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Pillar 3 disclosure report

Q2'26

Delivering sustainable value creation

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Santander

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Other appendices available on the Santander website.

Access 2Q' 26 Pillar 3 Disclosures Report available on the Santander Group website

Note: Document translated from Spanish. In the event of a discrepancy, the Spanish version prevails.

Introduction

1. Santander Group Overview

Santander is a **commercial bank**, founded in 1857 and headquartered in Spain. We are a global bank organised around **5 global businesses**, with a meaningful presence in **9 core markets** in **Europe and the Americas**. We are one of the **largest** banks in the world by **market capitalization,** listed on stock exchanges of Spain, Mexico, Poland, the United States and the United Kingdom.

We provide service through our **6,496 branches** and **online channels** that offer banking products, operations and services to individuals, SMEs and corporates. We have **182 million customers, 185,279 employees** and more than **3.5 million shareholders** around the world.

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

1.1. Pillar 3 overview

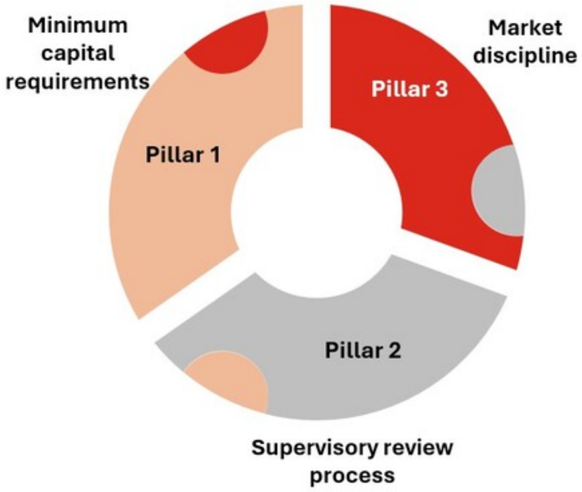
The Basel framework consists of 3 pillars:

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

The Pillar 3 report includes a set of disclosure requirements which are intended to provide analysts, investors, shareholders and other market agents with KPIs and risk information to improve their ability of assessing the bank´s risk profile and capital adequacy.

The Santander Pillar 3 Disclosure report is a public document that is published on the Group's corporate website in order to fulfil the regulatory requirements within the scope of Basel. Specifically, the reporting standards are set by Part Eight of the Capital Requirements Regulation (CRR) 575/2013 and complementary European Banking Authority (EBA) Guidelines. In addition, the report considers the Regulation (CRR3) 2024/1623 amending Regulation 575/2013.

The timely publication of this information is considered to promote transparency within financial institutions and contributes to the adequate functioning of financial markets. **This document should be read in conjunction with the annual report,** published on the website (santander.com).



1.2. Governance: policy, review and approval

Grupo Santander has a formal policy, updated during 2025, on prudential disclosure which defines the principles, criteria and processes for the preparation, validation and publication of the Pillar 3 Disclosure Report, in compliance with Directive 2013/36/EU, Regulation (EU) No 575/2013, as amended by Regulation (EU) 2024/1623 (CRR3), as well as the applicable national regulation.

The Group's Prudential Disclosure Policy aims to provide a transparent view of the risk profile, solvency and capital adequacy at consolidated level. Establishing that any omission must be duly justified and must not compromise the proper understanding of the users.

In this context, the Group applies principles that ensure that disclosed information is relevant, clear, consistent and reliable, incorporating criteria of materiality, confidentiality and appropriate level of detail, supported by internal control processes and independent review by the external auditor.

Disclosure is carried out electronically through the corporate website and the EBA Pillar 3 data hub, on at least a quarterly basis and in line with regulatory reporting processes.

The preparation of the Pillar 3 Disclosure Report relies on a number of processes within the internal control framework, with clearly defined responsibilities for the review and certification of the information across different levels of the organisation.

Additional information regarding Grupo Santander's system of internal control over financial reporting (SCI) can be found in the 'Corporate governance' chapter of the 2025 annual report.

Limited assurance conclusion

The information contained in this report has been subject to an ex-ante review by the External Auditor (PwC), under a limited assurance approach, the external auditor has not identified any findings regarding the reasonableness of the information detailed and the compliance with the information requirements established in the European Capital Directive and Regulation.

'Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Pillar 3 Disclosure Report has not been prepared, in all material respects, in accordance with the Capital Requirements Regulation (CRR) 575/2013, as amended by Regulation 2024/1623 (CRR3) and the rest of applicable regulation on disclosure' (please see section 2 for further details).

Approval by governing bodies

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

No exceptions have been applied for the publication of information considered proprietary or confidential.

The board of directors of Santander certifies that the publication of the Pillar 3 disclosures report is compliant with the guidelines in Part Eight of Regulation (EU) 575/2013 and consistent with the 'Pillar 3 Disclosures Policy' adopted by the board of directors.

Written attestation

Following CRR3 art 431.3, senior management attest in writing that the disclosures required are in accordance with the formal policies and internal processes, systems and controls.

Disclosure

Following the launch of EBA Pillar 3 Data Hub last January 2026, Santander Group has already shared the required historical quarterly reports and, since then, has published its Pillar 3 reports simultaneously on the EBA website (https://edap-public.eba.europa.eu/Report/index/) and on the Santander website (santander.com), in the Shareholders and Investors main menu under 'Financial and economic information' section.

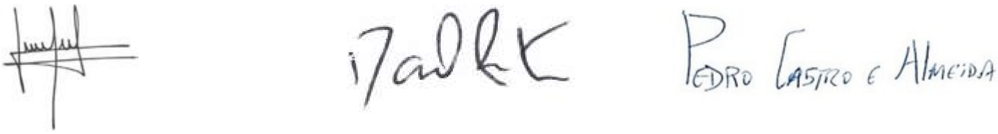
Access Pillar 3 Disclosures Report available on the Santander Group website

José García Cantera
Group Chief Financial Officer

Manuel Preto
Group Chief Accounting Officer

Pedro Castro
Group Chief Risk Officer

"We confirm that Santander's Q2'26 Pillar 3 disclosures, to the best of our knowledge, comply with updated Pillar 3 framework within Capital Requirements Regulation (CRR) 575/2013 (Part Eight), as amended, including by Regulation (EU) 2024/1623 (CRR3), and have been prepared in compliance with Santander's policies, internal processes, systems and controls."



1.3. Background information on Santander

Banco Santander, S.A. is a legal entity subject to the rules and regulations applicable to banks operating in Spain. In addition to its direct operations, Banco Santander, S.A. is the holding company of a group of banking subsidiaries engaged in a range of business activities. The European Central Bank (ECB) is the supervisor of Grupo Santander on a consolidated basis.

The Capital Requirements Regulation (CRR) and its modifications (hereinafter referred to as CRR), Capital Requirements Directive (CRD) and its modifications, and its transposition through Banco de España Circular 2/2016, on supervision and capital adequacy, are applicable at a consolidated level to the entire Grupo Santander.

Notes on basis of preparation

On 19 June 2024, Regulation (EU) 2024/1623 (CRR3), amending CRR2, was published in the Official Journal of the European Union.

This report has been prepared in accordance with current 31.12.2025 European regulations on capital requirements (CRR3).

The ratios presented in this report have been calculated using the transitional CRR3 implementation schedules.

The information referring to periods prior to 1.01.25, unless otherwise stated in an explanatory note, has been prepared in accordance with the regulations in force at that time (CRR2 transitional arrangements)

There are differences regarding some metrics between the regulatory information in this report and the information in the annual report:

- The credit risk exposure measurements used for calculating regulatory capital requirements include:
    - Current and future risk exposures arising from future commitments (contingent liabilities and commitments) and changes in market risk factors (derivative instruments).
    - The mitigating factors for these exposures (netting agreements and collateral agreements for derivative exposures, and collateral and personal guarantees for on-balance-sheet exposures).
- The criteria used in classifying non-performing exposures in portfolios subject to advanced models for calculating regulatory capital are more conservative than those used for calculations for the segregated view provided in the annual report.

Finally, this half-year report updates the information required quarterly by the regulation, so it should be read in conjunction with the Annual Pillar 3 report. So, Appendix III of Annual Pillar 3 report shows the compliance with the various applied ITS which are in force and Appendix IV of Annual Pillar 3 report refers to the regulatory framework and the according articles on which the disclosed information is based.

For all aspects for which disclosure is required under Part Eight of the CRR, as amended but that are not applicable to Santander:

- **CVA4,** *"RWEA flow statements of credit valuation adjustment risk under the Standardised Approach (SA)" . This template* Is not disclosed because Santander follows the BA (Basic Approach) of CVA to calculate the capital requirement for this risk and is not applicable.
- **CCR7,** "Statement of flows of risk-weighted amounts of counterparty risk exposures subject to the IMM". This template is not disclosed because Santander does not have an internal model for the counterparty risk EAD.
- **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 are not included as a consequence of the FRTB entry into force postponement.
- **ESG6-10,** related to GAR ratio are not included due to disclosure obligations are suspended until end-2026.

