

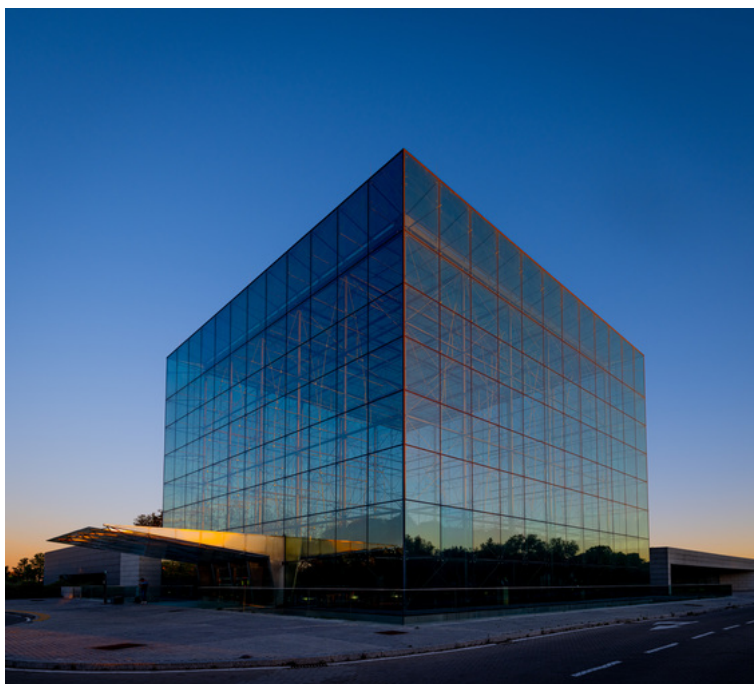


PILLAR 3 DISCLOSURE REPORT Q2 2025

It starts here



 **Santander**



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INTRODUCTION

1.1. GRUPO SANTANDER

About Us

Santander is a **commercial bank**, founded in 1857 and headquartered in Spain. We are a global bank organised around **5 global businesses**, with a presence in **10 core markets** in Europe and the Americas. We are one of the **largest** banks in the world by **market capitalization**, listed on stock exchanges in Spain, Mexico, Poland, the United States and the United Kingdom.

We provide service through our **7,683 branches** and through **online channels** that offer banking products, operations and services to individuals, SMEs, and corporates. We have more than **176 million customers**, **204,330 employees** and more than **3,5 million shareholders** worldwide.

As a **socially responsible bank**, we focus on areas where our activity can have the **greatest impact** and support an **inclusive and sustainable growth**.

1.2. GRUPO SANTANDER PILLAR 3 OVERVIEW

This section looks at general aspects applicable to Grupo Santander and describes the system of governance for approval and public disclosure of the Pillar 3 report, and the disclosure criteria used in the report and the regulatory framework.

Basel framework consists of 3 pillars:

- Minimum capital requirements (Pillar 1)
- Supervisory review (Pillar 2)
- Market discipline (Pillar 3).

Pillar 3 includes a number of public disclosure requirements that aim to provide analysts, investors, shareholders and other market players with key capital and risk information to improve the ability to assess the risk profile and capital adequacy of banks. This information is considered to promote transparency within financial institutions and contribute to the proper functioning of financial markets. It should be read in conjunction with the Pillar 3 Annexes the Quarterly Report published on the website.

Santander Pillar 3 report is a public regulatory document that is published on the Group's corporate website, based on the Capital Requirements Regulation (CRR) 575/2013 and complementary European Banking Authority (EBA) Guidelines.

On 19 June 2024, the Official Journal of the European Union published the final version on the rules updating the Capital Requirements Regulation (CRR3) and the Capital Requirements Directive (CRD6). These new standards, issued within the Basel III framework, are framed by the following regulations:

- **Regulation EU 2024/1623 (CRR3)** of the European Parliament and of the Council amending Regulation EU 575/2013 and starting to apply on 1 January 2025.

- **Directive EU 2024/1619 (CRD6)** of the European Parliament and Council amending Directive 2013/36/EU.

Governance: policy, review and approval

Grupo Santander prepares its Pillar III information on a consolidated basis, in accordance with CRR3 and CRD6.

It is published quarterly in accordance with Article 433 of the CRR and has a formal disclosure policy that defines the requirements, the elaboration process, the frequency and the associated governance in compliance with the corresponding regulatory framework. It has been developed in compliance with the criteria set out in the guide of the European Banking Authority: Guidelines on materiality, confidentiality and frequency of information according to Article 432(1) and (2) and Article 433 of Regulation (EU) 575/2013.

The preparation of the Pillar 3 disclosure report is based on several processes associated with the internal control framework with defined responsibilities for both the review and certification of the information contained therein through various levels of the organization.

The information contained in this report is subject to ex-ante review by the External Audit, which in its report has not revealed any incidence in relation to the reasonableness of the disaggregated information and compliance with the information requirements set out in the Directive and the European Capital Regulation.

No exceptions have been made to the publication of information considered reserved, proprietary or confidential.

This report has been reviewed and approved following the Grupo Santander Pillar 3 Disclosure Policy.

1.3 Basel III and CRD6/CRR3

On 1 January, 2025, Regulation 2024/1624 (CRR3) came into force, incorporating reforms in the calculation of capital requirements for credit risk, the risk-weighted assets floor (output floor), CVA and operational risk.

Following these reforms, and within the context of Pillar 3, the implementation technical standards have been amended with regard to public disclosure. These changes include, among others, the transitional provisions set out in Article 465 of CRR3 (output floor). New templates CSM1 and CSM2 have been added with the aim of reflecting the RWAs comparison under the standardised approach vs. internal methods, allowing to identify the impact of the output floor.

- **CMS1** "Comparison of modelled and standardized risk weighted exposure amounts at risk level"
- **CMS2** "RWEA flow statements of credit risk exposures under the IRB approach at asset class level "

Additionally, the following template has been incorporated:

- **CVA4** "RWEA flow statements of credit valuation adjustment risk under the Standardised Approach (SA)"

However CVA4 is not disclosed as Santander follows the BA (Basic Approach) of CVA to calculate the capital requirement for this risk and is not applicable.

- **MR1-ASA** "Market risk under the alternative standardised approach (ASA)".
- **MR2-AIMA** "Market risk under the alternative internal model approach (AIMA)"
- **MR3-SSA** "Market risk under the simplified standardised approach (SSA)".

These templates will not be disclosed as a consequence of the FRTB entry into force postponement.

Additionally, in the rest of tables there have been modifications derived from the new requirements of CRR3 such as:

- **OV1** "Overview of total risk exposure amounts" template, updated to provide a view of capital requirements by risk type on an aggregate basis, including the impacts of the output floor;
- **KM1** "Key metrics" that has been modified to reduce the reporting burden, while still presenting the key capital ratios (CET1, Tier 1, and Total Capital), minimum requirements and capital buffers.

Changes that reflect new segmentations defined by asset class, changes in weights, and data mapping in the following tables:

- **CR4** "Standardised approach – Credit risk exposure and CRM effects".

- **CR5** "Standardised approach".

- **CR6** "IRB approach – Credit risk exposures by exposure class and PD range".

- **CR7** "IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques".

- **CR7-A** "IRB approach – Disclosure of the extent of the use of CRM techniques".

- **CR10** "Specialised lending and equity exposures".

Changes in data mapping to Corep:

- **SEC1** "Securitisation exposures in the non-trading book".

- **SEC2** "Securitisation exposures in the trading book".

- **SEC4** "Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor".

- **LR1** "LRSum: Summary reconciliation of accounting assets and leverage ratio exposures".

1.4. Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The reconciliation between the public balance sheet and the reserved balance sheet is shown below (table CC2). The difference in total assets between the public and reserved scope is not material (-17.977 million euros) and corresponds to the exclusion of non-financial entities (-28.742 million euros), the inclusion of multi-group entities (+14.667 million euros) and intergroup entities (-3.902 million euros).

Table 1.CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements (Jun 2025)

EUR million				
	(A)	(B)	(C)	(D)
	ASSETS	Balance under accounting consolidation	Balance under regulatory consolidation	Reference to transitional disclosure template (Table 2)
1	Cash and cash balances at central banks (010)	175,555	175,886	
2	Financial assets held for trading (050)	234,834	234,781	
3	Non-trading financial assets mandatorily measured at fair value through profit or loss (096)	5,724	3,974	
4	Financial assets designated at fair value through profit or loss (100)	8,791	6,074	
5	Financial assets at fair value through other comprehensive income (141)	75,801	60,849	
6	Held-to-maturity investments (181)	1,148,957	1,153,195	
7	Derivatives - Hedge accounting (240)	4,628	4,722	
8	Fair value changes of the hedged items in portfolio hedge of interest rate risk (250)	53	53	
9	Investments in subsidiaries, joint ventures and associates (260)	7,191	6,914	
10	Reinsurance assets (265)	228	0	
11	Tangible assets (270)	28,997	26,138	
12	Intangible assets (300)	17,249	17,293	
13	Tax assets (330)	28,003	27,774	
14	Deferred tax assets (350)	18,487	18,284	
15	Other assets (360)	11,167	11,467	
16	Non-current assets and disposal groups classified as held for sale (370)	68,710	68,789	
17	TOTAL ASSETS (380)	1,815,888	1,797,909	

Table 1.CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements (Jun 2025)

EUR million				
	(A)	(B)	(C)	(D)
	LIABILITIES	Balance under accounting consolidation	Balance under regulatory consolidation	Reference to transitional disclosure template (Table 2)
1	Financial liabilities held for trading (010)	155,682	155,585	
2	Financial liabilities designated at fair value through profit or loss (070)	35,513	34,817	
3	Financial liabilities measured at amortised cost (110)	1,400,632	1,402,168	
4	Subordinated liabilities (149)	31,369	31,463	
5	Derivatives - Hedge accounting (150)	4,431	4,434	
6	Fair value changes of the hedged items in portfolio hedge of interest rate risk (160)	70	70	
7	Liabilities under insurance contracts (165)	18,343	0	
8	Provisions (170)	8,098	8,109	
9	Tax liabilities (240)	8,911	8,619	
10	Deferred tax liabilities (260)	5,812	5,545	
11	Share capital repayable on demand (270)	0	0	
12	Other liabilities (280)	15,862	15,793	
13	Liabilities included in disposal groups classified as held for sale (290)	59,361	59,361	
14	TOTAL LIABILITIES (300)	1,706,903	1,688,956	

Table 1.CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements (Jun 2025)

EUR million				
	(A)	(B)	(C)	(D)
	EQUITY	Balance under accounting consolidation	Balance under regulatory consolidation	Reference to transitional disclosure template (Table 2)
1	Capital (010)	7,443	7,443	
2	Share premium (040)	38,492	38,492	
3	Equity instruments issued other than capital (050)	0	0	
4	Other equity (080)	271	271	
5	Retained earnings (190)	91,954	91,601	
6	Revaluation reserves (200)	0	0	
7	Other reserves (210)	-6,922	-6,568	
8	(-) Treasury shares (240)	-5	-5	
9	Profit or loss attributable to Owners of the parent (250)	6,833	6,833	
10	(-) Interim dividends (260)	0	0	
11	Accumulated other comprehensive income (090)	-37,565	-37,566	
12	Minority interests [Non-controlling interests] (270)	8,484	8,452	
13	Of wich other global accumulated result (280)	-2,032	-2,027	
14	TOTAL EQUITY (300)	108,985	108,953	



KEY METRICS

2.1 Key metrics of the 2Q 2025

Capital and Solvency Ratios

As of June 2025, the total phased-in capital ratio (applying the CRR transitional arrangements) stood at 17.2% and the phased-in CET1 ratio at 13.0%, in line with the 13% target for 2025 that we announced in Q4 2024.

Santander comfortably meets the levels required by ECB on consolidated basis, estimated at 13.9% for the total capital ratio and at 9.6% for the CET1 ratio. This resulted in a distance to the maximum distributable amount (MDA) of 304 basis points (bps, herein and after) and a CET1 management buffer of 334 bps.

In this second quarter, the CET1 ratio increased 0.1 pp. We had 54 bps of capital through attributable profit generation and had a small uplift from net organic RWAs as risk transfer initiatives more than offset an increase in RWAs. There was a -29 bps impact related to capital distributions, including the deduction for the accrual of shareholder remuneration against profit earned in Q2 2025, in line with our 50% payout target, and AT1 costs. Additionally, there were -6 bps from regulatory headwinds (mostly related to capital model changes) and -8 bps in markets and others (mostly minority interests).

Regarding the leverage ratio, the requirement has been set at 3% for all entities and for G-SIB (Global Systemically Important Banks) was established, as of January 2023, an additional surcharge that will be 50% of the buffer ratio applicable to Global Systemically Important Entities, G-SII from now on. At the Q2 2025 the leverage ratio was 4.91%.

Structural and liquidity risk

Well-financed, diversified, prudent and highly liquid balance sheet (large contribution from customer deposits) reflected in solid liquidity ratios. We have a robust and diversified liquidity buffer, with ratios well above regulatory requirements.

The consolidated LCR (Liquidity Coverage Ratio) ratio as at end June 2025 was 145%. The this ratio is calculated, at the request of the ECB, using a consolidation methodology that does not take into account any liquidity surplus above 100% of the LCR outflows of each subsidiary that is subject to transferability restrictions (whether legal or operational) under local regulations (including those of EU countries).

The Group's LCR ratio as at end of June 2025 was 159%. The this ratio is calculated using an internal methodology that determines the minimum common percentage of simultaneous coverage across all jurisdictions within the Group, taking into account all existing restrictions on liquidity transfer in any country. This methodology more accurately reflects the Group's resilience to liquidity risk.

MREL/TLAC of the Resolution Group

MREL (Minimum Requirement for own funds and Eligible Liabilities) and TLAC (Total Loss Absorbing Capacity) ratios

aim to ensure European banks and global systemically important banks (G-SIBs) will have the capacity to absorb losses and recapitalize as required to maintain critical functions during and immediately after resolution proceedings without compromising public funds or financial stability.

As at end of June 2025, the MREL ratio stood at 39.8% as a percentage of RWAs and 16.1% as a percentage of LE (leverage exposure). The TLAC ratio stood at 26.4% as a percentage of RWAs and 8.4% of LE. Both ratios are above regulatory requirements.

The following tables -KM1 and KM 2- shows key metrics as of 30th of June 2025:

Table 2.KM1 - Key metrics template (Jun 2025)

EUR million		a	b	c	d	e
		Jun'25	Mar'25	Dec'24	Sep'24	Jun'24
Available own funds (amounts)						
1	Common Equity Tier 1 (CET 1) capital	81,253	82,163	79,800	78,151	77,974
2	Tier 1 capital	90,830	92,169	90,170	88,242	86,808
3	Total capital	107,735	110,088	108,589	106,784	104,419
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	625,750	639,124	624,503	626,099	624,831
4a	Total risk exposure pre-floor	625,750	639,124			
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	12.98 %	12.86 %	12.78 %	12.48 %	12.48 %
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	12.98 %	12.86 %			
6	Tier 1 ratio (%)	14.52 %	14.42 %	14.44 %	14.09 %	13.89 %
6b	Tier 1 ratio considering unfloored TREA (%)	14.52 %	14.42 %			
7	Total capital ratio (%)	17.22 %	17.22 %	17.39 %	17.06 %	16.71 %
7b	Total capital ratio considering unfloored TREA (%)	17.22 %	17.22 %			
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.74 %	1.74 %	1.74 %	1.74 %	1.74 %
EU 7e	of which: to be made up of CET1 capital (percentage points)	0.98 %	0.98 %	0.98 %	0.98 %	0.98 %
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	1.31 %	1.31 %	1.31 %	1.31 %	1.31 %
EU 7g	Total SREP own funds requirements (%)	9.74 %	9.74 %	9.74 %	9.74 %	9.74 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	— %	— %	— %	— %	— %
9	Institution specific countercyclical capital buffer (%)	0.38 %	0.38 %	0.39 %	0.40 %	0.40 %
EU 9a	Systemic risk buffer (%)	0.04 %	0.03 %	0.03 %	— %	— %
10	Global Systemically Important Institution buffer (%)	1.00 %	1.00 %	1.00 %	1.00 %	1.00 %
EU 10a	Other Systemically Important Institution buffer	1.25 %	1.25 %	1.25 %	1.25 %	1.25 %
11	Combined buffer requirement (%)	4.17 %	4.16 %	4.17 %	4.15 %	4.15 %
EU 11a	Overall capital requirements (%)	13.91 %	13.90 %	13.91 %	13.89 %	13.89 %
12	CET1 available after meeting the total SREP own funds requirements (%)	7.21 %	7.12 %	7.13 %	6.79 %	6.59 %
Leverage ratio						
13	Total exposure measure	1,850,859	1,904,412	1,885,572	1,853,699	1,827,284
14	Leverage ratio (%)	4.91 %	4.84 %	4.78 %	4.76 %	4.75 %
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	— %	— %	— %	— %	— %
EU 14b	of which: to be made up of CET1 capital (percentage points)	— %	— %	— %	— %	— %
EU 14c	Total SREP leverage ratio requirements (%)	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
EU 14e	Overall leverage ratio requirements (%)	3.50 %	3.50 %	3.50 %	3.50 %	3.50 %
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	304,520	309,137	330,492	327,674	330,818
EU 16a	Cash outflows - Total weighted value	276,687	274,574	275,509	277,175	277,721
EU 16b	Cash inflows - Total weighted value	75,919	75,148	73,682	74,095	72,420
16	Total net cash outflows (adjusted value)	200,769	199,426	201,827	203,080	205,301
17	Liquidity coverage ratio (%)*	152 %	155 %	158 %	161 %	161 %
Net Stable Funding Ratio						
18	Total available stable funding	1,195,643	1,206,050	1,198,180	1,175,288	1,142,775
19	Total required stable funding	950,340	961,050	954,260	952,387	934,229
20	NSFR ratio (%)	126 %	125 %	126 %	123 %	122 %

* Liquidity coverage ratio is the average of 12 months

* Liquidity coverage ratios are calculated following the regulatory guidelines required by the ECB.

Table 3.EU KM2: Key metrics - G-SII requirement for own funds and eligible liabilities (TLAC) (Jun 2025)

Eur Million		Minimum requirement						
		for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)					
			a	b	c	d	e	f
Own funds and eligible liabilities, ratios and components								
1	Own funds and eligible liabilities	166,994	81,000	94,721	96,205	91,398	90,714	
EU-1a	Of which own funds and subordinated liabilities	140,642						
2	Total risk exposure amount of the resolution group (TREA)	419,912	306,474	321,250	310,413	320,418	314,369	
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	39.77%	26.43%	29.49%	30.99%	28.52%	28.86%	
EU-3a	Of which own funds and subordinated liabilities	33.49%						
4	Total exposure measure (TEM) of the resolution group	1,038,034	967,665	996,939	981,845	950,424	929,223	
5	Own funds and eligible liabilities as percentage of the TEM	16.09%	8.37%	9.50%	9.80%	9.62%	9.76%	
EU-5a	Of which own funds or subordinated liabilities	13.55%						
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5 % exemption)		No	No	No	No	No	
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3,5 % exemption)		10,727	11,244	10,864	11,215	11,003	
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)		40.70%	41.44%	38.32%	40.81%	44.05%	
Minimum requirement for own funds and eligible liabilities (MREL)								
EU-7	MREL requirement expressed as percentage of the total risk exposure amount	31.92%						
EU-8	Of which to be met with own funds or subordinated liabilities	10.95%						
EU-9	MREL requirement expressed as percentage of the total exposure measure	12.75%						
EU-10	Of which to be met with own funds or subordinated liabilities	6.27%						

Table 4.CC1 - Composition of regulatory own funds (Jun 2025)

EUR million		(a)	(b)
		(A) Amounts	(B) Explanatory notes
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	45,934	
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	91,895	
3	Accumulated other comprehensive income (and other reserves)	(45,910)	
EU-3a	Funds for general banking risk	—	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	—	
5	Minority interests (amount allowed in consolidated CET1)	8,179	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	4,830	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	104,928	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(592)	
8	Intangible assets (net of related tax liability) (negative amount)	(15,297)	
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(1,442)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(377)	
12	Negative amounts resulting from the calculation of expected loss amounts	(966)	
13	Any increase in equity that results from securitised assets (negative amount)	—	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(123)	
15	Defined-benefit pension fund assets (negative amount)	(554)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(1,783)	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
20	Empty set in the EU		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(618)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	—	
EU-20c	of which: securitisation positions (negative amount)	(618)	
EU-20d	of which: free deliveries (negative amount)	—	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(841)	
22	Amount exceeding the 17.65% threshold (negative amount)	—	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	—	
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences	—	
EU-25a	Losses for the current financial year (negative amount)	—	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	—	

Table 4.CC1 - Composition of regulatory own funds (Jun 2025)

EUR million		(a)	(b)
		(A) Amounts	(B) Explanatory notes
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	—	
27a	Other regulatory adjustments	(1,082)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(23,675)	
29	Common Equity Tier 1 (CET1) capital	81,253	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	8,967	
31	of which: classified as equity under applicable accounting standards	—	
32	of which: classified as liabilities under applicable accounting standards	9,089	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	—	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	—	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	—	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	637	
35	of which: instruments issued by subsidiaries subject to phase out	—	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	9,604	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	(26)	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	—	
41	Empty set in the EU		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	—	
42a	Other regulatory adjustments to AT1 capital	—	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	(26)	
44	Additional Tier 1 (AT1) capital	9,578	
45	Tier 1 capital (T1 = CET1 + AT1)	90,830	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	11,472	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	—	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	—	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	—	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	5,624	
49	of which: instruments issued by subsidiaries subject to phase out	—	
50	Credit risk adjustments	63	
51	Tier 2 (T2) capital before regulatory adjustments	17,160	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(230)	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	

Table 4.CC1 - Composition of regulatory own funds (Jun 2025)

EUR million		(a)	(b)
		(A) Amounts	(B) Explanatory notes
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
54a	Empty set in the EU		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(25)	
56	Empty set in the EU		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	—	
56b	Other regulatory adjustments to T2 capital	—	
57	Total regulatory adjustments to Tier 2 (T2) capital	(255)	
58	Tier 2 (T2) capital	16,905	
59	Total capital (TC = T1 + T2)	107,735	
60	Total risk exposure amount	625,750	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13%	
62	Tier 1 (as a percentage of total risk exposure amount)	15%	
63	Total capital (as a percentage of total risk exposure amount)	17%	
64	Institution CET1 overall capital requirements	10%	
65	of which: capital conservation buffer requirement	3%	
66	of which: countercyclical buffer requirement	—%	
67	of which: systemic risk buffer requirement	—%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1%	
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	7%	
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	7,123	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	1,199	
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	8,271	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	—	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	63	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,154	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	—	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	—	
82	Current cap on AT1 instruments subject to phase out arrangements	—	

Table 4.CC1 - Composition of regulatory own funds (Jun 2025)

EUR million		(a)	(b)
		(A) Amounts	(B) Explanatory notes
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	
84	Current cap on T2 instruments subject to phase out arrangements	—	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	

2.1.4 TLAC and MREL

In November 2015, the FSB published the TLAC (Total Loss Absorbing Capacity) term sheet based on its previously published principles on the crisis management framework. Its objective is to ensure that global systemically important banks (G-SIBs) have the loss absorption and recapitalization capacity necessary to ensure that, during resolution proceedings and immediately thereafter, essential functions can be maintained without having to use public funds or compromise financial stability.

The TLAC term sheet requires that, as of January 1, 2022, a minimum TLAC requirement be determined individually for each G-SIB as the greater of 18% of risk-weighted assets and 6.75% of the Basel III Tier 1 leverage ratio exposure.

Some jurisdictions have already implemented the TLAC term sheet in their legislation (as is the case in Europe, the United States, and Mexico since January 1, 2023). In other jurisdictions where we operate, such as Brazil, this requirement has not yet been implemented.

In Europe, the final texts revising the resolution framework were published in June 2019: CRR 2 and BRRD 2. One of the main objectives of this revision was to implement the TLAC requirement in Europe.

For G-SIBs, CRR 2, which came into force in June 2019, introduces the minimum requirement set out in the TLAC term sheet (18%), which must consist of subordinated liabilities, with the exception and permission of the resolution authority, of a maximum percentage of senior debt (3.5%).

BRRD 2 was transposed in Spain in 2021. In addition, an additional requirement, or Pillar 2, will be added to the minimum TLAC requirement set in the CRR as a result of applying the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) methodology of BRRD 2.

As of June 30, 2025, the TLAC (Total Loss Absorbing Capacity) of the resolution group headed by Banco Santander, S.A., stands at 26.4% of risk-weighted assets and 8.4% of leverage exposure.

Likewise, the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) figures for the resolution group headed by Banco Santander, S.A. are 39.8% of risk-weighted assets and 16.1% of leverage exposure. On the other hand, the subordinated MREL figures are 33.5% of risk-weighted assets and 13.5% of leverage exposure.

Currently, based on the relevant fact published on May 7, 2025, the Group must comply with the maximum of 31.92% of risk-weighted assets and 12.75% of leverage ratio exposure. Likewise, a minimum subordination has been determined equal to the maximum between 10.95% of risk-weighted assets and 6.27% of the leverage ratio exposure of the resolution group.

As a result, Banco Santander, S.A. complies with the MREL requirements.

Table 5.EU TLAC1 - Composition - G-SII Requirement for own funds and eligible liabilities (Jun 2025)

		a	b	c
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
	Own funds and eligible liabilities and adjustments			
1	Common Equity Tier 1 capital (CET1)	85,481	85,481	—
2	Additional Tier 1 capital (AT1)	9,200	9,200	—
6	Tier 2 capital (T2)	11,783	11,783	—
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	106,464	106,464	—
	Own funds and eligible liabilities: Non-regulatory capital elements			
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	33,607	33,607	—
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	—	—	—
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	—	—	—
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	643	643	—
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	26,468	26,468	—
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	—	—	—
14	Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	26,468	10,727	15,741
17	Eligible liabilities items before adjustments	60,717	44,976	15,741
EU-17a	Of which subordinated liabilities items	34,250	34,250	—
	Own funds and eligible liabilities: Adjustments to non-regulatory capital elements			
18	Own funds and eligible liabilities items before adjustments	167,181	151,440	15,741
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)		70,369	
20	(Deduction of investments in other eligible liabilities instruments)	187	187	
22	Own funds and eligible liabilities after adjustments	166,994	81,000	85,995
EU-22a	Of which: own funds and subordinated liabilities	140,642		
	Risk-weighted exposure amount and leverage exposure measure of the resolution group			
23	Total risk exposure amount (TREA)	419,912	306,474	113,438
24	Total exposure measure (TEM)	1,038,034	967,665	70,369
	Ratio of own funds and eligible liabilities			
25	Own funds and eligible liabilities as a percentage of TREA	39.77%	26.43%	13.34%
EU-25a	Of which own funds and subordinated liabilities	33.49%		
26	Own funds and eligible liabilities as a percentage of TEM	16.09%	8.37%	7.72%
EU-26a	Of which own funds and subordinated liabilities	13.55%		
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	8.43%	8.43%	

Table 5.EU TLAC1 - Composition - G-SII Requirement for own funds and eligible liabilities (Jun 2025)

	a	b	c
	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
28	Institution-specific combined buffer requirement	4.10%	
29	of which: capital conservation buffer requirement	2.50%	
30	of which: countercyclical buffer requirement	0.29%	
31	of which: systemic risk buffer requirement	0.06%	
EU-31a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.25%	
	Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	538,498	

Table 6.EU TLAC3a: creditor ranking - resolution entity (Jun 2025)

		Creditor Ranking									Sum of 1 to 7
		1	2	3	4	5	6	7	8	9	
		(most junior)				(most senior)					
1	Description of insolvency ranking	CET1	AT1	Tier 2	Claims from persons specially related to the debtor (including Intragroup liabilities)	Claims from fines	Rest of accrued interests	Rest of contractually subordinated claims	Senior non preferred claims	Ordinary claims	
2	Liabilities and own funds	75,920	8,992	15,310	23,391	—	3,100	—	36,471	242,674	405,859
3	of which excluded liabilities	—	—	—	—	—	—	—	—	151,076	151,076
4	Liabilities and own funds less excluded liabilities	75,920	8,992	15,310	23,391	—	3,100	—	36,471	91,598	254,783
5	Subset of liabilities and own funds less excluded liabilities that are own funds and liabilities potentially eligible for meeting TLAC	75,920	8,992	12,045	—	—	—	—	33,535	26,352	156,845
6	of which residual maturity ≥ 1 year < 2 years	—	—	—	—	—	—	—	5,359	3,054	8,412
7	of which residual maturity ≥ 2 year < 5 years	—	—	1,346	—	—	—	—	17,887	14,684	33,917
8	of which residual maturity ≥ 5 years < 10 years	—	—	10,454	—	—	—	—	9,906	8,038	28,398
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	—	384	577	961
10	of which perpetual securities	75,920	8,992	145	—	—	—	—	—	—	85,057

2.1. Leverage ratio

Basel III established the leverage ratio as a risk-insensitive measure, intended to limit excessive growth of the balance sheet in relation to available capital.

This ratio is calculated as the quotient between Tier 1 divided by leverage exposure. This exposure is calculated as the sum of the following elements:

- Asset value, without derivatives and without elements considered as deductions in Tier 1 (for example, the loan balance is included, but not goodwill), also excluding the exposures referred to in section 1 of article 429.a of the standard.
- Off-balance-sheet accounts (guaranties, unused credit limits granted, documentary credits, mainly) weighted by the conversion factors of the standard credit risk method.

- Inclusion of the net value of the derivatives (gains and losses are netted with the same counterparty, less collateral if they meet certain criteria) plus a surcharge for potential future exposure.

- An add-on for the potential risk of financing securities transactions.

- Lastly, an add-on is included for risk relating to unhedged credit derivatives (CDS).

With the publication of the CRR2, the final calibration of the leverage ratio has been set at 3% for all entities and, for G-SIBs, a leverage cushion of 50% of the requirement of each G-SIB is required as of January 2023 (0.5% in the case of Santander). Below are the ratios published by Group:

Table 7.LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EUR million		a
		Jun'25
1	Total assets as per published financial statements	1,815,887
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-17,977
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-22,181
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	—
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-2,115
7	Adjustment for eligible cash pooling transactions	—
8	Adjustments for derivative financial instruments	-1,768
9	Adjustment for securities financing transactions (SFTs)	4,758
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	106,731
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	—
EU-11a	(Adjustment for exposures excluded from total exposure measure in accordance with point (c) of Article 429a(1) CRR)	—
EU-11b	(Adjustment for exposures excluded from total exposure measure in accordance with point (j) of Article 429a(1) CRR)	—
12	Other adjustments	-32,476
13	Total exposure measure	1,850,859

Table 8.LR2 - LRCom: Leverage ratio common disclosure

EUR million		a	b
		Jun'25	Dec'24
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)*	1,598,895	1,631,124
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	—	—
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-11,509	-11,954
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	—	—
5	(General credit risk adjustments to on-balance sheet items)	—	—
6	(Asset amounts deducted in determining Tier 1 capital)	-20,967	-20,931
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	1,566,419	1,598,239

Table 8.LR2 - LRCom: Leverage ratio common disclosure

EUR million		a	b
		Jun'25	Dec'24
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	23,429	21,665
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	—	—
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	22,061	21,676
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	—	—
EU-9b	Exposure determined under Original Exposure Method	—	—
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	—	—
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	—	—
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	—	—
11	Adjusted effective notional amount of written credit derivatives	21,431	16,582
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-4,659	-4,144
13	Total derivatives exposures	62,262	55,778
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	129,361	121,566
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	—	—
16	Counterparty credit risk exposure for SFT assets	4,758	3,839
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	—	—
17	Agent transaction exposures	—	—
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	—	—
18	Total securities financing transaction exposures	134,119	125,404
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	413,292	415,525
20	(Adjustments for conversion to credit equivalent amounts)	-325,234	-309,373
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—
22	Off-balance sheet exposures	88,058	106,151
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	—	—
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	—	—
EU-22c	(-) Excluded exposures of public development banks - Public sector investments	—	—
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	—	—
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)	—	—
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	—	—
EU-22g	(Excluded excess collateral deposited at triparty agents)	—	—
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	—	—
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	—	—
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	—	—
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	—	—
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	—	—
EU-22m	(Total exempted exposures)	—	—
Capital and total exposure measure			

Table 8.LR2 - LRCom: Leverage ratio common disclosure

		a	b
EUR million		Jun'25	Dec'24
23	Tier 1 capital	90,830	90,170
24	Total exposure measure	1,850,859	1,885,572
Leverage ratio			
25	Leverage ratio	5%	5%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5%	5%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5%	5%
26	Regulatory minimum leverage ratio requirement (%)**	3%	3%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	—%	—%
EU-26b	of which: to be made up of CET1 capital (percentage points)	—%	—%
27	Leverage ratio buffer requirement (%)	1%	1%
EU-27a	Overall leverage ratio requirement (%)	4%	4%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	137,236	136,365
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	129,361	121,566
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,858,734	1,900,372
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,858,734	1,900,372
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.89%	4.74%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.88%	4.74%

Tier 1 Capital - transitional definition

Total Leverage Ratio exposure - using a transitional definition of Tier 1 capital

*In row 1 mapping has been corrected to: {C 47.00, r0190, c0010} + {C 47.00, r0185, c0010} + {C 47.00, r0186, c0010} + {C 47.00, r0187, c0010} + {C 47.00, r0188, c0010} + {C 47.00, r0189, c0010} + {C 47.00, r0193, c0010} + {C 47.00, r0194, c0010} + {C 47.00, r0195, c0010} + {C 47.00, r0196, c0010} + {C 47.00, r0197, c0010} + {C 47.00, r0198, c0010} + {C 47.00, r0220, c0010} + {C 47.00, r0240, c0010} + {C 47.00, r0254, c0010} + {C 47.00, r0255, c0010}

**Amended in accordance with the FAQs on ECB supervisory measures in reaction to the coronavirus 23 July 2021 with regard to the recalibration of the 3% leverage ratio requirement

** Modified according to FAQs on ECB supervisory measures in reaction to the coronavirus of 23 July 2021 regarding to the recalibration of the 3% leverage ratio requirement

Table 9.LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		a
		Jun'25
EUR million		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	1,587,386
EU-2	Trading book exposures	104,466
EU-3	Banking book exposures, of which:	1,482,920
EU-4	Covered bonds	3,181
EU-5	Exposures treated as sovereigns	366,315
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3,972
EU-7	Institutions	22,960
EU-8	Secured by mortgages of immovable properties	392,473
EU-9	Retail exposures	205,456
EU-10	Corporate	211,752
EU-11	Exposures in default	24,900
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	251,909



CAPITAL REQUIREMENTS AND RISK - WEIGHTED ASSETS

3.1 Capital targets 2025

Capital management and capital adequacy in Grupo Santander is carried out in an holistic view, seeking to guarantee the entity's solvency, comply with regulatory requirements and maximize profitability.

Grupo Santander manages capital and value creation placing profitability and capital at the center of decisions, with the aim of improving the CET1 ratio and reinvesting freed up capital in profitable growth, shareholder remuneration and strategic investments.

During its last Investor Day, the bank fixed as target a return on tangible equity (RoTE before AT1) of 15-17% in the 3-year strategic plan (2023-2025), while delivering double-digit growth through the cycle in tangible book value per share over the cycle.

Among the group's key financial and commercial objectives set out at the Investor Day were the following:

- Increasing the shareholder payout policy (the proportion of profit distributed to shareholders) from c.40% to c.50% in 2023-2025 through both cash dividends and share buybacks.
- Achieve the aforementioned return on tangible equity (pre-AT1 RoTE) of 15-17% in 2023-2025 and an efficiency ratio of approximately 42% in 2025. However, in 1Q'24 the bank updated this target to a post-AT1 RoTE of c.16.5% in 2025.
- Maintain the fully loaded CET1 capital ratio above 12%. Again, in 1Q'24, the bank updated this target to a phased-in CET1 capital ratio of 13% by 2025, within an operating range of 12-13%.
- Delivering double-digit average growth through the cycle in tangible net asset value (TNAV) per share plus dividend per share a key measure of value creation.

We remain focused on disciplined capital allocation and shareholder remuneration, pursuing our objective of maintaining a CET1 ratio of 13% through 2025. The continued improvement in capital ratios reflects Santander's profitable growth strategy and a culture of active capital management across all levels of the organization.

The continuous improvement of our capital ratios reflects our profitable growth strategy and a culture of active capital management at all levels.

Capital Requirements and Risk-Weighted Assets

During Q2 2025, Pillar 1 capital requirements maintained a risk distribution in line with March 2025, whose composition was 81% credit risk, 16% operational risk and 3% market risk.

RWA shows a decrease of 13,374 million euros to reach 625,750. The main decrease was generated by exchange rate effect in the period.

Credit risk RWA decreased by 11,264 million euros to reach 474,070 where main impact is due to exchange rate mainly in USD, BRL and GBP.

Market risk RWA decrease 1,474 million euros to 20,374 million euros.

Table OV1 below provides a summary of our risk-weighted assets (RWAs) and the corresponding minimum capital requirements by risk type.

Table 10.OV1 - Overview of risk weighted exposure amounts

EUR million		TREA			Total own funds requirements
		a	b		c
		Jun'25	Mar'25	Dec'24	jun'25
1	Credit risk (excluding CCR)¹	474,070	485,334	499,560	37,926
2	Of which, standardised approach (SA)	283,609	291,098	283,612	22,689
3	Of which, the foundation IRB (FIRB) approach	71,615	74,991	59,981	5,729
4	Of which, slotting approach ²	13,419	14,890	13,840	1,074
EU 4a	Of which, equities under the simple risk weighted approach	2,987	3,633	4,724	239
5	Of which, the advanced IRB (AIRB) approach	97,628	96,034	129,919	7,810
6	Counterparty credit risk - CCR³	15,055	15,846	18,089	1,204
7	Of which, the standardised approach	12,873	13,276	15,035	1,030
8	Of which, internal model method (IMM)	—	—	—	—
EU 8a	Of which, exposures to a CCP	355	354	294	28
9	Of which, other CCR	1,827	2,216	2,761	146
10	Credit valuation adjustments risk - CVA risk³	2,303	2,340	679	184
EU 10a	Of which the standardised approach (SA)	—	—	—	—
EU 10b	Of which the basic approach (F-BA and R-BA)	2,303	2,340	679	184
EU 10c	Of which the simplified approach	—	—	—	—
11	Empty set in the EU				
12	Empty set in the EU				
13	Empty set in the EU				
14	Empty set in the EU				
15	Settlement risk	319	264	173	26
16	Securitisation exposures in the non-trading book (after the cap)	15,380	14,982	15,705	1,230
17	Of which, SEC-IRBA approach	6,978	6,626	7,285	558
18	Of which, SEC-ERBA (including IAA)	2,643	2,259	2,484	211
19	Of which, SEC-SA approach ⁴	5,760	6,097	5,935	461
EU 19a	Of which, 1250% ⁵	—	—	—	—
20	Position, foreign exchange and commodities risks (Market risk)⁶	20,374	21,848	17,946	1,630
	Of which the standardised approach ⁶	12,438	14,077	10,693	995
	Of which IMA ⁶	7,936	7,771	7,253	635
21	Of which the Alternative Standardised approach (A-SA) ⁷	—	—	—	—
EU 21a	Of which the Simplified standardised approach (S-SA) ⁷	—	—	—	—
22	Of which the Alternative Internal Models Approach (A-IMA) ⁷	—	—	—	—
EU 22a	Large exposures	—	—	—	—
23	Reclassifications between trading and non-trading books	—	—	—	—
24	Operational risk	98,249	98,511	72,351	7,860
EU 24a	Exposures to crypto-assets	—	—	—	—
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	23,674	23,044	22,656	1,894
26	Output floor applied (%)	50 %	50 %		—
27	Floor adjustment (before application of transitional cap)	—	—		—
28	Floor adjustment (after application of transitional cap)	—	—		—
29	Total	625,750	639,124	624,503	50,060

1 It includes equities under the PD/LGD approach.

2 Fixing from the mapping indicated by supervisor to {C 08.01, r0020, c0260, s0010} + {C 08.01, r0030, c0260, s0010}.

3 Comparative numbers for CCR RWA and minimum capital requirements have been restated to align with current presentation which no longer includes credit valuation adjustment RWA as presented separately

4 Fixing from the mapping to the one appearing in tables SEC3+SEC4.

5 Information prepared following the recent update of the EBA (24.05.22, "ITS on institutions' Pillar 3 public disclosures"). Banco Santander S.A. deducts from capital those securitisations that meet the deduction requirements, and therefore does not apply a 1,250% weighting to these exposures. This row does not include the EUR 8,008 million that would result from applying this weighting to these exposures.

6 The information in this row is displayed according to the current calculation methodology.

7 This row contains no information since FRTB is not yet in effect

Template CMS1 details the risk-weighted exposure amounts (RWEAs) of internal and standardized models, broken down by type of risk. This table contains the RWEAs calculated using internal models (a) alongside those calculated under the standard approach (b) for each type of risk, culminating in the total RWEAs (c).

Additionally, to provide information regarding the application and potential impact of the “output floor,” the RWEAs resulting from applying only the standard approach to all types of risk are detailed under two scenarios: without applying the transitional provisions (“using full standardized approach”) (d) and applying the transitional provisions (“base of the output floor”) as laid down in Article 465 of CRR3 (EU) (e).

As can be seen from the RWEAs resulting from applying only the standard approach, there is no impact from the application of the “output floor,” both under the phase-in vision (applying the transitional provisions) and the fully- loaded vision. This is significantly below the 72.5% factor that will be applicable from 2030.

Among the factors explaining the lack of impact is the percentage of RWEAs calculated under internal models, which limits the potential savings compared to standardized models.

Table 11. EU CMS1 – Comparison of modelled and standardized risk weighted exposure amounts at risk level (Jun 2025)

EUR million		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		RWEAs for modelled approaches that banks have supervisory approval to use	RWEAs for portfolios where standardised approaches are used	Total actual RWEAs	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
				(a + b)		
1	Credit risk (excluding counterparty credit risk)	190,248	283,609	473,857	578,870	560,652
2	Counterparty credit risk	9,640	5,414	15,055	22,232	22,232
3	Credit valuation adjustment		2,303	2,303	2,303	2,303
4	Securitisation exposures in the banking book	6,978	8,403	15,380	22,687	16,858
5	Market risk	7,936	12,438	20,374	24,110	24,110
6	Operational risk		98,249	98,249	98,249	98,249
7	Other risk weighted exposure amounts		531	531	531	531
8	Total	214,802	410,948	625,750	748,983	724,937

Template with mappings fixing that were considered incomplete and those that required a more adequate basis for their disclosure

Template CMS2 details the risk-weighted exposure amounts (RWEAs) of internal and standardized credit risk models, broken down by asset class. This table contains the credit risk RWEAs calculated using internal models (a) alongside those calculated under the standard approach for each asset class (b), culminating in the total credit risk RWEAs (c).

Additionally, to provide information regarding the application and potential impact of the "output floor," the credit risk RWEAs resulting from applying only the standard approach for all asset classes are detailed under two scenarios: without applying the transitional provisions ("using full standardized approach") (d) and applying the transitional provisions ("base of the output floor") as laid out in Article 465 of CRR3 (EU) (e).

It is important to note that less than 40% of the Grupo Santander credit risk RWEAs are calculated using internal models. As can be seen from the RWEAs resulting from applying only the standard approach, there is no impact from the application of the "output floor," both under phase-in period (applying the transitional provisions) and the fully-loaded view. This is significantly below the 72.5% factor that will be applicable from 2030.

Table 12.EU CMS2 – Comparison of modelled and standardized risk weighted exposure amounts for credit risk at asset class level (Jun 2025)

EUR million		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		RWEAs for modelled approaches that institutions have supervisory approval to use	RWEAs for column (a) if re-computed using the standardised approach	Total actual RWEAs	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
1	Central governments and central banks		0	28,244	28,244	28,244
EU 1a	Regional governments or local authorities	739	1,925	1,248	2,433	2,433
EU 1b	Public sector entities	133	111	454	433	433
EU 1c	Categorised as Multilateral Development Banks in SA		3	3	5	5
EU 1d	Categorised as International organisations in SA		0	0	0	0
2	Institutions	2,886	5,239	7,208	9,561	9,561
3	Equity	5,742	4,951	13,913	13,123	13,123
5	Corporates	99,760	112,350	152,811	183,620	165,402
5.1	Of which: F-IRB is applied	58,359	93,438	58,359	93,438	93,438
5.2	Of which: A-IRB is applied	41,401	42,124	41,401	42,124	42,124
EU 5a	Of which: Corporates - General	77,488	99,232	128,858	168,821	150,603
EU 5b	Of which: Corporates - Specialised lending	12,123	13,118	13,805	14,799	14,799
EU 5c	Of which: Corporates - Purchased receivables	10,148	19,933	10,148	19,933	19,933

Table 12. EU CMS2 – Comparison of modelled and standardized risk weighted exposure amounts for credit risk at asset class level (Jun 2025)

EUR million		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		RWEAs for modelled approaches that institutions have supervisory approval to use	RWEAs for column (a) if re-computed using the standardised approach	Total actual RWEAs	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
6	Retail	70,374	39,580	158,134	127,340	127,340
6.1	Of which: Retail - Qualifying revolving	4,554	1,773	4,554	1,773	1,773
EU 6.1a	Of which: Retail - Purchased receivables	1,353	1,036	1,353	1,036	1,036
EU 6.1b	Of which: Retail - Other	26,034		26,034		0
6.2	Of which: Retail - Secured by residential real estate	38,433	0	38,433	0	0
EU 7a	Categorised as secured by mortgages on immovable properties and ADC exposures in SA		90,182	34,003	124,185	124,185
EU 7b	Collective investment undertakings (CIU)	796	736	1,105	1,045	1,045
EU 7c	Categorised as exposures in default in SA	7,144	7,056	22,307	22,220	22,220
EU 7d	Categorised as subordinated debt exposures in SA		0		0	0
EU 7e	Categorised as covered bonds in SA	34	1	545	513	513
EU 7f	Categorised as claims on institutions and corporates with a short-term credit assessment in SA	1,594	8,692	2,422	9,520	9,520
8	Others	1,048	6,217	51,460	56,629	56,629
9	Total	190,248	277,043	473,857	578,870	560,652

Template with mappings fixing that were considered incomplete and those that required a more adequate basis for their disclosure

Eligible capital requirements and Capital buffers

Grupo Santander complies, since 2016, with the combined capital buffer requirement, understood as the total ordinary Tier 1 capital necessary to comply with the obligation to have a capital conservation buffer (CCoB), a buffer for systemically important entities (G-SIB and D-SIB), the countercyclical buffer (CCyB) and finally the buffer against systemic risks (SyRB).

Find below a summary of the regulations regarding the surcharge percentages based on the different capital buffers to be applied and the situation of Banco Santander in 2025

Application	Buffers (% RWA)	2024
All institutions	(CCoB)	2.5%
Designated institutions	G-SIB ⁽¹⁾	100% of the buffer
	D-SIB ⁽²⁾	100% of the buffer
At the discretion of competent national authority	(SyRB)	0% -> 5%
	(CCyB) ⁽³⁾	0% - 2.5%
Combined buffer	CCoB+CCyB+SyRB+Max (G-SIB, D-SIB)	

1) This requirement is 1% for Grupo Santander.

2) Bank of Spain requires a 1.25% buffer to Santander Group for 2025.

3) % CCyB applicable in January 2025 for exposures to customers residing in:

Germany: 0.75%	Slovenia: 1%	Latvia: 1%
Australia: 1%	Estonia: 1.5%	Luxembourg: 0.5%
Belgium: 1%	France: 1%	Norway: 2.5%
Bulgaria: 2%	Hong Kong: 0.5%	Netherlands: 2%
Cyprus: 1%	Hungary: 0.5%	Czech Republic: 1,25%
Croatia: 1.5%	Ireland: 1.5%	United Kingdom: 2%
Denmark: 2.5%	Iceland: 2.5%	Romania: 1%
Slovakia: 1.5%	Lithuania: 1%	Sweden: 2%

Due to its relevance for the Group, as of September 2025 Poland's CCyB will be 1%, as of October 2025 Spain's will be 0.5% and as of January 2026 Portugal's will be 0.75%.

The detail with the geographical distribution of credit exposures relevant to the calculation of the countercyclical capital buffer (Table CCyB1) is found in the Annexes section. The amount of the entity-specific counter-cyclical capital buffer (Table CCyB2) is presented below:

Table 13.CCyB2 - Amount of institution-specific countercyclical capital buffer

EUR million		a
		2025
1	Total risk exposure amount	625,750
2	Institution specific countercyclical capital buffer rate	—%
3	Institution specific countercyclical capital buffer requirement	2,402

Global Systemically Important Banks

Grupo Santander is one of the 29 entities designated as Global Systemically Important Banks (G-SIB) in 2024. This designation forces Grupo Santander to comply with additional requirements, which consist of a capital buffer, TLAC requirements (resources with loss absorption capacity), the requirement to publish relevant information more frequently than other banks, greater regulatory requirements for internal control bodies, special supervision and the requirement for special reports to be presented to its supervisors.

In November 2024, the Financial Stability Board (FSB) published the list of G-SIBs or entities of global systemic importance, based on data from December 2023, and which will be fully applicable during 2026. Compliance with these requirements gives Grupo Santander greater strength compared to its domestic competitors. Currently, Grupo Santander has a capital surcharge due to its global systemic importance of 1% fully payable in 2025, maintaining the same surcharge applying the parallel measurement methodology.

Domestic Systemically Important banks

For the identification of Entities of Domestic Systemic Importance (D-SIB), the Bank of Spain, in accordance with the methodology established in standard 14 of Circular 2/2016, which is aligned with the EBA Guides published in this regard, takes into account the size, importance, complexity (cross-border activity) and the degree of interconnection of the entities with the financial system. Based on these metrics, the Bank of Spain classifies the different Spanish D-SIBs into systemicity buckets and requires a surcharge for this concept from the country's systemic entities.

Grupo Santander appears both on the list of global systemic entities and on the list of domestic systemic entities. In these cases, the Bank of Spain, based on rule 23 of Circular 2/2016, requires the application of the highest of the two corresponding buffers. The surcharge payable in 2025 is 1.25%, due to the domestic systemically important mattress surcharge.

