revenues.

The condensed balance sheets of the different secondary segments are indicated below:

EUR million

Balance sheet (condensed)	2024						
	Europe	**North America**	**South America**	**Digital Consumer Bank Europe**	**Corporate centre**	**Intra-group eliminations**	**Total**
Total assets	984,151	307,801	311,218	173,775	240,948	(180,815)	**1,837,081**
Total liabilities	940,831	283,200	285,790	160,264	151,585	(91,916)	**1,729,754**
Total equity	43,320	24,601	25,428	13,512	89,363	(88,899)	**107,327**
Other customer funds under management	129,784	21,613	77,846	1,243	—	**—**	**230,485**
Other non-managed marketed customer funds	34,610	21,331	1,165	4,896	—	**—**	**62,002**

EUR million

Balance sheet (condensed)	2023						
	Europe	**North America**	**South America**	**Digital Consumer Bank Europe**	**Corporate centre**	**Intra-group eliminations**	**Total**
Total assets	955,344	294,827	325,049	166,796	254,705	(199,660)	**1,797,062**
Total liabilities	911,173	271,183	299,155	153,355	166,809	(108,854)	**1,692,821**
Total equity	44,171	23,644	25,894	13,441	87,896	(90,806)	**104,241**
Other customer funds under management	111,933	18,733	78,076	996	—	—	**209,737**
Other non-managed marketed customer funds	26,390	18,503	1,087	4,057	—	—	**50,036**

EUR million

Balance sheet (condensed)	2022						
	Europe	**North America**	**South America**	**Digital Consumer Bank Europe**	**Corporate centre**	**Intra-group eliminations**	**Total**
Total assets	958,207	288,595	292,925	151,015	262,218	(218,301)	**1,734,659**
Total liabilities	915,167	262,931	268,417	137,986	178,651	(126,078)	**1,637,074**
Total equity	43,040	25,664	24,508	13,029	83,567	(92,223)	**97,585**
Other customer funds under management	100,178	15,571	65,251	880	—	—	**181,880**
Other non-managed marketed customer funds	23,305	20,908	1,077	3,089	—	—	**48,379**

The condensed income statements are as follows:

EUR million

	2024					
Underlying income statement (condensed)	**Europe**	**North America**	**South America**	**DCB Europe**	**Corporate Centre**	**Total**
Net interest income[A]	**16,720**	**10,330**	**15,566**	**4,361**	**(308)**	**46,668**
Net fee income	4,659	2,594	4,864	902	(11)	13,010
Gains (losses) on financial transactions[B]	1,357	747	601	(24)	(408)	2,273
Other operating income[C]	774	243	(1,247)	440	50	260
Total income	**23,510**	**13,915**	**19,783**	**5,679**	**(676)**	**62,211**
Administrative expenses, depreciation and amortisation	(9,407)	(6,701)	(6,943)	(2,604)	(379)	(26,034)
Net operating income[D]	**14,102**	**7,214**	**12,841**	**3,075**	**(1,055)**	**36,177**
Net loan-loss provisions[E]	(1,862)	(3,786)	(5,478)	(1,209)	3	(12,333)
Other gains (losses) and provisions[F]	(2,111)	(336)	(1,369)	(735)	(265)	(4,817)
Operating profit/(loss) before tax	**10,129**	**3,091**	**5,993**	**1,131**	**(1,317)**	**19,027**
Tax on profit	(3,065)	(509)	(1,617)	(255)	162	(5,283)
Profit/(loss) from continuing operations	**7,064**	**2,582**	**4,376**	**876**	**(1,155)**	**13,744**
Net profit/(loss) from discontinued operations	—	—	—	—	—	—
Consolidated profit/(loss)	**7,064**	**2,582**	**4,376**	**876**	**(1,155)**	**13,744**
Non-controlling interests	(420)	(3)	(513)	(234)	1	(1,170)
Attributable profit/(loss) to the parent	**6,644**	**2,579**	**3,863**	**642**	**(1,154)**	**12,574**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes an addition of EUR 41 million mainly corresponding to the results by commitments and contingent risks included in the line provisions or reversal of provisions, net of the statutory income statement.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except an addition of EUR 41 million mainly corresponding to the results by commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognized in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

EUR million

Underlying income statement (condensed)	2023					
	Europe	North America	South America	DCB Europe	Corporate Centre	Total
Net interest income[A]	**15,910**	**10,159**	**13,040**	**4,193**	**(41)**	**43,261**
Net fee income	4,399	2,192	4,684	796	(13)	12,057
Gains (losses) on financial transactions[B]	1,033	505	1,280	117	(302)	2,633
Other operating income[C]	97	318	(1,033)	396	(83)	(304)
Total income	**21,439**	**13,174**	**17,971**	**5,502**	**(439)**	**57,647**
Administrative expenses, depreciation and amortisation	(9,030)	(6,465)	(6,920)	(2,618)	(391)	(25,425)
Net operating income[D]	**12,409**	**6,708**	**11,050**	**2,884**	**(829)**	**32,222**
Net loan-loss provisions[E]	(2,533)	(3,733)	(5,401)	(792)	2	(12,458)
Other gains (losses) and provisions[F]	(1,681)	(138)	(1,041)	(72)	(134)	(3,066)
Operating profit/(loss) before tax	**8,195**	**2,837**	**4,608**	**2,019**	**(961)**	**16,698**
Tax on profit	(2,371)	(468)	(1,121)	(493)	(36)	(4,489)
Profit/(loss) from continuing operations	**5,824**	**2,369**	**3,487**	**1,526**	**(998)**	**12,209**
Net profit/(loss) from discontinued operations	—	—	—	—	—	—
Consolidated profit/(loss)	**5,824**	**2,369**	**3,487**	**1,526**	**(998)**	**12,209**
Non-controlling interests	(342)	(15)	(449)	(327)	—	(1,133)
Attributable profit/(loss) to the parent	**5,482**	**2,354**	**3,038**	**1,199**	**(998)**	**11,076**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes a release of EUR 24 million mainly corresponding to the results by commitments and contingent risks included in the line provisions or reversal of provisions, net of the statutory income statement.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except a release of EUR 24 million mainly corresponding to the results by commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognized in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

EUR million

	2022					
Underlying income statement (condensed)	**Europe**	**North America**	**South America**	**DCB Europe**	**Corporate Centre**	**Total**
Net interest income[A]	**12,565**	**9,705**	**12,979**	**4,022**	**(652)**	**38,619**
Net fee income	4,493	1,958	4,515	843	(19)	11,790
Gains (losses) on financial transactions[B]	821	204	1,291	60	(723)	1,653
Other operating income[C]	151	449	(761)	344	(91)	92
Total income	**18,030**	**12,316**	**18,024**	**5,269**	**(1,485)**	**52,154**
Administrative expenses, depreciation and amortisation	(8,523)	(5,871)	(6,675)	(2,462)	(372)	(23,903)
Net operating income[D]	**9,507**	**6,445**	**11,349**	**2,807**	**(1,857)**	**28,251**
Net loan-loss provisions[E]	(2,396)	(2,538)	(5,041)	(544)	10	(10,509)
Other gains (losses) and provisions[F]	(1,629)	(118)	(544)	(27)	(174)	(2,492)
Operating profit/(loss) before tax	**5,482**	**3,789**	**5,764**	**2,236**	**(2,021)**	**15,250**
Tax on profit	(1,492)	(869)	(1,549)	(549)	(27)	(4,486)
Profit/(loss) from continuing operations	**3,990**	**2,920**	**4,215**	**1,687**	**(2,048)**	**10,764**
Net profit/(loss) from discontinued operations	—	—	—	—	—	—
Consolidated profit/(loss)	**3,990**	**2,920**	**4,215**	**1,687**	**(2,048)**	**10,764**
Non-controlling interests	(179)	(43)	(557)	(379)	1	(1,159)
Attributable profit/(loss) to the parent	**3,811**	**2,877**	**3,658**	**1,308**	**(2,049)**	**9,605**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes a release of EUR 27 million mainly corresponding to the results by commitments and contingent risks included in the line provisions or reversal of provisions, net of the statutory income statement.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except a release of EUR 27 million mainly corresponding to the results by commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognized in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

c) Reconciliations of reportable segment results

The tables below reconcile the statutory basis results to the underlying results for each of the periods presented as required by IFRS 8. For the purposes of these reconciliations, all material reconciling items are separately identified and described.

Grupo Santander assets and liabilities for management reporting purposes do not differ from the statutory reported figures and therefore are not reconciled.

EUR million

2024			
Reconciliation of statutory results to underlying results	**Statutory results**	**Adjustments**	**Underlying results**
Net interest income[A]	**46,668**	**—**	**46,668**
Net fee income	13,010	—	13,010
Gains (losses) on financial transactions[B]	2,273	—	2,273
Other operating income[C]	(75)	335	260
Total income	**61,876**	**335**	**62,211**
Administrative expenses, depreciation and amortisation	(26,034)	—	(26,034)
Net operating income[D]	**35,842**	**335**	**36,177**
Net loan-loss provisions[E]	(12,685)	352	(12,333)
Other gains (losses) and provisions[F]	(4,130)	(687)	(4,817)
Operating profit/(loss) before tax	**19,027**	**—**	**19,027**
Tax on profit	(5,283)	—	(5,283)
Adjusted profit for the year from continuing operations	**13,744**	**—**	**13,744**
Profit from discontinued operations (net)	—	—	—
Consolidated profit/(loss)	**13,744**	**—**	**13,744**
Non-controlling interests	(1,170)	—	(1,170)
Attributable profit/(loss) to the parent	**12,574**	**—**	**12,574**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes an addition of EUR 41 mainly corresponding to the results by commitments and contingent risks includes in the line of the statutory income statement of provisions or reversal of provisions.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except for an addition of EUR 41 mainly corresponding to results from commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognized in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

Explanation of adjustments:

- Temporary levy on revenue in Spain in the first quarter, totalling EUR 335 million, which was moved from total income to other gains (losses) and provisions.
- Provisions which strengthen the balance sheet in Brazil of EUR 352 million in the second quarter (EUR 174 million net of tax and minority interests).

EUR million

2023			
Reconciliation of statutory results to underlying results	**Statutory results**	**Adjustments**	**Underlying results**
Net interest income[A]	**43,261**	**—**	**43,261**
Net fee income	12,057	—	12,057
Gains (losses) on financial transactions[B]	2,633	—	2,633
Other operating income[C]	(528)	224	(304)
Total income	**57,423**	**224**	**57,647**
Administrative expenses, depreciation and amortisation	(25,425)	—	(25,425)
Net operating income[D]	**31,998**	**224**	**32,222**
Net loan-loss provisions[E]	(12,932)	474	(12,458)
Other gains (losses) and provisions[F]	(2,607)	(459)	(3,066)
Operating profit/(loss) before tax	**16,459**	**239**	**16,698**
Tax on profit	(4,276)	(213)	(4,489)
Adjusted profit for the year from continuing operations	**12,183**	**26**	**12,209**
Profit from discontinued operations (net)	—	—	—
Consolidated profit/(loss)	**12,183**	**26**	**12,209**
Non-controlling interests	(1,107)	(26)	(1,133)
Attributable profit/(loss) to the parent	**11,076**	**—**	**11,076**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes a release of EUR 24 mainly corresponding to the results by commitments and contingent risks includes in the line of the statutory income statement of provisions or reversal of provisions.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except for a release of EUR 24 mainly corresponding to results from commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognized in results and Gains or losses on non-current assets held for sale not classified as discontinued operations

Explanation of adjustments:

- Temporary levy on revenue in Spain in the first quarter, totalling EUR 224 million, which was moved from total income to other gains (losses) and provisions.

- Additional provisions for specific cases in the wholesale portfolio of Brazil for an amount of EUR 235 million, net of tax and non-controlling interests (EUR 474 million recorded in net loan-loss provisions, EUR 213 million positive impact in tax and EUR 26 million in non-controlling interests).

EUR million

2022			
Reconciliation of statutory results to underlying results	**Statutory results**	**Adjustments**	**Underlying results**
Net interest income[A]	**38,619**	**—**	**38,619**
Net fee income	11,790	—	11,790
Gains (losses) on financial transactions[B]	1,653	—	1,653
Other operating income[C]	55	37	92
Total income	**52,117**	**37**	**52,154**
Administrative expenses, depreciation and amortisation	(23,903)	—	(23,903)
Net operating income[D]	**28,214**	**37**	**28,251**
Net loan-loss provisions[E]	(10,836)	327	(10,509)
Other gains (losses) and provisions[F]	(2,128)	(364)	(2,492)
Operating profit/(loss) before tax	**15,250**	**0**	**15,250**
Tax on profit	(4,486)	—	(4,486)
Adjusted profit for the year from continuing operations	**10,764**	**0**	**10,764**
Profit from discontinued operations (net)	—	—	—
Consolidated profit/(loss)	**10,764**	**0**	**10,764**
Non-controlling interests	(1,159)	—	(1,159)
Attributable profit/(loss) to the parent	**9,605**	**0**	**9,605**

A. Net interest income includes the net amount of the profit and loss account items 'Interest income' and 'Interest expense'. It is presented this way because it is how it is presented to the main operational decision maker.
B. Gains (losses) on financial transactions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net, Gain or losses on financial assets and liabilities held for trading, net, Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss, net, Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net, Gain or losses from hedge accounting, net and Exchange differences, net.
C. Other operating income includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Dividend income; Income from companies accounted for using the equity method, Other operating income, Other operating expenses, Income from assets under insurance or reinsurance contracts and Expenses from liabilities under insurance or reinsurance contracts.
D. Net Operating Income is used for the Group's internal reporting and management reporting purposes but is not a line item in the statutory consolidated income statement.
E. Net loan-loss provisions refers to Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss and net gains and losses from changes line item in the statutory income statement. Additionally, includes a release of EUR 27 mainly corresponding to the results by commitments and contingent risks includes in the line of the statutory income statement of provisions or reversal of provisions.
F. Other gains (losses) and provisions includes the following line items in the statutory income statement, which are presented net for internal reporting and management reporting purposes: Provisions or reversal of provisions except a release of EUR 27 mainly corresponding to results from commitments and contingent risks; Impairment of investments in joint ventures and associates, net; Impairment on non-financial assets, net; Gains or losses on non-financial assets, net; Negative goodwill recognized in results and Gains or losses on non-current assets held for sale not classified as discontinued operations.

Explanation of adjustments:

- Mainly, payment holidays in Poland.

53. Related parties

The parties related to the Group are deemed to include, in addition to its associates and joint ventures, the Bank's key management personnel (the members of its board of directors and the executive vice presidents, together with their close family members) and the entities over which the key management personnel may exercise significant influence or control.

Following below is the balance sheet balances and amounts of the Group's income statement corresponding to operations with the parties related to it, distinguishing between associates and joint ventures, members of the Bank's board of directors, the Bank's senior management, and other related parties. Related-party transactions were made on terms equivalent to those that prevail in arm's-length transactions or, when this was not the case, the related compensation in kind was recognized.

EUR million

	2024			
	Associates and joint ventures	**Members of the board of directors**	**Senior Management**	**Other related parties**
Assets	**10,783**	**—**	**14**	**226**
Cash, cash balances at central banks and other deposits on demand	163	—	—	—
Loans and advances: credit institutions	407	—	—	—
Loans and advances: customers	9,750	—	14	221
Debt securities	229	—	—	5
Others	234	—	—	—
Liabilities	**3,243**	**9**	**7**	**292**
Financial liabilities: credit institutions	228	—	—	—
Financial liabilities: customers	2,810	9	7	292
Marketable debt securities	—	—	—	—
Others	205	—	—	—
Income statement	**1,776**	**—**	**—**	**4**
Interest income	508	—	—	9
Interest expense	(153)	—	—	(5)
Gains/losses on financial assets and liabilities and others	(11)	—	—	—
Commission income	1,535	—	—	1
Commission expense	(103)	—	—	(1)
Other	**4,712**	**4**	**3**	**216**
Financial guarantees granted and Others	18	3	2	64
Loan commitments and Other commitments granted	317	1	1	20
Derivative financial instruments	4,377	—	—	132

EUR million

	2023			
	Associates and joint ventures	**Members of the board of directors**	**Senior Management**	**Other related parties**
Assets	**10,497**	**—**	**12**	**186**
Cash, cash balances at central banks and other deposits on demand	154	—	—	—
Loans and advances: credit institutions	405	—	—	—
Loans and advances: customers	9,275	—	12	185
Debt securities	391	—	—	1
Others	272	—	—	—
Liabilities	**2,480**	**14**	**5**	**150**
Financial liabilities: credit institutions	463	—	—	—
Financial liabilities: customers	1,727	14	5	150
Marketable debt securities	—	—	—	—
Others	290	—	—	—
Income statement	**1,698**	**—**	**—**	**11**
Interest income	427	—	—	9
Interest expense	(149)	—	—	(1)
Gains/losses on financial assets and liabilities and others	43	—	—	—
Commission income	1,499	—	—	3
Commission expense	(122)	—	—	—
Other	**4,189**	**3**	**2**	**1,094**
Financial guarantees granted and Others	10	2	1	861
Loan commitments and Other commitments granted	274	1	1	9
Derivative financial instruments	3,905	—	—	224

EUR million

	2022			
	Associates and joint ventures	**Members of the board of directors**	**Senior Management**	**Other related parties**
Assets	**10,257**	**—**	**13**	**455**
Cash, cash balances at central banks and other deposits on demand	227	—	—	—
Loans and advances: credit institutions	489	—	—	—
Loans and advances: customers	8,822	—	13	455
Debt securities	463	—	—	—
Others	256	—	—	—
Liabilities	**3,611**	**11**	**11**	**109**
Financial liabilities: credit institutions	938	—	—	—
Financial liabilities: customers	2,301	11	11	109
Marketable debt securities	—	—	—	—
Others	372	—	—	—
Income statement	**1,357**	**—**	**—**	**2**
Interest income	189	—	—	1
Interest expense	(60)	—	—	—
Gains/losses on financial assets and liabilities and others	(225)	—	—	—
Commission income	1,541	—	—	1
Commission expense	(88)	—	—	—
Other	**3,535**	**2**	**2**	**79**
Financial guarantees granted and Others	11	1	1	23
Loan commitments and Other commitments granted	201	1	1	13
Derivative financial instruments	3,323	—	—	43

The remaining required information is detailed in notes 5 and 46.c.

54. Risk management

a) Risk principles and culture

The principles on which Grupo Santander's risk management and control are based are detailed below. They take into account regulatory requirements, best market practices and are mandatory:

1. **All employees are risk managers** who must understand the risks associated with their functions and not assume 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 the risk culture and making sure Grupo Santander keeps the risk profile within risk appetite.

3. **Independent risk management and control functions**, according to the three lines of defence model of Grupo Santander.

4. **Grupo Santander takes a forward-looking and comprehensive approach** to management and control all businesses and risk types, which should analyse trends over different time periods and under different scenarios.

5. **Effective information management** to identify, assess, manage and disclose risks at appropriate levels.

1. Key risk types

Grupo Santander's risks categorization allows effective risk management, control and reporting, and includes, among others the following risk types:

- **Credit risk** relates to financial loss arising from the default or credit quality deterioration of a customer or counterparty, to which Santander has directly provided credit or assumed a contractual obligation.

- **Market risk** is the risk incurred as a result of the effect of changes in market factors interest rates, exchange rates, equities and commodities, among others, may have on profits or capital.

- **Liquidity risk** is the risk that Santander Group does not have the liquid financial resources to meet its obligations when they fall due or can only obtain them at high cost.

- **Structural Risk** is the risk of changes in the value or margin generation of the assets or liabilities in the banking book resulting from changes in market factors and balance sheet behaviour. It also includes risks associated with insurance and pension activities.

- **Capital risk** , included within the scope of structural risk, is the risk that arises from the possibility of having an inadequate quantity or quality of capital to meet internal business objectives, regulatory requirements or market expectations.

Grupo Santander also takes into account, on an ongoing basis in its risk management, operational (includes fraud, technological, cyber, legal and conduct risks), financial crime (includes, among others, money laundering, terrorism financing, violation of international sanctions, corruption, bribery and tax evasion), model, reputational and strategic risks.

Besides, environmental and climate-related risk drivers are considered as factors that could impact the existing risks across significant time horizons. These elements include, on the one hand, those derived from the physical effects of climate change and, on the other hand, those derived from the process of transition to a development model with lower emissions, including legislative, technological or behaviour of economic agents changes.

Given the nature of its operations, the Group has no environment-related liabilities, expenses, assets or contingencies of a material relevance to its consolidated equity, financial situation and results.

Most exposures in sectors potentially affected by climate change risk, according to market consensus and to the execution of our materiality assessment, are with wholesale clients, whose preliminary reviews, credit approval and credit ratings take such risk into account. Customers' ratings determine the parameters for calculating loan loss (typically in terms of probability of default or PD). Thus, when climate factors are relevant, in conjunction with other elements of analysis, they have an impact on the loan loss calculations which support capital and provisions. Additionally, potential future losses due to climatic events, such as the floods suffered in Valencia at the end of October 2024, have been considered through an overlay, which is not material compared to total Group loan loss reserves.

Additionally, Grupo Santander has participated in different regulatory and supervisory climate stress exercises carried out recently. In particular, in the latest scenario analysis exercise (Fit-for-55) carried out by the European Banking Authority (EBA), the results highlight the resilience of the banking sector to climate-related shocks under the scenarios analysed and, in particular, indicate that first-round losses have a limited impact on the financial system. All this is consistent with the previous top-down stress test exercises carried out by the European Central Bank (ECB), across relevant time horizons.

In the aforementioned exercise, the EBA points out the importance to include climate risks in risk management. In this sense, the Group continues working to embed climate and environmental aspects into management, adopting a risk-based approach to those factors, focusing on the most material sectors. We consider the risks stemming from climate and environmental factors in the overall risk management cycle, including a materiality assessment that informs our sustainability strategy. For more information, see the Sustainability Statement in this report.

Therefore, based on the best information available at the time these consolidated annual financial statements were prepared, the Group sees no additional environmental or climate change risk having a substantial impact on its equity, financial situation and results in 2024.

Still, this matter is constantly changing, and, like other banks, the Group is working on developing more methodologies to better measure potential loan loss considering the idiosyncrasies of each of the regions in which the Group is present regarding management, best industry practices and regulatory/supervisory requirements. In particular, we are in the process of analysing and implementing the recent EBA guidelines on ESG Risk Management published in January 2025 and Scenario Analysis which are in the consultation process. Both guidelines will apply from January 2026.

2. Risk and compliance governance

Grupo Santander robust risk and compliance governance structure allows us to conduct effective oversight in line with our risk appetite. It stands on three lines of defence, a structure of committees and strong Group-subsidiary relations, guided by our risk culture, Risk Pro.

2.1 Lines of defence

Grupo Santander model of three lines of defence effectively manages and controls risks:

- **First line**: formed by business and support areas that take or originate risks are primarily responsible for managing them. The first line of defence 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 executes the mitigation plans for the risks where we have identified shortcomings in their control environment.

- **Second line:** formed by risk and compliance functions, independently oversees and challenges risk management at the first line of defence. Its duties include ensuring that risks will be managed according to the risk appetite approved by senior management and strengthening our risk culture across the Group. The second line must supervise and challenge the control environment implemented by the first line.

- **Third line:** internal audit function, is fully independent to give the board and senior managers assurance of high-quality and efficient risk governance and management to preserve our value, solvency and reputation.

Risk, Compliance and Internal Audit are sufficiently separate and autonomous functions, with 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.

2.2 Risk committee structure

The **board of directors** has final oversight of risk and compliance management and control to promote a sound risk culture and review and approve risk appetite and frameworks, with support from its risk, regulation and compliance committee (RSRCC) and its executive committee. The Group's risk governance keeps risk control and risk-taking areas separate.

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 application and execution of risk strategy and promotes proper risk culture, is in charge of overseeing all risks and challenging and advising business lines on risk management.

The **Group chief compliance officer (CCO)** leads the application and execution of the compliance and conduct risk strategy and reports the status of risks being monitored in order to provide the Chief Risk Officer with a comprehensive view of all risks.

The CRO and the CCO report directly to both the risk supervision, regulation and compliance committee and the board of directors.

The executive risk, risk control and compliance and conduct committees are executive committees with powers delegated from the board.

Furthermore, risk functions have forums and regular meetings to manage and control the risks within their purview. Executive committees also delegate some duties to subordinate forums.

Their responsibilities include:

- Inform the CRO, the CCO, the risk control committee and the compliance and conduct committee if risks are being managed within risk appetite;

- Regularly monitor each key risk type; and

- Overseeing measures to meet supervisors and auditors' expectations.

Besides, Grupo Santander, in order to establish an adequate control environment for the management of each risk types, the risk and compliance functions have effective internal regulation to create the right environment to manage and control all risks.

Grupo Santander can establish additional governance measures for special situations. The Group has 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.

2.3 The Group's relationship with subsidiaries

Grupo Santander subsidiaries have a model for managing risk and compliance that is consistent with the frameworks approved by the group's board of directors, which they adhere to through their own boards and can only adapt to higher standards according to local law and regulation.

Furthermore, the Group's aggregate oversight area advises and validates subsidiaries on internal regulation and operations. This reinforces a common risk management model across Grupo Santander.

The risk and compliance functions will continue to support global businesses and control at a global and local level. In 2024, Grupo Santander continued to build on our group-subsidiary relations 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 and the CCO are involved in appointing, setting objectives for, reviewing and compensating their country-unit counterparts and assessing whether risks are properly controlled.

Country and regional units work closely to effectively strengthen group-subsidiary relations through these common initiatives:

- Restructuring based on subsidiary benchmarks, strategic vision, and advanced risk management infrastructures and practices.
- Exchange of best practices that will strengthen processes, drive innovation and result in a quantitative impact.
- Promoting internal talent and encouraging geographic and functional mobility, which we placed special emphasis on in 2024.

3. Management processes and tools

Grupo Santander has these effective risk management processes and tools:

3.1 Risk appetite and structure of limits

Risk appetite is the aggregate level and types of risk that Grupo Santander deems prudent for our business strategy, even in unforeseen circumstances. In Grupo Santander, these principles influence risk appetite:

- 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 Santander are exposed to and defines our target risk profile for the current and medium term with a forward-looking view considering stress scenarios.
- **Common standards and embedding in the risk management**. The Group shares the same risk appetite model, which sets common requirements for processes, metrics, governance bodies, controls and standards. It also enables an effective and traceable embedding of our appetite into management policies and more granular limits.
- **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. Grupo Santander verifies that the three-year strategic plans, the annual budget and capital and liquidity planning are within the limits set in the RAS before Santander approves them.

Grupo Santander's risk appetite and business model rest on the following elements:

- A medium-low and predictable target risk profile, customer focus, internationally diversified operations and a strong 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 with risk profiles that won't compromise the Group's risk 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.

The risk appetite is expressed through qualitative statements and limits on metrics representative of the bank's risk profile at present and under stress. Those metrics cover all risk types according to our corporate risk framework. Grupo Santander articulates them in five axes that provide the Bank with a holistic view of all risks it incurs in the development of its business model. These five axes are applicable to all Santander's key risk types, and comprise:

- P&L volatility: control of P&L volatility of business plan under baseline and stressed conditions (under normal 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 credit concentration on top clients, portfolios and industries.
- Non financial risk and control environment: robust control on non financial risks aimed to minimize events which could lead to financial loss, operative, technological, legal and regulatory breaches, conduct issues or reputational damage.

b) Credit risk

1. Introduction to the credit risk treatment

Grupo Santander takes a holistic view of the credit risk cycle, including the transaction, the customer and the portfolio, in order to identify, analyse, control and decide on credit risk.

Credit risk identification facilitates active and effective portfolio management and control. Grupo Santander identify and classify external and internal risk in each business to adopt any corrective or mitigating measures through:

1.1. Planning

Grupo Santander´s planning helps to set business targets and draw up action plans within our risk appetite statement.

Strategic commercial plans (SCP) are a management and control tool the business and risk areas prepare for Grupo Santander's credit portfolios. They determine commercial strategies, risk policies, resources and infrastructure, ensuring a holistic view of the portfolios.

They provide an updated view of portfolio credit quality to measure credit risk, run internal controls on credit strategy, regularly monitor and detect significant risk deviation and potential impacts, enable decision-making and take corrective action.

They are suited to the Grupo Santander's risk appetite and subsidiaries' capital targets, having been reviewed and pre-approved by senior managers before Group management revises and validates them.

1.2. Risk assessment and credit rating

Risk approval generally depends on the applicant's ability to repay the debt. Grupo Santander reviews their regular sources of income, including funds and net cash flows from any businesses.

The risk function monitors credit rating drivers to calibrate the decisions and ratings that the Group's credit quality assessment models determine. Risk management uses these ratings for many things like underwriting process (application of limits and pre-approvals), risk monitoring and credit pricing policies.

Grupo Santander then uses rating models to measure ability to pay. Depending on each segment, credit rating drivers can be:

- Rating: from mathematical algorithms that have a quantitative model based on balance sheet ratios or macroeconomic variables, and a qualitative module supplemented by the credit analyst's expert judgement. It is used for large corporates, corporates, institutional and SME segments (with individualised treatment).
- Scoring: system of automatic evaluation of loan applications. It automatically assigns customers an individual score retail on which the subsequent decision is based. It is used for individual customers and SME segments without an assigned analyst.

Grupo Santander's parameter estimation models, based on econometric models of past defaults and losses, calculate economic and regulatory capital as well as IFRS 9 provisions for each portfolio or customer.

Grupo Santander regularly monitors and evaluates models' suitability, predictive capacity, performance, granularity, and compliance with policies, among other factors.

In addition, ratings are reviewed with the latest available financial information and other relevant data. Grupo Santander has also increased reviews of customers who are subject to more in-depth monitoring or who have early warnings in risk management systems, enhancing proactive credit risk management.

This allows Grupo Santander to align credit portfolios management and control with Group´s credit risk appetite and its target risk profile. Grupo Santander uses SCPs to define limits for each portfolio, counterparty and for new originations up to a level deemed acceptable.

Grupo Santander´s limits, pre-classifications and pre-approvals processes, which are highly automated and digitalized, determine the risk Grupo Santander can assume with each customer. Limits are approved by the executive risk committee (or delegated committees) and should reflect a transaction's expected risk-return. Santander also uses risk-based pricing tools to make sure portfolio growth is sustainable.

Grupo Santander applies various limits models to each segment:

- Large corporate groups are subject to a pre-classification model based on a system for measuring and monitoring economic capital. Pre-classification models express the level of risk Grupo Santander is willing to assume in transactions with customers/groups.
- Corporates and institutions that meet certain requirements (rating, profitability, etc.) are subject to a simpler pre-classification model aimed at the main products of customer's recurring operations. Internal limits are established in nominal terms that sets a recommended risk level for each customer, based on factors such as their payment capacity and level of indebtedness.

  Transactions with large corporates, corporates and institutions above certain limits or with special characteristics could require approval with a specific admission process.
- For individual customers and SMEs with low turnover, Grupo Santander manages large volumes of credit transactions with automatic decision models to classify customers and transactions.

1.3. Scenario analysis

Grupo Santander´s scenario analyses determine the potential risks in its credit portfolios and provide a better understanding of our portfolios' performance under various macroeconomic conditions. They allow us to anticipate management strategies that will avoid future deviations from defined plans and targets.

They simulate the impact of alternative scenarios in portfolios' credit parameters (PD, LGD) and expected credit losses. Grupo Santander compares findings with portfolios' credit profile indicators to find the right measures for managers to take. Credit risk management of portfolios and SCPs incorporate scenario analyses.

1.4. Monitoring

Regularly monitoring business performance and comparing it to pre-defined plans is key to our management of risk. Grupo Santander's holistic monitoring of customers helps detect impacts on risk performance and credit quality early.

The monitoring process considers projections on the performance of the operations and their characteristics, in addition to any variation in their classification. Anticipation and preventive monitoring uses transactional data sources and advanced analytics (early warning engine) which determines specific actions at the client level, based on the assigned monitoring classification.

Monitoring is performed by local and global risk teams and is based on customer segmentation:

- For large corporate groups, monitoring is initially a function of business managers and risk analysts which provide an up-to-date view of customers' credit quality to predict a potential customer's deterioration.
- For commercial banking, institutions and SMEs with an assigned a credit analyst, Grupo Santander tracks customers requiring closer monitoring and review their ratings based on relevant indicators.

- Monitoring of individual customers, businesses and smaller SMEs follows a system of automatic alerts to detect shifts in portfolios' performance.

Monitoring uses the Santander Customer Assessment Note (SCAN) tool. It helps set individual monitoring levels and frequencies, policies, and actions for customers based on credit quality and particular circumstances. It assigns a monitoring level, specific management actions, identification of those responsible and a monitoring frequency. In addition to monitoring customer credit quality, Grupo Santander defines control procedures to analyse portfolios and performance, as well as to detect any deviations from planning or approved alert levels.

1.5. Credit risk mitigation techniques

Grupo Santander generally approves risk according to a borrower's ability to make due payment, regardless of any additional collateral or personal guarantees Santander may require to modulate exposure.

To determine ability to pay, the Group analyses funds or cash flows from businesses or other regular income, not including guarantors or loan collateral which are always considered at credit approval as a secondary means of recourse.

In general, guarantees are to reinforce a credit transaction and mitigate a loss if the borrower defaults. Our techniques to mitigate credit risk cover various types of customer and product. Some are for specific transactions (e.g. real estate guarantees) or a series of transactions (e.g. derivatives netting and collateral). Santander groups them by personal guarantees (with a solvent guarantor), collateral and hedges with credit derivatives.

The correct acceptance of these mitigation techniques is established by verifying their legal enforceability in all jurisdictions. The entire process is subject to internal control and effective monitoring of the valuation of the guarantees, especially real estate guarantees.

1.6. Collections & recoveries management

Collections & recoveries (C&R), an important area in risk management, develops a global management strategy based on local economic conditions, business models and other recovery-related particulars, with a full approach and general action lines for our subsidiaries. Recovery management follows regulatory requirements set out in the EBA Guidelines on the management of non-performing and forborne exposures.

For effective and efficient recoveries management, the area segments customers based on certain aspects, using new digital channels that help create value in Collections & Recoveries function. It follows hi-tech, digital procedures to handle large groups of similar customer profiles and products; but it also adapts management for customers who need an assigned manager and tailored approach.