In the Financial and economic information / Pillar 3 section of the Group's website, all tables including the Appendix, which are published in this document, are available in an editable format.

Scope of consolidation: Significant events in the period as of June 30th

- **Completion of the Poland disposal:**

On 9 January 2026, Banco Santander and Erste Group Bank AG (Erste) announced the completion of the sale of Santander Bank Polska (Santander Poland), which had been disclosed in May 2025, after obtaining all required regulatory approvals and fulfilling of the conditions for closing. The abovementioned transaction will hereinafter be referred to as the 'Poland disposal'.

Erste acquired approximately 49% of the share capital of Santander Poland and the 50% of the asset management company (TFI) which was not integrated within Santander Poland, for a total cash consideration of approximately EUR 7 billion. The all-cash transaction at 584 zlotys per share values the bank at 2.2 times Q1 2025 tangible book value per share and represents a premium of 7.5% versus Santander Poland's closing price on 2 May 2025, excluding the dividend paid in May 2025.

The transaction resulted in a net capital gain of EUR 1,895 million for Santander, increasing its CET1 ratio by 95 basis points, equivalent to around EUR 6 billion. The financial impacts on both results and capital from this transaction were recorded in Q1 2026.

- **Announcement of the Webster acquisition:**

Additionally, on 3 February 2026, Santander announced that it had reached an agreement to acquire 100% of Webster Financial Corporation's (Webster) share capital, a US retail and commercial bank, highly complementary to the activities and services Santander provides in the US. The transaction is subject to customary closing conditions, including the corresponding regulatory approvals and approval by Webster's shareholders. Once completed, we expect that this acquisition, valued at USD 12.2 billion (approximately EUR 10.3 billion), will enable us to improve our positioning and market share in the country.

Webster shareholders will receive $48.75 in cash, representing approximately 65% of the consideration, and 2.0548 Santander shares through American Depositary Shares for each Webster share, representing $26.25 per share, approximately 35% of the consideration, based on

Santander's three-day volume-weighted average price of €10.79 per share for the period ended 2 February 2026 and an EUR/USD exchange rate of 1.1840 as at 2 February 2026.

- **Completion of TSB acquisition:**

Lastly, On 30 April 2026, Santander completed the acquisition of TSB Banking Group plc (TSB), the UK subsidiary of Banco de Sabadell, S.A. (Sabadell), having received the required regulatory approvals and fulfilled the conditions required for closing, for a cash consideration of approximately GBP 2.9 billion (approximately EUR 3.3 billion), with a -55 bp impact on the June 2026 CET1 capital ratio.

TSB is fully incorporated within the Retail & Commercial Banking global business. Therefore, from 1 May 2026, the balance sheet and results of Grupo Santander, Retail & Commercial Banking (within Retail UK) and the UK secondary segment include TSB. As a result, unless otherwise stated, all metrics for Q2 2026 and H1 2026 included in this report incorporate TSB's business from May 2026..

As of 30 June 2026, TSB had approximately EUR 53 billion of total assets, a gross loan book of EUR 42 billion, more than 90% of which is residential mortgage lending, and around EUR 42 billion of customer funds, fully comprising customer deposits, of which over 80% are demand deposits. TSB has approximately 4,700 employees, around 180 branches and over 4 million customers in the UK.

The reconciliation between the public and prudential balance sheets is shown below (Table CC2). The difference in total assets between the public and prudential scopes is not material (-€19,397 million) and relates to the exclusion of non-financial entities (-€31,122 million), the inclusion of multi-group entities (+€14,916 million) and intragroup items (-€3,191 million).

CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

EUR million

	(A) ASSETS	(B) Balance under accounting consolidation	(C) Balance under regulatory consolidation	(D) Reference to transitional disclosure template (Table 2)
		a	b	c
1	Cash and cash balances at central banks (010)	138,008	138,229	
2	Financial assets held for trading (050)	286,941	286,915	
3	Non-trading financial assets mandatorily measured at fair value through profit or loss (096)	8,058	5,318	
4	Financial assets designated at fair value through profit or loss (100)	7,884	5,134	
5	Financial assets at fair value through other comprehensive income (141)	75,371	60,043	
6	Held-to-maturity investments (181)	1,334,351	1,338,907	
7	Derivatives - Hedge accounting (240)	5,006	5,097	
8	Fair value changes of the hedged items in portfolio hedge of interest rate risk (250)	(500)	(500)	
9	Investments in subsidiaries, joint ventures and associates (260)	7,722	7,765	
10	Reinsurance assets (265)	230	—	
11	Tangible assets (270)	26,480	23,066	
12	Intangible assets (300)	18,772	18,794	
13	Tax assets (330)	31,478	31,240	
14	Deferred tax assets (350)	20,340	20,164	
15	Other assets (360)	11,798	12,136	
16	Non-current assets and disposal groups classified as held for sale (370)	2,866	2,924	
17	**TOTAL ASSETS (380)**	**1,954,466**	**1,935,068**	—

	(A) LIABILITIES	(B) Balance under accounting consolidation	(C) Balance under regulatory consolidation	Reference to transitional disclosure template
1	Financial liabilities held for trading (010)	193,417	193,279	
2	Financial liabilities designated at fair value through profit or loss (070)	43,407	42,710	
3	Financial liabilities measured at amortised cost (110)	1,543,776	1,544,843	
4	Subordinated liabilities (149)	31,323	31,372	
5	Derivatives - Hedge accounting (150)	4,494	4,496	
6	Fair value changes of the hedged items in portfolio hedge of interest rate risk (160)	(51)	(51)	
7	Liabilities under insurance contracts (165)	19,347	—	
8	Provisions (170)	9,211	9,250	
9	Tax liabilities (240)	9,784	9,524	
10	Deferred tax liabilities (260)	5,968	5,716	
11	Share capital repayable on demand (270)	—	—	
12	Other liabilities (280)	15,182	15,158	
13	Liabilities included in disposal groups classified as held for sale (290)	—	—	
14	**TOTAL LIABILITIES (300)**	**1,838,567**	**1,819,209**	—

	(A) EQUITY	(B) Balance under accounting consolidation	(C) Balance under regulatory consolidation	(D) Reference to transitional disclosure template (Table 2)
1	Capital (010)	7,345	7,345	
2	Share premium (040)	36,792	36,792	
3	Equity instruments issued other than capital (050)	—	—	
4	Other equity (080)	355	355	
5	Retained earnings (190)	102,456	102,060	
6	Revaluation reserves (200)	—	—	
7	Other reserves (210)	(8,847)	(8,450)	
8	(-) Treasury shares (240)	(3,815)	(3,815)	
9	Profit or loss attributable to Owners of the parent (250)	8,973	8,973	
10	(-) Interim dividends (260)	—	—	
11	Accumulated other comprehensive income (090)	(33,913)	(33,912)	
12	Minority interests [Non-controlling interests] (270)	6,552	6,511	
13	Of which other global accumulated result (280)	(1,925)	(1,927)	
14	**TOTAL EQUITY (300)**	**115,900**	**115,859**	—

1.4. Independent auditor´s report

Banco Santander, S.A.
and its subsidiaries

Independent Limited Assurance Report
on the Consolidated Pillar 3 Disclosure Report
of Banco Santander, S.A. and its subsidiaries
Six-month period ended June 30, 2026

pwc

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

Independent practitioner's limited assurance report on Banco Santander, S.A. and its subsidiaries' Consolidated Pillar 3 Disclosure Report

To the management of Banco Santander, S.A.

Limited assurance conclusion

We have conducted a limited assurance engagement on the Consolidated Pillar 3 Disclosure Report of Banco Santander, S.A. (hereinafter, 'Banco Santander') and its subsidiaries (hereinafter, 'Grupo Santander') as at June 30, 2026 and for the six-month period then ended. The Consolidated Pillar 3 Disclosure Report, which includes the disclosure requirements applicable to financial institutions, has been prepared in accordance with the requirements set out in Regulation (EU) No 575/2013 (Capital Requirements Regulation or 'CRR'), as amended by Regulation (EU) 2024/1623 (CRR 3), and other applicable disclosure requirements (Pillar 3).

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Pillar 3 Disclosure Report has not been prepared in accordance with the Capital Requirements Regulation (CRR) 575/2013, as amended by Regulation 2024/1623 (CRR 3) and the rest of the applicable regulation on disclosure (Pillar 3).