3.2 Credit Risk

Credit risk arises from the possibility of financial losses resulting from the default or deterioration of the credit quality of a customer or third party to whom financing has been provided or for whom a contractual obligation has been assumed.

The credit risk management process consists of identifying, analysing, controlling, and deciding on the credit risk incurred by the Group's operations. It considers both the operational, customer, and portfolio perspectives, as well as a comprehensive view of the credit risk cycle. Grupo Santander's profile is mainly retail, with adequate diversification of credit risk between mature and emerging markets.

For the purposes of calculating capital for credit risk, banks can choose between two approaches: standard or request supervisory approval through the use of advanced approaches (IRB).

The geographical distribution of standard portfolios is mainly concentrated in Brazil, Spain, and the United States.

List of authorised IRB models by legal entity

Country	Legal Entity	IRB portfolio (AIRB or FIRB)
UK	Santander UK PLC	Institutions, Corporates Project Finance, Mortgages, Qualifying Revolving, Other Retail.
	Abbey National Treasury Services	Institutions, Corporates Project Finance.
	Abbey Covered Bonds LLP	Institutions
Spain	Banco Santander, S.A.	Institutions, Corporates, Corporates SMEs, Corporates Project Finance, Mortgages, Qualifying Revolving, Retail SMEs, Other Retail
	Santander Factoring y Confirming S.A.	Institutions, Corporates, Corporates SMEs, Corporates Project Finance, Mortgages, Retail SMEs, Other Retail
	Santander Lease, S.A. E.F.C.	Institutions, Corporates Corporates SMEs, Mortgages, Retail SMEs, Other Retail
	Santander Consumer EFC, S.A.	Corporates, Corporates SMEs, Qualifying Revolving, Other Retail.
	Santander Consumer Finance, S.A.	Corporates, Corporates SMEs, Qualifying Revolving, Other Retail.
Portugal	Banco Santander Totta	Institutions, Corporates, Corporates SMEs, Corporates Project Finance, Mortgages, Qualifying Revolving, Retail SMEs, Other Retail.
Brazil	Banco Santander Brasil	Corporates
	Santander Brasil EFC	Corporates
Germany	Santander Consumer Bank AG	Corporates, Corporates SMEs, Mortgages, Revolving and Other Retail
Mexico	Banco Santander México	Institutions, Corporates, Corporates SMEs, Corporates Project Finance
USA	Santander Bank, National Association	Corporates
France	Société Financière de Banque - SOFIB	Corporates, Corporates SMEs, Retail SMEs, Other Retail
Nordics	Santander Consumer Bank A.S.	Other Retail
	Santander Consumer Finance OY	Other Retail
Chile	Banco Santander - Chile	Institutions and Corporates

The most prominent segments continue to be central governments (with a strong presence in Spain, Brazil, and the United Kingdom) and retail and corporate customers with a significant presence in Brazil, the United States, and the United Kingdom.

IRB portfolio exposures are mainly concentrated in the corporate and retail segments in EU countries and the United Kingdom.

Grupo Santander has supervisory approval to use advanced approaches to calculate regulatory capital requirements for credit risk for the parent company and main subsidiaries in Spain, the United Kingdom, Portugal, and certain portfolios in Germany, Mexico, Brazil, Chile, the Nordic countries (Norway, Sweden, and Finland), France, and the United States.

The following table shows the geographical scope of portfolios in internal models for credit risk (AIRB or FIRB):

Table 14.CR8 - RWEA flow statements of credit risk exposures under the IRB approach

EUR million

		Three months ended Jun'25
		α
		RWA
1	Risk weighted exposure amount as at the end of the previous reporting period	193,955
2	Asset size	(234)
3	Asset quality	(1,191)
4	Model updates	1,368
5	Methodology and policy	—
6	Acquisitions and disposals	—
7	Foreign exchange movements	(3,632)
8	Other	—
9	Risk weighted exposure amount as at the end of the reporting period	190,265

It includes capital requirements of equity.

Main variations in IRB credit risk RWA

The IRB credit RWA decrease in the Q2 of year 25 in -3,690 million euros. If isolated, the FX impact (USD and GBP depreciation mainly) the decrease is -58 million of euros. This decrease is driven mainly due to asset quality improvement in -1,191 million euros (mainly Spain) and is

offset with the IMI implementation in the retail portfolios in SC Nordics (+884 million euros) and in United Kingdom in Unsecured Personal Loans and Bank accounts (+484 million euros).

Table 15.Credit risk exposures by exposure class (Jun 2025)

AIRB												
Exposure class	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
Central banks and central governments	0	0	— %	0	— %	0.00	— %	0.00	0.00	— %	0.00	0.00
Regional governments and local authorities	2,880	142	24 %	2,297	1 %	214.00	15 %	4.07	739.45	32 %	3.47	-4.04
Corporates	48,108	22,079	26 %	49,460	6 %	101,382.00	43 %	1.97	37,592.01	76 %	1,430.85	-1,634.02
Public Sector Entities	13	28	7 %	15	36 %	22.00	67 %	2.24	8.07	55 %	4.16	-4.16
Purchased receivable	6,154	414	1 %	5,650	6 %	16,704.00	54 %	0.29	5,069.34	90 %	240.56	-213.01
Retail – Secured by residential immovable property	276,337	16,346	45 %	283,544	3 %	2,234,506.00	15 %	0.00	42,890.51	15 %	1,279.63	-746.58
Retail – Purchased receivables	2,630	1	40 %	2,009	8 %	60,494.00	54 %	0.00	1,405.10	70 %	120.52	-105.61
Retail – Qualifying revolving (QRRE)	3,057	18,020	42 %	10,745	4 %	19,753,915.00	84 %	0.00	4,671.36	43 %	371.24	-220.20
Retail- Other retail exposures	59,973	6,522	44 %	58,174	7 %	9,680,204.00	43 %	0.00	27,312.26	47 %	2,116.41	-1,755.09
Total	399,153	63,551	37 %	411,892	4 %	31,847,441.00	25 %	1.89	119,688.11	29 %	5,566.85	-4,682.72

For the total average maturity, categories of retail exposures are not considered

Table 15.Credit risk exposures by exposure class (Jun 2025)

FIRB												
Exposure class	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
Central banks and central governments	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Regional governments and local authorities	6,704	7,545	29 %	10,598	0.17 %	1,081	43 %	1.39	3,038	29 %	4	(2)
Corporates - Other	78,487	130,251	20 %	92,383	1.63 %	19,249	37 %	2.14	41,314	45 %	561	(679)
Regional governments	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Public Sector Entities	211	—	— %	211	0.07 %	1	45 %	5.00	124	59 %	—	—
Purchased Receivable	31,729	3,033	6 %	31,928	0.54 %	3,475	41 %	0.23	6,343	20 %	67	(35)
Total	117,131	140,829	20 %	135,120	1.26 %	23,806	39 %	1.63	50,819	38 %	632	(717)

Table 16.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Central banks and central governments												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.25 < 0.50	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.50 < 0.75	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.75 < 2.50	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.75 to < 1.75	—	—	— %	—	— %	—	— %	—	0	— %	—	—
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	0	— %	—	—
2.50 < 10.00	—	—	— %	—	— %	—	— %	—	0	— %	—	—
2.50 to <5	—	—	— %	—	— %	—	— %	—	0	— %	—	—
5 to <10	—	—	— %	—	— %	—	— %	—	0	— %	—	—
10.00 < 100.00	—	—	— %	—	— %	—	— %	—	0	— %	—	—
10 to < 20	—	—	— %	—	— %	—	— %	—	0	— %	—	—
20 to < 30	—	—	— %	—	— %	—	— %	—	0	— %	—	—
30 to < 100	—	—	— %	—	— %	—	— %	—	0	— %	—	—
100.00 (Default)	—	—	— %	—	— %	—	— %	—	0	— %	—	—
Subtotal (exposure class)	—	—	— %	—	— %	—	— %	—	0	— %	—	—
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 16.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Regional governments												
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjustments and provisions
0.00 < 0.15	—	—	—	—	—	—	—	—	—	—	—	—
0.00 to < 0.10	—	—	—	—	—	—	—	—	—	—	—	—
0.10 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	—
0.15 < 0.25	—	—	—	—	—	—	—	—	—	—	—	—
0.25 < 0.50	1	2	2 %	1	— %	3	49 %	—	—	48 %	—	—
0.50 < 0.75	950	78	34 %	977	1 %	25	12 %	5	262	27 %	1	(1)
0.75 < 2.50	1,903	52	14 %	1,292	1 %	99	18 %	4	459	36 %	2	(3)
0.75 to < 1.75	1,903	52	14 %	1,292	1 %	97	18 %	4	459	36 %	2	(3)
1.75 to < 2.50	—	—	—	—	2 %	2	49 %	—	—	102 %	—	—
2.50 < 10.00	24	3	4 %	24	3 %	66	22 %	3	16	66 %	—	—
2.50 to < 5	23	3	3 %	24	3 %	60	22 %	3	15	65 %	—	—
5 to < 10	—	—	26 %	—	6 %	6	31 %	3	—	106 %	—	—
10.00 < 100.00	2	5	1 %	2	44 %	19	19 %	1	2	94 %	—	—
10 to < 20	—	—	—	—	12 %	1	47 %	1	—	200 %	—	—
20 to < 30	—	—	—	—	26 %	1	47 %	1	—	271 %	—	—
30 to < 100	2	5	1 %	2	44 %	17	19 %	1	2	94 %	—	—
100.00 (Default)	—	—	—	—	100 %	2	90 %	1	—	16 %	—	—
Subtotal (exposure class)	2,880	142	24 %	2,297	1 %	214	15 %	4	739	32 %	3	(4)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 16.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - Other												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	86	105	28 %	115	— %	178	39 %	4	41	36 %	—	—
0.00 to < 0.10	—	—	51 %	1	— %	72	56 %	4	—	46 %	—	—
0.10 to < 0.15	85	105	28 %	114	— %	106	39 %	4	41	36 %	—	—
0.15 < 0.25	1,656	633	12 %	3,650	— %	2,106	38 %	2	985	27 %	1	(1)
0.25 < 0.50	7,808	4,772	32 %	9,843	— %	11,729	46 %	2	6,244	63 %	15	(10)
0.50 < 0.75	9,502	3,417	32 %	10,611	1 %	17,944	45 %	2	6,891	65 %	25	(11)
0.75 < 2.50	16,469	6,428	30 %	15,176	1 %	36,370	43 %	2	12,923	85 %	99	(42)
0.75 to < 1.75	11,480	4,342	32 %	10,919	1 %	24,184	42 %	2	8,783	80 %	57	(23)
1.75 to < 2.50	4,989	2,086	27 %	4,257	2 %	12,186	43 %	2	4,140	97 %	43	(19)
2.50 < 10.00	8,210	5,820	15 %	6,782	4 %	19,356	37 %	2	7,070	104 %	115	(112)
2.50 to < 5	5,230	4,560	14 %	4,676	4 %	11,326	36 %	2	4,536	97 %	62	(41)
5 to < 10	2,981	1,260	21 %	2,106	6 %	8,030	39 %	2	2,534	120 %	53	(71)
10.00 < 100.00	1,303	549	25 %	1,211	26 %	5,461	42 %	2	2,413	199 %	115	(72)
10 to < 20	744	317	25 %	649	13 %	2,280	43 %	2	1,226	189 %	34	(23)
20 to < 30	76	15	35 %	46	23 %	943	42 %	2	79	173 %	5	(6)
30 to < 100	484	217	25 %	517	42 %	2,238	42 %	3	1,108	214 %	76	(43)
100.00 (Default)	3,074	354	29 %	2,071	100 %	8,238	55 %	2	1,025	50 %	1,059	(1,385)
Subtotal (exposure class)	48,108	22,079	26 %	49,460	6 %	101,382	43 %	2	37,592	76 %	1,431	(1,634)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 16.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Public Sector Entities												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	—	—	—	—	—	—	—	—	—	—	—	—
0.00 to < 0.10	—	—	—	—	—	—	—	—	—	—	—	—
0.10 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	—
0.15 < 0.25	—	—	—	—	—	—	—	—	—	—	—	—
0.25 < 0.50	—	8	20 %	2	— %	4	49 %	2	1	62 %	—	—
0.50 < 0.75	7	20	2 %	7	1 %	10	49 %	3	7	92 %	—	—
0.75 < 2.50	—	—	48 %	—	1 %	7	47 %	2	—	99 %	—	—
0.75 to < 1.75	—	—	51 %	—	1 %	6	47 %	2	—	84 %	—	—
1.75 to < 2.50	—	—	44 %	—	2 %	1	47 %	3	—	136 %	—	—
2.50 < 10.00	—	—	—	—	—	—	—	—	—	—	—	—
2.50 to < 5	—	—	—	—	—	—	—	—	—	—	—	—
5 to < 10	—	—	—	—	—	—	—	—	—	—	—	—
10.00 < 100.00	—	—	—	—	—	—	—	—	—	—	—	—
10 to < 20	—	—	—	—	—	—	—	—	—	—	—	—
20 to < 30	—	—	—	—	—	—	—	—	—	—	—	—
30 to < 100	—	—	—	—	—	—	—	—	—	—	—	—
100.00 (Default)	5	—	—	5	100 %	1	100 %	2	—	— %	4	(4)
Subtotal (exposure class)	13	28	7 %	15	36 %	22	67 %	2	8	55 %	4	(4)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Purchased receivable												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	—	—	—	—	—	—	—	—	—	—	—	—
0.00 to < 0.10	—	—	—	—	—	—	—	—	—	—	—	—
0.10 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	—
0.15 < 0.25	56	43	— %	63	— %	149	44 %	1	16	26 %	—	—
0.25 < 0.50	761	125	— %	787	— %	1,917	53 %	—	401	51 %	1	—
0.50 < 0.75	1,491	92	1 %	1,553	1 %	3,387	53 %	—	1,017	66 %	4	(1)
0.75 < 2.50	2,318	125	— %	2,101	2 %	6,224	53 %	—	2,065	98 %	17	(4)
0.75 to < 1.75	1,590	70	— %	1,466	1 %	4,007	53 %	—	1,355	92 %	10	(3)
1.75 to < 2.50	728	55	— %	635	2 %	2,217	53 %	—	710	112 %	7	(2)
2.50 < 10.00	1,079	14	1 %	795	5 %	3,497	54 %	—	1,136	143 %	20	(9)
2.50 to < 5	632	5	2 %	493	3 %	1,953	54 %	—	630	128 %	9	(4)
5 to < 10	447	9	— %	302	6 %	1,544	54 %	—	506	168 %	11	(6)
10.00 < 100.00	124	11	— %	100	24 %	440	49 %	—	221	220 %	12	(5)
10 to < 20	84	4	— %	67	14 %	238	47 %	—	134	202 %	4	(3)
20 to < 30	5	—	— %	3	26 %	59	42 %	—	7	221 %	—	—
30 to < 100	35	7	— %	31	45 %	143	53 %	—	80	259 %	7	(3)
100.00 (Default)	326	4	3 %	250	100 %	1,090	75 %	—	213	85 %	186	(192)
Subtotal (exposure class)	6,154	414	1 %	5,650	6 %	16,704	54 %	—	5,069	90 %	241	(213)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Collective Investment Undertakings												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.25 < 0.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.50 < 0.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 to < 1.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 < 10.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 to <5	—	—	— %	—	— %	—	— %	—	—	— %	—	—
5 to <10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10.00 < 100.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10 to < 20	—	—	— %	—	— %	—	— %	—	—	— %	—	—
20 to < 30	—	—	— %	—	— %	—	— %	—	—	— %	—	—
30 to < 100	—	—	— %	—	— %	—	— %	—	—	— %	—	—
100.00 (Default)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Subtotal (exposure class)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Memo - Large Corp												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.25 < 0.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.50 < 0.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 to < 1.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 < 10.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 to <5	—	—	— %	—	— %	—	— %	—	—	— %	—	—
5 to <10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10.00 < 100.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10 to < 20	—	—	— %	—	— %	—	— %	—	—	— %	—	—
20 to < 30	—	—	— %	—	— %	—	— %	—	—	— %	—	—
30 to < 100	—	—	— %	—	— %	—	— %	—	—	— %	—	—
100.00 (Default)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Subtotal (exposure class)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Memo - SMEs												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Average PD	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	RWA Density	EL	Value adjust- ments and provisions
0.00 < 0.15	11	1	28 %	12	— %	134	32 %	4	4	32 %	—	—
0.00 to < 0.10	—	—	49 %	—	— %	54	56 %	5	—	43 %	—	—
0.10 to < 0.15	11	1	24 %	11	— %	80	31 %	4	4	31 %	—	—
0.15 < 0.25	534	104	11 %	1,700	— %	1,398	36 %	2	380	22 %	—	—
0.25 < 0.50	3,152	1,591	32 %	4,154	— %	8,624	43 %	2	1,858	45 %	5	(7)
0.50 < 0.75	5,304	1,538	34 %	6,715	1 %	13,600	45 %	2	3,748	56 %	15	(6)
0.75 < 2.50	8,837	3,184	26 %	8,018	2 %	26,413	44 %	2	5,934	74 %	53	(22)
0.75 to < 1.75	6,202	2,088	27 %	5,958	1 %	17,529	44 %	2	4,169	70 %	31	(12)
1.75 to < 2.50	2,635	1,096	23 %	2,061	2 %	8,884	46 %	2	1,765	86 %	22	(10)
2.50 < 10.00	5,542	3,733	13 %	4,500	4 %	15,260	38 %	2	4,125	92 %	76	(73)
2.50 to < 5	3,380	2,937	11 %	2,998	4 %	8,630	37 %	2	2,520	84 %	38	(22)
5 to < 10	2,163	796	18 %	1,502	6 %	6,630	40 %	2	1,604	107 %	38	(51)
10.00 < 100.00	600	124	30 %	508	27 %	2,692	42 %	2	819	161 %	44	(45)
10 to < 20	326	84	28 %	251	13 %	1,338	43 %	2	379	151 %	14	(16)
20 to < 30	65	13	36 %	40	23 %	414	42 %	2	65	161 %	4	(4)
30 to < 100	209	28	33 %	216	43 %	940	41 %	3	375	174 %	26	(25)
100.00 (Default)	2,183	135	28 %	1,423	100 %	5,189	51 %	2	698	49 %	646	(844)
Subtotal (exposure class)	26,163	10,411	23 %	27,030	7 %	73,310	43 %	2	17,565	65 %	839	(997)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Sec. Residential												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	33,382	466	40 %	33,514	— %	471,445	26 %		1,912	6 %	9	(7)
0.00 to < 0.10	22,535	269	40 %	22,642	— %	344,468	26 %		1,164	5 %	6	(3)
0.10 to < 0.15	10,847	197	40 %	10,871	— %	126,977	24 %		748	7 %	4	(4)
0.15 < 0.25	21,558	622	53 %	21,873	— %	204,948	23 %		2,282	10 %	14	(5)
0.25 < 0.50	71,457	8,355	43 %	75,074	— %	476,958	13 %		6,154	8 %	40	(23)
0.50 < 0.75	80,533	4,964	47 %	82,840	1 %	549,035	11 %		8,616	10 %	62	(17)
0.75 < 2.50	47,199	1,516	44 %	47,862	1 %	321,594	14 %		9,999	21 %	94	(47)
0.75 to < 1.75	35,718	452	52 %	35,951	1 %	241,809	14 %		6,998	19 %	62	(34)
1.75 to < 2.50	11,481	1,063	40 %	11,911	2 %	79,785	13 %		3,001	25 %	32	(13)
2.50 < 10.00	13,433	244	39 %	13,526	4 %	122,732	15 %		5,932	44 %	94	(57)
2.50 to < 5	10,132	101	43 %	10,174	3 %	78,579	14 %		3,747	37 %	52	(27)
5 to < 10	3,301	143	36 %	3,353	6 %	44,153	17 %		2,185	65 %	41	(30)
10.00 < 100.00	4,633	152	48 %	4,706	32 %	48,522	14 %		3,539	75 %	219	(90)
10 to < 20	1,599	67	37 %	1,624	14 %	23,668	16 %		1,365	84 %	40	(27)
20 to < 30	1,455	30	68 %	1,475	25 %	9,115	15 %		1,301	88 %	61	(23)
30 to < 100	1,579	54	52 %	1,607	56 %	15,739	12 %		873	54 %	119	(40)
100.00 (Default)	4,142	27	26 %	4,148	100 %	39,272	27 %		4,458	107 %	747	(500)
Subtotal (exposure class)	276,337	16,346	45 %	283,544	3 %	2,234,506	15 %	—	42,891	15 %	1,280	(747)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Purchased Receivables												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	4	—	40 %	4	— %	403	88 %		1	16 %	—	—
0.00 to < 0.10	4	—	40 %	4	— %	384	88 %		1	15 %	—	—
0.10 to < 0.15	—	—		—	— %	19	88 %		—	25 %	—	—
0.15 < 0.25	51	—	40 %	52	— %	1,847	56 %		16	31 %	—	—
0.25 < 0.50	26	—	40 %	26	— %	1,182	51 %		9	34 %	—	—
0.50 < 0.75	362	—	40 %	360	1 %	10,114	54 %		178	49 %	1	—
0.75 < 2.50	1,475	—	40 %	960	2 %	26,898	51 %		695	72 %	8	(3)
0.75 to < 1.75	608	—	40 %	591	1 %	15,771	53 %		387	65 %	4	(2)
1.75 to < 2.50	867	—	40 %	369	2 %	11,127	48 %		308	84 %	4	(1)
2.50 < 10.00	495	—	40 %	437	5 %	12,936	54 %		378	86 %	11	(5)
2.50 to < 5	300	—	40 %	263	3 %	8,376	52 %		216	82 %	5	(2)
5 to < 10	195	—	40 %	173	6 %	4,560	57 %		162	93 %	6	(3)
10.00 < 100.00	70	—	40 %	58	31 %	2,084	55 %		78	135 %	10	(5)
10 to < 20	34	—	40 %	27	13 %	879	57 %		29	110 %	2	(1)
20 to < 30	2	—	40 %	2	28 %	156	49 %		2	146 %	—	—
30 to < 100	33	—		30	48 %	1,049	54 %		46	157 %	8	(4)
100.00 (Default)	146	—	40 %	112	100 %	5,030	82 %		52	46 %	91	(92)
Subtotal (exposure class)	2,630	1	40 %	2,009	8 %	60,494	54 %	—	1,405	70 %	121	(106)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Qualifying Revolving												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	540	10,867	37 %	4,586	— %	7,317,841	84 %		261	6 %	4	(2)
0.00 to < 0.10	366	3,679	32 %	1,529	— %	1,857,794	83 %		57	4 %	1	(1)
0.10 to < 0.15	174	7,189	40 %	3,057	— %	5,460,047	85 %		204	7 %	4	(1)
0.15 < 0.25	268	1,556	35 %	823	— %	914,936	74 %		71	9 %	1	(2)
0.25 < 0.50	68	675	33 %	290	— %	437,753	74 %		38	13 %	1	(1)
0.50 < 0.75	216	2,033	61 %	1,449	1 %	4,384,180	95 %		431	30 %	10	(4)
0.75 < 2.50	762	1,690	51 %	1,635	2 %	2,787,272	82 %		851	52 %	26	(13)
0.75 to < 1.75	575	1,016	37 %	967	1 %	1,045,962	75 %		351	36 %	10	(6)
1.75 to < 2.50	187	674	71 %	668	2 %	1,741,310	92 %		499	75 %	16	(7)
2.50 < 10.00	568	819	48 %	976	5 %	1,516,964	78 %		929	95 %	37	(22)
2.50 to < 5	379	584	52 %	693	4 %	1,201,161	81 %		628	91 %	24	(15)
5 to < 10	189	236	39 %	284	7 %	315,803	69 %		302	106 %	13	(6)
10.00 < 100.00	478	343	97 %	829	23 %	2,219,093	86 %		1,974	238 %	174	(71)
10 to < 20	340	295	107 %	668	16 %	2,023,695	90 %		1,673	250 %	111	(43)
20 to < 30	17	12	45 %	23	24 %	45,541	79 %		52	230 %	4	(2)
30 to < 100	122	36	35 %	138	56 %	149,857	68 %		248	180 %	59	(26)
100.00 (Default)	156	36	1 %	158	100 %	175,876	80 %		117	74 %	117	(106)
Subtotal (exposure class)	3,057	18,020	42 %	10,745	4 %	19,753,915	84 %	—	4,671	43 %	371	(220)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Other												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	2,456	883	49 %	2,889	— %	2,558,259	37 %		248	9 %	1	(1)
0.00 to < 0.10	784	649	52 %	1,124	— %	1,733,977	48 %		95	8 %	—	—
0.10 to < 0.15	1,672	234	41 %	1,765	— %	824,282	30 %		152	9 %	1	(1)
0.15 < 0.25	5,579	410	40 %	5,460	— %	685,613	30 %		735	13 %	3	(6)
0.25 < 0.50	6,451	791	48 %	6,554	— %	887,919	39 %	—	1,722	26 %	10	(26)
0.50 < 0.75	9,724	1,206	40 %	9,564	1 %	1,138,409	41 %	—	3,499	37 %	24	(27)
0.75 < 2.50	19,073	2,288	44 %	18,806	1 %	2,353,287	45 %	—	9,918	53 %	124	(100)
0.75 to < 1.75	13,824	1,773	45 %	13,745	1 %	1,692,291	44 %	—	6,806	50 %	73	(60)
1.75 to < 2.50	5,250	515	40 %	5,061	2 %	660,996	47 %	—	3,111	61 %	52	(40)
2.50 < 10.00	10,247	774	44 %	9,521	5 %	1,275,645	49 %	—	6,836	72 %	217	(153)
2.50 to < 5	6,784	457	44 %	6,383	4 %	674,702	48 %	—	4,343	68 %	105	(67)
5 to < 10	3,463	317	43 %	3,138	7 %	600,943	52 %	—	2,494	79 %	112	(86)
10.00 < 100.00	3,412	81	39 %	3,201	31 %	431,670	45 %	—	3,075	96 %	447	(222)
10 to < 20	1,422	38	36 %	1,323	15 %	165,022	48 %	—	1,237	93 %	93	(54)
20 to < 30	746	23	43 %	716	22 %	107,049	45 %	—	789	110 %	73	(27)
30 to < 100	1,244	19	39 %	1,162	56 %	159,599	43 %	—	1,049	90 %	281	(140)
100.00 (Default)	3,031	89	28 %	2,179	100 %	349,402	63 %	—	1,279	59 %	1,290	(1,220)
Subtotal (exposure class)	59,973	6,522	44 %	58,174	7 %	9,680,204	43 %	—	27,312	47 %	2,116	(1,755)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 17.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Memo - Sec SME												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	283	1	40 %	284	— %	4,354	25 %		21	7 %	—	—
0.00 to < 0.10	68	1	39 %	69	— %	1,446	26 %		3	4 %	—	—
0.10 to < 0.15	215	—	50 %	215	— %	2,908	25 %		18	9 %	—	—
0.15 < 0.25	205	1	66 %	205	— %	3,350	26 %		28	14 %	—	—
0.25 < 0.50	394	9	43 %	396	— %	5,625	26 %		87	22 %	—	(1)
0.50 < 0.75	100	6	47 %	98	1 %	1,685	26 %		24	24 %	—	—
0.75 < 2.50	649	42	38 %	639	1 %	8,199	26 %		297	46 %	2	(3)
0.75 to < 1.75	531	30	39 %	528	1 %	6,938	26 %		235	44 %	2	(2)
1.75 to < 2.50	118	13	36 %	111	2 %	1,261	26 %		62	56 %	1	(1)
2.50 < 10.00	179	16	39 %	167	5 %	2,762	27 %		103	62 %	2	(5)
2.50 to < 5	98	11	40 %	94	3 %	1,797	27 %		48	50 %	1	(2)
5 to < 10	82	5	35 %	73	7 %	965	27 %		55	76 %	1	(3)
10.00 < 100.00	102	2	29 %	98	27 %	1,086	29 %		88	90 %	8	(5)
10 to < 20	62	—	27 %	61	15 %	561	29 %		51	84 %	3	(2)
20 to < 30	7	1	29 %	6	24 %	92	37 %		7	108 %	1	—
30 to < 100	33	1	29 %	31	51 %	433	28 %		30	96 %	5	(3)
100.00 (Default)	233	2	35 %	229	100 %	2,965	30 %		46	20 %	66	(87)
Subtotal (exposure class)	2,145	79	39 %	2,116	13 %	30,026	26 %	—	694	33 %	79	(101)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 18.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Memo - Sec nonSME												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	33,484	470	40 %	33,618	— %	473,798	26 %		1,915	6 %	9	(7)
0.00 to < 0.10	22,718	273	40 %	22,827	— %	347,841	26 %		1,174	5 %	6	(3)
0.10 to < 0.15	10,766	197	40 %	10,791	— %	125,957	24 %		741	7 %	4	(4)
0.15 < 0.25	21,564	621	53 %	21,878	— %	204,801	23 %		2,284	10 %	14	(5)
0.25 < 0.50	71,454	8,350	43 %	75,070	— %	476,630	13 %		6,157	8 %	40	(20)
0.50 < 0.75	80,564	4,964	47 %	82,872	1 %	549,247	11 %		8,628	10 %	62	(18)
0.75 < 2.50	46,978	1,502	44 %	47,635	1 %	320,452	14 %		9,875	21 %	93	(47)
0.75 to < 1.75	35,531	443	52 %	35,759	1 %	240,750	14 %		6,903	19 %	61	(33)
1.75 to < 2.50	11,447	1,059	41 %	11,876	2 %	79,702	13 %		2,971	25 %	32	(13)
2.50 < 10.00	13,448	244	39 %	13,543	4 %	123,144	15 %		5,914	44 %	94	(57)
2.50 to < 5	10,153	101	43 %	10,196	3 %	79,018	14 %		3,753	37 %	53	(27)
5 to < 10	3,294	143	36 %	3,346	6 %	44,126	17 %		2,162	65 %	41	(30)
10.00 < 100.00	4,642	151	49 %	4,715	32 %	48,611	14 %		3,523	75 %	220	(90)
10 to < 20	1,605	67	37 %	1,630	14 %	23,767	16 %		1,358	83 %	40	(27)
20 to < 30	1,461	30	69 %	1,482	25 %	9,178	15 %		1,306	88 %	61	(23)
30 to < 100	1,576	54	52 %	1,604	56 %	15,666	12 %		860	54 %	118	(40)
100.00 (Default)	4,099	27	25 %	4,106	100 %	38,627	27 %		4,473	109 %	748	(482)
Subtotal (exposure class)	276,232	16,329	45 %	283,436	3 %	2,235,310	15 %	—	42,769	15 %	1,282	(726)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 18.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Memo - Other - SME												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	417	270	42 %	529	— %	94,915	36 %		46	9 %	—	—
0.00 to < 0.10	70	156	48 %	145	— %	60,743	46 %		13	9 %	—	—
0.10 to < 0.15	346	115	35 %	384	— %	34,172	32 %		33	9 %	—	—
0.15 < 0.25	1,331	291	55 %	1,210	— %	129,198	35 %		177	15 %	1	(4)
0.25 < 0.50	1,122	604	50 %	1,165	— %	128,076	43 %	—	314	27 %	2	(1)
0.50 < 0.75	2,290	955	41 %	2,049	1 %	171,229	50 %	—	868	42 %	5	(4)
0.75 < 2.50	5,073	1,665	44 %	4,664	1 %	449,801	48 %	—	2,358	51 %	31	(28)
0.75 to < 1.75	3,453	1,296	45 %	3,253	1 %	318,802	48 %	—	1,593	49 %	17	(17)
1.75 to < 2.50	1,620	369	40 %	1,411	2 %	130,999	47 %	—	765	54 %	14	(11)
2.50 < 10.00	3,717	564	47 %	2,999	4 %	278,462	49 %	—	2,018	67 %	61	(52)
2.50 to < 5	2,541	369	47 %	2,164	4 %	192,204	48 %	—	1,441	67 %	34	(25)
5 to < 10	1,176	195	49 %	835	7 %	86,258	49 %	—	577	69 %	27	(26)
10.00 < 100.00	779	67	40 %	578	33 %	73,194	44 %	—	486	84 %	82	(49)
10 to < 20	307	30	38 %	210	15 %	25,568	45 %	—	165	78 %	14	(16)
20 to < 30	142	19	44 %	112	24 %	15,018	45 %	—	110	98 %	12	(8)
30 to < 100	331	17	40 %	256	53 %	32,608	42 %	—	211	83 %	56	(26)
100.00 (Default)	1,599	83	27 %	763	100 %	115,426	71 %	—	399	52 %	517	(465)
Subtotal (exposure class)	16,329	4,498	45 %	13,957	8 %	1,440,301	47 %	—	6,665	48 %	699	(605)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 18.CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Memo - Other - nonSME												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	1,653	609	52 %	1,972	— %	2,456,637	40 %		177	9 %	1	(1)
0.00 to < 0.10	462	490	54 %	726	— %	1,668,415	56 %		70	10 %	—	—
0.10 to < 0.15	1,191	119	46 %	1,247	— %	788,222	30 %		107	9 %	—	(1)
0.15 < 0.25	4,037	118	2 %	4,040	— %	553,212	28 %		528	13 %	2	(2)
0.25 < 0.50	4,938	184	44 %	4,998	— %	754,545	39 %	—	1,318	26 %	7	(23)
0.50 < 0.75	7,304	246	34 %	7,386	1 %	965,288	38 %	—	2,596	35 %	18	(19)
0.75 < 2.50	13,574	594	43 %	13,730	1 %	1,896,439	45 %	—	7,388	54 %	92	(70)
0.75 to < 1.75	9,875	457	44 %	10,003	1 %	1,357,474	44 %	—	5,008	50 %	53	(40)
1.75 to < 2.50	3,700	137	39 %	3,727	2 %	538,965	47 %	—	2,379	64 %	39	(31)
2.50 < 10.00	6,338	194	34 %	6,339	5 %	994,020	50 %	—	4,734	75 %	153	(99)
2.50 to < 5	4,123	77	34 %	4,102	4 %	480,265	48 %	—	2,849	69 %	69	(41)
5 to < 10	2,214	117	35 %	2,237	7 %	513,755	54 %		1,885	84 %	84	(58)
10.00 < 100.00	2,523	13	31 %	2,516	31 %	357,304	46 %	—	2,518	100 %	356	(167)
10 to < 20	1,067	8	27 %	1,066	15 %	140,260	49 %	—	1,043	98 %	78	(37)
20 to < 30	571	4	37 %	571	22 %	90,412	46 %	—	654	115 %	58	(19)
30 to < 100	885	2	43 %	879	57 %	126,632	44 %		821	93 %	220	(112)
100.00 (Default)	1,241	4	34 %	1,230	100 %	231,674	63 %	—	818	67 %	707	(686)
Subtotal (exposure class)	41,608	1,962	42 %	42,212	6 %	8,209,119	42 %	—	20,077	48 %	1,336	(1,068)
Total (all exposures classes AIRB)	399,153	63,551	37 %	411,892	4 %	31,847,441	25 %	2	119,688	29 %	5,567	(4,683)

Table 18.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Central banks and central governments												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.25 < 0.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.50 < 0.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 to < 1.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 < 10.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 to <5	—	—	— %	—	— %	—	— %	—	—	— %	—	—
5 to <10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10.00 < 100.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10 to < 20	—	—	— %	—	— %	—	— %	—	—	— %	—	—
20 to < 30	—	—	— %	—	— %	—	— %	—	—	— %	—	—
30 to < 100	—	—	— %	—	— %	—	— %	—	—	— %	—	—
100.00 (Default)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Subtotal (exposure class)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 18.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Institutions												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	5,135	5,691	20 %	7,965	— %	857	43 %	1	1,831	23 %	2	(1)
0.00 to < 0.10	4,841	5,359	20 %	7,563	— %	744	43 %	1	1,675	22 %	1	(1)
0.10 to < 0.15	295	332	23 %	402	— %	113	45 %	1	156	39 %	—	—
0.15 < 0.25	113	1,393	73 %	2,424	— %	101	45 %	2	1,109	46 %	1	—
0.25 < 0.50	133	160	13 %	125	— %	62	44 %	1	74	59 %	—	—
0.50 < 0.75	1	295	5 %	15	1 %	13	45 %	1	14	92 %	—	—
0.75 < 2.50	—	6	56 %	3	1 %	7	45 %	1	4	125 %	—	—
0.75 to < 1.75	—	6	56 %	3	1 %	7	45 %	1	4	125 %	—	—
1.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	—
2.50 < 10.00	—	—	5 %	—	10 %	23	45 %	3	—	290 %	—	—
2.50 to < 5	—	—	—	—	—	—	—	—	—	—	—	—
5 to < 10	—	—	5 %	—	10 %	23	45 %	3	—	290 %	—	—
10.00 < 100.00	1,322	—	—	65	13 %	18	1 %	2	5	8 %	1	—
10 to < 20	63	—	—	63	13 %	2	— %	2	—	— %	—	—
20 to < 30	—	—	—	—	—	—	—	—	—	—	—	—
30 to < 100	1,259	—	—	2	45 %	16	45 %	1	5	323 %	1	—
100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal (exposure class)	6,704	7,545	29 %	10,598	— %	1,081	43 %	1	3,038	29 %	4	(2)
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 18.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - Other												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	23,160	58,261	22 %	37,357	— %	1,843	39 %	2	8,481	23 %	10	(8)
0.00 to < 0.10	18,247	39,577	22 %	29,990	— %	1,364	38 %	2	6,451	22 %	6	(5)
0.10 to < 0.15	4,913	18,685	21 %	7,367	— %	479	40 %	2	2,030	28 %	4	(4)
0.15 < 0.25	8,027	18,132	16 %	10,521	— %	1,107	39 %	2	3,835	36 %	8	(6)
0.25 < 0.50	14,393	19,274	18 %	16,679	— %	3,518	36 %	2	7,713	46 %	21	(18)
0.50 < 0.75	9,775	12,940	18 %	9,097	1 %	2,606	33 %	2	4,704	52 %	18	(13)
0.75 < 2.50	14,587	11,151	22 %	11,799	1 %	4,980	35 %	2	8,383	71 %	50	(31)
0.75 to < 1.75	13,599	10,785	22 %	10,640	1 %	4,361	34 %	2	7,198	68 %	42	(28)
1.75 to < 2.50	988	367	28 %	1,159	2 %	619	38 %	2	1,185	102 %	8	(3)
2.50 < 10.00	5,710	8,362	20 %	5,203	4 %	2,781	37 %	3	6,200	119 %	87	(168)
2.50 to < 5	3,947	5,923	22 %	3,669	3 %	1,130	36 %	2	3,932	107 %	46	(32)
5 to < 10	1,763	2,440	16 %	1,535	6 %	1,651	40 %	3	2,269	148 %	40	(136)
10.00 < 100.00	2,049	1,566	16 %	994	24 %	2,052	38 %	2	1,998	201 %	81	(39)
10 to < 20	812	583	23 %	540	16 %	189	37 %	2	1,036	192 %	33	(29)
20 to < 30	50	3	35 %	50	22 %	516	40 %	3	104	206 %	4	—
30 to < 100	1,186	980	12 %	404	34 %	1,347	38 %	2	859	213 %	44	(9)
100.00 (Default)	786	565	24 %	732	100 %	362	38 %	2	—	— %	285	(397)
Subtotal (exposure class)	78,487	130,251	20 %	92,383	2 %	19,249	37 %	2	41,314	45 %	561	(679)
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 18.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Regional governments												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.25 < 0.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.50 < 0.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.75 to < 1.75	—	—	— %	—	— %	—	— %	—	—	— %	—	—
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 < 10.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 to <5	—	—	— %	—	— %	—	— %	—	—	— %	—	—
5 to <10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10.00 < 100.00	—	—	— %	—	— %	—	— %	—	—	— %	—	—
10 to < 20	—	—	— %	—	— %	—	— %	—	—	— %	—	—
20 to < 30	—	—	— %	—	— %	—	— %	—	—	— %	—	—
30 to < 100	—	—	— %	—	— %	—	— %	—	—	— %	—	—
100.00 (Default)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Subtotal (exposure class)	—	—	— %	—	— %	—	— %	—	—	— %	—	—
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 19.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Public Sector Entities												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	211	—		211	—	1	45 %	5	124	59 %	—	—
0.00 to < 0.10	211	—		211	—	1	45 %	5	124	59 %	—	—
0.10 to < 0.15	—	—		—					—		—	—
0.15 < 0.25	—	—		—					—		—	—
0.25 < 0.50	—	—		—					—		—	—
0.50 < 0.75	—	—		—					—		—	—
0.75 < 2.50	—	—		—					—		—	—
0.75 to < 1.75	—	—		—					—		—	—
1.75 to < 2.50	—	—		—					—		—	—
2.50 < 10.00	—	—		—					—		—	—
2.50 to < 5	—	—		—					—		—	—
5 to < 10	—	—		—					—		—	—
10.00 < 100.00	—	—		—					—		—	—
10 to < 20	—	—		—					—		—	—
20 to < 30	—	—		—					—		—	—
30 to < 100	—	—		—					—		—	—
100.00 (Default)	—	—		—					—		—	—
Subtotal (exposure class)	211	—		211	—	1	45 %	5	124	59 %	—	—
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 19.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Purchased Receivable												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	12,212	122	—	20,969	—	370	42 %	—	2,122	10 %	4	(3)
0.00 to < 0.10	7,483	50	—	17,668	—	176	43 %	—	1,618	9 %	2	(1)
0.10 to < 0.15	4,729	72	—	3,302	—	194	39 %	—	504	15 %	2	(2)
0.15 < 0.25	3,177	328	—	2,443	—	306	40 %	—	523	21 %	2	(1)
0.25 < 0.50	6,352	1,304	—	3,843	—	759	38 %	—	1,226	32 %	5	(2)
0.50 < 0.75	4,415	833	—	2,729	—	697	38 %	—	1,155	42 %	6	(2)
0.75 < 2.50	3,510	303	—	1,459	—	721	40 %	—	917	63 %	8	(2)
0.75 to < 1.75	3,444	281	—	1,423	—	647	40 %	—	885	62 %	8	(2)
1.75 to < 2.50	65	21	—	37	—	74	40 %	—	33	89 %	—	—
2.50 < 10.00	1,678	29	—	366	—	317	38 %	—	342	93 %	6	(2)
2.50 to < 5	1,603	23	—	315	—	279	39 %	—	289	92 %	5	(2)
5 to < 10	75	6	—	51	—	38	28 %	—	53	103 %	1	—
10.00 < 100.00	295	114	—	36	—	283	30 %	—	57	157 %	3	(1)
10 to < 20	32	1	—	18	—	23	21 %	—	19	105 %	—	—
20 to < 30	1	—	—	1	—	7	37 %	—	3	296 %	—	—
30 to < 100	262	114	—	17	—	253	40 %	—	35	206 %	2	—
100.00 (Default)	91	—	—	83	1	22	40 %	—	—	— %	33	(23)
Subtotal (exposure class)	31,729	3,033	—	31,928	—	3,475	41 %	—	6,343	20 %	67	(35)
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 19.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Memo - Large Corp												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	30,111	54,011	23 %	52,656	— %	1,972	41 %	1	9,564	18 %	12	(10)
0.00 to < 0.10	20,712	36,416	23 %	42,523	— %	1,392	42 %	1	7,197	17 %	7	(5)
0.10 to < 0.15	9,400	17,594	21 %	10,133	— %	580	40 %	1	2,367	23 %	5	(5)
0.15 < 0.25	9,998	16,879	17 %	11,721	— %	1,195	40 %	2	3,925	33 %	10	(6)
0.25 < 0.50	18,765	19,748	17 %	18,518	— %	3,453	36 %	2	7,845	42 %	24	(15)
0.50 < 0.75	13,302	12,499	18 %	10,923	1 %	2,594	34 %	1	5,317	49 %	22	(13)
0.75 < 2.50	15,451	10,745	21 %	10,994	1 %	3,643	35 %	2	7,569	69 %	49	(28)
0.75 to < 1.75	14,405	10,357	21 %	9,805	1 %	3,105	34 %	2	6,360	65 %	41	(25)
1.75 to < 2.50	1,047	388	27 %	1,189	2 %	538	38 %	2	1,210	102 %	8	(3)
2.50 < 10.00	5,983	7,196	20 %	4,163	4 %	1,768	37 %	2	4,837	116 %	69	(126)
2.50 to < 5	4,801	4,915	21 %	3,211	4 %	1,166	37 %	2	3,426	107 %	43	(30)
5 to < 10	1,182	2,282	16 %	952	7 %	602	39 %	3	1,411	148 %	26	(96)
10.00 < 100.00	1,650	1,589	15 %	517	24 %	1,785	35 %	2	944	183 %	36	(36)
10 to < 20	444	519	23 %	252	15 %	136	33 %	2	400	158 %	13	(28)
20 to < 30	20	2	31 %	19	22 %	239	40 %	3	43	230 %	2	—
30 to < 100	1,186	1,069	11 %	246	34 %	1,410	37 %	2	501	204 %	22	(8)
100.00 (Default)	708	271	20 %	565	100 %	234	38 %	1	—	— %	226	(300)
Subtotal (exposure class)	95,968	122,938	20 %	110,058	1 %	16,644	39 %	1	40,001	36 %	448	(533)
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 19.CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (Jun 2025)

a	b	c	d	e	f	g	h	i	j	k	l	m
Memo - SMEs												
PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Exposure weighted average PD (%)	Number of obligors	Average LGD	Average maturity	RWA	RW	EL	Value adjustments and provisions
0.00 < 0.15	5,260	4,372	—	5,670	—	180	26 %	3	1,039	18 %	1	(1)
0.00 to < 0.10	5,018	3,210	—	5,134	—	120	24 %	3	872	17 %	1	(1)
0.10 to < 0.15	242	1,162	—	535	—	60	40 %	3	166	31 %	—	—
0.15 < 0.25	1,207	1,580	—	1,242	—	166	37 %	3	434	35 %	1	(1)
0.25 < 0.50	809	829	—	1,059	—	394	40 %	2	513	48 %	1	(1)
0.50 < 0.75	865	1,273	—	881	—	444	40 %	2	527	60 %	2	(1)
0.75 < 2.50	1,652	704	—	1,539	—	804	37 %	2	1,104	72 %	7	(3)
0.75 to < 1.75	1,652	704	—	1,539	—	804	37 %	2	1,104	72 %	7	(3)
1.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	—
2.50 < 10.00	975	1,193	—	1,020	—	549	37 %	3	1,126	110 %	14	(7)
2.50 to < 5	744	1,031	—	767	—	109	36 %	3	789	103 %	8	(4)
5 to < 10	230	162	—	253	—	440	40 %	4	337	133 %	6	(3)
10.00 < 100.00	125	84	—	53	—	237	40 %	2	91	172 %	6	(1)
10 to < 20	38	59	—	13	—	16	40 %	1	21	160 %	1	—
20 to < 30	13	1	—	13	—	108	40 %	3	20	151 %	1	—
30 to < 100	75	24	—	26	—	113	40 %	2	49	189 %	4	—
100.00 (Default)	158	293	—	239	1	82	37 %	3	—	— %	87	(103)
Subtotal (exposure class)	11,051	10,330	—	11,704	—	2,856	32 %	3	4,832	41 %	120	(119)
Total (all exposures classes FIRB)	117,131	140,829	20 %	135,120	1 %	23,806	39 %	2	50,819	38 %	632	(717)

Table 19.CR10.1 - Specialised lending and equity exposures under the simple riskweighted approach. Project financing

EUR million		a	b	c	d	e	f
Specialised lending : Project finance (Slotting approach)							
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
Category 1	< 2.5 years	911	753	50 %	1,114	442	—
	>= 2.5 years	2,793	1,634	70 %	3,160	1,748	13
Category 2	< 2.5 years	2,752	2,871	70 %	3,435	2,121	14
	>= 2.5 years	6,062	5,678	90 %	6,719	4,869	55
Category 3	< 2.5 years	236	70	115 %	267	266	7
	>= 2.5 years	368	67	115 %	394	429	11
Category 4	< 2.5 years	—	3	250 %	1	1	—
	>= 2.5 years	—	—	250 %	—	—	—
Category 5	< 2.5 years	45	4	— %	46	—	23
	>= 2.5 years	139	4	— %	143	—	72
Total	< 2.5 years	3,943	3,702		4,863	2,830	45
	>= 2.5 years	9,362	7,384		10,416	7,046	151
Including counterparty credit risk							

Table 20.CR10.2 - Specialised lending and equity exposures under the simple riskweighted approach. Income-earning real estate and highly volatile commercial real estate

EUR million		a	b	c	d	e	f
Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)							
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
Category 1	< 2.5 years	724	61	50 %	727	324	—
	>= 2.5 years	1,115	116	70 %	1,136	727	5
Category 2	< 2.5 years	1,226	100	70 %	1,243	765	5
	>= 2.5 years	1,491	152	90 %	1,517	1,231	12
Category 3	< 2.5 years	248	15	115 %	254	260	7
	>= 2.5 years	51	13	115 %	56	56	2
Category 4	< 2.5 years	22	—	250 %	22	55	2
	>= 2.5 years	1	—	250 %	1	2	—
Category 5	< 2.5 years	191	—	— %	191	—	95
	>= 2.5 years	—	—	— %	—	—	—
Total	< 2.5 years	2,410	175		2,437	1,404	109
	>= 2.5 years	2,659	281		2,711	2,016	19

Table 21.CR10.3 - Specialised lending and equity exposures under the simple riskweighted approach. Financing of assets

EUR million		a	b	c	d	e	f
Object finance, slotting approach							
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
Category 1	< 2.5 years	69	30	50 %	89	41	—
	>= 2.5 years	19	39	70 %	34	23	—
Category 2	< 2.5 years	18	—	70 %	18	12	—
	>= 2.5 years	36	—	90 %	36	32	—
Category 3	< 2.5 years	—	—	115 %	—	—	—
	>= 2.5 years	6	12	115 %	6	7	—
Category 4	< 2.5 years	—	—	250 %	—	—	—
	>= 2.5 years	—	—	250 %	—	—	—
Category 5	< 2.5 years	91	—	— %	91	—	45
	>= 2.5 years	—	—	— %	—	—	—
Total	< 2.5 years	178	30		197	53	46
	>= 2.5 years	62	51		76	63	1

Table 22.CR10.4 - Specialised lending and equity exposures under the simple riskweighted approach. Financing of raw materials

EUR million		a	b	c	d	e	f
Commodities finance slotting approach							
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
Category 1	< 2.5 years	—	—	50 %	—	—	—
	>= 2.5 years	—	—	70 %	—	—	—
Category 2	< 2.5 years	—	—	70 %	—	—	—
	>= 2.5 years	9	—	90 %	9	8	—
Category 3	< 2.5 years	—	—	115 %	—	—	—
	>= 2.5 years	—	—	115 %	—	—	—
Category 4	< 2.5 years	—	—	250 %	—	—	—
	>= 2.5 years	—	—	250 %	—	—	—
Category 5	< 2.5 years	—	—	— %	—	—	—
	>= 2.5 years	—	—	— %	—	—	—
Total	< 2.5 years	—	—		—	—	—
	>= 2.5 years	9	—		9	8	—

Table 23.CR10.5 - Equity exposures under the simple risk-weighted approach

Equity exposures under Articles 133 (3) to (6) and Article 495a(3) CRR			
Equity Exposure	On-balance sheet exposure	Off-balance sheet exposure	Risk weighted exposure amount
Total	5,522	—	8,172

Standardized approach

For the calculation of regulatory capital under the standardised approach, Santander uses the external rating agencies designated as eligible by the ECB (European Central Bank). The agencies used for the capital calculation at June 2025 are Fitch, Moody's, DBRS, Standard & Poor's, Japan Credit Rating Agency, Inbonis Rating and HR Ratings de México.