Collections & Recoveries splits recoveries into four phases: arrears/early delinquency, default, write-offs and foreclosed assets. To recover debt, the Group always seeks alternatives to court action, like forbearance and other arrears management techniques.

Write-off category includes debt instruments, due or not, for which recovery is considered remote after an individualized analysis, due to a notorious and irrecoverable deterioration of transaction or customer's solvency. This category implies the total or partial cancellation of transaction's gross carrying amount and derecognition from the assets, which does not imply that the Group will interrupt negotiations and legal proceedings to recover debt. .

In markets where the real estate risk exposure is high, Grupo Santander can take action to quickly dispose of assets, like selling off portfolios or foreclosed assets through efficient sales instruments to recover as many on-balance-sheet assets as possible.

2. Main aggregates and variations

Below are the main aggregates relating to credit risk from our activities with customers:

Main credit risk performance metrics from activity with customers[A]

December data

	Credit risk with customers (EUR million)[B]			Credit impaired (EUR million)			NPL ratio (%)		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Europe	**640,094**	**624,696**	**639,996**	**13,774**	**14,495**	**15,186**	**2.15%**	**2.32%**	**2.37%**
Spain	285,883	278,569	293,197	7,672	8,529	9,598	2.68%	3.06%	3.27%
UK	248,061	247,360	253,455	3,299	3,518	3,059	1.33%	1.42%	1.21%
Portugal	41,418	39,503	41,755	993	1,024	1,247	2.40%	2.59%	2.99%
Poland	44,704	39,329	33,350	1,636	1,397	1,268	3.66%	3.55%	3.80%
North America	**198,607**	**190,720**	**185,614**	**8,375**	**7,805**	**5,629**	**4.22%**	**4.09%**	**3.03%**
US	148,643	137,893	140,452	7,012	6,303	4,571	4.72%	4.57%	3.25%
Mexico	49,927	52,785	45,107	1,352	1,489	1,047	2.71%	2.82%	2.32%
South America	**171,301**	**177,380**	**167,348**	**9,287**	**10,142**	**10,381**	**5.42%**	**5.72%**	**6.20%**
Brazil	104,519	113,937	101,801	6,418	7,479	7,705	6.14%	6.56%	7.57%
Chile	44,590	46,565	47,811	2,394	2,332	2,384	5.37%	5.01%	4.99%
Argentina	8,411	3,903	5,844	173	78	122	2.06%	1.99%	2.08%
DCB Europe	**141,312**	**135,608**	**125,339**	**3,527**	**2,877**	**2,583**	**2.50%**	**2.12%**	**2.06%**
Corporate Centre	**5,959**	**5,494**	**5,824**	**301**	**301**	**894**	**5.06%**	**5.48%**	**15.35%**
Total Group	**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[C] (EUR million)			Cost of risk (%/risk)[D]		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Europe	**50%**	**49%**	**52%**	**1,862**	**2,533**	**2,396**	**0.32%**	**0.44%**	**0.39%**
Spain	53%	49%	51%	1,259	1,522	1,618	0.50%	0.62%	0.61%
UK	29%	30%	34%	64	247	316	0.03%	0.10%	0.12%
Portugal	79%	83%	79%	11	77	17	0.03%	0.20%	0.04%
Poland	62%	73%	74%	511	674	440	1.38%	2.08%	1.43%
North America	**70%**	**74%**	**93%**	**3,786**	**3,733**	**2,538**	**2.04%**	**2.05%**	**1.49%**
US	64%	68%	90%	2,507	2,593	1,744	1.82%	1.92%	1.35%
Mexico	100%	100%	107%	1,277	1,135	788	2.64%	2.43%	1.95%
South America	**77%**	**78%**	**76%**	**5,478**	**5,401**	**5,041**	**3.50%**	**3.36%**	**3.32%**
Brazil	83%	85%	80%	4,487	4,701	4,417	4.51%	4.77%	4.79%
Chile	50%	53%	56%	497	365	399	1.19%	0.80%	0.93%
Argentina	177%	166%	180%	284	150	132	4.59%	6.64%	2.91%
DCB Europe	**83%**	**88%**	**93%**	**1,209**	**792**	**544**	**0.88%**	**0.62%**	**0.45%**
Corporate Centre	**25%**	**33%**	**2%**	**(3)**	**(2)**	**(10)**	**(0.05%)**	**(0.04%)**	**(0.14%)**
Total Group	**65%**	**66%**	**68%**	**12,333**	**12,458**	**10,509**	**1.15%**	**1.18%**	**0.99%**

A. Management perimeter according to the reported segments.
B. Includes gross loans and advances to customers, guarantees and documentary credits.
C. Loan-loss provisions net of post write-off recoveries (EUR 1,606 million).
D. Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months.

Key figures by geographic region are described below at 31 December 2024:

- **Europe:** the NPL ratio fell 17 bps to 2.15% from 2023 due to portfolio growth mainly in Spain, the UK, and Portugal, with a 5% decrease in credit impaired in these geographies, compared to 2023.

- **North America:** the NPL ratio increased 13 bps to 4.22% from 2023, mainly due to increases at SC USA (normalization of the portfolio) and SBNA despite of good performance of the Mexican portfolio.

- **South America:** the NPL ratio decreased 30 bp from 2023 to 5.42%,due to the positive performance of Brazil.

- **DCB Europe:** the NPL ratio climbed 38 bps to 2.50%, due to an increase in impaired loans (mainly in Germany) on the back of a delay in classifying write-offs due to a policy change and growth in used car business.

Information on the estimation of impairment losses

The calculation of provisions for credit risk losses is performed at financial asset level, estimating potential credit losses through the difference between the contractual cash flows and the expected cash flows, ensuring that the results are adequate considering the status of the transaction, economic conditions and available forward-looking information.

The IFRS 9 impairment model applies to financial assets valued at amortized cost; debt instruments valued at fair value with changes in other comprehensive income; leasing receivables; and commitments and guarantees not valued at fair value.

The portfolio of financial instruments subject to IFRS 9 has three credit risk categories (or stages) according to the status of each instrument in relation to its level of credit risk:

- Stage 1: financial instruments with no significant increase in risk since initial recognition – the impairment provision reflects expected credit losses from defaults over the 12 months from the reporting date.

- Stage 2: financial instruments with a significant credit risk increase since initial recognition but no materialized impairment event – the impairment provision reflects expected losses from defaults over the financial instrument's residual life.

- Stage 3: financial instruments with true signs of impairment as a result of one or more events resulting in a loss – the impairment provision reflects expected losses for credit risk over the instrument's expected residual life.

The classification of financial instrument in the IFRS 9 stages is carried out in accordance with the guidelines through the risk management policies of the subsidiaries, which are consistent with the Group's policies.

Estimation of expected loss

Grupo Santander calculates impairment losses using parameters (mainly EAD, PD, LGD, and discount rate) based on the internal models infrastructure used for the calculation of regulatory capital and the experience acquired from regulatory and management fields, as well as the stages in which each financial asset is classified. However, far from being a simple adaptation, Santander built and validated them under the specific requirements of IFRS 9, as well as other guidelines issued by regulators, supervisors, and other international bodies (EBA, NCA, BIS, GPPC, etc.), which includes forward-looking information, point-in-time (PiT) vision, multiple scenarios, calculation of losses for the entire life of the transaction through lifetime PD, among others.

Determination of significant increase in credit risk

In order to determine the classification in stage 2, the Group assesses whether there has been a significant increase in credit risk (SICR) since the initial recognition of the transactions, considering a series of common principles throughout the Group to assess all financial instruments are subject to it, which considers the particularities of each portfolio and type of product on the basis of various quantitative and qualitative indicators. Furthermore, transactions are subject to the expert judgement of the analysts, who set the thresholds under an effective integration in management and implemented according to the approved governance.

The criteria thresholds used by the Group are based on a series of principles, and develop a set of techniques. The principles are as follows:

- Universality: all financial instruments subject to a credit rating must be assessed for their possible SICR.

- Proportionality: the definition of the SICR must take into account the particularities of each portfolio.

- Materiality: its implementation must be also consistent with the relevance of each portfolio so as not to incur in unnecessary costs or efforts.

- Holistic vision: the approach selected must be a combination of the most relevant credit risk aspects (e.g. quantitative and qualitative).

- Application of IFRS 9: the approach must take into consideration IFRS 9 characteristics, focusing on a comparison with credit risk at initial recognition, as well as considering forward-looking information.

- Risk management integration: the criteria must be consistent with those metrics considered in the day-to-day risk management.

- Documentation: appropriate documentation must be prepared.

The techniques are summarised below:

- Stability of stage 2: in the absence of significant changes in the portfolios credit quality, the volume of assets in stage 2 should maintain a certain stability as a whole.
- Economic reasonableness: at transaction level, stage 2 is expected to be a transitional rating for exposures that could eventually move to a deteriorating credit status at some point or stage 3, as well as for exposures that have suffered credit deterioration and whose credit quality is improving and returns to stage 1.
- Predictive power: it is expected that the SICR definition avoids, as far as possible, direct migrations from stage 1 to stage 3 without having been previously classified in stage 2.
- Time in stage 2: it is expected that the exposures do not remain categorized as stage 2 for an excessive time.

The application of the aforementioned techniques, conclude in the setting of one or several thresholds for each portfolio in each geography. Likewise, these thresholds are subject to a regular review by means of calibration tests, which may entail updating the thresholds types or their values.

Identifying a significant increase in credit risk: when classifying financial instruments under stage 2, Santander considers:

- Quantitative criteria: Grupo Santander reviews and quantifies changes in the risk of default during their expected life based on their credit risk level on initial recognition.

  In order to consider significant changes when financial instruments are classified in stage 2, each subsidiary has defined the quantitative thresholds of its portfolios in accordance with the Group's guidelines, ensuring a consistent interpretation in all our geographies. These thresholds can be expressed as an absolute or relative increase in the probability of default.

  Within the aforementioned quantitative thresholds we consider two types: we understand a relative threshold as one that compares the current credit quality with the credit quality at the time of granting the operation in percentage terms of variation. For its part, an absolute threshold compares both references in total terms, calculating the difference between them. These absolute/relative concepts are used homogeneously (with different values) in all geographies. The calibration of these two thresholds will depend on the type of portfolio and characteristics such as the starting point of the average credit quality of the portfolio.

  In addition to these quantitative criteria, a backstop is set at the relative threshold of 200%. This means that those operations whose credit quality has currently deteriorated by more than three times compared to the quality they had at the time of operation granted will be transferred from stage 1 to stage 2.

- Qualitative criteria: several indicators aligned with ordinary credit risk management indicators (e.g. past due for over 30 days, forbearance, early warning indicators system, etc.). Each subsidiary has defined these indicators for their portfolios, with special attention to reinforcing these qualitative criteria through expert judgment and aligning them to the criteria used in management.

  When the presumption of a significant deterioration of credit risk is removed, due to a sufficient improvement of the credit quality, the obligor can be re-classified to stage 1, without any probationary period in stage 2.

- Definition of default: Santander incorporated the new definition to provisions calculation according to the EBA's guidelines; the Group is also considering applying it to prudential framework. In addition, the default definition and stage 3 have been aligned.

  This definition considers the following criteria to classify exposures as stage 3: financial instruments with one or more payments more than 90 consecutive days past due, representing at least 1% of the client's total exposure or the identification of other criteria demonstrating, even in the absence of defaults, that it is unlikely that the counterparty is unlikely to meet all of its financial obligations.

  Grupo Santander applies the default criteria to all exposures of the impaired client. Where an obligor belongs to a group, the default criteria may also be applied to all exposures of the group.

  The default classification is maintained during the 3-month test period following the disappearance of all default indicators described above, and this period is extended to one year for forbearances that have been classified as default.

- Expected life of financial instruments: Santander estimates the expected life of financial instruments according to their contractual terms (e.g. prepayments, duration, purchase options, etc.).

  The contractual period (including extension options) is the maximum time frame for measuring the expected credit loss. If financial instruments have an undefined maturity period and undrawn amounts (e.g. credit cards), Santander estimates its expected life based on the total exposure period and effective management practices to mitigate exposure.

1. Forward-looking vision

To estimate expected losses, Grupo Santander requires a great deal of expert analysis as well as past, present and future data. Santander quantifies expected losses from credit events using an unbiased, weighted consideration of up to five future scenarios that could affect our ability to collect contractual cash flows. These scenarios take into account the time value of money, the relevant information available about past events and current conditions, and projections of macroeconomic factors that are considered important to estimate this amount (e.g. GDP, house prices, rate of unemployment, among others).

Santander uses forward-looking information in internal management and regulatory processes under several scenarios. The Group's guidelines and governance seek synergy and consistency between these different processes.

2. Additional elements

Additional elements will be required when necessary because they have not been captured under the two previous elements. This has included, among others, the analysis of sectors most affected if their impacts are not sufficiently captured by the macroeconomic scenarios. Also collective analysis techniques, when the potential impairment in a group of clients cannot be identified individually.

With the elements indicated above, Grupo Santander has evaluated in each of the geographical areas the evolution of the credit quality of its customers, for the purposes of classifying them into stages and consequently calculating expected loss.

Management overlays

During fiscal year 2024, the Group has strengthened its` overlay governance by creating a corporate guide for post Model adjustments (PMAs), which has enabled a better design, monitoring and implementation of the overlays.

In addition, the adjustments associated with the uncertainty resulting from the inflationary macroeconomic context of the past years have been gradually withdrawn. On the other hand, among the most relevant overlays, losses associated with climatic events have been anticipated, such as the Valencia flood suffered at the end of October 2024 for Santander España. The amount of overlays at the end of the 2024 financial year is not material compared to total Group loan-loss reserves.

Exposure and loan-loss reserves

Then, considering the most relevant units of the Group (United Kingdom, Spain, United States, Brazil, also Chile, Mexico, Portugal, Poland, Argentina and Santander Consumer Finance), which represent approximately 95% of the total Group's provisions. The table below shows the loan-loss reserves associated with each stage as of 31 December 2024, 2023 and 2022. In addition, depending on the transactions credit quality, the exposure is divided into four categories according to Standard & Poor's rating scale:

Exposure and loan-loss reserves by stage

EUR million

	2024			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	108,977	2,599	—	111,576
From A+ to BB	431,544	16,600	—	448,144
From BB- to B-	288,302	45,129	—	333,431
CCC and below	10,431	17,088	32,901	60,421
Total exposure [B]	**839,255**	**81,416**	**32,901**	**953,572**
Loan-losses reserves [C]	**3,276**	**4,715**	**13,669**	**21,661**

Exposure and loan-loss reserves by stage

EUR million

	2023			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	147,065	2,261	—	149,326
From A+ to BB	421,449	13,910	—	435,359
From BB- to B-	262,954	41,237	—	304,191
CCC and below	11,829	19,376	33,838	65,043
Total exposure [B]	**843,297**	**76,784**	**33,838**	**953,919**
Loan-losses reserves [C]	**3,592**	**5,055**	**14,131**	**22,778**

Exposure and loan-loss reserves by stage

EUR million

	2022			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	172,440	1,506	—	173,946
From A+ to BB	394,084	10,601	—	404,685
From BB- to B-	272,456	32,653	—	305,109
CCC and below	11,799	21,436	32,608	65,843
Total exposure [B]	**850,779**	**66,196**	**32,608**	**949,583**
Loan-losses reserves [C]	**3,807**	**5,195**	**13,852**	**22,854**

A. Detail of credit quality ratings calculated for Group management purposes.
B. Total exposure includes loan balances (drawn amounts) and off balance (letters of credit + guarantees) and excludes REPOs, FV portfolio, trading portfolio and undrawn commitments.
C. Includes provisions for undrawn authorized lines (loan commitments).

The remaining units that form the totality of the Group exposure, contributed EUR 80,541 million in stage 1; EUR 2,534 million in stage 2, and EUR 874 million in stage 3 (in 2023 EUR 68,788 million in stage 1; EUR 1,504 million in stage 2, and EUR 658 million in stage 3. In 2022, EUR 123,796 million in stage 1; EUR 2,902 million in stage 2, and EUR 2,064 million in stage 3), and loan-loss reserves of EUR 165 million in stage 1; EUR 117 million for stage 2, and EUR 295 million in stage 3 (in 2023, EUR 199 million, EUR 73 million and EUR 161 million and in 2022, EUR 147 million, EUR 123 million and EUR 294 million in stage 1, stage 2 and stage 3, respectively).

The remaining exposure, including all financial instruments not included before, amounts to EUR 665,476 million (EUR 598,385 million in 2023 and EUR 538,364 million in 2022), and it includes all undrawn authorized lines (loan commitments).

As of 31 December 2024, the Group had EUR 559 million net of provisions (EUR 743 million and EUR 322 million at 31 December 2023 and 2022, respectively) of purchased credit-impaired assets, which relate mainly to the business combinations carried out by the Group.

Regarding the evolution of credit risk provisions, the Group, in collaboration with the main geographical areas, monitors them by carrying out sensitivity analyses considering changes in macroeconomic scenarios and main variables that have an impact on the financial assets distribution in the different stages and calculating credit risk provisions.

Additionally, based on consistent macroeconomic scenarios, the Group also performs stress tests and sensitivity analysis in a regular basis, such as ICAAP, strategic plans, budgets and recovery and resolution plans. In this sense, a prospective view of the sensitivity of each of the Group's loan portfolio is created in relation to the possible deviation from the base scenario, considering both the macroeconomic developments in different scenarios and the three year evolution of the business. These tests include potentially adverse and favourable scenarios.

3.Detail of the main geographical areas

Following is the risk information related to the most relevant geographies in exposure and credit risk allowances.

This information includes sensitivity analysis, consisting on simulations of +/-100 bp in the main macroeconomic variables. A set of specific and complete scenarios is used in each geography, where different shocks that affect both the reference macroeconomic variable as well as the rest of the parameters is simulated, with different intensities. These shocks collect mainly the most relevant risks and may be originated by productivity, tax, wages or exchange and interest rates factors.

Sensitivity is measured as the average variation on expected loss corresponding to the aforementioned movement of +/-100 bp. Following a conservative approach, the negative movements take into account one additional standard deviation in order to reflect the potential higher variability of losses.

3.1. United Kingdom

Portfolio overview

Credit risk with customers in the UK (excluding Santander Consumer UK and Santander London Branch) remained stable in EUR 248,061 million. This credit risk represents 21% of Santander's loan portfolio.

At 1.33%, the NPL ratio decreased 9 bps in comparison to the year end of 2023, due to the good performance in the mortgage portfolio.

Mortgage portfolio

Because of its size, Grupo Santander closely monitor Santander UK's mortgage portfolio for the entity itself and the Group.

As of 31 December 2024, the mortgage portfolio of Santander UK decreased by 4.6% in local currency to EUR 199,788 million. It comprises residential mortgages granted to new and existing customers which are first lien mortgages. There are no second or more liens on mortgaged properties.

Originations have increased in 2024 compared to 2023, a sign of a more active housing market due to lower interest rates and less pressure on households' purchasing power. The housing market returned to growth in 2024, with a higher level of transactions and price increases compared to 2023.

Customer payment increases are softening compared to 2023 and are below the conservative assessments of customers' ability to pay when approving them for a mortgage. We implemented measures to help customers, including those under the UK Government's 'Mortgage Charter'. Its demand has been reduced, which also reflects the high credit quality of this portfolio.

Under Santander's risk management principles, a property must be appraised independently before we can approve a new mortgage. In line with market practices and the law, we get updated values of properties used as mortgage collateral from an independent agency's automatic appraisal system.

Santander UK's wide range of mortgages include:

- Interest-only loans (22%): Customers pay interest every month and repay the principal at maturity. These mortgages, which are common in the UK, require borrowers to have an appropriate repayment vehicle, such as a pension plan or an investment fund. To mitigate inherent risk, Santander UK has restrictive approval requirements, such a maximum loan-to-value (LTV) ratio of 50% and an assessment of the ability to pay both interest and capital.
- Flexible loans (3%): Loan agreements allow borrowers to modify monthly payments or draw down additional funds up to a set limit under various conditions.
- Buy-to-let (9%): Buy-to-let mortgages account for a small portion of the total portfolio and are subject to strict risk approval policies.

Despite the challenging economic environment, the NPL ratio reflects the strength of the mortgage portfolio, which reduces to 1.07% at the end of December 2024 (-9 bps YoY).

At 31 December 2024, 84% of the mortgage portfolio had an LTV lower than 70%.

Information on the estimation of impairment losses

The detail of Santander's UK exposure and loan-loss reserves associated with each of the stages at 31 December, 2024, 2023 and 2022, is shown below.

In addition, the exposure is divided in four tranches of the Standard & Poor's rating scale, according to their current credit quality:

Exposure and loan-loss reserves by stage

EUR million

	2024			
Credit quality[A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	32,012	1,184	—	33,196
From A+ to BB	159,970	10,916	—	170,886
From BB- to B-	17,594	11,175	—	28,769
CCC and below	12	695	3,292	3,999
Total exposure[B]	**209,588**	**23,969**	**3,292**	**236,849**
Loan-loss reserves[C]	**166**	**401**	**400**	**967**

Exposure and loan-loss reserves by stage

EUR million

	2023			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	46,236	1,273	—	47,509
From A+ to BB	145,884	10,850	—	156,734
From BB- to B-	13,588	13,995	—	27,583
CCC and below	—	—	3,518	3,518
Total exposure [B]	**205,708**	**26,118**	**3,518**	**235,344**
Loan-loss reserves[C]	**172**	**498**	**396**	**1,066**

Exposure and loan-loss reserves by stage

EUR million

	2022			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	85,930	827	—	86,757
From A+ to BB	118,585	7,547	—	126,132
From BB- to B-	16,831	11,093	—	27,924
CCC and below	220	978	3,059	4,257
Total exposure [B]	**221,566**	**20,445**	**3,059**	**245,070**
Loan-loss reserves [C]	**166**	**529**	**337**	**1,032**

A. Detail of credit quality ratings calculated for Group management purposes.
B. Total exposure includes loan balances (drawn amounts) and off balance (letters of credit + guarantees) and excludes REPOs, FV portfolio, trading portfolio and undrawn commitments.
C. Includes provisions for undrawn authorized lines (loan commitments).

For the estimation of expected losses, prospective information is taken into account. Specifically, Santander UK considers four macroeconomic scenarios, which are updated periodically. The evolution forecasted in 2024 for the next five years of the main macroeconomic indicators used by Santander UK to estimate expected losses is presented below:

	2025 - 2029			
Variables	**Pessimistic scenario 2**	**Pessimistic scenario 1**	**Base scenario**	**Optimistic scenario**
Interest rate	2.5%	3.5%	3.5%	3.1%
Unemployment rate	7.4%	5.4%	4.2%	4.1%
Housing price change	-3.0%	0.1%	3.1%	4.6%
GDP growth	0.5%	0.6%	1.4%	2.4%

Each of the macroeconomic scenarios is associated with a given weight. In terms of allocation, Santander UK associates the highest weighting to the base scenario, while it associates the lowest weightings to the most extreme or severe scenarios. In addition, at 31 December 2024, 2023 and 2022, the weights used by Santander UK reflect the future prospects of the British economy in relation to its current political and economic position so that higher weights are assigned for negative scenarios:

	2024	2023	2022
Pessimistic scenario 3		20%	20%
Pessimistic scenario 2	10%	10%	10%
Pessimistic scenario 1	25%	10%	15%
Base scenario	50%	50%	50%
Optimistic scenario	15%	10%	5%

The sensitivity analysis of the main portfolios expected loss to variations of +/-100 bp for the macroeconomic variables used in the construction of the scenarios, as of December 2024, is as follows:

	Change in Provision	
	Mortgages	**Corporates**
GDP Growth		
-100 bp	10.8%	3.4%
100 bp	-4.8%	-1.7%
Housing price change		
-100 bp	6.6%	5.4%
100 bp	-3.7%	-2.2%
Unemployment rate		
-100 bp	-9.5%	-3.4%
100 bp	22.5%	7.4%

With regards to the determination of classification in stage 2, the quantitative criteria applied by Santander UK are based on identifying whether any increase in PD for the expected life of the transaction is greater than both an absolute and a relative threshold (the PD used in that assessment are adjusted to the transaction's remaining term and also annualised in order to facilitate that the thresholds defined cover the whole range of the transactions maturity dates). The relative threshold established is common to all portfolios and a transaction is considered to exceed this threshold when the PD for the entire life of the transaction increases by 100% with respect to the PD at the time of initial recognition. The absolute threshold, on the other hand, is different for each portfolio depending on the characteristics of the transactions, ranging between 340 bps and 30 bps.

In addition, for each portfolio, a series of specific qualitative criteria is defined to indicate that the exposure has experienced a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. Santander UK, among other criteria, considers that an operation presents a significant increase in credit risk when it presents irregular positions for more than 30 days. It also has implemented early warning indicator system for classifying operations in stage 2. These criteria depend on the risk management practices of each portfolio.

3.2. Spain

Portfolio overview

Santander España's credit risk totalled EUR 285,883 million (25%% of Grupo Santander's total). It is appropriately diversified among products and customer segments.

The credit portfolio's NPL ratio was 2.68%, 38 bps lower than in December 2023. This decrease was based on the good performance of the portfolio driven by the management of single names and portfolio sales.

The NPL coverage ratio remained at 53% (+4 p.p. year-on-year). The cost of risk decreased to 0.50% (-12 bps vs. December 2023) mainly due to SMEs and Corporates, only partially offset by the portfolio of individuals.

The Spanish economy will slightly moderate its growth rate, but that it will continue to maintain a dynamic pace well above the Eurozone average, since the Spanish economy has been sustained largely by greater domestic demand in the face of a weaker than expected foreign sector.

Residential mortgage portfolio

Residential mortgages in Spain, including Santander Consumer Finance business, amounted to EUR 59,316 million in 2024 (EUR 61,097 million and EUR 63,688 million in 2023 and 2022, respectively), 99.65% of which have a mortgage guarantee (99.65%and 99.55% in 2023 and 2022, respectively).

	2024	
EUR Million	Gross amount	Of which: impaired
Home purchase loans to families	59,316	789
Without mortgage collateral	208	11
With mortgage collateral	59,108	778

	2023	
EUR Million	Gross amount	Of which: impaired
Home purchase loans to families	61,097	924
Without mortgage collateral	215	16
With mortgage collateral	60,882	908

	2022	
EUR Million	Gross amount	Of which: impaired
Home purchase loans to families	63,688	1,088
Without mortgage collateral	288	24
With mortgage collateral	63,400	1,064

The NPL ratio for the residential mortgages portfolio stood at 1.33%, with a reduction of 18 bps, compared to 31 December 2023, mainly due to by portfolio sales, although credit risk registered a reduction of 2.9% compared to December 2023.

The mortgage portfolio for the acquisition of homes in Spain is characterised by its medium-low risk profile, which limits expectations of any potential additional impairment:

- Principal is repaid on all mortgages from the start.
- Early repayment is common so the average life of the transaction is well below that of the contract.
- High quality of collateral, concentrated almost exclusively in financing for first homes.
- The average affordability rate stood at 24% (24% and 26% in 2023 and 2022, respectively).
- The 93% of the portfolio has a LTV below 80% calculated as total risk/latest available house appraisal.
- All customers applying for a residential mortgage are subject to a rigorous credit risk and viability assessment, analysing whether their income is sufficient to meet all repayments and will remain stable over the term of the loan.

Breakdown of the credit with mortgage guarantee to households for house acquisition, according to the percentage that the total risk represents on the amount of the latest available valuation (loan to value):

	2024					
	Loan to value ratio					
EUR Million	Less than or equal to 40%	More than 40% and less than 60%	More than 60% and less than 80%	More than 80% and less than or equal to 100%	More than 100%	Total
Gross amount	17,205	20,085	17,955	2,925	938	59,108
Of which impaired	114	167	189	130	178	778

In November 2022, Royal Decree-Law 19/2022 was published, which establishes a Code of Good Practices in response to the rise in interest rates on mortgage loans for primary residences and Royal Decree-Law 6/2012 of protection measures for mortgage debtors without resources. The code of good practices is focused on granting capital grace periods and extending the term of the operations. The requests made have not been significant.

Corporate & SME financing

Credit risk with SME and corporates in commercial banking amounted to EUR 102,342 million, lower than December 2023, mainly due to the fall in the portfolio of SMEs of 4.4%. This portfolio accounting for 36% of the total, compared to 38% of CIB's portfolio, which from 2022 includes branches in Europe.

Most of the portfolio corresponds to clients who have been assigned a credit analyst, who performs continuous management of said clients during all phases of the risk cycle. The portfolio is broadly diversified and not concentrated by sector of activity.

Santander Spain has continued to rely on its support and proximity to SMEs and the self-employed and has positioned itself as the leading entity in ICO Loans in 2024 with 816 million euros of financing, which represents a 39% share in the Spanish financial system. The majority of this financing was allocated to the ICO Companies and Entrepreneurs Lines and to a lesser extent to the ICO International Line and to housing rehabilitation.

The ICO loans that were granted as a result of the pandemic (25,428 million euros) are being repaid normally and there is a balance of EUR 12.7 billion, so they now represent only around 4.4% of Santander Spain's total portfolio.

In the case of delinquent operations with ICO guarantee, the transfer of the overdue guaranteed amounts will take place as the guarantee is executed, regardless of whether the guarantor is subrogated to the right to receive said amounts, according to the regulation of these guarantees. The de-recognition of the transferred guaranteed amounts will entail the recognition, at its fair value, of a collection right against the guarantor.

The portfolio's NPL ratio stood at 5.07% in December 2024. The NPL ratio decreased by 20 bps compared to December 2023, due to a reduction in the delinquency stock in SMEs, due to the proactive management of delinquent positions with the support of portfolio sales along with management of single names.

Support measures for those affected by the Dana

The flash floods caused by the Dana on 29 October exceeded expectations, causing serious impacts, victims and material losses. From the outset, Santander took immediate measures to protect employees, customers and facilities, in addition to working closely with the authorities to adopt support measures. Management was regulated through the Group's Crisis Management Framework and a Dana Crisis Steering Committee was also created.

RDL 6/2024 of 6 November included the Government's support measures for households, companies and the self-employed. i) Public guarantees of 80% for EUR 5 billion until the end of 2025 to cover losses in the affected area. ii) Moratoriums: capital and interest grace period for the first 3 months, plus an additional 9 months of capital grace period (for individuals and companies with income up to EUR 6 million). iii) Extension of the Code of Good Practices until December 2025. iv) Director support: to alleviate personal and material damage to equipment, homes, and industrial, commercial and service sites.

In response to these measures, Santander Spain has worked on a response framework that pivots on four management domains according to client typology: companies, SMEs, self-employed and individuals.

Real estate activity

Santander has specialized teams that are in charge of managing real estate business production and risk areas that cover the entire life cycle of these operations.

The changes in gross property development loans to customers were as follows:

EUR million

	2024	2023	2022
Balance at beginning of year	**2,433**	**2,327**	**2,625**
Foreclosed assets	—	(1)	—
Net variation	112	115	(295)
Written-off assets	—	(8)	(3)
Balance at end of year	**2,545**	**2,433**	**2,327**

The NPL ratio of this portfolio (considering only the on balance amount) ended the year at 2.28% (compared with 3.04% and 4.04% at December 2023 and 2022, respectively) . The table below shows the distribution of the portfolio. The coverage ratio of the real estate doubtful exposure in Spain stands at 36.21% (39.19% and 35.11% in 2023 and 2022, respectively).

	2024		
EUR Million	Gross amount	Excess of gross exposure over maximum recoverable amount of effective collateral	Specific allowance
Financing for construction and property development (including land) (business in Spain)	2,545	278	28
Of which impaired	58	6	21
Memorandum items written-off assets	338		

Memorandum items: Data from the public consolidated balance sheet

	2024
EUR Million	Carrying amount
Total loans and advances to customers excluding the Public sector (business in Spain) (Book value)	235,824
Total consolidated assets (Total business) (Book value)	1,837,081
Impairment losses and credit risk allowances. Coverage for unimpaired assets (business in Spain)	1,132

At year-end, the distribution of this portfolio was as follows:

	2024
EUR Million	Loans: gross amount
1. Without mortgage guarantee	13
2. With mortgage guarantee	2,532
2.1 Completed buildings	934
2.1.1 Residential	634
2.1.2 Other	300
2.2 Buildings and other constructions under construction	1,580
2.2.1 Residential	1,534
2.2.2 Other	46
2.3 Land	18
2.3.1 Developed consolidated land	13
2.3.2 Other land	5
Total	**2,545**

Foreclosed properties

At 31 December 2024, the net balance of these assets amounted to EUR 2,131 million (EUR 2,448 million and EUR 2,971 million at 31 December 2023 and 2022, respectively), gross amount of EUR 4,823 million (EUR 5,506 million and EUR 6,422 million at 31 December 2023 and 2022, respectively); recognised allowance of EUR 2,692 million (EUR 3,058 million and EUR 3,451 million at 31 December 2023 and 2022, respectively).

The following table shows the detail of the assets foreclosed by the businesses in Spain at the end of 2024:

	2024			
EUR Million	**Gross carrying amount**	**Valuation adjustments**	**Of which impairment losses on assets since time of foreclosure**	**Net Carrying amount**
Property assets arising from financing provided to construction and property development companies	**4,329**	**2,456**	**1,804**	**1,873**
Of which:				
Completed buildings	*707*	*452*	*382*	*255*
Residential	*197*	*106*	*87*	*91*
Other	*510*	*346*	*295*	*164*
Buildings under construction	*95*	*41*	*30*	*54*
Residential	—	—	—	—
Other	*95*	*41*	*30*	*54*
Land	*3,527*	*1,963*	*1,392*	*1,564*
Developed land	*1,000*	*533*	*318*	*467*
Other land	*2,527*	*1,430*	*1,074*	*1,097*
Property assets from home purchase mortgage loans to households	**390**	**183**	**123**	**207**
Other foreclosed property assets	**104**	**53**	**42**	**51**
Total property assets	**4,823**	**2,692**	**1,969**	**2,131**

In addition, the Group has shareholdings in entities holding foreclosed assets amounting to EUR 27 million and equity instruments foreclosed or received in payment of debts amounting to EUR 13 million.

In recent years, the Group has considered foreclosure to be an option to resolve cases of default instead of legal proceedings. The Group initially recognises foreclosed assets at the lower of the carrying amount of the debt (net of provisions) and the fair value of the foreclosed asset (less estimated costs to sell). Subsequent to initial recognition, the assets are measured at the lower of fair value (less costs to sell) and the amount initially recognised.