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

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

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

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Responsibilities for the Consolidated Pillar 3 Disclosure Report

Capital Committee of Banco Santander is responsible for:

- the preparation of the Consolidated Pillar 3 Disclosure Report in accordance with the requirements described in the Capital Requirements Regulation (CRR) 575/2013, as amended by Regulation 2024/1623 (CRR 3) and the rest of the applicable regulations on disclosure (Pillar 3).
- designing, implementing and maintaining such internal control as capital committee determines is necessary to enable the preparation of the Consolidated Pillar 3 Disclosure Report, that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Practitioner's responsibilities

Our responsibility is to plan and perform the verification engagement in order to obtain limited assurance as to whether the Consolidated Pillar 3 Disclosure Report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements may be due to fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence decisions made by users based on the Consolidated Pillar 3 Disclosure Report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we apply our professional judgment and maintain professional skepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of Grupo Santander's use of the criteria for disclosure of information by Financial Institutions in accordance with the requirements described in the Capital Requirements Regulation (CRR) 575/2013, as amended by Regulation 2024/1623 (CRR 3) and the rest of the applicable disclosure regulations (Pillar 3), as a basis for the preparation of the information contained in the Consolidated Pillar 3 Disclosure Report.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, in order to identify areas where material misstatements, whether due to fraud or error, are likely to arise, but not for the purpose of expressing a conclusion on the effectiveness of Grupo Santander's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the Consolidated Pillar 3 Disclosure Report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves the performance of procedures to obtain evidence on the information contained in the Consolidated Pillar 3 Disclosure Report. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the Consolidated Pillar 3 Disclosure Report, due to fraud or error.

In conducting our limited assurance engagement, we have:

- Held meetings with personnel of Banco Santander involved in the preparation of the Consolidated Pillar 3 Disclosure Report.
- Obtained an understanding of the reporting processes relevant to the preparation of the Consolidated Pillar 3 Disclosure Report.
- Read and checked the information relating to the risks, policies and management approaches applied in relation to the material aspects included in the Consolidated Pillar 3 Disclosure Report
- Analyzed the scope, relevance and integrity of the contents included in the Consolidated Pillar 3 Disclosure Report, considering the disclosures required by the prudential regulations in force (modifications to part eight of the CRR provided for in CRR 3) and guides and other applicable regulations issued by the European Banking Authority (EBA) in terms of prudential information.
- Checked the consistency of the quantitative information published in the Report against the regulatory statements issued to the supervisor.
- Read and understood the reports issued by the internal audit department, as well as the observations of the internal validation department, on the management systems and internal control processes relevant to the preparation of the data and information presented in the Pillar 3 Disclosure Report.
- Performed analytical procedures, such as consistency checks, the nature of the information relating to the contents included in the Consolidated Pillar 3 Disclosure Report and its appropriate compilation from the data provided by the information sources.
- Performed detailed testing, such as recalculations and other substantive procedures on a sample basis, in accordance with the nature of the information, relating to the contents included in the Consolidated Pillar 3 Disclosure Report and its appropriate compilation from the data provided by the information sources.
- Obtained a letter of manifestation from the management and capital committee of Banco Santander, S.A.

Use and distribution

Our report is issued to the management of Banco Santander, S.A., in accordance with the terms of our engagement letter dated July 21, 2026, which indicates that we do not assume responsibility for third parties other than the recipients of this report.

This work does not constitute an audit of accounts nor is it subject to the regulations governing auditing activity in force in Spain, and therefore we do not express an audit opinion within the meaning of such regulations.

PricewaterhouseCoopers Auditores, S.L.

José Alberto Domínguez Soto

Original in Spanish signed by August 31, 2026

Key metrics

2.1. Economic context

Grupo Santander's operating environment in Q2 2026 was characterized by some volatility, particularly due to geopolitical tensions in the Middle East.

However, at the end of the quarter, economic growth indicators were solid across our footprint and unemployment rates remained relatively low in general.

Uncertainty regarding the global economic outlook persists and we therefore expect a moderate economic slowdown compared to our previous estimates, as well as a pickup in global inflation, driven by a negative supply shock resulting from the conflict in the Middle East.

In a challenging environment, Santander is delivering positive performances across all its businesses. Our strong customer focus, combined with our global scale and clear diversification, gives us greater resilience. The strategy set out at Investor Day is being executed with discipline, and our results reflect this.

2.2. Capital and strategic targets

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

It is determined by the strategic objectives and risk appetite set by the board of directors. In order to achieve this, the following principles have been defined, which determine the Group's approach to capital management.

Grupo Santander held an Investor Day on 25 February 2026 in London, where the Executive Chair, the Chief Executive Officer and the Chief Financial Officer reviewed the progress made over the last three years and announced the new Strategic Plan.

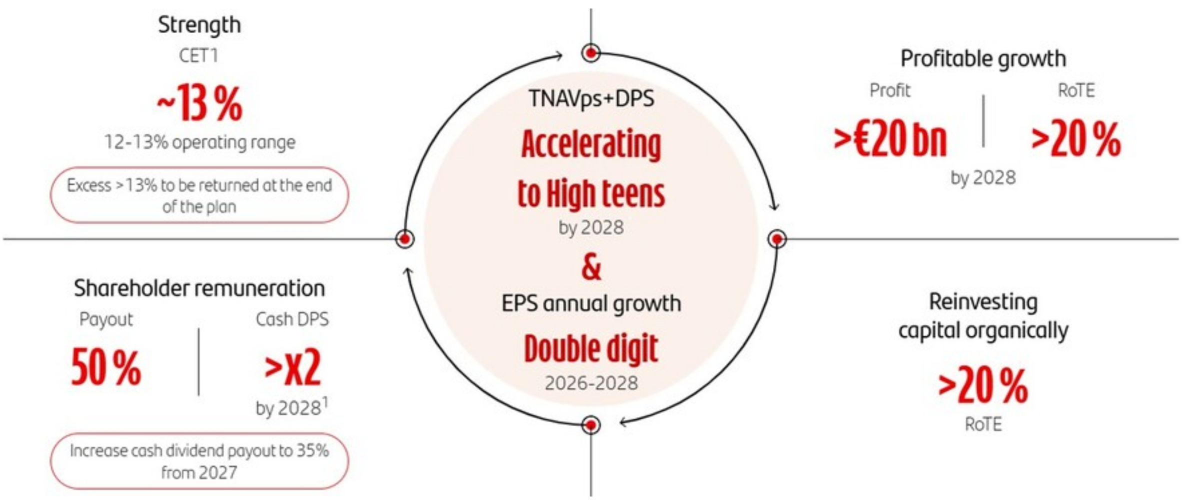
The Group’s strategy and the announced medium-term objectives build on the success of the 2023–2025 strategic cycle and set out a roadmap for structurally higher returns over the coming years

Capital allocation discipline was one of the Group's key financial and commercial priorities set out at the Investor Day.

We will apply this capital discipline by reinvesting at returns above 20% and maintaining a 50% payout, with a 35% cash dividend payout from 2027, and distribute any excess capital at the end of 2026-28 period above a 13% CET1. As a result, cash dividend per share is expected to more than double by 2028 compared to 2025.

We are on track to meet our aim of ending the year with a CET1 ratio in the range of 12.8-13%, taking into account the impacts expected in the rest of the year (mainly the TSB and Webster acquisitions).

Investor Day targets (Plan 2026-2029)



Note: the board of directors intends to: i) apply an ordinary shareholder remuneration policy for 2026 to 2028 results that entails allocating approximately 50% of the Group’s underlying profit (excluding non-cash, non-capital ratios impact items), split approximately evenly between cash dividends and share buybacks for 2026 results; and additionally ii) distribute excess capital at the end of the 2026-2028 period to shareholders. From 2027 results on, the ordinary shareholder remuneration policy is expected to comprise around 35% of Group underlying profit (on the same basis) in cash dividends and around 15% in share buybacks. Execution of the shareholder remuneration policy and of the distribution to shareholders of excess capital at the end of the 2026-2028 period is subject to future corporate and regulatory decisions and approvals. (1) vs 2025.

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2.3 Key metrics

2.3.1 Capital and solvency ratios

As at 30 June 26, the total phased-in capital ratio (applying the CRR transitional arrangements) stood at 18.8% and the phased-in CET1 ratio at 14.0%.

In the quarter, the CET1 ratio declined 0.4 pp to 14.0%, mainly due to the acquisition of TSB in May (-55 bps). Excluding this impact, the CET1 ratio increased 0.2 pp, driven by:

i) net organic growth remained strong, contributing +27 bp, as a result of +61 bp from attributable profit, a charge of 33 bp relating to the capital distribution (in line with the 50% payout target) and -1bp from net RWA growth;

ii) there was a +4 bps contribution in 'Regulatory & models' following model updates;

iii) -11 bps in 'Markets & others' mainly from deductions related to DTAs.

We remain comfortably above the ECB's consolidated capital requirements, (14.1% for the total capital ratio and 9.8% for the CET1 ratio). This resulted in a distance to the maximum distributable amount (MDA) of 401 bps and a CET1 management buffer of 418 bps, representing increases of 67 basis points and 55 basis points respectively compared with December 2025.

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 2026 the leverage ratio was 4.81%,-22bp compared to the end of Q1 2026.