For the central government and central banks category, if the requirements of article 137 of the CRR are met, the Group uses the OECD's Country Risk Classification of the Participants to the Arrangement on Officially Supported Export Credits.

Different risk weights are applied to credit exposures depending on the rating assigned by the credit rating agencies (e.g. Fitch, Moody's, Standard & Poor's and Inbonis Rating for the segments approved under Part III, Title II, Chapter II of the CRR) or the minimum export insurance premium rating (e.g. OECD for the central government and central bank segment, as explained above). Japan Credit Rating Agency and HR Ratings de México are used for credit exposures in the Sovereign segment.

Grupo Santander does not currently transfer the issuer and issue credit ratings onto items not included in the trading book for exposures treated under the standard method

The assignment of weights according to credit ratings complies with the regulatory requirements, aligning the alphanumeric scale of each agency used with the credit quality steps set down in Chapter II, Section II of the CRR, as follows:

Credit quality step	S&P / Inbonis	Moody's	Fitch	DBRS	Japan Credit Rating Agency	HR Ratings Mexico
1	AAA a AA-	AAA to AA3	AAA a AA-	AAA to AAL	AAA to AA	HR AAA to HR AA
2	A+ to A-	A1 to A3	A+ to A-	AH to AL	A	HR A
3	BB+ to BBB-	BAA1 to BAA3	BB+ to BBB-	BBBH to BBBL	BBB	HR BBB
4	BB+ to BB-	BA1 to BA3	BB+ to BB-	BBH to BBL	BB	HR BB
5	B+ to B-	B1 to B3	B+ to B-	BH to BL	B	HR B
6	Lower than B-	Lower than B3	Lower than B-	CCCH to lower	CCC to lower	HR CCC to lower

Credit quality step	Central governments and central banks	Public sector entities	Institutions ≤ 3 months rated	Institutions > 3 months rated	Institutions not rated	Corporates
1	0%	20%	20%	20%	20%	20%
2	20%	50%	20%	50%	50%	50%
3	50%	100%	20%	50%	100%	100%
4	100%	100%	50%	100%	100%	100%
5	100%	100%	50%	100%	100%	150%
6	150%	150%	150%	150%	150%	150%

In accordance with article 150 of the CRR, Santander always uses the standardised approach for sovereign exposures denominated and funded in the Member State's local currency, applying a 0% risk weighting.

Guarantees are applied by reallocating exposures to the corresponding asset categories and risk weightings.

When credit institutions use some of their qualifying financial collateral as a credit risk mitigation technique, the valuation of this collateral for the calculation of risk-weighted exposure amounts can either follow the financial collateral simple method under Article 222 of the CRR or the financial collateral comprehensive method under Article 223 of the CRR.

Table 24.CR4 - standardised approach - Credit risk exposure and CRM effects (Jun 2025)

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RW	
EUR million							
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RW
1	Central governments or central banks	354,626	3,830	382,487	1,791	28,244	7 %
2	Non-central government public sector entities	21,789	2,940	21,897	1,018	830	4 %
EU 2a	Regional governments or local authorities	18,071	2,086	17,646	814	509	3 %
EU 2b	Public sector entities	3,718	854	4,250	204	322	7 %
3	Multilateral Development Banks	3,188	—	6,742	1,032	3	— %
EU 3a	International Organisations	1,747	—	1,747	—	—	— %
4	Institutions	16,184	2,607	17,343	1,756	4,321	23 %
5	Covered bonds	2,798	—	2,798	—	511	18 %
6	Corporates	64,416	35,914	56,890	3,502	53,052	88 %
6.1	Of which: Specialised Lending	1,479	2,383	1,470	539	1,681	84 %
7	Subordinated debt exposures and equity	5,522	—	5,522	—	8,172	148 %
EU 7a	Subordinated debt exposures	—	—	—	—	—	— %
EU 7b	Equity	5,522	—	5,522	—	8,172	148 %
8	Retail	143,237	93,273	128,900	997	87,760	68 %
9	Secured by mortgages on immovable property and ADC exposures	96,488	8,177	92,039	499	34,003	37 %
9.1	Secured by mortgages on residential immovable property - non IPRE	65,114	3,447	61,969	127	17,094	28 %
9.2	Secured by mortgages on residential immovable property - IPRE	9,847	88	9,840	18	2,332	24 %
9.3	Secured by mortgages on commercial immovable property - non IPRE	12,747	1,249	11,632	244	7,070	60 %
9.4	Secured by mortgages on commercial immovable property - IPRE	4,743	143	4,645	2	2,863	62 %
9.5	Acquisition, Development and Construction (ADC)	4,038	3,250	3,953	107	4,645	114 %
10	Exposures in default	14,389	551	13,735	142	15,163	109 %
EU 10a	Claims on institutions and corporates with a short-term credit assessment	777	1,478	1,525	175	828	49 %
EU 10b	Collective investments undertakings	299	369	299	369	309	46 %
EU 10c	Other items	79,976	23,540	84,104	600	50,412	60 %
12	TOTAL	805,436	172,680	816,026	11,881	283,609	34 %
Securitisations not included							

Table CR4 illustrates the effect of all CRM techniques applied in the Standard Approach, including the Simple Approach for Financial Collateral and the Comprehensive Approach for Financial Collateral. The density of the RWA has not changed significantly compared to the previous period.

Table 25.CR5 - standardised approach (Jun 2025)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	
		Risk Weight																										Total	Of which unrat
EUR million		0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Others			
1	Central governments or central banks	365,801	—	670	—	1,743	—	—	—	—	1,376	—	—	—	—	—	6,229	—	—	—	188	8,271	—	—	—	—	384,278	384,179	
2	Non-central government public sector entities	20,689	—	—	—	1,712	—	—	—	—	54	—	—	—	—	—	459	—	—	—	1	—	—	—	—	—	22,915	22,915	
EU 2a	Regional government or local authorities	17,421	—	—	—	663	—	—	—	—	—	—	—	—	—	—	376	—	—	—	—	—	—	—	—	—	18,460	18,455	
EU 2b	Public sector entities	3,267	—	—	—	1,049	—	—	—	—	54	—	—	—	—	—	84	—	—	—	1	—	—	—	—	—	4,455	4,455	
3	Multilateral development banks	7,760	—	—	—	14	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,773	7,760	
EU 3a	International organisations	1,747	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,747	1,747	
4	Institutions	989	3,915	—	—	11,079	1,311	—	156	—	604	—	—	180	—	—	322	—	—	—	543	—	—	—	—	—	19,099	12,687	
5	Covered bonds	—	—	—	578	2,208	—	—	—	—	—	—	—	—	—	—	12	—	—	—	—	—	—	—	—	—	2,798	2,600	
6	Corporates	—	—	—	—	4,723	—	—	—	—	1,552	—	—	822	133	—	51,938	—	—	562	662	—	—	—	—	—	60,392	56,900	
6.1	Of which: Specialised Lending	—	—	—	—	—	—	—	—	—	—	—	—	10	133	—	1,303	—	—	562	—	—	—	—	—	—	2,008	2,001	
7	Subordinated debt exposures and equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	211	—	—	—	—	1,245	—	—	—	4,066	5,522	5,522	
EU 7a	Subordinated debt exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
EU 7b	Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	211	—	—	—	—	1,245	—	—	—	4,066	5,522	5,522	
8	Reatil exposures	—	—	—	—	—	—	3,836	—	12,119	—	—	—	113,101	—	—	841	—	—	—	—	—	—	—	—	—	—	129,897	129,897
9	Secured by mortgages on immovable property and ADC exposures	110	—	—	—	62,104	347	98	—	100	—	12,554	—	8,592	—	10	7,023	9	41	—	1,283	—	—	—	—	267	92,538	92,538	
9.1	Secured by mortgages on residential immovable property - non IPRE	—	—	—	—	53,527	—	—	—	—	—	—	—	8,262	—	—	306	—	—	—	—	—	—	—	—	—	62,096	62,096	
9.1.1	No load splitting applied	—	—	—	—	4,492	—	—	—	—	—	—	—	521	—	—	177	—	—	—	—	—	—	—	—	—	5,190	5,190	
9.1.2	Loan splitting applied (secured)	—	—	—	—	49,035	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	49,035	49,035	
9.1.3	Loan splitting applied (unsecured)	—	—	—	—	—	—	—	—	—	—	—	—	7,742	—	—	129	—	—	—	—	—	—	—	—	—	7,871	7,871	
9,2	Secured by mortgages on commercial immovable property - IPRE	6	—	—	—	8,568	347	98	—	100	—	35	—	8	—	—	672	9	—	—	16	—	—	—	—	—	9,858	9,858	
9,3	Secured by mortgages on commercial immovable property - non IPRE	17	—	—	—	9	—	—	—	—	—	8,781	—	321	—	—	2,747	—	—	—	—	—	—	—	—	—	11,876	11,876	
9.3.1	No loan splitting applied	—	—	—	—	4	—	—	—	—	—	—	—	84	—	—	1,400	—	—	—	—	—	—	—	—	—	1,488	1,488	
9.3.2	loan splitting applied (secured)	—	—	—	—	—	—	—	—	—	—	8,781	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,781	8,781	
9.3.3	loan splitting applied (unsecured)	17	—	—	—	6	—	—	—	—	—	—	—	236	—	—	1,347	—	—	—	—	—	—	—	—	—	1,606	1,606	
9,4	Secured by mortgages on commercial immovable property - IPRE	87	—	—	—	—	—	—	—	—	—	3,737	—	1	—	10	406	—	41	—	98	—	—	—	—	267	4,647	4,647	
9,5	Acquisition, Development and Construction (ADC)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,891	—	—	—	1,169	—	—	—	—	—	4,060	4,060	
10	Exposures in default	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11,304	—	—	—	2,573	—	—	—	—	—	13,877	13,877	
EU 10a	Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	899	—	—	—	—	373	—	—	—	—	—	353	—	—	—	74	—	—	—	—	—	1,699	—	
EU 10b	Collective investment undertakings (CIU)	372	—	—	—	15	—	—	—	—	—	—	—	—	—	—	269	—	—	—	11	—	—	—	2	—	668	668	
EU 10c	Other items	18,777	202	—	—	14,383	1,318	—	—	—	186	—	—	76	—	—	41,781	—	—	—	65	—	—	—	—	7,916	84,704	84,704	
EU 11c	Total	416,244	4,117	670	578	98,879	2,976	3,934	156	12,219	4,145	12,554	—	122,771	133	10	120,743	9	41	562	5,400	9,516	—	—	2	12,250	827,907	815,989	
Template with mappings fixing that were considered incomplete and those that required a more adequate basis for their disclosure																													

Table CR5 presents the breakdown of exposures under the Standard Approach by asset class and risk weighting (corresponding to the risk attributed to exposure according to the risk criterion under the Standard Approach).

Distribution of exposures

This section deals with the CRB requirement: additional information relating to the credit quality of assets.

The tables below show information on Grupo Santander's credit risk and dilution exposures with the following breakdowns:

- Exposure category
- Business sector
- Geographical area
- Residual maturity

Information is also provided on non-performing exposures and impairment allowances for assets and provisions for risks and contingent liabilities.

The amounts shown in the tables in this section include credit and counterparty risk amounts and exclude securitizations.

The geographical distribution of standard portfolios is mainly concentrated in Brazil, Spain, and the United States. The most prominent segments continue to be central governments (with a strong presence in Spain, Brazil, and the United Kingdom) and retail and corporate customers, with a significant presence in Brazil, the United States, and the United Kingdom.

As for IRB portfolios, most of the exposure is concentrated in the corporate and retail segments in Spain and the United Kingdom.

Table 26.CR1-A: Maturity of exposures (Jun 2025)

		a	b	c	d	e	f
		Net exposure value					
EUR million		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	42,078	357,047	363,047	342,159	—	1,104,331
2	Debt securities	—	40,375	65,854	77,575	—	183,804
3	Total	42,078	397,422	428,901	419,734	—	1,288,135

Table CR1-A breaks down loans and advances and Debt securities by maturity period. The most significant impacts in totals, from an accounting point of view, are the agreement to sell Santander Bank Polska, now classified under non-current assets held for sale, and the adverse movement in exchange rates, as explained in the half-year report.

Table 27.CR2 - Changes in the stock of non-performing loans and advances (Jun 2025)

		a
		Gross carrying amount
EUR million		
10	Opening balance	38,258
20	Inflows to non-performing portfolios	19,016
30	Outflows from non-performing portfolios	(21,349)
40	Outflows due to write-offs	(6,820)
50	Outflow due to other situations	(14,529)
60	Closing balance	35,925

In terms of Table CR2, default inflows remain at expected and low levels, with improved recovery efficiency. Special focus on reducing legacy NPLs through portfolio sales.

Table 28.CR1 - Performing and non-performing exposures and related provisions (Jun 2025)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures		Non-performing exposures		Performing exposures - accumulated impairment and provisions		Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Accumulated partial write-off	On performing exposures	On non-performing exposures					
		Of which, stage 1	Of which, stage 2	Of which, stage 2	Of which, stage 3	Of which, stage 1	Of which, stage 2	Of which, stage 2	Of which, stage 3								
EUR million																	
5	Cash balances at central banks and other demand deposits	169,080	169,080	—	—	—	—	(1)	(1)	—	—	—	—	—	57	—	
10	Loans and advances	1,037,663	957,865	73,064	35,925	4,266	30,716	(6,820)	(3,038)	(3,782)	(14,243)	(736)	(13,334)	(175)	682,344	15,699	
20	Central banks	16,827	16,827	—	—	—	—	—	—	—	—	—	—	—	—	—	
30	General governments	31,332	30,177	197	209	4	90	(22)	(20)	(2)	(11)	(1)	(10)	—	5,516	73	
40	Credit institutions	56,272	55,150	11	—	—	—	(7)	(7)	—	—	—	—	—	20,927	—	
50	Other financial corporations	89,629	84,554	1,593	438	45	288	(162)	(130)	(32)	(171)	(1)	(156)	—	52,019	156	
60	Non-financial corporations	289,305	264,451	23,712	10,760	708	9,690	(1,547)	(636)	(911)	(4,800)	(89)	(4,577)	—	178,157	4,220	
70	Of which SMEs	100,416	89,136	10,859	6,413	514	5,769	(803)	(322)	(481)	(2,870)	(73)	(2,741)	—	70,471	2,666	
80	Households	554,298	506,706	47,551	24,518	3,509	20,648	(5,082)	(2,245)	(2,837)	(9,261)	(645)	(8,591)	(175)	425,725	11,250	
90	Debt securities	166,781	165,325	1,111	758	1	757	(68)	(45)	(23)	(328)	—	(327)	—	2,602	19	
100	Central banks	5,417	5,417	—	—	—	—	—	—	—	—	—	—	—	—	—	
110	General governments	117,000	116,924	—	—	—	—	(6)	(6)	—	—	—	—	—	590	—	
120	Credit institutions	11,767	11,767	—	—	—	—	—	—	—	—	—	—	—	—	—	
130	Other financial corporations	18,251	18,011	99	17	—	17	(13)	(12)	(1)	(2)	—	(2)	—	1,067	—	
140	Non-financial corporations	14,346	13,206	1,012	741	1	740	(49)	(27)	(22)	(326)	—	(325)	—	945	19	
150	Off-balance-sheet exposures	463,601	445,402	18,196	1,581	48	1,502	450	283	167	202	2	193	—	28,284	249	
160	Central banks	16	16	—	—	—	—	—	—	—	—	—	—	—	—	—	
170	General governments	5,480	5,399	81	4	—	4	1	1	—	—	—	—	—	30	—	
180	Credit institutions	70,957	70,853	104	—	—	—	2	2	—	—	—	—	—	2,097	—	
190	Other financial corporations	49,745	48,490	1,255	30	—	30	24	16	8	8	—	8	—	2,137	1	
200	Non-financial corporations	211,840	203,237	8,601	1,320	30	1,277	206	133	73	184	1	178	—	22,558	245	
210	Households	125,563	117,407	8,155	227	18	191	217	131	86	10	1	7	—	1,462	3	
220	Total	1,837,125	1,737,672	92,371	38,264	4,315	32,975	(7,339)	(3,367)	(3,972)	(14,773)	(738)	(13,854)	(175)	713,287	15,967	

From Table CR1 can be seen that:

- Solid portfolio quality: Performing exposures represent the vast majority of the credit book, with limited provisioning requirements. Non-performing exposures, concentrated in households and SMEs, are provisioned conservatively, ensuring robust coverage ratios.
- Collateralized profile: Strong collateralization, particularly in corporate lending and household mortgages, reinforces risk mitigation and loss absorption capacity.

As of June 2025, the portfolio shows a balanced and controlled risk profile, combining high-quality assets with conservative provisioning and solid collateral coverage. YTD non-performing exposures declined (-6%), from 40,7 billion euros to 38,3 billion euros, showing effective management of asset quality and continued recovery of distressed portfolios.

Table 29.CQ4 - Quality of non-performing exposures by geography (Jun 2025)

EUR million		a	b	c	d	e	f	g
		Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing		of which: subject to impairment				
		of which: defaulted						
10	On balance sheet exposures	1,410,208	36,681	35,904	1,403,161	(21,452)		(7)
20	GB	320,397	3,966	3,956	319,915	(1,021)		(1)
30	ES	307,094	6,990	6,557	302,617	(3,762)		(6)
40	US	192,937	7,145	7,145	192,185	(3,899)		—
50	BR	145,829	8,724	8,680	145,305	(5,901)		—
60	MX	61,674	1,668	1,660	61,674	(1,383)		—
70	PL	9,303	296	296	9,290	(326)		—
	IT	42,536	461	441	42,550	(349)		—
	DE	54,002	1,392	1,377	53,986	(920)		—
	FR	35,406	397	397	35,406	(328)		—
	CL	48,226	2,412	2,412	48,224	(1,123)		—
70	Other countries	192,804	3,230	2,983	192,009	(2,440)		—
80	Off balance sheet exposures	465,181	1,583	1,555			652	
90	GB	66,966	125	124			107	
100	ES	91,985	442	439			85	
110	US	59,055	115	115			49	
120	BR	44,542	578	578			157	
130	MX	18,397	16	13			78	
	PL	19,613	41	41			2	
	IT	5,263	37	37			6	
	DE	16,991	15	15			17	
	FR	51,278	5	5			7	
	CL	13,101	16	16			20	
140	Other countries	77,990	193	172			124	
150	Total	1,875,389	38,264	37,459	1,403,161	(21,452)	652	(7)

The composition of the non-performing portfolio remains consistent with the risk profile of the Bank's loan book, with higher NPL ratios in geographies combining greater profitability and a stronger retail focus, such as Brazil, Chile, and Mexico.

During 2025, the Group achieved a reduction in the overall NPL ratio, primarily driven by the successful resolution of legacy non-performing exposures in Europe (notably in Spain and the UK). This improvement was partially offset by an increase in NPLs in higher-yielding geographies.

Table 30.CQ5 - Credit quality of loans and advances by industry (Jun 2025)

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing		of which: loans and advances subject to impairment			
EUR million		of which: defaulted					
10	Agriculture, forestry and fishing	7,884	443	431	7,759	(247)	—
20	Mining and quarrying	9,954	112	111	9,924	(56)	—
30	Manufacturing	45,522	1,596	1,490	45,466	(1,007)	—
40	Electricity, gas, steam and air conditioning supply	12,363	215	212	12,363	(167)	—
50	Water supply	1,599	55	54	1,590	(27)	—
60	Construction	18,016	752	712	18,008	(448)	—
70	Wholesale and retail trade	69,119	2,692	2,587	69,086	(1,611)	(1)
80	Transport and storage	14,136	610	583	14,081	(354)	(3)
90	Accommodation and food service activities	10,545	633	608	10,443	(364)	—
100	Information and communication	12,272	234	230	12,266	(160)	—
110	Financial and insurance activities	—	—	—	—	—	—
120	Real estate activities	40,250	1,078	1,074	40,002	(526)	—
130	Professional, scientific and technical activities	16,403	512	495	16,367	(337)	—
140	Administrative and support service activities	12,938	561	549	12,931	(283)	—
150	Public administration and defense, compulsory social security	702	1	1	702	—	—
160	Education	1,714	67	66	1,700	(43)	—
170	Human health services and social work activities	3,771	268	264	3,762	(122)	—
180	Arts, entertainment and recreation	1,295	77	76	1,295	(34)	—
190	Other services	21,582	854	722	21,170	(557)	—
200	Total	300,065	10,760	10,265	298,915	(6,343)	(4)

The corporate loan book is diversified, with higher exposure in manufacturing, wholesale & retail trade, and real estate activities. Provisioning is aligned with risk concentration. Sectors with higher NPL ratios (e.g., accommodation, construction, trade) show stronger reserve allocation, evidencing a conservative provisioning policy.

Credit quality across non-financial corporates is well contained, with higher NPL ratios concentrated in cyclical sectors while core exposures such as manufacturing, utilities, and real estate remain broadly stable. The portfolio reflects a balanced risk-return profile, supported by prudent provisioning and diversification.

Table 31.CQ1 - Credit quality of forborne exposures (Jun 2025)

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne		Non-performing forborne		On performing forborne exposures		On non-performing forborne exposures	
EUR million				Of which defaulted	Of which impaired			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
5	Balances en bancos centrales y otros depósitos	—	—	—	—	—	—	—	—
10	Préstamos y anticipos	10,356	14,662	14,650	13,357	(791)	(5,501)	13,554	6,662
20	Bancos centrales	—	—	—	—	—	—	—	—
30	Administraciones públicas	3	9	9	9	—	(8)	2	1
40	Entidades de crédito	—	—	—	—	—	—	—	—
50	Otras sociedades financieras	205	191	191	183	(7)	(117)	249	63
60	Sociedades no financieras	4,566	5,240	5,234	4,822	(222)	(2,116)	5,545	2,247
70	Hogares	5,582	9,222	9,216	8,343	(562)	(3,260)	7,758	4,351
80	Valores representativos de deuda	283	461	461	461	(10)	(176)	—	—
90	Compromisos de préstamo concedidos	233	50	50	49	2	6	27	2
100	Total	10,872	15,173	15,161	13,867	(803)	(5,683)	13,581	6,664

The forbearance stock as of June 2025 is 26 billion euros. This figure is 13% lower than in June 2024, driven by reductions in the main relevant units as Spain, Brazil and US. Reduction driven by customer payments, portfolios sales and stabilization in new forbearance origination.

Table 32.CQ7 - Collateral obtained by taking possession and execution processes (Jun 2025)

		a	b
		Collateral obtained by taking possession	
EUR million		Value at initial recognition	Accumulated negative changes
10	Inmovilizado material	0	0
20	Otras diferentes de las clasificadas como inmovilizado material	5,109	2,060
30	Bienes inmuebles residenciales	831	231
40	Bienes inmuebles comerciales	3,927	1,804
50	Bienes muebles (automóviles, barcos, etc.)	266	24
60	Instrumentos de patrimonio y de deuda	83	—
70	Otras garantías	2	1
80	Total	5,109	2,060

Table CQ7 details the initial book value and the subsequent accumulated negative changes for assets acquired through foreclosures. The application of CRR3 entails changes to the definition of “residential”, meaning a limited impact.

Credit risk mitigation techniques

Among other factors Santander applies various credit risk mitigation techniques based on customer and product type.

Some are inherent to specific operations (such as real estate collateral) while others apply to a series of transactions (such as netting or collateral).

Risk approval is generally determined by the borrower's ability to make payment due, irrespective of any additional collateral or personal guarantees that may be required to modulate the exposure. To determine repayment capacity, Grupo Santander reviews funds or net cash flows from its businesses or revenues without guarantors or assets pledged as collateral. When approving a loan, the Group always considers guarantors and guarantees as a secondary means of recourse if the first channel fails.

In general, guarantees are to reinforce a credit transaction and mitigate a loss if the borrower defaults on its payment obligation. Grupo Santander's techniques for mitigating credit risk cover various types of customers and products. Some are for specific transactions (e.g. property) or a series of transactions (e.g. clearing derivatives and guarantees). They are grouped by personal guarantees (with a solvent guarantor), guarantees (mainly on primary residence mortgages) and credit derivative hedges.

Grupo Santander ensures that mitigation techniques are duly accepted for legal compliance in all jurisdictions. Internal oversight and effective control of the value of the collateral is maintained throughout the process, especially for mortgage guarantees.

Second and subsequent mortgages

As a general rule and also from a risk acceptance perspective, lending criteria are linked to the borrower's capacity to fulfil all of their financial obligations in due time and proper form. Although this is no impediment to seeking the highest level of collateral or personal guarantees.

Payment capacity is assessed on the basis of the funds or net cash flows from their businesses or usual sources of income, without depending on guarantors or assets delivered as collateral. These must always be taken into account when considering approval of the transaction as a second and exceptional method of recovery when the first method has failed. As a general rule, security is defined as a reinforcement that is added to a credit operation for the purpose of mitigating any loss arising from default on the payment obligation.

Effective guarantees, for these purposes, are collateral and personal guarantees whose validity is demonstrated as mitigating the credit risk and whose valuation is compliant with the internal policies and procedures in place. The analysis of the effectiveness of the guarantee must consider, among other things, the time necessary for the execution of the security and the capacity to make the guarantees effective.

For the calculation of regulatory capital, only those which meet the requirements described both in the CRR and in the EBA's guide on credit risk reduction are taken into consideration.

Implementation of mitigation techniques follows the minimum requirements established in the guarantee management policy: legal certainty (possibility of legally requiring the settlement of guarantees at all times); the lack of a substantial positive correlation between the counterparty and the value of the collateral; the correct documentation of all guarantees; the availability of the documented methodologies used for each mitigation technique; and appropriate monitoring, traceability and regular monitoring of the items or assets used for the guarantee.

The mitigation techniques can be grouped into the following categories:

Personal guarantees

This type of guarantee grants the creditor a personal right or entitlement affecting the equity of the guarantor. Examples include bonds, guarantees and stand-by letters of credit. Only personal guarantees provided by persons who meet the minimum requirements established by the supervisory authority can be recognised in capital calculations.

Hedging through credit derivatives

Credit derivatives are financial instruments that are mainly used to hedge credit risk. By buying protection from a third party, Banco Santander transfers the risk of the issuer of the underlying instrument. Credit derivatives are over-the-counter (OTC) instruments that are traded on non-organised markets. Hedging with credit derivatives is contracted with leading financial institutions, mainly using credit default swaps.

The distribution of personal guarantees and credit derivatives for the corporates, banks, non-financial institutions and sovereigns segments by rating grade is shown below, in compliance with one of the transparency recommendations originally issued by the Basel Committee:

Collateral

This is collateral pledged on assets (movable or immovable) or rights that are specific and determinate. These are rights that secure performance of the main obligation for the creditor via the attachment of an asset. As a result of this attachment, in the event of default on the secured obligation, the creditor may realise the economic value of the asset through a regulated procedure and collect the proceeds; preference over other creditors may be upheld in this collection method. Collateral may also be classified as follows:

- **Real estate guarantees** implemented as first charge real estate mortgages. The property can be buildings and parts of finished buildings (homes, offices, commercial premises, multi-purpose buildings, non multi-purpose buildings and hotels), urban land and land for urban development, and other property (buildings under construction, developments in progress, etc.).

- **Pledges on financial instruments** (cash deposits, debt instruments).

A very important example of financial collateral is that which is used for the purpose (as with the netting technique) of reducing counterparty credit risk. Collateral consists of instruments with certain economic value and high liquidity that are deposited/transferred by one party in favour of another to guarantee or reduce any counterparty credit risk arising from portfolios of risk-bearing transactions between the two. Transactions backed by collateral are marked to market periodically (usually daily) and the parameters defined in the collateral agreement are applied, obtaining an amount of collateral (usually cash or securities) to be called from, or returned to, the counterparty.

From an estimation standpoint, the collateral adjudication flows are reduced on the basis of a haircut, which reflects the difference between the sale value of the asset and the adjudication value, as well as other aspects such as indirect costs or the effect of the discount factor.

Netting

The concept of netting involves offsetting gains and losses on multiple transactions of the same type under the umbrella of a master agreement such as an ISDA or similar (CSA, OSLA, ISMA, GMRA, etc.).

Market gains and losses on derivative transactions between Santander and a counterparty are offset against one another, so if the counterparty defaults, it owes (or Santander owes, if the net amount is negative) a single net amount, rather than a large number of positive and negative amounts relating to the individual transactions entered into with that counterparty.

An important feature of a master netting agreement is that it entails a single legal obligation, encompassing all the transactions covered by the agreement. This is what makes it possible to offset the risks of all the transactions covered by the agreement with a counterparty.

There are two methodologies for the measurement of exposure: a mark-to-market (MtM) methodology, involving replacement cost in the case of derivatives, plus an add-on for potential future exposure; and a methodology including calculation of exposure using Monte Carlo simulation, which is used in certain regions and for some products. We also calculate capital at risk or unexpected loss, i.e. the loss in economic capital once expected loss is subtracted, net of guarantees and recoveries.

Exposures are recalculated at market close, adjusting all transactions to their new time horizon. Potential future exposure is adjusted and mitigation measures (netting, collateral, etc.) are applied, so that exposures can be checked on a daily basis against the limits approved by senior management. Risk control is performed through an integrated system in real time, enabling the exposure limit available with any counterparty to be known at any time.

Recognition of credit risk mitigation

Valuation and control processes

The valuation of collateral should always use conservative criteria appropriate to the time horizon of the secured

transaction, using the most appropriate processes for each type of collateral to minimise the risk of overvaluation. The time value of the collateral offered, as well as its possible change in nature, especially in the case of rights, or risks of reduction in value, amortisation or disappearance, must be appropriate to the maturity and payment flow of the main transaction. From the point of view of parameter estimation, the collateral allotment flows are discounted on the basis of a haircut, which reflects the difference between the sale value of the asset and the allotment value, as well as other aspects such as indirect costs or the effect of the discount factor.

For collateral, the value of the collateral established at the time of grant must be updated in accordance with minimum frequencies, either by individual valuation or by automated methods. In any case, the following frequency criteria shall be observed depending on the type of collateral:

- Financial collateral shall be valued at least quarterly, taking its fair value as a reference value.
- For movable and immovable collateral, the existence of indications of significant falls in their reference valuations must be verified at least annually or when the thresholds established by the unit are exceeded, which in this case could trigger an individualised update. In determining whether there are indications of significant falls, factors such as the development of published mortgage market price indices or the opinion of an independent valuator will be taken into account. For transactions classified as doubtful risk, the minimum frequency must be annual..
- More specific review periods, with a higher frequency than normal, may be established for: real estate under construction, collateral securing transactions with a high LTV ratio, or when securing loans with a low credit quality, as defined in the relevant customer monitoring governance for each segment.

In any case, individualised updates of the value of collateral shall be made in the following cases:

- If the monitoring of the customer's performance reveals any negative symptoms that make it necessary to take urgent measures to secure the customer's credit operations.
- If a decision is taken to initiate a legal claim, or to negotiate a restructuring, with or without granting new credits.
- If it is intended to adjust the credits in an amending way, altering essential elements of the same (amount and term).
- If partial release or substitution of collateral associated with a transaction is sought.
- In guarantees granted through financial securities, where daily value updates and immediate requirement of additional coverage must be made when the thresholds established in the corresponding contract are exceeded. In this type of guarantees, the inclusion of a clause for replenishment or the provision of additional collateral in the event of variations in value below a certain threshold is considered to be an eligibility policy.

- If market conditions or extraordinary events make it advisable for certain types of transactions or when there is a specific regulation that makes it compulsory to do so.
- If transactions that have been in the doubtful risk category for more than 3 years.
- If its required to evaluate the type and complexity of the collateral, e.g. aircraft, ships, factories, machinery, etc.

For loans exceeding EUR 3 million or 5% of an institution's own funds, the valuation on the real estate must be reviewed by an expert valuer at least every 3 years.

Table 33.CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (Jun 2025)						
		a	b	c	d	e
		Valor contable no garantizado		Valor contable asegurado		
		De las cuales, garantizadas con garantías reales			De los cuales asegurados por garantías financieras	
Millones de euros		De los cuales garantizados por derivados de crédito				
1	Loans and advances	523,559	698,044	597,978	100,066	2,214
2	Debt securities	164,918	2,620	605	2,015	—
3	Total	688,477	700,664	598,583	102,081	2,214
4	Of which non-performing exposures*	20,965	15,718	13,710	2,008	—
EU-5	Of which defaulted**	19,089	4,961	4,779	182	—
*Correction of the mapping {F 18.00, r0070+r0191+r0221, c0060} - {F 18.00, r0070+r0191+r0221, c0200+c0210} + ({F 18.00, r0010+r0181+r0211, c0060} - {F 18.00, r0010+r0181+r0211, c0200+c0210})						
**Defaulted information net of provisions						

Table CR3 breaks down the carrying amount for loans and advances an debt securities by tipe of collateral and financial guarantees. The most significant impacts in totals, from an accounting point of view, are the agreement to sell Santander Bank Polska, now classified under non-current assets held for sale, and the adverse movement in exchange rates, as explained in the half-year results report.

Table 34.CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques (Jun 2025)

EUR million		a	b
		Pre-credit derivatives RWAs	Actual RWAs
1	Central governments and central banks - F-IRB	—	—
EU 1a	Regional governments and local authorities -F-IRB	—	—
EU 1b	Public sector entities - F-IRB	124	124
2	Central governments and central banks - A-IRB	—	—
EU 2a	Regional governments and local authorities A-IRB	739	739
EU 2b	Public sector entities A-IRB	8	8
3	Institutions - FIRB	3,080	3,070
5	Corporates - F-IRB	59,783	59,780
EU 5a	Corporates - General	41,317	41,314
EU 5b	Corporates - Specialised lending	12,124	12,124
EU 5c	Corporates - Purchased receivables	6,343	6,343
6	Corporates - A-IRB	42,661	42,661
EU 6a	Corporates - General	37,592	37,592
EU 6b	Corporates - Specialised lending	—	—
EU 6c	Corporates - Purchased receivables	5,069	5,069
EU 8a	Retail - A-IRB	76,279	76,279
9	Retail - Qualifying revolving (QRRE)	4,671	4,671
10	Retail - Secured by residential immovable property	42,891	42,891
EU10a	Retail - Purchased receivables	1,405	1,405
EU10b	Retail - Other retail exposures	27,312	27,312
17	Exposures under F-IRB	62,987	62,975
18	Exposures under A-IRB	119,688	120,484
19	Total exposures	182,675	183,459
Does not include CCPs			

In the calculation of regulatory capital for exposures under the AIRB approach, the effects of credit risk mitigation of hedges are recognised through the credit risk parameters, depending on the technique to be used depending on the type of collateral involved, real or personal. This mitigation process will be carried out provided that the collateral has been tested for validity and is considered eligible for application.

In relation to personal guarantees, the substitution method is applied so that, for the exposure covered by the personal guarantee, the PD and LGD of the holder are substituted for those of the guarantor, provided that the resulting risk-weighted assets and the expected loss are lower than those estimated with the PD and LGD of the holder. Similarly, if the guarantor belongs to a standardised portfolio, the risk-weighted assets are directly substituted for those of the guarantor calculated under the standardized approach.

In relation to collateral, in general, its effect is reflected in the final value of the estimated LGD. For this purpose, potentially significant factors such as the type of collateral, the type of product or, in the case of mortgage collateral, the LTV. This will be done provided that the warranties have been checked for validity and are deemed to be enforceable.

Table 35.CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques (Jun 2025)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs		
		Total exposures	Funded credit Protection (FCP)								Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)	
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)				Part of exposures covered by Guarantees (%)			Part of exposures covered by Credit Derivatives (%)
				Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)						
EUR million															
1	Central governments and central banks	—	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	—	—
2	Regional governments and local authorities	2,297	— %	70.6219 %	— %	— %	70.6219 %	— %	— %	— %	— %	— %	— %	739	739
3	Public sector entities	15	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	8	8
5	Corporates	55,110	3.7997 %	21.5191 %	18.0231 %	0.1516 %	3.3443 %	0.0007 %	0.0004 %	0.0003 %	— %	— %	— %	43,037	42,661
5.1	Corporates - General	49,460	4.2115 %	23.8797 %	19.9929 %	0.1604 %	3.7263 %	0.0008 %	0.0004 %	0.0004 %	— %	— %	— %	37,923	37,592
5.2	Corporates - Specialised lending	—	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	—	—
5.3	Corporates - Purchased Receivables	5,650	0.1947 %	0.8546 %	0.7797 %	0.0750 %	— %	— %	— %	— %	— %	— %	— %	5,114	5,069
6	Retail	354,471	0.2024 %	81.6245 %	76.9815 %	0.0076 %	4.6354 %	0.0052 %	— %	0.0052 %	— %	— %	— %	75,976	76,279
6.1	Retail - Qualifying revolving	10,745	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	4,671	4,671
6.2	Retail - secured by residential immovable property	283,544	0.0023 %	95.5992 %	95.5992 %	— %	— %	— %	— %	— %	— %	— %	— %	42,891	42,891
6.3	Retail - Purchased Receivables	2,009	0.2181 %	0.1696 %	0.1155 %	0.0541 %	— %	0.0049 %	— %	0.0049 %	— %	— %	— %	1,429	1,405
6.4	Retail - Other retail exposures	58,174	1.2145 %	31.4001 %	3.1110 %	0.0441 %	28.2449 %	0.0314 %	— %	0.0314 %	— %	— %	— %	26,985	27,312
7	Total	412,307	0.6819 %	73.4443 %	68.5920 %	0.0268 %	4.8255 %	0.0046 %	— %	0.0045 %	— %	— %	— %	120,558	120,484

3.3 COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk that a customer will default before the final settlement of cash flows from a transaction. It creates a bilateral credit risk due to its potential effect on both parties to a transaction. Additional uncertainty arises due to market factors, which can be volatile.

As defined in Chapter Six of the CRR (Regulation (EU) No. 575/2013), counterparty credit risk is the risk that the counterparty in a transaction may default before the final settlement of the cash flows of that transaction. It includes the following types of transactions: derivative instruments, repurchase agreements, securities or commodities lending transactions, deferred settlement transactions, and margin financing transactions.

Grupo Santander considers counterparty credit risk within the Credit Risk Framework.

We have a specific model, policy, and procedures for managing counterparty risk.

This risk is controlled through an integrated, real-time system that allows daily monitoring of exposures against the limits approved by senior management for any counterparty, in any product and term, and in any Santander Group unit.

Specific counterparty credit risk limits are included within the overall credit risk limits, and counterparty credit risk is monitored and controlled independently. The establishment and review of these limits are aligned with the appetite set by the board. The definition of limits and appetite metrics are reviewed and updated annually.

To measure management exposure (REC or credit equivalent risk), two methodologies are used: one is Mark to Market (MtM, replacement value in derivatives) plus potential future exposure (add-on), and the other, for certain geographical areas and products, incorporates the calculation of exposure using Monte Carlo simulation.

Additionally, stress tests are performed on a monthly and quarterly basis on this management exposure, with the results being reported to senior management.

Using management exposure, the capital at risk or unexpected loss is calculated, that is, the loss that, after subtracting the expected loss, constitutes the economic capital, net of guarantees and recovery.

The risk teams report quarterly to senior management on the main risk metrics (exposure, MtM, notionals) of the Group's Counterparty Credit Risk portfolio, broken down by geography and segment.

Table CCR7 - Statement of risk-weighted amounts of counterparty risk exposures subject to IMM is not included because Grupo Santander does not have an internal model for calculating EAD for counterparty risk.

Similarly, table CVA4 - RWEA flow on credit valuation adjustment risk under the standardised approach (SA) is not reported as Santander follows the CVA BA (Base Approach) for calculating capital requirements for this risk.

Table 36.CCR8 - Exposures to CCPs (Jun 2025)

EUR million	a	b
	EAD (post CRM)	RWA
1 Exposures to QCCPs (total)		355
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,251	105
3 (i) OTC derivatives	2,633	53
4 (ii) Exchange-traded derivatives	810	16
5 (iii) Securities financing transactions	1,808	36
6 (iv) Netting sets where cross-product netting has been approved		
7 Segregated initial margin		
8 Non-segregated initial margin		
9 Pre-funded default fund contributions	1,405	249
10 Unfunded default fund contributions	1,723	—
11 Exposures to non-QCCPs (total)		—
12 Exposures for trades at CCPs non-qualified (excluding initial margin and fund contributions); of which	—	—
13 (i) OTC derivatives	—	—
14 (ii) Exchange-traded derivatives		
15 (iii) Securities financing transactions		
16 (iv) Netting sets where cross-product netting has been approved		
17 Segregated initial margin		
18 Non-segregated initial margin		
19 Pre-funded default fund contributions	—	—
20 Unfunded default fund contributions	—	—

In the first half of 2025, an increase in derivative activity with clearing houses has been observed, with exposure to this client segment rising by 18%.

Table 37.CCR1 - Analysis of CCR exposure by approach (Jun 2025)

		a	b	c	d	e	f	g	h
EUR million		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value-post CRM	Exposure Value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	—	—	—	—	—	—	—	—
EU2	EU - Simplified SA-CCR (for derivatives)	—	—	—	—	—	—	—	—
1	SA-CCR (for derivatives)	10,562	12,109		1.4	58,166	32,507	32,344	12,873
2	IMM (for derivatives and SFTs)	—	—	—	—	—	—	—	—
2a	Of which securities financing transactions netting sets	—	—	—	—	—	—	—	—
2b	Of which derivatives and long settlement transactions netting sets	—	—	—	—	—	—	—	—
2c	Of which from contractual cross-product netting sets	—	—	—	—	—	—	—	—
3	Financial collateral simple method (for SFTs)	—	—	—	—	—	—	—	—
4	Financial collateral comprehensive method (for SFTs)	—	—	—	—	195,430	8,259	8,259	1,827
5	VaR for SFTs	—	—	—	—	—	—	—	—
6	Total	—	—	—	—	253,596	40,766	40,604	14,700

Due to the entry into force of the CRR3 regulation in January 2025, a decrease in terms of RWA has been observed, both in derivatives and in security financing transactions, driven by changes in the parameters used for the calculation of risk weights. Additionally, a decline in EAD for securities financing transactions has been observed, stemming from modifications introduced in the Comprehensive Method for financial collateral.

Table 38.CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights (Jun 2025)

EUR million		a	b	c	d	e	f	g	h	i	j	k	l
		Risk Weight											
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total
1	Central governments or central banks	4,529	—	14	9	4	12	—	—	—	—	—	4,568
2	Regional government or local authorities	96	—	—	—	57	—	—	—	8	—	—	160
3	Public sector entities	29	—	—	—	10	1	—	—	—	—	—	40
4	Multilateral development banks	1,098	—	—	—	—	—	—	—	—	—	—	1,098
5	International organisations	21	—	—	—	—	—	—	—	—	—	—	21
6	Institutions	—	5,251	—	—	366	66	—	2	39	155	337	6,217
7	Corporates	—	—	—	—	1	18	—	154	4,510	4	31	4,717
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	62	25	—	—	14	1	—	101
10	Other items	—	—	—	—	—	—	—	—	16	7	—	24
11	Total	5,773	5,251	14	9	499	121	—	156	4,587	167	368	16,946

In this case, 68% of counterparty credit risk exposure subject to risk weighting under the Standardised Approach remains within risk weights below 50%.

Table 39.CCR4 - AIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

EUR million	a	b	c	d	e	f	g	h
Central banks and central governments								
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	—	— %	—	— %	—	—	— %
2	0.15 < 0.25	—	— %	—	— %	—	—	— %
3	0.25 < 0.50	—	— %	—	— %	—	—	— %
4	0.50 < 0.75	15	1 %	4	20 %	1	4	28 %
5	0.75 < 2.50	124	1 %	9	33 %	4	95	77 %
6	2.50 < 10.00	—	3 %	1	45 %	1	—	106 %
7	10.00 < 100.00	—	— %	—	— %	—	—	— %
8	100.00 (Default)	—	— %	—	— %	—	—	— %
9	Sub-total	139	1 %	14	32 %	4	99	71 %

Table 39.CCR4 - AIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

EUR million	a	b	c	d	e	f	g	h
Institutions								
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	—	— %	—	— %	—	—	— %
2	0.15 < 0.25	—	— %	—	— %	—	—	— %
3	0.25 < 0.50	—	— %	—	— %	—	—	— %
4	0.50 < 0.75	—	— %	—	— %	—	—	— %
5	0.75 < 2.50	—	— %	—	— %	—	—	— %
6	2.50 < 10.00	—	— %	—	— %	—	—	— %
7	10.00 < 100.00	—	— %	—	— %	—	—	— %
8	100.00 (Default)	—	— %	—	— %	—	—	— %
9	Sub-total	—	— %	—	— %	—	—	— %

Table 39.CCR4 - AIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

	a	b	c	d	e	f	g	h
Corporates								
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	—	— %	1	40 %	—	—	12 %
2	0.15 < 0.25	13	— %	162	43 %	1	4	29 %
3	0.25 < 0.50	103	— %	104	41 %	1	50	48 %
4	0.50 < 0.75	47	1 %	443	44 %	1	26	55 %
5	0.75 < 2.50	280	1 %	763	41 %	1	220	78 %
6	2.50 < 10.00	61	4 %	325	41 %	1	69	114 %
7	10.00 < 100.00	16	36 %	86	45 %	3	29	184 %
8	100.00 (Default)	3	100 %	18	76 %	1	2	61 %
9	Sub-total	523	3 %	1,902	41 %	1	399	76 %

Table 39.CCR4 - AIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

	a	b	c	d	e	f	g	h
	Retail							
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	4	— %	69,213	88 %	—	1	25 %
2	0.15 < 0.25	—	— %	3,079	88 %	—	—	35 %
3	0.25 < 0.50	—	— %	—	— %	—	—	— %
4	0.50 < 0.75	—	1 %	3,703	88 %	—	—	65 %
5	0.75 < 2.50	—	1 %	3,135	79 %	—	—	84 %
6	2.50 < 10.00	—	7 %	2,651	88 %	—	—	136 %
7	10.00 < 100.00	—	41 %	48	88 %	—	—	209 %
8	100.00 (Default)	—	100 %	101	60 %	—	—	115 %
9	Sub-total	5	6 %	81,930	86 %	—	2	39 %

Table 40.CCR4 - FIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

	a	b	c	d	e	f	g	h
	Central banks and central governments							
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	—	— %	—	— %	—	—	— %
2	0.15 < 0.25	—	— %	—	— %	—	—	— %
3	0.25 < 0.50	—	— %	—	— %	—	—	— %
4	0.50 < 0.75	—	— %	—	— %	—	—	— %
5	0.75 < 2.50	—	— %	—	— %	—	—	— %
6	2.50 < 10.00	—	— %	—	— %	—	—	— %
7	10.00 < 100.00	—	— %	—	— %	—	—	— %
8	100.00 (Default)	—	— %	—	— %	—	—	— %
9	Sub-total	—	— %	—	— %	—	—	— %

Table 40.CCR4 - FIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

	a	b	c	d	e	f	g	h
Institutions								
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	10,402	— %	631	45 %	1	2,079	20 %
2	0.15 < 0.25	479	— %	57	45 %	2	319	67 %
3	0.25 < 0.50	68	— %	53	45 %	2	45	66 %
4	0.50 < 0.75	3	1 %	4	45 %	1	3	86 %
5	0.75 < 2.50	6	1 %	8	45 %	1	7	113 %
6	2.50 < 10.00	10	10 %	46	45 %	3	25	258 %
7	10.00 < 100.00	5	45 %	14	45 %	1	18	349 %
8	100.00 (Default)	—	— %	—	— %	—	—	— %
9	Sub-total	10,973	— %	813	45 %	1	2,496	23 %

Table 40.CCR4 - FIRB approach - CCR exposures by exposure class and PD scale (Jun 2025)

	a	b	c	d	e	f	g	h
Corporates								
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 < 0.15	9,583	— %	1,646	42 %	2	2,116	22 %
2	0.15 < 0.25	2,118	— %	360	40 %	2	859	41 %
3	0.25 < 0.50	1,612	— %	378	40 %	2	852	53 %
4	0.50 < 0.75	894	1 %	300	40 %	2	589	66 %
5	0.75 < 2.50	777	1 %	307	35 %	3	579	74 %
6	2.50 < 10.00	241	4 %	87	40 %	2	289	120 %
7	10.00 < 100.00	28	36 %	258	40 %	1	66	238 %
8	100.00 (Default)	—	100 %	3	40 %	1	—	— %
9	Sub-total	15,254	— %	3,339	41 %	2	5,349	35 %

93% of Counterparty Credit Risk exposure subject to risk weighting under the FIRB Approach remains within PD buckets below 0.50

Table 41.CCR5 - Composition of collateral for CCR exposures (Jun 2025)

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash - domestic currency	422	10,846	744	5,166	—	160,761	—	122,510
2	Cash - other currencies	21	6,441	1,948	5,979	402	64,974	—	67,992
3	Domestic sovereign debt	1,150	1,627	3,215	456	442	91,033	11,712	81,685
4	Other sovereign debt	1,301	1,792	2,642	148	472	75,151	1,863	47,912
5	Government agency debt	5	19	4	—	25	475	49	126
6	Corporate bonds	1,954	115	9	20	1,636	59,464	4,282	72,508
7	Shares	526	200	1,891	—	8,084	6,936	9,637	4,057
8	Other collateral	—	—	—	—	—	1	—	27
9	Total	5,377	21,040	10,454	11,769	11,061	458,794	27,543	396,817

In derivatives activity, 67% of collateral received is cash. With regard to securities financing transactions, 84% of collateral received consists of cash and sovereign bonds.