The fair value of this type of assets is determined by the market value (appraisal) adjusted with discounts obtained according to internal valuation methodologies based on the entity's sales experience in goods with similar characteristics.

The management of real estate assets on the balance sheet is carried out through companies specializing in the sale of real estate that is complemented by the structure of the commercial network. The sale is realised with at prices in accordance with the market situation and the offer of wholesale buyers.

The gross movement in foreclosed properties were as follows (EUR billion):

	EUR Billion		
	2024	**2023**	**2022**
Gross additions	0.1	0.3	0.2
Disposals	(0.8)	(1.2)	(1.3)
Difference	(0.7)	(0.9)	(1.1)

Information on the estimation of impairment losses

The detail of Santander Spain exposure and loan-loss reserves associated with each of the stages at 31 December, 2024, 2023 and 2022, is shown below. In addition, the exposure is divided in four tranches of the Standard & Poor's rating scale, according to their current credit quality:

Exposure and loan-loss reserves by stage

EUR million

	2024			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	35,347	110	—	35,456
From A+ to BB	104,197	1,124	—	105,322
From BB- to B-	37,413	8,844	—	46,257
CCC and below	2,084	3,199	6,618	11,900
Total exposure [B]	**179,041**	**13,277**	**6,618**	**198,936**
Loan-loss reserves [C]	**340**	**570**	**2,953**	**3,863**

Exposure and loan-loss reserves by stage

EUR million

	2023			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	46,827	48	—	46,875
From A+ to BB	101,079	780	—	101,859
From BB- to B-	33,905	9,789	—	43,694
CCC and below	1,513	4,517	7,536	13,566
Total exposure [B]	**183,324**	**15,134**	**7,536**	**205,994**
Loan-loss reserves [C]	**300**	**663**	**2,959**	**3,922**

Exposure and loan-loss reserves by stage

EUR million

	2022			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	37,133	447	—	37,580
From A+ to BB	107,667	282	—	107,949
From BB- to B-	46,296	6,388	—	52,684
CCC and below	336	5,008	13,762	19,106
Total exposure [B]	**191,349**	**12,351**	**8,893**	**212,593**
Loan-loss reserves [C]	**507**	**666**	**3,472**	**4,645**

A. Detail of credit quality ratings calculated for Group management purposes. Excluding the SCIB branches business
B. Total exposure includes loan balances (drawn amounts) and off balance (letters of credit + guarantees) and excludes REPOs, FV portfolio, trading portfolio and undrawn commitments.
C. Includes provisions for undrawn authorized lines (loan commitments).

For the estimation of the expected losses, the prospective information is taken into account. Specifically, Santander Spain considers three macroeconomic scenarios, which are updated periodically. The projected evolution for a period of five years of the main macroeconomic indicators used by Santander Spain for estimating expected losses as of 2024, is presented below:

	2025-2029		
Variables	**Pessimistic scenario**	**Base scenario**	**Optimistic scenario**
Interest rate	3.3%	2.7%	2.5%
Unemployment rate	12.5%	10.1%	8.9%
Housing price change	-0.7%	2.9%	4.1%
GDP growth	0.3%	1.7%	2.8%

Each macroeconomic scenarios is associated with a given weight. As for its allocation, Santander Spain associates the Base scenario with the highest weight, while associating the lower weights to the most extreme scenarios:

	2024	**2023**	**2022**
Pessimistic scenario	30%	30%	30%
Base scenario	40%	40%	40%
Optimistic scenario 1	30%	30%	30%

The sensitivity analysis of the main portfolios expected loss to variations of +/-100 bp for the macroeconomic variables used in the construction of the scenarios, at December 31 2024, is as follows:

	Change in Provision		
	Mortgages	**Corporates**	**Others**
GDP Growth			
-100 bp	2.3%	4.9%	2.1%
100 bp	-1.0%	-4.2%	-1.1%
Housing price change			
-100 bp	1.6%	8.0%	1.9%
100 bp	-1.3%	-2.8%	-0.7%

Regarding the stage 2 classification determination, the quantitative criteria applied in Santander Spain are based on identifying whether any increase in the PD for the entire expected life of the operation is greater than a relative or absolute threshold. The established threshold is different for each portfolio depending on the characteristics of the operations, and an operation is considered to exceed said threshold when the PD for the entire life of the operation increases a certain amount over the PD it had at the time of initial recognition. The values of these thresholds depend on their calibration, carried out periodically, as indicated in previous paragraphs. Additionally, Santander Spain has implemented a backstop to the relative threshold in all portfolios. Consequently, contracts whose current PD has increased more than twice with respect to its PD at the time of its origination will be classified in stage 2.

In addition, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the moment of initial recognition. Santander Spain, among other criteria, considers that an operation presents a significant increase in risk when it presents irregular positions for more than 30 days or if it is determined based on a system of early warning indicators.

3.3. United States

Portfolio overview

Santander US's credit risk increased to EUR 148,643 million at the end of December 2024. It makes up 12.8% of Grupo Santander's total credit risk.

As of December 2024, Santander US credit risk dropped 7.8% compared to 2023, mainly due to the activity of the New York branch.

The NPL ratio grew to 4.72% (+15 bps in the year) due to a higher stock of delinquencies and lower portfolio growth, and the cost of risk down to 1.82% (-10 bp in the year).

Santander US includes the following business units:

Santander Bank, National Association (SBNA)

In 2024 lending amounted 53,520 million euros (representing 5% of the Group's credit risk) and presents a reduction of 9.0% in 2024, mainly due to the transfer of the CIB portfolio to the New York branch.

Once the fiscal support and stimulus programs were withdrawn, the NPL ratio increased to 2.22% (+58 bp in the year) as of December 2024, but the cost of risk decreased to 0.91% (-7 bp in the year) due to Consumer Finance portfolio.

The retail segment focuses on auto lending and leasing, consumer loans and credit cards. To maximize profitability and growth opportunities, we discontinued the origination of home equity lines of credit and home equity loans (HELOCs and HELOANs).

The corporate portfolio continued its downward trend, owing to our sharper focus on profitability and lower origination in commercial real estate. The interest rate hikes that began in 2022 and the US office market situation led to an increase in NPLs in this portfolio.

Information on the estimation of impairment losses

The detail of Santander Bank, National Association exposure and loan-loss reserves associated with each of the stages at 31 December, 2024, 2023 and 2022 is shown below. In addition, the exposure is divided in four tranches of the Standard & Poor's rating scale, according to their current credit quality:

Exposure and loan-loss reserves by stage

EUR million

	2024			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	4,215	277	—	4,492
From A+ to BB	21,422	930	—	22,352
From BB- to B-	21,899	3,855	—	25,754
CCC and below	33	482	1,130	1,645
Total exposure [B]	**47,569**	**5,544**	**1,130**	**54,243**
Loan-loss reserves [C]	**292**	**364**	**182**	**838**

Exposure and loan-loss reserves by stage

EUR million

	2023			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	4,834	76	—	4,910
From A+ to BB	20,468	459	—	20,926
From BB- to B-	25,312	3,439	—	28,751
CCC and below	52	450	894	1,396
Total exposure [B]	**50,665**	**4,424**	**894**	**55,983**
Loan-loss reserves [C]	**409**	**335**	**141**	**885**

Exposure and loan-loss reserves by stage

EUR million

	2022			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	6,884	145	—	7,029
From A+ to BB	20,768	366	—	21,134
From BB- to B-	30,359	2,225	—	32,584
CCC and below	308	558	459	1,325
Total exposure [B]	**58,319**	**3,294**	**459**	**62,072**
Loan-loss reserves [C]	**392**	**241**	**74**	**707**

A. Detail of credit quality ratings calculated for Group management purposes.
B. Total exposure includes loan balances (drawn amounts) and off-balance (letters of credit + guarantees) and excludes REPOs, FV portfolio, trading portfolio and undrawn commitments.
C. Includes provisions for undrawn authorized lines (loan commitments).

For the estimation of expected losses, prospective information is taken into account. Specifically, Santander Bank, National Association considers four macroeconomic scenarios, which are updated periodically. The evolution projected in 2024 for a period of five years of the main macroeconomic indicators used Santander Bank, National Association to estimate expected losses is presented below:

	2025 - 2029			
Variables	**Pessimistic scenario 2**	**Pessimistic scenario 1**	**Base scenario**	**Optimistic scenario**
Interest rate (annual averaged)	1.9%	2.7%	3.4%	3.2%
Unemployment rate	6.3%	4.8%	4.2%	3.3%
House price change	-0.1%	0.4%	1.1%	1.9%
GDP growth	1.7%	2.0%	2.0%	2.6%
Manheim growth [A]	-1.2%	-0.5%	-0.3%	0.2%

A. US used vehicle price car index.

Each of the macroeconomic scenarios is associated with a given weight. As for its allocation, Santander Bank, National Association associates the highest weighting to the Base scenario, while associates the lowest weightings to the most extreme scenarios:

	2024	2023	2022
Pessimistic scenario 2	17.5%	17.5%	17.5%
Pessimistic scenario 1	20.0%	20.0%	20.0%
Base scenario	32.5%	32.5%	32.5%
Optimistic scenario	30.0%	30.0%	30.0%

The sensitivity analysis of the main portfolios expected loss to variations of +/-100 bp for the macroeconomic variables used in the construction of the scenarios as of 2024 is as follows:

	Change in Provision		
	Mortgages	**Corporates**	**Auto**
GDP Growth			
-100 bp	13.5%	8.3%	2.3%
100 bp	-10.5%	-6.2%	-1.8%
Housing price change			
-100 bp	24.9%	12.5%	3.3%
100 bp	-11.0%	-6.1%	-1.8%
Unemployment rate			
-100 bp	-43.1%	-20.7%	-5.8%
100 bp	54.3%	28.6%	9.0%
Manheim index			
-100 bp	—	—	1.4%
100 bp	—	—	-1.1%

In relation to the Stage 2 classification determination, the quantitative criteria applied at SBNA for retail portfolios uses the FICO (Fair Isaac Corporation) score to reference their PD, at the time of origination and its current value, establishing different absolute threshold for each portfolio according to their characteristics. A SICR implies changes in that score ranging from 120 bp to 20 bp.

In the case of wholesale portfolios, SBNA uses the transaction's rating as a reference for its PD, taking into account its rating at the time of origination and its current rating, setting absolute thresholds for the different rating bands that depend on each portfolio characteristics.

Additionally, for each portfolio, a series of specific qualitative criteria are defined, which indicate that the exposure has experienced a significant increase in credit risk, regardless of the evolution of its PD since the initial recognition. Santander Bank, National Association, among other criteria, considers that a transaction presents a significant increase in credit risk when it has arrears positions for more than 30 days or if it is determined based on a system of early warning indicators.

Santander Consumer USA Inc.

Santander Consumer USA Inc. (SC USA) presents higher risk indicators than other Santander US units due to the nature of its business, which focuses on auto finance via loans and leasing.

At 31 December 2024, lending amounted to EUR 30,669 million (representing 3% of the Group) and presents an increase of 6.2%.

As of December 2024, the cost of credit is following a normalization trend, from the artificially good situation of previous years, due to government support and stimulus programs. Regarding the NPL ratio, it increased to 18.68% (+42 bp in the year); and the cost of credit stood at 6.61% (+20 bp YoY).

NPL coverage ratio fell to 62% (-1 pp in the year), in line with the percentages of transfers from default to bad debts, which are at historically low levels.

The focus continues to be on managing the relationship between profitability and risk, via management of prices adjusted to the credit quality of the customer/transaction, while improving the dealers' experience.

Information on the estimation of impairment losses

The detail of Santander Consumer USA Inc. exposure and loan-loss reserves associated with each of the stages at 31 December 2024, 2023 and 2022, is shown below. In addition, the exposure is divided in four tranches of the Standard & Poor's rating scale, according to their current credit quality:

Exposure and loan-loss reserves by stage

EUR million

	2024			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	—	—	—	—
From A+ to BB	202	—	—	202
From BB- to B-	12,802	451	—	13,253
CCC and below	7,259	4,226	5,729	17,214
Total exposure [B]	**20,263**	**4,677**	**5,729**	**30,669**
Loan-loss reserves [C]	**630**	**1,006**	**1,908**	**3,543**

Exposure and loan-loss reserves by stage

EUR million

	2023			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	—	—	—	—
From A+ to BB	99	—	—	99
From BB- to B-	12,120	395	—	12,515
CCC and below	6,754	4,237	5,272	16,263
Total exposure [B]	**18,973**	**4,632**	**5,272**	**28,877**
Loan-loss reserves [C]	**597**	**1,019**	**1,712**	**3,327**

Exposure and loan-loss reserves by stage

EUR million

	2022			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	—	—	—	—
From A+ to BB	171	0	—	171
From BB- to B-	14,564	512	—	15,076
CCC and below	7,735	5,108	3,870	16,713
Total exposure [B]	**22,470**	**5,620**	**3,870**	**31,960**
Loan-loss reserves [C]	**672**	**1,232**	**1,452**	**3,356**

A. Detail of credit quality ratings calculated for Group management purposes.
B. Total exposure includes loan balances (drawn amounts) and off-balance (letters of credit + guarantees) and excludes REPOs, FV portfolio, trading portfolio and undrawn commitments.
C. Includes provisions for undrawn authorized lines (loan commitments).

For the expected losses estimation, prospective information should be taken into account. Specifically, SC USA considers four macroeconomic scenarios, periodically updated over a 5-year time horizon.

The evolution forecasted in 2024 for a period of five years of the main macroeconomic indicators used by in SC USA in the estimation of expected losses is shown below:

	2025 - 2029			
Variables	**Pessimistic scenario 2**	**Pessimistic scenario 1**	**Base scenario**	**Optimistic scenario**
Interest rate (annual averaged)	1.9%	2.7%	3.4%	3.2%
Unemployment rate	6.3%	4.8%	4.2%	3.3%
House price change	-0.1%	0.4%	1.1%	1.9%
GDP growth	1.7%	2.0%	2.0%	2.6%
Manheim [A] index	-1.2%	-0.5%	-0.3%	0.2%

A. US used vehicle price car index.

Each of the macroeconomic scenarios is associated with a given weight. Santander Consumer USA Inc. associates the highest weighting to the Base scenario, whereas it associates the lowest weightings to the most extreme or acid scenarios:

	2024	**2023**	**2022**
Pessimistic scenario 2	17.5%	17.5%	17.5%
Pessimistic scenario 1	20.0%	20.0%	20.0%
Base scenario	32.5%	32.5%	32.5%
Optimistic scenario	30.0%	30.0%	30.0%

The sensitivity analysis of the main portfolios expected loss to variations of +/-100 bp for the macroeconomic variables used in the construction of the scenarios at the end of 2024 is as follows:

	Change in provision
	SC Auto
Manheim index	
-100 bp	0.7%
100 bp	-0.6%
Unemployment Rate	
-100 bp	-3.1%
100 bp	4.5%
House Price Change	
-100 bp	1.7%
100 bp	-0.9%
GDP growth	
-100 bp	1.1%
100 bp	-0.9%

In relation to the stage 2 classification determination, the quantitative criteria applied at SC USA uses the FICO (Fair Isaac Corporation) score to reference their PD, at the time of origination and its current value, establishing different absolute threshold for each portfolio according to their characteristics.

Additionally, for each portfolio, a series of specific qualitative criteria are defined, which indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the initial recognition. SC USA among other criteria, considers that a transaction presents a significant increase in credit risk when it has irregular positions for more than 30 days. These criteria depend on the risk management practices of each portfolio.

3.4. Banco Santander (Brasil) S.A.

Portfolio overview

Santander Brasil's credit risk amounted to EUR 104,519 million. It decreased by 8.3% from 2023. Minus the exchange rate effect, it grew by 9.9%. As of December 2024, Santander Brasil accounts for 9% of Grupo Santander's loan book.

The NPL ratio went from 6.56% in December 2023 to 6.14% in December 2024, and the coverage ratio decreased from 85% to 83%.

As of 31 December 2024 loan-loss provisions reached EUR 4,487 million, a 4.5% year-on-year decrease. Cost of risk reduced from 4.77% in 2023 to 4.51% in 2024.

Despite the challenging macroeconomic environment, Brazil's economy showed moderate growth in 2024, driven by industry and services but hit by the negative impact on agriculture due to adverse weather conditions. The job market continues to show resilience in a landscape marked by macroeconomic challenges, which helped sustain household consumption. Brazil's economy remains subject to uncertainty linked to lower GDP in 2025 and the depreciation of the real.

The retail segment (without Consumer Finance), which accounts 38% of Santander Brazil's total portfolio, mainly comprises mortgages and credit cards (26% and 22% of the total portfolio, respectively). As a result of conservative measures in admission, the credit performance of new originations in recent months (as tracked through early irregularity indices) has improved, despite the changing environment.

In the SME segment, which accounts for 10% of the total risk, we kept the restrictive loan approval measures adopted in the past few years in place, especially for poorer-performing risk profiles. We constantly review our strategies to achieve credit quality that is consistent with expectations, which we achieved during the year, with new production indicators performing strongly.

In the corporate segment, the portfolio continues to grow sustainably in line with budget, owing to consistent origination volume. The risk profile of the stock and new production remains stable, with the portfolio performing well within the set quality and profitability thresholds.

Information on the estimation of impairment losses

The detail of Banco Santander (Brasil) S.A. exposure and loan-loss reserves associated with each of the stages at 31 December 2024, 2023 and 2022, is shown below. In addition, the exposure is divided in four tranches of the Standard & Poor's rating scale, according to their current credit quality:

Exposure and loan-loss reserves

EUR million	2024			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	19,557	970	—	20,527
From A+ to BB	32,824	1,637	—	34,461
From BB- to B-	33,655	5,285	—	38,940
CCC and below	423	2,808	6,382	9,613
Total exposure [B]	**86,458**	**10,700**	**6,382**	**103,540**
Loan-loss reserves [C]	**687**	**860**	**3,766**	**5,313**

Exposure and loan-loss reserves

EUR million

	2023			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	20,670	468	—	21,138
From A+ to BB	38,869	751	—	39,620
From BB- to B-	36,107	4,177	—	40,284
CCC and below	1,153	3,735	7,479	12,367
Total exposure [B]	**96,799**	**9,131**	**7,479**	**113,409**
Loan-loss reserves [C]	**722**	**1,078**	**4,538**	**6,338**

Exposure and loan-loss reserves

EUR million

	2022			
Credit quality [A]	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
From AAA to AA-	18,033	41	—	18,074
From A+ to BB	35,902	342	—	36,244
From BB- to B-	31,269	3,195	—	34,464
CCC and below	432	4,547	7,705	12,684
Total exposure [B]	**85,636**	**8,125**	**7,705**	**101,466**
Loan-loss reserves [C]	**575**	**1,219**	**4,334**	**6,128**

A. Detail of credit quality ratings calculated for Group management purposes.
B. Total exposure includes loan balances (drawn amounts) and off-balance (letters of credit + guarantees) and excludes REPOs, FV portfolio, trading portfolio and undrawn commitments.
C. Includes provisions for undrawn authorized lines (loan commitments).

For the expected losses estimation, prospective information is taken into account. Particularly, Santander Brazil considers three macroeconomic scenarios, periodically updated. The evolution for a period of five years of the main macroeconomic indicators used to estimate the expected losses in Santander Brazil is as follows:

Variables	2025-2029		
	Pessimistic scenario	Base scenario	Optimistic scenario
Interest rate (annual averaged)	10.3%	9.4%	7.1%
Unemployment rate	9.4%	7.4%	5.7%
House price change	-0.1%	3.4%	6.8%
GDP growth	0.3%	1.9%	3.2%
Burden income	25.6%	23.9%	21.5%

Each macroeconomic scenario is associated with a given weight. Regarding its assignation, Brazil links the highest weight to the base scenario whilst links the lowest weights to the most extreme scenarios:

	2024	2023	2022
Pessimistic scenario	12.5%	10%	10%
Base scenario	75.0%	80%	80%
Optimistic scenario	12.5%	10%	10%

The sensitivity analysis of the main portfolios expected loss to variations of +/-100 bp for the macroeconomic variables used in the construction of the scenarios is at the end of 2024 as follows:

	Change in provision		
	Consumer	Corporate	Other
GDP growth			
-100 bp	1.3%	3.7%	2.1%
100 bp	-0.6%	-2.0%	-0.9%
Unemployment rate			
-100 bp	-1.8%	-4.9%	-2.6%
100 bp	3.1%	5.8%	4.7%
Interest rate (SELIC)			
-100 bp	-0.5%	-1.0%	-0.9%
100 bp	1.9%	3.4%	2.9%

Regarding the stage 2 classification determination, Santander Brazil analyses whether any increase in the PD for the expected entire life of the operation is greater than the combination of an absolute and a relative threshold. The established threshold is different for each portfolio depending on the characteristics of the operations, and an operation is considered to exceed said threshold when the PD for the entire life of the operation increases a certain amount over the PD it had at the time of initial recognition. The values of these absolute and relative thresholds depend on their calibration, carried out periodically, as well as the type of portfolio they affect. In addition, Santander Brazil has implemented a backstop to the relative threshold in all portfolios. Consequently, contracts whose current PD has increased more than twice their PD at the time of origination will be classified as stage 2.

In addition, for every portfolio, a set of specific qualitative criteria are defined to indicate that the exposure to credit risk has significantly risen, regardless of the evolution of its PD since the initial recognition. Santander Brazil, among other criteria, considers that an operation involves a significant increase in credit risk when it presents irregular positions for more than 30 days or if it is determined based on a system of early warning indicators.

4. Other credit risk aspects

4.1. Credit risk by activity in the financial markets

This section covers credit risk from treasury, with money market financing and counterparty risk products to satisfy the needs of customers (especially credit institutions) and the Group.

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. Grupo Santander has 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, Grupo Santander follows 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, Santander calculates 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, Grupo Santander recalculates 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. Santander performs risk control through a real-time integrated system, which allows the Group to know at any moment the available exposure limit with any counterparty, in any product and term, and across all subsidiaries.

4.2. Concentration risk

Concentration risk control is a vital part of our management. The Group continuously monitors the degree of concentration of its credit risk portfolios using various criteria: geographic areas and countries, economic sectors and groups of customers.

The board, via the risk appetite framework, determines the maximum levels of concentration.

In line with these maximum levels and limits, the executive risk committee establishes the risk policies and reviews the appropriate exposure levels for the effective management of the degree of concentration in Santander's credit risk portfolios.

Grupo Santander must adhere to the regulation on large risks contained in the CRR, according to which the exposure contracted by an entity with a customer or group of associated customers will be considered a large exposure when its value is equal to or greater than 10% of eligible capital.

In addition, in order to limit large exposures, no entity may assume exposures exceeding 25% of its eligible capital with a single customer or group of associated customers, having factored in the credit risk mitigation effect contained in the regulation.

At the end of December, after applying risk mitigation techniques, no group reaches the above-mentioned thresholds.

Regulatory credit exposure with the 20 largest groups within the scope of large risks represented 5.5% of the outstanding credit risk with customers (lending to customers plus off-balance sheet risks) as of December 2024. While the regulatory credit exposure with the 40 largest groups represents 8.4% of the credit risk.

The detail, by activity and geographical area of the Group's risk concentration at 31 December 2024 is as follows:

EUR million

	2024[A]				
	Total	Spain	Other EU countries	America	Rest of the world
Central banks and Credit institutions	359,739	76,925	82,039	130,073	70,702
Public sector	253,851	73,743	71,610	98,828	9,670
Of which:					
Central government	221,877	59,921	65,821	86,677	9,458
Other central government	31,974	13,822	5,789	12,151	212
Other financial institutions (financial business activity)	189,113	14,698	50,470	83,470	40,475
Non-financial companies and individual entrepreneurs (non-financial business activity) (broken down by purpose)	450,349	106,017	107,575	175,493	61,264
Of which:					
Construction and property development	24,736	3,702	4,323	10,691	6,020
Civil engineering construction	5,515	2,337	1,890	1,218	70
Large companies	274,798	50,487	63,963	114,597	45,751
SMEs and individual entrepreneurs	145,300	49,491	37,399	48,987	9,423
Households – other (broken down by purpose)	568,540	86,734	110,909	146,673	224,224
Of which:					
Residential	351,331	61,388	38,502	45,953	205,488
Consumer loans	199,156	17,793	70,064	95,189	16,110
Other purposes	18,053	7,553	2,343	5,531	2,626
Total	**1,821,592**	**358,117**	**422,603**	**634,537**	**406,335**

A. For the purposes of this table, the definition of risk includes the following items in the public balance sheet: 'Loans and advances to credit institutions', 'Loans and advances to Central Banks', 'Loans and advances to Customers', 'Debt securities', 'Equity Instruments', 'Trading Derivatives', 'Hedging derivatives', 'Investments and financial guarantees given'.

4.3 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. Additionally, this process considers, among other things, the following information at the sector level:

- 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

Grupo Santander 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. Santander 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.

4.4. Sovereign risk and exposure to other public sector entities

Sovereign risk occurs in transactions with a central bank. It includes the regulatory cash reserve, issuer risk with the Treasury (public debt portfolio) and risk from transactions with government institutions whose funding only come from the state's budgetary revenue and not commercial operations.

Grupo Santander's standard for sovereign risk differs somewhat from the European Banking Authority's (EBA) 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.

Santander continues to track and manage transactions with sovereign risk based on available information, such as reports by rating agencies and international organizations. Grupo Santander monitors each country where the Group has cross-border[1] and sovereign risk. Santander analyses 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.

At the end of December 2024, Grupo Santander´s local sovereign exposure, in currencies other than the official currency of the country of issuance, is not significant (EUR 4,459 million, 1.1% of total sovereign risk) according to our management criteria. Furthermore, exposure to non-local sovereign issuers involving cross-border risk is even less significant[2] (EUR 11,494 million, 2.8% of total sovereign risk). Sovereign exposure in Latin America is mostly in local currency, and is recognised in the local accounts and concentrated in short- term maturities.

Over the past few years, total exposure to sovereign risk has remained in line with regulatory requirements and our strategy to manage this portfolio.

The shifts observed in the different countries exposure is due to our liquidity management strategy and the hedging of interest and exchange rates risks. Santander's exposure spreads among countries with varied macroeconomic outlooks and dissimilar scenarios in terms of growth, interest and exchange rates.

Our investment strategy for sovereign risk considers country's credit quality to set the maximum exposure limits. The following table shows the percentage of exposure by rating[A]:

	2024	2023	2022
AAA	21%	18%	27%
AA	18%	19%	19%
A	41%	41%	34%
BBB	11%	12%	11%
Less than BBB	9%	10%	9%

A. Internal ratings are applied.

Sovereign exposure at the end of 31 December 2024 is shown in the table below (data in million euros):

	2024					2023
	Portfolio					
	Financial assets held for trading and Financial assets designated as FV with changes in results	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Non-trading financial assets mandatory at fair value through profit or loss	Total net direct exposure	Total net direct exposure
Spain	8,096	3,841	44,356	—	56,293	39,627
Portugal	89	1,240	6,323	—	7,652	6,859
Italy	4,830	452	7,633	—	12,915	5,594
Greece	—	—	—	—	—	—
Ireland	—	—	—	—	—	—
Rest Eurozone	595	567	5,050	—	6,212	8,124
UK	375	1,376	7,021	—	8,772	3,787
Poland	434	5,570	8,282	—	14,286	11,267
Rest of Europe	(6)	424	536	—	954	2,793
US	5,630	4,560	14,736	—	24,926	21,304
Brazil	9,185	13,824	3,632	—	26,641	27,733
Mexico	6,051	8,964	6,627	—	21,642	20,825
Chile	316	1,425	5,159	—	6,900	6,285
Rest of America	190	1,745	2,496	—	4,431	2,250
Rest of the World	15	3,502	3,486	—	7,003	4,527
Total	**35,800**	**47,490**	**115,337**	**—**	**198,627**	**160,975**

[1] Risks with domestic public or private borrowers in foreign currency and originated outside the country.
[2] Countries that are not considered low risk by Banco de España.

5. Forborne loan portfolio

The customer debt redirection policy incorporates the regulatory requirements of the EBA guidelines on the management of non-performing exposures, refinancing and restructuring. This policy acts as a reference for the transposition in our subsidiaries and shares the applicable supervisory expectations.

This policy also sets down rigorous criteria for evaluating, classifying and monitoring forbearances to ensure the strictest possible care and diligence in recovering due amounts. Thus, it dictates that Santander must adapt payment obligations to customers' current circumstances. Our forbearance policy also defines classification criteria to ensure Grupo Santander recognizes risks appropriately. They must remain classified as non-performing or in watch-list for a prudential period for reasonable certainty of repayment. In no case will repayments be used to delay the immediate recognition of losses or so that their use distorts the timely recognition of the risk of non-payment.

At 31 December 2024, forbearance stock fell again and stood at EUR 27,144 million, due to the good payment behaviour in the main geographies. In terms of credit quality, 54% of the loans is classified as credit impaired, with a coverage ratio of 41%. In addition, 46% of the portfolio is classified as performing.

The following terms are used with the meanings specified below:

- Refinancing transaction: transaction that is granted or used, for reasons relating to current or foreseeable financial difficulties of the borrower, to repay one or more of the transactions granted to it, or through which the payments on such transactions are brought fully or partially up to date, in order to enable the borrowers of the cancelled or refinanced transactions to repay their debt (principal and interest) because they are unable, or might foreseeably become unable, to comply with the conditions there of in due time and form.

- Restructured transaction: transaction with respect to which, for economic or legal reasons relating to current or foreseeable financial difficulties of the borrower, the financial terms and conditions are modified in order to facilitate the payment of the debt (principal and interest) because the borrower is unable, or might foreseeably become unable, to comply with the aforementioned terms and conditions in due time and form, even if such modification is envisaged in the agreement.

Current refinancing and restructuring balances

Amounts in EUR million, except number of transactions that are in units

	2024						
	Total						
	Without real guarantee		With real guarantee				
					Maximum amount of the actual collateral that can be considered		
	Number of transactions	Gross amount	Number of transactions	Gross amount	Real estate guarantee	Rest of real guarantees	Impairment of accumulated value or accumulated losses in fair value due to credit risk
Credit entities	—	—	—	—	—	—	—
Public sector	23	9	9	2	2	—	4
Other financial institutions and: individual shareholder	946	70	605	306	199	52	93
Non-financial institutions and individual shareholder	543,934	5,515	47,854	6,668	3,678	1,398	3,011
Of which financing for constructions and property development	12,688	103	1,765	828	672	30	171
Other warehouses	3,308,884	4,534	483,714	10,040	4,375	3,754	4,038
Total	**3,853,787**	**10,128**	**532,182**	**17,016**	**8,254**	**5,204**	**7,146**
Financing classified as non-current assets and disposable groups of items that have been classified as held for sale	—	—	—	—	—	—	—

Current refinancing and restructuring balances

Amounts in EUR million, except number of transactions that are in units

	2024						
	Of which, non-performing/Doubtful						
	Without real guarantee		With real guarantee				
					Maximum amount of the actual collateral that can be considered		
	Number of transactions	Gross amount	Number of transactions	Gross amount	Real estate guarantee	Rest of real guarantees	Impairment of accumulated value or accumulated losses in fair value due to credit risk
Credit entities	—	—	—	—	—	—	—
Public sector	8	3	7	1	1	—	3
Other financial institutions and: individual shareholder	574	21	512	125	70	14	85
Non-financial institutions and individual shareholder	353,838	2,956	31,259	3,106	1,622	543	2,624
Of which financing for constructions and property development	8,789	64	1,116	218	154	20	127
Other warehouses	2,073,312	2,623	285,857	5,850	2,188	2,299	3,285
Total	**2,427,732**	**5,603**	**317,635**	**9,082**	**3,881**	**2,856**	**5,997**
Financing classified as non-current assets and disposable groups of items that have been classified as held for sale	—	—	—	—	—	—	—

In 2024, the amortised cost of financial assets whose contractual cash flows were modified during the year when the corresponding loss adjustment was valued at an amount equal to the expected credit losses over the life of the asset amounted to EUR 3,940 million (2,902 million in 2023), without these modifications having a material impact on the income statement. Also, during 2024, the total of financial assets that have been modified since the initial recognition, and whose correction for expected loss has gone from being valued during the entire life of the asset to the following twelve months, amounts to EUR 2,950 million (2,804 million in 2023).

The transactions presented in the foregoing tables were classified at 31 December 2024 by nature, as follows:

- Credit impaired: Operations that rest on an inadequate payment scheme will be classified within the non-performing category, regardless they include contract clauses that delay the repayment of the operation throughout regular payments or present amounts written off the balance sheet for being considered irrecoverable.

- Performing: Operations not classifiable as non-performing will be classified within this category. Operations will also be classified as normal if they have been reclassified from the non-performing category for complying with the specific criteria detailed below:

a. A period of a year must have passed from the refinancing or restructuring date.

b. The owner must have paid for the accrued amounts of the capital and interests, thus reducing the rearranged capital amount, from the date when the restructuring of refinancing operation was formalised.

c. The owner must not have any other operation with amounts past due by more than 90 consecutive days of material delay on the date of the reclassification to the normal risk category.

Attending to the credit attention 46% of the forborne loan transactions are classified as other than non-performing. Particularly noteworthy are the level of existing guarantees (50% of transactions are secured by collateral) and the coverage provided by specific allowances (representing 26% of the total forborne loan portfolio and 41% of the non-performing portfolio).

c) Market, structural and liquidity risk

1. Activities subject to market risk and types of market risk

Activities exposed to market risk encompass transactions where risk is assumed as a consequence of potential changes in interest rates, inflation rates, exchange rates, stock prices, credit spreads, commodity prices, volatility and other market factors; the liquidity risk from our products and markets, and the balance-sheet liquidity risk. Therefore, they include trading risks and structural risks.

- **Interest rate risk** arises from movements in interest rates that reduce the value of a financial instrument, a portfolio or the Grupo Santander. It can affect loans, deposits, debt securities, most assets and liabilities held for trading, and derivatives.

- **Inflation rate risk** arises from movements in inflation that can reduce the value of a financial instrument, a portfolio or the entire group. It can affect loans, debt securities and derivatives (e.g. inflation swaps and futures) whose profitability is linked to inflation.

- **Exchange rate risk** is the possibility of loss because the currency of a long or open position will depreciate against the base currency. It can affect debt in subsidiaries whose local currency is not the euro, as well as loans denominated in a foreign currency.