2.3.2 Liquidity ratios

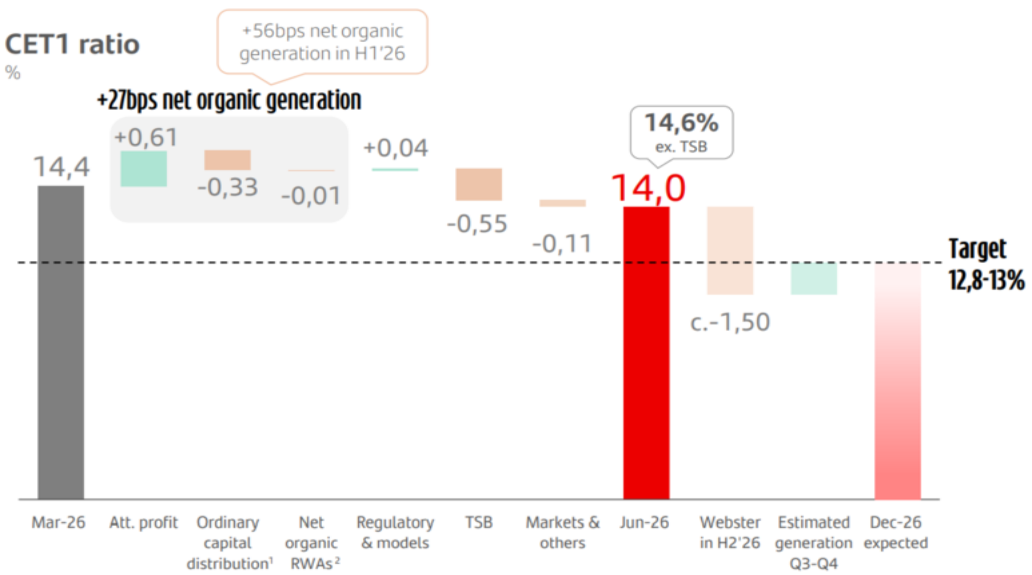
Well-financed, diversified, prudent and highly liquid balance sheet (large contribution from customer deposits) reflected in solid liquidity ratios. We have a robust and diversified liquidity buffer, with ratios well above regulatory requirements.

The Consolidated LCR ratio as at end June 2026 was 147%. 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).

The Group LCR ratio as at end of June 2026 was 156%. 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 NSFR as at end of June 2026 was higher than 100%, both at the Group level and at the level of our subsidiaries.

Strong organic capital generation, with profitable growth



Note: phased-in ratio calculated in accordance with the transitory treatment of the CRR. Webster transaction pending completion and subject to customary conditions including regulatory approvals. (1) Capital distribution including deduction for accrual of shareholder remuneration and AT1 costs. The board of directors intends to: i) apply an ordinary shareholder remuneration policy for 2026 to 2028 results that entails allocating approximately 50% of the Group's underlying profit (excluding non-cash, non-capital ratios impact items), split approximately evenly between cash dividends and share buybacks for 2026 results, and ii) distribute any excess capital to shareholders at the end of the 2026-2028 period. From 2027 results, the ordinary shareholder remuneration policy is expected to comprise around 35% of the Group's underlying profit (on the same basis) in cash dividends and around 15% in share buybacks. The execution of the ordinary shareholder remuneration policy and the distribution of any excess capital to shareholders at the end of the 2026-2028 period is subject to corporate and regulatory decision and approval. (2) Business RWA change net of risk transfer initiatives.

KM1 - Key metrics template

EUR million

		a	b	c	d	e
		Jun'26	Mar'26	Dec'25	Sep'25	Jun'25
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET 1) capital	86,447	86,279	84,739	82,593	81,253
2	Tier 1 capital	96,673	95,748	94,385	93,222	90,830
3	Total capital	115,750	113,560	111,845	109,941	107,735
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	616,803	600,511	629,430	630,753	625,750
4a	Total risk exposure pre-floor	616,803	600,511	629,430	630,753	625,750
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.02 %	14.37 %	13.46 %	13.09 %	12.98 %
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.02 %	14.37 %	13.46 %	13.09 %	12.98 %
6	Tier 1 ratio (%)	15.67 %	15.94 %	15.00 %	14.78 %	14.52 %
6b	Tier 1 ratio considering unfloored TREA (%)	15.67 %	15.94 %	15.00 %	14.78 %	14.52 %
7	Total capital ratio (%)	18.77 %	18.91 %	17.77 %	17.43 %	17.22 %
7b	Total capital ratio considering unfloored TREA (%)	18.77 %	18.91 %	17.77 %	17.43 %	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 (%)	0.57 %	0.55 %	0.56 %	0.43 %	0.38 %
EU 9a	Systemic risk buffer (%)	0.06 %	0.06 %	0.05 %	0.06 %	0.04 %
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 (%)	4.37 %	4.35 %	4.36 %	4.24 %	4.17 %
EU 11a	Overall capital requirements (%)	14.11 %	14.09 %	14.10 %	13.98 %	13.91 %
12	CET1 available after meeting the total SREP own funds requirements (%)	8.37 %	8.64 %	7.69 %	7.47 %	7.21 %
	Leverage ratio					
13	Total exposure measure	2,010,681	1,902,914	1,924,349	1,893,052	1,850,859
14	Leverage ratio (%)	4.81 %	5.03 %	4.90 %	4.92 %	4.91 %
	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)	298,178	296,722	299,005	302,056	304,520
EU 16a	Cash outflows - Total weighted value	282,718	279,931	281,191	279,316	276,687
EU 16b	Cash inflows - Total weighted value	79,299	77,722	77,400	76,058	75,919
16	Total net cash outflows (adjusted value)	203,419	202,209	203,792	203,259	200,769
17	Liquidity coverage ratio (%)*	147 %	147 %	147 %	149 %	152 %
	Net Stable Funding Ratio					
18	Total available stable funding	1,257,616	1,181,267	1,217,021	1,196,676	1,195,643
19	Total required stable funding	1,016,097	968,882	968,518	956,664	950,340
20	NSFR ratio (%)	124 %	122 %	126 %	125 %	126 %

* Liquidity coverage ratios are the average of 12 months and are calculated following the regulatory guidelines required by the ECB.

2.3.3 TLAC and MREL

In November 2015, the FSB published the TLAC term sheet based on the previously published principles for crisis management frameworks. It aims to ensure global systemically important banks (G-SIBs) will have the capacity to absorb losses and recapitalize as required to maintain critical functions during and immediately after resolution proceedings without compromising public funds or financial stability.

From 1 January 2022, the TLAC term sheet requires each G-SIB to have an individually set minimum TLAC level that is the greater of 18% of risk-weighted assets and 6.75% of the Basel 3 Tier 1 leverage ratio exposure.

Some jurisdictions have already transposed the TLAC term sheet into law (as is the case in Europe, in the US and in Mexico as of 1 January 2023); however, other jurisdictions where we operate (e.g. Brazil) have yet to do so.

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

The CRR 2, which came into force in June 2019, dictates the 18% minimum requirement for G-SIBs as set in the TLAC term sheet. It must be made up of subordinated liabilities (with the exception of a percentage of senior debt of maximum of 3.5%, with the resolution authority's authorisation).

As of 30 June 2026, the TLAC of the resolution group headed by Banco Santander, S.A. stands at 30.3% of risk-weighted assets and 8.3% of the leverage ratio exposure.

The BRRD 2 was transposed into law in Spain in 2021.

G-SIBs also have a Pillar 2 requirement in addition to the minimum CRR TLAC requirement, owing to the MREL methodology in the BRRD 2.

In April 2026, Banco de España formally communicated the (binding) MREL requirement for the Banco Santander, S.A. Resolution Group (sub-consolidated):

- Until 14 April 2026, the Group needed to meet the minimum requirement set at the highest of 31.92% of the Resolution Group's RWAs and 12.75% of the Resolution Group's leverage ratio exposure. Of the total MREL requirement, a minimum subordination level was fixed as the highest of 10.95% of RWAs and 6.27% of the leverage ratio exposure. However, the Resolution Group headed by Banco Santander, S.A.'s minimum subordination is determined by TLAC, not by MREL, as the TLAC subordination requirement is greater. This MREL requirement was based on December 2023 data.
- From 14 April 2026 as per new official communication from Banco de España, the Group must meet the minimum requirement set at the highest of 31.17% of the Resolution Group's RWAs and 11.86% of the Resolution Group's leverage ratio exposure. Of the total MREL requirement, a minimum subordination level was fixed as the highest of 11.56% of RWAs and 6.11% of the leverage ratio exposure. This MREL requirement is based on December 2024 data.
- As of 30 June 2026, Banco Santander, S.A.'s MREL was 42.6% of RWAs and 15.1% of the leverage ratio exposure and subordinated MREL was 35.9% of RWAs and 12.8% of the leverage ratio exposure.
- During 2026, the MREL and TLAC ratios of the Banco Santander, S.A. Resolution Group performed positively. This improvement was mainly due to the contribution from net profit after dividends generated by entities belonging to the Resolution Group and the issuance of new liabilities eligible for MREL and TLAC. In addition, the net effect of inorganic movements during the year made a positive contribution to both ratios. Overall, these factors strengthened the Resolution Group's loss-absorption and recapitalisation capacity and maintained a comfortable position against applicable regulatory requirements.