Table 42.CCR6 - Credit derivatives exposures

		a	b
		Credit derivatives hedges	
		Protection bought	Protection sold
	Notionals	—	—
1	Single-name credit default swaps	20,580	16,967
2	Index credit default swaps	13,990	4,796
3	Total return swaps	495	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	35,065	21,763
	Fair values	—	—
7	Positive fair value (asset)	244	680
8	Negative fair value (liability)	(1,874)	(259)
*Bought credit derivatives do include loan coverage			

3.4 Credit Risk - Securitizations

Historically, banks used deposits to fund loans that they kept on their balance sheets until maturity. Over time, however, this model of banking started to change. Banks began expanding their funding sources to include bonds financing, commercial paper financing, and repurchase agreement (repo) funding.

Bank lending has shifted from the traditional "originate to hold" business model to "originate to distribute." In the "originate to distribute" business model, adopted by most banks to varying degrees, the originator of a loan sells it to third parties through a securitization process or by using other risk transfer strategies.

The OTD model can be an effective risk-sharing tool for financial institutions to diversify their portfolios, achieving better risk distribution, reducing credit risk concentration, minimizing overall financing costs, and, under certain conditions, reducing regulatory capital.

Furthermore, the process frees up capital for new lending, provides income from the sale of the loans and generates

fees from continuing servicing of the underlying loans (collecting interest and principal repayments and passing them on to the holders of securities).

In summary, the originate-to-distribute model has many advantages, such as, capital efficiency, optimization of the balance sheet, increased returns and the capacity to enhance financial system stability.

Main figures

Eur Million	EAD*		RWA	
	2T2025	2024	2T2025	2024
originator	69,725	73,536	10,848	11,417
investor	27,044	26,384	4,320	4,227
Sponsor	1,107	403	213	60
Total	97,877	100,323	15,380	15,704

*The EAD considered is before deductions (exposures RW 1250%)

Management of the securitisation activity

Santander pursues various objectives through its securitisation activity:

- Management and diversification of credit risk: the group mitigates risk that arises naturally from growth in its commercial activity through securitisation of transactions and the subsequent transfer of credit risk to third parties. The effective transfer of risk achieved through these transactions enables the group to optimise its credit risk exposure and contributes to value creation by reducing Banco Santander's need to retain own funds.
- Optimization of capital consumption: significantly transferring risk allows for reductions in capital consumption contributing to this objective. 43 new transactions, which benefit from the new securitization framework, were issued in 2024.
- Obtaining liquidity: securitisation enables Santander to mobilise its balance sheet by transforming illiquid assets into liquid assets and obtain wholesale funding by selling the transformed assets or using them as collateral. Retained securitisation positions can also be used as collateral for ECB and Bank of England.
- Diversifying funding sources: the liquidity obtained from securitisation allows the Group to diversify its funding sources, in terms of maturity and product type.

The Financial Management division draws up the issuances and securitisations plan for each Santander subsidiary/global business annually, on the basis of the financial plan and considering certain prudential limits on raising short-term market funding.

Grupo Santander also has a robust governance process for all securitisations intended to transfer risk. The review assesses transactions from a risk, capital, regulatory and economic approach.

Securitisation functions

Santander's role in the securitization process is mainly that of an originator – i.e. the entity that creates the exposures (underlying assets) subsequently traditionally or synthetically securitized. Apart from being the originator, Santander also generally manages the underlying portfolio (servicing).

Santander usually also acts as the facilitator for credit enhancements (subordinated loan, credit facilities or interest-rate swaps or caps) in traditional securitizations, necessary for the securitisation fund and will subsequently issue the notes that typically have an external rating.

The structuring and placing of its own securitizations, as for third parties, are also done by Santander, initiating and promoting new structures in various jurisdictions for both funding and risk transfer purposes. This activity is carried out against a backdrop of securitization revival as a tool for channelling credit to the real economy, with a special focus on the SMEs and consumer loans.

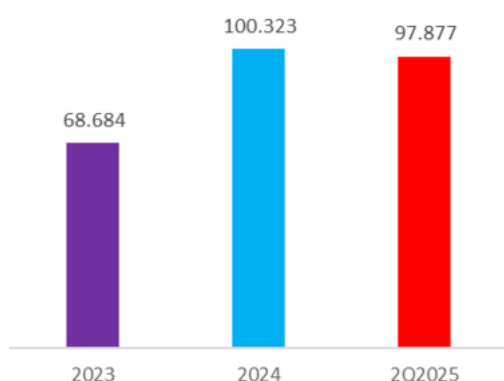
Conversely, Santander also acts as an investor, acquiring securitization positions originated by non-Santander entities.

Finally, Grupo Santander is sponsor of three securitisation whose underlying is the short-term receivables on individual debtors issued by a corporate client in the energy sector.

The distribution of Grupo Santander's exposure according to its activity as of June 30st, 2025 is shown below:

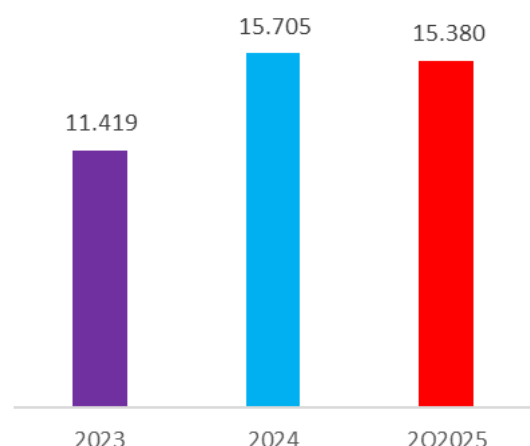
EAD variation

Million euros



RWA variation

Million euros



Risk inherent to the securitisation activity

Securitization offers advantages in terms of diversified funding sources and better risk management. However, it exposes investors to certain inherent risks, which are defined below. Santander is not exposed to any additional risk by acting as the originator or sole investor in a securitization. In fact, doing so it reduces liquidity risk by transforming illiquid assets (the loans originated) into liquid assets (securitization bonds).

- **Credit risk:** the risk that borrowers will fail to meet their contractual obligations in due time and proper form, with the consequent impairment of the underlying assets backing the securitisation positions. Credit risk is assessed by external credit rating agencies, which assign ratings to the securitisation positions. For third-party positions Grupo Santander invests in, this credit risk is firstly assessed by external credit rating agencies, who assign ratings to the securitisation positions. At the Group, the maximum exposure in the banking book is limited by rating (AAA, AA, A, BBB) and by type of underlying. In addition, the group continuously monitors published data on default of the

underlying, the credit quality of the originator and mandatory minimum ratios and ratings in the structure, as well as data on granularity, geographical distribution and type of underlying.

- **Prepayment risk:** the risk of early repayment of some or all of the assets underlying the securitization, so that the securitization positions mature faster than expected and therefore fewer coupons are received than expected. Calculations of the average life, return and duration of securitisation positions is subject, among other aspects, to assumptions about the rate at which the underlying assets will be prepaid, which may vary.
- **Interest rate risk:** This risk arises in case of a mismatch between the interest rates of the securitized assets and those of the securitization positions. At Santander, and for any traditional securitizations that arise, this risk is usually hedged with swaps (Interest Rate Swaps — IRS).
- **Exchange rate risk:** This exists in securitizations where the securitized assets and the securitization positions are denominated in different currencies. Traditional securitizations issued by Santander are issued in the same currency as the underlying asset, so this risk is therefore absent. However, this risk will only be partially present in a small portion of synthetic securitizations.
- **Liquidity risk:** this risk is diminished through the securitisation process, whereby naturally illiquid assets are transformed into debt securities that can be traded on organised financial markets. In some securitisations, however, such as those which issue commercial paper, liquidity risk is still significant and is manifested in the need to cover potential timing mismatches between interest payments on the underlying assets and payments of interest on the securities. At Santander, this risk tends to be very small and is mitigated by liquidity facilities included in the structure (excluding synthetic securitisations). The liquidity risk associated with investing in bond positions is managed by establishing maximum holding periods.
- **Counterparty risk:** This risk is not present in traditional securitizations issued by Santander due to the notes/bonds being actually sold in exchange for cash. This translates to no counterparty risk. However, there is risk present in synthetic securitizations if the hedging/protection obtained is not anchored. Synthetic transactions originated by Santander can be structured through a SPV (Special Purpose Vehicle), which hedges the portfolio and issues CLNs (Credit Link Notes), or the financial guarantee can be issued directly. If the financial guarantees are funded, there will be no counterparty risk. However, if hedged and if they are not funded, this risk will not be present (the counterparty risk). Lastly, a synthetic transaction can be structured without an SPV and without issuing notes. These types of guarantees are financial in nature and will tend not to be anchored. In this case, counterparty risk will indeed be present. Finally, this type of risk will be present only if the synthetic guarantee received is not anchored. Santander will therefore have to reclaim losses generated by the hedged portfolio from the investor, whenever such losses reach their tranche. In synthetic securitisations, there is no right of credit risk transfer nor sale of the underlying portfolio. The financial guarantees received can be funded or unfunded. In the latter case, Banco Santander has to reclaim the losses from the investor, which generates counterparty risk.

Santander analyses annually the evolution of the securitisations originated with the release of capital, assessing the different parameters from a risks and capital perspective (backtesting). These reviews are submitted to the relevant management bodies.

Santander securitisation activity

As asset manager

Grupo Santander has Santander de Titulización S.G.F.T., S.A. (Sociedad Gestora de Fondos de Titulización) and Gamma, STC. (Sociedade de Titularização de Créditos), in order to set up, manage and legally represent the securitisation funds originated in Spain and Portugal, respectively.

As originator

Grupo Santander originated in 2025 9 securitisations mainly for risk transfer purposes.

Grupo Santander has a total of 125 securitisations that transfer risk and free up capital (42 traditional transactions and 83 synthetic). The main underlying portfolios are consumer loans (primarily for cars) and loans to businesses.

Of the **83 synthetic securitisation funds**, five were originated in 2025.

A general target is to achieve and maintain the STS (Simple, Transparent and Standardised Securitisations) certification for all newly originated securitisations (both synthetic and traditional) whenever possible. Currently 67 securitisations have this certification.

This year, nine new securitizations with significant risk transfer have been issued, with the main objective of transferring credit risk and optimizing capital consumption. With regard to securitization funds without risk transfer, Grupo Santander retains most of the positions in the securitization funds originated, meaning that they do not meet the regulatory conditions that would allow for significant risk transfer.

As investor

With regard to investment activity, Santander holds positions in **securitisation funds originated by entities outside the Group** whose underlying assets mainly comprise receivables, credit cards, corporate, SME and mortgage loans. As Santander limits its maximum exposure by rating (AAA, AA, A, BBB), it does not usually employ hedging techniques to mitigate the risk.

As sponsor

As of 30 of June 2025, Santander Group participates as a sponsor in three securitization structures where Santander maintains investor positions in mezzanine and senior tranches, additionally participating in 5% of the junior tranche to comply with the regulatory requirements for retention of economic interest.

This overview below displays the provided information regarding Santander securitisation activity, broken down by each table in the Pillar 3 disclosure report:

Overview of tables provided in the Pillar 3 Report

Table	Positions	Information
SEC 1	Retained and invested positions in SEC in banking book	EAD broken down by type of securitization (synthetic, traditional), and role of the institution (originator/investor)
SEC 2	Retained and invested positions in SEC in trading book	
SEC 3	Retained positions from originator/sponsor in banking book	EAD & RWA broken down by regulatory approach of RW calculation
SEC 4	Institutions acting as investor. Banking book	
SEC 5	All exposures securitized by the institutions	Underlying on-balance broken down by asset class

The following tables show the distribution, by type of underlying asset, of the securitisation positions issued and repurchased by the Group as an originator, investor and sponsor at 30 June 2025, in both the banking book and trading book.

Table 43.SEC1 - Securitisation exposures in the non-trading book (Jun 2025)

EUR million

	a	b	c	d	e	f	g	h	i	j	k	l	r	n	o	n	o
	Bank acting as originator							Bank acting as sponsor				Bank acting as investor					
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total		
	STS		Non-STS		of which SRT	STS		Non-STS	STS			Non-STS					
		of which SRT		of which SRT													
1	Total exposures	2,361	522	19,413	38	69,212	69,165	90,986	—	1,107	—	1,107	3,573	23,472	—	27,044	
2	Retail (total)	2,361	522	16,813	38	24,672	24,672	43,847	—	1,107	—	1,107	3,573	12,319	—	15,891	
3	Residential mortgages	—	—	9,368	—	10,605	10,605	19,973	—	12	—	12	518	2,536	—	3,054	
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	252	367	—	620	
5	Other retail exposures	2,361	522	7,446	38	14,067	14,067	23,874	—	1,095	—	1,095	2,803	9,416	—	12,218	
6	Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
7	Wholesales (total)	—	—	2,600	—	44,540	44,493	47,140	—	—	—	—	—	11,153	—	11,153	
8	Loans to corporates	—	—	1,203	—	33,443	33,395	34,646	—	—	—	—	—	5,570	—	5,570	
9	Commercial mortgage	—	—	—	—	7,765	7,765	7,765	—	—	—	—	—	—	—	—	
10	Finance leases and receivables	—	—	—	—	2,053	2,053	2,053	—	—	—	—	—	1,876	—	1,876	
11	Other wholesale exposures	—	—	1,397	—	1,279	1,279	2,676	—	—	—	—	—	3,707	—	3,707	
12	Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

The securitisation portfolio has been considered as a whole (positions bought and retained)

Table 44.SEC2 - Securitisation exposures in the trading book (Jun 2025)

EUR million

	a	b	c	d	e	f	g	h	i	j	k	l
	Bank acting as originator				Bank acting as sponsor				Bank acting as investor			
	Traditional		Synthetic	Subtotal	Traditional		Synthetic	Subtotal	Traditional		Synthetic	Subtotal
	STS	Non-STS			STS	Non-STS			STS	Non-STS		
1 Total									116	739		855
2 Retail (total)	—	—	—	—	—	—	—	—	116	121	—	237
3 Residential mortgages	—	—	—	—	—	—	—	—	6	87	—	93
4 Credit card	—	—	—	—	—	—	—	—	—	—	—	—
5 Other retail exposures	—	—	—	—	—	—	—	—	111	33	—	144
6 Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—
7 Wholesales (total)	—	—	—	—	—	—	—	—	—	618	—	618
8 Loans to corporates	—	—	—	—	—	—	—	—	—	—	—	—
9 Commercial mortgage	—	—	—	—	—	—	—	—	—	160	—	160
10 Finance leases and receivables	—	—	—	—	—	—	—	—	—	—	—	—
11 Other wholesale exposures	—	—	—	—	—	—	—	—	—	456	—	456
12 Resecuritisation	—	—	—	—	—	—	—	—	—	1.45	—	1.45

Trading securitization volumes remained flat, while RWAs were actively reduced to meet end-2024 targets and then increased to support the 2025 budget, though they still lag P27 requirements.

Table 45.SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (Jun 2025)

EUR million			
	a	b	c
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount	Total amount of specific credit risk adjustments made during the period	
		Of which exposures in default	
1 Total exposures	165,441	3,159	1,181
2 Retail (total)	115,005	2,862	1,195
3 residential mortgage	32,795	475	1,001
4 credit card	—	—	—
5 other retail exposures	82,210	2,387	194
6 re-securitisation	—	—	—
7 Wholesale (total)	50,436	297	(14)
8 loans to corporates	36,911	221	(12)
9 commercial mortgage	8,256	75	(1)
10 lease and receivables	2,291	1,344	—
11 other wholesale	2,978	—	—
12 re-securitisation	—	—	—

A breakdown of all securitisations in the banking book is provided below, together with the corresponding capital consumption arranged by RW (risk weighting) interval and the calculation method employed when the Group acts as originator or sponsor.

Table 46.SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (Jun 2025)

EUR million									
	a	b	c	d	e	f	g	h	i
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1250%	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1 Total exposure	63,836	5,494	331	532	639	47,868	9,425	12,900	639
2 Traditional securitisation	638	958	11	—	59	326	1,061	220	59
3 Securitisation	638	958	11	—	59	326	1,061	220	59
4 Retail underlying	638	958	11	—	59	326	1,061	220	59
5 Of which STS	466	2	—	—	54	322	139	7	54
6 Wholesale	—	—	—	—	—	—	—	—	—
7 Of which STS	—	—	—	—	—	—	—	—	—
8 Re-securitisation	—	—	—	—	—	—	—	—	—
9 Synthetic securitisation	63,197	4,536	320	532	580	47,542	8,363	12,680	580
10 Securitisation	63,197	4,536	320	532	580	47,542	8,363	12,680	580
11 Of which, retail underlying	21,553	2,624	—	192	302	11,342	6,903	6,124	302
12 Of which, wholesale underlying	41,644	1,911	320	340	278	36,199	1,460	6,555	278
13 Of which, resecuritisation	—	—	—	—	—	—	—	—	—

Table 46.SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (Jun 2025)

EUR million								
	j	k	l	m	n	o	EU-p	EU-q
	RWEA (by regulatory approach)*				RWEA (by regulatory approach)			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1 Total exposure	7,029	2,180	2,184	—	558	173	153	—
2 Traditional securitisation	38	207	40	—	3	16.6	3	—
3 Securitisation	38	207	40	—	3	16.6	3	—
4 Retail underlying	38	207	40	—	3	16.6	3	—
5 Of which STS	37	23	1	—	3	1.8	—	—
6 Wholesale	—	—	—	—	—	—	—	—
7 Of which STS	—	—	—	—	—	—	—	—
8 Re-securitisation	—	—	—	—	—	—	—	—
9 Synthetic securitisation	6,991	1,972	2,145	—	555	157	150	—
10 Securitisation	6,991	1,972	2,145	—	555	157	150	—
11 Of which, retail underlying	1,816	1,190	1,199	—	145	94	75	—
12 Of which, wholesale underlying	5,175	782	946	—	410	63	76	—
13 Of which, resecuritisation	—	—	—	—	—	—	—	—

*RWA do not include tranches that have a risk weight of 1250% due to they are deducted from Common Equity Tier 1.

Following Mapping tool defined by the EBA, RWAs are before CAP adjustment, capital requirements after

Table 47.SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (Jun 2025)

EUR million	a	b	c	d	e	f	g	h	i
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1250%	1250 %	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 %
1 Total exposure	24,981	1,829	196	38	1.38	—	2,516	24,527	1.38
2 Traditional securitisation	24,981	1,829	196	38	1.38	—	2,516	24,527	1.38
3 Securitisation	24,981	1,829	196	38	1.38	—	2,516	24,527	1.38
4 Retail underlying	15,796	47	9	38	1.38	—	866	15,024	1.38
5 Of which STS	3,569	—	2	2	—	—	260	3,313	—
6 Wholesale	9,184	1,781	188	—	—	—	1,650	9,503	—
7 Of which STS	—	—	—	—	—	—	—	—	—
8 Re-securitisation	—	—	—	—	—	—	—	—	—
9 Synthetic securitisation	—	—	—	—	—	—	—	—	—
10 Securitisation	—	—	—	—	—	—	—	—	—
11 Of which, retail underlying	—	—	—	—	—	—	—	—	—
12 Of which, wholesale underlying	—	—	—	—	—	—	—	—	—
13 Of which, resecuritisation	—	—	—	—	—	—	—	—	—

Table 47.SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (Jun 2025)

EUR million	j	k	l	m	n	o	EU-p	EU-q
	RWEA (by regulatory approach)				RWEA (by regulatory approach)			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1 Total exposure	—	476	3,844	—	—	38	308	—
2 Traditional securitisation	—	476	3,844	—	—	38	308	—
3 Securitisation	—	476	3,844	—	—	38	308	—
4 Retail underlying	—	152	2,153	—	—	12	172	—
5 Of which STS	—	43	337	—	—	3	27	—
6 Wholesale	—	323	1,692	—	—	26	135	—
7 Of which STS	—	—	—	—	—	—	—	—
8 Re-securitisation	—	—	—	—	—	—	—	—
9 Synthetic securitisation	—	—	—	—	—	—	—	—
10 Securitisation	—	—	—	—	—	—	—	—
11 Of which, retail underlying	—	—	—	—	—	—	—	—
12 Of which, wholesale underlying	—	—	—	—	—	—	—	—
13 Of which, resecuritisation	—	—	—	—	—	—	—	—

3.4 Market Risk

Market risk is the risk of loss in the value of financial instruments arising from changes in market parameters, volatility of these parameters and the correlations between them.

Activities subject to market risk

The measurement, control and monitoring perimeter of the Market Risk area includes all transactions where risk arises. This risk arises from changes in risk factors (interest rate, exchange rate, equities, credit spreads, commodity prices

and the volatility of each of these) which may impact earnings or capital, as well as the liquidity risk of the products in which Santander operates.

Once the Delegated Act was adopted by the European Commission, the entry into force of FRTB was postponed, pending scrutiny by the European Parliament and Council. For this reason, capital consumption for market risk continues to be regulated by CRR2.

Below are the capital requirements by internal model at end June.

Table 48.MR2-A - Market risk under the internal Model Approach (IMA) (Jun 2025)

EUR million			
		a	b
		RWA	Capital requirements
1	VaR (el mayor de los valores a y b)*	2,385	191
(a)	a. VaR del día anterior (artículo 365(1) (VaRt-1))	681	54
(b)	b. Media del VaR diario (Artículo 365(1)) de los últimos 60 días hábiles (VaRavg) x por el factor de multiplicación ((mc) de acuerdo con el artículo 366)	2,385	191
2	SVaR (el mayor de los valores de a y b)*	4,180	334
(a)	a. Último SVaR (Artículo 365(2) (sVaRt-1))	1,341	107
(b)	b. Media de SVaR (Artículo 365(2) de los últimos 60 días hábiles (sVaRavg) x factor de multiplicación (ms) (artículo 366)	4,180	334
3	Incremental Risk Charge -IRC (el mayor de los valores de a y b)	891	71
(a)	a. IRC más reciente (incremental de default y de migración de riesgos de acuerdo con la sección 3 artículos 370/371)	657	53
(b)	b. Media del IRC de las 12 semanas anteriores	891	71
4	Comprehensive Risk Measure - CRM (el mayor de los valores a,b y c)	—	—
(a)	a. Riesgo más reciente para la cartera de negociación de correlación (artículo 377)	—	—
(b)	b. Riesgo más reciente para la cartera de negociación de correlación de las 12 semanas anteriores	—	—
(c)	c. 8 % de los requerimientos de fondos propios de SA del riesgo más reciente de la cartera de negociación de correlación (artículo 338(4))	—	—
5	Otros*	479	38
6	Total	7,936	635

* Other includes Risks not in Model not included in Var or Svar

Table 49.MR2-B - RWA flow statements of market risk exposures under the IMA (Jun 2025)

EUR million							
	a	b	c	d	e	f	g
	VaR	SVaR	IRC	Comprehensive risk measure	Other*	Total RWAs	Total capital requirements
1 RWEAs at previous period end	2,528	4,184	1,059	—	—	7,771	622
1a Regulatory adjustment	1,777	2,688	82	—	—	4,546	364
1b RWEAs at the previous quarter-end (end of the day)	751	1,496	977	—	—	3,225	258
2 Movement in risk levels	(1,669)	(1,494)	(167)	—	479	(2,852)	(228)
3 Model updates/changes	—	—	—	—	—	—	—
4 Methodology and policy	—	—	—	—	—	—	—
5 Acquisitions and disposals	—	—	—	—	—	—	—
6 Foreign exchange movements	1,526	1,490	—	—	—	3,016	241
7 Other	—	—	—	—	—	—	—
8a RWEAs at the end of the reporting period (end of the day)	681	1,341	657	—	479	3,158	253
8b Regulatory adjustment	1,704	2,840	234	—	—	4,778	382
8 RWEAs at the end of the reporting period	2,385	4,180	891	—	479	7,936	635

RWA has increased in the quarter due to higher risk not in model.

Table 50.MR1 - Market risk under the standardised approach (Jun 2025)

EUR million		a
		RWEAs
	Outright products	11,860
1	Interest rate risk (general and specific)	4,320
2	Equity risk (general and specific)	394
3	Foreign exchange risk	6,846
4	Commodity risk	299
	Options	579
5	Simplified approach	—
6	Delta-plus method	217
7	Scenario approach	—
8	Securitisation (specific risk)	361
9	Total	12,438

Overall, there was an increase of 1.745 million euros in RWA compared to December 2024, mainly explained by the variation in foreign exchange risk operations, which increased by 2.038 million euros. For the rest of the lines, the trend between the two dates is very similar, and the variations observed are attributed to the evolution of the business itself.

Internal initiatives on methods for calculating market risk

Grupo Santander has dedicated great efforts in recent years to improve the internal Market Risk models, under the

global initiative called Market Risk Advanced Platform (MRAP), with the double objective of transforming and strengthening them in line with the new requirements of market risk regulatory framework published by Basel ("Fundamental Review of Trading Book" - FRTB) and to adapt them to the guidelines of the ECB's TRIM exercise ("Targeted Review of Internal Model") and supervisor expectations.

This program adopted a multidisciplinary and multi-geographic approach, with the participation of all entities that carry out activities with market risk and all relevant interest groups, including market risk, technology, Front Office and Regulatory Affairs and Compliance. It has introduced significant improvements in terms of functional and IT architecture and operating models, which entails a

change in the culture established in the Group and the generation of synergies between all initiatives and resources.

Within this program, during the years 2019 and 2020, intense work was done on improving and adapting the IRC model in order to comply with the findings previously raised by the supervisor. Finally, in October 2021, after the improvements and developments executed for this purpose, the new model was approved by the ECB for the calculation of capital requirements for market risk for Spain and SLB, along with other material changes (improvement in the treatment of credit VaR and VaR percentiles), after the corresponding inspection (IMI 4313).

Additionally, during 2025 work continued on improving all components of the internal model (VaR/SVaR, RNIMs and IRC) in order to respond to the obligations raised by the supervisor in the TRIM and in the aforementioned IMI. As a result of all this, the ECB closed all obligations at the end of 2023 and eliminated the corresponding capital surcharges.

Currently, the Group's focus is on strengthening the regulatory calculation model for the future implementation of FRTB/CRR III in January 2026, improving the quality of sensitivity metrics, making technological implementation more efficient and filling certain gaps in monitoring and the "end-to-end" validation exercise.

Value at Risk

Santander's VaR calculation methodology consists of a historical simulation at a 99% confidence level, with a one-day horizon for internal risk management and a ten-day horizon when calculating own funds for market risk.

Statistical adjustments are applied in VaR to enable swift and efficient incorporation of the most recent events affecting the levels of risk assumed. Currently, all units use historical simulation with full revaluation, except for Market Risk Spain, which, while using this methodology for certain portfolios, applies historical simulation using a Taylor series approximation for the bulk of its portfolios.

The group uses a two-year window, or 520 daily readings, backwards in time from the VaR calculation reference date. Two figures are calculated every day: one applying an exponential decay factor that accords less weight to the observations furthest away in time and another with the same weight for all observations. The reported VaR is the higher of these two figures. Additionally, it should be noted that VaR is calculated with a one-day horizon and scaled using the square root of time rule. Periodically, a comparison is made between this method and the direct calculation with 10-day performance.

To calibrate the VaR model, the risk factors use different calculation methodologies (relative, absolute or mixed approaches), based on observable data. The criteria for assigning these methodologies to the different groups of risk factors are set out in standards defined by

Methodology and independently validated by Internal Validation (2nd Line of Defence). In addition, the corporate VaR guidance requires an annual review of the selection criteria for performance models.

At the same time as the VaR is calculated, the value at earnings (VaE) is also calculated, which measures the maximum potential gain at a certain level of confidence and time horizon, applying the same methodology as for VaR.

The VaR by historical simulation has many advantages as a risk metric: it sums up the market risk of the portfolio in a single number and is based on observed market movements without the need for assumptions about functional forms or correlations between market factors.

In relation to the VaR, the Expected Shortfall (ES) is also calculated by estimating the expected value of the potential loss when this is greater than the level set by the VaR.

Unlike VaR, the ES has the advantage of being able to capture the risk of large losses with low probability (tail risk) and of being a sub-additive metric. The BCBS considers that a 97.5% confidence interval delivers a similar level of risk to VaR at a 99% confidence interval. ES is calculated by applying uniform weightings to all observations.

Santander had authorisation from the European Central Bank to use the internal market risk model for calculating regulatory capital in the trading portfolios of the Spain, Santander London Branch, Chile and Mexico units at the end of December 2024.

The total regulatory capital figures based on the internal model are calculated as the linear sum of the individual regulatory capital of the units that have received internal model approval; i.e. without considering diversification.

Moreover, for those Grupo Santander entities without approval for calculating regulatory capital based on the internal model, capital will be calculated based on the standard model. This calculation methodology is also used by entities that have approved internal models for only some of their portfolios. The standardised approach is applied to portfolios for which the internal model is not approved.

During the year the strategy for Santander trading activity was to remain focused on customer business, minimising any exposure to directional risk as much as possible and maintaining geographic and risk factor diversification. The level of risk in the trading portfolio remained low, despite the war in Ukraine, and its impact in the energy price and inflation. Additionally, during 2024, there have been interest rate cuts by some of the major central banks.

This is reflected in the VaR of the trading portfolio, which, despite market volatility, especially in relation to interest rates and exchange rates, mostly stayed below the trend of the last four years, and closed December at EUR 69 million. This has meant that trading risk has contributed to capital less than in previous years.

Santander also continues to have very limited exposure to complex structured instruments or vehicles, reflecting a risk

culture in which prudent risk management is one of the key features.

Our exposure to hedge funds at the end of December 2024 was 111 million euros, being indirect acting as counterparty in derivative transactions. We analyse the risk related to this type of counterparty on a case-by-case basis, establishing collateralization percentages according to the characteristics and assets of each fund.

The group's policy for approving new transactions related to these products remains very prudent and conservative, and is subject to strict supervision by the group's senior management.

The bank's derivatives activity is mainly focused on the sale of investment products and on hedging risks for our customers. Risk management is focused on ensuring that net open risk is as low as possible.

These transactions include options on equities, fixed income and exchange rates. The units where this activity mainly takes place are: Spain, Brazil, the UK and Mexico.

In comparison with other similar financial groups, the Group's trading risk profile can be classified as low. Dynamic management of risk enables Santander to adopt changes in strategy to unlock opportunities in an uncertain environment.

Table 51.MR3 - IMA values for trading portfolios (Jun 2025)

	Total	2025	2024	Variation
Var (10 days - 99%)				
1	Maximum	121	92	32 %
2	Average	61	56	9 %
3	Minimum	38	38	(1)%
4	End of period	54	65	(17)%
Stressed VaR (10 days - 99%)				
5	Maximum	175	188	(7)%
6	Average	112	110	2 %
7	Minimum	75	63	20 %
8	End of period	107	149	(28)%
Incremental Risk Charge (99.9%)				
9	Maximum	89	204	(57)%
10	Average	48	53	(9)%
11	Minimum	24	23	2 %
12	End of period	53	31	71 %
Comprehensive risk measure (99.9%)				
13	Maximum	—	—	—
14	Average	—	—	—
15	Minimum	—	—	—
16	End of period	—	—	—
Figures do not include Risks not in model				

	Chile	2025	2024	Variation
Var (10 days - 99%)				
1	Maximum	14	17	(19)%
2	Average	7	9	(25)%
3	Minimum	3	4	(33)%
4	End of period	7	6	21 %
Stressed VaR (10 days - 99%)				
5	Maximum	23	24	(5)%
6	Average	13	14	(5)%
7	Minimum	8	7	9 %
8	End of period	18	10	76 %
Incremental Risk Charge (99.9%)				
9	Maximum	6	7	(21)%
10	Average	2	2	7 %
11	Minimum	—	—	240 %
12	End of period	3	1	477 %
Comprehensive risk measure (99.9%)				
13	Maximum	—	—	—
14	Average	—	—	—
15	Minimum	—	—	—
16	End of period	—	—	—
Figures do not include Risks not in model				
	Spain	2025	2024	Variation
Var (10 days - 99%)				
1	Maximum	85	53	59 %
2	Average	44	38	17 %
3	Minimum	29	28	4 %
4	End of period	41	51	(20)%
Stressed VaR (10 days - 99%)				
5	Maximum	124	124	— %
6	Average	84	78	8 %
7	Minimum	61	46	34 %
8	End of period	75	124	(40)%
Incremental Risk Charge (99.9%)				
9	Maximum	79	134	(41)%
10	Average	44	48	(8)%
11	Minimum	23	23	— %
12	End of period	48	26	84 %
Comprehensive risk measure (99.9%)				
13	Maximum	—	—	—
14	Average	—	—	—
15	Minimum	—	—	—
16	End of period	—	—	—
Figures do not include Risks not in model				

	Mexico	2025	2024	Variation
Var (10 days - 99%)				
1	Maximum	22	21	4 %
2	Average	9	9	8 %
3	Minimum	6	6	2 %
4	End of period	7	12	(45)%
Stressed VaR (10 days - 99%)				
5	Maximum	29	40	(28)%
6	Average	15	19	(20)%
7	Minimum	6	10	(39)%
8	End of period	14	18	(22)%
Incremental Risk Charge (99.9%)				
9	Maximum	4	63	(94)%
10	Average	2	3	(29)%
11	Minimum	—	—	685 %
12	End of period	1	3	(44)%
Comprehensive risk measure (99.9%)				
13	Maximum	—	—	—
14	Average	—	—	—
15	Minimum	—	—	—
16	End of period	—	—	—
Figures do not include Risks not in model				

Backtesting (MR4)

The backtesting exercise consists of comparing the VaR forecasts, for a given confidence level and time horizon, with the actual losses incurred over a time horizon equal to the VaR time horizon.

The general aim of backtesting is to verify the accuracy of the Value at Risk (VaR) calculation model. In other words, whether to accept or reject the model used to estimate the maximum loss on a portfolio with a given level of confidence, over a certain period of time.

Backtesting is analysed at local level by the local market risk control units. The market risk consolidation unit is responsible for backtest reporting at consolidated level. It is important to note that the backtesting methodology is applied identically to all the sub-portfolios covered by the internal market risk model. The analysis of regulatory backtesting is conducted daily at portfolio and sub-portfolio level.

Four types of backtesting are defined, depending on the kind of P&L used:

- The economic P&L (dirty P&L): refers to the daily P&L calculated on the basis of mark-to-market or mark-to-model securities (depending on the instruments) of the books and records of Banco Santander at the end of the day. It is calculated using Front Office systems (data on positions, pricing models, valuation methods, price parameters and end-of-day market data)

- Actual P&L (dirty P&L without mark-ups): refers to the daily P&L calculated by comparing the portfolio's closing value and its actual value at the end of the following day, including losses and gains derived from intraday activities, excluding fees, commission and net interest income. Santander, as considered acceptable in paragraph 63 of the TRIM guidance ("ECB Guide to Internal Models", Oct 2019), has established that net interest income is equal to zero in the trading portfolio. The "actual P&L" includes all time effects (theta). This P&L is used for the regulatory backtesting in accordance with article 366 (3) of the CRR in order to compute the number of overshootings. The additional aspects included in the TRIM guidance are also considered.

- The Hypothetical P&L (clean P&L due to subtractions): this refers to the daily P&L calculated by comparing the portfolio's closing value and its actual value at the end of the following day assuming unchanged positions. In this case, time effects are not considered in order to be consistent with the VaR. Similarly, the additional aspects included in the TRIM guidance are also considered. Specifically, any valuation adjustment made in actual P&L that is not included in VaR is also not included in the hypothetical P&L. The hypothetical P&L is obtained from the Front Office platforms by the Market Risk function, without considering intraday results or changes in portfolio positions. This P&L, like actual P&L, is used for the regulatory backtesting in accordance with article 366 (3) of the CRR in order to calculate the number of overshootings.

- The Risk-theoretical P&L (clean P&L due to change of factors): this hypothetical P&L is similar to the previous measure but is calculated using the Market Risk calculation engine (AIRE), without considering intraday results, changes in portfolio positions or time effects (theta). This P&L is exclusively used to verify the quality of the internal VaR model.

Of these four backtesting methods, only the backtesting on actual P&L (dirty P&L without mark-ups) and the hypothetical P&L (clean P&L due to subtractions) are used to measure and report the accuracy of the model, for regulatory purposes.

In order to calibrate and control the effectiveness of the internal systems for measuring and managing market risks, in 2025 Grupo Santander regularly carried out the necessary analyses and tests, obtaining conclusions that confirm the reliability of the model.

Number of overshootings

Overshooting occurs whenever the losses or gains observed in a day exceed the VaR estimate. The number (or percentage) of overshootings recorded is one of the most intuitive indicators of a model's accuracy.

When the P&L exceeds the previous day's VaR it is considered to be an overshooting (or exception). The number (or percentage) of overshootings recorded is one of the most intuitive indicators of the models accuracy. A regulatory coefficient "K" is calculated on the basis of the

number of overshootings in the regulatory backtesting. This affects the calculation of regulatory capital in accordance with the following table:

Backtesting overshootings	KR value
0	—
1	—
2	—
3	—
4	—
5	0.40
6	0.50
7	0.65
8	0.75
9	0.85
10	1.00

The confidence level for the VaR calculation is a measure of the number of overshootings expected to occur in a given time frame. For example, if the daily VaR is calculated with a confidence level of 99%, the percentiles of interest are the 1st and the 99th percentiles of the P&L distribution. The expectation would be 2% of overshootings during the days studied (1% due to excess profits and 1% due to excess losses).

If there are significantly more (or fewer) overshootings, this might be a sign of problems in the VaR model employed. The observed P&L and estimated VaR data can be used to construct a hypothesis test to check the validity of the VaR/P&L relationship.

Time between overshootings

The confidence level for the VaR calculation is also an indicative measure of the number of days that can be expected to elapse between two successive overshootings. For instance, if the daily VaR is calculated at 99% confidence (1st and 99th percentiles), we may expect an average time of approximately 50 days between overshootings.

Similarly to the frequency of overshootings, hypothesis-testing can be done based on the time between overshootings, as a means of validating the VaR model.

Distance between overshootings

Whereas the VaR predicts the risk that is assumed with a certain probability, average overshooting (expected shortfall) is a predictor for that probability of the average loss once VaR is exceeded. This testing should be included when analysing the backtesting report to obtain the size of the potential losses that exceed the VaR level.

Daily VaR/P&L relationship

To validate the VaR model it is not sufficient to analyse the number and type of overshootings that occur in a time window. Other indicators must be observed to ensure the model's consistency. One such indicator is the daily VaR/P&L relationship. This relationship is defined as:

- The P&L figure, as a percentage of VaR, on all the days on which there are no overshootings (losses or gains).
- Calculation of its arithmetic mean.

The percentage should be close to a value determined by the VaR confidence level. The higher the chosen confidence level, the higher the VaR estimate (and the smaller the P&L results as a percentage of that estimate).

If the percentage observed is above the expectation, the risk is being underestimated and the model should be reviewed. Conversely, if the percentage is significantly smaller, then the risk is being overestimated and the VaR model should be adjusted. The latter outcome may, however, be desirable if the target is to maintain conservative risk estimates.

The following diagram shows the annual backtest (MR4) at the end of June 2025 for each unit with internal model approval (see table 80). The number of overshootings for the units with internal model approval are shown below.

	2025	
	Exceptions	Satus Model
Spain & SLB	2	OK
Chile	3	OK
Mexico	2	OK

During 2025, there have been three exceptions in Chile, two in Spain and one in México.

Such exceptions were mainly driven by the volatility in the interest rates as long as movements in the FX market.

The fair value of a financial instrument is calculated using quoted market prices or appropriate valuation models, duly validated and approved. This may cause a degree of uncertainty in the valuation of less liquid financial instruments, which are not traded on a regular basis or which use valuation models. These uncertainty factors are incorporated into the fair value of positions through valuation adjustments.

Valuation adjustments are designed to ensure the fair valuation of positions, by including variables in the market value that are not considered in the valuation models or for which there is sufficient uncertainty to significantly affect the valuation.

The valuation adjustment categories used at the Group include:

- Market liquidity valuation adjustments (close out cost): adjustments arising from the use of average prices when valuing portfolio positions, where accounting rules require valuation based on the exit price.

- Valuation adjustments are included due to the existence of spreads between buy and sell prices.
- These adjustments are calculated taking into account the spread between market buy and sell prices and are estimated independently for each risk factor, distinguishing between: interest rate curves, prices, dividends, volatilities and correlation.
- Valuation adjustments due to uncertainty in market prices (market price uncertainty): these are warranted because of considerable uncertainty in the market data used for the calculation of fair value, distinguishing between:
 - Observable market data
 - Unobservable market data

Valuation adjustments due to model risk: these are warranted when there is a high degree of uncertainty in the valuation models or in the parameters used by these models. This uncertainty may be caused by: adding certain assumptions that may be erroneous, models whose results cannot be calibrated because there are no alternatives or because of dependence on parameters that are subject to possible estimation errors.

Other valuation adjustments: adjustments for limitations in valuation systems, for exotic items not captured in the payoffs configured in the systems, uncertainty in the financing/investment costs used in estimating the exit price, profit reserves for specific or one-off transactions (generally associated with the first-day profit or loss of instruments classified as Level 3 in the fair value hierarchy) and credit risk adjustments (CVA/DVA).

Internal validation of the models

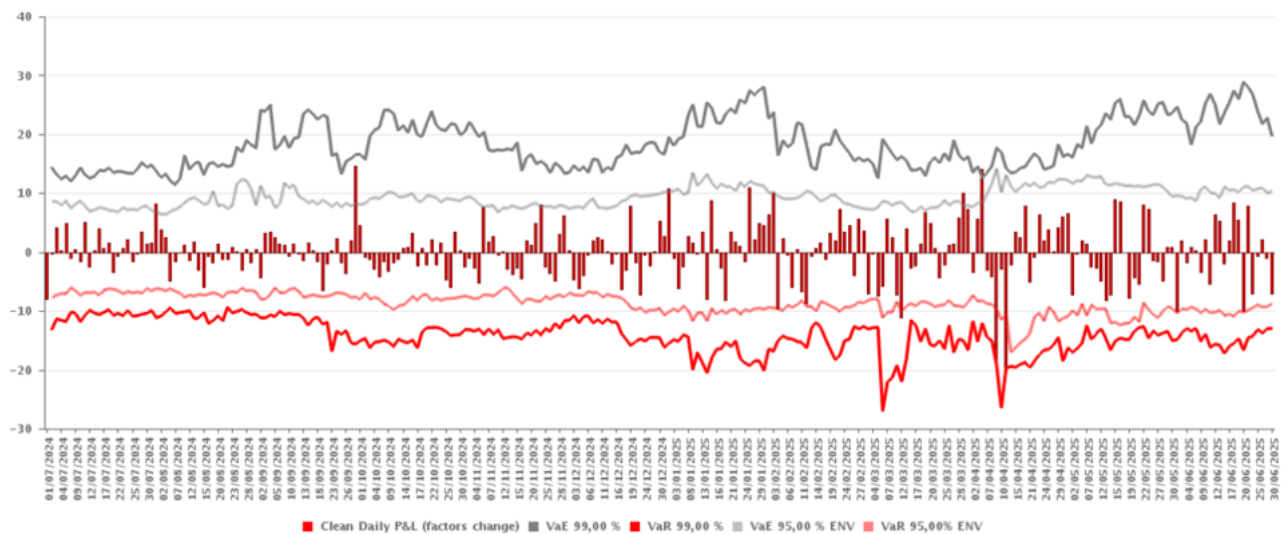
In 2025, in accordance with the model risk policies, the Internal Validation team performed independent review exercises for the main models used in the group's various geographies. The areas covered are counterparty risk (maximum and expected exposures, CVA/DVA), issuer risk (incremental risk charge), valuation (interest rates, FX, equity, credit and commodities), valuation adjustments (AVA, FVA), market risk (VaR/SVaR), structural interest rate and liquidity risk (prepayments, accounts with no specified maturity, mortgages, calculation of EVE/NIM) and other non-financial risks (operational risk, macroeconomic scenarios).

The group also continued to monitor on a quarterly basis the VaR & SVaR models used to calculate regulatory capital for market risk, based on key indicators of the quality of the models, in order to proactively and independently monitor the operation of these models.

Unidad: Grupo España MIR + SLB Área: Total

Resultados Diarios vs Valor en Riesgo día anterior

Cifras en Millones de EUR



Unidad: Mexico Área: Tesorería GTFD

Resultados Diarios vs Valor en Riesgo día anterior

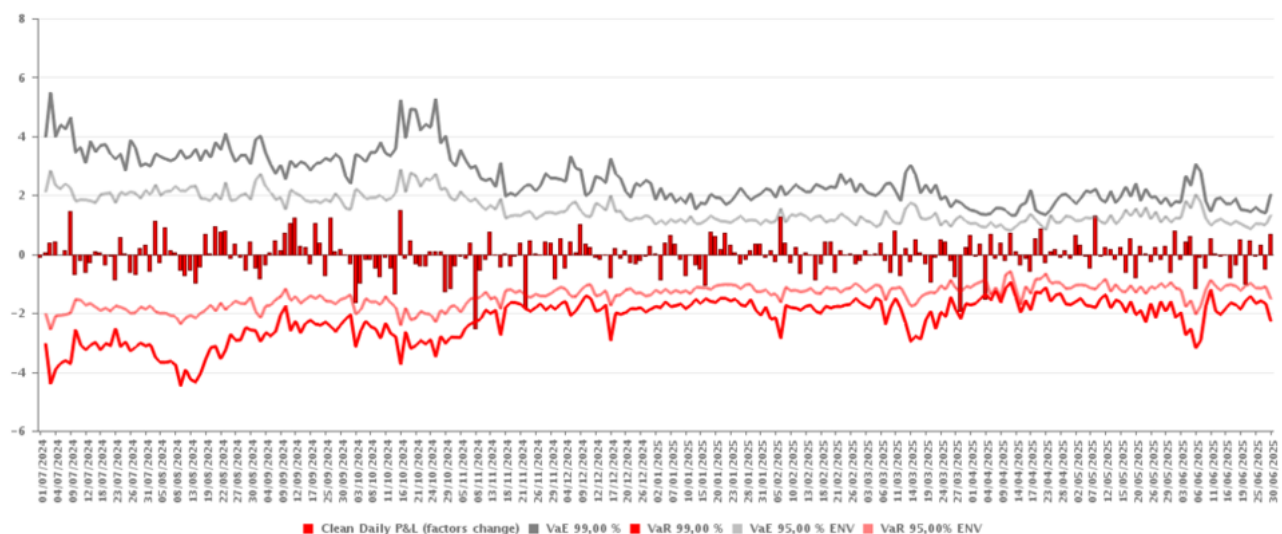
Cifras en Millones de EUR



Unidad: Chile Área: Total MIR

Resultados Diarios vs Valor en Riesgo día anterior

Cifras en Millones de EUR



Structural balance sheet risks

This section covers the requirement IRRBBA - IRRBB qualitative information.

Structural risk is inherent in banking business and arises as a result of changes in a number of factors, including market or balance sheet behaviour variables, that affect the profit or loss or economic value of balance sheet items (banking book).

This risk includes both the potential losses from price changes for assets recognised at fair value and economic losses arising from management of assets and liabilities carried at amortised cost in the banking book positions.

Within structural risk, interest rate risk in the banking book (IRRBB) is considered the main source of balance sheet risk. There are three sources of IRRBB: mismatch risk (or gap risk), basis risk and option risk (automatic and behavioural).

The management of IRRBB measures aims to ensure the stability of net interest margin and the economic value within the Group's defined risk appetite.

Additionally, within the structural risks is the credit spread risk in the banking book (hereinafter CSRBB), which measures the risk of changes in the market price due to credit risk, liquidity or other characteristics of the instruments with credit risk, which is not captured by other existing risk frameworks such as IRRBB or the expected default risk.

These activities are based on the following principles, which take into account internal policy, regulatory and market best practice requirements:

- **Independence of risk management and control functions** following the group's established lines of defence model.
- **Involvement of senior management**, ensuring that it has the necessary relevant information on these risks.
- **Holistic approach to risk**: IRRBB and CSRBB control and monitoring must take into account all potential sources of risk and the fact that risks can arise due to factors related to subsidiaries or for reasons not related to them, such that local risk events may have an impact on the Group. Furthermore, the approach should be forward-looking and analyse trends over different time periods and scenarios.
- **Robust systems and high-quality internal data**, with adequate traceability of information.
- **Use of methodologies and models that are standardised and documented** ensuring consistency in risk measurement.
- **Establishment and adaptability of limits** for adequate control of these risks.

Main interest rate risk in the banking book metrics

The management, measurement and control of IRRBB risk and metrics are performed independently in each subsidiary. The set of metrics used in the Group is standardised to ensure consistent measurement. However, the specific metrics implemented in each subsidiary depend on the dimensions and risk factors identified as relevant by each subsidiary in its IRRBB self-assessment, based on the individual features and nature of its business, its balance sheet structure and the complexity of the markets in which it operates.

IRRBB metrics are calculated under various scenarios and provide a static and/or dynamic overview of balance sheet exposure and net interest margin in response to adverse interest rate movements and/or on the main behavioural parameters and assumptions under which optionality is modelled. The main metrics are as follows:

- **Repricing gap**: it measures the difference between the volume of sensitive assets and liabilities, on and off the balance sheet, that re-price (i.e. that mature or are subject to rate revisions) at certain times.
- **Economic value and its sensitivity**: Economic value of equity (EVE) is the difference between the present value of assets less the present value of liabilities of the banking book, excluding own equity and other instruments that are not interest rate sensitive. The present value is calculated by discounting projected cash flows of assets and liabilities with the appropriate discount curve. The EVE sensitivity is calculated as the difference between the EVE in a selected interest rates scenario and the EVE calculated in the baseline scenario. Therefore, the EVE can have as many sensitivities as scenarios considered. This metric enables the identification of long-term risks and supplements the sensitivity of the net interest margin.
- **Net interest income and its sensitivity**: Net interest income (NII) is calculated as the difference between the interest income of assets and the interest cost of liabilities of the banking book in a determined time horizon (typically from one to three years, with the Group's standard being one year). Its sensitivity reflects the impact of changes in interest rates on net interest income in the given time horizon. Net interest margin sensitivity is calculated as the difference between the net interest margin in a selected scenario and the net interest margin in the baseline scenario. Therefore, the net interest margin can have as many sensitivities as scenarios considered. This metric enables the identification of short-term risks, and supplements economic value of equity sensitivity.