- **Equity risk** is the possibility of loss from open positions in securities if their market price or expected future dividends fall. It affects shares, stock market indices, convertible bonds and derivatives with shares as the underlying asset (put, call, equity swaps, etc.).

- **Credit spread risk** is the possibility of loss from open positions in fixed-income securities or credit derivatives if their yield curve, or the recovery rate of their issuer or type change. A spread is the yield difference between financial instruments against a benchmark (e.g. the internal rate of return (IRR) of government bonds and interbank interest rates).

- **Commodity price risk** is the possibility of loss from movements in commodity prices. Grupo Santander's commodity exposure is minor and stems mainly from commodity derivatives.

- **Volatility risk** is the possibility of loss caused by movements in interest rates, exchange rates, the stock market, credit spreads and other risk factors affecting portfolio value. It is inherent to all financial instruments whose value considers volatility (especially options contracts).

Derivative contracts (such as options, futures, forwards and swaps) can mitigate market risks partially or fully.

Additionally, other more complex coverage market risks are considered, such as correlation risk, market liquidity risk, prepayment or cancellation risk and subscription risk.

- Correlation risk is the possibility of loss due to an adverse correlation between risk variables that affect portfolio value. Risk variables could be the same (e.g. two FX rates) or different (e.g. an interest rate and a commodity price).

- Market liquidity risk is the possibility that fewer market makers or institutional investors, a large number of transactions, market instability and other factors will cause the Group or a subsidiary to exit a position at a worse market price or trade cost. Exposure to different products and currencies can also increase this risk.

- Pre-payment or cancellation risk originates when mortgages, deposits and other on-balance-sheet instruments give holders the option to buy or sell them, thus altering future cash flows. Potential mismatches on the balance sheet pose a risk since cash flows may have to be reinvested at an interest rate that is potentially lower (assets) or higher (liabilities).

- Underwriting risk is the possibility that the bank will have to hold part of a debt issue it has underwritten or agreed to place if it cannot all be placed among potential buyers.

Balance sheet liquidity risk (unlike market liquidity risk) is the possibility of loss caused by forced disposal of assets or cash flow imbalance if the bank meets its payment obligations late or at excessive cost. It can cause losses by forced asset sales or impacts on margins due to the mismatch between expected cash inflows and outflows.

Pension and actuarial risks (explained at the end of this section) also depend on market variables.

Grupo Santander aim to comply with the Basel Committee's Fundamental Review of the Trading Book (FRTB) and the EBA's Guidelines on the management of interest rate risk arising from non-trading book activities. The purpose of several projects Grupo Santander runs is to provide risk control managers and teams with the best market risk management tools under the right governance framework for the models Grupo Santander uses for metric reporting; and to comply with regulation on the risks mentioned above.

2. Trading market risk management

Setting market risk limits in a dynamic process according to the risk appetite in the annual limits plan prepared by senior management and extended to all subsidiaries.

The standard methodology for risk management and control in trading, measures the maximum expected loss with a specific level of confidence and time frame. The standard for historical simulation is a confidence level of 99% over one day.

Grupo Santander applies statistical adjustments efficiently to incorporate recent developments affecting our levels of risk. Our time frame is two years or at least 520 days from the reference date of the VaR calculation.

The balance sheet items in the Group's consolidated position that are subject to market risk are shown below, distinguishing those positions for which the main risk metric is VaR from those for which risk monitoring is carried out using other metrics:

Risk metric values on the consolidated balance sheet

EUR million

		Main market risk metric		
	Balance sheet amount	VaR	Other	Main risk factor for 'Other' balance
Assets subject to market risk				
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 designated at fair value through other comprehensive income	89,898	2,193	87,705	Interest rate, spread
Financial assets at amortized 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 amortized 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 of hedged items in portfolio hedges of interest rate risk	(9)		(9)	Interest rate
Other liabilities	52,178			
Total liabilities	**1,729,754**			
Equity	**107,327**			

The following table displays the latest and average VaR values at 99% by risk factor over the last three years. It also shows the minimum and maximum VaR values in 2024 and 97.5% ES at the end of December 2024:

VaR statistics and expected shortfall by risk factor[A]

EUR million. VaR at 99% and ES at 97.5% with one day time horizon

	2024					2023		2022	
	VaR (99%)				ES (97.5%)	VaR		VaR	
	Min	Average	Max	Latest	Latest	Average	Latest	Average	Latest
Total Trading	**11.6**	**17.1**	**23.0**	**18.7**	**19.6**	**11.7**	**13.5**	**14.1**	**11.6**
Diversification effect	(11.0)	(19.8)	(42.1)	(27.3)	(21.8)	(14.9)	(17.1)	(14.6)	(15.5)
Interest rate	11.4	17.0	23.1	20.2	19.8	12.2	11.1	12.6	9.9
Equities	2.8	6.0	18.8	9.5	6.5	3.2	6.0	4.2	5.5
Exchange rate	2.8	5.8	11.1	5.9	7.0	5.3	4.8	4.8	3.6
Credit spread	3.6	4.9	7.0	5.3	4.9	4.3	6.1	5.4	5.8
Commodities	2.0	3.2	5.1	5.1	3.2	1.6	2.6	1.7	2.3
Total Europe	**9.0**	**12.7**	**17.4**	**16.0**	**16.0**	**9.4**	**11.8**	**12.2**	**10.5**
Diversification effect	(9.9)	(15.4)	(33.3)	(18.4)	(15.9)	(10.5)	(13.8)	(10.4)	(14.2)
Interest rate	8.8	12.0	17.6	14.4	15.4	9.1	8.2	10.2	10.1
Equities	3.3	5.9	16.9	8.8	6.2	2.8	5.8	3.6	5.5
Exchange rate	3.1	5.1	8.9	5.8	5.3	3.5	5.2	3.4	3.3
Credit spread	3.6	4.9	7.0	5.3	4.9	4.3	6.1	5.4	5.8
Commodities	0.1	0.2	0.3	0.1	0.1	0.2	0.3	—	—
Total North America	**4.9**	**6.9**	**9.3**	**6.4**	**6.8**	**4.0**	**5.0**	**2.3**	**2.7**
Diversification effect	(0.2)	(1.1)	(4.3)	(0.8)	(0.8)	(0.7)	(0.5)	(0.8)	(1.1)
Interest rate	4.7	6.9	10.0	6.6	6.9	3.7	5.0	2.2	2.7
Equities	—	0.2	1.3	0.1	0.1	0.2	—	0.1	0.1
Exchange rate	0.4	0.9	2.3	0.5	0.6	0.8	0.5	0.8	1.0
Total South America	**4.4**	**9.0**	**15.0**	**9.5**	**8.0**	**7.3**	**7.0**	**8.0**	**6.2**
Diversification effect	(2.5)	(6.9)	(18.1)	(5.5)	(5.2)	(6.2)	(6.6)	(5.0)	(4.2)
Interest rate	4.5	8.8	14.7	6.5	5.5	7.3	5.6	7.0	5.5
Equities	0.0	1.2	4.4	2.1	1.6	1.4	2.4	1.6	1.7
Exchange rate	0.4	2.7	8.9	1.3	3.0	3.2	3.0	2.7	0.9
Commodities	2.0	3.2	5.1	5.1	3.1	1.6	2.6	1.7	2.3

A. In South and North America, VaR levels of credit spreads and commodities are not shown separately due to their low or null materiality.

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.

In 2024, average VaR (EUR 17.1 million) higher than 2023 and for all risk factors, especially interest rates. Temporary VaR increases owe more to short-term price volatility than to significant changes in positions.

By region, 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.

Backtesting

Actual losses can differ from predicted losses because of the VaR's limitations. Grupo Santander measures the accuracy of the VaR calculation model to make sure it is reliable. The most important tests Grupo Santander runs involve backtesting:

- At backtesting of hypothetical P/L and of the entire trading book no exception was observed during 2024 (daily loss greater than the VaR or daily profit greater than VaE) to VaR and VaE with a confidence level of 99%.
- The exceptions observed in the past year are consistent with the assumptions of the VaR calculation model.

IBOR reform

Since 2013, different supranational organizations and authorities (IOSCO and FSB) have promoted and monitored initiatives aimed at carrying out reforms to strengthen interest rate indices. The main objective was to facilitate the transition to the risk-free indices identified in different jurisdictions, highlighting the SONIA index as a replacement for the LIBOR references in pounds, the SOFR for the LIBOR in dollars, and the €STR for the LIBOR in euros.

In this sense and as a result of the joint effort of authorities and market participants, this transition process has been materialized in different milestones during the period between 2019 and 2024. From March and September 2024, the terms of the 3-month pound LIBOR, and the 1-month, 3-month and 6-month dollar LIBOR have ceased permanently, thus completing the transition.

The Group has carried out the operational and technological changes necessary to undertake the transition of these reference indexes.

3. Structural balance sheet risks

3.1. Main aggregates and variations

Consistent with previous years, the market risk profile of Grupo Santander's balance sheet remained moderate in 2024 in terms of asset, shareholders' equity and NII volumes.

Each subsidiary's finance division manages interest rate risk from commercial banking and is responsible for handling structural risk from interest rate fluctuations.

To measure interest rate risk, Grupo Santander uses statistical models based on strategies to mitigate structural risk with interest-rate instruments (such as bonds and derivatives) to keep risk profile within risk appetite.

The NII and EVE sensitivities below are based on scenarios of parallel interest rate movements from -100 to +100 basis points.

Structural VaR

With such a homogeneous metric as VaR, Grupo Santander can fully monitor market risk in the banking book (excluding CIB trading activity). The Bank differentiates fixed income based on interest rates and credit spreads in ALCO portfolios, FX rates and shares.

In general, the structural VaR of Grupo Santander total assets and equity is minor.

Structural VaR

EUR million. Structural VaR 99% with a temporary horizon of one day.

	2024				2023		2022	
	Min	Average	Max	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.

Structural interest rate risk

- Europe

At the end of December, the net interest income (NII) of our main balance sheets showed positive sensitivities to increases in interest rates. On the same date, in the case of the economic value of equity (EVE), it showed negative sensitivity to increases in interest rates in the case of the UK and positive sensitivity in the case of Spain in the same scenario.

At the end of December, under the scenarios previously described, significant risk of NII sensitivity to the euro amounted to EUR 877 million; to the pound sterling, EUR 211 million; to the US dollar, EUR 54 million; and to the Polish złoty, EUR 61 million, all with risk of rate cuts.

Significant risk of EVE sensitivity to yield curves of the euro was EUR 753 million; of the pound sterling, EUR 662 million; of the US dollar, EUR 132 million euros; and of the Polish złoty, EUR 244 million euros, mostly with risk of rate cuts, except for the US dollar.

Exposure was moderate in relation to annual budget and capital levels in 2024.

- 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.

Exposure was moderate in relation to annual budget and capital levels in 2024.

At the end of December, significant risk to NII was mainly in the US and amounted to EUR 125 million.

The most significant risk to EVE was in the US and amounted to EUR 639 million.

- South America

EVE and NII on our main South American balance sheets are positioned for interest rate cuts.

Exposure in all countries was moderate in relation to the annual budget and capital levels in 2024.

At the end of December, most significant risk to NII was mainly in Brasil (EUR 124 million) and in Chile (EUR 4 million).

Most significant risk to EVE was recorded in Brasil (EUR 411 million) and in Chile (EUR 323 million).

Structural foreign currency rate risk/results hedging

Grupo Santander's structural FX risk stems mainly from the income and hedging of foreign currency transactions for permanent financial investments. In the dynamic management of this risk, Grupo Santander aims 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 shareholders' equity) were, from largest to smallest, in US dollars, British pounds sterling, Brazilian reais, Mexican pesos, Polish złoty and Chilean pesos.

Grupo Santander uses 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

Grupo 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.

At the end of December 2024, the equities and shareholdings in the banking book were diversified among Spain, China, Morocco, Poland and other countries. Most of them invest in the financial and insurance sectors. Grupo Santander has minor equity exposure to property and other sectors.

Structural equity positions are exposed to market risk. The Group calculates its VaR with a set of market prices and proxies. At the end of the year 2024, VaR at a 99% confidence level over a one-day horizon was EUR 127 million (EUR 171 million and EUR 195 million in 2023 and 2022, respectively).

3.2. Methodologies

Structural interest rate risk

Grupo Santander measures the potential impact of interest rate movements on EVE and NII. Because changing rates may generate impacts, Grupo Santander must manage and control many subtypes of interest rate risk, such as repricing risk, curve risk, basis risk and option risk (e.g. behavioural or automatic).

Interest rate risk in the balance sheet and market conditions and outlooks could necessitate certain financial measures to achieve Grupo Santander's desired risk profile (such as selling positions or setting interest rates on products Grupo Santander markets).

The metrics Grupo Santander uses to monitor IRRBB include NII and EVE sensitivity to interest rate movements.

- **Net interest income sensitivity**

Net interest income (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 Grupo Santander). Because NII sensitivity is the difference in income between a selected scenario and the base scenario, its values can be as many as considered scenarios. It enables us to see short-term risks and supplement economic value of equity (EVE) sensitivity.

- **Economic value of equity sensitivity**

Economic value of equity (EVE) is the difference between the current value of all assets minus the current value of all liabilities in the banking book. It does not include shareholders' equity and non-interest-bearing instruments. The sensitivity of the economic value of own funds is obtained as the difference between said economic value calculated with a selected scenario and that calculated with a base scenario.

Because EVE sensitivity is the difference in EVE between a selected scenario and the base scenario, it can have as many values as considered scenarios. It enables us to see long-term risks and supplement NII sensitivity.

Structural exchange-rate risk/hedging of results

Every day, Grupo Santander measures FX positions, VaR and P/L.

Structural equity risk

Grupo Santander measures equity positions, VaR and P/L.

4. Liquidity risk

Structural liquidity management aims to fund the Group's recurring activity optimising maturities and costs, while avoiding taking on undesired liquidity risks.

Santander's liquidity management is based on the following principles:

- Define liquidity risk and provide detailed assessments of current and emerging material liquidity risks.
- Define liquidity risk metrics, review and challenge liquidity risk appetite and limits on first line of defence proposals.
- Evaluates and challenges commercial/business proposals; It provides senior management and business units with the necessary elements to understand the liquidity risk of Santander's businesses and operations.
- Supervise the liquidity risk management of the first line of defence and assess the permanence of businesses within the limits of liquidity risk.
- Reports on compliance with risk appetite limits and exceptions, if any, to governing bodies.
- Provides a consolidated view of liquidity risk exposures and liquidity risk profile.
- Confirms the existence of adequate liquidity procedures to manage the business within the limits of risk appetite.

The effective application of these principles by all institutions comprising the Group required the development of a unique management framework built upon three fundamental pillars:

- A solid organisational and governance model that ensures the involvement of the subsidiaries' senior management in decision-taking and its integration into the Group's global strategy. The decision-making process for all structural risks, including liquidity and funding risk, is carried out by local Asset and Liability Committees (ALCOs) in coordination with the global ALCO, which is the body empowered by the Bank's board in accordance with the corporate Asset and Liability Management (ALM) framework.

  This governance model has been reinforced as it has been included within Santander's Risk Appetite Framework. This framework meets demands from regulators and market players emanating from the financial crisis to strengthen banks' risk management and control systems.
- In-depth balance sheet analysis and measurement of liquidity risk, supporting decision-taking and its control. The Group objective is to maintains adequate liquidity levels necessary to cover its short- and long-term needs with stable funding sources, optimising the impact of their costs on the income statement. Grupo Santander's liquidity risk management processes are contained within a conservative risk appetite framework established in each geographic area in accordance with its commercial strategy. This risk appetite establishes the limits within which the subsidiaries can operate in order to achieve their strategic objectives.
- Management adapted in practice to the liquidity needs of each business. Every year, based on business needs, a liquidity plan is developed which seeks to achieve:
  - a solid balance sheet structure, with a diversified presence in the wholesale markets;
  - the use of liquidity buffers and limited encumbrance of assets;
  - compliance with both regulatory metrics and other metrics included in each entity's risk appetite statement.

Over the course of the year, all dimensions of the plan are monitored.

Grupo Santander continues to develop the ILAAP (Internal Liquidity Adequacy Assessment Process), an internal self-assessment of liquidity adequacy which must be integrated into the Group's other risk management and strategic processes. It focuses on both quantitative and qualitative matters and is used as an input to the SREP (Supervisory Review and Evaluation Process). The ILAAP evaluates the liquidity position both in ordinary and stressed scenarios.

i. Liquidity risk measurement

Grupo Santander uses the Basel regulatory definition and calculates a set of metrics and stress scenarios in relation to intraday liquidity risk to maintain a high level of management and control. On the one hand, the regulatory liquidity metrics (LCR, NSFR) are prepared following the regulatory criteria established in the CRR-II and CRD IV. Regarding internal metrics, liquidity scenarios are determined using a combination of behavioral observation in actual liquidity crises occurred at other banks, regulatory assumptions and expert judgment.

a) Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio (LCR) is a regulatory metric. Its purpose is to promote the short-term resilience of a bank's liquidity profile and make sure it has enough high-quality liquid assets to withstand a considerable idiosyncratic or market stress scenario over 30 calendar days.

b) Net Stable Funding Ratio (NSFR)

The net stable funding ratio (NSFR) is a regulatory metric we use to measure long-term liquidity risk. It is the ratio of available stable funding to required stable funding. It requires banks to keep a robust balance sheet, with off-balance-sheet assets and operations financed by stable liabilities.

c) Liquidity buffer

The liquidity buffer is the total liquid assets a bank has to cope with cash outflows during periods of stress. The assets are free of encumbrances and can be used immediately to generate liquidity without losses or excessive discounts. The liquidity buffer is a tool for calculating most liquidity metrics. It is also a metric with defined limits for each subsidiary.

d) Wholesale liquidity metric

The wholesale liquidity metric measures the number of days Grupo Santander would survive if it used liquid assets to cover lost liquidity from a wholesale deposit run-off (without possible renewal) over a set time horizon. Grupo Santander also uses it as an internal short-term liquidity metric to reduce risk from dependence on wholesale funding.

e) Asset Encumbrance metrics

Grupo Santander calculates two metrics to measure asset encumbrance risk. On the one hand, the asset encumbrance ratio gives the proportion of encumbered assets to total assets; on the other, 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).

f) Other additional liquidity indicators

In addition to traditional tools to measure short and long-term liquidity and funding risk, Grupo Santander has a set of additional liquidity indicators to complement those and to measure other non-covered liquidity risk factors. These include concentration metrics, such as the main and the five largest funding counterparties, or the distribution of funding by maturity.

In this sense, deposits do not show a tendency towards concentration, maintaining a stable structure at 31 December 2024, where approximately 75% are transactional and more than 80% of retail deposits are insured by deposit guarantee systems of the different countries.

g) Liquidity scenario analysis

As liquidity stress tests, five standard scenarios have been defined:

i. An idiosyncratic scenario of events detrimental only to Santander;

ii. a local market scenario of events highly detrimental to a base country's financial system or real economy;

iii. a global market scenario of events highly detrimental to the global financial system; and

iv. combined scenario consisting of a combination of more severe idiosyncratic and market events (local and global) occurring simultaneously and interactively.

v. climate scenarios where different stress cases derived from the effects that climate change could have on the economy are collected.

Grupo Santander uses these stress test outcomes as tools to determine risk appetite and support business decision-making.

h) Liquidity early warning indicators

Early warning indicator system 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.

i) Intraday liquidity metrics

Grupo Santander follows Basel regulation and calculates several metrics and stress scenarios for intraday liquidity risk to maintain a high level of control.

ii. Liquidity coverage ratio and net stable financing ratio

The regulatory requirement for the LCR ratio has been set at 100% since 2018.

Below is a breakdown of the Group's liquid assets composition according to the criteria established in the supervisory prudential information (Commission Implementing Regulation (EU) 2017/2114 of 9 November 2017) for the determination of high-quality liquid assets for the calculation of the LCR ratio (HQLA):

EUR million

	2024	2023	2022
	Amount weighted applicable	**Amount weighted applicable**	**Amount weighted applicable**
High-quality liquid assets-HQLAs			
Cash and reserves available at central banks	*188,745*	*217,935*	*127,285*
Marketable assets Level 1	*150,912*	*119,043*	*177,887*
Marketable assets Level 2A	*4,696*	*4,236*	*3,308*
Marketable assets Level 2B	*6,951*	*6,814*	*3,562*
Total high-quality liquid assets	**351,304**	**348,028**	**312,042**

EUR million

	2024	2023	2022
High-quality liquid assets-HQLAs (numerator)	315,524	348,028	312,042
Total net cash outflows (denominator)	206,889	209,892	204,759
Cash outflows	*278,760*	*282,982*	*270,748*
Cash inflows	*71,871*	*73,090*	*65,989*
Consolidated LCR ratio (%)	**153%**	**166%**	**152%**
Group LCR ratio (%)	**168%**		
NSFR ratio (%)	**126%**	**123%**	**121%**

Since 2024, the calculation of the consolidated LCR ratio has been updated to comply with a series of requirements regarding asset transferability restrictions in third countries. This new consolidated ratio includes an adjustment whereby any excess liquidity above 100% of LCR outflows, which is subject to transferability restrictions (legal or operational) in third countries, is not taken into account. This applies even if the surplus liquidity can be used to cover additional outflows within the country itself, which is not subject to any restrictions.

The total high-quality liquid assets differ from the high-quality liquid assets (HQLAs) considered as the numerator within the consolidated LCR ratio, due to the aforementioned adjustment.

In addition, since 2024, we have been calculating a Group LCR ratio using an internal methodology that determines the minimum common coverage percentage simultaneously across all the Group's markets and considers all existing restrictions on liquidity transfers in third countries. This methodology reflects the Group's resilience to liquidity risk more accurately and the internal ratio presents a level that is consistent with what would be achieved by applying the criteria followed until mid-2024, which did not include restrictions on liquidity transfers between subsidiaries.

Regarding the net stable funding ratio (NSFR), its definition was approved by the Basel Committee in October 2014. The transposition of this requirement into European regulation took place in June 2019 with the publication in the Official Journal of the European Union of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019. The Regulation establishes that entities must have a net stable funding ratio, as defined in the Regulation, above 100% from June 2021.

As for the funding structure, given the inherently commercial nature of the Group's balance sheet, the loan portfolio is mainly financed by customer deposits. In note 22, 'Debt securities,' the composition of these liabilities is presented based on their nature and classification, the movements and maturity profile of the debt securities issued by the Group, reflecting the strategy of diversification by products, markets, issuers, and terms followed by the Group in its approach to wholesale markets.

iii. Asset encumbrance

Finally, the moderate use of assets by Grupo Santander as collateral in the sources of structural financing of the balance sheet should be highlighted.

In accordance with the guidelines established by the European Banking Authority (EBA) in 2014 on committed and uncommitted assets, the concept of assets committed in financing transactions (asset encumbrance) includes both on-balance sheet assets provided as collateral in transactions to obtain liquidity and off-balance sheet assets that have been received and reused for similar purposes, as well as other assets associated with liabilities for reasons other than financing.

The residual maturities of the liabilities associated with the assets and guarantees received and committed are presented below, as of 31 of December of 2024 (EUR thousand million):

Residual maturities of the liabilities	Unmatured	<=1month	>1 month <=3 months	>3 months <=12 months	>1 year <=2 years	>2 years <=3 years	3 years <=5 years	5 years <=10 years	>10 years	Total
Committed assets	45.6	55.9	13.9	39.9	33.0	37.6	39.6	20.6	13.7	299.8
Guarantees received committed	40.0	60.3	16.4	38.8	3.1	0.8	0.9	0.6	0.1	161.0

The reported Group information as required by the EBA at 2024 year-end is as follows:

On-balance-sheet encumbered assets

EUR billion

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Loans and advances	168.8		1,181.0	
Equity instruments	9.6	9.6	13.9	
Debt securities	93.8	94.3	189.7	190.6
Other assets	27.6		152.8	
Total assets	**299.8**		**1,537.2**	

Encumbrance of collateral received

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	—
Equity instruments	7.0	7.5
Debt securities	152.8	41.9
Other collateral received	—	0.2
Own debt securities issued other than own covered bonds or ABSs	**0.1**	**2.3**

Encumbered assets and collateral received and matching liabilities

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**

On-balance-sheet encumbered assets amounted to EUR 299,831 million, of which close to 56% are loans (mortgage loans, corporate loans, etc.). Guarantees received committed amounted to EUR 160,995 million, relating mostly to debt securities received as security in asset purchase transactions and re-used.

Taken together, these two categories represent a total of EUR 460,888 million of encumbered assets, which give rise to EUR 363,038 million matching liabilities.

As of December 2024, total asset encumbrance in funding operations represented 22.5% of the Group's extended balance sheet under EBA criteria (total assets plus guarantees received: EUR 2,047,690 million), similar to December 2023.

d) Capital risk

The second line of defence can independently challenge business and first-line activities by:

- Supervising capital planning and adequacy exercises through a review of the main components affecting the capital ratios.
- Identifying key metrics to calculate the Group's regulatory capital, setting tolerance levels and analysing significant variations, as well as single transactions with impact on capital.
- Reviewing and challenging the execution of capital actions proposed in line with capital planning and risk appetite.

Grupo Santander commands a sound solvency position, above the levels required by regulators and by the European Central bank.

Regulatory capital

At 1 January 2025, at a consolidated level, the Group must maintain a minimum capital ratio of 9.65% of CET1 (4.50% being the requirement for Pillar I, 0.98% being the requirement for Pillar 2R (requirement), 2.50% being the requirement for capital conservation buffer, 1.25% being the requirement for global systemically entity (D-SIB), 0.39% being the requirement for anti-cyclical capital buffer) and a systemic risk requirement of 0.03%

Grupo Santander must also maintain a minimum capital ratio of 11.47% of tier 1 and a minimum total ratio of 13.91%.

In 2024, the solvency target set was achieved. Santander's CET1 ratio stood at 12.78%[1] at the close of the year, demonstrating its organic capacity to generate capital. The key regulatory capital figures are indicated below:

Reconciliation of accounting capital with regulatory capital

EUR million

	2024	2023	2022
Subscribed capital	7,576	8,092	8,397
Share premium account	40,079	44,373	46,273
Reserves	76,568	69,278	62,111
Treasury shares	(68)	(1,078)	(675)
Attributable profit	12,574	11,076	9,605
Approved dividend[C]	(1,532)	(1,298)	(979)
Shareholders' equity on public balance sheet	**135,197**	**130,443**	**124,732**
Valuation adjustments	(36,596)	(35,020)	(35,628)
Non-controlling interests	8,726	8,818	8,481
Total Equity on public balance sheet	**107,327**	**104,241**	**97,585**
Goodwill and intangible assets	(16,098)	(17,313)	(17,272)
Eligible preference shares and participating securities	10,371	9,002	8,831
Accrued dividend[C]	(1,611)	(1,471)	(942)
Other adjustments[A]	(9,817)	(8,717)	(5,169)
Tier 1[B]	**90,170**	**85,742**	**83,033**

A. Fundamentally for non-computable non-controlling interests and deductions and reasonable filters in compliance with CRR.
B. Figures calculated by applying the transitional provisions of IFRS 9.
C. Assumes 25% of ordinary profit, see note 4.a for proposed distribution of results.

Note: Certain figures presented in this capital note have been rounded for ease of presentation. Consequently, the amounts corresponding to the rows or columns of totals in the tables presented in this note may not coincide with the arithmetic sum of the concepts or items that make up the total.

The following table shows the capital coefficients and a detail of the eligible internal resources of the Group:

Capital coefficients

EUR million

	2024	2023	2022
Level 1 ordinary eligible capital (EUR million)	79,800	76,741	74,202
Level 1 additional eligible capital (EUR million)	10,371	9,002	8,831
Level 2 eligible capital (EUR million)	18,418	16,497	14,359
Risk-weighted assets (EUR million)	624,503	623,731	609,266
Level 1 ordinary capital coefficient (CET 1)	12.78%	12.30%	12.18%
Level 1 additional capital coefficient (AT1)	1.66%	1.45%	1.45%
Level 1 capital coefficient (TIER1)	14.44%	13.75%	13.63%
Level 2 capital coefficient (TIER 2)	2.95%	2.64%	2.36%
Total capital coefficient	**17.39%**	**16.39%**	**15.99%**

Eligible capital

EUR million

	2024	2023	2022
Eligible capital			
Common Equity Tier I	**79,800**	**76,741**	**74,202**
Capital	7,576	8,092	8,397
(-) Treasure shares and own shares financed	(1,694)	(2,847)	(60)
Share Premium	40,079	44,373	46,273
Reserves	76,608	68,721	62,246
Other retained earnings	(38,617)	(35,038)	(37,439)
Minority interests	8,479	6,899	7,416
Profit net of dividends	9,431	8,307	7,684
Deductions	(22,061)	(21,766)	(20,315)
Goodwill and intangible assets	*(15,957)*	*(17,220)*	*(17,182)*
Others	*(6,104)*	*(4,546)*	*(3,133)*
Additional Tier I	**10,371**	**9,002**	**8,831**
Eligible instruments AT1	9,725	8,461	8,344
AT1-excesses-subsidiaries	645	541	487
Tier II	**18,418**	**16,497**	**14,359**
Eligible instruments T2	18,869	17,101	14,770
Excess IRB provision on PE	—	76	—
T2-excesses - subsidiaries	(450)	(680)	(411)
Total eligible capital	**108,589**	**102,240**	**97,392**

Note: Banco Santander, S.A. and its affiliates had not taken part in any State aid programmes.

[1] Data calculated applying the transitional provisions of IFRS 9.

Leverage ratio

Basel III established the leverage ratio as a non-risk sensitive measure aimed at limiting excessive balance sheet growth relative to available capital.

The Group performs the calculation in accordance with Regulation (EU) 2019/876 of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio.

This ratio is calculated as tier 1 capital divided by leverage exposure. Exposure is calculated as the sum of the following items:

- Accounting assets, excluding derivatives and items treated as deductions from tier 1 capital (for example, the balance of loans is included, but not that of goodwill) further excluding the exposures referred to in Article 429.a (1) of the regulation.
- Off-balance-sheet items (mainly guarantees, unused credit limits granted and documentary credits) weighted using credit conversion factors.
- Inclusion of net value of derivatives (gains and losses are netted with the same counterparty, minus collaterals if they comply with certain criteria) plus a charge for the future potential exposure.
- A charge for the potential risk of security funding transactions.
- Lastly, it includes a charge for the risk of credit derivative swaps (CDS).

With the publication of Regulation (EU) 2019/876 of 20 May, 2019, amending Regulation (EU) n.º 575/2013 as regards the leverage ratio, the final calibration of the ratio is set at 3% for all entities and, for systemic entities G-SIB, is established an additional surcharge which would be 50% of the cushion ratio applicable to the EISM, applicable from January 2023. In addition, modifications are included in its calculation, including the exclusion of certain exposures from the total exposure measure: public loans when exceptional circumstances arise, public loans, transfer loans and officially guaranteed export credits, transfer loans and officially guaranteed export credits.

EUR million

	2024	2023	2022
Leverage			
Level 1 Capital	90,170	85,742	83,033
Exposure	1,885,572	1,826,922	1,750,626
Leverage Ratio	4.78%	4.69%	4.74%

Global systemically important banks

Grupo Santander is one of 29 banks designated as global systemically important banks (G-SIBs).

The designation as a globally systemic entity comes from a measurement established by the regulators (FSB and BCBS) that they have implemented based on five indicators (size, interjurisdictional activity, interconnection with other financial entities, substitutability and complexity). The application methodology has been modified in December 2021, incorporating, among other things, an additional score considering the Member States of the SRM as a single jurisdiction.

This definition means it has to fulfil certain additional requirements, which consist mainly of a capital buffer (1%), in TLAC requirements (total loss absorbing capacity), that Grupo Santander has to publish relevant information more frequently than other banks, greater regulatory requirements for internal control bodies, special supervision and drawing up of special reports to be submitted to supervisors.

Additionally, Grupo Santander appears both on the list of global systemic entities and on the list of domestic systemic entities. Bank of Spain, based on rule 23 of Circular 2/2016, requires the application of the highest of the two corresponding buffers, in the case of Grupo Santander being the domestic one, 1.25%, a surcharge payable by 2025.

The fact that Grupo Santander has to comply with these requirements makes it a more solid bank than its domestic rivals.

55. Explanation added for translation to English

These accompanying Consolidated Financial Statements, translation of the Consolidated Financial Statements originally issued in Spanish, are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see note 1.b).