The requirement for own funds and eligible liabilities is shown below:

EU KM2: Key metrics - G-SII requirement for own funds and eligible liabilities (TLAC)

		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
		Jun'26	Jun'26	Mar'26	Dec'25	Sep'25	June'25
	Own funds and eligible liabilities, ratios and components						
1	Own funds and eligible liabilities	177,943	91,350	86,384	84,090	80,403	81,000
EU-1a	Of which own funds and subordinated liabilities	150,168					
2	Total risk exposure amount of the resolution group (TREA)	418,142	301,576	304,977	308,832	309,863	306,474
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	42.56%	30.29%	28.32%	27.23%	25.95%	26.43%
EU-3a	Of which own funds and subordinated liabilities	35.91%					
4	Total exposure measure (TEM) of the resolution group	1,175,717	1,106,343	1,045,612	1,037,376	998,522	967,665
5	Own funds and eligible liabilities as percentage of the TEM	15.13%	8.26%	8.26%	8.11%	8.05%	8.37%
EU-5a	Of which own funds or subordinated liabilities	12.77%					
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)		10,555	10,674	10,809	10,845	10,727
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 (%)		38.00%	38.94%	44.61%	44.02%	40.70%
	Minimum requirement for own funds and eligible liabilities (MREL)						
EU-7	MREL requirement expressed as percentage of the total risk exposure amount	31.17%					
EU-8	Of which to be met with own funds or subordinated liabilities	11.56%					
EU-9	MREL requirement expressed as percentage of the total exposure measure	11.86%					
EU-10	Of which to be met with own funds or subordinated liabilities	6.11%					

EU TLAC1 - Composition - G-SII Requirement for own funds and eligible liabilities

		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)	89,966	89,966	—
2	Additional Tier 1 capital (AT1)	10,018	10,018	—
6	Tier 2 capital (T2)	12,530	12,530	—
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	112,515	112,515	—
	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)	36,641	36,641	—
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	1,168	1,168	—
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	27,885	27,885	—
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	27,885	10,555	17,329
17	Eligible liabilities items before adjustments	65,694	48,364	17,329
EU-17a	Of which subordinated liabilities items	37,809	37,809	—
	Own funds and eligible liabilities: Adjustments to non-regulatory capital elements			
18	Own funds and eligible liabilities items before adjustments	178,208	160,879	17,329
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)		69,373	
20	(Deduction of investments in other eligible liabilities instruments)	266	266	
22	Own funds and eligible liabilities after adjustments	177,943	91,350	86,593
EU-22a	Of which: own funds and subordinated liabilities	150,168		
	Risk-weighted exposure amount and leverage exposure measure of the resolution group			
23	Total risk exposure amount (TREA)	418,142	301,576	116,565
24	Total exposure measure (TEM)	1,175,717	1,106,343	69,373
	Ratio of own funds and eligible liabilities			
25	Own funds and eligible liabilities as a percentage of TREA	42.56 %	30.29 %	12.26 %
EU-25a	Of which own funds and subordinated liabilities	35.91 %		

EU TLAC1 - Composition - G-SII Requirement for own funds and eligible liabilities

		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
26	Own funds and eligible liabilities as a percentage of TEM	15.13 %	8.26 %	6.88 %
EU-26a	Of which own funds and subordinated liabilities	12.77 %		
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	12.29 %	12.29 %	
28	Institution-specific combined buffer requirement		4.46 %	
29	of which: capital conservation buffer requirement		2.50 %	
30	of which: countercyclical buffer requirement		0.62 %	
31	of which: systemic risk buffer requirement		0.08 %	
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		618,694	

The creditor ranking is shown below:

EU TLAC3a: creditor ranking - resolution entity

		Insolvency ranking									
		1 (most junior)	2	3	4	5	6	7	8	9 (most senior)	Sum of 1 to 9
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	79,997	9,777	13,148	31,990	—	3,102	—	40,599	262,615	441,228
3	of which excluded liabilities	—	—	—	—	—	—	—	—	174,613	174,613
4	Liabilities and own funds less excluded liabilities	79,997	9,777	13,148	31,990	—	3,102	—	40,599	88,002	266,615
5	Subset of liabilities and own funds less excluded liabilities that are own funds and liabilities potentially eligible for meeting TLAC	79,997	9,777	12,886	—	—	—	—	36,485	27,775	166,920
6	of which residual maturity ≥ 1 year < 2 years	—	—	1,343	—	—	—	—	9,255	5,794	16,393
7	of which residual maturity ≥ 2 year < 5 years	—	—	2,116	—	—	—	—	14,667	12,552	29,336
8	of which residual maturity ≥ 5 years < 10 years	—	—	8,290	—	—	—	—	12,047	8,642	28,979
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	—	—	1,001	—	—	—	—	516	787	2,304
10	of which perpetual securities	79,997	9,777	135	—	—	—	—	—	—	89,909

For further information on capital and TLAC instruments main features - Own Funds and Eligible liabilities, see Appendix II and Appendix III.

2.3.4. Leverage ratio

Basel 3 established the leverage ratio as a non-risk-sensitive measure to limit excessive growth of the balance sheet relative to available capital.

The ratio is calculated as the ratio of Tier 1 divided by the leverage exposure. This exposure is calculated as the sum of the following components:

- 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 (mainly: guarantees, undrawn credit limits, letters of credit) weighted by the conversion factors of the standardised approach to credit risk.
- Inclusion of the net value of derivatives (gains and losses against a single counterparty are netted, minus collateral – provided certain criteria are met) plus a surcharge for potential future exposure.
- A surcharge for the potential risk of financing securities transactions.
- Lastly, a surcharge is included for risk relating to unhedged credit derivatives (CDS).

With the publication of CRR the definitive calibration of the leverage ratio was set at 3% for all institutions, with G-SIBs being subject to an additional surcharge of 50% of the ratio of the buffer applicable to the global systemically important institution (G-SII) from January 2023 on. Adjustments to its calculation are also included, notably the exclusion of certain exposures from the measure of total exposure: exposures to central banks in exceptional circumstances, public loans, transfer loans and officially guaranteed export credits.

At the Q2 2026 the leverage ratio was 4.81%,-22bps compared to the end of Q1 2026 (5,03%). The impact due to the TSB acquisition is -21pbs.

In addition, during the second quarter, the leverage exposure increased due to higher balance sheet balances, particularly loans and advances, debt securities and repo activity.

The details are provided in the following tables: LR1: Summary reconciliation of accounting assets and leverage ratio exposures; LR2: Common disclosure template; and LR3: Split-up of on-balance sheet exposures.

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

	EUR million	a 2026
1	Total assets as per published financial statements	1,954,466
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(19,398)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	(31,166)
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	(2,995)
7	Adjustment for eligible cash pooling transactions	—
8	Adjustments for derivative financial instruments	24,500
9	Adjustment for securities financing transactions (SFTs)	4,431
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	115,351
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	(34,507)
13	**Total exposure measure**	**2,010,681**

Information regarding the leverage ratio is shown below:

LR2 - LRCom: Leverage ratio common disclosure

	EUR million	Jun'26	Dec'25
		a	b
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)*	1,685,864	1,642,758
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)	(12,325)	(11,923)
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)	(22,183)	(20,943)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**1,651,357**	**1,609,893**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	25,440	21,985
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	—	—
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	28,999	23,761
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized 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 standardized approach)	—	—
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	—	—
11	Adjusted effective notional amount of written credit derivatives	39,879	27,382
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(5,507)	(6,247)
13	**Total derivatives exposures**	**88,812**	**66,881**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	168,228	143,880
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	—	—
16	Counterparty credit risk exposure for SFT assets	4,431	5,197
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**	**172,659**	**149,076**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	426,276	425,945
20	(Adjustments for conversion to credit equivalent amounts)	(328,423)	(327,447)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—
22	**Off-balance sheet exposures**	**97,854**	**98,498**
	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)	—	—

LR2 - LRCom: Leverage ratio common disclosure

	EUR million	Jun'26	Dec'25
		a	b
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		
23	**Tier 1 capital**	**96,673**	**94,385**
24	**Total exposure measure**	**2,010,681**	**1,924,349**
	Leverage ratio		
25	Leverage ratio	4.81%	4.90%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.81%	4.90%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	4.81%	4.90%
26	Regulatory minimum leverage ratio requirement (%)**	3.00%	3.00%
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 (%)	0.50%	0.50%
EU-27a	Overall leverage ratio requirement (%)	3.50%	3.50%
	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	160,067	167,454
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	168,228	143,880
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)	2,002,520	1,947,923
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)	2,002,520	1,947,923
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)	4.83 %	4.85 %
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)	4.83 %	4.85 %

Below is a breakdown of the different on-balance sheet exposures:

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

	EUR million	a
		2026
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**1,673,540**
EU-2	Trading book exposures	139,313
EU-3	Banking book exposures, of which:	1,534,227
EU-4	Covered bonds	1,110
EU-5	Exposures treated as sovereigns	351,161
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,109
EU-7	Institutions	20,337
EU-8	Secured by mortgages of immovable properties	377,011
EU-9	Retail exposures	190,446
EU-10	Corporate	226,939
EU-11	Exposures in default	26,734
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	336,380

Capital

3.1. Capital requirements and risk-weighted assets

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

During the second quarter of 2026, the distribution of own funds requirements for Pillar 1 risks remained broadly in line with that observed at the end of the first quarter. The composition continues to be concentrated in credit risk, which accounts 80% of the total, followed by operational risk (16%) and market risk (4%).