System for controlling limits

The measurement, analysis and control of IRRBB metrics guarantees that the level of risk is aligned with the Group's policies, approved management limits and risk appetite. As a general rule the metrics are measured and controlled on a monthly basis, using the previous month's closing data.

IRRBB limits are set independently for each subsidiary in accordance with the individualised management and control per subsidiary. The main limits set in all subsidiaries are:

- Net interest income sensitivity limit at one year.
- Market value of equity sensitivity limit.
- Limit of the market value of banking book portfolios used for on-balance-sheet interest rate management that could have an impact on equity due to their accounting classification (fair value through equity).

The limits are reviewed regularly and have flexible modification mechanisms that can adapt to extreme or unfavourable market situations, but also to market opportunities.

If one of these limits or their sub-limits is exceeded (by currency or IRRBB risk type), the heads of risk management have to justify the reasons and facilitate an action plan.

IRRBB information is reported to the group's senior management collectively on a subsidiary-by-subsidiary basis. In this way, the Group's management can assess and control the risk profile in the subsidiaries, while at the same time obtaining a comprehensive overview of the risk so it can be analysed and controlled from a global perspective.

The internal metrics used in the group to monitor IRRBB, based on the direct application of shocks to interest rate curves, are the economic value and the net interest margin sensitivities. The most commonly used interest rate scenarios are:

- Parallel scenarios with shocks of +/-100 bps.
- Regulatory scenarios defined by the EBA¹ for calculating EVE and NII sensitivity.

In addition, each subsidiary of the Group uses a variety of scenarios sufficient to ensure appropriate measurement and control of its IRRBB profile. The use of these scenarios plays an important role in providing supplementary future risk estimates. These scenarios are defined annually and are based on the IRRBB self-assessment carried out by each entity in the Group. They can be of different types, e.g. historical, forward-looking, probabilistic or based on expert judgement.

Grupo Santander measures structural risks using models to support decision-making processes, obtain predictive information and generate metrics that are adapted to the economic environment of each subsidiary and its balance sheet structure. These models must be consistent with the methodological standards defined in the Group.

The general IRRBB management strategies are transactions with fixed-income instruments or derivatives. Hedging carried out through fixed-income instruments is generally recorded at fair value through equity to a lesser extent of amortised cost. For hedging through derivatives the Group's general policy to reduce asymmetries in accounting treatment is to use fair value or cash flow hedges depending on the exposure of the underlying asset.

Fair value hedges hedge portfolio risks (fixed rate) and are therefore exposed to changes in the fair value of the portfolios due to changes in interest rates.

Cash flow hedges hedge the exposure of future flows subject to changes in interest rates. The purpose of these hedges is to actively manage the interest rate risk of variable rate balance sheet items by using interest rate derivatives the bank swaps variable rate flows for fixed rate flows.

Both types of hedging are used in the Group. The financial management divisions of each subsidiary are responsible for designing and implementing the transactions according to their balance sheet structure, risk exposure and markets. These hedges are usually carried out through interest rate derivatives.

Derivatives that do not meet the conditions for consideration as hedging instruments are treated as trading derivatives for accounting purposes.

Methodologies

There are three elements necessary to calculate the IRRBB metrics in Santander:

- Yield curves for capitalisation and discounting.
- Behavioural models that enable the cash flows of certain instruments to be determined.
- Assumptions about future changes in the entity's balance sheet and its various items.

Of these three elements, the behavioural element is the main one subject to modelling.

The Group develops methodological standards that establish best practises and criteria to be followed for the successful development and implementation of IRRBB models. Models may be based on quantitative approaches and methods using statistical or other mathematical techniques or on assumptions and hypotheses assessed by experts. All models are managed within the framework of the Model Risk framework, which defines the principles and processes (including planning, development, validation, etc.) required to ensure adequate control of the models used in the group.

The main models used in the management and control of IRRBB are described below, by product type:

a. Treatment of non-maturity deposits (NMD)

Accounts with no contractual maturity are subject to two types of optionality. The customer's option to withdraw their money without prior notice and/or the bank's option to review the interest paid. The NMD corporate model models the product as a synthetic bond, with callable

¹ EBA/GL/2018/02.

nominal and a periodic coupon. The callable nominal is determined by the stable balance and the estimated run-off for these flows. The coupon can be fixed, variable or subject to an elasticity with respect to market interest rates or a more complex function depending on different variables.

The model is based on the following sub-models and variables:

- **Beta model:** this sub-model defines the relationship between benchmark interest rates in the market and the remuneration paid to customers. The model can use a single beta or multi betas for the same account.
- **Stable and unstable balance:** A statistical model is used to estimate the stable balance based on the historical distribution of aggregated balances at the segment level and the observed outflows in relation to the trend of the series. The stable balance is determined on the basis of a certain confidence level, which is usually above 95%. For the unstable balance, an outflow is assumed in the first time bucket (typically one day).
- **Run-off model:** This sub-model attempts to estimate customer behaviour on the basis of historical data (evolution of accounts created on the same date). The estimate can be made using a statistical model that depends on several variables (interest rates, spread with other products, macro variables) or it can be calculated using an optimisation process that assumes a certain function, e.g. assuming an exponential function and calibrating the decay rate², defining a maximum maturity horizon.

The average repricing maturity is not a parameter used directly in the NMD corporate model, however, duration as a parameter is used. Following regulatory criteria, the group ensures that the average repricing maturity of NMDs for each currency does not exceed the thresholds set out in the EBA guidelines.

This is calculated using the average maturity of the expected cash flows of the entire NMD balance (stable and unstable) adjusted by the betas of the model. For segments with fixed coupons or a beta of zero, the average maturity of the repricing dates matches the average maturity of the cash flows and as the unstable balance (repricing balance) or betas increase, the gap between them opens (causing the average repricing maturity to decrease).

This model requires a variety of inputs:

- Parameters inherent to the product.
- Customer and/or bank behavioural parameters (in this case, analysis of historical data is combined with expert judgement on the business).
- Market data.
- Historical data for the portfolio.

b. Treatment of prepayment of certain assets.

The prepayment option is defined as the possibility offered to customers to repay their loans before the contractual maturity date, without this involving a significant additional cost for them. Prepayment can be total or partial and mainly affects fixed-rate products, such as fixed-rate mortgages in markets where the yield curves for these loans are at low levels and there is an incentive for customers to prepay when the market interest rate is below the product's reference interest rate. However, prepayment does not only depend on the level of interest rates, it also depends on other more complex factors resulting from macroeconomic and cultural situations in the market. This means that the normal techniques used to value options cannot be applied directly and have to be combined with empirical statistical models that aim to model customer behaviour.

Prepayment can also occur with variable rate products and variable rate mortgages are also modelled in the Group. In these cases prepayment is usually due to factors other than the level of interest rates and the impact in terms of IRRBB risk is lower due to having variable repricing.

The prepayments model assumes that these balances naturally decline as customers gradually repay. Prepayment parameters can be constant values or a function dependent on several variables. The model creates a function that produces a fall in flows until the maturity for the transaction.

c. Non-Performing Exposures Treatment

The Group includes and models NPEs in the IRRBB measurement. The definition of the parameters used in the model (e.g. estimated recovery period) is based on expert judgement and/or credit risk model parameters (probability of default and loss given default).

The use of additional behavioural models in the Group (e.g. early termination of time deposits or pipelines) depends on the structure and complexity of each subsidiary's balance sheet. The rationale for these models is based on those described above.

The following tables provide information on the Bank's changes in EVE and NII for each of the prescribed interest rate scenarios for each currency.

² An exponential function implies assuming higher outflows in the short/medium term followed by long-term stability; i.e. the empirically observed behaviour of most units with positive interest rates.

Table 54.IRRBB1 - Interest rate risks of non-trading book activities

Total	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios				
	Current period	Last period	Current period	Last period
Parallel up	(4,765)	(5,122)	637	832
Parallel down	717	1,720	(2,255)	(2,596)
Steepener	135	285	—	—
Flattener	(2,296)	(2,172)	—	—
Short rates up	(3,539)	(3,649)	—	—
Short rates down	1,043	1,643	—	—

Metrics reported as of June 25 vs December 24

Table 54.IRRBB1 - Interest rate risks of non-trading book activities

EUR	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios				
	Current period	Last period	Current period	Last period
Parallel up	688	(1)	1,582	1,609
Parallel down	(633)	19	(1,570)	(1,562)
Steepener	(166)	(137)	—	—
Flattener	236	142	—	—
Short rates up	401	150	—	—
Short rates down	(520)	(235)	—	—

Metrics reported as of June 25 vs December 24

Table 54.IRRBB1 - Interest rate risks of non-trading book activities

USD	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios				
	Current period	Last period	Current period	Last period
Parallel up	(783)	(617)	396	415
Parallel down	(298)	(512)	(423)	(440)
Steepener	(277)	(210)	—	—
Flattener	(227)	(321)	—	—
Short rates up	(351)	(355)	—	—
Short rates down	104	96	—	—

Metrics reported as of June 25 vs December 24

Table 54.IRRBB1 - Interest rate risks of non-trading book activities

GBP	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios				
	Current period	Last period	Current period	Last period
Parallel up	(1,464)	(1,458)	144	323
Parallel down	996	959	(313)	(479)
Steepener	320	421	—	—
Flattener	(666)	(760)	—	—
Short rates up	(1,086)	(1,153)	—	—
Short rates down	786	872	—	—

Metrics reported as of June 25 vs December 24

Table 54.IRRBB1 - Interest rate risks of non-trading book activities

BRL	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios				
	Current period	Last period	Current period	Last period
Parallel up	(1,097)	(1,597)	(350)	(483)
Parallel down	908	1,550	306	471
Steeper	108	150	—	—
Flattener	(363)	(520)	—	—
Short rates up	(693)	(1,037)	—	—
Short rates down	665	1,091	—	—

Metrics reported as of June 25 vs December 24

3.6 Environmental risks

Business strategy and processes

This section covers the requirements on qualitative information on environmental risk, specifically, the point on business strategy and processes, for questions (a), (b) and (c)

This is a summary of the overall climate strategy integrated into the strategies of our five global businesses. For further detail, please refer to our Annual Report, available in our corporate website.

Our approach

Santander considers climate a material topic, having identified impacts, risks and opportunities in the double materiality assessment. Per legal requirements, below we disclose our transition plan, based on three pillars. The purpose of each pillar is to support our customers and the communities we serve in their transition objectives; assess our customers' climate-related risks to manage the impact on their business and on our operations; and make progress with the alignment of our portfolios:

1

Supporting our customers in the green transition



Supporting our customers in the transition to a sustainable economy. Having achieved our target of raising or facilitating EUR 120 bn in green finance between 2019 and 2025 18 months in advance, we're making headway with our next milestone of achieving EUR 220 bn by 2030. We are offering our customers guidance, advice and specific business solutions; and offering them the opportunity to invest in a wide range of products according to their sustainability preferences, with the target of reaching EUR 100 bn AUM in Socially Responsible Investments (SRI) by 2025.

2

Embedding climate in risk management



Embedding climate and environmental aspects in risk management implies 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 the double materiality assessment and our sustainability strategy.

3

Aiming to align our activity with the Paris Agreement Goals



Aiming to align our portfolio with the Paris Agreement Goals to help limit global warming. We are setting sector portfolio alignment targets for 2030 in high-emissions portfolios. The progress on these targets is expected to reflect the progress of the economies we serve. We currently have seven targets in five sectors and alignment targets for our asset management activity.

Meanwhile, we continue to reduce our impact on the environment by implementing efficiency measures in our own operations and sourcing all our electricity from renewable sources by 2025.

We are making progress in integrating environmental risks into financial planning through the Group's strategic exercises, starting with the materiality assessment and its incorporation into the qualitative assessment of customers in the credit risk management framework. In addition, the evolution of environmental risks over time is indirectly considered in the climate scenarios used in the Group's strategic exercises (e.g. ICAAP). These scenarios consider the evolution of the policy framework and changing market attitudes, the level of development of low-carbon technologies or changes in consumer preferences, which may affect the level of vulnerability of risk areas to environmental events (e.g. floods leading to supply chain disruptions or droughts leading to scarcity of resources such as water), and the impact on the demographic evolution of populations in the geographies.

For fulfilling those purposes, within a broader set of ESG objectives, we have set some climate-related and environmental goals:

	2019	2020	2021	2022	2023	2024	2025/2030 target
Green finance raised and facilitated (accumulated EUR bn)^A	19.0	33.8	65.7	94.5	115.3	139.4	120 bn by 2025 220 bn by 2030
AUM in Socially Responsible Investments (accumulated EUR bn)			27.1	53.2	67.7	88.8	100 bn by 2025
Thermal coal-related power & mining phase out (EUR bn)			7.0	5.9	4.9	4.8	0 by 2030
Emissions intensity of power generation portfolio^B	0.21	0.17	0.19	0.16	0.15		0.11 tCO ₂ e/MWh in 2030
Absolute emissions of oil & gas portfolio^B	23.84	22.58	27.43	20.94	20.27		16.98 mtCO ₂ e in 2030
Emissions intensity of aviation portfolio^B	92.47	93.05	97.21	81.09	82.99		61.71 grCO ₂ e/RPK in 2030
Emissions intensity of steel portfolio^B	1.58	1.40	1.36	1.24	1.38		1.07 tCO ₂ e/tCS in 2030
Emissions intensity of auto-manufacturing portfolio^B		149	138	133	134		103 gCO ₂ /vkm in 2030
Emissions intensity of auto-lending portfolio^{B,C}				137	133		75-89 gCO ₂ e/vkm in 2030
Electricity from renewable sources^D	50%	57%	75%	88%	97%	96%	100% by 2025

A. Includes Grupo Santander's contribution to green finance: project finance; syndicated loans; green bonds; capital finance; export finance; advisory services, structuring and other products, to help customers transition to a low-carbon economy.

B. The figures displayed are the latest available given limited data availability from customers to assess financed emissions. We used Banco Santander's internal calculation methodology, which is based on the Partnership for Carbon Accounting Financials (PCAF).

C. Consumer lending for the purchase of passenger cars in Europe.

D. In countries where we can verify electricity from renewable sources at Banco Santander properties. It considers the 10 core markets where we operate.

Climate opportunities

Working with customers to support their transition objectives and carbon reduction emissions goals is key to progressing towards a low-carbon economy. To do this we identify business opportunities for transition financing assessing key sectors, working closely with our customers and with the knowledge of our sustainability experts. These opportunities inform our materiality assessment.

In addition, the Group calculates the ratio of green assets aligned with the European Taxonomy. In 2024, it amounts to 3.28% (vs. 2.6% in 2023). The volume of assets as at December 2024 aligned with the European taxonomy for mortgages is EUR 28.1 bn and auto is EUR 8.8 bn.

Also, from investment through our assets management business SAM, the top three climate-related opportunities embedded in our analysis model are:

- new climate solutions involving products and services that boost diversification, competitive advantage and revenue;
- lower-emission energy sources that benefit from less exposure to GHG emissions, lower costs, policy incentives; and
- efficient production and distribution of resources to lower operational costs and raise both production capacity and the value of fixed assets.

Our ambition

We continue working towards our ambition of net zero carbon emissions by 2050 by progressively setting specific actions to make headway with our three-pillar strategy.

Incentive policies and frameworks are key to driving the energy transition. The challenge goes beyond increasing the flow of capital from the regulated financial sector to funding the energy transition. We need to scale transition activity and the demand for solutions, which will require better risk-profitability profiles. Achieving climate objectives depends largely on the macroeconomic landscape and public policy.

Investment targets towards environmental objectives

To achieve our net-zero ambition, our main lever as a bank is supporting our customers in their efforts to transition to a low-carbon economy.

As a large financial institution, we have an opportunity to support our customers in their ambition to transition to low carbon business models. To this end, we continue enhancing our sustainable finance and advisory proposition, and financing in our global businesses.

To achieve this, we are:

1. Growing the green finance business, which entails drawing up a green finance strategy for the Group's businesses and delivering a strong value proposition for our customers;

2. Building the infrastructure that will support green finance across the Group. This means implementing the sustainable finance and investment classification system (SFICS); strengthening the controls to assess and manage greenwashing risk; and executing the data strategy to measure and monitor green finance results; and
3. Deploying well-trained commercial teams to capture opportunity.

In CIB (Corporate & Investment Banking), we have already reached EUR 139 billion in green finance raised and facilitated since 2019, achieving our EUR 120 billion target 18 months early and are working towards reaching EUR 220 billion by 2030.

Limits for assessing and addressing environmental risk

Our ESCC risk management policy establishes the standards for investing, and providing financial products and services to companies and customers in oil & gas, power generation and distribution, mining and metals, and soft commodities (especially retail customers dedicated to farming and livestock in the Amazon). It dictates prohibited activities and those that require special attention for the aforementioned sectors³.

These have been aligned our internal policies of sustainability and human rights, based on the market practices and the meetings with NGOs and other external stakeholders.

In this regard, we also use our ESCC policy to integrate nature and biodiversity conservation measures into financing and investment policies. Below, we summarise some of the limits associated with environmental risk management:

- Any **projects or activities** for oil & gas extraction, power generation or transmission, mining, manufacturing, plantations or other major infrastructure projects which **put areas classified as Ramsar Sites, World Heritage Sites or by the International Union for Conservation of Nature (IUCN) as categories I, II, III or IV at risk**. Additionally, projects that, in accordance with IFC Performance Standard 7 - Indigenous People, require Free, Prior and Informed Consent (FPIC) and do not meet IFC Performance Standard 7 and there is not a credible action plan to achieve compliance. Moreover, we include customer activities, business relationships or facilitation of transactions that are or can be proven to be linked to the commission of serious or gross violations of human rights (considering child labour, forced labour, discrimination at work, freedom of association, working conditions, grievance mechanisms for workers, occupational health and safety issues, impacts on communities and land grabbing) or international human rights law.
- **Oil & gas:** clients involved in exploration and production for whom the activities derived from the combination of

³ To the extent required by applicable law, customers and transactions involving activities enumerated in this section will be subject to an enhanced due diligence process to determine the unique risks presented prior to decisioning.

fracking, tar sands, coal bed methane and Arctic oil & gas represent a significant part of their reserves, or account for more than 30% of their activity. Additionally, project-related financing to Oil upstream greenfield projects or any projects north of the Arctic Circle. In addition, projects related to oil & gas extraction from tar sands, fracking or coal bed methane.

- **Power generation:** by 2030, any customer with more than 10% of revenue, on a consolidated basis, directly derived from coal fired power generation, except for sustainable finance and products to finance the transition. New customers with more than 25% of revenue, on a consolidated basis, directly derived from coal fired power generation, except for non-recourse and/or ECA transactions if sustainable and/or finance the transition. Lastly, nuclear power plants are included if the host country is not a member of the IAEA⁴, has not ratified the international conventions on nuclear safety⁵, has not ratified the Non-Proliferation Treaty and the International Convention for the Suppression of Acts of Nuclear Terrorism; or does not have a national safety agency for nuclear activities.
- **Mining & metals:** by 2030 legal entities that own thermal coal mines worldwide, except for sustainable finance and products to finance the transition. New legal entities that own thermal coal mining operations and projects worldwide, except for non-recourse and/or ECA transactions if sustainable finance and/or products to finance the transition. In addition, the extraction or wholesale distribution of asbestos and rough diamonds without Kimberley Process certification is also restricted, along with mining activities related to so-called "conflict minerals" or without specific treatment to avoid tailings disposal in riverine or shallow marine sea environments. Project-related financing for new, or the expansion of thermal coal mines.
- **Soft commodities:** any customer that extracts native tropical wood species not certified to forest stewardship council (FSC) or any palm oil processors not certified to roundtable on sustainable palm oil (RSPO). Also, projects for developments in forested peatlands in High-Risk Geographies⁶.

This information is stated in the ESCC Policy.

Policies and procedures relating customer engagement on their strategies to mitigate and reduce environmental risks

This section covers the requirement on qualitative information on environmental risk, specifically, the point on business strategy and processes, for question (d)

A key element of our implementation strategy is the customer climate tiering approach. The outcome of this tiering

approach is an assessment of our customers' current and expected progress to align with our climate sector objectives.

In 2024 we implemented this approach for Automotive Manufacturing, in addition to existing target sectors (power, oil & gas, steel, aviation), and adapted it where necessary to account for sector differences. We review the climate tiering assessment for each sector every year to reflect our customers' progress.

Our approach aims to facilitate the achievement of our emissions targets and to develop a strong understanding of our customers' transition strategies towards low-carbon business models.

This approach is supported by governance processes, involving various internal stakeholders, such as front office teams, risk reporting functions and senior management to guide the potential portfolio steering actions. It is structured around four main iterative steps: Collect, Assess, Engage and Review. We have used various internationally recognized references, and the Cambridge Institute for Sustainability Leadership (CISL) 'Let's Discuss Climate' guide as inputs and adapted them to our requirements and objectives.

Collect: we collect relevant information as part of regular customer dialogue and engagement. In addition, we source specific climate related information through tailored requests that contain transition-focused elements designed to help us better understand companies' alignment strategies. Furthermore, we also seek to source reliable and consistent information from credible third parties to complement our understanding.

This information is collected and updated both at the customer onboarding stage, and as part of the regular business and risk assessment review with each customer, which is performed at least once a year.

Assess: our assessment consists of a two-step approach designed to categorize our customers according to their emissions pathway and perceived quality of their transition strategy.

The first step involves assessing how our customers' emissions trajectory aligns with our current sectoral portfolio baseline and future sectoral portfolio targets. The second step assesses the quality of each customer's transition plan. Our transition plan assessment methodology focuses on four pillars:

1. **Targets:** it focuses on the quality and ambition of the customer's quantitative GHG emissions targets. Where possible, we assess short- and long-term, as well as absolute and intensity reduction targets.
2. **Action plan:** it considers the credibility of the customer's alignment strategy. We assess the business strategy integration of climate change risks and opportunities; the existence of climate scenario planning; as well as time-bound action plans to achieve decarbonization targets.

⁴ International Atomic Energy Agency.

⁵ Convention on Nuclear Safety, the Convention on the Physical Protection of Nuclear Materials or the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (or has not taken the appropriate measures to be aligned with the requirements included in these conventions).

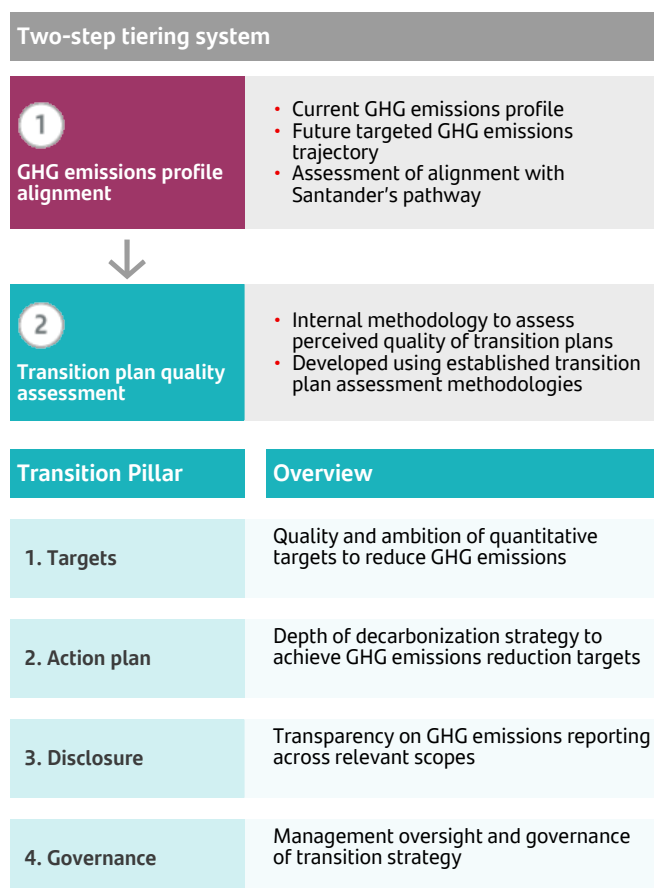
⁶ High risk geographies are every country in Africa, plus Argentina (Chaco, Formosa, Santiago del Estero, Salta and Tucumán only), Bolivia, Brazil (the Legal Amazon and the north east of the country only), Cambodia, China, Colombia, Ecuador, Estonia, Guatemala, Honduras, India, Indonesia, Laos, Latvia, Lithuania, Madagascar, Malaysia, Myanmar, Nicaragua, Panama, Papua New Guinea, Paraguay, Peru, Russia, the Solomon Islands, Thailand, Vietnam and any customer declared 'unknown'. This list will be subject to review based on the expansion of agribusiness to new geographies.

3. Disclosure: it focuses on the transparency of reporting on historical emissions performance across all relevant scopes, the level of assurance, as well as the degree of reporting alignment with the TCFD. Where possible, it also includes assessing whether or not previous GHG emission targets were achieved.
4. Governance: it considers the level of management oversight and governance of the customer's transition strategy. We assess the level of seniority of executives accountable for climate strategy, board committee oversight of climate change issues, and whether executive remuneration is linked to climate change performance.

We draw on established transition plan assessment methodologies, such as the Transition Pathway Initiative (TPI), CDP, ACT (Assessing Low Carbon Transition), TCFD, as well as other related initiatives including the UK's Transition Plan Taskforce (TPT).

Our transition plan assessment methodology includes higher weightings for assessment criteria deemed to be critical to credible transition plans, compared to lower weightings for those that are considered supporting criteria. The more highly weighted criteria are designed to prioritize focus areas for customer engagement.

Ultimately, our customer climate tiering system leads to four categories (Leader, Strong, Moderate and Weak).



Tier Categories		Description
Tier 1	Leader	- Emissions profile fully aligned with Santander's pathway - Strong transition plan
Tier 2	Strong	- Emissions profile fully aligned with Santander's pathway but improvement needed in transition plan; or - Strong transition plan but emissions profile partially aligned with Santander's pathway
Tier 3	Moderate	- Emissions profile partially aligned with Santander's pathway, but improvement needed in transition plan; or - Emissions profile not aligned with Santander's pathway, but strong transition plan
Tier 4	Weak	- Emissions profile not aligned with Santander's pathway - Weak transition plan

Internally organized training sessions were delivered to sector-specific relationship managers and Environmental Social Climate Change Risk (ESCC) analysts. These focused on gathering information to complete the transition plan quality assessment (the second step in our customer climate tiering system). These sessions were delivered by senior experts from our ESCC, Portfolio Alignment and Sustainability Solutions teams.

Expert resources from our global Sustainability Solutions team are made available for further education and advice on customers' transition plans assessment.

Engage with customers: our customer climate tiering system seeks to facilitate tailored transition dialogue to help lower-tiered customers move up to higher tiers over time.

In 2024, we focused our customer engagement efforts on oil & gas as well as lower-tiered customers in other sectors. We developed internal transition assessment dashboards for relationship managers, designed to aid the identification of customer-level priority areas, industry benchmarking, and opportunities to support our customers in financing their transition. Of the customers that are in scope of our targets, approximately three quarters included sustainability-related discussions in 2024.

In addition, on a wider scope of climate-related topics, we are engaging with various public and private organizations.

Review: the customer transition plan assessment is performed by relationship managers, in cooperation with ESCC risk analysts, followed by portfolio level reviews by Sustainability Solutions and Portfolio Alignment teams to determine final tierings. The portfolio level review is important to help identify key trends and challenges in each sector, as well as for future transition plan assessment methodology improvements.

Initial assessments were completed for both steps for all sectors where targets have been set. Subsequently, transition plan quality assessments were reviewed and enhanced, drawing on updated reference methodologies and sector-specific research. This led to improved guidance, more

focused set of questions and the inclusion of additional sector-specific questions for assessing transition plan quality.

The figure below shows the breakdown of our climate tiering system output for all entities in scope of our original sector targets, by sum of drawn exposures as of the end of 2024.

Climate tiering aggregated for the sectors for which we had set targets^A



A. Based on 2024 year-end drawn exposure, according to portfolio alignment methodology, and including project finance

Of our corporate customers with drawn exposure where transition plan assessments were conducted in 2024, approximately:

- two-thirds have set quantitative emissions reduction targets on sector-material GHG scopes between 2030 and 2039;
- one-third have set, or committed to set, science-based targets (SBTi), if available for the sector;
- over two-thirds have a time-bound action plan to align their business, with almost half providing details of the expected proportional impact of different alignment levers, according to our assessment;
- over half provide details or commitments for CapEx alignment with future low-carbon solutions;
- over two thirds undertake some form of climate scenario planning; and
- over half have senior management remuneration linked to progress towards achieving their GHG emissions reduction targets.

Governance

This section covers the requirement on qualitative information on environmental risk, specifically, the point on governance, for questions (e), (h), and (g)

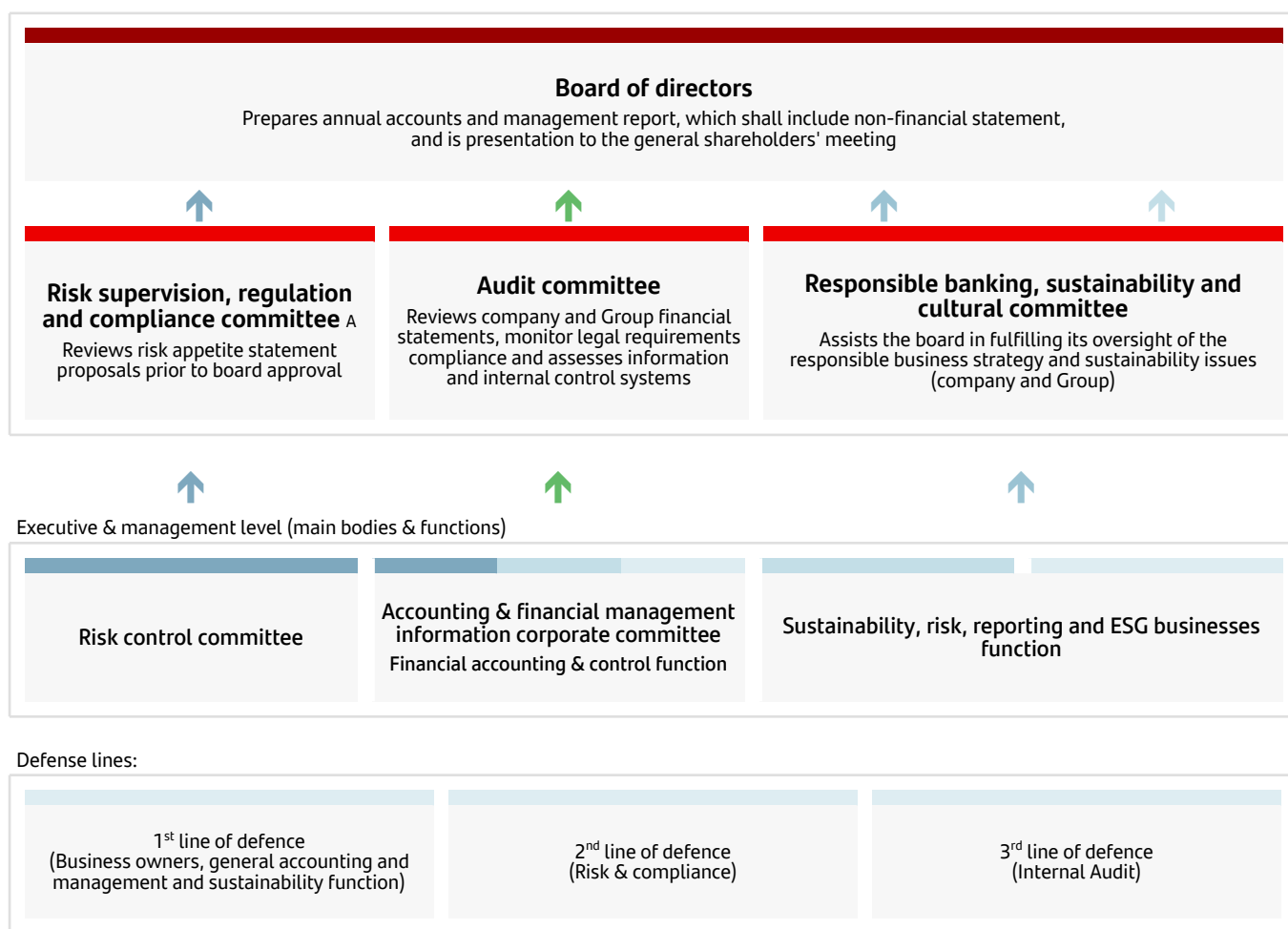
Governance bodies and frequency

We manage and review progress with sustainability at the highest level of the business. The board of directors is responsible, among other things, for approving the sustainability agenda and setting the sustainability strategy.

The responsible banking, sustainability and cultural committee proposes and oversees the development and implementation of the Group's sustainability strategy and policies, in support of the board of directors.

Other board committees also analyse specific sustainability topics. The audit committee is responsible for supervising and reviewing the financial and non-financial information process, as well as the **internal control systems**, to meet the most demanding international standards and complies with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The overseeing of material sustainability issues, as well as the main lines of action for their management, are periodically reviewed through the bodies shown below, which together form the governance of the function:



■ Overall responsibility ■ Supervisory oversight ↑ Reporting ↑ Risk ↑ Impact ↑ Opportunities

A. The BRC works with the RBSCC to review ESG-related conduct risk, data protection risk, customer vulnerability, reputational issues, risk policies and how business units adopted these policies.

The above-mentioned governance bodies manage and monitor environmental risks which mainly derive from physical and transitional risks, including, when applicable, its potential legal implications.

Management body's integration of environmental risks, organizational structure both within business lines and internal control functions

This section covers the requirement on qualitative information on environmental risk, specifically, the point on governance, for question (f)

In 2024, we continued to embed climate management in business-as-usual across CIB, Risk and Sustainability. For instance, CIB strengthened its corresponding governance. And Wealth continued to reinforce and update the working groups and policies that oversee and coordinate its SRI strategy. Consumer has different working groups that meet monthly to address sustainability projects and issues, and quarterly to review progress in the sustainability agenda.

Beyond global businesses, a number of local units are engaged in a process coordinated by Group Responsible Banking. The objective is to progress the decarbonization

agenda, promote knowledge and expertise sharing by local teams and seek synergy in the design of reliable transition plans.

Other corporate-level initiatives and groups that support governance meet regularly to implement our climate change agenda and inform on regulation updates. For example, our public policy sustainability working group updates on upcoming climate and sustainability regulation; a regulatory radar governance working group that meets quarterly to monitor the status of implementation of sustainability regulations and to assign responsibility for the implementation of regulatory initiatives to the Group's areas; an environmental footprint working group that measures our footprint and reviews ways to reduce it; and a sustainable bonds working group that oversees sustainable bonds issues from Group and its subsidiaries.

In addition, a new ESG Reporting & Internal Control team, set up in the second quarter of 2023, in the Financial Accounting & Management Control division oversees the disclosure, supervision and control of the ESG information the Group

uses to meet regulatory requirements and stakeholder expectations. This year, the team worked with each area in question to make information gathering and the governance and control of disclosed information more automated and efficient. The emission reduction objectives of our own operations emissions (scopes 1 & 2) have been reviewed in the Group's ESG Reporting Forum.

As part of our green transaction assessments, we created global, regional and local panels to provide additional scrutiny and validation, and coordination across the Group; agree on labelling transactions as green, social or sustainable; and make sure that we use the same standards and procedures across our footprint. The Risk function leads these panels, which business, compliance and sustainability teams also take part in.

Finally, the internal audit function reviews climate risk, for more details see '10.2.2 Governance'.

Since 2020, the Group's variable pay scheme and, since 2022, our long-term incentives, have considered green finance and the progress made with climate and other sustainability targets.

Santander integrates short-term, medium-term and long-term effects of environmental risks for the purposes of risk management through the integration of climate-related and environmental risk in our main strategic financial planning, that comprises annual budgeting, our three-year financial plan and the Group's long-term strategic plan.

Alignment of the remuneration policy with environmental risk-related objectives

This section covers the requirement on qualitative information on environmental risk, specifically, the point on governance, for questions (i)

Grupo Santander's remuneration policy reflects our strategic and long-term sustainability objectives. Variable pay is based on pre-determined, specific and quantifiable financial, sustainability-based and value-creation targets.

Our long-term incentives (LTI) scheme applies to our top 36 Groups' executives, including the Executive Chair and the CEO.

Sustainability has formed part of the last three LTI schemes, with a 20% weighting. The proposal for 2025-2027 will be subject to vote at the AGM in 2025.

Short-term variable remuneration has a qualitative and quantitative component. Under the qualitative component, sustainability has had a $\pm 5\%$ weighting in the Group, global businesses and subsidiaries since 2020. Short-term incentives apply to our top 236 Groups' executives and global and subsidiary corporate centre employees.

In 2024, 8% of the variable remuneration received by the Executive chair and the CEO has been linked to sustainability, while 2% of their total remuneration has been linked to climate actions.

The responsible banking, sustainability and cultural committee, remuneration committee, and board of directors approve these ESG incentive schemes.

The proposed parameters to assess ESG performance aim to reward progress with our main ESG metrics and embedding ESG in our management, as shown below:

Inclusive Culture	Progress with inclusive culture and other initiatives such as accessibility.
Financial inclusion	Progress with financial inclusion targets and other key initiatives in the social agenda (financial education, community investment, etc.).
Sustainable finance	Progress with sustainable finance and socially responsible investment.
Climate	Progress with our transition plan and the key levers to fulfil our net zero ambition.
Governance and cross-cutting matters	Conducting our double materiality assessment, implementing sustainability policies, and enhancing data efficiency and quality.

In 2024, shareholders at the AGM passed a board resolution on sustainability metrics for executives' 2024-2026 long-term incentives (with a weighting of 20%), which are consistent with our public targets. Half of the sustainability dashboard covers supporting the transition to a low-carbon economy, including socially responsible investment and green finance raised and facilitated. Moreover, this line of action considers the requirement to develop a transition plan that enables a score of over 100%. Achieving a credible and comprehensive plan will depend on the regulatory and political landscape.

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

- The final amount of variable remuneration will be set at the start of the following year (2026) based on the target bonus amount and subject to compliance with the annual objectives described in the Annual Report.
- 40% of the incentive will be paid immediately once the final amount has been set, and 60% will be deferred in equal parts paid out over five years and subject to long-term metrics:
 - The amount deferred over the first two years (20% of the total) will be paid in 2027 and 2028 on the condition that no malus clauses described in the Annual Report.
 - The amount deferred over the next three years (40% of the total) will be paid in 2029, 2030 and 2031, on the condition that no malus clauses are triggered and long-term targets are met. The long-term targets, described in the Annual Report, are:
 - A. Relative performance of Banco Santander's total shareholder return (TSR).
 - B. Return on tangible equity (RoTE).
 - C. Metrics linked to sustainability criteria.

In relation to ESG metrics, they determine the final payout of 20% of the portion of variable compensation tied to multi-year goals. Its achievement will depend on the progress made on the Group's Responsible Banking actions lines and associated targets: (i) women in executive positions, (ii) financial inclusion, (iii) socially responsible investment and (iv) supporting transition.

Regarding environmental aspects, these targets cover:

- **Socially responsible investment in 2027 as a percentage of total assets under management:**

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

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Assets under management that meet the criteria of Santander's Sustainable Finance and Investment Classification System (SFICS), over total assets under management.

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

Business raised and facilitated ^B between 2025 and 2027 (EUR bn)	Coefficient
≥ 220	1.25
≥ 165 but < 220	1 – 1.25 ^A
≥ 120 but < 165	1
< 120	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Grupo Santander's contribution to the transition of our customers: green financing disbursed and facilitated by CIB, sustainable financing of Retail and Commercial banking and Digital Consumer Bank.

As regards the overall assessment of these ESG metrics, they will be measured jointly with the social risk targets set out in the section on Remuneration policy for social aspects objectives. Each ESG goal has a different weighting:

- Women in executive positions: 20%
- Financial inclusion: 20%
- Socially responsible investment: 10%
- Supporting transition: 50%

This information can be found in the 6.4 'Directors' remuneration policy for 2025, 2026 and 2027' section in the Annual Report.



Access 2024 annual report available on the Santander Group website

Risk management

This section covers the requirement on qualitative information on environmental risk, specifically, the point on risk management, for questions (j), (l), (m), (n) and (q)

Integration of environmental factors in the risk framework: management, setting of limits and tools

At Grupo Santander, we manage climate and environmental factors with a special focus on those that are most material for the different risk types.

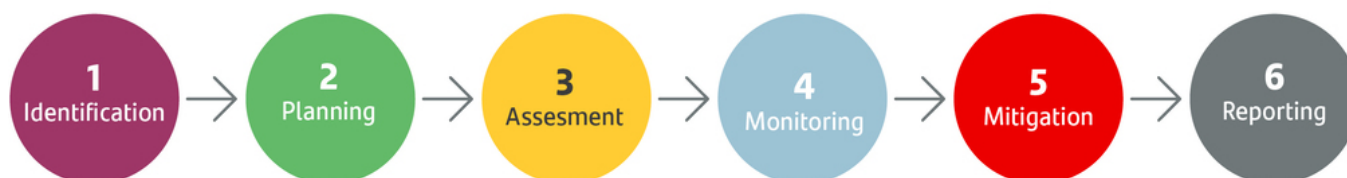
The management of these factors adopts a risk-based approach prioritizing climate and environmental aspects

based on the relevance and materiality in the Group and in the current landscape. We keep improving the consideration of the elements that stem from the transition to a low-carbon economy, the physical effects of climate change and biodiversity loss, and actions to consider negative impacts on nature.

In this section we explain how we consider environmental risks in the assessment of compliance with existing policies that affect risk management and, in particular, in the funding process by qualitatively assessing the environmental risks that may affect the assessment of their rating for CIB and Corporates portfolio customers in the sectors of the climate risk taxonomy.

Below we describe how we integrate these factors into the risk management cycle.

Risk management cycle



1. Identification

We conduct regular risk identification exercises to assess events that could threaten the Group's strategic plan. These exercises consider ESG risk factors — including mainly climate factors — with additional consideration of other factors such as greenwashing, environmental risks that go beyond climate (nature and biodiversity), social risks, among others.

Risk identification helps us understand the internal and external threats posed by the environment and climate change to our business model, profitability, solvency and strategy.

Moreover, our internal risk taxonomy, heatmaps and materiality assessments form the basis for identifying and classifying the material as environmental and climate-related risks in our portfolios.

2. Planning

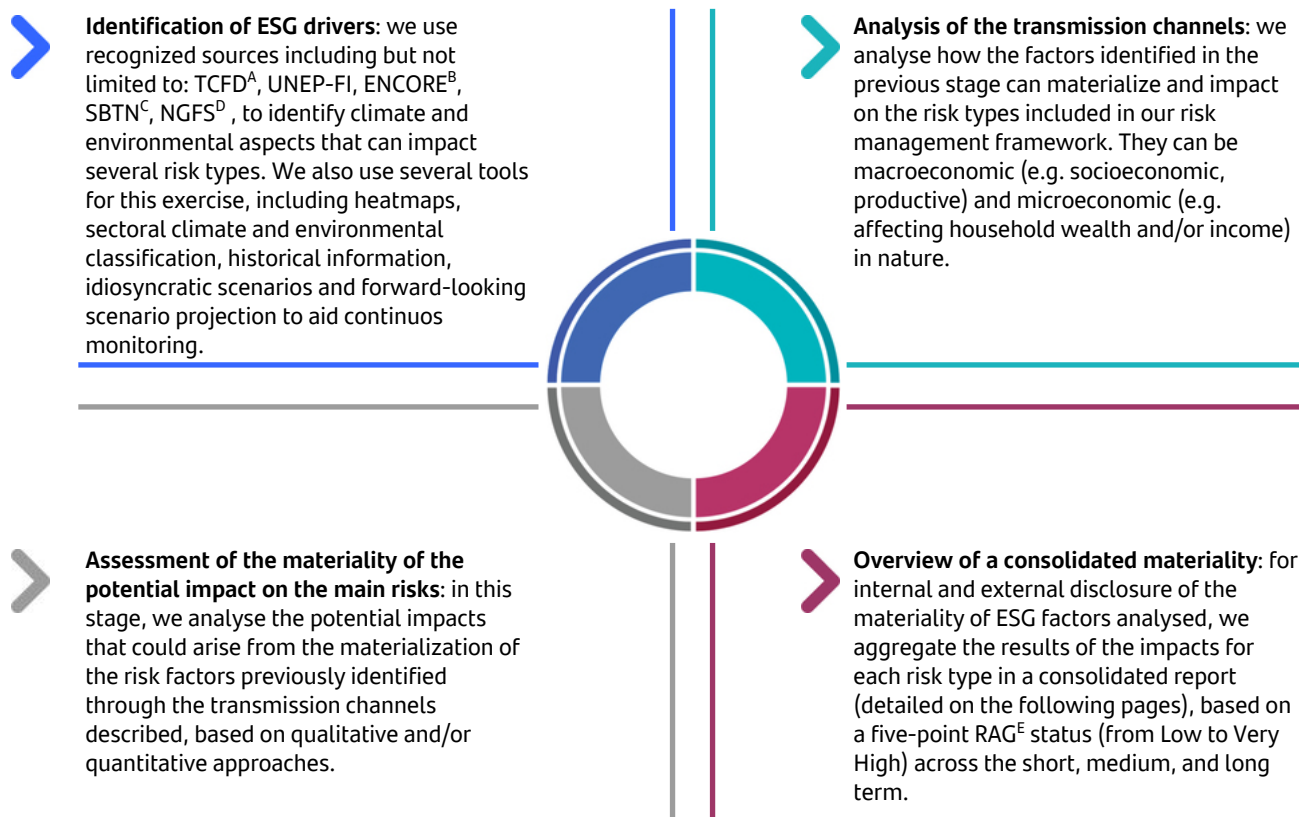
We include risk management into the strategic planning process that has different time horizons, in addition to the ad-hoc analysis at each moment:

- One year for the short term (this is the standard time horizon for the short term in the Group).
- One to five years for the medium term (financial planning).
- More than five years for the long term (strategic plan).

3. Assessment

This phase of the risk management cycle encompasses a variety of tools and methodologies, as well as assumptions, used by the Group to manage ESG aspects, as factors that may impact existing risks across different time horizons. We assess these factors regularly according to regulatory frameworks and practices.

The assessment of the ESG factors that could be material due to their potential impact on Santander's risk profile is conducted considering the following aspects:



A. Task Force on Climate-related Financial Disclosures
 B. A materiality database of dependencies between production processes and ecosystem services
 C. Science Based Targets Network
 D. Network for Greening the Financial System
 E. Red, amber and green

The following table shows the consolidated results of the materiality assessment by risk type and time horizon as of 2024:

	Transition Risk			Physical Risk		
	ST	MT	LT	ST	MT	LT
Credit risk^A						
CIB	●	●	●	●	●	●
Corporate & SME	●	●	●	●	●	●
Individuals	●	●	●	●	●	●
Auto Consumer	●	●	●	●	●	●
Operational risk^B	●	●	●	●	●	●
Market risk	●	●	●	●	●	●
Liquidity risk	●	●	●	●	●	●
Reputational risk	●	●	●	●	●	●

● Low ● Moderately low ● Medium ● High ● Very high

Short term (ST): 2025 | Medium term (MT): >2030 | Long term (LT): >2050

A. Assessment as of September 2024.

B. Assessment as of November 2024

In 2024, we continued to develop and enhance our materiality assessment approach in order to strengthen the resilience of our strategy. We have incorporated regulatory aspects, industry best practices, further homogenization, and synergy among different risk types in terms of sources, thresholds and scenarios.

The above table shows the final outcome of several procedures by risk type. These procedures use various tools and methodologies to assess the potential impact of climate factors. We use the above-mentioned risk factor materiality assessment to underpin climate risk identification and assessment as part of our double materiality procedure.

The materiality assessment's rationale for each risk type is as follows:

• 3.1 Credit risk:

We conduct a materiality assessment every quarter to identify, assess and monitor the Group's climate-related and environmental credit risks by sector and geography. This assessment involves a review of the present day and other time horizons based on climate scenarios.

We use in-house scenario analysis techniques and climate stress test models to calculate and monitor climate impacts on key credit risk metrics, such as the probability of default (PD) and loss given default (LGD), across several time horizons, scenarios and at all geography, sector and unit levels.

We complete this assessment with three further initiatives, among others:

1. Customer assessment for the CIB and corporate portfolios that analyse the key aspects of transition, physical, social and environmental aspects. This assessment is conducted locally.
2. Deep dives into key portfolios such as the collaterals in real estate and auto loans.
3. Geographical assessment of physical risk (acute and chronic) that uses information from expert models across different scenarios and time horizons.

The findings of our materiality assessments are key to defining our strategy, risk appetite, the identification of emerging risks and even for other stress test exercises (such as the ICAAP).

Materiality assessment enhancements in 2024

In 2024, we enhanced our credit materiality assessment to reflect the latest industry and regulatory developments by:

1. Enhancing geographic granularity of physical risk (acute and chronic) information in our European portfolio, from Nomenclature of territorial units for statistics at level 3 (NUTS3) to postcode in our core markets of Poland, Portugal, Spain and the United Kingdom;
2. The development of a new real estate module in Klima tool, which includes physical and transition risks;
3. Improved how we manage and assess collateral through the efficiency performance certificates (EPC) by obtaining data, developing estimation models and drawing up plans to gather such information during customer onboarding processes.
4. Implemented concentration metrics to monitor physical and transition risk management in our subsidiaries; and
5. Used internal climate stress test models (included in the ICAAP) to calculate financial impacts (customer "bottom-up" approach for the SCIB portfolio and "top-down" approach at sector and geography level for the rest of the portfolios).