APPENDIX

Appendix I

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander Direct	Indirect	Percentage of voting power (k) Year 2024	Year 2023	Activity	EUR million (a) Capital + reserves	Net results	Carrying amount
2 & 3 Triton Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Real estate	21	1	12
A & L CF (Guernsey) Limited (n)	Guernsey	0.00%	100.00%	100.00%	100.00%	Leasing	1	0	0
A & L CF June (2) Limited (e) (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
A & L CF June (3) Limited (e) (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Leasing	0	0	0
A & L CF March (5) Limited (d) (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
A & L CF September (4) Limited (f) (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey Covered Bonds (Holdings) Limited	United Kingdom	—	(b)	—	—	Securitization	0	0	0
Abbey Covered Bonds (LM) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Abbey Covered Bonds LLP	United Kingdom	—	(b)	—	—	Securitization	907	907	0
Abbey National Beta Investments Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey National Business Office Equipment Leasing Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey National Nominees Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey National PLP (UK) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey National Property Investments	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	240	12	167
Abbey National Treasury Services Investments Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey National Treasury Services Overseas Holdings (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey National UK Investments (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey Stockbrokers (Nominees) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abbey Stockbrokers Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Abent 3T, S.A.P.I de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Electricity production	(90)	(35)	0
Ablasa Participaciones, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	410	400	894
Aduro S.A.	Uruguay	0.00%	100.00%	100.00%	100.00%	Payments and collection services	2	(1)	1
Aevis Europa, S.L.	Spain	96.34%	0.00%	96.34%	96.34%	Cards	2	0	1
AFB SAM Holdings, S.L.	Spain	1.00%	99.00%	100.00%	100.00%	Holding company	1	0	0
Afisa S.A.	Chile	0.00%	100.00%	100.00%	100.00%	Fund management company	4	0	4
Agro Flex Fundo de Investimento em Direitos Creditórios	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	374	39	372
Allane Leasing GmbH	Austria	0.00%	46.95%	100.00%	100.00%	Renting	(2)	0	0
Allane Location Longue Durée S.a.r.l.	France	0.00%	46.95%	100.00%	100.00%	Renting	20	5	0
Allane Mobility Consulting AG	Switzerland	0.00%	46.95%	100.00%	100.00%	Consulting services	0	(1)	0
Allane Mobility Consulting B.V.	Netherlands	0.00%	46.95%	100.00%	100.00%	Consulting services	(3)	0	0
Allane Mobility Consulting GmbH	Germany	0.00%	46.95%	100.00%	100.00%	Consulting services	10	6	5

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	**Location**	**Direct**	**Indirect**	**Year 2024**	**Year 2023**	**Activity**	**Capital + reserves**	**Net results**	**Carrying amount**
Allane Mobility Consulting Österreich GmbH	Austria	0.00%	46.95%	100.00%	100.00%	Consulting services	(1)	0	0
Allane Mobility Consulting S.a.r.l	France	0.00%	46.95%	100.00%	100.00%	Consulting services	(2)	0	0
Allane Schweiz AG	Switzerland	0.00%	46.95%	100.00%	100.00%	Renting	14	(5)	0
Allane SE	Germany	0.00%	46.95%	92.07%	92.07%	Renting	202	10	150
Allane Services GmbH & co. KG	Germany	0.00%	46.95%	100.00%	100.00%	Services	2	0	0
Allane Services Verwaltungs GmbH	Germany	0.00%	46.95%	100.00%	100.00%	Management of portfolios	0	0	0
Alliance & Leicester Cash Solutions Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Alliance & Leicester Commercial Bank Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Alliance & Leicester Investments (Derivatives) Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Alliance & Leicester Investments (No.2) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Alliance & Leicester Investments Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Alliance & Leicester Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Alliance & Leicester Personal Finance Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	13	(12)	2
Altamira Santander Real Estate, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Real estate	130	8	125
Alternative Leasing, FIL (Compartimento B)	Spain	100.00%	0.00%	100.00%	100.00%	Investment fund	115	8	102
Amazonia Trade Limited	United Kingdom	100.00%	0.00%	100.00%	100.00%	Inactive	0	0	0
América Gestão Serviços em Energía S.A.	Brazil	0.00%	63.00%	70.00%	—	Electricity production	3	(1)	1
Amherst Pierpont Commercial Mortgage Securities LLC	United States	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Amherst Pierpont International Ltd.	Hong-Kong	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
AMS Auto Markt Am Schieferstein GmbH (d)	Germany	0.00%	90.01%	100.00%	100.00%	Vehicle sales	0	0	0
AN (123) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Andaluza de Inversiones, S.A. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	37	0	27
ANITCO Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
AP Acquisition Trust I	United States	0.00%	100.00%	100.00%	100.00%	Trust company	0	0	0
AP Acquisition Trust II	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
AP Asset Acquisition LLC	United States	0.00%	100.00%	100.00%	100.00%	Financial services	2	1	2
APSG GP LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	0	0	0
Aquanima Brasil Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	E-commerce	2	0	3
Aquanima Chile S.A.	Chile	0.00%	100.00%	100.00%	100.00%	Services	3	1	3
Aquanima México S. de R.L. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	E-commerce	2	1	4
Aquanima S.A.	Argentine	0.00%	100.00%	100.00%	100.00%	Services	2	0	1
Ararinha Fundo de Investimento em Renda Fixa Longo Prazo Crédito Privado	Brazil	0.00%	90.00%	100.00%	—	Investment fund	7	0	7
Artarien S.A.	Uruguay	100.00%	0.00%	100.00%	100.00%	Insurance mediation	3	17	2
Atempo Growth I - Sub-Fund 4	Luxembourg	100.00%	0.00%	100.00%	—	Investment fund	29	0	35
Athena Corporation Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Financial services	2	0	0

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	**Location**	**Direct**	**Indirect**	**Year 2024**	**Year 2023**	**Activity**	**Capital + reserves**	**Net results**	**Carrying amount**
Atlantes Mortgage No. 2	Portugal	—	(b)	—	—	Securitization	0	0	0
Atlantes Mortgage No. 3	Portugal	—	(b)	—	—	Securitization	0	0	0
Atlantes Mortgage No. 4	Portugal	—	(b)	—	—	Securitization	0	0	0
Atual - Fundo de Invest Multimercado Crédito Privado Investimento no Exterior	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	443	80	471
Auto ABS Belgium Loans 2019 SA/NV	Belgium	—	(b)	—	—	Securitization	0	0	0
Auto ABS DFP Master Compartment France 2013	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS French Leases 2021	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS French Leases 2023	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS French Leases Master Compartment 2016	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS French Loans 2024	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS French Loans Master	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS French LT Leases Master	France	—	(b)	—	—	Securitization	0	0	0
Auto ABS Italian Balloon 2019-1 S.r.l.	Italy	—	(b)	—	—	Securitization	0	0	0
Auto ABS Italian Rainbow Loans S.r.l.	Italy	—	(b)	—	—	Securitization	0	0	0
Auto ABS Italian Stella Loans 2023-1 S.r.l.	Italy	—	(b)	—	—	Securitization	0	0	0
Auto ABS Italian Stella Loans S.r.l. (series 2024-1)	Italy	—	(b)	—	—	Securitization	0	0	0
Auto ABS Italian Stella Loans S.r.l. (series 2024-2)	Italy	—	(b)	—	—	Securitization	0	0	0
Auto ABS Spanish Loans 2020-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Auto ABS Spanish Loans 2022-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Auto ABS Spanish Loans 2024-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Autodescuento, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	93.89%	Vehicles purchased by internet	3	(2)	19
Autohaus24 GmbH	Germany	0.00%	46.95%	100.00%	100.00%	Internet	(2)	0	0
Auto-Interleasing AG	Switzerland	0.00%	100.00%	100.00%	—	Renting	27	0	22
Auttar HUT Processamento de Dados Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	IT services	6	0	7
Aviación Antares, A.I.E.	Spain	99.99%	0.01%	100.00%	100.00%	Renting	65	7	28
Aviación Británica, A.I.E.	Spain	99.99%	0.01%	100.00%	100.00%	Renting	25	3	6
Aviación Comillas, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Renting	8	0	7
Aviación Laredo, S.L.	Spain	99.00%	1.00%	100.00%	100.00%	Air transport	3	0	3
Aviación Oyambre, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Renting	3	(1)	0
Aviación Santillana, S.L.	Spain	99.00%	1.00%	100.00%	100.00%	Renting	7	1	2
Aviación Suances, S.L.	Spain	99.00%	1.00%	100.00%	100.00%	Air transport	9	1	3
Aymoré Crédito, Financiamento e Investimento S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Finance company	1,072	375	1,302
Banco Bandepe S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Banking	829	76	815
Banco de Albacete, S.A. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Banking	14	0	9
Banco Hyundai Capital Brasil S.A.	Brazil	0.00%	45.00%	50.00%	50.00%	Banking	82	18	45
Banco Santander - Chile	Chile	0.00%	67.13%	67.18%	67.18%	Banking	3,908	831	3,777
Banco Santander (Brasil) S.A.	Brazil	0.04%	89.96%	90.60%	90.80%	Banking	11,982	2,028	10,795
Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México como Fiduciaria del Fideicomiso 100740	Mexico	0.00%	99.98%	100.00%	100.00%	Finance company	183	25	176
Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México como Fiduciaria del Fideicomiso 2002114	Mexico	0.00%	99.98%	100.00%	100.00%	Finance company	5	0	5

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México como Fiduciaria del Fideicomiso GFSSLPT	Mexico	0.00%	99.98%	100.00%	100.00%	Finance company	10	1	11
Banco Santander Argentina S.A.	Argentine	0.00%	99.82%	99.77%	99.78%	Banking	2,023	743	606
Banco Santander de Negocios Colombia S.A.	Colombia	92.95%	7.05%	100.00%	100.00%	Banking	199	4	202
Banco Santander International	United States	0.00%	100.00%	100.00%	100.00%	Banking	1,021	185	1,206
Banco Santander International SA	Switzerland	34.70%	65.30%	100.00%	100.00%	Banking	1,325	82	782
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	Mexico	24.93%	75.05%	99.98%	99.97%	Banking	5,785	1,326	7,920
Banco Santander Perú S.A.	Peru	99.90%	0.10%	100.00%	100.00%	Banking	300	61	135
Banco Santander S.A.	Uruguay	97.75%	2.25%	100.00%	100.00%	Banking	578	159	185
Banco Santander Totta, S.A.	Portugal	0.00%	99.87%	99.96%	99.96%	Banking	3,122	993	3,815
Banque Stellantis France	France	0.00%	50.00%	50.00%	50.00%	Banking	1,083	61	881
Bansa Santander S.A.	Chile	0.00%	100.00%	100.00%	100.00%	Real estate	27	2	29
Bilkreditt 7 Designated Activity Company (j)	Ireland	—	(b)	—	—	Securitization	0	0	0
Blecno Investments, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Real estate	176	9	166
BRS Investments S.A.	Argentine	5.10%	94.90%	100.00%	100.00%	Finance company	109	19	75
Cántabro Catalana de Inversiones, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	403	10	419
Capital Street Delaware LP	United States	0.00%	100.00%	100.00%	100.00%	Holding company	0	0	0
Capital Street Holdings, LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	12	0	12
Capital Street REIT Holdings, LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	1,063	38	1,101
Capital Street S.A.	Luxembourg	0.00%	100.00%	100.00%	100.00%	Finance company	0	0	0
Carmine D - Services, Unipessoal Lda.	Portugal	0.00%	100.00%	100.00%	100.00%	Software	0	0	2
Cartasur Cards S.A. (e)	Argentine	0.00%	99.82%	100.00%	100.00%	Finance company	9	2	15
Casa de Bolsa Santander, S.A. de C.V., Grupo Financiero Santander México	Mexico	0.00%	99.97%	99.97%	99.97%	Securities company	79	13	92
Cater Allen Holdings Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Cater Allen International Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Cater Allen Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Banking	333	146	268
Cater Allen Lloyd's Holdings Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Cater Allen Syndicate Management Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
CCAP Auto Lease Ltd.	United States	0.00%	100.00%	100.00%	100.00%	Leasing	396	82	477
Centro de Capacitación Santander, A.C.	Mexico	0.00%	99.98%	100.00%	100.00%	Non-profit institute	1	0	1
Certidesa, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Aircraft rental	(69)	(6)	0
Charlotte 2023 Funding Plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Charlotte 2023 Holdings Limited	United Kingdom	—	(b)	—	—	Securitization	0	0	0
Chrysler Capital Master Auto Receivables Funding 2 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(289)	9	0
Cianite New Energy, S.r.l.	Italy	0.00%	49.00%	70.00%	70.00%	Renewable energies	1	0	1
CIMA Finance DAC Series 2022-1	Ireland	—	(b)	—	—	Securitization	0	0	0

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
CIMA Finance DAC Series 2023-1	Ireland	—	(b)	—	—	Securitization	0	0	0
CLM Fleet Management Limited	United Kingdom	0.00%	100.00%	100.00%	—	Vehicle rental	2	1	7
Cobranza Amigable, S.A.P.I. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Collection services	4	0	3
Community Development and Affordable Housing Fund LLC (c)	United States	0.00%	96.00%	96.00%	96.00%	Asset management	33	(2)	24
Compagnie Generale de Credit Aux Particuliers - Credipar S.A.	France	0.00%	50.00%	100.00%	100.00%	Banking	363	147	428
Compagnie Pour la Location de Vehicules - CLV	France	0.00%	50.00%	100.00%	100.00%	Banking	24	4	26
Comparanet, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	—	Insurance mediation	7	0	7
Consumer Totta 1	Portugal	—	(b)	—	—	Securitization	0	0	0
Consumer Totta 2	Portugal	—	(b)	—	—	Securitization	0	0	0
Contrato de Fideicomiso Irrevocable de Administración CIB/4473	Mexico	—	(b)	—	—	Trust company	0	1	0
Credileads S.A.	Uruguay	0.00%	100.00%	100.00%	100.00%	Advertising	1	0	4
D365 Fundo de Investimento em Direitos Creditórios	Brazil	0.00%	90.00%	100.00%	—	Investment fund	242	4	222
Darep Designated Activity Company	Ireland	100.00%	0.00%	100.00%	100.00%	Reinsurances	13	(1)	12
Decarome, S.A.P.I. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Finance company	26	5	26
Decarope S.A.C.	Peru	0.00%	100.00%	100.00%	100.00%	Investment Company	12	4	12
Deva Capital Advisory Company, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Advisory services	3	1	2
Deva Capital Holding Company, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	505	(7)	556
Deva Capital Investment Company, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	448	24	420
Deva Capital Management Company, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Advisory services	24	(13)	11
Deva Capital Servicer Company, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	60	5	65
Diglo Servicer Company 2021, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Real estate management	23	2	19
Diners Club Spain, S.A. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Cards	9	1	10
Dirección Estratega, S.C.	Mexico	0.00%	100.00%	100.00%	100.00%	Services	0	0	0
Drive Auto Receivables Trust 2021-1	United States	—	(b)	—	—	Securitization	157	58	0
Drive Auto Receivables Trust 2021-2	United States	—	(b)	—	—	Securitization	51	70	0
Drive Auto Receivables Trust 2021-3	United States	—	(b)	—	—	Securitization	(35)	52	0
Drive Auto Receivables Trust 2024-1	United States	—	(b)	—	—	Securitization	0	(144)	0
Drive Auto Receivables Trust 2024-2	United States	—	(b)	—	—	Securitization	0	(324)	0
Drive S.r.l.	Italy	0.00%	75.00%	75.00%	75.00%	Renting	6	(4)	6
Ductor Real Estate, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Real estate	26	1	22
Ebury Banco de Cambio S.A.	Brazil	0.00%	66.43%	100.00%	100.00%	Payment services	13	1	9
Ebury Banco Holding Participações Ltda.	Brazil	0.00%	66.43%	100.00%	100.00%	Holding company	3	0	0
Ebury Brasil Consultoria S.A.	Brazil	0.00%	66.43%	100.00%	100.00%	Consulting services	86	0	88
Ebury Brasil Holding Ltda.	Brazil	0.00%	66.43%	100.00%	100.00%	Holding company	4	0	86
Ebury Brasil Participações S.A.	Brazil	0.00%	66.43%	100.00%	100.00%	Holding company	88	0	88

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Ebury Facilitadora De Pagamentos Ltda.	Brazil	0.00%	66.43%	100.00%	100.00%	Software	0	0	0
Ebury Mass Payments Holdco Limited (g)	United Kingdom	0.00%	66.43%	100.00%	100.00%	Holding company	0	9	19
Ebury Mass Payments Limited (g)	United Kingdom	0.00%	66.43%	100.00%	100.00%	Payment services	10	5	0
Ebury Partners (DIFC) Limited (g)	Arab United Emirates	0.00%	66.43%	100.00%	100.00%	Finance company	2	0	4
Ebury Partners Australia Pty Ltd. (g)	Australia	0.00%	66.43%	100.00%	100.00%	Finance company	2	0	3
Ebury Partners Belgium NV /SA (g)	Belgium	0.00%	66.43%	100.00%	100.00%	Payment services	21	6	20
Ebury Partners Canada Limited (g)	Canada	0.00%	66.43%	100.00%	100.00%	Finance company	3	0	7
Ebury Partners Chile SpA	Chile	0.00%	66.43%	100.00%	100.00%	Finance company	0	0	0
Ebury Partners China Limited	China	0.00%	66.43%	100.00%	100.00%	Marketing	0	0	0
Ebury Partners Finance Limited (g)	United Kingdom	0.00%	66.43%	100.00%	100.00%	Finance company	(11)	0	0
Ebury Partners Hong Kong Limited (g)	Hong-Kong	0.00%	66.43%	100.00%	100.00%	Finance company	3	0	4
Ebury Partners Limited (g)	United Kingdom	0.00%	66.43%	66.43%	66.54%	Holding company	252	(19)	459
Ebury Partners Markets Cyprus Limited (g)	Cyprus	0.00%	66.43%	100.00%	100.00%	Finance company	0	0	0
Ebury Partners Markets Limited (g)	United Kingdom	0.00%	66.43%	100.00%	100.00%	Finance company	24	0	18
Ebury Partners México, S.A. de C.V.	Mexico	0.00%	66.43%	100.00%	100.00%	Payment services	0	0	0
Ebury Partners South Africa (Pty) Ltd (g)	Republic of South Africa	0.00%	66.43%	100.00%	100.00%	Finance company	0	0	0
Ebury Partners Switzerland AG (g)	Switzerland	0.00%	66.43%	100.00%	100.00%	Finance company	6	0	5
Ebury Partners UK Limited (g)	United Kingdom	0.00%	66.43%	100.00%	100.00%	Electronic money	25	(5)	166
Ebury Payments PTE Ltd. (g)	Singapur	0.00%	66.43%	100.00%	100.00%	Payment services	1	0	0
Ebury Soluções de Pagamentos Ltda.	Brazil	0.00%	66.43%	100.00%	100.00%	Financial services	2	0	4
Ebury Tech Participações Ltda.	Brazil	0.00%	66.43%	100.00%	100.00%	Holding company	4	0	0
Ebury Technology Limited (g)	United Kingdom	0.00%	66.43%	100.00%	100.00%	Software	(55)	(4)	0
EDT FTPYME Pastor 3, Fondo de Titulización de Activos	Spain	—	(b)	—	—	Securitization	0	0	0
Elcano Renovables, S.L.	Spain	0.00 %	70.00 %	70.00 %	70.00 %	Holding company	0	0	0
Electrolyser, S.A. de C.V.	Mexico	0.00%	99.98%	100.00%	100.00%	Services	0	0	0
Elevate Tech Platforms, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	(1)	2	1
Emdia Serviços Especializados em Cobranças Ltda.	Brazil	0.00%	90.00%	100.00%	100.00%	Collection services	33	0	30
Empresa de Créditos Santander Consumo Perú S.A.	Peru	100.00%	0.00%	100.00%	100.00%	Finance company	52	7	50
Energias Renovables de Ormonde 30, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	55.00%	Renewable energies	3	0	10
Energias Renovables de Titania, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	55.00%	Renewable energies	2	0	6
Energias Renovables Gladiateur 45, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	55.00%	Renewable energies	19	0	25
Energias Renovables Prometeo, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	55.00%	Renewable energies	2	0	6
Esfera Fidelidade S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Services	(14)	134	108

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Evidence Previdência S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Insurance	121	(4)	106
Eyemobile Tecnologia S.A.	Brazil	0.00%	100.00%	100.00%	100.00%	IT services	0	0	0
F1rst Tecnologia e Inovação Ltda.	Brazil	0.00%	90.00%	100.00%	100.00%	IT services	69	9	68
Fideicomiso Empresarial Irrevocable de Administración y Garantía F/3443	Mexico	—	(b)	—	—	Trust company	(2)	2	0
Financeira El Corte Inglés, Portugal, S.F.C., S.A.	Portugal	0.00%	51.00%	100.00%	100.00%	Finance company	8	0	4
Financiera El Corte Inglés, E.F.C., S.A.	Spain	0.00%	51.00%	51.00%	51.00%	Finance company	248	50	140
Finsantusa, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	1,285	36	1,020
First National Motor plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
First National Tricity Finance Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	6	0	6
FIT Economia de Energia S.A.	Brazil	0.00%	58.50%	65.00%	—	Electricity production	1	(3)	0
Flexliving Valdemarín, S.L.	Spain	0.00%	90.00%	90.00%	—	Real estate	12	0	12
Fondation Holding Auto ABS Belgium Loans	Belgium	—	(b)	—	—	Securitization	0	0	0
Fondo de Titulización PYMES Santander 15	Spain	—	(b)	—	—	Securitization	0	0	0
Fondo de Titulización Santander Financiación 1	Spain	—	(b)	—	—	Securitization	0	0	0
Fondo de Titulización, RMBS Santander 7	Spain	—	(b)	—	—	Securitization	0	0	0
Fondos Santander, S.A. Administradora de Fondos de Inversión (en liquidación) (j)	Uruguay	0.00%	100.00%	100.00%	100.00%	Fund management company	0	0	0
Foreign Exchange Solutions S.L. (g)	Spain	0.00%	66.43%	100.00%	100.00%	IT services	1	(1)	0
Fortensky Trading, Ltd.	Ireland	0.00%	100.00%	100.00%	100.00%	Finance company	0	0	0
Fosse (Master Issuer) Holdings Limited	United Kingdom	—	(b)	—	—	Securitization	0	0	0
Fosse Funding (No.1) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	26	81	0
Fosse Master Issuer PLC	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Fosse Trustee (UK) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Freedom Depository Holdings, LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	0	0	0
Freedom Depository, LLC	United States	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Fundo de Investimento em Direitos Creditórios Atacado - Não Padronizado	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	126	28	139
Fundo de Investimento em Direitos Creditórios Multisegmentos NPL Ipanema VI – Não padronizado	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	317	52	332
Fundo de Investimento em Direitos Creditórios Tellus	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	0	0	0
Gamma, Sociedade Financeira de Titularização de Créditos, S.A.	Portugal	0.00%	99.87%	100.00%	100.00%	Securitization	8	0	8
GC FTPYME Pastor 4, Fondo de Titulización de Activos	Spain	—	(b)	—	—	Securitization	0	0	0
Generación de Energía Villahermosa, S.A.P.I. de C.V.	Mexico	0.00%	100.00%	100.00%	—	Electricity production	2	0	2
Gesban México Servicios Administrativos Globales, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Services	2	0	0
Gesban Santander Servicios Profesionales Contables Limitada	Chile	0.00%	100.00%	100.00%	100.00%	Accounting services	1	0	0
Gesban Servicios Administrativos Globales, S.L.	Spain	99.99%	0.01%	100.00%	100.00%	Services	5	(1)	1

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Capital + reserves	Net results	Carrying amount
Gesban UK Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Payments and collection services	2	0	0
Gestión de Inversiones JILT, S.A. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Services	15	0	11
Gestora de Procesos S.A. en liquidación (j)	Peru	100.00%	0.00%	100.00%	100.00%	Financial services	(1)	0	0
Getnet Adquirência e Serviços para Meios de Pagamento S.A. - Instituição de Pagamento	Brazil	0.00%	100.00%	100.00%	100.00%	Payment services	398	92	317
Getnet Argentina S.A.U.	Argentine	0.00%	100.00%	100.00%	100.00%	Payment methods	30	(3)	30
Getnet Europe, Entidad de Pago, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Payment services	158	13	137
Getnet Fundo de Investimento em Direitos Creditórios	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	4	0	4
Getnet Merchant Solutions UK Ltd	United Kingdom	0.00%	100.00%	100.00%	100.00%	Financial services	5	(2)	3
Getnet México Servicios de Adquirencia, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Payments and collection services	151	50	175
Getnet Payments, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	1,149	(223)	1,094
Getnet Sociedade de Credito Direto S.A.	Brazil	0.00%	100.00%	100.00%	100.00%	Finance company	(2)	18	17
Getnet Technology and Operations Brasil Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	IT services	177	4	181
Getnet Uruguay S.A.	Uruguay	0.00%	100.00%	100.00%	100.00%	Payment methods	10	(2)	7
GNXT Serviços de Atendimento Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	Telemarketing	4	0	4
Golden Bar (Securitisation) S.r.l.	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2020-1	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2020-2	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2021-1	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2022-1	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2023-1	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2023-2	Italy	—	(b)	—	—	Securitization	0	0	0
Golden Bar Stand Alone 2024-1	Italy	—	(b)	—	—	Securitization	0	0	0
Grafite New Energy, S.r.l.	Italy	0.00%	49.00%	70.00%	70.00%	Renewable energies	1	0	1
Gravity Cloud Technology, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	IT services	34	0	33
Grupo Empresarial Santander, S.L.	Spain	99.62%	0.38%	100.00%	100.00%	Holding company	4,920	339	2,894
Grupo Financiero Santander México, S.A. de C.V.	Mexico	100.00%	0.00%	100.00%	100.00%	Holding company	4,649	986	5,779
Guaranty Car, S.A. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Automotive	3	0	2
Hipototta No. 13	Portugal	—	(b)	—	—	Securitization	0	0	0
Hipototta No. 4 plc	Ireland	—	(b)	—	—	Securitization	(6)	6	0
Hipototta No. 5 plc	Ireland	—	(b)	—	—	Securitization	(16)	16	0
Holbah Santander, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	570	227	861
Holmes Funding Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	(34)	261	0
Holmes Holdings Limited	United Kingdom	—	(b)	—	—	Securitization	0	0	0
Holmes Master Issuer plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	1	(1)	0
Holmes Trustees Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Securitization	0	0	0
Hyundai Capital Bank Europe GmbH	Germany	0.00%	51.00%	51.00%	51.00%	Banking	1,183	(58)	608

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	**Location**	**Direct**	**Indirect**	**Year 2024**	**Year 2023**	**Activity**	**Capital + reserves**	**Net results**	**Carrying amount**
Hyundai Fundo de Investimento em Direitos Creditórios	Brazil	0.00%	45.00%	100.00%	—	Investment fund	328	10	151
Ibérica de Compras Corporativas, S.L.	Spain	97.17%	2.83%	100.00%	100.00%	E-commerce	24	5	6
Independence Community Bank Corp.	United States	0.00%	100.00%	100.00%	100.00%	Holding company	3,903	116	4,019
Innohub, S.A.P.I. de C.V. (j)	Mexico	0.00%	62.01%	69.54%	62.01%	IT services	0	0	0
Insurance Funding Solutions Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Inversiones Capital Global, S.A. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	97	5	103
Inversiones Marítimas del Mediterráneo, S.A., en liquidación (c) (j)	Spain	0.00%	100.00%	100.00%	100.00%	Inactive	2	(1)	0
Isar Valley S.A.	Luxembourg	—	(b)	—	—	Securitization	6	0	0
Isla de los Buques, S.A.	Spain	99.98%	0.02%	100.00%	100.00%	Finance company	1	0	1
Klare Corredora de Seguros S.A.	Chile	0.00%	100.00%	100.00%	50.10%	Insurance mediation	(2)	(2)	0
Landcompany 2020, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Real estate management	1,579	(1)	1,590
Laparanza, S.A.	Spain	61.59%	0.00%	61.59%	61.59%	Agricultural holding	29	0	16
Lerma Investments 2018, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Real estate	10	0	11
Liquetine, S.L. Unipersonal	Spain	0.00%	70.00%	100.00%	100.00%	Renewable energies	4	0	4
Liquidity Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Factoring	0	0	0
Lynx Financial Crime Tech, S.A.	Spain	0.00%	79.99%	79.99%	100.00%	IT services	58	(4)	48
MAC No. 1 Limited	United Kingdom	—	(b)	—	—	Mortgage credit company	(1)	0	0
Master Red Europa, S.L.	Spain	96.34%	0.00%	96.34%	96.34%	Cards	1	0	1
Mata Alta, S.L. Unipersonal	Spain	0.00%	61.59%	100.00%	100.00%	Agricultural holding	0	0	0
MCE Bank GmbH (d)	Germany	0.00%	90.01%	90.01%	90.01%	Banking	133	(3)	86
MCE Verwaltung GmbH (d)	Germany	0.00%	90.01%	100.00%	100.00%	Real estate rental	10	0	9
Mercadotecnia, Ideas y Tecnología, S.A. de C.V.	Mexico	0.00%	70.00%	70.00%	70.00%	Payment methods	0	13	14
Merciver, S.L.	Spain	99.90%	0.10%	100.00%	100.00%	Financial advisory	0	0	0
Midata Service GmbH (d)	Germany	0.00%	90.01%	100.00%	100.00%	IT services	0	0	0
Moon GC&P Investments, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	—	Holding company	90	0	91
Motor Securities 2018-1 Designated Activity Company (j)	Ireland	—	(b)	—	—	Securitization	0	0	0
Mouro Capital I LP	United Kingdom	0.00%	100.00%	100.00%	100.00%	Investment fund	773	(6)	324
Multiplica SpA	Chile	0.00%	100.00%	100.00%	100.00%	Payment services	2	0	2
Munduspar Participações S.A.	Brazil	80.00%	0.00%	80.00%	80.00%	Holding company	24	0	55
Navegante Américo Vespucio SpA	Chile	0.00%	100.00%	100.00%	100.00%	Real estate	62	(1)	92
Naviera Mirambel, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Finance company	0	0	0
Naviera Trans Gas, A.I.E.	Spain	99.99%	0.01%	100.00%	100.00%	Renting	53	6	62
Naviera Transcantábrica, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	Leasing	5	0	4
Naviera Transchem, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Leasing	1	0	1
NeoAuto S.A.C.	Peru	0.00%	100.00%	100.00%	100.00%	Vehicles purchased by internet	1	(1)	2

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	**Location**	**Direct**	**Indirect**	**Year 2024**	**Year 2023**	**Activity**	**Capital + reserves**	**Net results**	**Carrying amount**
Newcomar, S.L., en liquidación (j)	Spain	40.00%	40.00%	80.00%	80.00%	Real estate	0	0	0
Novimovest – Fundo de Investimento Imobiliário	Portugal	0.00%	78.64%	78.74%	78.74%	Investment fund	155	4	125
NW Services CO.	United States	0.00%	100.00%	100.00%	100.00%	E-commerce	8	2	8
One Mobility Management GmbH	Germany	0.00%	46.95%	100.00%	100.00%	Services	0	0	0
Open Bank, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Banking	623	91	630
Open Digital Market, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Commerce	0	0	0
Open Digital Services, S.L.	Spain	99.97%	0.03%	100.00%	100.00%	Services	56	(36)	5
Openbank México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	Mexico	0.00%	100.00%	100.00%	100.00%	Banking	171	(21)	150
Operadora de Carteras Gamma, S.A.P.I. de C.V.	Mexico	100.00%	0.00%	100.00%	100.00%	Holding company	11	1	11
Optimal Investment Services SA	Switzerland	100.00%	0.00%	100.00%	100.00%	Fund management company	42	2	30
Optimal Multiadvisors Ireland Plc / Optimal Strategic US Equity Ireland Euro Fund (i) (m)	Ireland	0.00%	0.00%	0.00%	0.00%	Fund management company	0	0	0
Optimal Multiadvisors Ireland Plc / Optimal Strategic US Equity Ireland US Dollar Fund (i) (m)	Ireland	0.00%	0.00%	0.00%	0.00%	Fund management company	0	0	0
Paga Después, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Financial services	3	0	3
PagoNxt Emoney, E.D.E., S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Financial services	2	(1)	2
PagoNxt Ltd	United Kingdom	100.00%	0.00%	100.00%	100.00%	Holding company	6	2	8
PagoNxt Merchant Solutions FZ-LLC	Arab United Emirates	0.00%	100.00%	100.00%	100.00%	Financial services	1	0	1
PagoNxt Merchant Solutions India Private Limited	India	0.00%	100.00%	100.00%	100.00%	Financial services	2	0	1
PagoNxt Payments Brasil Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	Financial services	3	0	3
PagoNxt Payments Chile SpA	Chile	0.00%	100.00%	100.00%	100.00%	Services	1	0	1
PagoNxt Payments México, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	IT services	1	1	1
PagoNxt Payments UK Ltd	United Kingdom	0.00%	100.00%	100.00%	100.00%	Payment services	7	(3)	5
PagoNxt Payments, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	IT services	383	(82)	301
PagoNxt Trade Services, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Services	315	(84)	232
PagoNxt US, LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
PagoNxt, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	2,430	(564)	2,699
Paytec Logística e Armazém Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	Logistics services	(1)	(1)	0
Paytec Tecnologia em Pagamentos Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	Commerce	4	0	5
PBE Companies, LLC	United States	0.00%	100.00%	100.00%	100.00%	Real estate	120	(2)	118
Pereda Gestión, S.A.	Spain	99.99%	0.01%	100.00%	100.00%	Securities brokerage	52	9	4
Phoenix S.A.	Uruguay	0.00%	100.00%	100.00%	100.00%	Payment methods	0	0	3
Pony S.A.	Luxembourg	—	(b)	—	—	Securitization	0	0	0
Pony S.A., Compartment German Auto Loans 2023-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
Pony S.A., Compartment German Auto Loans 2024-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
Portal Universia Argentina S.A.	Argentine	0.00%	75.75%	75.75%	75.75%	Internet	0	0	0
Portal Universia Portugal, Prestação de Serviços de Informática, S.A.	Portugal	0.00%	100.00%	100.00%	100.00%	Internet	0	0	0

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Precato IV Fundo de Investimento em Direitos Creditórios - Não Padronizados	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	23	3	24
Prime 16 – Fundo de Investimentos Imobiliário	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	10	(3)	6
Punta Lima Wind Farm, LLC	United States	0.00%	100.00%	100.00%	100.00%	Renewable energies	36	(14)	22
Punta Lima, LLC	United States	0.00%	100.00%	100.00%	100.00%	Leasing	36	(14)	22
Repton 2023-1 Limited	United Kingdom	—	(b)	—	—	Securitization	(3)	3	0
Retailcompany 2021, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Real estate	297	(9)	289
Retop S.A. (f)	Uruguay	100.00%	0.00%	100.00%	100.00%	Finance company	25	13	63
Return Capital Gestão de Ativos e Participações S.A.	Brazil	0.00%	90.00%	100.00%	80.00%	Collection services	1,396	99	1,346
Rojo Entretenimento S.A.	Brazil	0.00%	85.14%	94.60%	94.60%	Real estate	24	2	22
SAFO Alternative Lending, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Finance company	13	0	13
SAI Alternative Investments México, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	—	Consulting services	2	(1)	1
SAI Lux Carry SCSp	Luxembourg	0.00%	100.00%	100.00%	—	Fund management company	0	0	0
SALCO, Servicios de Seguridad Santander, S.A.	Spain	99.99%	0.01%	100.00%	100.00%	Security	2	1	1
SAM Argentina Sociedad Gerente de Fondos Comunes de Inversión S.A.	Argentine	0.00%	100.00%	100.00%	100.00%	Investment fund management	2	(1)	1
SAM Asset Management, S.A. de C.V., Sociedad Operadora de Fondos de Inversión	Mexico	0.00%	100.00%	100.00%	100.00%	Fund management company	34	34	193
SAM Inversiones Argentina S.A.	Argentine	0.00%	100.00%	100.00%	100.00%	Pension fund management company	0	0	0
SAM Investment Holdings, S.L.	Spain	92.37%	7.63%	100.00%	100.00%	Holding company	1,466	88	1,597
San Créditos Estruturados i Fundo de Investimento em Direitos Creditórios Não Padronizados	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	204	24	205
San Pietro Solar PV, S.r.l.	Italy	0.00%	56.00%	80.00%	80.00%	Renewable energies	6	(1)	12
SANB Promotora de Vendas e Cobrança S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Finance company	0	2	1
Sancap Investimentos e Participações S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Holding company	105	97	164
Santander (CF Trustee Property Nominee) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander (CF Trustee) Limited (d)	United Kingdom	—	(b)	—	—	Inactive	0	0	0
Santander (UK) Group Pension Schemes Trustees Limited (d)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Ahorro Inmobiliario 1, S.A. (j)	Spain	98.53%	0.00%	98.53%	98.53%	Real estate rental	0	0	0
Santander Alternative Investments, S.G.I.I.C., S.A. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Fund management company	23	(10)	32
Santander AM Global Working Capital Fund I	Luxembourg	100.00%	0.00%	100.00%	100.00%	Investment fund	76	3	75
Santander Asesorías Financieras Limitada	Chile	0.00%	67.45%	100.00%	100.00%	Financial advisory	3	8	8
Santander Asset Finance (December) Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Leasing	83	0	0
Santander Asset Finance Opportunities	Luxembourg	100.00%	0.00%	100.00%	100.00%	Investment fund	85	4	87