Total RWAs increased by €16,292 million (+3%) during the second quarter, reaching €616,803 million in June.

The increase was mainly driven by credit risk, which rose by €13,326 million to €497,026 million, and operational risk, which increased by €3,428 million to €98,037 million. In both cases, the change is primarily explained by the acquisition of TSB.

Market risk RWAs recorded a slight decrease during the quarter, falling by €462 million to €21,740 million.

Below is a general evolution of RWA by risk, and then also by geography:

OV1 - Overview of risk weighted exposure amounts

	EUR million	RWA					Min. Capital Requirements
		a	b				c
		Jun'26	Mar'26	Dec'25	Sep'25	Jun'25	Jun'26
1	**Credit risk (excluding CCR)[1]**	**462,174**	**449,506**	**471,745**	**477,108**	**474,070**	**36,974**
2	Of which, standardized approach (SA)	274,197	269,960	280,993	283,723	283,609	21,936
3	Of which, the foundation IRB (FIRB) approach	87,847	88,773	52,965	52,048	49,555	7,028
4	Of which, slotting approach[2]	15,398	14,925	15,018	13,705	13,419	1,232
EU 4a	Of which, equities under the simple risk weighted approach	3,149	3,144	3,250	3,130	2,987	252
5	Of which, the advanced IRB (AIRB) approach	76,692	67,876	114,036	119,249	119,688	6,135
6	**Counterparty credit risk - CCR**	**14,866**	**14,493**	**14,081**	**14,957**	**15,055**	**1,189**
7	Of which, the standardized approach	12,519	11,936	11,816	12,489	12,873	1,002
8	Of which, internal model method (IMM)	—	—	—	—	—	—
EU 8a	Of which, exposures to a CCP	442	437	372	400	355	35
9	Of which, other CCR	1,905	2,121	1,894	2,068	1,827	152
10	**Credit valuation adjustments risk - CVA risk**	**2,483**	**2,282**	**2,461**	**2,356**	**2,303**	**199**
EU 10a	Of which the standardized approach (SA)	—	—	—	—	—	—
EU 10b	Of which the basic approach (F-BA and R-BA)	2,483	2,282	2,461	2,356	2,303	199
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**	**12**	**398**	**555**	**497**	**319**	**1**
16	**Securitisation exposures in the non-trading book (after the cap)**	**17,490**	**17,021**	**16,683**	**14,972**	**15,380**	**1,399**
17	Of which, SEC-IRBA approach	8,085	7,518	7,547	6,522	6,978	647
18	Of which, SEC-ERBA (including IAA)	2,389	2,467	2,454	2,216	2,643	191
19	Of which, SEC-SA approach[3]	7,016	7,036	6,682	6,234	5,760	561
EU 19a	Of which, 1250%[4]	—	—	—	—	—	—
20	**Position, foreign exchange and commodities risks (Market risk)**	**21,740**	**22,202**	**21,478**	**22,332**	**20,374**	**1,739**
	Of which the standardized approach	12,594	12,129	11,853	12,682	12,438	1,008
	Of which IMA	9,146	10,072	9,625	9,650	7,936	732
21	Of which the Alternative standardized approach (A-SA)	—	—	—	—	—	—
EU 21a	Of which the Simplified standardized approach (S-SA)	—	—	—	—	—	—
22	Of which the Alternative Internal Models Approach (A-IMA)	—	—	—	—	—	—
EU 22a	**Large exposures**	**—**	**—**	**—**	**—**	**—**	
23	**Reclassifications between trading and non-trading books**	**—**	**—**	**—**	**—**	**—**	
24	**Operational risk**	**98,037**	**94,609**	**102,427**	**98,531**	**98,249**	**7,843**
EU 24a	**Exposures to crypto-assets**	**—**	**—**	**—**	**—**	**—**	**—**
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	24,845	25,165	24,315	24,012	23,674	1,988
26	**Output floor applied (%)**	**55 %**	**55 %**	**50 %**	**50 %**	**50 %**	
27	Floor adjustment (before application of transitional cap)	—	—	—	—	—	
28	Floor adjustment (after application of transitional cap)	—	—	—	—	—	
29	**Total**	**616,803**	**600,511**	**629,430**	**630,753**	**625,750**	**49,344**

(1) It includes equities under the PD/LGD approach.
(2) Correction from the mapping indicated by supervisor to {C 08.01, r0020, c0260, s0010} + {C 08.01, r0030, c0260, s0010}.
(3) Correction from the mapping to the one appearing in tables SEC3+SEC4.
(4) 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 7.924 million that would result from applying this weighting to these exposures.

3.1.1. Output Floor

The EU CMS1 template compares RWAs calculated using internal models approved by the supervisor with those calculated under the standardised approach, broken down by risk type, and identifies the basis for calculating the output floor. In addition, it shows the RWAs resulting from applying the full standardised approach only, as well as the floor base incorporating the transitional provisions of Article 465 CRR3.

As of June 2026, the Group's current RWAs were €165,413 million below RWAs under the full standardised approach (€616,803 million versus €782,216 million), mainly due to credit risk (-€135,496 million) and, to a lesser extent, market risk, securitisations and counterparty risk. The output floor stands at €749,136 million, which is below the full standard due to adjustments relating mainly to credit and securitisations.

The following factors had a significant impact on current RWAs during the year: the sale of the Polish business (under the STD approach), the implementation of the Group's modelling strategy agreed with the ECB, and the acquisition of TSB (primarily under the IRB approaches, with a significant impact on the mortgage segment).

The main conclusion is that the application of the output floor has no effective impact, either under the phased-in scenario or under the fully loaded scenario (72.5% factor in 2030), given that current RWAs remain above the applicable limit. This result holds true despite the update of the transitional factor from 50% to 55% applicable in 2026, and is explained, amongst other factors, by the relative weight of the RWAs calculated using internal models, which limits the potential savings compared with the standard approach.

EU CMS1 – Comparison of modelled and standardised risk weighted exposure amounts at risk level

	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 (a + b)	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
1	Credit risk (excluding counterparty credit risk)	187,883	274,197	462,080	597,576	571,328
2	Counterparty credit risk	9,863	5,003	14,866	22,494	22,494
3	Credit valuation adjustment		2,483	2,483	2,483	2,483
4	Securitisation exposures in the banking book	8,085	9,405	17,490	26,776	19,944
5	Market risk	9,146	12,594	21,740	34,744	34,744
6	Operational risk		98,037	98,037	98,037	98,037
7	Other risk weighted exposure amounts		106	106	106	106
8	**Total**	**214,977**	**401,826**	**616,803**	**782,216**	**749,136**

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 Santander Group's credit risk RWAs are calculated using internal models and that, as can be seen from the RWAs resulting from applying only the standardised approach, the application of the output floor has no impact, either on a phase-in basis or on a fully loaded basis, remaining well below the 72.5% factor that will apply from 2030.

EU CMS2 – Comparison of modelled and standardised risk weighted exposure amounts for credit risk at asset class level

	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	—	—	29,173	29,173	29,173
EU 1a	Regional governments or local authorities		—	1,359	1,359	1,359
EU 1b	Public sector entities		—	424	424	424
EU 1c	Categorised as Multilateral Development Banks in SA		—	13	13	13
EU 1d	Categorised as International organisations in SA		—	—	—	—
2	Institutions	1,522	3,087	5,172	6,737	6,737
3	Equity	6,425	5,405	17,203	16,183	16,183
5	Corporates	101,784	129,378	150,714	204,348	178,307
5.1	Of which: F-IRB is applied	101,723	157,371	101,723	157,371	157,371
5.2	Of which: A-IRB is applied	61	85	61	85	85
EU 5a	Of which: Corporates - General	76,774	115,148	124,437	188,852	162,811
EU 5b	Of which: Corporates - Specialised lending	14,312	14,230	15,579	15,497	15,497
EU 5c	Of which: Corporates - Purchased receivables	10,698	21,346	10,698	21,346	21,346
6	Retail	76,631	37,027	161,944	122,339	122,339
6.1	Of which: Retail - Qualifying revolving	3,060	441	3,060	441	441
EU 6.1a	Of which: Retail - Purchased receivables	400	354	400	354	354
EU 6.1b	Of which: Retail - Other	25,944		25,944		—
6.2	Of which: Retail - Secured by residential real estate	47,228	—	47,228	—	—
EU 7a	Categorised as secured by mortgages on immovable properties and ADC exposures in SA		103,786	25,563	129,555	129,349
EU 7b	Collective investment undertakings (CIU)	1,024	912	1,608	1,496	1,496
EU 7c	Categorised as exposures in default in SA		6,713	18,680	25,392	25,392
EU 7d	Categorised as subordinated debt exposures in SA		—		—	—
EU 7e	Categorised as covered bonds in SA		30	81	111	111
EU 7f	Categorised as claims on institutions and corporates with a short-term credit assessment in SA		10,295	224	10,519	10,519
8	Others	496	498	49,922	49,924	49,924
9	**Total**	**187,883**	**297,131**	**462,080**	**597,576**	**571,328**

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

3.2. Eligible capital requirements

3.2.1. 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).