Klima

We run our materiality assessments through our ESCC Credit Risk Management tool Klima, where we aggregate, manage and monitor ESCC risks at local and Group level, by sector and geography. It also includes an analysis of the physical risks of several economic activities and collateral.

We continue to work on enhancing climate information, methodologies and use cases:

1. Climate materiality:

Though the findings by sector of our 2024 credit risk materiality assessment (see table below) follow a similar pattern to 2023, transition risk exposure in CIB to most vulnerable sectors decrease slightly. Our portfolios continue to show less vulnerability to physical risk, given the concentration in low-risk locations.

Materiality assessment - Climate risk analysis and portfolio heatmap

September 2024 (pre-mitigation) - EUR billion

	TR	PR	CIB	Other segments
Power (conventional)	High	Medium	26	2
Power (renewables)	Low	Medium	13	0
Oil & Gas	High	Medium	20	1
Mining y metals	High	Medium	13	7
Transport	High	Medium	29	12
Auto Consumer	Medium	Low	0	162
Real Estate	Medium	Medium	7	386
Other climate-related sectors	Agriculture	Medium	3	9
	Construction	Medium	18	15
	Manufacturing	Medium	44	25
	Water & Waste	Medium	3	1
Climate sectors			175	621
Other sectors	Low	Low	65	212
Total portfolio			241	833

Low Moderately Low Medium High Very High

TR: transition risk. PR: physical risk.

CIB: REC (on and off-balance sheet lending + guarantees + derivatives

PFE: Potential Future Exposure).

Other segments: Drawn amount; includes individuals, SCF, Auto US, Corporates and Institutions, and SMEs.

Other sectors: considered as low risk; include: CIB, Corporate and SMEs outside the risk taxonomy perimeter // Individuals and SCF: cards and other consumer credit // Private Banking (excl. mortgages).

Exposure 0 represents exposure below EUR 500 million.

2. Vulnerability heatmaps

We analyse materiality assessment findings through heatmaps that show our vulnerability to climate risk. These heatmaps rate climate risks on a scale from 1 to 5 (low to very high).

These heatmaps are based on the present day and on scenario analysis methods and models that complement our qualitative methodology and provide a forward-looking and geography-based analysis of portfolios across the medium and long term, considering impacts based on their probability, relevance and duration. Although we illustrate these in the table below according to the statistical classification of economic activities in the European Community at level 1 (NACE 1, (from the French 'Nomenclature statistique des Activites economiques dans la Communaute Europeenne'-Statistical classification of economic activities in the European Community) breakdown, our sector analysis in risk management goes up to NACE level 4 to monitor the composition of our portfolios, capturing most of our value chain.

	Current	Transition Risk						Current	Physical Risk			
		Orderly			Disorderly				Hot House World			
		2030	2040	2050	2030	2040	2050		2030	2040	2050	
Oil & Gass												
Mining & Metals												
Power (Conventional)												
Power (Renewables)												
Transport												
Auto Consumer												
Agriculture												
Manufacturing												
Water & Waste												
Construction												
Real Estate												

Risk level:

Very high

High

Medium

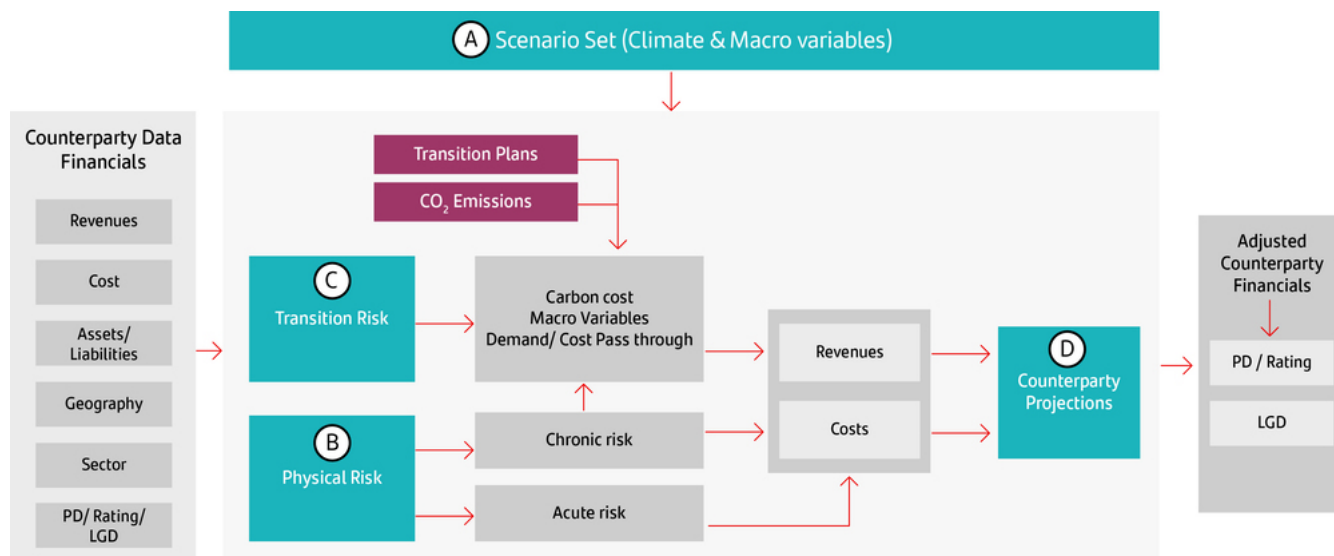
Moderately low

Low

Risk level: Very high High Medium Moderately low Low

3. Internal climate models

Detailed below is an overview of our internal climate model:



Our internal climate models enable us to quantify the financial impact⁷ of transition and physical risks that we monitor through changes in PD and LGD metrics. Our model estimates the direct and indirect impact of macroeconomic and climate variables, market trends and regulatory expectations. This model takes a bottom-up approach by considering each client's financial situation and technology. Where we don't have specific customer information, we use a top-down approach by sector and geographical location.

The development of internal models allows us a high degree of flexibility and capacity for analysis and adaptation to our portfolios, including its characteristics and maturities, to new economic and regulatory requirements. The main features are briefly described below:

A. Scenarios are based on those published by the NGFS⁸ and Representative Concentration Pathways (RCPs), developed by the Intergovernmental Panel on Climate Change (IPCC) which are reference in the sector. Moreover, our Research department embeds and broadens external scenarios to more specific variables by country and sector to achieve thorough vision aligned to our portfolios.

B. Physical risk impact considers the financial impact of acute and chronic risks, as well as long-term changes in

weather patterns to give us a wide range of events that we assess at regional level. For these financial impacts, we use data from an expert reinsurance company, considering scenarios across different time horizons. We include physical risk impact through:

- Chronic: impact on companies' revenue due to chronic physical effects (e.g. change in productivity).
- Acute: increase in costs due to damages to companies' assets from extreme weather events.

C. The impact of transition risk, relates to changes in drivers such as climate policies, technology and investor and consumer sentiment that can affect demand, which affects customers on an individual basis. Therefore, depending on the level of information available, we carry out a bottom-up or top-down approach.

D. Counterparty forecasts, which reflect the changes in the financial ratios included in the credit risk rating models and are based on forecasted revenues and costs under the different scenarios, including physical and transition risk impacts. The projected ratings give us the associated PD to the counterparty. Lastly, the LGD is estimated using the Frye-Jacobs relationship between PD and LGD.

⁷ Based on internal models and results from regulatory and supervisory climate stress exercises, the Group does not believe that additional environmental or climate change risk has had a substantial impact on its equity, financial situation and results in 2024.

⁸ NGFS scenarios provide the common and up-to-date reference point for understanding the evolution of climate risks and trends in climate policy and technologies over different time horizons. For this reason, they are used as a basis for showing impacts on our portfolios by calculating a range of outcomes.

NGFS scenarios

Physical and transition risks

Orderly, assumes ambitious climate policies implemented early, which gradually become stricter. Therefore, both physical and transition risks are relatively moderate.

Disorderly, climate policies are not introduced until 2030 and may differ between countries and sectors.

Hot house world (current policies), it is considering that some climate policies are implemented in some jurisdictions, but that global efforts are insufficient to stop significant global warming. Serious physical risks and irreversible changes, including rising sea levels.

RCP climate scenarios

Physical risk

RCP 2.6: stringent mitigation scenario with the aim to keep global warming below 2°C. This is associated with orderly scenarios.

RCP 4.5: intermediate scenario where emissions reach their peak in 2040 and then decrease. This is associated with disorderly scenarios.

RCP 8.5: very high GHG emissions. It is a business as usual scenario where emissions keep increasing throughout the whole century. This is associated with Hot house world scenarios.

4. Customer assessment

For corporate customers within climate sectors according to our risk taxonomy, the materiality assessment is complemented with analysis performed at local level that considers key physical, transition, social and environmental aspects.

We consider their findings in loan approvals and customer rating procedures.

Challenges and next steps:

Santander continues to work on embedding ESCC factors in our processes by upgrading our data, estimations, tools and models. In particular:

- i. Implementing models to assess the impact of climate on credit risk metrics (PD and LGD) by using scenario analysis and models, and including customers' ESCC assessments in corporate portfolio ratings.
- ii. Localizing CIB customers' production sites to obtain more accurate results in physical risk assessments.
- iii. Calculating financial impacts across the short, medium and long term through the climate stress test models already included in the ICAAP.

Consumer Auto

We conduct an in-depth analysis of this portfolio given the weighting of the Consumer Auto in Santander's portfolio and its specific characteristics and regulations. We consider key risk factors such as products evolution, residual value risk, portfolio average maturity, shifts in market sentiment and technology developments adapted to different markets. Moreover, we review other characteristics such as product type, borrowers' credit risk profile, engine type (internal combustion engine, hybrid or electric vehicle).

Physical risk

To assess physical risk by location, we work with a leader provider in the reinsurance industry, which enables us to measure the risk of 13 physical hazards (eight acute and five chronic). We analyse the markets where we operate, with a breakdown of over 1,250 regions (NUTS 3 or equivalent) and cover all economic activities in our risk taxonomy, as well as the business lines (such as mortgages and automobiles).

We assess each region (NUTS3) to measure the associated physical risks by rating them on our five-point RAG (Red, Amber, Green) scale (low to very high).

To assess the frequency and intensity of natural hazards, we use RCP scenarios across different time horizons (present day, 2030, 2040, 2050 and 2100).

Our analysis, based on a conservative approach, uses RCP 4.5 scenario and time horizons of 2030 for economic

activity sectors and 2050 for collaterals at Group level. The results are included in our materiality assessment at Group level, by region (Europe, North America and South America) and by subsidiary. The results show that while certain sectors are more exposed to physical risks, such as agriculture, conventional energy and mining, their concentration in the Group is very low (between 1% and 2%). The collateralized portfolios have the lowest impact, albeit with very high concentration of exposure in the Group.

The granular, forward-looking physical risk assessment enables us to actively manage these risks through monitoring, metrics and mitigation measures.

Finally, to measure and quantify physical risks more accurately, we increased the granularity of physical risks for the European portfolio (Spain, Portugal, the UK and Poland, as we now have information at postcode level).

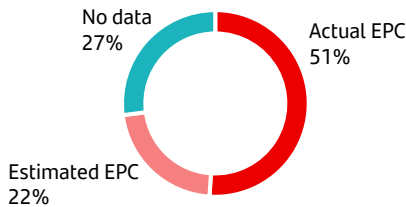
Real estate

Santander's real estate portfolio accounts for a large proportion of Santander's balance sheet, which is why we developed a specific module within the Klima tool with a detailed overview of the portfolio's transition and physical risk.

Regarding transition risk, we increased the quality and quantity of EPC data by obtaining information, developing estimation models and defining plans to gather information during the customer onboarding process. This internal model consists of a machine learning algorithm that applies a combination of variables related to the real estate guarantee (type of property, geographic location, etc.), learning from observations made from actual data available. These enhancements give our analysis a broader scope, covering the corporate and retail segments.

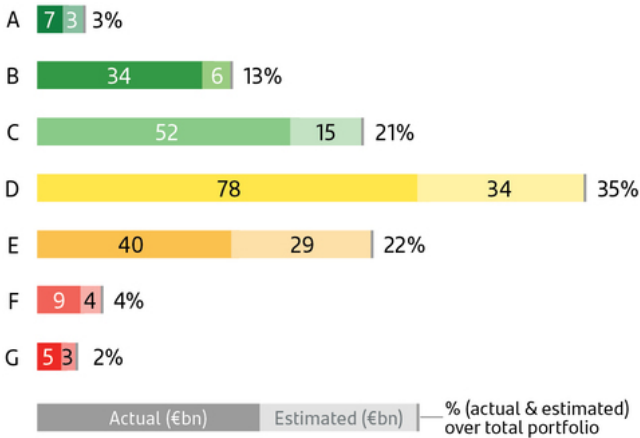
This chart shows the EPC coverage of our balance sheet and distribution of actual and estimated EPC labels based on the standards and regulation in each market where this information exists:

Residential and commercial real estate EPC data (December 2024):



Distribution of exposure to residential and commercial real estates portfolios by EPC (December 2024):

Distribution based on Portfolio with EPC information. (RAG according EPC Standards)



We made considerable progress with physical risk through a review of acute and chronic risks in several scenarios and time horizons, broken down geographically at NUTS3 level. Considering a forward-looking view across different time horizons, the percentage of exposure to high and very high physical risks is not material compared to our total portfolio.

Nonetheless, we continue working on conducting a more granular assessment in Europe, where our portfolio concentration is higher.

• 3.2 Operational risk:

We assess the potential impact of physical risk through a combination of specific location-based risk scores, data on the bank's own facilities and insurance, and internal scenario analysis for certain physical risks. We assess the potential impact of transition risk through operational risk tools and external ESG-related events.

We assess physical risk as low in the short term and moderately low in the medium and long term, mainly due to exposure to more frequent and severe weather events in the regions where we operate.

For transition risk exposure, the most affected time horizon is the medium term, owing to legal and compliance risk arising from adaptation to new regulation in each jurisdiction, an increase in the number of greenwashing-related sanctions, an increase in the volume of green business, and greater awareness of climate change among external stakeholders.

• 3.3 Market risk:

To assess the potential impact of climate factors, we conduct regular analysis of our trading portfolios to identify the materiality of positions with potential exposure to market risk climate factors. We then compare the findings from climate stress scenarios (both physical and transition risk) to those from internal, stressed and budget scenarios. This analysis concludes that the materiality is low or moderately low depending on the time horizon, due to the low exposure to climate sensitive sectors both in the bond and equity portfolios.

• 3.4 Liquidity risk:

To assess the potential impact of climate factors, Santander compares the findings of climate stress scenarios with liquidity stress scenarios. We have a suite of physical and transition risk scenarios (disorderly transition scenarios, extreme climate events, historical events, etc.) whose impacts on liquidity are well below current internal and regulatory stresses due to their limited effect on high quality liquid assets (HQLA) and stable retail deposits.

• 3.5 Reputational risk:

We conducted a reputational risk materiality assessment in 2023 (and updated it in 2024) to assess the potential impact on reputation of the key climate-related and environmental levers across the short, medium and long term under several scenarios. In line with our strategy, policies and management models, we consider the environment collectively. Thus, the materiality assessment includes identifying and assessing climate change and other environmental impacts.

The assessment is a complex procedure that considers several sources of information and criteria across these phases: i) definition of reputational risk levers related to physical and transition risk; ii) assessment of risks by country and by portfolio exposure in sensitive sectors; iii) climate scenarios according to the Network for Greening the Financial System (NGFS); and iv) time horizons (short, medium and long-term).

The reputational risk materiality assessment findings show that transition risks would have a greater

reputational impact than physical risks, as transition risks tend to relate more to stakeholder scrutiny over time, which are the main grounds for reputational risk exposure.

It is our aim to have clear climate and environmental risk objectives, policies and procedures, and solid governance to manage them correctly. Even if extreme climate events occur, and based on the experience of several of them recently, from a reputational risk management standpoint, we believed that Santander has demonstrated its strength and robustness in this regard and its ability to react to a given event.

In 2024, we updated our reputational risk materiality assessment approach based on official reports and studies from recognized organisations. Additionally, we have continue working on further homogenization and synergy between risks in terms of information sources, thresholds, scenarios and others.

4. Monitoring

In addition to the processes described above, we carry out a continuous monitoring of ESG aspects based on:

- At Grupo Santander, we constantly monitor the risk profile and our compliance with risk appetite limits through control functions that report to the board.

Since 2021, we have been enhancing our risk appetite statement with quantitative metrics for thermal coal and mining and power related customers.

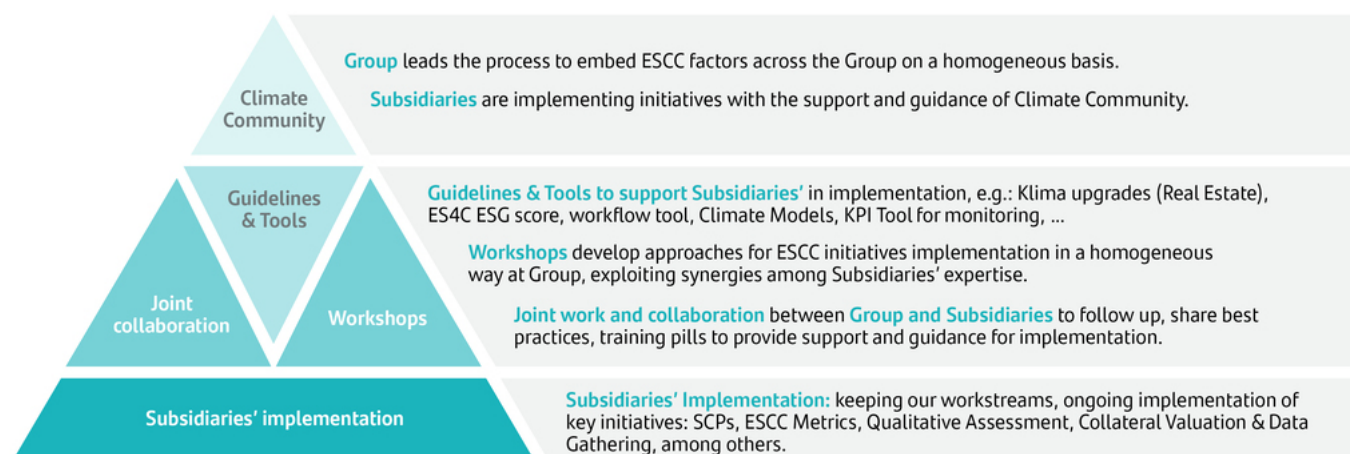
In 2024, we implemented the metrics approved in 2023 for oil and gas, steel, and aviation. We also approved two new metrics, one for the automotive sector and the other for Santander Consumer Finance's Auto business which will be implemented in 2025.

- We are in permanent contact with our customers to monitor and support their transition plans. We continue to embed ESG risk factors in credit risk granting and monitor processes through our target operating model, The Climate Race.

This model is supported by the following pillars: strategic planning, risk management, loan approval and tracking, models and systems, and culture and governance. The timeline to implement was defined for 2023 and 2024 considering the supervisory expectations and Group's strategy. During 2025, we will continue with a more granular implementation.

- Our ESG Regulatory Radar enables us to monitor updates to ESG and other regulatory frameworks, as well as the potential efforts and financial impacts that the implementation of these changes may entail.
- Moreover, the Risk, Compliance & Conduct function monitors ESG initiatives (including acquisitions and divestitures) presented to the investment forum whose delegated authorities come from the board executive committee, as well as from the corporate product governance forum (CPGF).

- During 2024, we continued working on our Climate Community as an additional lever for a proper integration of ESCC risk factors in the Group in a collaborative manner. This community keeps the units up to date, shares best practice, sets guidelines to support homogeneous implementation and provides a clear governance structure and allocation of responsibilities. For more details, see the following chart:



5. Mitigation

We have various **internal documents, policies and frameworks** that integrate climate and environmental factors into our risk management processes. These elements are key to mitigating and adapting climatic and environmental factors.

Our ESCC risk management policy establishes the standards for investing, and providing financial products and services to companies and customers in oil and gas, power generation and distribution, mining and metals, and soft commodities (especially retail customers dedicated to farming and livestock in the Amazon). It dictates prohibited activities and those that require special attention for the aforementioned sectors⁹.

Our credit granting policies consider climate and environmental factors such as, among others, our internal taxonomy (SFICS¹⁰), credit committees conclusions, corporate clients ratings and collateral management.

To mitigate the risk of greenwashing, we reviewed key processes and responsibilities to supervise the appropriate development, management and disclosure of our sustainability strategy, products and practices, while monitoring regulatory developments in this area.

We also mitigate this type of risk through **client engagement** for the most material sectors according to the climate materiality assessment.

This enables us to support customers in their transition to a more sustainable economy, offering them tailor-made solutions and generating business opportunities. Engaging

with customers gives us access to data on ESG risk that we can use for internal risk management and reporting. Obtaining and cross-checking data directly from our customers is one way to mitigate ESG risks, including greenwashing.

Additionally, we consider ESG aspects in customer assessments to determine whether they have an **impact on credit quality**.

We launched several projects so that credit analysts have all the information and tools necessary to perform this assessment.

- Sector guidelines are followed to identify the major transition and physical risks each sub-sector is exposed to and how to pinpoint them in customer engagement. We delivered training sessions in several markets to build on these guidelines.
- ESG assessment guidelines with different levels of detail depending on the risk. In some instances, we conduct an automated assessment at different levels for physical, transitional and reputational risk, with higher risk levels undergoing a more comprehensive and contextual assessment in material cases. We're implementing this assessment model for our retail banking portfolio across several markets.
- Survey library (EQAL¹¹): we developed a global tool to customize and store our numerous ESG surveys and assist in their identification and review. This will enable us to compile historical ESG data and conduct more aggregated analysis based on wider criteria. EQAL is now operational

⁹ To the extent required by applicable law, customers and transactions involving activities enumerated in this section will be subject to an enhanced due diligence process to determine the unique risks presented prior to decisioning.

¹⁰ SFICS: Sustainable Finance and Investment Classification System.

¹¹ EQAL: ESCC Questionnaires & Assessments Library.

in Portugal and is currently being implemented in Spain. For Brazil, the system will be customized to replace the existing tool currently in use in the country.

Lastly, we continue working on other mitigation levers:

- i. Credit committees, which embed environmental, social and climate change factors in transaction reviews.
- ii. CIB customer ratings, including qualitative environmental, social and climate change assessments for material sectors.
- iii. Special prices for certain products.
- iv. Collateral management (EPC), based on enhanced data acquisition, estimation model development, and information collection during the customer onboarding process.
- v. Specific procedures to analyse environmental, social and climate change risk. The board and its committees verify that decisions are made according to our ESCC and reputational risk policies. The first line of defence conducts a due diligence with special sector-based questionnaires for credit approval. The reputational risk assessment also forms part of decision-making contributing to compliance and preventing from risk of false accusations (with particular focus on greenwashing). The due diligence consists of assessing the CIB's project finance transactions according to the Equator Principles.
- vi. Lastly, we have a **multidisciplinary working** group, where, among others, ESG issues are considered. This group is coordinated by the reputational risk function and discusses actions needed to mitigate any matter that may have a reputational impact.



ESG classification meetings

Throughout 2024, we worked on extending our sustainable operations identification model to all global businesses, amending existing processes accordingly.

We created local and global commercialization committees and ran ESG classification meetings as the governance bodies tasked, analysing and monitoring products and transactions with an ESG component, contributing to the fact that these bodies have experts to interpret and demonstrate ESG standards through centers of excellence as well as seeking input from business, risk and sustainability teams.

We began working to implement the updated sustainable classification model by identifying the affected processes and the changes to be made across markets.

6. Reporting

Transparent and regular reports to senior managers and stakeholders help us manage climate and environmental factors and comply with the law and supervisors' expectations.

We work so that the information available to our stakeholders is complete and consistent, conveys adequately Santander's sustainability strategy and management, and mitigates potential risks.

Our reporting on climate and environmental risk management includes our Annual Report, the ICAAP exercise, and our Pillar 3 disclosures report.

Main activities in 2024

- Advances in risk appetite, establishing new metrics and limits to support our strategy.
- Development of internal climate models that enable us to enhance how we quantify the financial impact of transition and physical risks on credit risk variables.
- Increased geographical granularity in physical risk information (acute and chronic) for the European portfolio, from NUTS3 to postcode in Spain, Portugal, the UK and Poland
- Improvements on how we manage and assess collateral through the EPC by obtaining data, developing estimation models and development plans to gather information.
- In order to mitigate the risk of greenwashing, we have reviewed the most relevant processes and responsibilities to supervise the correct definition, management and disclosure of our strategy, products and practices.
- Progress in the implementation of the climate risk management model through the Climate Race initiative to integrate ESCC factors into the credit risk granting process.
- Advances in materiality assessments in terms of biodiversity through an internal methodology to assess both nature-related impacts and its dependencies.

Our approach to nature and biodiversity

Climate change is inextricably linked to biodiversity and nature. Climate change is one of the main drivers of nature and biodiversity loss and impacts the resilience of ecosystems, limiting their ability to regulate climate and serve as carbon sinks.

While our materiality assessment considers 'Biodiversity and ecosystems' an informative topic, we continue to oversee our operations and impact on biodiversity and nature in view of our climate objectives.

Given our financial activity, and the location of our buildings and offices, mainly in urban areas, no sites located in or near biodiversity sensitive areas are identified¹². We are conducting an analysis to determine whether any of them could be in or near biodiversity sensitive areas.

We conducted an assessment on our corporate portfolio, which considers the country in which our customers operate, to learn of the direct impact and dependency of their business on nature and biodiversity.

We followed the Task Force on Nature-related Financial Disclosures' (TNFD) LEAP¹³ approach. We used two tools:

- ENCORE: A materiality database of dependencies (physical risks) between production processes and ecosystem services. For our core markets, we complemented the database with internal localization criteria based on ENCORE's hotspot depletion maps. These criteria cover three natural capital assets: soil and sediment, water, and biodiversity.
- UNEP-FI Impact Analysis Tool: This tool provides an in-built impact (transition risks) mapping that, combined with our internal data and context, enables us to identify the most significant impact areas of the portfolio.

The ENCORE database helps us to begin to understand how the deterioration of natural assets could cause a loss of

production processes, and the financial consequences it could have.

This methodology enabled us to analyse their dependencies (physical risks¹⁴) on over 20 ecosystem services in more than 10 sub-segments of our corporate lending portfolio.

Additionally, in 2024, Santander Brasil participated with various organizations in TNFD pilots to explore how to tackle nature impacts and dependencies more effectively. We used the LEAP approach and focused on the Locate phase. We gained important insight into how data gaps and a lack of methodologies tailored to highly biodiverse tropical countries limit private companies' ability to account for those factors accurately. Addressing these issues will require further work and collaboration throughout the sector to align with stakeholders' expectations.

Nature and biodiversity heatmap

Based on the above mentioned approach, we use a 'heatmap' to aggregate nature-related dependencies and show the level of threat of potential events that may affect our corporate portfolio at Group level.

We used this exercise as an input to meet disclosure requirements ESRS E2 (Pollution), ESRS E3 (Water and marine resources), ESRS E4 (Biodiversity and ecosystems) and ESRS E5 (Resource use and circular economy) in relation to ESRS 2 IRO-1. We rate our dependencies on a scale of 1 (very low dependence) to 5 (very high dependency). These are the results:

¹² The main environmental impact of our offices stems from their maintenance and how we manage the waste we generate. So far, we have not deemed it necessary to adopt biodiversity mitigation measures in our operations. Nonetheless, on certain occasions we have considered corrective or mitigation measures as part of our customer lending due diligence and in application of our ESCC policy.

¹³ LEAP approach: locate, Evaluate, Assess and Prepare.

¹⁴ This analysis does not consider systemic risks since no tools have been identified that include them.

		Corporate portfolio
Pollution	Pollution of air	●
	Pollution of water	●
	Pollution of soil	●
	Pollution of living organisms & food resources	●
	Substance of concern and very high concern	●
Water & marine resources	Water withdrawals, consumption and use	●
	Habitat degradation & intensity of pressure on marine resources	●
Biodiversity & ecosystems	Direct drivers of biodiversity loss	●
	Impacts on the state of species and on the extent and conditions of ecosystems	●
	Impacts & dependencies on ecosystem services	●
Circular economy	Resource inflows, including resource use	●
	Resource outflows related to products and services	●
	Waste	●

● Very low
● Low
● Medium
● High
● Very high

No nature-related topic or sub-topic was considered material at Group level. We monitor these and other sectors closely as part of regular updates to our nature materiality assessment.

International standards on which the environmental risk management framework is based

This section covers the requirement on qualitative information on environmental risk, specifically, the point on risk management, for questions (k)

The ESCC risk management policy, which is reviewed annually, sets out the standards for investing in, and providing financial products and services¹⁵ to companies and customers in oil and gas, power generation and distribution, mining and metals, and soft commodities (especially retail customers dedicated to farming and livestock in the Amazon).

As disclosed on the ESCC risk policy, we are part of the main and most important local and global initiatives to support the inclusive and sustainable growth. Some examples are:

- Task Force on Climate-related Financial Disclosure (TCFD).
- UN Global Compact.
- Equator Principles.

The Group establishes ESG policies, procedures and guidelines adapted to local regulations and applied to all units. We review systematically the scope of the policies to adopt ESG standards in accordance with international best practices. The main ones are the ESCC risk policy and the Responsible banking and sustainability policy.

Additionally, as stated in the Annual Report, the SFICS outlines common standards to consider an asset or activity as environmental, social or sustainable in all the Group's units and businesses. It draws on such international market guidelines, standards and principles as the EU Taxonomy (including the four new environmental targets for 2023), ICMA (International Capital Market Association) Principles, LMA (Loan Market Association) Principles, UNEP FI Framework and the Climate Bonds Standard.

The SFICS enables us to track our sustainable activity, support product development and mitigate greenwashing risk.

Impact of environmental risk on capital and liquidity risk

This section covers the requirement on qualitative information on environmental risk, specifically, the point on risk management, for question (o)

The environmental and climate-related risk drivers are considered as factors that could impact the existing risks in the medium-to-long-term. These elements include, on the one hand, those derived from the physical effects of climate change, generated by one-off events as well as by chronic changes in the environment 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 customers, 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, within the regulatory capital adequacy exercises (ICAAP) and liquidity stress testing (a component of the ILAAP), climate and environmental risk scenarios and factors have been included covering both physical and transition events. These contribute to the estimation of potential impacts on the occurrence of one or more environmental risk events on the Group's position in these scenarios.

Likewise, Grupo Santander has participated in the various climate stress regulatory exercises carried out recently, which have been classified as learning exercises in the industry. Results showed that the Group's coverage for potential losses would be sufficient in view of portfolio maturity over time.

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 2023.

Still, this matter is constantly changing, and, like other banks, the Group is working on developing more methodologies to better measure potential loan loss in line with new management needs, best practice, and regulators' and supervisors' requirements. In particular, we monitor progress in this regard both in the prudential area (mandate of the European Banking Authority in article 501c of Regulation (EU) 575/2013), and that resulting from the plan for the second phase of the post-review implementation of IAS 9 by the IASB regarding the calculation of expected losses.

¹⁵ Transactions that entail credit risk, insurance, advisory services, equity, and asset management.

Data availability, quality and accuracy

This section covers the requirement on qualitative information on environmental risk, specifically, the point on risk management, for question (p)

As stated by the EBA in the Report on management and supervision of ESG risks for credit institutions and investment firms, one of the main challenges faced by financial institutions in the integration of ESG risks is insufficient data. While we continue to work on increasing granularity and quality, Santander Group already has the relevant information and data to manage environmental risks, including activity codes, customer and collateral location, EPC certificates and emissions.

The main challenges in terms of data availability, quality and accuracy include the following elements:

- The availability of energy efficiency certificates, especially in those geographies where there is no specific regulation or requirement.
- The collection and availability of customers' financed emissions, information that will improve in Europe with the recent entry into force of the CSRD regulation.
- Improving the granularity and accuracy of the information needed to assess physical risks. In this regard, as explained in Template 5, granularity has been increased in the Group's geographies with the most exposure, and physical risk is now analysed on the basis of postcode or equivalent.

In order to achieve the above, the following lines of work are being carried out:

- Enhance the internal ESG information available.
- Strengthen the customer registration and risk admission process.
- Supplement the information available through external providers.
- Assess the development of models and proxies to be able to estimate the information not available.

Link between environmental risks with other risks in the management framework

This section covers the requirement on qualitative information on environmental risk, specifically, the point on risk management, for questions (r)

We consider ESG risk factors, especially climate-related and environmental factors, cross-cutting and likely to have an impact on credit, market, liquidity, operational, reputational, strategic risks, among others.

The management of these factors adopts a risk-based approach prioritizing climate and environmental aspects based on the relevance and materiality in the Group and in the current landscape. We keep improving the consideration of the elements that stem from the transition to a low-carbon economy, the physical effects of climate change and biodiversity loss, and actions to consider negative impacts on nature. We identify below the typologies of climate and environmental risks:

Transition risk (TR)



Market sentiment

Changes in the supply and demand of certain commodities, products and services which are considered climate risks and opportunities, pose a reputational risk among other potential issues.



Policy action

Implementing carbon pricing mechanisms to reduce greenhouse gas emissions, using energy sources with lower emissions, adopting energy efficient solutions, and promoting water efficiency measures and more sustainable land use practices.



Technology

The need to build and innovate to support the transition to an energy efficient financial system with lower CO2 emissions. This can have a significant impact on companies as new technology displaces obsolete systems and disrupts some components of the financial system as we know it.

Physical risk (PR)



Acute

Intense extreme weather events, such as wildfires, hurricanes or floods.



Chronic

Changes in rainfall patterns, extreme weather variability, average temperature rises, severe heatwaves, droughts and rising sea levels.

Beyond climate



Natural risk

Negative impact of nature degradation (including its biodiversity and the loss of ecosystem services) on economies, financial institutions and financial systems; and/or the lack of alignment of economic players with actions to protect, restore and reduce negative impacts on nature.

We measure the potential impact of the climate and environmental factors of each risk type across several time horizons, based on the average maturity of the portfolios analysed. The following table shows the potential impacts and our progress against the climate and environmental matters in 2024, and next steps:

Risk type	Climate ^a and environmental drivers	Time horizon analysed	Potential Impact of climate and environmental risk factors	What we're doing to manage climate and environmental risk	Next steps
Credit		Present day short - medium - long term	• Extreme weather can lead to higher retail and corporate loan default and lower collateral value. It can also lead to lower incomes, harm agriculture, and increase insurance coverage and premiums. Moreover, changes in wind patterns that reduce energy production can lead to higher operating costs and hamper productivity. The degradation of nature can affect productivity in the agricultural sector and the value of collaterals. This may increase asset depreciation and early disposal due to property damage in 'high risk' locations. • Adverse weather conditions can cause significant financial losses, endanger communities, harm the environment and affect the value of collaterals. • The failure of borrowers to adapt their business models to a low-carbon economy could heighten credit risk and, therefore rise the risk of an income or activity reduction that may increase default or lead to a loss of business value. • Market sentiment that influences demand; obsolete technology; customer preferences. • Higher operating costs for carbon-intensive customers; information requirements (data gathering), especially on emissions (e.g. Scope 3) and green taxonomy disclosures; and new EU financial information directives stemming from government measures.	• Conducting materiality assessments to identify physical and transition risk in our portfolios. • Monitoring of climate concentration risks by sector and region in the short-, medium- and long-term. • Creating vulnerability heatmaps for the analysis of climate risks in the present day, short, medium and long term via Orderly, Disorderly and Hot House World scenario analyses. • Implementing mitigation measures such as policies, thresholds and insurance to combat risks and their impact. • Conducting scenario analyses and measuring sensitivities to forecast changes in ratings, the probability of default (PD) and loss given default (LGD) considering physical and transition risk. • Monitoring portfolios through metrics to control E&CC3 risk factors in BAU processes. • Measuring E&CC factors across customer and transaction analysis and embed into ratings. • Monitoring risk appetite limits and alerts to manage climate-related sectors.	• Monitor the progress of the subsidiaries against The Climate Race (our credit risk target operating model for climate and environmental factors) to ensure the successful inclusion of E&CC factors across the end to end credit risk cycle, to allow the identification and mitigation physical and transition risk. • Calculate financial impacts through internal climate models for the short, medium and long term. • Continue to develop and enhance tools to monitor E&CC factors that consider physical and transition risk in each segment.

Risk type	Climate ^a and environmental drivers	Time horizon analysed	Potential Impact of climate and environmental risk factors	What we're doing to manage climate and environmental risk	Next steps
Market		Short term	- High volatility in market factors under stress scenarios. - Changes in market perception leading to wider credit spreads for business in impacted sectors. - Extreme weather conditions could raise concerns about the business plans of companies operating in the impacted sectors and widen their credit spreads.	- Regular reviews of climate stress scenarios and the subsidiaries that apply them. - Stress testing using physical and transition risk scenarios. - Trading portfolio analysis of current exposure to climate-sensitive business activities.	- Enhance stress testing by reviewing new scenarios to include in the exercise. - Adapt stress testing to best market practices.
Liquidity		Short term	- Market impacts on the value of high quality liquid assets in Santander's liquidity buffer. - More frequent extreme weather that stifles economic growth in countries susceptible to climate change, causing sovereign debt to rise and limiting access to capital markets. - Cash outflows from companies trying to boost their reputation in the market or solve problems with climate scenarios. - Extreme weather conditions could cause financial impact on companies operating in the affected sectors impacting the funds deposited in the bank.	- Qualitative and quantitative climate scenario analyses of impacts on highly liquid assets (HQLAs) and financing of exposed companies. - Analysis of higher outflows due to changes in market perception of corporations in climate-sensitive business activities.	- Enhance stress testing and reviewing new scenarios to include them in the exercise. - Adapt stress testing to best market practices, including new liquidity scenarios to measure their impact.
Operational		Short - medium - long term	- Severe climate events can cause damage to our assets, including branches, data centers, headquarters and other owned or rented properties. Impacts on our own or our suppliers' premises can also affect business continuity. - Climate and environmental - related factors can also lead to operational risk losses from litigation, claims due to inadequate sales or non-compliance with ESG standards.	- Conducting operational risk and self-assessment controls that include ESG-related risks to evaluate our exposure. - Conducting mandatory operational risk scenario analysis that cover extreme physical and transition risk events. - Including an ESG flag in the operational risk events database to identify events and losses from climate-related and environmental risks. - Including an assessment of climate threats in business continuity scenarios. - Conducting a materiality assessment on climate-related operational risk. - Updating documentation and delivering training relating to the embedding of ESG factors across operational risk management, as well as sharing best practices throughout the Group.	- Enhance operational risk reporting on climate and environmental - related factors. - Promote cooperation within the industry to share data, scenarios and best practices on climate-related operational risk management. - Work with the Corporate Insurance team to conduct analyses on the insurability of climate-related losses.

Risk type	Climate ^A and environmental drivers	Time horizon analysed	Potential Impact of climate and environmental risk factors	What we're doing to manage climate and environmental risk	Next steps
Reputational	    	Short - medium - long term	- Customers, investors and other stakeholders could believe that banks aren't doing enough to meet low-carbon targets, that they could be acting against their policies, or that their public objectives do not meet stakeholders' expectations. - Stakeholders' potential perception of inadequate financing and investment in climate and environment-related sectors, including activities linked to deforestation and/or biodiversity loss. - Possible misinterpretation by customers, investors and other stakeholders of institutional disclosures or statements, actions, announcements, policies and the sustainability features of products.	- Implementing preventative measures to manage reputational risk and disclose risk data so that governance bodies can make informed decisions when assessing or sanctioning sensitive transactions that involve climate and environmental risk. - Regularly monitoring reputational issues and disputes (including climate and environmental matters) via working groups, involving functions such as legal, sustainability, investor relations, public policy, supervisory and regulatory affairs, risk, among others. - Development and update of greenwashing risk management guides that define the roles and responsibilities of key processes, and subsequently set specific training programmes. - Enhancing materiality assessments to measure climate-related and environmental reputational risk. Developing a methodology to quantify the reputational impact of climate and environmental risk.	- Continue to strengthen collaboration between business and support areas as well as risk and compliance functions to embed climate and environment-related reputational risk in our operations. - Continue bolstering greenwashing risk identification, management and control. - Continue managing ESG events that pose material reputational risk and anticipate these events through early detection measures.
Strategic	     	Short - medium - long term	- Our strategy could be affected if we fail to achieve our climate and environmental targets, including those related to the activities we fund and those related to our own operations. - Regulatory divergence between climate change and ESG requirements in the markets where we operate, including a possible new regulatory cycle and slowdown in the implementation of the Paris Agreement.	- Challenging ESG targets in the Group's strategic planning. - Monitoring the Group's ESG indicators regularly. - Monitoring ESG indicators as part of our regular competitor analysis. - Identification of emerging ESG risks, including analysis of the potential impact under stressed scenarios on the Group's strategic targets to ensure action plans can be implemented in the event such risks materialize. - Monitoring ESG initiatives presented at the corporate product governance forum (CPGF) and investors' forum.	- Regularly review ESG indicators to support alignment with the Group's strategy. - Regularly review indicators in relation to business model performance. - Monitor climate and environmental threats as part of emerging risk identification.

A. Though all climate drivers impact on risk factors, we have only included the key ones in this table.

B. E&CC: environmental and climate change.

 Chronic
  Acute
  Market sentiment
  Policy action
  Technology
  Natural risk

Social risk

Business strategy and processes

This section covers the requirement on qualitative information on social risk, specifically, the point on business strategy and processes, for question (a)

Integration of social factors on the business strategy

According to the Annual Report, the Group's strategy focuses on ESG issues that are material to Santander, according to our double materiality analysis. Our social ambition is to support our employees, communities and customers. We set out below our strategy and how we integrate social risks for each of these groups.

As regards our **employees**, our strategy focuses on offering an attractive employee value proposition that offers real opportunities, promoting the respect of their rights and welfare. The Group's approach is based on:

- **Talent and skills development:** Grupo Santander promotes a culture of continuous learning and development of employees and their personal growth. From senior executives, with the Elevate programme, to the youngest workers, with initiatives such as Young Leaders or BeTech& Business.
- **Working conditions:** the main pillars are health, well-being and protection of employees, with good work-life balance and well-being programmes such as BeHealthy. In addition, we strive to offer adequate, competitive and equitable remuneration, accompanied by corporate benefits adapted to local conditions.
- **Inclusive culture:** is a component of our corporate culture policy, through which we focus on building a merit-based culture of equal opportunity and inclusion in compliance with laws. Related matters are discussed at the highest level, the Group board cannot delegate these discussions and our executive committee reviews progress. Our main lines of action are gender equality, effective inclusion of people with disabilities, visibility of the LGTBIQ+ community, ethnic and cultural diversity, and anti-bullying training.
- **Employee feedback and experience:** we follow a regular listening strategy to gather employee feedback, called 'Your Voice', and analyse identified material impacts and employee concerns. In a broader sense, cross-geographical and global business action plans are also established. During this year, numerous actions have been launched to improve the employee experience and value proposition. Some of these initiatives have focused on professional growth, recognition, and workload management.

The Group also integrates social risks related to our **communities** and their sustainable development into its strategy. The aim is to drive growth and job creation in the regions where we operate through:

- **Responsible investment and social finance:** Santander's financing activity supports social activities such as the construction of hospitals, universities and housing for vulnerable groups. During 2024, more than 1.3 million micro entrepreneurs benefited from this financing. We

also continued to make progress in offering investment proposals that promote ESG factors in both Santander Asset Management and Wealth Management & Insurance.

- **Environmental, social and climate change management:** to address potential negative impacts on society or the environment arising from our financing, the Group's strategy is aligned with our ESCC policy, the Equator Principles and the management of major adverse events (PIAS). In particular, in adopting the Equator Principles, Grupo Santander recognises its responsibility and that of its customers to assess and monitor potential negative social risks that may affect the communities around them.
- **Community support:** Santander works to address the social needs faced by the societies in which it operates. The main mechanisms are support for education, employability and entrepreneurship, complemented by volunteer programmes, foundations, financial education and response to humanitarian crises.

Finally, our **customer** focus is a fundamental lever in integrating social factors into business strategy. We focus on:

- **Conduct with customers:** based on the conduct risk management model approved by the compliance and conduct committee. The main processes and instruments encompass the design and marketing of products and services, and the management of complaints and fraud. A key pillar of the Group's strategy in this area is also the identification and management of vulnerable households and businesses, as well as the prevention of over-indebtedness.
- **Financial inclusion and financial health:** this aspect is essential to contribute to social progress, which is why it is at the top of Santander's agenda. We have the ambition to reach 5 million people targeted by financial inclusion measures between 2023 and 2025.
- **Privacy, data protection and cybersecurity:** the Group is strongly committed to compliance with personal data protection regulations throughout its life cycle. In this regard, we have a cybersecurity framework, approved by the board of directors, which includes a Chief Information Security Officer (CISO).

In 2024, we conducted a comprehensive human rights due diligence exercise to: (i) assess the effectiveness of current due diligence policies; (ii) identify and assess actual and potential adverse impacts based on their severity and probability; and (iii) assess the suitability of our communications channels and control measures to prevent, mitigate and remedy adverse impacts

Moreover, the Group's ambition and strategic pillars in the social domain (e.g. contribution to society/community, financial inclusion...) are incorporated in the conduct of strategic exercises such as financial planning and through its incorporation into the qualitative assessment of customers in the credit risk management framework.. In particular, social risks are indirectly taken into account in our strategic exercises (e.g. ICAAP) by incorporating social factors such as technology developments, the political framework or market sentiment in the climate scenarios used.

Some examples of social factors analysed in the ICAAP: projections of gross value added affecting at sector country level in the value of goods and services, productivity, industrials and manufacturing processes; change in demand is also affected under each scenario, as it determines the costs and the profitability of production as well as the demand of consumers and products; technological change applies also to affecting the demand for the sectors due to growth in the low-carbon technologies and market sentiment.

Objectives, targets and limits to assess and address social risk

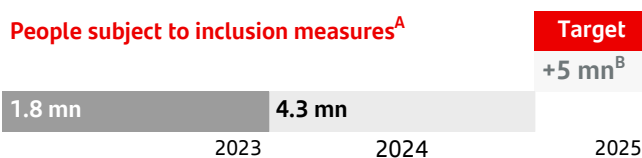
This section covers the requirement on qualitative information on social risk, specifically, the point on business strategy and processes, for question (b)

We analysed our agenda's contribution to the SDGs and determined the most relevant goals to Banco Santander's business and strategy. For more details, see the 'Banco Santander and the SDGs' brochure on our corporate website.

Primarily, the Group has a number of ESG objectives. Among the objectives related to social risk, we find some purposes such as fostering a diverse workforce, contributing to social development through our financing activities, promoting education and entrepreneurship, or ensuring compliance with human rights.

In terms of the targets related to these objectives, the targets related to diversity stand out. Therefore, we have progressed towards equality, achieving a greater representation of women in senior positions, from 22.7% in 2019 to 31.2% in 2024.

Financial inclusion, a key driver of social progress, is also high on our agenda. In 2024, we financially included nearly 1 million people through access initiatives; and 1.6 million people through finance initiatives.



- A. Based on internal financial inclusion methodology. Includes the principles, definitions and standards we use consistently across our footprint to count the number of people we include financially through initiatives, products and services for access and finance.
- B. Cumulative figure since 2023.

In 2024, we continued to make headway with embedding Group regulations on vulnerable customers and the prevention of overindebtedness in every market where we operate. The aim is to provide a common approach and standards to avoid disparate management between countries. During the last year, bi-monthly working meetings were held with the participation of all local units and the global team to advance in an aligned manner the implementation of the Group's standards on vulnerable customers. We also launched a global training course on vulnerable customers so that all employees consider potential vulnerabilities and are aware of the lines of action in each case.

Policies and procedures to manage social risks

This section covers the requirement on qualitative information on social risk, specifically, the point on business strategy and processes, for question (c)

Grupo Santander oversees ethical factors are properly considered when conducting business.

We therefore adhere to several policies, codes and internal rules inspired by the best practices, international conventions and protocols, codes of conduct and guides that are applicable in every area.

Our compliance with these policies is a process of continuous improvement. Santander undertakes an annual review of its corporate sustainability policies, which apply to the whole Group. These policies are approved by the Group's board of directors, indicating in the policy the date of the last update.

Among the most relevant policies relating to social aspects, are the following:

• Responsible banking and sustainability policy

It defines Santander's general principles for responsible banking and sustainability, as well as the objectives that the Group voluntarily undertakes with its main stakeholders, including Santander's position on the protection of human rights. This policy includes the main recommendations of the CNMV's Code of Good Governance in this area.

The responsible banking and sustainability policy sets out the main processes for making progress in the management and monitoring of the objectives in this area.

The policy approved by the board of directors merges the general sustainability policy and the human rights policy to better integrate the objectives of both policies into existing processes. It also facilitates implementation and understanding in a single, simpler and more operational document.

• Environmental, social and climate change risk policy

This policy sets out Grupo Santander's criteria for investing in entities, and/or providing financial products and/or services to customers involved in the oil & gas, power generation and mining & metals sectors and those arising from businesses engaged in soft commodities. The policy sets out which activities are prohibited, including those activities linked to the commission of serious violations of human rights or international human rights law, and those that require special attention from an environmental, social

and climate change perspective. This policy is a substitute to the previous energy, mining and metals, and soft commodities policies.

- **Policy on donations**

The purpose of this policy is to set out the criteria that regulate the treatment of donations as well as the process for making donations (proposal, assessment, decision, control and monitoring) that the Grupo Santander considers making for social purposes.

- **Principles of responsible behaviour for suppliers**

This document establishes the minimum principles of ethical, social and environmental conduct that Banco Santander expects from all its suppliers; these are aligned with the ten principles of the Global Compact.

Governance

Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management

This section covers the requirement on qualitative information on social risk, specifically, the point on governance, for questions (d), (e) and (f)

Board of directors

It consist of 15 members, of which 13 are non-executive directors and 2 are executive directors. The majority are independent directors (66.67% of the total members of the council).