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Santander Asset Finance plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Leasing	71	30	175
Santander Asset Management - SGOIC, S.A.	Portugal	0.00%	100.00%	100.00%	100.00%	Fund management company	6	3	12
Santander Asset Management Chile S.A.	Chile	0.00%	100.00%	100.00%	100.00%	Securities Investment	0	0	0
Santander Asset Management Gerente de Fondos Comunes de Inversión S.A.	Argentine	0.00%	100.00%	100.00%	100.00%	Fund management company	8	17	3
Santander Asset Management Luxembourg, S.A.	Luxembourg	0.00%	100.00%	100.00%	100.00%	Fund management company	4	1	0
Santander Asset Management S.A. Administradora General de Fondos	Chile	0.00%	100.00%	100.00%	100.00%	Fund management company	2	14	132
Santander Asset Management UK Holdings Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Holding company	219	54	186
Santander Asset Management UK Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Management of funds and portfolios	31	8	129
Santander Asset Management, S.A., SGIIC	Spain	0.00%	100.00%	100.00%	100.00%	Fund management company	253	69	393
Santander Auto Lease Titling Ltd.	United States	0.00%	100.00%	100.00%	100.00%	Leasing	0	8	9
Santander Back-Offices Globales Mayoristas, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Services	4	2	1
Santander Banca de Inversión Colombia, S.A.S.	Colombia	100.00%	0.00%	100.00%	100.00%	Advisory services	2	0	1
Santander Bank & Trust Ltd.	Bahamas	100.00%	0.00%	100.00%	100.00%	Banking	391	12	389
Santander Bank Polska S.A.	Poland	62.20%	0.00%	62.20%	67.41%	Banking	5,855	1,216	4,268
Santander Bank, National Association	United States	0.00%	100.00%	100.00%	100.00%	Banking	11,564	607	12,161
Santander Brasil Administradora de Consórcio Ltda.	Brazil	0.00%	90.00%	100.00%	100.00%	Services	46	85	118
Santander Brasil Gestão de Recursos Ltda.	Brazil	0.08%	99.92%	100.00%	100.00%	Securities Investment	390	34	423
Santander Capital Holdings LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	1,025	(29)	996
Santander Capital Structuring, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Investment Company	5	0	0
Santander Capitalização S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Insurance	(34)	95	55
Santander Cards Ireland Limited (n)	Ireland	0.00%	100.00%	100.00%	100.00%	Cards	(8)	0	0
Santander Cards Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	101	0	101
Santander Cards UK Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	166	3	116
Santander Chile Holding S.A.	Chile	22.11%	77.75%	99.86%	99.86%	Holding company	1,847	295	1,777
Santander Compara Holding, S.L.	Spain	99.97%	0.03%	100.00%	—	Holding company	12	0	12
Santander Consulting (Beijing) Co., Ltd.	China	0.00%	100.00%	100.00%	100.00%	Advisory services	10	1	4
Santander Consumer (UK) plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	1,192	(205)	314
Santander Consumer Auto Receivables Funding 2018-L3 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	143	(10)	0
Santander Consumer Auto Receivables Funding 2022-B1 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(88)	26	0
Santander Consumer Auto Receivables Funding 2022-B2 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(103)	30	0
Santander Consumer Auto Receivables Funding 2022-B3 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(166)	50	0

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander: Direct	Indirect	Percentage of voting power (k): Year 2024	Year 2023	Activity	EUR million (a): Capital + reserves	Net results	Carrying amount
Santander Consumer Auto Receivables Funding 2022-B4 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(108)	42	0
Santander Consumer Auto Receivables Funding 2023-B1 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(133)	79	0
Santander Consumer Auto Receivables Funding 2023-B2 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(84)	34	0
Santander Consumer Auto Receivables Funding 2023-B3 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(75)	29	0
Santander Consumer Auto Receivables Funding 2023-B4 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(87)	35	0
Santander Consumer Auto Receivables Funding 2023-B5 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Auto Receivables Funding 2023-B6 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Auto Receivables Funding 2024-B1 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Auto Receivables Funding 2024-B2 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Auto Receivables Funding 2024-B3 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Auto Receivables Funding 2024-L1 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Auto Receivables Funding 2024-L2 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Bank AG	Germany	0.00%	100.00%	100.00%	100.00%	Banking	3,588	207	5,345
Santander Consumer Bank AS	Norway	0.00%	100.00%	100.00%	100.00%	Banking	2,064	156	2,111
Santander Consumer Bank GmbH	Austria	0.00%	100.00%	100.00%	100.00%	Banking	543	54	363
Santander Consumer Bank S.A.	Poland	0.00%	77.32%	100.00%	100.00%	Banking	941	11	505
Santander Consumer Bank S.p.A.	Italy	0.00%	100.00%	100.00%	100.00%	Banking	968	29	603
Santander Consumer Credit Services Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	(41)	(2)	0
Santander Consumer Finance Global Services, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	IT	6	2	5
Santander Consumer Finance Inc.	Canada	0.00%	100.00%	100.00%	100.00%	Holding company	112	0	171
Santander Consumer Finance Limitada	Chile	49.00%	34.24%	100.00%	100.00%	Finance company	113	10	57
Santander Consumer Finance México, S.A. de C.V., S.O.F.O.M., E.R., Grupo Financiero Santander México	Mexico	0.00%	99.98%	100.00%	100.00%	Inactive	2	0	2
Santander Consumer Finance Oy	Finland	0.00%	100.00%	100.00%	100.00%	Finance company	458	30	159
Santander Consumer Finance Schweiz AG	Switzerland	0.00%	100.00%	100.00%	100.00%	Leasing	75	(15)	60
Santander Consumer Finance, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Banking	9,139	558	10,037
Santander Consumer Financial Solutions Sp. z o.o.	Poland	0.00%	77.32%	100.00%	100.00%	Leasing	4	(7)	5
Santander Consumer Holding Austria GmbH	Austria	0.00%	100.00%	100.00%	100.00%	Holding company	364	0	518
Santander Consumer Holding GmbH	Germany	0.00%	100.00%	100.00%	100.00%	Holding company	5,564	136	6,077
Santander Consumer Inc.	Canada	0.00%	100.00%	100.00%	100.00%	Finance company	92	(8)	46
Santander Consumer Lease Receivables 1 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	0	(23)	0
Santander Consumer Lease Receivables 2 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	0	(1)	0
Santander Consumer Leasing B.V.	Netherlands	0.00%	100.00%	100.00%	100.00%	Renting	12	1	21
Santander Consumer Leasing GmbH	Germany	0.00%	100.00%	100.00%	100.00%	Leasing	70	9	151
Santander Consumer Leasing S.A.	France	0.00%	100.00%	100.00%	100.00%	Renting	3	0	3
Santander Consumer Mobility Services, S.A.	Spain	0.00%	100.00%	100.00%	100.00%	Renting	12	(4)	20

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Santander Consumer Multirent Sp. z o.o.	Poland	0.00%	77.32%	100.00%	100.00%	Leasing	38	5	27
Santander Consumer Operations Services GmbH	Germany	0.00%	100.00%	100.00%	100.00%	Services	15	1	18
Santander Consumer Receivables 10 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	959	97	0
Santander Consumer Receivables 11 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	673	26	0
Santander Consumer Receivables 15 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	14	(23)	0
Santander Consumer Receivables 16 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(46)	39	0
Santander Consumer Receivables 20 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Receivables 21 LLC	United States	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Consumer Receivables 7 LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	748	73	0
Santander Consumer Receivables Funding LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	7	3	0
Santander Consumer Renting S.r.l.	Italy	0.00%	100.00%	100.00%	100.00%	Renting	6	(3)	9
Santander Consumer Renting, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Renting	43	2	38
Santander Consumer S.A.	Argentine	0.00%	99.82%	100.00%	100.00%	Finance company	15	2	16
Santander Consumer Services GmbH	Austria	0.00%	100.00%	100.00%	100.00%	Services	0	0	0
Santander Consumer Services, S.A.	Portugal	0.00%	100.00%	100.00%	100.00%	Finance company	14	(1)	6
Santander Consumer Spain Auto 2019-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumer Spain Auto 2020-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumer Spain Auto 2021-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumer Spain Auto 2022-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumer Spain Auto 2023-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumer Spain Auto 2024-1, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumer Technology Services GmbH	Germany	0.00%	100.00%	100.00%	100.00%	IT services	29	2	22
Santander Consumer USA Holdings Inc.	United States	0.00%	100.00%	100.00%	100.00%	Holding company	3,304	684	5,072
Santander Consumer USA Inc.	United States	0.00%	100.00%	100.00%	100.00%	Finance company	6,036	684	6,719
Santander Consumo 4, F.T.	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumo 5, F.T.	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumo 6, F.T.	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Consumo 7, F.T.	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Corredora de Seguros Limitada	Chile	0.00%	67.21%	100.00%	100.00%	Insurance mediation	17	2	13
Santander Corredores de Bolsa Limitada	Chile	0.00%	83.24%	100.00%	100.00%	Securities company	54	4	49
Santander Corretora de Câmbio e Valores Mobiliários S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Securities company	151	6	141
Santander Corretora de Seguros, Investimentos e Serviços S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Insurance mediation	1,006	244	1,122
Santander Customer Voice, S.A.	Spain	99.50%	0.50%	100.00%	100.00%	Services	2	(1)	3
Santander de Titulización, S.G.F.T., S.A.	Spain	81.00%	19.00%	100.00%	100.00%	Fund management company	5	4	2

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Santander Distribuidora de Títulos e Valores Mobiliários S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Securities company	72	3	68
Santander Drive Auto Receivables LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	0	0	0
Santander Drive Auto Receivables Trust 2021-2	United States	—	(b)	—	—	Securitization	118	60	0
Santander Drive Auto Receivables Trust 2022-1	United States	—	(b)	—	—	Securitization	(61)	51	0
Santander Drive Auto Receivables Trust 2022-2	United States	—	(b)	—	—	Securitization	(93)	65	0
Santander Drive Auto Receivables Trust 2022-3	United States	—	(b)	—	—	Securitization	(102)	55	0
Santander Drive Auto Receivables Trust 2022-4	United States	—	(b)	—	—	Securitization	(151)	69	0
Santander Drive Auto Receivables Trust 2022-5	United States	—	(b)	—	—	Securitization	(186)	71	0
Santander Drive Auto Receivables Trust 2022-6	United States	—	(b)	—	—	Securitization	(181)	71	0
Santander Drive Auto Receivables Trust 2022-7	United States	—	(b)	—	—	Securitization	(91)	40	0
Santander Drive Auto Receivables Trust 2023-1	United States	—	(b)	—	—	Securitization	(96)	69	0
Santander Drive Auto Receivables Trust 2023-2	United States	—	(b)	—	—	Securitization	(162)	109	0
Santander Drive Auto Receivables Trust 2023-3	United States	—	(b)	—	—	Securitization	(207)	124	0
Santander Drive Auto Receivables Trust 2023-4	United States	—	(b)	—	—	Securitization	(186)	97	0
Santander Drive Auto Receivables Trust 2023-5	United States	—	(b)	—	—	Securitization	(187)	104	0
Santander Drive Auto Receivables Trust 2023-6	United States	—	(b)	—	—	Securitization	(153)	83	0
Santander Drive Auto Receivables Trust 2024-1	United States	—	(b)	—	—	Securitization	0	(112)	0
Santander Drive Auto Receivables Trust 2024-2	United States	—	(b)	—	—	Securitization	0	(169)	0
Santander Drive Auto Receivables Trust 2024-3	United States	—	(b)	—	—	Securitization	0	(206)	0
Santander Drive Auto Receivables Trust 2024-4	United States	—	(b)	—	—	Securitization	0	(234)	0
Santander Drive Auto Receivables Trust 2024-5	United States	—	(b)	—	—	Securitization	0	(206)	0
Santander Drive Auto Receivables Trust 2024-7	United States	—	(b)	—	—	Inactive	0	0	0
Santander Drive Auto Receivables Trust 2024-S4	United States	—	(b)	—	—	Inactive	0	0	0
Santander Drive Auto Receivables Trust 2025-1	United States	—	(b)	—	—	Inactive	0	0	0
Santander Empresa Administradora de Fondos Colectivos S.A.	Peru	99.00%	1.00%	100.00%	—	Investment Company	2	(1)	1
Santander Equity Investments Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	70	10	36
Santander España Servicios Legales, S.L.	Spain	99.97%	0.03%	100.00%	100.00%	Services	9	0	8
Santander Estates Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Real estate	(8)	(1)	0
Santander European Hospitality Opportunities	Luxembourg	100.00%	0.00%	100.00%	100.00%	Investment fund	30	0	26
Santander F24 S.A.	Poland	0.00%	62.20%	100.00%	100.00%	Finance company	2	0	2
Santander Facility Management España, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Real estate	799	(13)	785
Santander Factoring S.A.	Chile	0.00%	99.86%	100.00%	100.00%	Factoring	9	0	10

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Capital + reserves	Net results	Carrying amount
Santander Factoring Sp. z o.o.	Poland	0.00%	62.20%	100.00%	100.00%	Financial services	67	10	1
Santander Factoring y Confirming, S.A. Unipersonal, E.F.C.	Spain	100.00%	0.00%	100.00%	100.00%	Factoring	208	18	126
Santander FI Hedge Strategies	Ireland	0.00%	90.00%	100.00%	—	Investment fund	937	(267)	592
Santander Finance 2012-1 LLC	United States	0.00%	100.00%	100.00%	100.00%	Financial services	3	0	3
Santander Financial Exchanges Limited	United Kingdom	100.00%	0.00%	100.00%	100.00%	Inactive	0	0	0
Santander Financial Services plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Banking	418	(32)	466
Santander Financiamientos S.A.	Peru	100.00%	0.00%	100.00%	100.00%	Finance company	33	(3)	29
Santander Financing S.A.S.	Colombia	100.00%	0.00%	100.00%	100.00%	Financial advisory	1	2	2
Santander Finanse Sp. z o.o.	Poland	0.00%	62.20%	100.00%	100.00%	Financial services	61	11	19
Santander Fintech Holdings, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	329	35	366
Santander Fundo de Investimento Amazonas Multimercado Crédito Privado Investimento no Exterior (o)	Brazil	0.00%	90.00%	100.00%	—	Investment fund	371	72	398
Santander Fundo de Investimento Diamantina Multimercado Crédito Privado Investimento no Exterior (p)	Brazil	0.00%	90.00%	100.00%	—	Investment fund	1,282	278	1,404
Santander Fundo de Investimento Guarujá Multimercado Crédito Privado Investimento no Exterior (d)	Brazil	0.00%	90.00%	100.00%	—	Investment fund	103	11	103
Santander Fundo de Investimento SBAC Renda Fixa Referenciado DI (h)	Brazil	0.00%	90.00%	100.00%	100.00%	Investment fund	1,539	13	1,376
Santander Gestión de Recaudación y Cobranzas Ltda.	Chile	0.00%	99.86%	100.00%	100.00%	Financial services	8	0	9
Santander Global Cards & Digital Solutions Brasil S.A.	Brazil	0.00%	100.00%	100.00%	100.00%	IT consulting	111	(6)	104
Santander Global Cards & Digital Solutions, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	IT services	262	(41)	222
Santander Global Consumer Finance Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	8	0	8
Santander Global Facilities, S.A. de C.V.	Mexico	100.00%	0.00%	100.00%	100.00%	Services	153	10	165
Santander Global Services S.A. (j)	Uruguay	0.00%	100.00%	100.00%	100.00%	Services	0	0	0
Santander Global Services, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Real estate	3	4	3
Santander Global Technology and Operations Brasil Ltda.	Brazil	0.00%	100.00%	100.00%	100.00%	IT services	4	0	1
Santander Global Technology and Operations Chile Limitada	Chile	0.00%	100.00%	100.00%	100.00%	IT services	5	0	6
Santander Global Technology and Operations, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	IT services	464	6	438
Santander Green Investment, S.L.	Spain	99.97%	0.03%	100.00%	100.00%	Holding company	91	4	91
Santander Group Properties, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	—	Holding company	1,062	(13)	1,043
Santander Guarantee Company	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	5	0	3
Santander Hera Renda Fixa Fundo Incentivado de Investimento em Infraestrutura Responsabilidade Limitada	Brazil	0.00%	90.00%	100.00%	—	Investment fund	859	58	825
Santander Hermes Multimercado Crédito Privado Infraestructura Fundo de Investimento (q)	Brazil	0.00%	90.00%	100.00%	—	Investment fund	335	21	321
Santander Hipotecario 2 Fondo de Titulización de Activos	Spain	—	(b)	—	—	Securitization	0	0	0

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Santander Hipotecario 3 Fondo de Titulización de Activos	Spain	—	(b)	—	—	Securitization	0	0	0
Santander Holding Imobiliária S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Real estate	76	0	68
Santander Holding Internacional, S.A.	Spain	99.95%	0.05%	100.00%	100.00%	Holding company	4,208	64	2,558
Santander Holdings USA, Inc.	United States	100.00%	0.00%	100.00%	100.00%	Holding company	15,976	1,037	14,855
Santander Inclusión Financiera, S.A. de C.V., S.O.F.O.M., E.R., Grupo Financiero Santander México	Mexico	0.00%	99.98%	100.00%	100.00%	Finance company	11	(3)	8
Santander Insurance Agency, U.S., LLC	United States	0.00%	100.00%	100.00%	100.00%	Insurance mediation	1	0	1
Santander Insurance Services UK Limited	United Kingdom	100.00%	0.00%	100.00%	100.00%	Wealth management	48	2	48
Santander Insurance, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	2,541	410	2,686
Santander Intermediación Correduría de Seguros, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Insurance mediation	28	5	18
Santander International Products, Plc. (l)	Ireland	99.99%	0.01%	100.00%	100.00%	Finance company	1	0	0
Santander International Wealth Management México, S. de R.L. de C.V.	México	0.00%	100.00%	100.00%	—	Advisory services	0	0	0
Santander International Wealth Solutions LLC	United States	0.00%	100.00%	100.00%	—	Holding company	0	0	0
Santander Inversiones S.A.	Chile	5.12%	94.88%	100.00%	100.00%	Holding company	1,502	227	1,052
Santander Investment Chile Limitada	Chile	16.12%	83.88%	100.00%	100.00%	Finance company	282	32	321
Santander Investment, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Banking	1,318	108	245
Santander Investments GP 1 S.à.r.l.	Luxembourg	0.00%	100.00%	100.00%	100.00%	Fund management company	0	1	1
Santander Inwestycje Sp. z o.o.	Poland	0.00%	62.20%	100.00%	100.00%	Securities company	4	0	0
Santander ISA Managers Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Management of funds and portfolios	40	7	6
Santander Lease, S.A., E.F.C.	Spain	100.00%	0.00%	100.00%	100.00%	Leasing	60	(1)	51
Santander Leasing AB	Sweden	0.00%	100.00%	100.00%	—	Leasing and renting	9	3	22
Santander Leasing S.A.	Poland	0.00%	62.20%	100.00%	100.00%	Leasing	199	8	36
Santander Leasing S.A. Arrendamento Mercantil	Brazil	0.00%	90.00%	100.00%	100.00%	Leasing	1,431	114	1,390
Santander Leasing, LLC	United States	0.00%	100.00%	100.00%	100.00%	Leasing	(1)	(1)	0
Santander Lending Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Mortgage credit company	278	15	293
Santander Mediación Operador de Banca-Seguros Vinculado, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Insurance mediation	52	0	3
Santander Merchant S.A.	Argentine	5.10%	94.90%	100.00%	100.00%	Finance company	1	1	2
Santander Mortgage Asset Depositor LLC	United States	0.00%	100.00%	100.00%	—	Inactive	0	0	0
Santander Mortgage Holdings Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Holding company	(12)	0	0
Santander New Business, S.A.	Spain	99.00%	1.00%	100.00%	100.00%	Trade intermediary	3	0	3
Santander Paraty Qif PLC	Ireland	0.00%	90.00%	100.00%	100.00%	Investment Company	937	(267)	592
Santander Pensiones, S.A., E.G.F.P.	Spain	0.00%	100.00%	100.00%	100.00%	Pension fund management company	87	14	184

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Capital + reserves	Net results	Carrying amount
Santander Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Portugal	100.00%	0.00%	100.00%	100.00%	Pension fund management company	3	0	3
Santander Prime Auto Issuance Notes 2018-A Designated Activity Company (j)	Ireland	—	(b)	—	—	Inactive	0	0	0
Santander Prime Auto Issuance Notes 2018-B Designated Activity Company (j)	Ireland	—	(b)	—	—	Inactive	0	0	0
Santander Prime Auto Issuance Notes 2018-C Designated Activity Company (j)	Ireland	—	(b)	—	—	Inactive	0	0	0
Santander Prime Auto Issuance Notes 2018-D Designated Activity Company (j)	Ireland	—	(b)	—	—	Inactive	0	0	0
Santander Prime Auto Issuance Notes 2018-E Designated Activity Company (j)	Ireland	—	(b)	—	—	Inactive	0	0	0
Santander Private Banking Gestión, S.A., S.G.I.I.C.	Spain	100.00%	0.00%	100.00%	100.00%	Fund management company	73	13	35
Santander Private Banking s.p.a. in Liquidazione (j)	Italy	100.00%	0.00%	100.00%	100.00%	Finance company	14	0	8
Santander Private Banking UK Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Holding company	310	123	420
Santander Private Real Estate Advisory & Management, S.A.	Spain	99.99%	0.01%	100.00%	100.00%	Real estate	4	0	4
Santander Private Real Estate Advisory, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Real estate	17	4	20
Santander Real Estate Debt 1 sub-fund	Luxembourg	100.00%	0.00%	100.00%	100.00%	Investment fund	42	2	42
Santander Real Estate Equity I, F.C.R.	Spain	100.00%	0.00%	100.00%	—	Venture capital fund	25	(1)	24
Santander Real Estate, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Inactive	1	0	1
Santander Retail Auto Lease Funding LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	0	0	0
Santander Retail Auto Lease Trust 2022-A	United States	—	(b)	—	—	Securitization	20	19	0
Santander Retail Auto Lease Trust 2022-B	United States	—	(b)	—	—	Securitization	14	17	0
Santander RMBS 6, Fondo de Titulización	Spain	—	(b)	—	—	Securitization	0	0	0
Santander S.A. Sociedad Securitizadora	Chile	0.00%	67.24%	100.00%	100.00%	Fund management company	1	0	0
Santander Secretariat Services Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Santander Securities LLC	United States	0.00%	100.00%	100.00%	100.00%	Securities company	39	2	41
Santander Seguros y Reaseguros, Compañía Aseguradora, S.A.	Spain	0.00%	100.00%	100.00%	100.00%	Insurance	857	157	1,152
Santander Services Solutions, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Payment services	16	(2)	14
Santander Servicios Corporativos, S.A. de C.V.	Mexico	0.00%	99.98%	100.00%	100.00%	Services	14	1	14
Santander Technology USA, LLC	United States	0.00%	100.00%	100.00%	100.00%	IT services	53	0	53
Santander Tecnología Argentina S.A.	Argentine	0.00%	99.83%	100.00%	100.00%	IT services	6	19	19
Santander Tecnología México, S.A. de C.V.	Mexico	0.00%	99.98%	100.00%	100.00%	IT services	51	0	51
Santander Totta Seguros, Companhia de Seguros de Vida, S.A.	Portugal	0.00%	100.00%	100.00%	100.00%	Insurance	106	25	255
Santander Totta, SGPS, S.A.	Portugal	99.91%	0.00%	99.91%	99.91%	Holding company	3,749	885	5,652

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	**Location**	**Direct**	**Indirect**	**Year 2024**	**Year 2023**	**Activity**	**Capital + reserves**	**Net results**	**Carrying amount**
Santander Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	50.00%	31.10%	100.00%	100.00%	Fund management company	4	26	16
Santander Trade Services Limited	Hong-Kong	0.00%	100.00%	100.00%	100.00%	Inactive	27	1	16
Santander Trust S.A.	Argentine	0.00%	99.99%	100.00%	100.00%	Services	0	0	0
Santander UK Group Holdings plc	United Kingdom	77.67%	22.33%	100.00%	100.00%	Holding company	14,516	1,736	17,655
Santander UK Investments	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	118	1	114
Santander UK Operations Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Finance company	7	0	0
Santander UK plc	United Kingdom	0.00%	100.00%	100.00%	100.00%	Banking	12,732	490	15,829
Santander UK Technology Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	IT services	26	0	7
Santander US Capital Markets LLC	United States	0.00%	100.00%	100.00%	100.00%	Securities Investment	1,053	(34)	1,019
Santander Valores S.A.	Argentine	5.10%	94.73%	100.00%	100.00%	Securities company	11	22	32
Santusa Holding, S.L.	Spain	69.76%	30.24%	100.00%	100.00%	Holding company	9,931	508	6,559
SBNA Auto Lease Funding LLC	United States	0.00%	100.00%	100.00%	100.00%	Finance company	(2)	(596)	0
SBNA Auto Lease Trust 2023-A	United States	—	(b)	—	—	Securitization	(2)	(520)	0
SBNA Auto Lease Trust 2024-A	United States	—	(b)	—	—	Securitization	0	(24)	0
SBNA Auto Lease Trust 2024-B	United States	—	(b)	—	—	Securitization	0	(35)	0
SBNA Auto Lease Trust 2024-C	United States	—	(b)	—	—	Securitization	0	(17)	0
SBNA Auto Lease Trust 2025-A	United States	—	(b)	—	—	Inactive	0	0	0
SBNA Auto Receivables Funding LLC	United States	0.00%	100.00%	100.00%	—	Finance company	0	2	2
SBNA Auto Receivables Grantor Trust 2025-A	United States	—	(b)	—	—	Inactive	0	0	0
SBNA Auto Receivables Trust 2025-A	United States	—	(b)	—	—	Inactive	0	0	0
SBNA Investor LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	1,030	89	1,119
SC Austria Auto Finance 2020-1 Designated Activity Company	Ireland	—	(b)	—	—	Securitization	0	0	0
SC Austria Consumer Loan 2021 Designated Activity Company	Ireland	—	(b)	—	—	Securitization	0	0	0
SC Canada Asset Securitization Trust	Canada	—	(b)	—	—	Securitization	0	0	0
SC Germany Auto 2019-1 UG (haftungsbeschränkt) (j)	Germany	—	(b)	—	—	Securitization	0	0	0
SC Germany Consumer 2018-1 UG (haftungsbeschränkt) (j)	Germany	—	(b)	—	—	Securitization	0	0	0
SC Germany Mobility 2019-1 UG (haftungsbeschränkt) (j)	Germany	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A.	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer 2020-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer 2021-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer 2022-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer 2023-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer 2024-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer 2024-2	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Consumer Private 2023-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0

Subsidiaries of Banco Santander, S.A. [1]

		% of ownership held by Banco Santander		Percentage of voting power (k)			EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Capital + reserves	Net results	Carrying amount
SC Germany S.A., Compartment Leasing 2023-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Germany S.A., Compartment Mobility 2020-1	Luxembourg	—	(b)	—	—	Securitization	0	0	0
SC Mobility AB	Sweden	0.00%	100.00%	100.00%	100.00%	Renting	0	0	0
SC Mobility AS	Norway	0.00%	100.00%	100.00%	100.00%	Renting	32	(1)	33
SC Poland Consumer 23-1 Designated Activity Company	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Ajoneuvohallinto IX Limited	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Ajoneuvohallinto VIII Limited (j)	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Ajoneuvohallinto X Limited	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Ajoneuvohallinto XI Limited	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Ajoneuvohallinto XII Limited	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Ajoneuvohallinto XIII Limited	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Eastside Locks GP Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Real estate management	0	0	0
SCF Rahoituspalvelut IX DAC	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Rahoituspalvelut VIII Designated Activity Company (j)	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Rahoituspalvelut X DAC	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Rahoituspalvelut XI Designated Activity Company	Ireland	—	(b)	—	—	Securitization	(13)	0	0
SCF Rahoituspalvelut XII DAC	Ireland	—	(b)	—	—	Securitization	0	0	0
SCF Rahoituspalvelut XIII DAC	Ireland	—	(b)	—	—	Securitization	1	0	0
SCM Poland Auto 2019-1 DAC	Ireland	—	(b)	—	—	Securitization	0	0	0
SDMX Superdigital, S.A. de C.V., Institución de Fondos de Pago Electrónico	Mexico	0.00%	100.00%	100.00%	100.00%	Payment platform	2	(1)	1
Secucor Finance 2021-1, DAC	Ireland	—	(b)	—	—	Securitization	0	0	0
Services and Promotions Delaware Corporation	United States	0.00%	100.00%	100.00%	100.00%	Holding company	94	(10)	146
Services and Promotions Miami LLC	United States	0.00%	100.00%	100.00%	100.00%	Real estate	88	(3)	85
Servicios de Cobranza, Recuperación y Seguimiento, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	85.00%	Finance company	36	1	40
Servicios Inmobiliarios Residencial en Venta JV2, S.L.	Spain	0.00%	90.00%	90.00%	—	Real estate	8	0	8
Sheppards Moneybrokers Limited	United Kingdom	0.00%	100.00%	100.00%	100.00%	Inactive	0	0	0
Shiloh III Wind Project, LLC	United States	0.00%	100.00%	100.00%	100.00%	Renewable energies	363	8	370
Silk Finance No. 5	Portugal	—	(b)	—	—	Securitization	37	(11)	0
Sociedad Integral de Valoraciones Automatizadas, S.A. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Appraisals	1	0	1
Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile S.A.	Chile	0.00%	67.13%	100.00%	100.00%	Payments and collection services	21	28	33
Socur S.A. (f)	Uruguay	100.00%	0.00%	100.00%	100.00%	Finance company	62	15	59
Solution 4Fleet Consultoria Empresarial S.A.	Brazil	0.00%	90.00%	100.00%	80.00%	Vehicle rental	1	0	1
Sovereign Community Development Company	United States	0.00%	100.00%	100.00%	100.00%	Holding company	45	2	47
Sovereign Delaware Investment Corporation	United States	0.00%	100.00%	100.00%	100.00%	Holding company	158	7	165
Sovereign Lease Holdings, LLC	United States	0.00%	100.00%	100.00%	100.00%	Financial services	250	8	258
Sovereign REIT Holdings, Inc.	United States	0.00%	100.00%	100.00%	100.00%	Holding company	8,762	358	9,120
Sovereign Spirit Limited (n)	Bermudas	0.00%	100.00%	100.00%	100.00%	Leasing	0	0	0

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
SSA Swiss Advisors AG	Switzerland	0.00%	100.00%	100.00%	100.00%	Wealth management	1	1	4
Stellantis Consumer Financial Services Polska Sp. z o.o.	Poland	0.00%	38.66%	100.00%	100.00%	Finance company	4	1	0
Stellantis Financial Services Belux SA	Belgium	0.00%	50.00%	100.00%	100.00%	Finance company	98	8	57
Stellantis Financial Services España, E.F.C., S.A.	Spain	0.00%	50.00%	50.00%	50.00%	Finance company	379	45	190
Stellantis Financial Services Italia S.p.A.	Italy	0.00%	50.00%	50.00%	50.00%	Banking	802	90	293
Stellantis Financial Services Nederland B.V.	Netherlands	0.00%	50.00%	100.00%	100.00%	Finance company	69	11	39
Stellantis Financial Services Polska Sp. z o.o.	Poland	0.00%	38.66%	50.00%	50.00%	Finance company	63	10	13
Stellantis Renting Italia S.p.A.	Italy	0.00%	50.00%	100.00%	100.00%	Renting	13	3	3
Sterrebeeck B.V.	Netherlands	100.00%	0.00%	100.00%	100.00%	Holding company	5,895	478	10,877
Suleyado 2003, S.L. Unipersonal	Spain	0.00%	100.00%	100.00%	100.00%	Securities Investment	45	0	31
Summer Empreendimentos Ltda.	Brazil	0.00%	90.00%	100.00%	100.00%	Real estate management	5	1	5
Superdigital Argentina S.A.U.	Argentine	0.00%	100.00%	100.00%	100.00%	IT services	1	(1)	0
Superdigital Holding Company, S.L.	Spain	0.00%	100.00%	100.00%	100.00%	Holding company	199	(193)	6
Superdigital Instituição de Pagamento S.A.	Brazil	0.00%	100.00%	100.00%	100.00%	Payment services	70	(67)	3
Superdigital Perú S.A.C. en liquidación (j)	Peru	0.00%	100.00%	100.00%	100.00%	Financial services	0	0	0
Suzuki Servicios Financieros, S.L.	Spain	0.00%	51.00%	51.00%	51.00%	Intermediation	15	2	0
Svensk Autofinans WH 1 Designated Activity Company (j)	Ireland	—	(b)	—	—	Securitization	0	0	0
Swesant SA	Switzerland	0.00%	100.00%	100.00%	100.00%	Holding company	336	(16)	0
SX Negócios Ltda.	Brazil	0.00%	90.00%	100.00%	100.00%	Telemarketing	17	1	16
Tabasco Energía España, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	3	0	1
Taxagest Sociedade Gestora de Participações Sociais, S.A.	Portugal	0.00%	99.87%	100.00%	100.00%	Holding company	56	0	0
Taxos Luz, S.L. Unipersonal	Spain	0.00%	70.00%	100.00%	100.00%	Renewable energies	3	0	11
Teatinos Siglo XXI Inversiones S.A.	Chile	50.00%	50.00%	100.00%	100.00%	Holding company	1,498	266	2,135
The Alliance & Leicester Corporation Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Real estate	0	0	0
The Best Specialty Coffee, S.L. Unipersonal	Spain	100.00%	0.00%	100.00%	100.00%	Restaurant services	2	1	3
Time Retail Finance Limited (j)	United Kingdom	0.00%	100.00%	100.00%	100.00%	Services	0	0	0
TIMFin S.p.A.	Italy	0.00%	51.00%	51.00%	51.00%	Finance company	62	1	38
Titularizadora Colombiana S.A. - Universalidad TIV V9	Colombia	—	(b)	—	—	Securitization	0	0	0
Tonopah Solar I, LLC	United States	0.00%	100.00%	100.00%	100.00%	Holding company	6	0	5
Tools Soluções e Serviços Compartilhados Ltda.	Brazil	0.00%	90.00%	100.00%	100.00%	Services	36	4	36
Tornquist Asesores de Seguros S.A. (j)	Argentine	0.00%	99.99%	99.99%	99.99%	Inactive	0	0	0
Toro Asset Management S.A.	Brazil	0.00%	90.00%	100.00%	100.00%	Securities Investment	1	0	1
Toro Corretora de Títulos e Valores Mobiliários S.A.	Brazil	0.00%	90.00%	100.00%	62.51%	Securities company	50	0	45

Subsidiaries of Banco Santander, S.A. [1]

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (k)		Activity	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023		Capital + reserves	Net results	Carrying amount
Toro Investimentos S.A.	Brazil	0.00%	90.00%	100.00%	91.32%	Securities company	39	4	39
Totta (Ireland), PLC (h)	Ireland	0.00%	99.87%	100.00%	100.00%	Finance company	451	15	450
Totta Urbe - Empresa de Administração e Construções, S.A.	Portugal	0.00%	99.87%	100.00%	100.00%	Real estate	86	3	89
Trainera Venture Finance I, F.C.R.-PYME	Spain	99.00%	0.00%	99.00%	99.00%	Venture capital fund	20	0	20
Trans Skills Employment Services - Sole Proprietorship LLC	Arab United Emirates	0.00%	66.43%	100.00%	100.00%	Human resources services	1	(1)	0
Trans Skills Information Technology LLC	Saudi Arabia	0.00%	66.43%	100.00%	100.00%	Inactive	0	0	0
Trans Skills Investment in Commercial Enterprises & Management Co. LLC	Arab United Emirates	0.00%	66.43%	100.00%	100.00%	Holding company	1	0	8
Trans Skills South Africa (Pty) Limited	Republic of South Africa	0.00%	66.43%	100.00%	100.00%	Inactive	0	0	0
Trans Skills Technology Services LLC	Arab United Emirates	0.00%	66.43%	100.00%	100.00%	IT services	2	(1)	0
Transolver Finance EFC, S.A.	Spain	0.00%	51.00%	51.00%	51.00%	Leasing	75	7	17
Transskills Employer Services Private Limited	India	0.00%	66.43%	100.00%	—	Consulting services	0	0	0
Tresmares Santander Direct Lending, SICC, S.A.	Spain	99.67%	0.00%	99.67%	99.67%	Fund management company	1,210	80	1,201
TVG-Trappgroup Versicherungsvermittlungs-GmbH (d)	Germany	0.00%	90.01%	100.00%	100.00%	Insurance brokerage	0	0	2
Universia Brasil S.A.	Brazil	0.00%	100.00%	100.00%	100.00%	Internet	0	0	0
Universia Chile S.A.	Chile	0.00%	86.84%	86.84%	86.84%	Internet	1	0	0
Universia Colombia S.A.S.	Colombia	0.00%	100.00%	100.00%	100.00%	Internet	0	0	0
Universia España Red de Universidades, S.A.	Spain	0.00%	89.43%	89.43%	89.45%	Internet	3	0	2
Universia Holding, S.L.	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	16	0	14
Universia México, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Internet	1	0	1
Universia Perú, S.A.	Peru	0.00%	99.64%	99.64%	99.40%	Internet	0	0	0
Universia Uruguay, S.A.	Uruguay	0.00%	100.00%	100.00%	100.00%	Internet	0	0	0
Uro Property Holdings, S.A.	Spain	99.99%	0.00%	99.99%	99.99%	Real estate investment	176	(100)	109
Virtua Advanced Solutions FZE	Arab United Emirates	0.00%	66.43%	100.00%	100.00%	Payment services	1	0	0
Wallcesa, S.A.	Spain	100.00%	0.00%	100.00%	100.00%	Financial services	(921)	1	0
Waycarbon Soluções Ambientais e Projetos de Carbono S.A.	Brazil	0.00%	80.00%	100.00%	100.00%	Consulting services	24	0	19
WIM Servicios Corporativos, S.A. de C.V.	Mexico	0.00%	100.00%	100.00%	100.00%	Advisory services	0	0	0
WTW Shipping Designated Activity Company	Ireland	100.00%	0.00%	100.00%	100.00%	Leasing	17	3	9

a. Amount according to the provisional books of each company as of the date of publication of these annexes, generally referring to 31 December 2024 without considering, where appropriate, interim dividends that have been made during the year. In the book value (net provision cost), the percentage of ownership of the Group has been applied to the figure of each of the holding companies, without considering the impairment of goodwill made in the consolidation process. The data for foreign companies are converted into euros at the exchange rate at the end of the year.
b. Companies over which effective control is maintained.
c. Data as at 31 December 2023, latest available accounts.
d. Data as at 31 March 2024, latest accounts available.
e. Data as at 30 June 2024, last accounts available.
f. Data as at 30 September 2024, last accounts available.
g. Data as at 30 April 2024, last accounts available.
h. Data as at 30 November 2024, last accounts available.
i. Companies in liquidation. Pending registration.
j. Company in liquidation as at 31 December 2024.
k. Pursuant to Article 3 of Royal Decree 1159/ 2010, of 17 September, approving the rules for the preparation of consolidated annual accounts, in order to determine the voting rights, voting rights held directly by the parent company have been added to those held by companies controlled by the parent company or by other persons acting in their own name but on behalf of a Group company. For these purposes, the number of votes corresponding to the parent company, in relation to the companies indirectly dependent on it, is that corresponding to the dependent company that directly participates in the share capital of the latter.
l. Company resident for tax purposes in Spain.
m. Data as at 30 June 2021, latest available accounts.
n. Company resident for tax purposes in the United Kingdom.
o. Data as at 29 February 2024, latest available accounts.
p. Data as at 31 July 2024, latest available accounts.
q. Data as at 31 May 2024, latest available accounts.

(1) Companies issuing preference shares are listed in Annex III, together with other relevant information.

Appendix II

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (f)		Activity	Type of company	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023			Asset	Capital + reserves	Net results
Administrador Financiero de Transantiago S.A.	Chile	0.00%	13.43%	20.00%	20.00%	Payments and collection services	Associated	56	8	3
Adprotel Strand, S.L. (consolidado)	Spain	0.00%	38.20%	38.20%	—	Real estate promotion	Associated	730	642	23
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	Portugal	0.00%	49.00%	49.00%	49.00%	Insurance	Joint ventures	73	8	19
Aegon Santander Portugal Vida - Companhia de Seguros Vida, S.A.	Portugal	0.00%	49.00%	49.00%	49.00%	Insurance	Joint ventures	144	24	18
Aeroplan - Sociedade Construtora de Aeroportos, Lda. (e)	Portugal	0.00%	19.97%	20.00%	20.00%	Inactive	—	0	0	0
Aguas de Fuensanta, S.A. (e) (k)	Spain	36.78%	0.00%	36.78%	36.78%	Food	—	—	—	—
Alma UK Holdings Ltd (consolidado) (b)	United Kingdom	30.00%	0.00%	30.00%	30.00%	Holding company	Joint ventures	3	0	3
Apolo Fundo de Investimento em Direitos Creditórios	Brazil	0.00%	30.00%	33.33%	33.33%	Investment fund	Joint ventures	64	3	16
Apolo Vault 1, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 10, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 11, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 12, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 13, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 14, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 15, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 16, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 17, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 18, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 19, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 2, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 20, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 21, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 22, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 23, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 24, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 25, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 26, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 27, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 28, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 29, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

		% of ownership held by Banco Santander		Percentage of voting power (f)				EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Type of company	Asset	Capital + reserves	Net results
Apolo Vault 3, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 30, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 31, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 32, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 33, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 34, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 35, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 36, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 37, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 38, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 39, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 4, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 40, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 41, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 42, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 43, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 44, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 45, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 5, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 6, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 7, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 8, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Apolo Vault 9, S.L.	Spain	0.00%	25.00%	25.00%	—	Renewable energies	—	0	0	0
Atitlan Agro I, S.C.R., S.A. (n) (o)	Spain	80.00%	0.00%	0.00%	—	Holding company	—	—	—	—
Attijariwafa Bank Société Anonyme (consolidado) (b)	Morocco	0.00%	5.10%	5.10%	5.10%	Banking	—	62,750	4,792	715
AutoFi Inc. (b)	United States	9.50%	9.40%	4.99%	4.99%	E-commerce	—	24	31	(11)
Autopistas del Sol S.A. (b)	Argentine	0.00%	14.17%	14.17%	14.17%	Highway concession	—	199	72	49
Avanath Affordable Housing IV LLC (b)	United States	0.00%	7.27%	7.27%	7.27%	Investment Company	—	503	498	(81)
Axle 2023-1 Ltd	United Kingdom	—	(h)	—	—	Securitization	Joint ventures	726	0	2
Banco RCI Brasil S.A.	Brazil	0.00%	35.90%	39.89%	39.89%	Banking	Joint ventures	1,997	200	37
Banco S3 Caceis México, S.A., Institución de Banca Múltiple	Mexico	0.00%	50.00%	50.00%	50.00%	Banking	Joint ventures	219	96	14

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

		% of ownership held by Banco Santander		Percentage of voting power (f)				EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Type of company	Asset	Capital + reserves	Net results
Bank of Beijing Consumer Finance Company	China	0.00%	20.00%	20.00%	20.00%	Finance company	Associated	1,868	149	20
Bank of Shanghai Co., Ltd. (consolidado) (b)	China	6.54%	0.00%	6.54%	6.54%	Banking	—	406,864	28,487	2,973
Biomas – Serviços Ambientais, Restauração e Carbono S.A.	Brazil	0.00%	15.00%	16.67%	16.67%	Consulting services	Associated	5	7	(5)
Bizum, S.L.	Spain	20.92%	0.00%	20.92%	20.92%	Payment services	Associated	24	9	3
CACEIS (consolidado)	France	0.00%	30.50%	30.50%	30.50%	Custody services	Associated	118,026	4,268	455
Campo Grande Empreendimentos Ltda. (k) (e)	Brazil	0.00%	22.79%	25.32%	25.32%	Inactive	—	—	—	—
CCPT - ComprarCasa, Rede Serviços Imobiliários, S.A.	Portugal	0.00%	49.98%	49.98%	49.98%	Real estate services	Joint ventures	0	0	0
Centro de Compensación Automatizado S.A.	Chile	0.00%	22.38%	33.33%	33.33%	Payments and collection services	Associated	23	14	5
Centro para el Desarrollo, Investigación y Aplicación de Nuevas Tecnologías, S.A. (l)	Spain	0.00%	49.00%	49.00%	49.00%	Technology	Associated	3	3	0
CIP S.A.	Brazil	0.00%	15.77%	17.52%	17.52%	Financial services	Associated	433	183	88
CNP Santander Insurance Europe Designated Activity Company	Ireland	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	1,466	301	44
CNP Santander Insurance Life Designated Activity Company	Ireland	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	1,007	97	60
CNP Santander Insurance Services Ireland Limited	Ireland	0.00%	49.00%	49.00%	49.00%	Services	Associated	15	7	1
Comder Contraparte Central S.A	Chile	0.00%	8.37%	12.47%	12.47%	Financial services	Associated	19	10	1
Companhia Promotora UCI	Brazil	0.00%	25.00%	25.00%	25.00%	Financial services	Joint ventures	0	(1)	0
Compañia Española de Financiación de Desarrollo, Cofides, S.A., SME (b)	Spain	20.17%	0.00%	20.17%	20.18%	Finance company	—	222	188	27
Compañía Española de Seguros de Crédito a la Exportación, S.A., Compañía de Seguros y Reaseguros (consolidado) (b)	Spain	23.33%	0.55%	23.88%	23.88%	Credit insurance	—	1,357	529	63
Compañía Española de Viviendas en Alquiler, S.A. (consolidado)	Spain	24.07%	0.00%	24.07%	24.07%	Real estate	Associated	606	383	24
Compañía para los Desarrollos Inmobiliarios de la Ciudad de Hispalis, S.L., en liquidación (d) (e)	Spain	21.98%	0.00%	21.98%	21.98%	Real estate promotion	—	38	(325)	0
Connecting Visions Ecosystems, S.L.	Spain	37.56%	0.00%	37.56%	19.90%	Consulting services	Joint ventures	1	1	0
Corkfoc Cortiças, S.A. (c)	Portugal	0.00%	27.55%	27.58%	27.58%	Cork industry	—	3	20	0
CSD Central de Serviços de Registro e Depósito Aos Mercados Financeiro e de Capitais S.A.	Brazil	0.00%	18.00%	20.00%	20.00%	Financial services	Associated	33	32	0
Decus Real Estate, S.L.	Spain	0.00%	30.00%	30.00%	—	Real estate	Joint ventures	47	38	0
DoRes Securitisation S.r.l	Italy	—	(h)	—	—	Securitization	Joint ventures	0	0	0
Elaia Agro, S.L.	Spain	49.99%	0.00%	49.99%	—	Consulting services	Associated	5	4	0
Emerald Tradeco UK Limited (o)	United Kingdom	25.00%	0.00%	4.99%	—	Holding company	Associated	—	—	—
Ethias Lease N.V.	Belgium	0.00%	50.00%	50.00%	50.00%	Leasing	Associated	18	4	(1)
Euro Automatic Cash Entidad de Pago, S.L.	Spain	50.00%	0.00%	50.00%	50.00%	Payment services	Associated	43	23	(2)
European Hospitality Opportunities S.à r.l. (b)	Luxembourg	0.00%	49.00%	49.00%	49.00%	Holding company	Joint ventures	53	16	0
Evacuación Liquesun, S.L.	Spain	0.00%	35.00%	50.00%	50.00%	Electricity production	Joint ventures	0	0	0

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

		% of ownership held by Banco Santander		Percentage of voting power (f)				EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Type of company	Asset	Capital + reserves	Net results
Evolve SPV S.r.l.	Italy	—	(h)	—	—	Securitization	Joint ventures	65	0	0
Federal Home Loan Bank of Pittsburgh (b)	United States	0.00%	5.37%	5.37%	7.48%	Banking	—	107,943	4,907	560
Federal Reserve Bank of Boston (b)	United States	0.00%	21.09%	21.09%	19.14%	Banking	—	183,407	1,662	59
Fondo de Titulización de Activos UCI 14	Spain	—	(h)	—	—	Securitization	Joint ventures	194	0	0
Fondo de Titulización de Activos UCI 15	Spain	—	(h)	—	—	Securitization	Joint ventures	244	0	0
Fondo de Titulización de Activos UCI 16	Spain	—	(h)	—	—	Securitization	Joint ventures	337	0	0
Fondo de Titulización de Activos UCI 17	Spain	—	(h)	—	—	Securitization	Joint ventures	292	0	0
Fondo de Titulización Hipotecaria UCI 12	Spain	—	(h)	—	—	Securitization	Joint ventures	110	0	0
Fondo de Titulización, RMBS Green Prado XI	Spain	—	(h)	—	—	Securitization	Joint ventures	422	0	0
Fondo de Titulización, RMBS Prado IX	Spain	—	(h)	—	—	Securitization	Joint ventures	381	0	0
Fondo de Titulización, RMBS Prado VII	Spain	—	(h)	—	—	Securitization	Joint ventures	321	0	0
Fondo de Titulización, RMBS Prado VIII	Spain	—	(h)	—	—	Securitization	Joint ventures	330	0	0
Fondo de Titulización, RMBS Prado X	Spain	—	(h)	—	—	Securitization	Joint ventures	437	0	0
Forest Power, S.L.	Spain	0.00%	55.00%	55.00%	—	Renewable energies	Joint ventures	0	0	0
Forgepoint Capital International Management Limited	United Kingdom	50.00%	0.00%	50.00%	—	Consulting services	Joint ventures	1	2	(1)
Fortune Auto Finance Co., Ltd	China	0.00%	50.00%	50.00%	50.00%	Finance company	Joint ventures	2,369	500	22
FrauDfense, S.L.	Spain	0.00%	33.33%	33.33%	33.33%	IT services	Joint ventures	3	5	(2)
Fremman limited (b)	United Kingdom	32.99%	0.00%	4.99%	4.99%	Consulting services	Associated	15	1	4
Gestora de Inteligência de Crédito S.A.	Brazil	0.00%	14.00%	16.00%	16.00%	Collection services	Associated	195	56	(4)
Gire S.A.	Argentine	0.00%	58.23%	58.33%	58.33%	Payments and collection services	Associated	134	85	(13)
Glenrowan Solar Holdings Pty Ltd	Australia	49.00%	0.00%	49.00%	49.00%	Holding company	Joint ventures	136	52	1
HCUK Auto Funding 2017-2 Ltd	United Kingdom	—	(h)	—	—	Securitization	Joint ventures	422	0	0
HCUK Auto Funding 2022-1 Limited (m)	United Kingdom	—	(h)	—	—	Securitization	Joint ventures	1,026	(2)	0
Healthy Neighborhoods Equity Fund I LP (b)	United States	0.00%	22.37%	22.37%	22.37%	Real estate	—	9	9	0
Hillcrest Private Equity Real Estate LLP (consolidado)	United Kingdom	0.00%	88.00%	88.00%	88.00%	Real estate	Joint ventures	194	115	3
Hyundai Capital UK Limited	United Kingdom	0.00%	50.01%	50.01%	50.01%	Finance company	Joint ventures	5,601	432	65
Hyundai Corretora de Seguros Ltda.	Brazil	0.00%	45.00%	50.00%	50.00%	Insurance mediation	Joint ventures	1	1	0
Imperial Holding S.C.A. (e) (i)	Luxembourg	0.00%	36.36%	36.36%	36.36%	Securities Investment	—	0	(113)	0
Imperial Management S.à r.l. (b) (e)	Luxembourg	0.00%	40.20%	40.20%	40.20%	Holding company	—	0	0	0
Inverlur Aguilas I, S.L.	Spain	0.00%	50.00%	50.00%	50.00%	Real estate	Joint ventures	0	0	0
Inverlur Aguilas II, S.L.	Spain	0.00%	50.00%	50.00%	50.00%	Real estate	Joint ventures	1	1	0

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

Company	Location	% of ownership held by Banco Santander		Percentage of voting power (f)		Activity	Type of company	EUR million (a)		
		Direct	Indirect	Year 2024	Year 2023			Asset	Capital + reserves	Net results
Inversiones ZS América Dos Ltda.	Chile	0.00%	49.00%	49.00%	49.00%	Securities and real estate investment	Associated	251	213	38
Inversiones ZS América SpA	Chile	0.00%	49.00%	49.00%	49.00%	Securities and real estate investment	Associated	396	356	39
LB Oprent, S.A. (b)	Spain	40.00%	0.00%	40.00%	40.00%	Rental of industrial machinery	Associated	6	2	0
Mapfre Santander Portugal - Companhia de Seguros, S.A.	Portugal	0.00%	49.99%	49.99%	49.99%	Insurance	Associated	21	7	1
Massachusetts Business Development Corp. (consolidado) (b)	United States	0.00%	21.61%	21.61%	21.61%	Finance company	—	77	16	1
MB Capital Fund IV, LLC (b)	United States	0.00%	21.51%	21.51%	21.51%	Finance company	—	6	6	1
Merlin Properties, SOCIMI, S.A. (consolidado) (b)	Spain	20.04%	4.68%	24.90%	24.66%	Real estate investment	Associated	12,065	6,716	(83)
Merlion Aviation One Designated Activity Company	Ireland	—	(p)	—	—	Renting	—	303	23	0
Metrovacesa, S.A. (consolidado) (b)	Spain	31.94%	17.48%	49.47%	49.49%	Real estate promotion	Associated	2,533	1,706	(21)
Ocyener 2008, S.L.	Spain	0.00%	45.00%	45.00%	45.00%	Holding company	Associated	6	5	1
Operadora de Activos Beta, S.A. de C.V.	Mexico	49.99%	0.00%	49.99%	49.99%	Finance company	Associated	0	0	0
Payever GmbH	Germany	0.00%	10.00%	10.00%	10.00%	Software	Associated	5	3	1
Phoenix C1 Aviation Designated Activity Company	Ireland	—	(p)	—	—	Renting	—	210	19	0
Play Digital S.A.	Argentine	0.00%	14.18%	14.21%	14.71%	Payment platform	Associated	24	20	(16)
Pluxee Beneficios Brasil S.A.	Brazil	0.00%	18.00%	20.00%	—	Services	Associated	1,282	469	71
POLFUND - Fundusz Poręczeń Kredytowych S.A.	Poland	0.00%	31.10%	50.00%	50.00%	Investment management	Associated	34	23	1
Portland SPV S.r.l.	Italy	—	(h)	—	—	Securitization	Joint ventures	141	0	0
Power Forest Aranda, S.L. Unipersonal	Spain	0.00%	55.00%	55.00%	—	Renewable energies	Joint ventures	0	0	0
Promontoria Manzana, S.A. (consolidado) (b)	Spain	20.00%	0.00%	20.00%	20.00%	Holding company	Associated	714	176	(59)
Redbanc S.A.	Chile	0.00%	22.44%	33.43%	33.43%	Services	Associated	28	12	2
Redsys Servicios de Procesamiento, S.L. (consolidado)	Spain	24.90%	0.06%	24.96%	24.96%	Cards	Associated	157	74	5
Retama Real Estate, S.A. Unipersonal	Spain	0.00%	50.00%	50.00%	50.00%	Real estate	Joint ventures	16	(51)	(3)
Rías Redbanc S.A.	Uruguay	0.00%	25.00%	25.00%	25.00%	Services	—	4	1	0
RMBS Belém No.2	Portugal	—	(h)	—	—	Securitization	Joint ventures	200	0	0
RMBS Green Belém No.1	Portugal	—	(h)	—	—	Securitization	Joint ventures	139	0	0
Roc Aviation One Designated Activity Company	Ireland	—	(p)	—	—	Renting	—	291	(7)	(2)
Roc Shipping One Designated Activity Company	Ireland	—	(p)	—	—	Renting	—	103	(5)	1
S3 Caceis Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	Brazil	0.00%	50.00%	50.00%	50.00%	Securities company	Joint ventures	254	174	30
S3 Caceis Brasil Participações S.A.	Brazil	0.00%	50.00%	50.00%	50.00%	Holding company	Joint ventures	210	177	29
S3 CACEIS Colombia S.A. Sociedad Fiduciaria	Colombia	0.00%	50.00%	50.00%	50.00%	Finance company	Joint ventures	10	9	0
San Preca Federal I Fundo de Investimento em Direitos Creditórios Não-Padronizados	Brazil	0.00%	45.00%	50.00%	50.00%	Investment fund	Joint ventures	9	8	0

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

		% of ownership held by Banco Santander		Percentage of voting power (f)				EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Type of company	Asset	Capital + reserves	Net results
Sancus Green Investments II, S.C.R., S.A. (b)	Spain	0.00%	33.02%	33.02%	32.95%	Venture capital company	—	26	27	0
Santander Allianz Towarzystwo Ubezpieczeń na Życie S.A.	Poland	0.00%	30.48%	49.00%	49.00%	Insurance	Associated	240	29	40
Santander Allianz Towarzystwo Ubezpieczeń S.A.	Poland	0.00%	30.48%	49.00%	49.00%	Insurance	Associated	72	35	8
Santander Assurance Solutions, S.A.	Spain	0.00%	66.67%	66.67%	66.67%	Insurance mediation	Joint ventures	20	7	1
Santander Auto S.A.	Brazil	0.00%	45.00%	50.00%	50.00%	Insurance	Associated	66	10	8
Santander Caceis Latam Holding 1, S.L.	Spain	0.00%	50.00%	50.00%	50.00%	Holding company	Joint ventures	753	742	11
Santander Caceis Latam Holding 2, S.L.	Spain	0.00%	50.00%	50.00%	50.00%	Holding company	Joint ventures	3	3	0
Santander Generales Seguros y Reaseguros, S.A.	Spain	0.00%	49.00%	49.00%	49.00%	Insurance	Joint ventures	813	166	53
Santander Mapfre Hipoteca Inversa, E.F.C., S.A.	Spain	0.00%	50.00%	50.00%	50.00%	Finance company	Joint ventures	16	17	(4)
Santander Mapfre Seguros y Reaseguros, S.A.	Spain	0.00%	49.99%	49.99%	49.99%	Insurance	Associated	189	75	(5)
Santander Renovables, S.C.R., S.A. en liquidación (b) (e)	Spain	0.00%	100.00%	100.00%	—	Venture capital company	—	0	0	0
Santander Vida Seguros y Reaseguros, S.A.	Spain	0.00%	49.00%	49.00%	49.00%	Insurance	Joint ventures	986	308	68
Seaya Holdco, S.L. (consolidado)	Spain	24.99%	0.00%	24.99%	—	Holding company	Associated	29	26	6
Servicios de Infraestructura de Mercado OTC S.A	Chile	0.00%	8.38%	12.48%	12.48%	Services	Associated	15	14	1
SIBS-SGPS, S.A. (consolidado) (b)	Portugal	0.00%	15.54%	15.56%	15.56%	Management of portfolios	—	498	242	48
SIG RCRS A/B MF 2023 Venture LLC	United States	0.00%	20.00%	20.00%	20.00%	Finance company	—	5,151	4,776	368
Siguler Guff SBIC Fund LP (b)	United States	0.00%	20.00%	20.00%	20.00%	Investment Company	—	55	55	4
Sistema de Tarjetas y Medios de Pago, S.A. (b)	Spain	20.61%	0.00%	20.61%	20.61%	Payment methods	Associated	1,084	5	1
Sociedad Conjunta para la Emisión y Gestión de Medios de Pago, E.F.C., S.A.	Spain	45.70%	0.00%	45.70%	45.70%	Payment services	Joint ventures	116	36	1
Sociedad de Garantía Recíproca de Santander, S.G.R. (b)	Spain	24.95%	0.22%	25.17%	25.16%	Financial services	—	18	10	0
Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (b)	Spain	22.21%	0.00%	22.21%	22.21%	Financial services	—	15,764	(2,546)	(2,198)
Sociedad Interbancaria de Depósitos de Valores S.A.	Chile	0.00%	19.66%	29.29%	29.29%	Securities depository	Associated	10	8	2
Solar Maritime Designated Activity Company (b)	Ireland	—	(h)	—	—	Leasing	Joint ventures	145	9	0
STELLANTIS Insurance Europe Limited	Malta	0.00%	50.00%	50.00%	50.00%	Insurance	Joint ventures	249	63	33
STELLANTIS Life Insurance Europe Limited	Malta	0.00%	50.00%	50.00%	50.00%	Insurance	Joint ventures	104	(3)	17
Stephens Ranch Wind Energy Holdco LLC (consolidado) (b)	United States	0.00%	15.80%	15.80%	17.00%	Renewable energies	—	210	179	(11)
Tecnologia Bancária S.A.	Brazil	0.00%	17.08%	18.98%	19.81%	ATMs	Associated	429	153	0
Tonopah Solar Energy Holdings I, LLC (k)	United States	0.00%	26.80%	26.80%	26.80%	Holding company	Joint ventures	—	—	—
Transbank S.A.	Chile	0.00%	16.78%	25.00%	25.00%	Cards	Associated	1,913	133	10
Tresmares Growth Fund II, S.C.R., S.A.	Spain	40.00%	0.00%	40.00%	40.00%	Holding company	—	81	82	(1)
Tresmares Growth Fund III, S.C.R., S.A.	Spain	40.00%	0.00%	40.00%	40.00%	Holding company	—	62	63	(1)
Tresmares Growth Fund Santander, S.C.R., S.A. (n)	Spain	100.00%	0.00%	100.00%	100.00%	Holding company	—	108	109	(1)

Societies of which Grupo Santander owns more than 5% (g) , entities associated with Grupo Santander and jointly controlled entities

		% of ownership held by Banco Santander		Percentage of voting power (f)				EUR million (a)		
Company	Location	Direct	Indirect	Year 2024	Year 2023	Activity	Type of company	Asset	Capital + reserves	Net results
U.C.I., S.A.	Spain	50.00%	0.00%	50.00%	50.00%	Holding company	Joint ventures	746	407	(6)
UCI Greece Credit and Loan Receivables Servicing Company Single Member Societe Anonyme	Greece	0.00%	50.00%	50.00%	50.00%	Financial services	Joint ventures	2	1	0
UCI Holding Brasil Ltda.	Brazil	0.00%	50.00%	50.00%	50.00%	Holding company	Joint ventures	1	(1)	0
UCI Mediação de Seguros, Unipessoal Lda.	Portugal	0.00%	50.00%	50.00%	50.00%	Insurance mediation	Joint ventures	0	0	0
UCI Servicios para Profesionales Inmobiliarios, S.A. Unipersonal	Spain	0.00%	50.00%	50.00%	50.00%	Real estate services	Joint ventures	1	0	0
Unicre-Instituição Financeira de Crédito, S.A.	Portugal	0.00%	21.83%	21.86%	21.86%	Finance company	—	543	113	23
Unión de Créditos Inmobiliarios, S.A. Unipersonal, EFC	Spain	0.00%	50.00%	50.00%	50.00%	Mortgage company	Joint ventures	9,871	805	(65)
VCFS Germany GmbH	Germany	0.00%	50.00%	50.00%	50.00%	Marketing	Joint ventures	1	1	0
Venda de Veículos Fundo de Investimento em Direitos Creditórios	Brazil	0.00%	35.90%	39.89%	39.77%	Securitization	Joint ventures	375	342	33
Volvo Car Financial Services UK Limited	United Kingdom	0.00%	50.01%	50.01%	50.01%	Leasing	Joint ventures	3,302	160	37
Webmotors S.A.	Brazil	0.00%	27.00%	30.00%	30.00%	Services	Associated	99	57	25
Zurich Santander Brasil Seguros e Previdência S.A.	Brazil	0.00%	48.79%	48.79%	48.79%	Insurance	Associated	17,687	313	188
Zurich Santander Holding (Spain), S.L. Unipersonal	Spain	0.00%	49.00%	49.00%	49.00%	Holding company	Associated	937	936	200
Zurich Santander Holding Dos (Spain), S.L. Unipersonal	Spain	0.00%	49.00%	49.00%	49.00%	Holding company	Associated	385	382	156
Zurich Santander Insurance América, S.L.	Spain	0.00%	49.00%	49.00%	49.00%	Holding company	Associated	1,497	1,450	412
Zurich Santander Seguros Argentina S.A. (j)	Argentine	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	87	61	3
Zurich Santander Seguros de Vida Chile S.A.	Chile	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	234	40	38
Zurich Santander Seguros Generales Chile S.A.	Chile	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	265	58	18
Zurich Santander Seguros México, S.A.	Mexico	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	1,906	44	180
Zurich Santander Seguros Uruguay S.A.	Uruguay	0.00%	49.00%	49.00%	49.00%	Insurance	Associated	54	20	12

a. Amount according to the provisional books at the date of publication of these annexes of each company, generally referring to 31 December 2024, except where otherwise indicated due to the fact that the annual accounts are pending formulation. The data for foreign companies are converted into euros at the exchange rate at the end of the year.
b. Data as at 31 December 2023, latest available accounts.
c. Data as at 31 December 2019, latest available accounts.
d. Data as at 30 November 2021, latest available accounts.
e. Company in liquidation as at 31 December 2024.
f. Pursuant to Article 3 of Royal Decree 1159/ 2010, of 17 September, approving the rules for the preparation of consolidated annual accounts, in order to determine the voting rights, voting rights held directly by the parent company have been added to those held by companies controlled by the parent company or by other persons acting in their own name but on behalf of a group company. For these purposes, the number of votes corresponding to the parent company, in relation to the companies indirectly dependent on it, is that corresponding to the dependent company that directly participates in the share capital of the latter.
g. Excluding the Group companies listed in Appendix I, as well as those which are of negligible interest with respect to the true and fair view that the consolidated financial statements must give (in accordance with articles 48 of the Commercial Code and 260 of the Spanish Companies Act).
h. Companies over which joint control is maintained.
i. Data as at 31 October 2023, latest available accounts.
j. Data as at 30 June 2024, latest available accounts.
k. Company with no financial information available.
l. Data as 31 December 2022, latest available account.
m. Data as at 30 September 2024, latest available accounts.
n. Investment managed discretionally by a manager outside the Santander Group, the voting rights not being, in this case, decisive in determining control of the entity.
o. Recently created company, without financial information available.
p. Company over which effective control has been lost.

Appendix III

Issuing subsidiaries of shares and preference shares

		% of ownership held by Banco Santander			EUR million (a)			
Company	**Location**	**Direct**	**Indirect**	**Activity**	**Capital**	**Reserves**	**Cost of preferred**	**Net results**
Emisora Santander España, S.A. Unipersonal	Spain	100.00%	0.00%	Finance company	2	0	0	0
Santander Global Issuances B.V. (b)	Netherlands	100.00%	0.00%	Finance company	0	0	0	0
Santander UK (Structured Solutions) Limited	United Kingdom	0.00%	100.00%	Finance company	0	0	0	0
Sovereign Real Estate Investment Trust	United States	0.00%	100.00%	Finance company	5,067	(3,440)	103	13

a. Amount according to the books of each interim company as at 31 December 2023, converted into euro (in the case of foreign companies) at the year-end exchange rate.
b. Company with tax residence in Spain.

Appendix IV

Notifications of acquisitions and disposals of investments in 2024

(Art. 155 of the Corporate Enterprises Act and Art. 105 of the Securities Market Law).

Details of the notifications of acquisitions and disposals of participations for 2024 in accordance with Article 105 of the Securities Market Law may be found below:

On September 24, 2024, Banco Santander, S.A. disclosed to the CNMV the increase of its stake in SACYR, S.A. exceeding the 3% threshold, keeping a stake of 3.078% as of September 18, 2024.