Likewise, the board of directors shall ensure that the procedures to select members guarantee the individual and collective expertise of directors, encourage diversity in terms of gender, age, geographical origin, experience and knowledge, and do not carry any implicit bias that could lead to any form of discrimination on grounds such as disability, race or ethnic origin. The board currently has a balanced presence of both genders (women - men) with a diversity ratio of 67%.¹⁶ In terms of geographical origin/international experience, 60% of the directors come from continental Europe, 60% from the US/UK, 13% from Latin America, and 7% from other regions. The Board also has extensive international experience, mainly in the markets where we operate (European market, the US and the UK markets, and Latin American markets). The board also has the skills and experience to monitor materiality issues (e.g. on issues related to sustainability, human resources, culture, talent and remuneration, as well as to business conduct and risk management). None of the directors are currently assigned a specific employee representation role.

The board of directors as the highest decision-making body in the Group performs the following functions:

- approves the Responsible Banking agenda and set the strategy;

- approves the culture policy and related policies on responsible business and sustainability matters and, in particular, on environmental and social matters;
- supervise that the responsible banking strategy is consistent with Group strategy;
- reviews the performance against the goals and that the metrics are covered within the responsible banking agenda;
- tracks key initiatives; and
- reviews subsidiaries' strategies.

For more details, see the Rules and Regulations of the board of Directors, available on the Group's corporate website.

Responsible banking, sustainability and cultural committee

The responsible banking, sustainability and cultural committee (RBSCC) assists the board in fulfilling its supervisory responsibilities regarding the responsible business strategy and sustainability issues of Banco Santander and its Group. In particular, it has the following functions:

- (i) advise the council on the design of the strategy and policies on responsible business and sustainability, in particular environmental and social matters, by monitoring, supervising and evaluating them;
- (ii) advise the council in formulating the Group's strategy with interest groups; as well as supervise the involvement with them;
- (iii) ensure that adequate control processes are in place with respect to responsible banking practices, and that risks and opportunities related to sustainability and accountability are identified and managed;
- (iv) to report regularly to the council on the progress made by the Group on responsible business practices and sustainability.

The responsible banking, sustainability and culture committee consists of five independent directors, 80% of whom are women. All of them have been appointed by the board of directors taking into account their knowledge, qualifications and experience in the areas for which the committee is responsible. Thus, its members have competence in issues relevant to this function as strategy and human resources, culture, talent and remuneration, responsible business and sustainability, risk management and also in issues related to education and universities.

In 2024, the committee held four meetings. The key matters it addressed were discussed:

Environmental issues:

- Reviewed the Group's climate change strategy and alignment targets. Endorsed the Group priorities for 2024 in relation to sustainability, including supporting our customers in their green transition.
- Reviewed ESG factors introduced in the credit approval process, associated action plans and related achievements. Worked with the risk supervision,

¹⁶ The diversity ratio is calculated by dividing the number of women by men. The percentage of each gender vs total membership is 40% women and 60% men.

regulation and compliance committee to review the progress made in embedding climate-related and environmental risks, as well as to monitor the implementation of controls and processes to mitigate ESG risks.

- Reviewed the green finance strategy and its execution.
- Monitored our own environmental footprint, value chain emissions and carbon neutral claim.

Social issues:

- Reviewed our social agenda, which includes financial inclusion; financial health; business with social output; and corporate social responsibility or philanthropic activities. And reviewed the outcomes of the holistic human rights due diligence exercise.
- Reviewed the progress made within our community support strategy, which includes Santander Universidades strategy and its alignment with the Group's transformation agenda.
- Discussed People and Culture's activities and progress and proposals regarding diversity, equity and inclusion in coordination with the nomination and remuneration committees, with a key focus on the representation of women in senior positions within the Group.

Governance issues:

- Identified priority sustainability areas for action based on the outcomes of a materiality assessment that the Sustainability team conducts every year. Verified that the proposed sustainability agenda and targets remained aligned with the Group's strategy. Monitored and assessed the Group's progress on its targets to control that its KPIs remained relevant and aligned with committee expectations. And reviewed ESG global ratings' assessments of Banco Santander.
- Assisted the board in ensuring that sustainability targets and metrics were embedded in the Group's remuneration schemes. As part of that, reviewed, in coordination with the remuneration committee, a proposal to further increase the alignment of the long-term incentive for 2024-2026 with our sustainability agenda.
- Reviewed the progress made regarding the management of the supply chain in regards to ESG.
- Supported the audit committee on the supervision and assessment of the process to prepare and present non-financial information.
- Reviewed the main European and international financial regulatory and supervisory initiatives and priorities related to sustainability. Received information on local regulatory developments to remain abreast of local challenges and opportunities.

In addition, it received specific training in sustainability, with special attention to the new Sustainability Information Disclosure Directive (CSRD).

For more details, see the Rules and Regulations of the board of Directors, available on the Group's corporate website; and sections [4.2 'Board composition'](#) and [4.9 'Responsible banking, sustainability and cultural committee activities in 2024'](#) in the 'Corporate governance' chapter of our Annual Report.

Board audit committee

The board audit committee (BAC) assists the board in overseeing and reviewing the financial and non-financial information process, as well as internal control systems.

The audit committee consists of five independent directors, 60% of whom are women. All of them have been appointed by the board of directors based on their knowledge, qualifications and experience in the areas of finance, accounting and auditing, internal control, information technology, business or risk management.

In 2024, the committee held 15 meetings, including four joint sessions with the risk supervision, regulation and compliance committee. With regard to sustainability reporting, the committee oversaw the sustainability reporting process, receiving regular updates from the Group's Chief Accounting Officer (CAO) and the main functions responsible for sustainability reporting.

For more details, see the Rules and Regulations of the board of Directors, available on the Group's corporate website; and sections [4.2 'Board composition'](#) and [4.5 'Audit committee activities in 2024'](#) of the 'Corporate governance' chapter of our Annual Report.

Risk supervision, regulation and compliance committee

The risk supervision, regulation and compliance committee supports and advises the board in defining and assessing risk policies that affect the Group and in determining the current and future risk appetite and the strategy and culture in this area, including proposing appropriate changes in view of internal or external circumstances that impact on the Group, among other functions.

The risk supervision, regulation and compliance committee consists of five external directors (40% women), with three independent members, including its chair. All of them have been appointed by the board of directors based on their knowledge, qualifications and experience in the areas for which the committee is responsible. Thus, its members have competence in issues relevant to this function as banking, accounting, auditing and financing, strategy, risk management, governance and control, as well as in human resources, culture, talent and remuneration.

In 2024, the committee held 18 meetings, including one strategy session, four joint sessions with the audit committee, one joint session with the nomination committee and one joint session with the remuneration committee. It reviewed relevant topics on customer data protection, operational resilience, aspects of customer conduct, complaints and internal whistleblowing. Issues such as culture and internal control are also addressed.

For more information see: the Rules and Regulations of the board of Directors, available on the Group's corporate website; and sections [4.2 'Board composition'](#) and [4.8 'Risk supervision, regulation and compliance committee activities in 2024'](#) in the 'Corporate governance' chapter in our Annual Report.

Other committees of the Group board, such as the Nomination and Remuneration Committees, also support and review sustainability-related issues.

Other governance bodies

The **corporate accounting and financial reporting, management and sustainability committee** performs these functions (among others):

- Approve the content and scope of sustainability disclosures.
- Analyse and validate or, when applicable, propose the approval of all significant sustainability information.

This committee meets monthly, or on an extraordinary basis when deemed appropriate.

The **risk control committee (CRR)** is responsible for controlling risks and providing a holistic view of them. Determines whether lines of business are managed according to the risk appetite approved by the board. It also identifies, tracks and evaluates the impact of current and emerging risks on the Group's risk profile.

The CCR is composed of senior management members in the functions of risk, compliance and conduct, financial and general intervention, among others.

Other forums and support functions

First line of defence

Business functions and all other functions that generate risk exposure are the first line of defence. The first line of defence identifies, measures, controls, tracks and reports the risks that originate and applies the policies, models and procedures that regulate risk management. Risk generation must be adjusted to the approved risk appetite and associated limits. The head of each unit that generates a risk has primary responsibility for managing it.

The corporate sustainability function works continuously to define, execute and monitor our sustainability strategy, and coordinates and drives the responsible banking agenda, with support from a senior adviser on responsible business practices who reports directly to the executive chair, as well as with the sustainability network in our core markets, global businesses and corporate functions.

The accounting and management **control function, is responsible for** (among others):

- Establishing and maintaining the internal control system on the financial and sustainability information generated by the function; and
- Implementing the standards and policies reflected in the sustainability information sent to the Corporation.

It is the responsibility of the functions involved in executing the strategy and preparing information on sustainability (for example: Technology, Operations, Risks, Human Resources, Tax, and others) that the information provided is true and reliable, establishing the necessary controls to guarantee this and correcting any weaknesses.

Second line of defence

Risk and Compliance & Conduct functions, as the second line of defence, will provide independent challenge and oversight of the risk management activities performed by the first line of defence. This second line of defence should oversee, within their respective domains of responsibility, that risks are managed in accordance with the risk appetite

defined by senior management and promote a strong risk culture throughout the organization.

The internal control function within the Enterprise Wide Risk Management (EWRM) function will be responsible for establishing the criteria and monitoring the implementation and effectiveness of the Santander Group Internal Control System. This will help the adequacy and integrity of the internal controls established by the different functions to provide reasonable assurance in the achievement of the defined objectives (which include, among others, the reliability of financial and sustainability reporting).

Third line of defence

The internal audit function periodically assesses that policies, methods and procedures are adequate and effectively applied for the management and control of accounting, financial and management information. The annual audit plan, which was carried out on the basis of a robust risk assessment process (Top-down & Bottom-up methodology), provides reviews of the main aspects contained in this report.

In this way, issues related to climate risk and disclaimers are regularly verified as well as compliance with the rules and procedures established in the General Code of Conduct (GCC), independently monitoring their adequacy and effectiveness and those of their local developments. the Open Channel is reviewed and specifically evaluates compliance with data protection regulations.

The audit function reports to the Audit Committee, which, among other functions, assists the board in the supervision and evaluation of the process of preparing and presenting financial and non-financial information, as well as internal control systems.

Risk management and internal controls over sustainability information

In order to control the quality and reliability of the information included in the Sustainability Statement, Santander implemented an Internal Control System that complies with the most demanding international standards and complies with the guidelines established by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Like the Sustainability information itself, at Santander we are evolving our Internal Control System so that it covers all the material aspects identified for 2026.

First, we identify the most material risks and then establish the necessary controls, complying with the requirements regarding the disclosure of sustainability information.

The most significant aspects taken into account in the process of preparing sustainability information are the following:

- Identification and definition of quantitative and qualitative criteria that emanate from regulatory interpretation or our impacts risks and opportunities in areas where there are no consolidated market practices.
- The hypotheses, judgments, estimates and approximations used in the calculation and preparation of certain metrics.

- Ensuring the completeness of information and establishing perimeters for each metric or group of metrics.
- Difficulties in having, in certain respects, third-party information necessary for the construction of our narrative or metrics, especially in the value chain (emissions information from our portfolio, alignment information, supplier information, etc.).
- Calculation, processing and consolidation of both quantitative and qualitative information.

In addition, we also begun to prepare reasonable assurance of several of the metrics to convergence in the quality standards of financial and sustainability information.

Similarly to the control of financial information, the implementation and supervision of the control system of sustainability information is carried out through the following bodies: board of directors, audit committee, risk control committee and corporate accounting and financial, management and sustainability reporting committee.

Internal control system for sustainability information



Control culture

Basis of Internal Control. Essential to provide reasonable assurance in achieving the objectives defined by the Group, acting responsibly.



Risk Assessment (RCSA)

Dynamic process of evaluating the risks associated with achieving the organization's objectives.



Control Activities

Actions established by policies and procedures that help that management instructions are carried out to mitigate identified risks.



Information and Communication

Accurate and timely information for decision-making, facilitating the escalation and governance of improvements and incidents.



Monitoring activities

Mechanisms and instruments to monitor the correct implementation and effectiveness of the internal control system, promoting a continuous evaluation of the same.

Cross-cutting regulations to embed ESG standards in our business model

Responsible banking framework

Establishes responsible banking as a strategic topic for Grupo Santander and all local units.

Accounting and Financial Reporting, Management and Sustainability information framework

Sets out the principles, directives and guidelines regarding the preparation of accounting, financial and management information that must be applied by all Group subsidiaries as an essential element of proper governance.

Responsible banking and sustainability policy

Sets out our sustainability principles, targets and strategy (including human rights protection) to create long-term stakeholder value.

In relation to human rights, this policy reflects the Bank's ESG objectives, including the protection of the human rights of employees, customers, suppliers and the community.

- We undertake initiatives to combat discrimination, forced labour, child exploitation and affronts to human dignity, as well as to preserve freedom of association and collective bargaining, the health of our employees and decent employment.
- We protect our customers' human rights through responsible business practices and data protection.
- We enhanced our environmental, social and human rights supplier questionnaires and screening to assess that respect for human rights is maintained throughout our supply chain.
- We are improving human rights questionnaires that include supply chain risks to customers under the ESCC risk management policy.
- We assess the human rights impact of operations falling within the scope of the Equator Principles.

Responsible banking model

Sets out the roles and responsibilities of the first, second and third line of defence in all responsible banking-related activity to drive our sustainability agenda, embed ESG standards and achieve our goals.

All regulations (corporate frameworks, models, policies and procedures) help maintain a high level of governance, and the highest standards in terms of their drafting, approval, and in the monitoring of their local transposition.

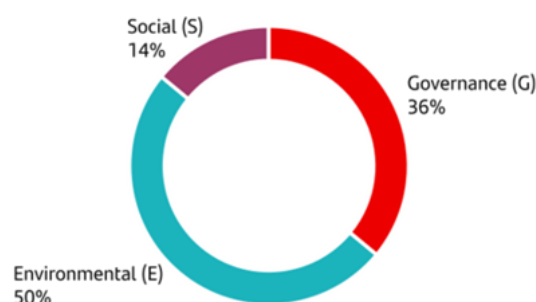
The approval of the regulations is responsibility of the board of directors or its committees, when the regulated matter falls within their scope of responsibility according to their rules and regulations. Corporate frameworks in all cases must be approved by the board of directors. The regulations approved by the board are as follows:

- Relevant corporate frameworks related to sustainability: Responsible Banking, Risk; Cybersecurity; Compliance and conduct; Financial Crime and compliance; Human resources.
- Relevant policies related to sustainability: Responsible banking and sustainability; Code of conduct; Code of conduct in securities markets; Corporate Defence;

Environmental, social and climate change risk; Tax; Conflict of interest; Defence sector; Anti-money laundering and countering the financing terrorism; Remuneration; Performance management; Group Succession; Culture.

For more details on the Group's key regulatory documents on sustainability, see our corporate website www.santander.com

The chart below shows the responsible banking, sustainability and culture committee's approximate time allocation in 2024:



Alignment of the remuneration policy with social risk-related objectives

This section covers the requirement on qualitative information on social risk, specifically, the points on governance, for question (g)

To align the remuneration policy with the institution's social risk-related objectives, Santander applies the equal remuneration principle in the corporate remuneration policy of Grupo Santander for executive directors and employees alike, which forbids any type of differential treatment that is not exclusively based on an assessment of performance results and corporate behaviours, and promotes equal pay for men and women.

Furthermore, Santander's remuneration framework rewards employees for their contribution based on such common principles as, among others:

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

Also, performance objectives for annual variable remuneration have included since 2020 sustainability components. From 2022, with the purpose of increasing focus on the Group's sustainability agenda and highlight this matter as a core long-term strategy, sustainability metrics are included (described in the next section) for the last deferred variable remuneration payments.

- **Social responsibility:** employees' pay cannot be lower than the legal minimum wage or the living wage in the country where they work. Additionally, in order to give our social responsibility prominence in remuneration, the Group's responsible banking objectives for employee remuneration include the people financially included metric.

As previously mentioned in section 10.1.2 Governance, we measure our progress in ESG against these four lines of action and their related metrics: (1) women in executive positions, (2) financial inclusion, (3) socially responsible investment and (4) supporting transition.

Regarding social aspects, these targets cover

- **Women in executive positions by 2027**

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

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Executive positions make up 14% of the total workforce.

- **Average annual total number of people that received financial inclusion support in the period 2025 and 2027**

Financial inclusion ^B (million)	Coefficient
≥ 6	1.25
≥ 4.5 but < 6	1 – 1.25 ^A
≥ 3.5 but < 4.5	0 – 1 ^A
< 3.5	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Number of people unbanked, underbanked, in financial distress or with difficulty to access credit to whom we provide tailored access and finance solutions, aiming to meet local financial inclusion needs in a recurrent, comprehensive, affordable and effective way.

Financial Inclusion thresholds have shifted from accumulative to annual average because it reflects better the performance of these programs.

This information can be found in the '6.4 Directors' remuneration policy for 2025, 2026 and 2027' section in the Annual Report.



Access 2024 annual report available on the Santander Group website

Risk management

This section covers the requirement on qualitative information on social risk, specifically, the point on risk management, for question (h)

International standards on which the social risk management framework is based

Our social risk management framework draws up on international industry guidelines and principles. Thus, the four policies covered previously on "Policies and procedures to manage social risks", have been established in accordance with international standards:

- The **responsible banking and sustainability policy** is based on standards such as the agreements reached at the 2015 COP21 summit on climate change in Paris, or the UNESCO World Heritage list, the 2011 United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, Fundamental conventions of the International Labour Organization, among others.
- Our **environmental, social & climate change risk management policy**, follows the Equator Principles, the standards for social and environmental performance and the explanatory notes of the International Finance Corporation (IFC), the United Nations Global Compact, the Universal Declaration of Human Rights, the International Labour Organization Declaration, the Convention on the Rights of the Child, the Rio Declaration on Environment and the United Nations Convention against corruption.
- In the **policy of donations**, contributions must have, among other purposes, the defence of human rights, as proclaimed by the UN's Universal Declaration of Human Rights.
- **Principles of responsible behaviour for suppliers:** Banco Santander expects its suppliers to work to support and respect the protection of human rights in accordance with the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights.

In addition, the SFICS in the aspects related to social risk, draws on international industry guidelines, standards and principles such as the ICMA's social and green bond principles, LMA's principles or the UNEP FI framework among others.

Integration of social factors in the risk framework: management, setting of limits, tools and link with other risks

This section covers the requirement on qualitative information on social risk, specifically, the point on risk management, for question (i), (j), (k), (l) and (m)

The integration of social factors into the risk framework can be summarised as follows:

- Within our credit admission process, the board and its committees verify that decisions are made according to our ESCC and reputational risk policies. The first line of defence runs a due diligence with special sector-based questionnaires for credit approval. The reputational risk assessment also forms part of decision-making contributing to compliance and preventing from risk of false accusations (with particular focus on greenwashing). The due diligence consists of assessing the CIB's project finance transactions according to the Equator Principles.

In this regard, and as indicated in the ESCC risk policy, the questionnaires assessed in the customer discharge include the analysis of social aspects such as: child labour, forced labour, discrimination at work, freedom of association, working conditions, etc. grievance mechanism for workers or impact on communities, with respect to its own operations and its supply chain.

- Our ESCC risk management policy sets establishes the standards for investing, and providing financial products and services to companies and customers in oil and gas, power generation and distribution, mining and metals, and soft commodities (especially retail customers dedicated to farming and livestock in the Amazon). It dictates prohibited activities, including those activities linked to the commission of serious violations of human rights or international human rights law, and those that require special attention for the aforementioned sectors.
- A financial manager completes a questionnaire before a team of analysts conducts an overall assessment of the client's ESCC risks in the applicable sectors¹⁷.
- The ESCC risk and compliance departments delve deeper into cases that uncover red flags. The findings of the analysis (and its impact on credit and other risks) are escalated to the bank's risk approval committees and are considered in decision-making process.

Regarding this last point, the objective of this criterion is to add a social component to the environmental dimension, so that potentially green financing to clients must also be aligned with:

- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles and Rights at Work
- Universal Declaration of Human Rights
- The Convention on the Rights of the Child

- As stated in our ESCC risk management policy, we enhance responsible investments that align with our sustainability goals and support the Paris Agreement Goals. Therefore, will not directly invest in, or provide financial products and services to projects that fail to meet our social responsibility standards, including projects requiring Free, Prior and Informed Consent (FPIC) under IFC Performance Standard 7 - Indigenous Peoples. Such projects must demonstrate adherence to IFC Performance Standard 7 and have a credible plan to achieve compliance.

Moreover, we conduct a detailed analysis on CIB clients that operate in sectors subject to the ESCC policy, including any activity that entails the resettlement of indigenous populations and/or other vulnerable groups.

Additionally, in the process of qualitative assessment of social risks of clients and/or projects in SCIB's portfolio, compliance with the Equator Principles and other factors such as the availability of internal policies for the protection of human rights, labour rights, protection of communities where the client and its suppliers operate, among others, are assessed.

- We continued to implement our anti-bribery and corruption (ABC) programme, which is also subject to constant review and update in line with the rest of our policies. In 2024, we continued to enhance our awareness strategy, which is based on the programmes included under our corporate framework, by combining basic training with customized programmes. Throughout the year, we ran technical sessions, FCC risk awareness workshops, courses on ABC risks for procurement staff, and specialized training for board members.
- Among the tools for integrating social factors, we run surveys and speak-up channels for employees and customers. We assess externalities to identify risks and opportunities and to appraise our impact on the community. We respond to demands from analysts, investors and ratings and NGOs; keep pace with new regulation and best practices worldwide; and take part in consultations with authorities, trade bodies and other organizations that influence policymaking on sustainable development.
- As discussed in section [10.1.3. Risk management](#), the methodologies and/or tools used for social risk management include the indirect consideration of the evolution of social factors in the climate scenarios used in strategic exercises, the qualitative assessment of relevant corporate customers, which allow for the evaluation of social aspects and compliance with the Group's criteria set out in its ESCC Policy that consider international and/or national labour and human rights standards (e.g. no open litigation that compromises these standards), among others. All these examples show how these aspects are taken into account in the management of the different types of risks in our framework. In addition, these tools are complemented by a comprehensive due diligence exercise, explained in section [10.2.1 Business strategy and processes](#).
- The interaction of social risks with credit risk management is carried out on the basis of due diligence

¹⁷ Sectors covered by the ESCC Risk management policy and additional tactical sectors included in the CIB Procedure, as well as other material businesses and sectors depending on the geography and local legal requirements.

questionnaires during the process of analysis and granting of financing, but they are also taken into account for the management of market, operational and reputational risks associated with these customers. With regard to market and liquidity risk, social risks are indirectly considered in our strategic exercises (ICAAP and ILAAP, respectively) by incorporating social factors such as the evolution of technology, the political framework or changes in market sentiment in the climate scenarios used. For operational risk, we continue working on the integration of social factors within the framework of management tools.

Governance risk

This section covers the requirement on qualitative information on risks derived from governance, specifically questions (a), (b), (c) and (d)

The management of risks derived from governance is a relevant aspect in two facets: on the one hand, in the internal governance of Grupo Santander, and on the other, in the evaluation we make of the governance of our customers.

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

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

In addition, compliance function is embedded in the process of reviewing ESG labelled transactions from a wider reputational and conduct risk perspective, with a particular focus on governance. A methodology has been developed for reviewing client governance related aspects with respect to labelled transactions in consideration of the minimum social safeguards under the EU Taxonomy, which focuses on competition, corruption and financial crime and taxation considerations. The internal methodology also gives consideration to broader issues such as allegations of greenwashing, ethics and integrity, DE&I, board composition and customer protection.

In relation to the analysis of our clients' governance, it is assessed in:

1. **Clients' credit ratings.** In the development of CIB's client credit ratings, we assess aspects of our clients' governance such as the application of good governance codes on our stakeholders like Sarbanes-Oxley and their involvement in management issues.
2. In **customer tiering**: phasing it progressively in accordance with our ambition of net zero carbon emissions by 2050, beginning with power generation (more detail in the climate finance report, section 5 'Metrics and targets').
3. In the **screening and assessment process of the ESCC of clients' activities** in sectors (subject to the ESCC Policy) such as oil and gas, power, soft commodities, mining and metals.

In the qualitative client assessment processes for portfolios such as SCIB, specific issues associated with the governance model and those responsible for climate management (e.g. Sustainability Committees, assignment of oversight responsibility for climate change policies to the Board of Directors, integration of climate objectives into executive remuneration frameworks, etc.) are included.

Throughout this process, questionnaires are updated annually to assess aspects of our clients' governance and risk management:

- The **ethical considerations and inclusiveness** assessment includes, among others, actions and policies on non-discrimination at work, working conditions, populations requiring special attention, human rights.
- The **strategy and risk management assessment** includes the analysis of the quality and ambition of the customer's quantitative GHG emissions targets and the credibility of the customer's strategy to achieve their emissions reduction targets (e.g. policies on climate change action; business strategy consideration of climate change risks and opportunities; and action plans).
- The disclosure assessment focuses on the **transparency** of the customer's reporting on past emissions performance across all relevant scopes, the level of assurance, as well as the degree of reporting alignment with the TCFD. Where possible, it may also include assessment as to whether or not previous greenhouse gas (GHG) emission targets were achieved.
- In relation to **conflict of interest**, Santander evaluates whether both its customers and their suppliers may have activities in prohibited areas according to the Group's regulations and whether there is any process to mitigate this.

Additionally, it analyses whether its costumer's policies evaluate aspects of non-discrimination at work, working conditions, populations requiring special attention, human rights of its suppliers. The impact of the production chains of customers and suppliers on their respective communities is also considered.

- Regarding the **internal communication of critical concerns**, we evaluate how internal client communication works, for example, in terms of grievance mechanisms for workers.

In addition, a governance assessment is conducted considering the level of management oversight and governance of the customer's transition strategy. We assess the level of seniority of executives accountable for climate strategy, board committee oversight of climate change issues, and whether executive remuneration is linked to climate change performance. Having a executive manager responsible for climate-related issues and a responsible board member facilitates internal communication of critical climate issues throughout the organisation.

A financial manager completes a questionnaire before a team of analysts conducts an overall assessment of the customer's ESCC risks in the applicable sectors.

The ESCC risk and compliance departments delve deeper into cases that uncover red flags. They submit the findings of their analysis (and its impact on credit and other risks) to the bank's risk approval committees, who use them in decision-making.

4. As part of the customer due diligence process, the Group analyses publicly available information to assess the financial crime risk of our potential or existing customers (**adverse media screening**). If a relevant risk is identified during this process, it is escalated to the Financial Crime Prevention function for review and determination of mitigating actions.

5. According to the **defence sector policy**, Grupo Santander will not be involved in the financing or support in relation to the manufacture, trade, distribution or maintenance services of the prohibited materials mentioned in the policy.

Additionally, Compliance area will continue to deepen its analysis of our clients' governance, particularly in the context of our ongoing client due diligence analysis in accordance with our policies and procedures and ESG labelling, in order to broaden the focus on aspects such as ethics and integrity, board diversity and equality and customer protection.

Credit quality of exposures

This template provides information on exposures to non-financial companies operating in sectors that significantly contribute to climate change, including, among other things, information on the credit quality of the exposures and on financed emissions.

ESG disclosure in Pillar 3 follows the implementing technical standards on prudential disclosures on ESG risks defined by the EBA for this purpose. Therefore, the ESG information disclosed in this template of Pillar 3 is not necessarily aligned with other Group's ESG management reports.

The perimeter includes exposures in the banking book, including loans and advances, debt securities and equity instruments to non-financial corporations, other than those held for trading.

Santander has an exposure of €316 billion, distributed between those sectors identified by the EBA as major climate change contributors (76% – NACE A–I and L) and other less polluting sectors (24% – NACE K, J, M–U).

The template also requires the identification of exposures excluded from benchmarks aligned with the Paris Agreement. To this end, we have applied sections d) through g) of Article 12.1, and Article 12.2 of Commission Delegated Regulation (EU) 2020/1818. Companies are identified based on the following criteria:

- 1% or more of their revenue derive from exploration, mining, extraction, distribution or refining of hard coal and lignite.
- 10% or more of their revenue derive from the exploration, extraction, distribution or refining of oil fuels.
- 50% or more of their revenue derive from the exploration, extraction, manufacturing or distribution of gaseous fuels.
- At least 50% of its revenue comes from electricity generation with a greenhouse gas emission intensity of more than 100g CO₂ equivalent/kWh.

In order to apply these criteria to our portfolio, we have used information from external providers regarding revenues of the companies by sector of activity obtained, when available.

The resulting list has been complemented with those companies not included in the information provided by external providers but included in sectors with climate targets by the Group.

Regarding the publication of financed emissions, the calculation is based on the PCAF standard:

- Using the actual emissions of the counterparties when available.
- Supplementing the rest of the portfolio with the latest available average emission factors from PCAF database.

Different methodologies have been used depending on the type of asset (loans to companies, real estate, and motor vehicle loans).

Larger volumes of emissions of the non financial corporations portfolio have been identified in the manufacturing and mining sectors.

In August 2025, the EBA published a non-action letter regarding the implementing technical standards on amended disclosures requirements for ESG risks. The publication of the GAR templates was suspended until December 2026. Therefore, the "Of which environmentally sustainable (CCM)" column of this template will also not be reported.

Due to the sale of Santander Bank Polska S.A. by Santander Group, the exposure pertaining to this unit is now classified as non-current assets and disposal groups classified as held for sale for accounting purposes. As a result, this exposure is no longer part of the Pillar 3 ESG perimeter and is excluded from what is reported in this and the following templates.

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector	a	b	c			d	e
			Gross carrying amount (Mln EUR)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures		
1 Exposures towards sectors that highly contribute to climate change*	232,371	10,420	—	20,317	8,266		
2 A - Agriculture, forestry and fishing	7,953	—	—	707	465		
3 B - Mining and quarrying	9,955	4,842	—	659	112		
4 B.05 - Mining of coal and lignite	—	—	—	—	—		
5 B.06 - Extraction of crude petroleum and natural gas	2,925	1,527	—	196	18		
6 B.07 - Mining of metal ores	2,716	524	—	42	4		
7 B.08 - Other mining and quarrying	507	18	—	109	30		
8 B.09 - Mining support service activities	3,808	2,774	—	312	60		
9 C - Manufacturing	46,574	1,665	—	3,136	1,634		
10 C.10 - Manufacture of food products	10,663	—	—	794	460		
11 C.11 - Manufacture of beverages	2,085	—	—	117	48		
12 C.12 - Manufacture of tobacco products	663	—	—	9	—		
13 C.13 - Manufacture of textiles	596	—	—	56	41		
14 C.14 - Manufacture of wearing apparel	479	—	—	58	75		
15 C.15 - Manufacture of leather and related products	363	—	—	54	55		
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture;	688	—	—	56	51		
17 C.17 - Manufacture of pulp, paper and paperboard	1,381	—	—	94	19		
18 C.18 - Printing and service activities related to printing	412	—	—	74	31		
19 C.19 - Manufacture of coke oven products	1,609	1,017	—	27	8		
20 C.20 - Production of chemicals	4,724	340	—	206	92		
21 C.21 - Manufacture of pharmaceutical preparations	866	—	—	54	17		
22 C.22 - Manufacture of rubber products	1,458	—	—	159	52		
23 C.23 - Manufacture of other non-metallic mineral products	1,417	90	—	82	63		
24 C.24 - Manufacture of basic metals	4,630	101	—	226	109		
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	2,497	—	—	297	115		
26 C.26 - Manufacture of computer, electronic and optical products	1,638	—	—	72	22		
27 C.27 - Manufacture of electrical equipment	1,567	—	—	43	131		

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector		a	b	c	d	e
		Gross carrying amount (Mln EUR)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
28	C.28 - Manufacture of machinery and equipment n.e.c.	1,811	66	—	203	73
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	4,005	38	—	212	44
30	C.30 - Manufacture of other transport equipment	992	—	—	50	14
31	C.31 - Manufacture of furniture	465	—	—	58	26
32	C.32 - Other manufacturing	741	11	—	70	58
33	C.33 - Repair and installation of machinery and equipment	823	2	—	66	32
34	D - Electricity, gas, steam and air conditioning supply	12,638	1,957	—	1,105	215
35	D35.1 - Electric power generation, transmission and distribution	11,708	1,595	—	1,101	213
36	D35.11 - Production of electricity	7,985	936	—	851	166
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	901	362	—	3	1
38	D35.3 - Steam and air conditioning supply	29	—	—	2	1
39	E - Water supply; sewerage, waste management and remediation activities	1,657	17	—	248	56
40	F - Construction	18,104	571	—	1,542	764
41	F.41 - Construction of buildings	10,248	—	—	836	354
42	F.42 - Civil engineering	3,351	4	—	169	123
43	F.43 - Specialised construction activities	4,504	567	—	537	287
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	70,129	1,265	—	5,903	2,698
45	H - Transportation and storage	14,460	102	—	1,618	610
46	H.49 - Land transport and transport via pipelines	7,384	69	—	610	243
47	H.50 - Water transport	2,081	24	—	434	118
48	H.51 - Air transport	494	—	—	12	63
49	H.52 - Warehousing and support activities for transportation	4,346	10	—	553	172
50	H.53 - Postal and courier activities	155	—	—	9	15
51	I - Accommodation and food service activities	10,549	—	—	1,037	633
52	L - Real estate activities	40,354	—	—	4,360	1,078
53	Exposures towards sectors other than those that highly contribute to climate change*	83,763	3,054	—	5,160	3,235
54	K - Financial and insurance activities	—	—	—	—	—
55	Exposures to other sectors (NACE codes J, M - U)	83,763	3,054	—	5,160	3,235
56	TOTAL	316,134	13,474	—	25,477	11,501

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector	f	g	h
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)		
		Of which Stage 2 exposures	Of which non-performing exposures
1 Exposures towards sectors that highly contribute to climate change*	-4,956	-813	-3,743
2 A - Agriculture, forestry and fishing	-250	-42	-182
3 B - Mining and quarrying	-56	-18	-32
4 B.05 - Mining of coal and lignite	—	—	—
5 B.06 - Extraction of crude petroleum and natural gas	-10	-3	-6
6 B.07 - Mining of metal ores	-3	—	-1
7 B.08 - Other mining and quarrying	-20	-8	-11
8 B.09 - Mining support service activities	-23	-7	-15
9 C - Manufacturing	-1,137	-137	-947
10 C.10 - Manufacture of food products	-309	-26	-269
11 C.11 - Manufacture of beverages	-32	-5	-25
12 C.12 - Manufacture of tobacco products	—	—	—
13 C.13 - Manufacture of textiles	-22	-3	-18
14 C.14 - Manufacture of wearing apparel	-59	-3	-55
15 C.15 - Manufacture of leather and related products	-24	-3	-20
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-35	-3	-31
17 C.17 - Manufacture of pulp, paper and paperboard	-12	-1	-8
18 C.18 - Printing and service activities related to printing	-15	-2	-12
19 C.19 - Manufacture of coke oven products	-5	—	-1
20 C.20 - Production of chemicals	-90	-7	-79
21 C.21 - Manufacture of pharmaceutical preparations	-9	-2	-6
22 C.22 - Manufacture of rubber products	-43	-8	-32
23 C.23 - Manufacture of other non-metallic mineral products	-33	-8	-24
24 C.24 - Manufacture of basic metals	-44	-2	-40
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	-82	-10	-67
26 C.26 - Manufacture of computer, electronic and optical products	-17	-6	-9
27 C.27 - Manufacture of electrical equipment	-82	-1	-80
28 C.28 - Manufacture of machinery and equipment n.e.c.	-59	-5	-51
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-70	-25	-42

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector		f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)		
			Of which Stage 2 exposures	Of which non-performing exposures
30	C.30 - Manufacture of other transport equipment	-12	-2	-10
31	C.31 - Manufacture of furniture	-19	-3	-16
32	C.32 - Other manufacturing	-31	-8	-26
33	C.33 - Repair and installation of machinery and equipment	-32	-3	-27
34	D - Electricity, gas, steam and air conditioning supply	-167	-54	-81
35	D35.1 - Electric power generation, transmission and distribution	-165	-54	-80
36	D35.11 - Production of electricity	-147	-52	-67
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-1	—	—
38	D35.3 - Steam and air conditioning supply	-1	—	—
39	E - Water supply; sewerage, waste management and remediation activities	-27	-5	-20
40	F - Construction	-460	-66	-356
41	F.41 - Construction of buildings	-240	-40	-183
42	F.42 - Civil engineering	-66	-7	-49
43	F.43 - Specialised construction activities	-154	-19	-125
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-1,610	-209	-1,269
45	H - Transportation and storage	-357	-59	-272
46	H.49 - Land transport and transport via pipelines	-217	-38	-161
47	H.50 - Water transport	-18	-3	-15
48	H.51 - Air transport	-38	—	-37
49	H.52 - Warehousing and support activities for transportation	-73	-17	-51
50	H.53 - Postal and courier activities	-10	-1	-9
51	I - Accommodation and food service activities	-365	-48	-297
52	L - Real estate activities	-527	-174	-285
53	Exposures towards sectors other than those that highly contribute to climate change*	-1,766	-210	-1,384
54	K - Financial and insurance activities	—	—	—
55	Exposures to other sectors (NACE codes J, M - U)	-1,766	-210	-1,384
56	TOTAL	-6,721	-1,023	-5,126

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector	i	j
	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	
	Of which Scope 3 financed emissions	
1 Exposures towards sectors that highly contribute to climate change*	159,542,482	113,916,052
2 A - Agriculture, forestry and fishing	10,543,736	3,720,308
3 B - Mining and quarrying	29,660,493	21,999,065
4 B.05 - Mining of coal and lignite	145	45
5 B.06 - Extraction of crude petroleum and natural gas	3,715,806	1,336,680
6 B.07 - Mining of metal ores	19,679,378	18,329,993
7 B.08 - Other mining and quarrying	1,076,058	346,877
8 B.09 - Mining support service activities	5,189,105	1,985,470
9 C - Manufacturing	57,052,163	45,188,319
10 C.10 - Manufacture of food products	12,061,351	10,000,115
11 C.11 - Manufacture of beverages	1,437,627	1,187,884
12 C.12 - Manufacture of tobacco products	175,158	143,586
13 C.13 - Manufacture of textiles	383,189	299,156
14 C.14 - Manufacture of wearing apparel	306,527	238,560
15 C.15 - Manufacture of leather and related products	271,297	214,716
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	354,870	250,721
17 C.17 - Manufacture of pulp, paper and paperboard	1,011,624	588,286
18 C.18 - Printing and service activities related to printing	218,737	164,102
19 C.19 - Manufacture of coke oven products	1,998,974	1,082,902
20 C.20 - Production of chemicals	6,902,682	4,632,804
21 C.21 - Manufacture of pharmaceutical preparations	797,167	455,820
22 C.22 - Manufacture of rubber products	1,911,989	1,247,386
23 C.23 - Manufacture of other non-metallic mineral products	1,952,284	927,500
24 C.24 - Manufacture of basic metals	3,664,967	2,365,714
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	2,993,536	1,879,135
26 C.26 - Manufacture of computer, electronic and optical products	3,941,168	3,852,270

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector		i	j
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	
		Of which Scope 3 financed emissions	
27	C.27 - Manufacture of electrical equipment	5,715,313	5,562,550
28	C.28 - Manufacture of machinery and equipment n.e.c.	1,711,110	1,619,433
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	4,367,187	4,059,883
30	C.30 - Manufacture of other transport equipment	3,510,793	3,462,227
31	C.31 - Manufacture of furniture	304,021	190,680
32	C.32 - Other manufacturing	474,817	344,960
33	C.33 - Repair and installation of machinery and equipment	585,775	417,928
34	D - Electricity, gas, steam and air conditioning supply	11,793,356	4,043,261
35	D35.1 - Electric power generation, transmission and distribution	10,213,155	3,475,550
36	D35.11 - Production of electricity	6,659,628	2,145,411
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	1,514,947	548,854
38	D35.3 - Steam and air conditioning supply	65,253	18,858
39	E - Water supply; sewerage, waste management and remediation activities	1,696,682	491,510
40	F - Construction	5,118,117	4,276,271
41	F.41 - Construction of buildings	2,021,678	1,634,651
42	F.42 - Civil engineering	1,397,074	1,262,576
43	F.43 - Specialised construction activities	1,699,364	1,379,043
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	33,714,616	28,778,773
45	H - Transportation and storage	5,883,652	3,182,583
46	H.49 - Land transport and transport via pipelines	2,848,555	1,462,772
47	H.50 - Water transport	844,904	471,446
48	H.51 - Air transport	144,702	75,984
49	H.52 - Warehousing and support activities for transportation	1,973,473	1,129,369
50	H.53 - Postal and courier activities	72,018	43,011
51	I - Accommodation and food service activities	2,081,640	1,531,393
52	L - Real estate activities	1,998,028	704,570
53	Exposures towards sectors other than those that highly contribute to climate change*		
54	K - Financial and insurance activities		
55	Exposures to other sectors (NACE codes J, M - U)		
56	TOTAL	159,542,482	113,916,052

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector	k	l	m	n	o	p
	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company- specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1 Exposures towards sectors that highly contribute to climate change*	10.1 %	192,699	23,258	10,281	6,132	2.96
2 A - Agriculture, forestry and fishing	1.1 %	6,508	1,010	320	115	3.09
3 B - Mining and quarrying	12.1 %	8,512	1,067	265	111	2.48
4 B.05 - Mining of coal and lignite	— %	—	—	—	—	2.18
5 B.06 - Extraction of crude petroleum and natural gas	3.3 %	2,512	249	154	9	2.48
6 B.07 - Mining of metal ores	26.8 %	2,668	41	—	7	1.70
7 B.08 - Other mining and quarrying	4.8 %	460	43	2	2	3.14
8 B.09 - Mining support service activities	9.2 %	2,872	734	109	93	2.87
9 C - Manufacturing	13.0 %	41,021	4,154	600	799	2.08
10 C.10 - Manufacture of food products	6.3 %	9,809	586	73	195	1.86
11 C.11 - Manufacture of beverages	22.6 %	1,493	469	28	95	2.33
12 C.12 - Manufacture of tobacco products	61.6 %	602	61	—	—	0.68
13 C.13 - Manufacture of textiles	0.1 %	514	53	20	10	2.30
14 C.14 - Manufacture of wearing apparel	0.2 %	433	22	6	19	2.22
15 C.15 - Manufacture of leather and related products	— %	327	25	2	8	1.90
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2.1 %	610	60	14	5	2.63
17 C.17 - Manufacture of pulp, paper and paperboard	17.0 %	1,201	152	5	23	2.53
18 C.18 - Printing and service activities related to printing	0.1 %	358	37	11	6	2.93
19 C.19 - Manufacture of coke oven products	— %	1,127	479	—	3	4.28
20 C.20 - Production of chemicals	23.9 %	3,795	580	263	86	2.49
21 C.21 - Manufacture of pharmaceutical preparations	10.6 %	758	74	—	34	2.06
22 C.22 - Manufacture of rubber products	2.9 %	1,301	104	17	36	2.02
23 C.23 - Manufacture of other non-metallic mineral products	6.5 %	1,310	56	5	46	1.80
24 C.24 - Manufacture of basic metals	6.4 %	4,379	149	63	38	1.86
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	7.3 %	2,240	182	38	37	2.08
26 C.26 - Manufacture of computer, electronic and optical products	24.6 %	1,546	75	1	15	1.35
27 C.27 - Manufacture of electrical equipment	17.3 %	1,390	156	6	15	1.54
28 C.28 - Manufacture of machinery and equipment n.e.c.	17.2 %	1,667	97	14	33	1.78

Table 54.ESG 1 - Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector	k	l	m	n	o	p
	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company- specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	22.5 %	3,730	230	2	43	1.45
30 C.30 - Manufacture of other transport equipment	28.8 %	662	319	9	3	3.45
31 C.31 - Manufacture of furniture	— %	411	36	11	7	2.32
32 C.32 - Other manufacturing	14.4 %	685	18	4	34	1.88
33 C.33 - Repair and installation of machinery and equipment	18.1 %	671	135	8	8	2.91
34 D - Electricity, gas, steam and air conditioning supply	27.2 %	8,390	2,306	1,449	494	4.49
35 D35.1 - Electric power generation, transmission and distribution	28.6 %	8,058	1,787	1,433	430	4.50
36 D35.11 - Production of electricity	25.4 %	4,948	1,486	1,178	372	5.22
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	9.4 %	305	518	16	63	4.96
38 D35.3 - Steam and air conditioning supply	— %	27	1	1	1	1.90
39 E - Water supply; sewerage, waste management and remediation activities	4.3 %	1,146	324	169	18	4.65
40 F - Construction	5.0 %	15,307	1,304	1,272	222	3.41
41 F.41 - Construction of buildings	2.1 %	9,329	520	261	138	2.82
42 F.42 - Civil engineering	17.6 %	2,511	568	240	33	3.67
43 F.43 - Specialised construction activities	2.4 %	3,467	215	771	51	4.49
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	13.8 %	63,318	2,020	1,082	3,709	1.95
45 H - Transportation and storage	10.5 %	10,209	3,215	892	145	4.34
46 H.49 - Land transport and transport via pipelines	1.9 %	6,307	887	96	95	3.33
47 H.50 - Water transport	36.8 %	666	1,073	340	1	6.74
48 H.51 - Air transport	0.7 %	315	173	1	5	3.28
49 H.52 - Warehousing and support activities for transportation	14.1 %	2,817	1,033	454	43	4.68
50 H.53 - Postal and courier activities	— %	103	49	1	1	3.04
51 I - Accommodation and food service activities	1.1 %	6,811	2,339	1,241	158	5.28
52 L - Real estate activities	1.2 %	31,480	5,520	2,992	362	3.69
53 Exposures towards sectors other than those that highly contribute to climate change*		63,108	5,893	2,564	12,198	2.79
54 K - Financial and insurance activities		—	—	—	—	—
55 Exposures to other sectors (NACE codes J, M - U)		63,108	5,893	2,564	12,198	2.79
56 TOTAL	7.5 %	255,808	29,151	12,845	18,331	2.92

Energy efficiency of the collateral

The purpose of this template is to measure the energy efficiency of the loans collateralized with commercial and residential immovable property and of repossessed real estate collaterals, in terms of their consumption as expressed in kWh/m² and/or their energy performance certificates (EPCs).

ESG disclosure in Pillar 3 follows the implementing technical standards on prudential disclosures on ESG risks defined by the EBA for this purpose. Therefore, the ESG information disclosed in this template of Pillar 3 is not necessarily aligned with other Group's ESG management reports.

With the aim of promoting the energy efficiency of buildings, the Energy Performance of Buildings Directive (2010/31/EU) and the Energy Efficiency Directive (2012/27/EU) introduced EPCs in Europe. Following their entry into force, these certificates are compulsory for the sale and rent of immovable property in the Eurozone.

However, when analysing the information provided, the following should be considered:

- Transactions (sales/renting) prior to the date of entry into force of the directive were not subject to the obligation of providing an EPC.
- The directive is applicable across the European Union and, as such, does not cover all jurisdictions where Santander operates.
- Even at the European Union level, as recognised by the European Banking Authority (EBA) in the Implementing Technical Standards on Prudential Disclosures on ESG risks, application of the Directive is not standardised.
- Depending on the legal provisions in each country, an EPC's obligation to carry out the transaction does not always imply that the financial institution involved in the transaction has access to such information.

Given that the directive is applicable in the European Union, the Group has worked to obtain EPCs for the main collateralized portfolios in this region (Spain, Portugal and Germany), as well as the UK, since it has a EPC system that is similar to that of the European Union. For these regions, the Group is currently collecting information of new originations or has initiatives in place to obtain it.

For these countries, work has been done to obtain EPCs and energy consumption (in kWh/m²), drawing from various sources of information:

- Firstly, information already available internally has been used.
- Additionally, in Spain, the UK and Portugal, this has been supplemented by information obtained by external suppliers (Gloval and Landmark).
- In regard to immovable property for which real data was not available, for those immovable properties subject to EPCs this has been modelled both internally (in the case of Spain), as well as by an external supplier (in the case of Portugal and the UK), in order to cover a large percentage of the portfolio and allowing us to cover almost the entire portfolio in both countries.

As per EBA guidelines, whereas in the report on exposure by energy certificate (EPC label) only actual energy certificates were considered, the report by energy consumption (kWh/m²) used real consumption in addition to estimated consumption. Given this, energy consumption has been estimated for both the portion of the portfolio for which no EPC label was available, and for the part of the portfolio with EPC label where real consumption information was not available.

In the case of the UK, Spain, Portugal and Germany, actual EPCs have been reported for 70% of the portfolio, with estimated EPCs available for a further 27%.

In countries where EPC labels above A are issued, they are categorised under EPC label A (column H). Likewise, EPC labels below G are placed in EPC label G (column N).

In addition, there are incentives for operations granted with higher energy certificates (EPC A or B in Spain and A+ or A in Portugal) as well as to home renovations aimed at reducing energy consumption in the UK.

For the remaining regions, such as the US and Latin America, given the current lack of European Union equivalent regulations in this respect, the exposure of these geographies are being reported as not having EPCs.

However, the portfolios collateralized by immovable property in countries without EPC schemes or an equivalent in place represent less than 22% of the Group's total portfolio.

Table 55.ESG 2 - Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Counterparty sector		a	b	c	d	e	f	g
		Total gross carrying amount amount (in MEUR)						
		Level of energy efficiency (EP score in kWh/m ² of collateral)						
		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	
1	Total EU area	125,257	35,312	53,780	14,347	2,943	806	480
2	Of which Loans collateralised by commercial immovable property	19,906	6,259	6,670	1,765	368	146	114
3	Of which Loans collateralised by residential immovable property	101,047	29,013	47,086	12,579	2,575	660	366
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	4,304	39	24	2	—	—	—
5	Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	67,270	21,992	39,842	5,253	179	2	1
6	Total non-EU area	289,261	25,655	53,503	85,674	28,051	7,529	4,860
7	Of which Loans collateralised by commercial immovable property	24,839	315	1,106	1,480	1,229	1,105	1,735
8	Of which Loans collateralised by residential immovable property	263,968	25,341	52,397	84,193	26,822	6,424	3,125
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	454	—	—	—	—	—	—
10	Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	32,148	476	4,874	19,672	4,766	1,186	1,173

Table 55.ESG 2 - Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Counterparty sector		h	i	j	k	l	m	n	o	p
		Total gross carrying amount amount (in MEUR)								Without EPC label of collateral Of which level of energy efficiency*
		Level of energy efficiency (EPC label of collateral)								
		A	B	C	D	E	F	G		
1	Total EU area	6,799	6,086	6,081	8,399	17,746	3,527	3,714	72,904	75 %
2	Of which Loans collateralised by commercial immovable property	928	1,446	1,022	851	907	220	230	14,302	65 %
3	Of which Loans collateralised by residential immovable property	5,871	4,640	5,059	7,548	16,839	3,306	3,484	54,300	83 %
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	4,302	1 %
5	Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated								54,452	100 %
6	Total non-EU area	1,189	27,541	46,191	67,806	24,389	4,975	1,035	116,137	28 %
7	Of which Loans collateralised by commercial immovable property	225	751	856	639	243	64	94	21,967	19 %
8	Of which Loans collateralised by residential immovable property	964	26,790	45,335	67,166	24,146	4,911	941	93,716	30 %
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	454	— %
10	Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated								32,148	100 %

*Energy consumption in kWh/m² of the actual guarantee

Alignment metrics

The purpose of this template is to provide information on the emissions of our customers classified according to the climate sector in which they are allocated and the alignment metrics defined by the International Energy Agency (IEA) for the various sectors.

We are aiming to align our portfolio with the Paris Agreement Goals to help limit global warming. As part of our climate ambition, we prioritize the high-emitting sectors (which also bear high and very high transition risk according to our climate materiality) to which we have material exposure and must support the transition to a low-carbon economy, considering the NZBA recommendation of prioritized sectors.

Santander has defined intermediate objectives for the year 2030 on each sector. As such, we have marked the three-year objectives requested in the template as "Not available".

To maintain consistency, the portfolio alignment methodology and assumptions applied in this template (i.e. exposure, reference year, emissions by scope etc.) are based on the decision criteria used to define the objectives in each sector. For further information on the decision criteria used, please check the 2024 Annual Report and the 2022–2023 *Climate Finance Report*.

One of these decision criteria is the choice of metric in which the objectives are expressed. Except for the energy sector (oil and gas, which is measured in absolute emissions), the objectives are defined based on physical intensity of emissions according to attributed production, i.e. the intensity of the emissions of the company or *Project Finance* weighted by the attribution factor, following the methodology defined by PCAF. In each sector, the parameters are defined according to different factors:

- For the Power generation sector, the scope is limited to companies and *project finance* for the electricity production activity, which is responsible for most of the emissions. The chosen alignment parameter is physical intensity (tonnes of CO₂ equivalent/MWh), including scope 1 emissions of our credit portfolio.
- For the energy sector (oil and gas), our focus is on production companies and integrated companies with substantial revenue from exploration and production activities, and on companies dedicated solely to production. The objective is to reduce the absolute financed emissions of CO₂ equivalent (scope 1, 2 and 3) for our credit portfolio, measured in tonnes of CO₂ equivalent and calculated according to PCAF standards.

- In the steel sector, the objective is to reduce the intensity of CO₂ equivalent emissions (scope 1 and 2) of our credit portfolio for steel manufacturers, measured in tonnes of CO₂ equivalent for every tonne of steel produced.
- For the aviation sector, our focus is on passenger airlines and aircraft leasing companies. The objective is to reduce intensity of the CO₂ equivalent emissions, measured in gCO₂eq/RPK (scope 1 and 2), of our credit portfolio.
- Finally, the objective of the automotive sector is centred on scope 3 emissions from the use of sold goods – motor vehicles produced by light vehicle manufacturers. The objective is to reduce the intensity of CO₂ emissions, measured in gCO₂/km (scope 3), of our credit portfolio.

The NACE code provided in the template refers to the part of the value chain of each sector that is considered in the emissions calculation.

As for the rest of the sectors included in the portfolio alignment table, these will be published as and when additional decarbonization objectives are undertaken, in accordance with the implementing technical standards on ESG Pillar 3.

Various sources are used for these calculations, including S&P Trucost for production data or Carbon Disclosure Project for emissions. To obtain emissions intensities, we proceed in different ways: we either refer to the Transition Pathway Initiative (TPI), or gather them from JATO (for Automotive sector) and Wood Mackenzie (for Oil & Gas sector), or we calculate them based on data reported by the companies.

To set science-based decarbonization objectives for our financed sectors, we are choosing a credible scenario that traces a pathway to achieve net zero emissions by 2050 and will limit the global temperature increase to 1.5°C. Our chosen scenario for the sectors where we have published decarbonization objectives is the "International Energy Agency – Net Zero Emissions by 2050 Scenario" (IEA-NZE). The IEA has recently updated the quantitative information of the NZE scenarios in the *World Energy Outlook published in October 2024*. We have used this update for calculating the distance to the scenario. Our objective for the aviation sector is guided by the expected adoption of the current technologies.

Table 56.ESG 3 - Banking book - Climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
	Sector	NACE Sectors	Portfolio gross carrying amount (Mn EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % ³	Target (year of reference + 3 years)
1	Power	D351	10,746	0.15 tCO ₂ e/MWh	2023	-24	
2	Fossil fuel combustion	B6	6,818	20.27 mtCO ₂ e	2023	11	
3	Automotive	C291	4,022	134.00 grCO ₂ /vkm	2023	15	N/A ²
4	Aviation	H5110	696	82.99 grCO ₂ e/RPK	2023	37	N/A ²
5	Maritime transport						
6	Cement, clinker and lime production						
7	Iron and steel, coke, and metal ore production						N/A ²
8	Chemicals	C241	2,039	1.38 tCO ₂ e/tonne	2023	7	
9	Iron and steel, coke, and metal ore production (Steel)						

¹Tones

²Not available

³Pit distance to 2030 NZE2050 scenario in % (for each metric)

Regarding the "Distance to IEA NZE 2050 in %" column, the reported criteria was modified in June 2023 Pillar III report compared to the December 2022 Pillar 3 report. The template reported in December 2024 maintains the criteria of the June 2023¹⁸ report.

Exposure to the top 20 polluting companies

The objective of this template is to show aggregate exposure of Santander to the 20 most carbon-intensive firms globally.

The scope includes loans and advances, debt securities and equity instruments, classified in the accounting portfolios of the banking book, excluding financial assets held for trading and assets held for sale.

As stated in previous reports, Santander is continuing to report this template based on the list published by Carbon

Majors. For June 2025 report, the list of Carbon Majors updated in 2025 has been observed and applied to complete this template.

In August 2025, the EBA published a non-action letter regarding the implementing technical standards on amended disclosures requirements for ESG risks. The publication of the GAR templates was suspended until December 2026. Therefore, the "Of which environmentally sustainable (CCM)" column of this template will also not be reported until then.

Table 57.ESG 4 - Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	5,926	0.48%	Not to be reported	2.5	8

*For counterparties among the top 20 carbon emitting companies in the world

¹⁸ From June 2023 onwards, the Pillar 3 report is calculated as [(Base year metric - IEA scenario metric in 2030)/IEA metric in 2030 * 100]. IEA metric in 2030)/IEA metric in 2030 * 100].

Exposures subject to physical risk

The purpose of this template is to identify exposures subject to acute and chronic physical risk, including exposures collateralized by immovable property, exposures by business sector and foreclosed assets.

ESG disclosure in Pillar 3 follows the implementing technical standards on prudential disclosures on ESG risks defined by the EBA for this purpose. Therefore, the ESG information disclosed in this template of Pillar 3 is not necessarily aligned with other Group's ESG management reports.

The perimeter includes exposures in the banking book, including loans and advances, debt securities and equity instruments not held-for-trading and not held-for-sale. Physical risk are defined as risks which arise from the physical effects of climate change and environmental degradation. They can be categorised either as acute - if they arise from climate and weather-related events and an acute destruction of the environment, or chronic - if they arise from progressive shifts in climate and weather patterns or a gradual loss of ecosystem services.

In order to assess the physical risk of its portfolio, Santander has requested information on acute and chronic physical risk from its supplier, Munich RE, to cover the main countries across over 1,250 regions. This information provided by the supplier has been improved in the assessment of chronic risks, considering additional climate change variables that strengthen the assessment valuation, obtaining a higher data accuracy.

The methodology applied by Munich RE follows the basis developed by the UNEP-FI working teams led by Acclimatise on physical risk, an example proposed by the EBA in the report on management and supervision of ESG risks for credit institutions and investment firms.

Munich RE's methodology, incorporates rating levels for the 13 threats identified and 8 vulnerability factors to adjust these hazards' impact on various economic activities in each geography. Including vulnerabilities in models allows us to identify the main physical events that each economic activity may be affected.

For each one of the regions or subdivisions of the NUTS 3 administrative units (same granularity used by the ECB in the 2022 climate risk stress test) and selected sectors (activities added to level 2 of the NACE codes), Munich RE has provided an assessment of the risks (8 acute and 5 chronic) identifying the risk associated with each one on a scale of 1 to 5, from lowest to highest risk, respectively. This analysis has been performed for the main climate-related scenarios (RCP 2.6, RCP 4.5 and RCP 8.5) and the following time horizons: current, 2030, 2040, 2050 and 2100.

The template requires determining which exposures are sensitive to the impact of physical risk, but the instructions of the European Banking Authority do not set forth under which specific metric or threshold this determination should be made. To this end, using the scale mentioned earlier, Santander has applied the conservative criteria suggested by the provider, deeming that an activity in a geography is sensitive to the impact of physical risks when at least one hazard provided by the external supplier is assessed as four or higher.

The scenario used for this assessment is RCP 4.5, which is deemed appropriate as it serves as a middle ground between the scenario that achieve the Paris Agreement target (RCP 2.6) and a scenario more typical of stress exercise (RCP 8.5) in different time horizons according with the maturity of the underlying, with the time horizon set at 2030 for corporate exposures and 2050 for collateralised exposures.

The chosen time horizons have been deemed consistent with the average portfolio maturities, with conservative criteria. As such, for unsecured exposures, a time horizon of 2030 has been taken into account, which comfortably covers the average maturity of these portfolios. Moreover, for the longer-term secured portfolios, a time horizon of 2050 has been taken into account.

In relation to the location used for the assessment of the physical risk, the Group, like the rest of the financial industry, is working to improve the granularity of the information available to assess the physical risks and the location of its customers' activities. For the purpose of this exercise, Santander has assessed the location of the collateral, as well as customers' main offices for unsecured portfolio, at NUTS3 level, in line with the granularity used by the ECB in the Climate stress test conducted in 2022 and by the EBA in the Fit-for-55 climate risk scenario analysis.

For the regions with the most collateralised exposures, the physical risk assessment is carried out at a more granular level of detail, using zip codes or equivalent, to obtain more accurate estimates.

Table 58.ESG 5 - Banking book - Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Europe	Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
		Breakdown by maturity bucket						of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures	
1	A - Agriculture, forestry and fishing	3,358	1,653	308	8	6	3	1,905	24	45	171	106	-49	-5	-39
2	B - Mining and quarrying	4,657	26	—	—	—	1	26	—	—	16	3	—	—	—
3	C - Manufacturing	26,015	8,259	772	6	31	2	9,037	4	27	779	499	-207	-18	-182
4	D - Electricity, gas, steam and air conditioning supply	7,156	2,829	832	1,101	85	6	3,243	1,603	—	419	82	-45	-5	-34
5	E - Water supply; sewerage, waste management and remediation activities	1,057	5	—	—	—	3	—	5	—	—	—	—	—	—
6	F - Construction	13,292	1,682	132	26	30	3	445	121	1,304	138	168	-66	-5	-59
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	44,719	240	12	—	5	2	114	107	35	30	6	-3	-1	-2
8	H - Transportation and storage	8,460	3	—	—	—	3	1	1	1	—	—	—	—	—
9	L - Real estate activities	20,559	39	16	—	8	3	—	64	—	13	—	-1	-1	—
10	Loans collateralised by residential immovable property	304,147	269	594	1,706	2,521	20	—	5,091	—	475	81	-7	-3	-4
11	Loans collateralised by commercial immovable property	28,236	160	51	3	2	5	—	217	—	11	2	-1	—	—
12	Reposessed collaterals	4,304	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)														

Table 58.ESG 5 - Banking book - Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	North America	Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures	
1	A - Agriculture, forestry and fishing	902	446	10	—	12	1	250	14	204	37	6	-8	-3	-3
2	B - Mining and quarrying	1,566	99	—	—	—	1	73	26	—	26	—	—	—	—
3	C - Manufacturing	6,446	1,082	16	—	28	1	843	244	39	125	9	-18	-10	-5
4	D - Electricity, gas, steam and air conditioning supply	3,489	1,881	820	47	1	4	73	2,135	542	44	15	-23	-1	-1
5	E - Water supply; sewerage, waste management and remediation activities	158	1	—	—	2	15	1	2	—	—	—	—	—	—
6	F - Construction	2,077	139	43	92	4	6	25	145	108	5	3	-3	-1	-1
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	11,382	2,321	4	—	32	1	629	1,627	101	264	9	-26	-10	-4
8	H - Transportation and storage	2,550	137	231	171	2	8	54	464	23	5	1	-1	—	—
9	L - Real estate activities	17,015	2	—	—	—	3	—	—	2	—	—	—	—	—
10	Loans collateralised by residential immovable property	28,646	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Loans collateralised by commercial immovable property	8,663	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Reposessed collaterals	177	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)														

Table 58.ESG 5 - Banking book - Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	South America	Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
		Breakdown by maturity bucket											Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures	
1	A - Agriculture, forestry and fishing	3,692	1,639	64	5	14	2	781	823	118	95	79	-48	-5	-33
2	B - Mining and quarrying	3,732	485	11	—	—	2	496	—	—	—	1	-1	—	-1
3	C - Manufacturing	14,113	3,236	230	—	1	1	3,465	—	2	221	83	-71	-9	-56
4	D - Electricity, gas, steam and air conditioning supply	1,992	860	113	—	2	2	614	253	108	28	51	-14	—	-13
5	E - Water supply; sewerage, waste management and remediation activities	442	13	—	2	—	3	14	—	1	2	2	-1	—	-1
6	F - Construction	2,735	314	6	1	1	2	259	—	64	28	27	-18	-3	-16
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	14,027	1,665	38	—	14	1	1,245	328	144	176	179	-119	-13	-106
8	H - Transportation and storage	3,449	97	1	—	—	2	86	—	12	13	16	-9	-1	-8
9	L - Real estate activities	2,780	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralised by residential immovable property	32,222	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Loans collateralised by commercial immovable property	7,845	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Reposessed collaterals	277	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)														

In general, and by following the methodology described, there was limited exposure affected by (acute and/or chronic) physical risk in the Grupo Santander's total portfolio. The results obtained have been aggregated by analysis regions that are reported on in other reports by the Group (Europe/North America/South America). The most exposed region to physical risk is Europe both for acute and chronic events in relation to the total exposure of Santander Group.

The highest concentration of physical risk is identified in the following sectors: manufacturing, electricity, gas, steam and air conditioning supply and wholesale/retail trade and repair of vehicles. Despite in some cases immovable property are subject to chronic risks, the effect associated with these events is very limited, with acute risks being the most significant.

Green Asset Ratio (GAR) and other climate change mitigating actions

Within the context of simplification of ESG requirements in Europe, and following the EBA non-action letter (August 6th) on the application of the ESG Pillar 3 disclosure requirements, templates 6 to 10 are suspended until end-2026, which includes GAR, BTAR and other mitigating actions information. Consequently, alignment information will not be disclosed either in the rest of the templates (T1, T4) where it is included. However, the Group continues to work internally on the development and calculation of the GAR, which is aligned with the published GAR with data as of December 2024.



LIQUIDITY

4.1 Liquidity and funding risk

Liquidity risk entails the potential losses that may be incurred by an entity as a result of its inability to secure funding on the market and/or the higher borrowing costs of new sources of finance.

This section covers the LIQB – Qualitative information on LCR requirements, which complements template EU LIQ1.

Our structural liquidity management aims to optimize maturities and costs and to avoid undesired liquidity risks in funding Santander's operations.

It follows these principles:

- Decentralized liquidity model.
- Medium- and long-term (M/LT) funding needs must be covered by medium- and long-term instruments.
- High contribution from customer deposits due to the retail nature of the balance sheet.
- Wholesale funding sources diversified by instrument, investor, market, currency and maturity.
- Limited use of short-term funding.
- Sufficient liquidity reserves (including standing facilities/ discount windows at central banks) to be used in adverse situations.
- Group and subsidiary compliance with regulatory liquidity requirements.
- Subsidiaries must have effective diversification in sources, products, and funding terms, limiting reliance on short-term wholesale funds.
- The needs arising from medium and long-term activities must be financed by medium and long-term instruments.

Liquidity Coverage Ratio (LCR)

Description of the degree of centralization of liquidity management and interaction among the Group's units

The Group has adopted a decentralized funding model through a structure of autonomous subsidiaries that are self-sufficient in terms of liquidity.

Each subsidiary is responsible for covering the liquidity needs arising from its current and future business, either through deposits secured from its customers in its area of influence or through the wholesale markets in which it operates, within a management and supervision framework coordinated at the Group level. Therefore, each subsidiary manages and monitors its own LCR ratio, ensuring that it remains above the regulatory limits specifically established for that subsidiary at all times.

This funding model has proven itself to be highly effective during times of high market stress, as it prevents problems in one area from impacting the funding capacity of other areas and, therefore, of the Group as a whole, which can happen with centralized funding models.

The Pillar 3 data presented for the LCR are calculated based on the annual averages of the monthly closing values of two metrics: Consolidated LCR and Group LCR.

The Consolidated LCR ratio is calculated, at the request of the ECB, using a consolidation methodology that does not take into account any liquidity surplus above 100% of the LCR outflows of each subsidiary that is subject to transferability restrictions (whether legal or operational) under local regulations (including those of EU countries). This adjustment is made even if the surplus liquidity can be used to cover additional outflows within the same country, which is not subject to any legal restriction. The Consolidated LCR ratio as of the end of June 2025 was 145%, comfortably exceeding both internal and regulatory requirements.

The Group LCR ratio is calculated using an internal methodology that determines the minimum common percentage of simultaneous coverage across all jurisdictions within the Group, taking into account all existing restrictions on liquidity transfer in any country. This methodology more accurately reflects the Group's resilience to liquidity risk. The Group LCR ratio as of the end of June 2025 was 159%.

The key drivers of these two ratios are: the large size of the HQLA buffer maintained by all subsidiaries, the Group's solid base of stable retail deposits, and the low reliance on short-term funding. All of this means that movements in the retail funding gap and the maturity of issuances are the main drivers of the LCR.

Explanation of the main drivers and inputs that contribute to the LCR

Grupo Santander's LCR ratio was stable and comfortable during S1 2025, although a downward trend is observed due to the inclusion of transferability restrictions between Group subsidiaries, introduced in September 2024 for both the Group LCR and the Consolidated LCR. However, since the Group manages liquidity in a decentralized manner, the consolidated metrics are not considered a representative indicator of its liquidity position.

Concentration of funding and liquidity sources

A diversified funding base is a key element in Santander's liquidity risk management; and the principles listed below are established to achieve this objective:

- Subsidiaries must have effective diversification in sources, products, and funding terms, limiting reliance on short-term wholesale funds.

- The needs arising from medium and long-term activities must be financed by medium and long-term instruments.

The Group has a set of additional metrics in order to identify and monitor those counterparties that are of such significance that withdrawal of the funding they are providing to the entity could trigger liquidity problems. During Q2 2025, the Group levels of concentration risk were within management limits, ensuring diversity of wholesale funding at subsidiary level.

Composition of the liquidity buffer

The total liquid assets of the Group as of the end of June, before applying transferability adjustments between entities, amount to EUR 338 billion and are composed mainly of Level 1 assets (94%). These liquid assets consist primarily of available central bank reserves and sovereign debt, well diversified across different issuers. In addition to the regulatory buffer, the Group holds an additional internal buffer of unencumbered liquid assets that are readily available to be used as collateral to obtain additional funding.

Derivative exposures and potential collateral calls

Most derivative transactions involving Group entities are subject to collateral contracts covering the market value of the transactions. Liquidity risk related to the impact of adverse market scenarios leading to changes in the market value of those derivatives, would require to hold additional collaterals and consequently additional liquidity, which is included by the entities of the Group within their LCR ratios, by using the historical look-back approach; this method obtains the most significant (net) movement observed in a 30-day period over the previous 24 months, and that amount is then incorporated as a liquidity requirement.

Currency mismatches in the LCR

The Group prepares its consolidated LCR ratio for each of its identified significant currencies, which reflect the geographical locations in which the Group's units operate: euro (EUR), US dollar (USD), pound sterling (GBP), Brazilian real (BRL), Mexican peso (MXN) and Chilean peso (CLP). Each of the entities also prepares its own LCR ratio in its significant currency. Units present a consistent position between the liquidity buffer and net outflows. Latin American countries have significant buffer positions in USD, so as to optimize the position and ensure high convertibility. The positions of foreign currencies are closely monitored, e.g. by conducting currency stress scenarios.

Other items in the LCR calculation not captured in the LCR disclosure template that the institution considers relevant for its liquidity profile

Contingent lines are the last LCR ratio driver to consider; these lines maintain a stable performance over time and their tracking and monitoring are performed daily.

Net Stable Funding Ratio (NSFR)

The net stable funding ratio (NSFR) is a regulatory metric which represents required stable funding against available stable funding. This metric requires banks to maintain a solid balance sheet in which assets and off-balance sheet activities are funded with stable liabilities. The Group monitors this metric on a monthly basis, which goes beyond the regulatory requirement.

We benefit from a high weighting of customer deposits, which are more stable, from permanent liquidity needs deriving from commercial activity funded by medium- and long-term instruments and limited use of short-term funding. Combining them has enabled Santander to maintain a balanced liquidity structure, reflected in a NSFR higher than 100%, both at the Group level and at the level of our subsidiaries, at end June 2025.

The following table shows quantitative information on the liquidity coverage ratio divided by quarters:

Table 59.LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
Scope of consolidation (consolidated)		Total unweighted value (average)				Total weighted value (average)			
Currency and units (Million euros)									
EU 1a	Quarter ending on (DD Month YYYY)	Jun'25	Mar'25	Dec'24	Sep'24	Jun'25	Mar'25	Dec'24	Sep'24
EU-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					304,520	309,137	330,156	330,818
	CASH - OUTFLOWS								
2	retail deposits and deposits from small business customers, of which:	629,084	627,219	622,516	618,791	43,451	43,066	42,252	42,202
3	Stable deposits	376,412	374,512	371,694	368,778	18,821	18,726	18,439	18,280
4	Less stable deposits	198,642	196,591	194,169	193,408	24,376	24,113	23,673	23,810
5	Unsecured wholesale funding	289,405	290,770	292,540	293,780	141,548	142,258	145,914	148,458
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	51,204	50,570	49,635	47,879	11,840	11,659	10,974	10,563
7	Non-operational deposits (all counterparties)	225,479	226,788	229,279	232,842	116,986	117,187	121,881	124,632
8	Unsecured debt	12,722	13,412	13,625	13,059	12,722	13,412	13,059	13,263
9	Secured wholesale funding					11,096	10,765	10,931	10,626
10	Additional requirements	239,430	237,198	233,271	231,149	50,353	49,259	48,160	47,289
11	Outflows related to derivative exposures and other collateral requirements	23,780	22,920	22,751	23,068	22,994	22,128	22,282	22,250
12	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
13	Credit and liquidity facilities	215,649	214,279	210,520	208,081	27,359	27,132	25,878	25,039
14	Other contractual funding obligations	24,893	23,658	23,359	23,337	23,130	21,918	21,584	20,187
15	Other contingent funding obligations	174,092	170,675	171,372	171,606	7,110	7,307	8,333	8,959
16	TOTAL CASH OUTFLOWS					276,687	274,574	277,175	277,721
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	120,097	110,747	101,697	94,082	5,264	4,630	3,496	3,065
18	Inflows from fully performing exposures	63,157	63,648	63,441	64,233	45,864	46,467	46,614	46,348
19	Other cash inflows	28,206	27,670	27,286	27,985	24,791	24,050	23,985	23,006
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	—	—	—	—	—	—	—	—
EU-19b	(Excess inflows from a related specialised credit institution)	—	—	—	—	—	—	—	—
20	TOTAL CASH INFLOWS	211,459	202,065	192,424	186,300	75,919	75,148	74,095	72,420

Table 59.LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
Scope of consolidation (consolidated)		Total unweighted value (average)				Total weighted value (average)			
Currency and units (Million euros)									
EU 1a	Quarter ending on (DD Month YYYY)	Jun'25	Mar'25	Dec'24	Sep'24	Jun'25	Mar'25	Dec'24	Sep'24
EU-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	209,471	200,008	190,179	183,971	75,919	75,148	74,095	72,420
TOTAL ADJUSTED VALUE						—			
EU-21	LIQUIDITY BUFFER					304,520	309,137	327,674	330,818
22	TOTAL NET CASH OUTFLOWS					200,769	199,426	203,080	205,301
23	LIQUIDITY COVERAGE RATIO*					152%	155%	161%	161%
TOTAL ADJUSTED VALUE (Internal Method)									
	LIQUIDITY BUFFER					326,273	321,777	322,982	323,370
	TOTAL NET CASH OUTFLOWS					201,722	199,887	203,874	206,294
	LIQUIDITY COVERAGE RATIO					162%	161%	158%	157%

* Liquidity coverage ratio is the average of 12 months

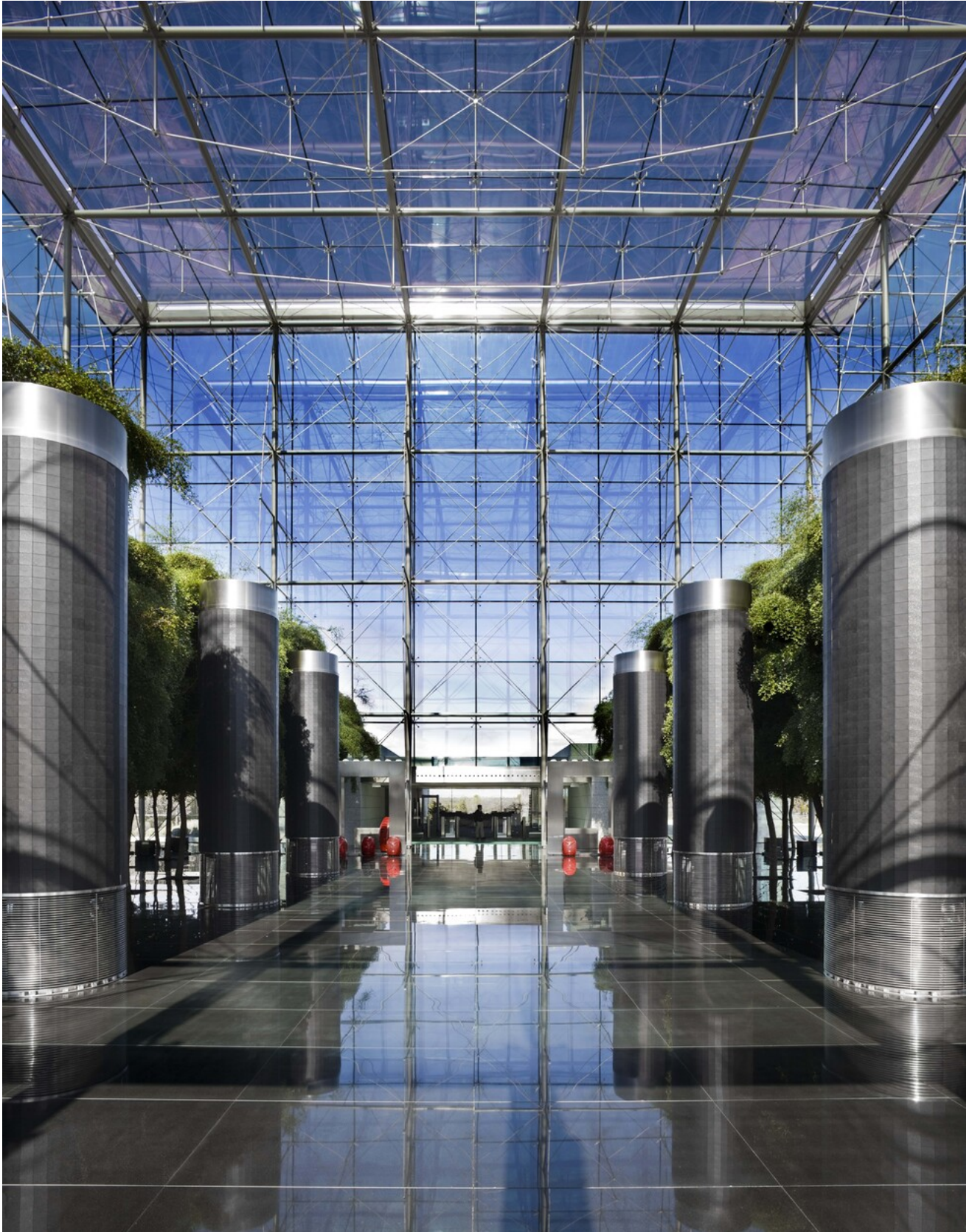
* Liquidity coverage ratios are calculated following the regulatory guidelines required by the ECB.

Table 60.LIQ2 - Net Stable Funding Ratio (NSFR)

		Unweighted value by residual maturity				
	EUR million	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
1	Capital items and	111,423	—	—	16,930	128,353
2	Own funds	111,423	—	—	16,930	128,353
3	Other capital instruments		—	—	—	—
4	Retail deposits		612,525	15,164	11,264	595,921
5	Stable deposits		388,627	6,120	3,087	378,096
6	Less stable deposits		223,897	9,044	8,177	217,825
7	Wholesale funding:		578,011	60,899	258,703	435,934
8	Operational deposits		52,383	—	—	26,191
9	Other wholesale funding		525,629	60,899	258,703	409,743
10	Interdependent liabilities		2,408	—	—	—
11	Other liabilities:	14,537	114,413	5,447	32,711	35,435
12	NSFR derivative liabilities	14,537				
13	All other liabilities and		114,413	5,447	32,711	35,435
14	Total available stable					1,195,643

Table 60.LIQ2 - Net Stable Funding Ratio (NSFR)

RSF		Unweighted value by residual maturity				
	EUR million	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
15	Total high-quality liquid					9,654
EU-15a	Assets encumbered for a		1,737	1,981	40,303	37,418
16	Deposits held at other		2,602	115	754	2,113
17	Performing loans and		347,200	101,765	710,717	700,156
18	Performing securities		131,853	4,126	3,745	7,880
19	Performing securities		40,386	12,054	43,528	53,072
20	Performing loans to non-		126,609	70,483	320,302	597,000
21	With a risk weight of less		27,696	12,564	57,452	260,312
22	Performing residential		7,454	6,860	306,600	—
23	With a risk weight of less		5,841	5,491	281,218	—
24	Other loans and securities		40,896	8,242	36,543	42,203
25	Interdependent assets		2,408	—	—	—
26	Other assets:		95,401	3,651	157,417	185,128
27	Physical traded				205	174
	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		714	—	10,558	9,581
29	NSFR derivative assets		14,740			203
30	NSFR derivative liabilities before deduction of variation margin posted		26,364			1,318
31	All other assets not included in the above categories		53,582	3,651	146,655	173,851
32	Off-balance sheet items		383,638	4,013	17,915	15,872
33	Total RSF					950,340
NSFR						
	EUR million					Weighted value
34	Net Stable Funding Ratio (%)					126%



Appendices

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book				Total
Breakdown by country													
Spain	46,246	145,517	22	5,577	19,555	216,917	8,531	19	246	8,796	109,954	—	—
Brazil	77,669	27,489	165	838	2,147	108,308	5,077	16	27	5,119	63,992	—	—
U.S	75,246	20,672	651	2,547	23,388	122,503	4,727	45	301	5,074	63,422	—	—
United Kingdom	25,208	228,667	53	679	14,701	269,307	4,470	7	187	4,664	58,303	—	—
Mexico	25,665	16,833	—	301	1,426	44,225	1,647	1	21	1,668	20,855	—	—
Germany	14,660	27,920	13	1,069	5,753	49,415	1,624	5	72	1,700	21,249	—	—
Poland	37,141	1,242	54	46	3,692	42,175	1,773	4	43	1,821	22,761	—	—
Chile	35,309	3,576	2	290	140	39,318	1,461	9	2	1,472	18,404	—	
France	3,689	19,975	41	1,143	5,923	30,771	1,109	8	80	1,197	14,957	—	—
Italy	12,802	3,096	—	2,657	7,404	25,959	880	8	87	976	12,195	—	—
Portugal	4,098	31,110	—	371	5,805	41,383	923	1	73	997	12,466	—	—
Argentina	10,688	326	6	6	—	11,026	552	—	—	552	6,906	—	—
Netherlands	2,120	4,506	19	738	1,621	9,004	249	4	20	273	3,418	—	—
Sweden	1,898	2,111	1	66	805	4,880	194	—	10	204	2,553	—	—
Austria	3,188	161	—	40	634	4,024	197	—	8	205	2,565	—	—
Norway	2,012	3,639	—	177	226	6,054	270	1	3	273	3,417	—	—
Uruguay	4,853	37	—	—	—	4,891	253		—	253	3,163	—	
Luxembourg	463	5,711	37	78	698	6,987	175	4	9	187	2,339	—	—
Peru	2,839	485	—	21	107	3,452	205	—	1	206	2,577	—	
Switzerland	1,068	4,796	—	40	379	6,282	144	—	5	149	1,864	—	—
Belgium	1,670	4,546	3	142	95	6,456	123	—	1	124	1,552	—	—
Denmark	1,910	163	—	134	947	3,155	129	—	12	142	1,769	—	—
Colombia	1,784	977	—	—	97	2,858	159		1	160	2,001	—	

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Finland	1,082	984	7	144	450	2,667	106	1	6	113	1,410	—	—
China	950	631	—	—	9	1,591	78	—	—	78	981	—	—
Canada	688	525	16	293	172	1,694	68	2	2	72	900	—	—
Singapore	34	2,291	—	21	102	2,448	45	—	1	46	576	—	—
Ireland	127	4,564	3	24	174	4,893	105	—	2	107	1,339	—	—
Jersey	183	769	1	4	124	1,081	49	—	2	51	636	—	—
Hong Kong	49	1,761	—	—	—	1,810	33	—	—	33	410	—	—
Bermuda	37	1,178	11	9	102	1,337	44	1	1	46	578	—	—
Cayman Islands	174	2,806	61	—	110	3,151	98	2	1	102	1,275	—	—
Greece	509	45	—	6	—	560	34	—	—	34	419	—	—
British Virgin Islands	151	939	—	—	27	1,117	22	—	—	22	277	—	—
South Korea	5	242	—	139	—	386	10	—	—	10	125	—	—
Australia	16	616	—	69	128	829	25	—	2	27	332	—	—
Guernsey	106	76	—	—	40	222	13	—	1	13	165	—	—
Ecuador	9	136	—	—	62	208	5	—	1	5	68	—	—
Malta	67	36	—	—	—	103	8	—	—	8	97	—	—
Isle of Man	31	21	—	—	48	100	4	—	1	4	55	—	—
Czech Republic	50	73	—	—	1	124	5	—	—	5	60	—	—
Puerto Rico	2	20	—	—	—	23	2	—	—	2	19	—	—
Other Countries	—	—	—	2,369	—	2,369	—	7	—	7	93	—	—
United Arab Emirates	21	204	—	1	96	323	5	—	1	6	80	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Paraguay	27	4	—	—	—	30	2	—	—	2	28	—	—
Japan	3	125	—	23	16	167	1	—	—	1	10	—	—
Marshall Islands	—	4	—	—	—	4	—	—	—	—	4	—	—
Romania	23	31	—	—	1	55	2	—	—	2	28	—	—
Bahamas	15	223	—	—	—	237	5	—	—	5	60	—	—
South Africa	—	36	—	—	—	37	1	—	—	1	15	—	—
Liberia	—	—	—	—	—	—	—	—	—	—	—	—	—
Cyprus	2	16	—	—	—	18	1	—	—	1	10	—	—
Panama	240	69	6	—	—	315	22	1	—	23	288	—	—
Morocco	4	6	—	—	—	10	1	—	—	1	7	—	—
Venezuela	7	31	—	—	—	38	1	—	—	1	17	—	—
Hungary	3	39	—	—	—	43	1	—	—	1	12	—	—
Bulgaria	17	4	—	—	1	22	1	—	—	1	17	—	—
Slovakia	2	12	—	112	—	126	1	—	—	1	14	—	—
Costa Rica	—	72	—	—	—	72	2	—	—	2	19	—	—
Russia	—	19	—	—	—	19	1	—	—	1	13	—	—
Malaysia	—	39	—	—	—	40	1	—	—	1	12	—	—
Kazakhstan	—	10	—	—	—	10	1	—	—	1	10	—	—
Seychelles	—	2	—	—	—	2	—	—	—	—	2	—	—
Indonesia	—	6	—	—	—	6	—	—	—	—	5	—	—
Taiwan	2	24	—	—	—	26	1	—	—	1	11	—	—
Aruba	—	—	—	—	—	—	—	—	—	—	—	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Estonia	2	1	—	—	—	3	—	—	—	—	2	—	—
Gibraltar	1	25	2	—	—	28	1	—	—	1	9	—	—
Turkey	9	16	—	—	—	24	1	—	—	1	17	—	—
Bahrain	—	7	—	5	—	11	1	—	—	1	8	—	—
Slovenia	1	1	—	1	—	3	—	—	—	—	1	—	—
Qatar	1	241	—	—	23	265	8	—	—	9	109	—	—
Croatia	1	2	—	15	—	18	—	—	—	—	2	—	—
Dominican Republic	4	52	—	—	—	56	1	—	—	1	18	—	—
Lithuania	6	9	—	—	—	15	1	—	—	1	10	—	—
Andorra	1	26	—	—	—	27	1	—	—	1	9	—	—
Jamaica	—	—	—	—	—	—	—	—	—	—	—	—	—
Kuwait	—	6	—	—	—	6	—	—	—	—	2	—	—
Angola	3	21	—	—	—	23	—	—	—	—	5	—	—
Belize	—	2	—	—	—	2	—	—	—	—	2	—	—
El Salvador	—	33	—	—	—	33	1	—	—	1	14	—	—
Martinique	—	—	—	—	—	—	—	—	—	—	—	—	—
Curacao	1	—	—	—	—	1	—	—	—	—	1	—	—
New Zealand	1	9	—	21	—	31	—	—	—	—	3	—	—
Saudi Arabia	24	21	—	—	1	46	2	—	—	2	20	—	—
Ukraine	2	4	—	—	—	6	—	—	—	—	3	—	—
Israel	—	15	—	—	—	15	—	—	—	—	5	—	—
Monaco	—	17	—	—	2	19	1	—	—	1	8	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Thailand	—	16	—	—	—	17	1	—	—	1	7	—	
Algeria	—	3	—	—	—	3	—	—	—	—	2	—	
French Polynesia	2	—	—	—	—	2	—	—	—	—	2	—	
Honduras	—	19	—	—	—	19	1	—	—	1	11	—	
India	1	7	—	—	—	8	—	—	—	—	2	—	—
Mozambique	—	3	—	—	—	4	—	—	—	—	1	—	
Egypt	2	108	—	—	—	110	2	—	—	2	24	—	
Guatemala	1	104	—	—	—	105	3	—	—	3	32	—	
Iran	—	1	—	—	—	1	—	—	—	—	1	—	
Latvia	1	2	—	—	—	3	—	—	—	—	2	—	—
Serbia	1	—	—	—	—	1	—	—	—	—	1	—	
Vietnam	—	2	—	—	—	2	—	—	—	—	1	—	
Belarus	—	1	—	—	—	1	—	—	—	—	1	—	
Iceland	—	2	2	1	—	6	—	—	—	—	3	—	—
Kenya	—	1	—	—	—	2	—	—	—	—	—	—	
Trinidad and Tobago	—	1	—	—	—	1	—	—	—	—	—	—	
Tanzania	1	—	—	—	—	1	—	—	—	—	1	—	
Afghanistan	—	—	—	—	—	—	—	—	—	—	—	—	
Albania	—	—	—	—	—	—	—	—	—	—	—	—	
Antigua and Barbuda	—	—	—	—	—	—	—	—	—	—	—	—	
Azerbaijan	—	1	—	—	—	1	—	—	—	—	—	—	
Bangladesh	—	—	—	—	—	—	—	—	—	—	—	—	

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Armenia	—	—	—	—	—	—	—	—	—	—	—	—	—
Barbados	—	1	—	—	—	1	—	—	—	—	—	—	—
Bhutan	—	—	—	—	—	—	—	—	—	—	—	—	—
Bolivia	—	2	—	—	—	2	—	—	—	—	3	—	—
Bosnia and Herzegovina	—	—	—	—	—	—	—	—	—	—	—	—	—
Botswana	—	—	—	—	—	—	—	—	—	—	—	—	—
British Ocean Territory	—	—	—	—	—	—	—	—	—	—	—	—	—
Solomon Islands	—	—	—	—	—	—	—	—	—	—	—	—	—
Brunei	—	—	—	—	—	—	—	—	—	—	—	—	—
Burma	—	—	—	—	—	—	—	—	—	—	—	—	—
Burundi	—	—	—	—	—	—	—	—	—	—	—	—	—
Cambodia	—	2	—	—	—	2	—	—	—	—	6	—	—
Cameroon	—	—	—	—	—	—	—	—	—	—	—	—	—
Cape Verde	2	—	—	—	—	3	—	—	—	—	3	—	—
Central African Republic	—	—	—	—	—	—	—	—	—	—	—	—	—
Sri Lanka	—	—	—	—	—	—	—	—	—	—	—	—	—
Chad	—	—	—	—	—	—	—	—	—	—	—	—	—
Comoros	—	—	—	—	—	—	—	—	—	—	—	—	—
Mayotte	—	—	—	—	—	—	—	—	—	—	—	—	—
Republic of Congo	—	—	—	—	—	—	—	—	—	—	—	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total			
Democratic Republic of Congo	—	—	—	—	—	—	—	—	—	—	—	—	—
Cuba	—	—	—	—	—	—	—	—	—	—	—	—	—
Benin	—	—	—	—	—	—	—	—	—	—	—	—	—
Dominica	—	—	—	—	—	—	—	—	—	—	—	—	—
Equatorial Guinea	—	1	—	—	—	1	—	—	—	—	—	—	—
Ethiopia	—	—	—	—	—	—	—	—	—	—	—	—	—
Eritrea	—	—	—	—	—	—	—	—	—	—	—	—	—
Faroe Islands	—	—	—	—	—	—	—	—	—	—	—	—	—
Falkland Islands	—	—	—	—	—	—	—	—	—	—	—	—	—
and the South Sandwich	—	—	—	—	—	—	—	—	—	—	—	—	—
Fiji	—	—	—	—	—	—	—	—	—	—	—	—	—
Åland	—	—	—	—	—	—	—	—	—	—	—	—	—
French Guiana	—	—	—	—	—	—	—	—	—	—	—	—	—
French Southern Territories	—	—	—	—	—	—	—	—	—	—	—	—	—
Djibouti	—	—	—	—	—	—	—	—	—	—	—	—	—
Gabon	—	—	—	—	—	—	—	—	—	—	—	—	—
Georgia	—	—	—	—	—	—	—	—	—	—	—	—	—
Gambia	—	—	—	—	—	—	—	—	—	—	—	—	—
Palestinian territories	—	—	—	—	—	—	—	—	—	—	—	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Ghana	—	3	—	—	—	3	—	—	—	—	2	—	—
Greenland	—	—	—	—	—	—	—	—	—	—	—	—	—
Grenada	—	—	—	—	—	—	—	—	—	—	—	—	—
Guadalupe	—	—	—	—	—	—	—	—	—	—	—	—	—
Guinea	—	—	—	—	—	—	—	—	—	—	—	—	—
Guyana	—	—	—	—	—	—	—	—	—	—	—	—	—
Haiti	—	—	—	—	—	—	—	—	—	—	—	—	—
Vatican City	—	—	—	—	—	—	—	—	—	—	—	—	—
Iraq	—	—	—	—	—	—	—	—	—	—	—	—	—
Ivory Coast	—	1	—	—	—	1	—	—	—	—	—	—	—
Jordan	—	1	—	—	—	1	—	—	—	—	1	—	—
North Korea	—	—	—	—	—	—	—	—	—	—	—	—	—
Kyrgyzstan	—	—	—	—	—	—	—	—	—	—	—	—	—
Laos	—	—	—	—	—	—	—	—	—	—	—	—	—
Lebanon	—	1	—	—	—	1	—	—	—	—	1	—	—
Lesotho	—	—	—	—	—	—	—	—	—	—	—	—	—
Libya	—	—	—	—	—	—	—	—	—	—	—	—	—
Liechtenstein	—	62	—	—	—	63	1	—	—	1	9	—	—
Macau	—	1	—	—	—	1	—	—	—	—	—	—	—
Madagascar	—	—	—	—	—	—	—	—	—	—	—	—	—
Malawi	—	—	—	—	—	—	—	—	—	—	—	—	—
Maldives	—	—	—	—	—	—	—	—	—	—	—	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Mali	—	—	—	—	—	—	—	—	—	—	—	—	—
Mauritania	—	1	—	—	—	1	—	—	—	—	—	—	—
Mauritius	—	—	—	—	—	—	—	—	—	—	—	—	—
Mongolia	—	—	—	—	—	—	—	—	—	—	—	—	—
Moldova	—	—	—	—	—	—	—	—	—	—	—	—	—
Montenegro	—	—	—	—	—	—	—	—	—	—	—	—	—
Montserrat	—	—	—	—	—	—	—	—	—	—	—	—	—
Oman	—	6	—	9	—	15	—	—	—	—	2	—	—
Namibia	—	1	—	—	—	1	—	—	—	—	—	—	—
Nepal	—	—	—	—	—	—	—	—	—	—	—	—	—
New Caledonia	—	—	—	—	—	—	—	—	—	—	—	—	—
Nicaragua	—	—	—	—	—	—	—	—	—	—	—	—	—
Niger	—	—	—	—	—	—	—	—	—	—	—	—	—
Nigeria	—	1	—	—	—	1	—	—	—	—	—	—	—
United States Minor Outlying Islands	—	—	—	—	—	—	—	—	—	—	—	—	—
Palau	—	—	—	—	—	—	—	—	—	—	—	—	—
Pakistan	—	1	—	—	—	1	—	—	—	—	—	—	—
Papua New Guinea	—	—	—	—	—	—	—	—	—	—	—	—	—
Philippines	—	1	—	—	—	1	—	—	—	—	1	—	—
Guinea Bissau	—	—	—	—	—	—	—	—	—	—	—	—	—
Timor-Leste	—	—	—	—	—	—	—	—	—	—	—	—	—

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Reunion	1	—	—	—	—	1	—	—	—	—	1	—	
Rwanda	—	—	—	—	—	—	—	—	—	—	—	—	
Saint Helena	—	—	—	—	—	—	—	—	—	—	—	—	
Saint Kitts and Nevis	1	—	—	—	—	1	—	—	—	—	1	—	
Anguilla	—	—	—	—	—	—	—	—	—	—	—	—	
St. Lucia	—	—	3	—	—	3	—	—	—	—	4	—	
Saint Pierre and Miquelon	—	—	—	—	—	—	—	—	—	—	—	—	
Saint Vicent and the Grenadines	—	—	—	—	—	—	—	—	—	—	—	—	
Sao Tome and Principe	—	—	—	—	—	—	—	—	—	—	—	—	
Senegal	—	—	—	—	—	—	—	—	—	—	—	—	
Sierra Leone	—	—	—	—	—	—	—	—	—	—	—	—	
Somalia	—	—	—	—	—	—	—	—	—	—	—	—	
Zimbabwe	—	1	—	—	—	1	—	—	—	—	—	—	
Sudán	—	—	—	—	—	—	—	—	—	—	—	—	
Occidental Sahara	—	—	—	—	—	—	—	—	—	—	—	—	
Surinam	—	—	—	—	—	—	—	—	—	—	—	—	
Swaziland	—	—	—	—	—	—	—	—	—	—	—	—	
Syria	—	—	—	—	—	—	—	—	—	—	—	—	
Tajikistan	—	—	—	—	—	—	—	—	—	—	—	—	

Appendix I.CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Togo	—	—	—	—	—	—	—	—	—	—	—	—	—
Tunisia	—	—	—	—	—	—	—	—	—	—	—	—	—
Turkmenistan	—	—	—	—	—	—	—	—	—	—	—	—	—
Turks and Caicos Islands	—	—	—	—	—	—	—	—	—	—	—	—	—
Uganda	—	—	—	—	—	1	—	—	—	—	—	—	—
Macedonia	1	—	—	—	—	1	—	—	—	—	1	—	—
Uzbekistan	—	—	—	—	—	—	—	—	—	—	—	—	—
Wallis and Futuna	—	—	—	—	—	—	—	—	—	—	—	—	—
Yemen	—	—	—	—	—	—	—	—	—	—	—	—	—
Micronesia	—	—	—	—	—	—	—	—	—	—	—	—	—
Saint Bartholomew	—	—	—	—	—	—	—	—	—	—	—	—	—
San Marino	—	—	—	—	—	—	—	—	—	—	—	—	—
(Netherlands)	—	—	—	—	—	—	—	—	—	—	—	—	—
Zambia	—	—	—	—	—	—	—	—	—	—	—	—	—

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IMPORTANT INFORMATION

Non-IFRS and alternative performance measures

Santander cautions that this report contains financial information prepared according to International Financial Reporting Standards (IFRS) and taken from our consolidated financial statements, as well as alternative performance measures (APMs) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015, and other non-IFRS measures. The APMs and non-IFRS measures were calculated with information from Grupo Santander; however, they are neither defined or detailed in the applicable financial reporting framework nor audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider them to be useful metrics for our management and investors to compare operating performance between periods. APMs we use are presented unless otherwise specified on a constant FX basis, which is computed by adjusting comparative period reported data for the effects of foreign currency translation differences, which distort period-on-period comparisons. Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. APMs using environmental, social and governance labels have not been calculated in accordance with the Taxonomy Regulation or with the indicators for principal adverse impact in SFDR. For further details on APMs and Non-IFRS Measures, including their definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2024 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the SEC) on 28 February 2025 (<https://www.santander.com/content/dam/santander-com/en/documentos/informacion-sobrerresultados-semestrales-y-anales-suministrada-a-la-sec/2025/sec-2024-annual-20-f-2024-en.pdf>), as well as the section "Alternative performance measures" of this Santander Q1 2024 Financial Report, published on 30 July 2025 (<https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#quarterly-results>).

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