On October 18, 2024, Banco Santander, S.A. disclosed to the CNMV the decrease of its stake in SACYR, S.A. below the 3% threshold, keeping a stake of 2.548%, as of October 14, 2024.

In relation to the information required by 155 of the Corporate Enterprises Act, on the shareholdings in which Grupo Santander owns more than 10% of the capital of another company, and the successive acquisitions of more than 5% of the share capital, see appendices I, II and III.

Appendix V

Other information on the Group's banks

Following is certain information on the share capital of the Group's main banks based on their total assets.

1. Santander UK plc

a) Number of financial equity instruments held by the Group.

At 31 December 2024, the Company was a subsidiary of Banco Santander, S.A. and Santusa Holding, S.L.

On 12 November 2004 Banco Santander, S.A. acquired the then entire issued ordinary share capital of 1,485,893,636 Ordinary shares of 10p. each. On 12 October 2008 a further 10 billion Ordinary shares of 10p. each were issued to Banco Santander, S.A. and an additional 12,631,375,230 Ordinary shares of 10p. each were issued to Banco Santander, S.A. on 9 January on 2009. On 3 August 2010, 6,934,500,000 Ordinary shares of 10p. each were issued to Santusa Holding, S.L.. With effect from 10 January 2014, Santander UK Group Holdings Limited, a subsidiary of Banco Santander, S.A. and Santusa Holding, S.L., became the beneficial owner of 31,051,768,866 Ordinary shares of 10p. each, being the entire issued ordinary share capital of the Company, by virtue of a share exchange agreement between Santander UK Group Holdings Limited, Banco Santander, S.A. and Santusa Holding, S.L.. Santander UK Group Holdings Limited became the legal owner of the entire issued Ordinary share capital of the Company on 1 April 2014 and on 25 March 2015 became a public limited company and changed its name from Santander UK Group Holdings Limited to Santander UK Group Holdings plc. In addition to this, there are 325,000,000 Non-Cumulative Non-Redeemable 10.375% and 8.625% Sterling Preference Shares of GBP 1.00 each. In addition to this there were 13,780 Series A Fixed (6.222%)/Floating Rate Non-Cumulative Callable Preference Shares of GBP 1.00 each which were redeemed and cancelled in their entirety on 24 May 2019. The legal and beneficial title to the entire issued Preference share capital is held by third parties and is not held by Banco Santander, S.A.

b) Capital increases in progress

At 31 December 2024, there were no approved capital increases.

c) Share capital authorised by the shareholders at the general meeting

The shareholders resolved at the Annual General Meeting held on 8 April 2024, to authorise unconditionally, the company to carry out the following repurchases of the share capital:

(1) To buy back its own 8.625% Sterling Preference shares on the following terms:

(a) The Company may buy back up to 125,000,000 8.625% Sterling Preference shares;

(b) The lowest price which the Company can pay for 8.625% Sterling Preference shares is 75% of the average of the market values of the preference shares for five business days before the purchase is made; and

(c) The highest price (not including expenses) which the Company can pay for each 8.625% Sterling Preference share is 125% of the average of the market values of the preference shares for five business days before the purchase is made.

This authority shall begin on the date of the passing of this resolution and end on the conclusion of the next Annual General Meeting of the Company. The Company may agree, before this authorisation ends, to buy back its own 8.625% preference shares even though the purchase may be completed after this authorisation ends.

(2) To buy back its own 10.375% Sterling Preference shares on the following terms:

(a) The Company may buy up to 200,000,000 10.375% Sterling Preference shares;

(b) The lowest price which the Company can pay for 10.375% Sterling Preference shares is 75% of the average of the market values of the preference shares for five business days before the purchase is made; and

(c) The highest price (not including expenses) which the Company can pay for each 10.375% Sterling Preference share is 125% of the average of the market values of the preference shares for five business days before the purchase is made.

This authority shall begin on the date of the passing of this resolution and end on the conclusion of the next Annual General Meeting of the Company. The Company may agree, before this authorisation ends, to buy back its own 10.375% preference shares even though the purchase may be completed after this authorisation ends.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Not applicable.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Quoted equity instruments

The preference share capital of Santander UK plc is traded on the London Stock Exchange under the following details:

- 10.375% Sterling Preference - ISIN: GB0000064393
- 8.625% Sterling Preference - ISIN: GB0000044221

2. Santander Financial Services plc

a) Number of financial equity instruments held by the Group

The Group holds ordinary shares amounting to GBP 249,998,000 through Santander UK Group Holdings plc (249,998,000 ordinary shares with a par value of GBP 1 each).

The Group also holds 1,000 tracker shares (shares without voting rights but with preferential dividend rights) amounting to GBP 1,000 and 1,000 B tracker shares amounting to GBP 1,000 through Santander UK Group Holdings plc, both with a par value of GBP 1 each.

Additionally, the company issued GBP 50 million additional tier 1 (AT) capital securities to Santander UK Group Holdings plc on 19 December 2022.

b) Capital increases in progress

No approved capital increases are in progress.

c) Capital authorised by the shareholders at the general meeting

Not applicable.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Not applicable.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Quoted equity instruments

Not applicable.

3. Banco Santander (Brasil) S.A.

a) Number of financial equity instruments held by the Group

The Group holds 3,440,170,512 ordinary shares and 3,273,507,089 preference shares through Banco Santander, S.A. and its subsidiaries Sterrebeeck B.V. and Grupo Empresarial Santander, S.L.

The shares composing the share capital of Banco Santander (Brasil) S.A. have no par value and there are no pending payments. At 2024 year-end, the bank's treasury shares consisted of 19,451,562 ordinary shares and 19,451,562 preferred shares, with a total of 38,903,124 shares.

In accordance with current bylaws (Article 5.7), the preference shares do not confer voting rights on their holders, except under the following circumstances:

a) In the event of transformation, merger, consolidation or spin-off of the company.

b) In the event of approval of agreements between the company and the shareholders, either directly, through third parties or other companies in which the shareholders hold a stake, provided that, due to legal or bylaw provisions, they are submitted to a general meeting.

c) In the event of an assessment of the assets used to increase the company's share capital.

The General Assembly may, at any moment decide to convert the preference shares into ordinary shares, establishing a reason for the conversion.

However, the preference shares do have the following advantages (Article 5.6):

a) Their dividends are 10% higher than those distributed to ordinary shares.

b) Priority in the dividends distribution.

c) Participation, on the same terms as ordinary shares, in capital increases resulting from the reserves and profits capitalization and in the distribution of bonus shares arising from the capitalization of retained earnings, reserves or any other funds.

d) Priority in the reimbursement of capital in the event company's dissolution.

e) In the event of a public offering due to a change in control of the company, the holders of preferred shares are guaranteed the right to sell the shares at the same price paid for the block of shares transferred as part of the change of control, i.e. they are treated the same as shareholders with voting rights.

b) Capital increases in progress

No approved capital increases are in progress.

c) Capital authorised by the shareholders at the general meeting

The company is authorised to increase share capital, subject to approval by the Board of Directors, up to a limit of 9,090,909,090 ordinary shares or preferred shares, and without need to maintain any ratio between any of the different classes of shares, provided they remain within the limits of the maximum number of preferred shares provided in Law.

As of 31 December 2024, the share capital consists of 7,498,531,051 shares (3,818,695,031 ordinary shares and 3,679,836,020 preferred shares).

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

At the general meeting held on 21 December 2016 the shareholders approved the rules relating to the deferred remuneration plans for the directors, management and other employees of the company and of companies under its control. Shares delivery is linked to achievement of certain targets.

e) Specific circumstances that restrict reserves availability

The only restriction on the availability of Banco Santander (Brasil) S.A.'s reserves is connected to the requirement for the legal reserve formation (restricted reserves), which can only be used to offset losses or to increase capital.

The legal reserve requirement is set-forth in Article 193 of the Brazilian Corporations Law, which establishes that before allocating profits to any other purpose, 5% of profits must be transferred to the legal reserve, which must not exceed 20% of the company's share capital.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Listed capital instruments

All the shares are listed on the São Paulo Stock Exchange (B3 - Brasil, Bolsa, Balcão) and the shares deposit certificates (American Depositary Receipts - ADR) are listed on the New York Stock Exchange (NYSE).

4. Santander Bank, National Association

a) Number of financial equity instruments held by the Group

At 31 December 2024, the Group held 530,391,043 ordinary shares that carry the same voting and dividend acquisition rights over Santander Holdings USA, Inc. (SHUSA). This holding company and Independence Community Bank Corp. (ICBC) hold 1,237 ordinary shares with a par value of USD 1 each, which carry the same voting rights. These shares constitute all the share capital of Santander Bank, National Association (SBNA). SHUSA holds an 80.84% ownership interest in SBNA, and the remaining 19.16% belongs to ICBC. ICBC is wholly owned by SHUSA. There is no shareholders' meeting for the ordinary shares of SBNA.

b) Capital increases in progress

At 31 December 2024 there were no approved capital increases.

c) Capital authorised by the shareholders at the general meeting

Not applicable.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Not applicable.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Quoted equity instruments

Not applicable.

5. Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México

a) Number of financial instruments of capital held by the group.

Grupo Financiero Santander México, S.A. de C.V. ('Grupo Financiero') and Gesban México Servicios Administrativos Globales, S.A. de C.V. (México), hold 5,087,973,719 shares which represent the 74.97% of the capital stock of Banco Santander México and Banco Santander, S.A. holds 1,691,806,903 shares which represent the 24.92% of such capital stock.

On November 30, 2022, an Extraordinary Shareholders' Meeting of Banco Santander México, was held at which it was approved (a) to cancel the registration of all of the shares representing the capital stock of the Company in the National Securities Registry (RNV) maintained by the National Banking and Securities Commission and to delist them from the Mexican Stock Exchange (Bolsa Mexicana de Valores, S.A.B. de C.V.), and (b) delist the American Depositary Shares (each representing five series "B" shares of the Company) from the New York Stock Exchange and delist the Company's series "B" shares and such American Depositary Shares from registration with the US Securities and Exchange Commission; and (c) to conduct certain tender offers for the series "B" shares representing the capital stock of the Company and the American Depositary Shares.

Tender offers for the acquisition of shares were carried out from February 7 to April 10, 2023, where Banco Santander, S.A. acquired a total of 244,306,313 Series "B" shares.

Once the offers were finalized and in accordance with the Mexican regulation, on May 8, 2023, a trust was established for a period of 6 months, to carry out the acquisition of shares of Banco Santander México, including those represented by American Depositary Shares listed on the New York Stock Exchange (which were not owned at that time by Banco Santander, S.A. or its subsidiaries) owned by shareholders who did not participate in the tender offers made by Banco Santander, S.A.

On May 4 and 12, 2023, respectively, the Bank was delisted from the New York Stock Exchange, LLC and the RNV .

On November 8, 2023, the trust ended; as a result, Banco Santander, S.A. repurchased 9,243,880 Series "B" shares from shareholders who did not participate in the tender offers, leaving a total of 1,714,399 shares of the Series "B" in the hands of minority shareholders.

On February 13, 2024, an Extraordinary Shareholders' Meeting of Banco Santander México, S.A. was held, at which it was approved to amend the Bylaws of the Institution to remove the obligations established by the Securities Market Law as a public company.

b) Ongoing capital stock increases.

To this date there are not ongoing capital stock increases.

c) Authorized Capital by the Shareholders Meeting.

On April 20, 2021, the Company held an Extraordinary General Shareholders' Meeting, at which, among other items, it was approved an increase in the authorized capital stock of the Company to 6,825,447,481.00 Mexican pesos represented by 1,805,300,000 unsubscribed and unpaid shares, which are held in treasury so that the Company may issue Capital Instruments representing non-preferred subordinated debt, This increase was approved by the National Banking and Securities Commission (CNBV) through official communication number 312-3/10039041/2021 dated November 8, 2021.

As a result of said agreement, the Company requested the update of the registration of the shares representing the capital stock of Banco Santander Mexico, S.A. in the RNV, which was authorized by the CNBV through official communication number 153/2800/2022 dated May 20, 2022.In the aforementioned official communication, it was requested that the Company adjusted the amounts in pesos corresponding to the capital stock to include cents, and therefore, through an Extraordinary General Stockholders' Meeting held on July 19, 2022, the corresponding adjustment was made, which was authorized by the CNBV through official communication number 312-3/93573/2023 dated January 3, 2023.

The capital stock of the Bank is 32,485,600,109.44 Mexican pesos represented by a total of 8,592,294,357 shares with a nominal value of 3.780782962 Mexican pesos each one; divided in 4,385,824,012 stocks “F” Series and 4,206,470,345 shares “B” Series. The capital stock is constituted as follows:

- Paid-in and subscribed capital of the Bank is 25,660,152,628.14 Mexican pesos represented by a total of 6,786,994,357 shares with a nominal value of 3.780782962 Mexican pesos each one; divided in 3,464,309,145 shares “F” Series and 3,322,685,212 shares Series.
- The authorized capital stock for the conversion of obligations into shares of the Company is 6,825,447,481.30 Mexican pesos, represented by a total of 1,805 ,300,000 shares with a nominal value of 3,780782962 Mexican pesos each; divided into 921,514,867 Series “F” shares and 883,785,133 Series “B shares ". which are kept in the treasury of the Bank.

d) Rights incorporated into parts of founder, bonds or debt, convertible obligations and securities or similar rights.

(i) The Board of Directors on its meeting held on October 22, 2015, was updated regarding the situation of the debt issuance of Banco Santander Mexico, S.A. , which had been previously ratified in the meeting held on October 17, 2013, in order to issue debt for the amount of 6,500 million dollars in local or international markets, for a maximum period of 15 years, senior or subordinated debt including debt instruments qualifying for purposes of capital in accordance with the legislation in force, which can be implemented individually or through several issuance programs.

The approved debt issuance of Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México is currently composed as follows:

Instrument	Type	Term	Amount	Available
Issuance Program of unsecured bonds and unsecured certificates of deposit	Revolving	04-Mar-2026	55,000 million Mexican pesos, or its equivalent in UDIs, dollars or any other foreign currency	$10,060 million Mexican pesos
Private banking structured bonds Act with subsequent placements (JBSANPRIV 21-1)	No revolving[A]	28-Jan-2026	20,000 million Mexican pesos	$0 million Mexican pesos
Private structured bonds Act with subsequent placements (JBSANPRIV 23-1)	No revolving[A]	14-Sept-2028	20,000 million Mexican pesos	$0 million Mexican pesos
Private structured bonds Act with subsequent placements (JBSANPRIV 23-2)	No revolving[A]	08-Dic-2028	20,000 million Mexican pesos	$0 million Mexican pesos
Public banking structured bonds Act with subsequent placements (JBSANPRIV 24-1)	No revolving[A]	10-Oct-2029	100,000 million Mexican pesos	$84,253 million Mexican pesos
Public banking structured bonds Act with subsequent placements (JBSANPRIV 22-1)	No revolving[A]	16-Dic-2027	10,000 million Mexican pesos	$10,000 million Mexican pesos
Capital Notes (Tier 2 Capital)	No revolving[A]	1-Oct-2028	1,300 million American dollars	N/A
Senior notes 144.ª/RegS	No revolving[A]	17-Apr-2025	1,750 million American dollars	N/A
Subordinated Notes, perpetual and convertible (Tier 1)	No revolving[A]	perpetual	700 million American dollars	N/A
Subordinated Preferred Notes (2024)	No revolving[A]	21-Mar-2030	900 million American dollars	N/A
Senior Notes 144.ª/RegS (2024)	No revolving[A]	10-Dic-2029	700 million American dollars	N/A

A. The issuance of the structured private banking bonds isn't revolving. Once placed the amount laid down in the corresponding brochure a new certificate will be issued on the authorized amount.

(ii) The Board of Directors on its meeting held on January 27, 2011 approved the general conditions for the senior debt issue among international markets up to 1,500 million American dollars. On October 18, 2012 such senior debt issuance under 144ª Rules was approved on the amount of up to 1,000 million American dollars, for a term of 5 to 10 years. The issuance was approved with the purpose of obtaining resources to finance the increase in business assets and the liquidity of the Bank.

(iii) On September 20, 2018, Banco Santander México, issued and placed equity instruments, subordinated, preferential, and not convertible into shares, governed by foreign law, representative of the complementary part of the net capital of Banco Santander Mexico (Tier 2 subordinated preferred capital notes), for the amount of 1,300 million American dollars (the "Instruments"), whose resources were used mainly for the acquisition of the 94.07% of the Subordinated Notes 2013.

The amount issued of 1,300 million American dollars covers in full the sum of the repurchase of the Subordinated Notes 2013, for 1,222,907,000 American dollars.

Regarding the acquisition of the Subordinated Notes 2013: (a) the acquired total amount was 1,222,907,000 American dollars (nominal value), at a price of 1,010.50 American dollars and (b) the amount acquired by Banco Santander, S.A., was a nominal 1,078,094,000 American dollars.

In connection with the issuance of the Instruments, the total amount distributed with Banco Santander, S.A. (Spain), was 75% of such issuance; that is, the placed amount was 975 million.

Therefore, the Bank's General Extraordinary Shareholder´s Meeting held on September 10, 2018, among other subjects, approved to ratify the issuance limit for up to 6,500 million and a term of 15 years, senior or subordinate, in local and/or international markets, instrumented individually or through issuance programs, which was previously authorized by the Board of Directors on its meeting held on April 26, 2018. Likewise, such meeting approved the issuance of Tier 2 preferred subordinated debt for an amount of 1,300 million American dollars.

On January 30, 2019, Banco Santander México paid off the total remaining due amount of the Subordinated Notes 2013.

On April 17th., 2020, Banco Santander Mexico issued an international Senior Note, due on five years in the global market, on the amount of 1,750 million dollars, with a rate of 5.375 per cent, whereas the demand exceeded three times the placed amount. The due date of such notes will be April 17th, 2025.

On June 15th., 2020, the Bank's Shareholders' Meeting was held, which approved to increase the debt securities issuance in order to be settled in the amount of 10,000 million American dollars, to be used considering the following, among others: i) issuance of debt securities in local and international markets; ii) senior or subordinated debt, including in both cases preferred and not preferred securities, and debt securities classified as capital on a regulatory point of view. The Board of Directors on its meeting held on June 18th., 2020, ratified the 10,000 million American dollars limit approved by the above mentioned Shareholders Meeting.

On April 20, 2021, a General Extraordinary Shareholders' Meeting of Banco Santander México was held, where among other issues, it was approved that the Bank may issue subordinated non preferential perpetual and convertible capital notes, to be placed abroad, in accordance with the Banco de Mexico authorization.

On September 15, 2021, Banco Santander Mexico issued abroad the "Perpetual Subordinated Non-Preferred Contingent Convertible Additional Tier 1 Notes", up to an amount of 700 million American dollars. On the same date, the Bank paid the "2016 Obligations" issued by the Bank, on a fixed initial rate of 4.625% up to an amount of 700 million American dollars.

On January 25, 2024, the Bank's Board of Directors approved, among others, the issuance of preferred subordinated Notes Tier 2 abroad, up to 1,500 million American dollars. Subsequently, the General Shareholders Meeting dated February 27, 2024, approved the issuance of capital instruments as part of the complementary capital (TIER 2), to be placed abroad, up to an amount of 1,030 million American dollars (900 million American dollars were effectively placed).

On October 17, 2024, the Bank's Board of Directors approved, among others, the issuance of a Senior Note abroad up to an amount of 700 million American dollars.

e) Specific circumstances restricting the availability of reserves.

According to the Law of Financial Institutions, general dispositions applicable to financial institutions, General Corporations law and the bylaws, the Bank has to constitute or increase its capital reserves to ensure the solvency to protect the payments system and the public savings.

The Bank increases its legal reserve annually accordingly to the results obtained in the fiscal year (benefits).

The Bank must constitute the different reserves established in the legal provisions applicable to financial institutions, which are determined accordingly to the qualification granted to credits and they are released when the credit rating improves, or when it is settled.

f) Entities outside the Group which own, directly or through subsidiaries, a stake equal to or greater than 10% of the equity.

Not applicable.

g) Equity instruments admitted to trading.

Not applicable.

6. Banco Santander Totta, S.A

a) Number of equity instruments held by the Group

The Group holds 1,391,248,074 ordinary shares through its subsidiaries: Santander Totta, SGPS, S.A. with 1,376,219,267 shares, Taxagest Sociedade Gestora de Participações Sociais, S.A. with 14,593,315 shares, and Banco Santander Totta, S.A. with 435,492 treasury shares, all of which have a par value of EUR 1 each and identical voting and dividend rights and are subscribed and paid in full.

b) Capital increases in progress

At 31 December 2024, there were no equity increases in progress.

c) Capital authorised by the shareholders at the general meeting

Not applicable.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Under Article 296 of the Portuguese Companies' Code, the legal and merger reserves can only be used to offset losses or to increase capital.

Non-current asset revaluation reserves are regulated by Decree-Law 31/98, under which losses can be offset or capital increased by the amounts for which the underlying asset is depreciated, amortised or sold.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Equity instruments

Not applicable.

7. Santander Consumer Bank AG

a) Number of financial equity instruments held by the Group

At 31 December 2024, through Santander Consumer Holding GmbH, the Group held 30,002 ordinary shares with a par value of EUR 1,000 each, all of which carry the same voting rights.

b) Capital increases in progress

Not applicable.

c) Capital authorised by the shareholders at the general meeting

Not applicable.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Not applicable.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Quoted equity instruments

Not applicable.

8. Banco Santander - Chile

a) Number of equity instruments held by the Group

The Group holds a 67.18% ownership interest in its subsidiary in Chile corresponding to 126,593,017,845 ordinary shares of Banco Santander - Chile through its subsidiaries: Santander Chile Holding S.A. with 66,822,519,695 ordinary shares, Teatinos Siglo XXI Inversiones S.A., with 59,770,481,573 ordinary shares and Santander Inversiones S.A. with 16,577 fully subscribed and paid ordinary shares that carry the same voting and dividend rights.

b) Capital increases in progress

At 31 December 2024, there were no approved capital increases.

c) Capital authorised by the shareholders at the general meeting

Share capital at 31 December 2024 amounted to CLP 891,302,881,691.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Remittances to foreign investors in relation to investments made under the Statute of Foreign Investment (Decree-Law 600/1974) and the amendments thereto require the prior authorisation of the foreign investment promotion agency.

f) Non-Group entities which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Quoted equity instruments

All the shares are listed on the Chilean stock exchanges and, through American Depositary Receipts (ADRs), on the New York Stock Exchange (NYSE).

9. Santander Bank Polska S.A.

a) Number of financial equity instruments held by the Group

At 31 December, 2024, Banco Santander, S.A. held 63,560,774 ordinary shares with a par value of PLN 10 each, all of which carry the same voting rights.

On 13 September 2024, Banco Santander sold 5,320,000 shares held in Santander Bank Polska S.A. (ca. 5.2% of the in share capital).

b) Capital increases in progress

At 31 December, 2024, there were no equity increases in progress.

c) Capital authorised by the shareholders at the general meeting

There was no share capital increase in 2024.

d) Rights on founder's shares, "rights" bonds, convertible debentures and similar securities or rights

Not applicable.

e) Specific circumstances that restrict the availability of reserves

Not applicable.

f) Non-Group entities, which hold, directly or through subsidiaries, 10% or more of equity

Not applicable.

g) Quoted equity instruments

All the shares of Santander Bank Polska S.A. are listed on the Warsaw Stock Exchange.

Appendix VI

Annual banking report

Grupo Santander's total tax contribution (taxes incurred directly and by third parties, generated in the course of business) is around EUR 22.5 billion, including more than EUR 10.9 billion in taxes incurred directly (corporate income tax, non-recoverable value added tax (VAT) and other indirect taxes, employer Social Security contributions, payroll taxes and other taxes and levies).

This report complies with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and its transposition into Spanish law pursuant to Article 87 of Act 10/2014 of 26 June on the regulation, supervision and capital adequacy of credit institutions.

The criteria used to prepare this report were:

a) Name(s), activities and location

Appendices I to III to the consolidated financial statements contain details of the companies operating in each jurisdiction, including their name(s), location and activities.

Santander main activity in the jurisdictions where operate is commercial banking. The Group primarily operates in ten markets through subsidiaries that are autonomous in capital and liquidity. This has clear strategic and regulatory advantages, since it limits the risk of contagion between units, imposes a double layer of global and local oversight, and facilitates crisis management and resolution.

b) Turnover and profit or loss before tax

Turnover in this report is Total income, and profit or loss before tax, Operating profit/(loss) before tax, both as defined and presented in the consolidated income statement that forms part of the consolidated financial statements.

c) Number of full-time equivalent employees

The data on full-time equivalent employees stem from the average headcount of each jurisdiction.

d) Tax on profit or loss

In the absence of specific criteria, we have included the amount effectively paid (EUR 5,880 million in 2024, with an effective tax rate of 30.9%) in respect of taxes whose effect is recognized under Income tax in the consolidated income statement.

Taxes effectively paid by the companies in each jurisdiction include:

- Supplementary payments relating to income tax returns, usually for prior years.
- Advances, prepayments, withholdings made or borne in respect of tax on profit or loss for the year. We included taxes borne abroad in the jurisdiction of the company that bore them.
- Refunds received with respect to prior years' returns.
- Where appropriate, the amount payable from assessments and litigation relating to these taxes.

The foregoing form part of the cash flow statement and differ from the corporate income tax expense recognized in the consolidated income statement (EUR 5,283 million in 2024, representing an effective rate of 27.8%, see note 27). This is because each country's tax regulations establish:

- when taxes must be paid. There is often a mismatch between the payment dates and the generation of the income bearing the tax.
- their own calculation criteria to define temporary or permanent restrictions on expense deduction, exemptions and relief or deferrals of certain income, generating the differences between the accounting profit (or loss) and taxable profit (or tax loss) which is ultimately taxed; tax loss carry forwards from prior years, tax credits and/or relief, etc., must also be added. In certain cases, special regimes such as the tax consolidation of companies in the same jurisdiction are established.

e) Public subsidies

In the context of the legally-required disclosures, this was interpreted as any aid or subsidy in line with the European Commission's Guidance on the notion of State aid. Grupo Santander did not receive significant public subsidies in 2024.

The breakdown of information is as follows:

	2024			
Jurisdiction	**Turnover (EUR million)**	**Full-time equivalent employees**	**Gross profit or loss before tax (EUR million)**	**Tax on profit or loss (EUR million)**
Germany	1,643	5,268	126	238
Argentina	2,465	8,217	823	258
Australia	8	58	2	—
Austria	224	318	84	20
Bahamas	43	26	36	—
Belgium	108	249	49	7
Brazil1	12,725	57,191	3,016	1,213
Canada	76	296	(12)	1
Chile	2,552	9,306	1,107	326
China	36	114	4	—
Colombia	128	1,190	23	24
United Arab Emirates	7	132	(15)	—
Spain2	11,915	35,457	3,954	533
United States	7,423	11,671	838	242
Denmark	163	242	65	18
Finland	96	163	37	11
France	806	1,003	395	149
Greece	13	48	2	—
Hong Kong	87	237	17	7
India	—	78	—	—
Ireland	6	11	1	2
Isle of Man	50	93	32	3
Italy	658	1,305	221	51
Jersey	20	67	11	1
Luxembourg	630	32	616	221
Mexico	6,154	30,269	2,203	875
Norway	219	573	95	6
Netherlands	175	348	114	123
Peru	213	919	92	31
Poland	3,966	12,843	1,689	503
Portugal	2,188	5,300	1,526	590
United Kingdom	6,017	21,039	1,525	347
Romania	7	25	5	—
Singapore	41	36	21	1
Sweden	157	343	39	21
Switzerland	206	409	31	5
Uruguay	651	1,541	255	53
Consolidated Group Total	**61,876**	**206,417**	**19,027**	**5,880**

1. Including the information relating to a branch in the Cayman Islands, the profits of which are taxed in full in Brazil. The contribution of this branch profit before tax from continuing operations is EUR 443 million.
2. Includes the Corporate Centre.

At 31 December 2024, the Group's return on assets (ROA) was 0.76%.

Pursuant to Article 253, section 1 of the revised Spanish Companies Act (*Ley de Sociedades de Capital*), the board of directors of Banco Santander, S.A. draws up the consolidated financial statements (comprising the consolidated balance sheet, income statement, statement of recognized income and expense, statement of changes in total equity, statement of cash flows and the notes to the consolidated financial statements) and the consolidated directors' report for the 2024 fiscal year in eXtensible HyperText Markup Language (XHTML) format and, with respect to the main consolidated financial statements and the notes to the consolidated financial statements, with tags in the standard eXtensible Business Reporting Language (XBRL), all of which conforms to the single electronic reporting format required under Directive 2004/109/EC and Delegated Regulation (EU) 2019/815.

The directors of Banco Santander, S.A., listed below with an indication of their respective positions, declare that, to the best of their knowledge, the company's consolidated financial statements for the 2024 financial year were drawn up in accordance with the applicable accounting principles and give a true and fair view of the assets, liabilities, financial position and profit or loss of Banco Santander, S.A. and of the undertakings included in the consolidation taken as a whole, and that the consolidated directors' report includes a fair review of the development, performance and position of the company and of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Boadilla del Monte (Madrid), 25 February 2025

ANA PATRICIA BOTÍN-SANZ DE SAUTUOLA Y O'SHEA
Chair

HÉCTOR BLAS GRISI CHECA
Chief Executive Officer

GLENN HOGAN HUTCHINS
Vice Chair

JOSÉ ANTONIO ÁLVAREZ ÁLVAREZ
Vice Chair

MEMBERS:

HOMAIRA AKBARI

JUAN CARLOS BARRABÉS CÓNSUL

FRANCISCO JAVIER BOTÍN-SANZ DE SAUTUOLA Y O'SHEA

SOL DAURELLA COMADRÁN

HENRIQUE MANUEL DRUMMOND BORGES CIRNE DE CASTRO

GERMÁN DE LA FUENTE ESCAMILLA

GINA LORENZA DÍEZ BARROSO AZCÁRRAGA

LUIS ISASI FERNÁNDEZ DE BOBADILLA

BELÉN ROMANA GARCÍA

PAMELA ANN WALKDEN

ANTONIO FRANCESCO WEISS

GENERAL INFORMATION

Corporate information

Banco Santander, S.A. is a Spanish bank, incorporated as sociedad anónima in Spain and is the parent company of Grupo Santander. Banco Santander, S.A. operates under the commercial name Santander.

The Bank's Legal Entity Identifier (LEI) is 5493006QMFDDMYWIAM13 and its Spanish tax identification number is A-39000013. The Bank is registered with the Companies Registry of Cantabria, and its Bylaws have been adapted to the Spanish Companies Act by means of the notarial deed instrument executed in Santander on 29 July 2011 before the notary Juan de Dios Valenzuela García, under number 1209 of his book and filed with the Companies Registry of Cantabria in volume 1006 of the archive, folio 28, page number S-1960, entry 2038.

The Bank is also registered in the Official registry of entities of Bank of Spain with code number 0049.

The Bank's registered office is at:

Paseo de Pereda, 9-12
39004 Santander
Spain

The Bank's principal executive offices are located at:

Santander Group City
Avda. de Cantabria s/n
28660 Boadilla del Monte
Madrid
Spain
Telephone: (+34) 91 259 65 20

Corporate history

The Bank was established in the city of Santander by public deed before the notary José Dou Martínez on 3 March 1856, which was later ratified and amended in part by a second public deed dated 21 March 1857 executed before the notary José María Olarán. The Bank commenced operations upon incorporation on 20 August 1857 and, according to article 4 of the Bylaws, its duration shall be for an indefinite period. It was transformed into a credit corporation (sociedad anónima de crédito) by public deed, executed before notary Ignacio Pérez, on 14 January 1875 and registered in the Companies Registry Book of the Government's Trade Promotion Section in the province of Santander. The Bank amended its Bylaws to conform to the Spanish public companies act of 1989 by means of a public deed executed in Santander on 8 June 1992 before the notary José María de Prada Díez and recorded in his notarial record book under number 1316.

On 15 January 1999, the boards of directors of Santander and Banco Central Hispanoamericano, S.A. agreed to merge Banco Central Hispanoamericano, S.A. into Santander, and to change Banco Santander's name to Banco Santander Central Hispano, S.A. The shareholders of Santander and Banco Central Hispanoamericano, S.A. approved the merger on 6 March 1999, at their respective general meetings and the merger became effective in April 1999.

The Bank's general shareholders' meeting held on 23 June 2007 approved the proposal to change back the name of the Bank to Banco Santander, S.A.

As indicated above, the Bank brought its Bylaws into line with the Spanish Companies Act by means of a public deed executed in Santander on 29 July 2011.

The Bank's general shareholders' meeting held on 22 March 2013 approved the merger by absorption of Banco Español de Crédito, S.A.

On 7 June 2017, Santander acquired the entire share capital of Banco Popular Español, S.A. in an auction in connection with a resolution plan adopted by the European Single Resolution Board (the European banking resolution authority) and executed by the FROB (the Spanish banking resolution authority) following a determination by the European Central Bank that Banco Popular was failing or likely to fail, in accordance with Regulation (EU) 806/2014 establishing a framework for the recovery and resolution of credit institutions and investment firms. On 24 April 2018, the Bank announced that the boards of directors of Banco Santander, S.A. and Banco Popular Español, S.A.U. had agreed to an absorption of Banco Popular by Banco Santander. The legal absorption was effective on 28 September 2018.

Shareholder and investor relations

Santander Group City
Pereda, 2ª planta
Avda. de Cantabria, s/n
28660 Boadilla del Monte
Madrid
Spain
Telephone: (+34) 91 276 92 90
accionistas@santander.com
investor@gruposantander.com

Hard copies of the Bank's annual report can be requested by shareholders free of charge at the address and phone number indicated above.

Customer service department

Apartado de Correos 35.250
28080 Madrid
santander_reclamaciones@gruposantander.es

Media enquiries

Santander Group City
Arrecife, 2ª planta
Avda. de Cantabria, s/n
28660 Boadilla del Monte
Madrid
Spain
Telephone: (+34) 91 289 52 11
comunicacion@gruposantander.com

Banking Ombudsman in Spain (Defensor del cliente en España)

Mr José Luis Gómez-Dégano
Calle Raimundo Fernández Villaverde, 61
28003 Madrid
Telephone: (+34) 91 429 56 61
oficina@defensorcliente.es

santander.com

Santander