The table below summarises the regulation that sets the buffer surcharge rates on the different capital buffers to be applied and the situation of Banco Santander in June 2026:

Application	Buffers (% RWA)	2026
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 (4)	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) Banco de España requires a 1.25% buffer to Grupo Santander for 2026.
3) % CCyB applicable in January 2026 for exposures to customers residing in:

Germany: 0.75%	Estonia: 1.5%	Norway: 2.5%
Australia: 1%	France: 1%	Netherlands: 2%
Belgium: 1%	Greece: 0.25%	Czech Republic: 1,25%
Bulgaria: 2%	Hungary: 1%	Poland: 1%
Cyprus: 1.5%	Hong Kong: 0.5%	Portugal: 0.75%
Croatia: 1.5%	Ireland: 1.5%	United Kingdom: 2%
Denmark: 2.5%	Iceland: 2.5%	Romania: 1%
Slovakia: 1.5%	Latvia: 1%	Sweden: 2%
Slovenia: 1%	Lithuania: 1%	
Spain: 0.5%	Luxembourg: 0.5%	

Given its relevance for the Group, it should be noted that from October 2026 Spain's countercyclical buffer will be 1%.
4) Portugal, Italy and Norway maintain systemic risk buffers (SyRB) subject to reciprocity by Banco de España, which has resulted in a 0.3 pp increase in requirements for the Group.

The detailed breakdown of the geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (Table CCyB1) is provided in Annex I. The amount of the institution-specific countercyclical capital buffer (Table CCyB2) is shown below.

CCyB2 - Amount of institution-specific countercyclical capital buffer

	EUR million	2026
		a
1	**Total risk exposure amount**	**616,803**
2	Institution specific countercyclical capital buffer rate	0.57%
3	Institution specific countercyclical capital buffer requirement	3,496

3.3. 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.
Credit risk identification, analysis, decision-making and control processes at Santander Group are supported by a holistic view of the credit risk cycle, covering the transaction, the customer and the portfolio.

Credit risk identification enables active management and effective portfolio control. We identify and classify external and internal risks in each business in order to adopt corrective and mitigating measures when needed.

3.3.1. Capital requirements for credit risk

3.3.1.1. Internal ratings-based approach (IRB)

The following table shows the main variations in IRB credit risk RWA:

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

		Jun'26	Mar'26	YTD'26
		a		
		RWA	RWA	RWA
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**179,428**	**190,605**	**190,605**
2	Asset size	851	433	1,284
3	Asset quality	(189)	109	(80)
4	Model updates	(2,166)	(13,261)	(15,427)
5	Methodology and policy	—	—	—
6	Acquisitions and disposals	8,667	—	8,667
7	Foreign exchange movements	1,304	1,543	2,847
8	Other	—	—	—
9	**Risk weighted exposure amount as at the end of the reporting period**	**187,894**	**179,428**	**187,894**

Credit Risk, Counterparty Credit Risk (without CCPs or CVAs), Settlement Risk and Securitisations

IRB credit risk assets decreased by €11,177 million in the first quarter of the year. This decline is explained by the implementation of the Group's model strategy, with an impact of -€13,261 million (mainly in Spain), offset by the impact of exchange rates of + €1,543 million (BRL and USD), as well as the positive impact of our risk transfer initiatives to mitigate the increase in the size of assets, mainly through securitisations in retail portfolios.

The IRB credit RWA increase €8,466 million euros in Q2 2026. This increase is driven mainly by TSB acquisition in €8,667 million euros. These increases are offset by decreases due to implementation of IMI SCIB Group portfolios in -€2,166 million euros, and also slightly increase in asset size in €851 million euros (highlighting Consumer, Mexico and offset with UK). Finally, RWAs also increase by FX impact in €1,304 million euros (mainly GBP and USD).

The tables in this section show, for each business segment and credit rating (internal and Standard & Poor's) the value of exposures, credit risk parameters and capital under the IRB approach distinguishing between foundation IRB (FIRB) and advanced IRB (AIRB).

Credit risk exposures by exposure class

AIRB

EUR million 2026

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
Regional governments and local authorities												
Corporates	28	13	43.66 %	29	23.05 %	1,176	60.03 %	3.29	44	152.54 %	3	(2)
Public Sector Entities												
Purchased receivable	250	—	40.00 %	34	0.88 %	149	77.39 %	0.09	17	50.28 %	—	—
Retail – Secured by residential immovable property	318,793	18,288	37.74 %	325,465	2.10 %	2,417,692	15.57 %	—	47,228	14.51 %	1,096	(608)
Retail – Purchased receivables	953	—	40.00 %	622	11.07 %	33,080	70.95 %	—	400	64.32 %	47	(50)
Retail – Qualifying revolving (QRRE)	613	5,304	90.41 %	5,445	3.76 %	14,862,158	93.09 %	—	3,060	56.20 %	204	(99)
Retail- Other retail exposures	55,680	4,495	47.07 %	55,279	6.90 %	5,614,573	43.33 %	—	25,944	46.93 %	2,141	(1,786)
Total	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**1.56**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

Credit risk exposures by exposure class

FIRB

EUR million 2026

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
Institutions	5,538	9,329	22.71%	7,379	0.17%	1,005	41.49%	0.89	1,485	20.13%	4	(5)
Corporates - Other	142,970	165,894	21.31%	159,894	3.46%	171,537	35.38%	2.00	76,730	47.99%	1,991	(2,406)
Regional governments												
Public Sector Entities												
Purchased Receivable	45,261	3,046	2.95%	44,471	1.82%	34,969	40.51%	0.23	10,681	24.02%	320	(319)
Total	**193,769**	**178,269**	**21.07%**	**211,744**	**3.00%**	**207,511**	**36.67%**	**1.59**	**88,897**	**41.98%**	**2,315**	**(2,730)**

CR6 - AIRB approach - Credit risk exposures by exposure class and PD range

EUR million

2026

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l
Regional governments												
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)												

CR6 - AIRB approach - Credit risk exposures by exposure class and PD range

EUR million

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l
Corporates - Other												
0.00 < 0.15	—	—	51.21 %	—	0.11 %	12	82.46 %	5	0	55.76 %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.10 to < 0.15	—	—	51.21 %	—	0.11 %	12	82.46 %	5	0	55.76 %	—	—
0.15 < 0.25	—	—	65.63 %	—	0.18 %	17	67.81 %	5	0	60.84 %	—	—
0.25 < 0.50	2	—	51.21 %	2	0.31 %	13	38.38 %	5	1	41.39 %	—	—
0.50 < 0.75	2	1	34.04 %	2	0.57 %	39	51.89 %	1	1	43.23 %	—	—
0.75 < 2.50	5	9	43.54 %	7	1.11 %	798	50.14 %	3	6	90.69 %	—	—
0.75 to < 1.75	4	9	44.20 %	6	0.94 %	725	50.48 %	3	5	92.08 %	—	—
1.75 to < 2.50	1	1	35.34 %	1	2.09 %	73	48.25 %	2	1	82.86 %	—	—
2.50 < 10.00	5	1	59.05 %	5	3.35 %	127	100.20 %	4	14	271.62 %	—	—
2.50 to <5	5	1	74.87 %	5	3.27 %	102	101.73 %	4	14	275.89 %	—	—
5 to <10	—	—	22.61 %	—	6.36 %	25	45.32 %	2	0	118.11 %	—	—
10.00 < 100.00	9	1	36.83 %	9	31.69 %	82	50.57 %	4	17	190.00 %	1	—
10 to < 20	—	—	67.38 %	—	12.26 %	13	49.34 %	3	0	192.48 %	—	—
20 to < 30	7	1	33.47 %	8	27.29 %	37	52.69 %	4	16	204.04 %	1	—
30 to < 100	1	—	26.19 %	1	64.48 %	32	36.85 %	4	1	96.96 %	—	—
100.00 (Default)	5	—	28.26 %	4	100.00 %	88	62.56 %	3	5	138.46 %	2	(2)
Subtotal (exposure class)	**28**	**13**	**43.66 %**	**29**	**23.05 %**	**1,176**	**60.03 %**	**3**	**44**	**152.54 %**	**3**	**(2)**
Total (all exposures classes AIRB)	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**2**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

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CR6 - AIRB approach - Credit risk exposures by exposure class and PD range

EUR million

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l
PSEs												
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)												

Certain figures contained in this section have been subject to rounding to enhance their presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total given for that column or row.

CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

2025

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l
Regional governments												
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.25 < 0.50	—	4	1.60 %	—	0.49 %	3	50.19 %	1	—	60.00 %	—	—
0.50 < 0.75	1,425	77	27.02 %	898	0.69 %	28	13.77 %	4	256	28.00 %	1	(2)
0.75 < 2.50	1,669	155	23.41 %	1,652	0.97 %	87	21.50 %	3	681	41.00 %	3	(7)
0.75 to < 1.75	1,656	154	23.42 %	1,638	0.96 %	86	21.27 %	3	662	40.00 %	3	(6)
1.75 to < 2.50	14	—		14	2.44 %	1	48.98 %	3	19	136.00 %	—	—
2.50 < 10.00	20	6	6.70 %	20	3.26 %	68	19.81 %	3	13	62.00 %	—	—
2.50 to <5	20	6	6.06 %	20	3.24 %	62	19.73 %	3	12	62.00 %	—	—
5 to <10	—	—	22.31 %	—	6.08 %	6	29.97 %	2	0	100.00 %	—	—
10.00 < 100.00	1	3	0.54 %	1	43.86 %	14	19.25 %	—	1	94.00 %	—	—
10 to < 20	—	—		—	— %	1			—	—	—	—
20 to < 30	—	—		—	— %				—	—	—	—
30 to < 100	1	3	0.54 %	1	43.86 %	13	19.25 %	—	1	94.00 %	—	—
100.00 (Default)	—	—		—	100.00 %	2	90.85 %	1	—	20.00 %	—	—
Subtotal (exposure class)	**3,115**	**245**	**23.51 %**	**2,571**	**0.90 %**	**202**	**18.79 %**	**4**	**949**	**36.93 %**	**5**	**(9)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**2**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l
Corporates - Other												
0.00 < 0.15	77	107	17.06 %	99	0.11 %	163	37.91 %	4	35	36.00 %	—	—
0.00 to < 0.10	2	—	55.20 %	2	0.07 %	73	52.18 %	3	1	32.00 %	—	—
0.10 to < 0.15	76	107	16.91 %	97	0.11 %	90	37.64 %	4	35	36.00 %	—	—
0.15 < 0.25	1,820	662	10.45 %	3,560	0.21 %	2,208	37.05 %	2	948	27.00 %	1	(1)
0.25 < 0.50	6,600	4,651	32.98 %	9,085	0.38 %	13,092	46.96 %	2	5,540	61.00 %	13	(23)
0.50 < 0.75	9,521	3,965	31.48 %	11,022	0.60 %	18,207	43.76 %	2	7,127	65.00 %	26	(15)
0.75 < 2.50	16,839	6,779	29.04 %	15,602	1.50 %	35,394	42.78 %	2	13,403	86.00 %	102	(86)
0.75 to < 1.75	11,841	4,442	29.53 %	11,247	1.24 %	23,310	42.21 %	2	9,028	80.00 %	58	(44)
1.75 to < 2.50	4,998	2,337	28.11 %	4,356	2.17 %	12,084	44.23 %	2	4,376	100.00 %	44	(42)
2.50 < 10.00	7,386	5,311	16.97 %	5,860	4.44 %	18,722	39.39 %	2	6,367	109.00 %	109	(136)
2.50 to <5	4,547	4,127	15.53 %	3,838	3.54 %	10,966	39.09 %	2	3,905	102.00 %	56	(51)
5 to <10	2,839	1,184	22.00 %	2,022	6.15 %	7,756	39.96 %	2	2,462	122.00 %	52	(85)
10.00 < 100.00	1,257	355	25.74 %	1,039	23.83 %	4,155	41.97 %	2	2,043	197.00 %	94	(102)
10 to < 20	704	214	29.62 %	619	13.48 %	2,109	40.09 %	2	1,103	178.00 %	31	(44)
20 to < 30	56	14	41.32 %	63	24.78 %	433	53.45 %	2	160	254.00 %	5	(5)
30 to < 100	496	127	17.43 %	357	41.62 %	1,613	43.22 %	2	780	219.00 %	58	(54)
100.00 (Default)	2,521	324	24.71 %	1,768	100.00 %	6,137	56.65 %	2	916	52.00 %	953	(1,169)
Subtotal (exposure class)	**46,021**	**22,155**	**26.68 %**	**48,035**	**5.45 %**	**98,078**	**43.44 %**	**2**	**36,380**	**75.74 %**	**1,298**	**(1,533)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**2**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - AIRB approach - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

2025

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l
PSEs												
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	—	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.15 < 0.25	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.25 < 0.50	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.50 < 0.75	93	21	1.16 %	93	0.74 %	12	48.99 %	4	96	103.00 %	—	—
0.75 < 2.50	1	1	20.00 %	1	2.44 %	2	50.08 %	1	1	115.00 %	—	—
0.75 to < 1.75	—	—	— %	—	— %	—	— %	—	0	— %	—	—
1.75 to < 2.50	1	1	20.00 %	1	2.44 %	2	50.08 %	1	1	115.00 %	—	—
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)	5	—		5	100.00 %	2	100.00 %	2	0	— %	4	(4)
Subtotal (exposure class)	**99**	**21**	**1.88 %**	**99**	**6.04 %**	**16**	**51.71 %**	**3**	**97**	**97.98 %**	**5**	**(4)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**2**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range

EUR million

												2026
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Sec. Residential												
0.00 < 0.15	35,509	646	40.00 %	35,703	0.09 %	479,309	26.23 %	—	2,046	5.73 %	10	(9)
0.00 to < 0.10	24,397	416	40.00 %	24,564	0.07 %	354,310	27.43 %	—	1,289	5.25 %	6	(3)
0.10 to < 0.15	11,112	229	40.00 %	11,139	0.13 %	124,999	23.58 %	—	757	6.80 %	4	(6)
0.15 < 0.25	31,175	563	47.71 %	31,420	0.21 %	263,131	20.50 %	—	2,817	8.97 %	17	(5)
0.25 < 0.50	91,119	9,585	33.52 %	94,275	0.38 %	574,757	14.09 %	—	8,627	9.15 %	55	(22)
0.50 < 0.75	83,846	5,262	43.85 %	86,095	0.62 %	554,142	11.78 %	—	9,268	10.76 %	67	(21)
0.75 < 2.50	55,396	1,828	39.56 %	56,101	1.34 %	350,088	14.16 %	—	11,831	21.09 %	109	(48)
0.75 to < 1.75	42,542	435	45.55 %	42,725	1.14 %	268,123	14.46 %	—	8,369	19.59 %	73	(35)
1.75 to < 2.50	12,853	1,393	37.69 %	13,376	2.00 %	81,965	13.18 %	—	3,462	25.88 %	36	(13)
2.50 < 10.00	14,718	227	33.12 %	14,783	4.05 %	126,017	14.68 %	—	6,294	42.57 %	96	(48)
2.50 to <5	11,277	89	35.79 %	11,300	3.29 %	83,172	14.17 %	—	4,169	36.90 %	56	(22)
5 to <10	3,440	138	31.39 %	3,483	6.50 %	42,845	16.34 %	—	2,124	60.99 %	40	(26)
10.00 < 100.00	3,858	157	34.77 %	3,911	34.23 %	41,358	12.71 %	—	2,539	64.91 %	175	(64)
10 to < 20	1,200	78	21.96 %	1,217	14.14 %	19,830	14.24 %	—	883	72.55 %	26	(15)
20 to < 30	1,098	25	57.34 %	1,112	24.83 %	7,004	12.73 %	—	830	74.66 %	39	(13)
30 to < 100	1,559	54	42.77 %	1,582	56.30 %	14,524	11.53 %	—	825	52.17 %	111	(36)
100.00 (Default)	3,173	21	14.43 %	3,176	100.00 %	28,890	26.01 %	—	3,807	119.90 %	566	(391)
Subtotal (exposure class)	**318,793**	**18,288**	**37.74 %**	**325,465**	**2.10 %**	**2,417,692**	**15.57 %**	**—**	**47,228**	**14.51 %**	**1,096**	**(608)**
Total (all exposures classes AIRB)	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**2**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range

EUR million

												2026
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Purchased Receivables												
0.00 < 0.15	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.00 to < 0.10	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.10 to < 0.15	—	—	— %	—	— %	—	— %	—	0	— %	—	—
0.15 < 0.25	47	—	— %	5	0.15 %	1,111	78.30 %	—	1	20.13 %	—	—
0.25 < 0.50	260	—	— %	12	0.40 %	5,077	76.92 %	—	5	37.14 %	—	—
0.50 < 0.75	163	—	40.00 %	157	0.67 %	6,676	75.30 %	—	76	48.30 %	1	—
0.75 < 2.50	308	—	40.00 %	298	1.39 %	10,987	65.65 %	—	171	57.36 %	3	(3)
0.75 to < 1.75	219	—	40.00 %	215	1.19 %	7,675	61.78 %	—	110	51.14 %	2	(2)
1.75 to < 2.50	89	—	40.00 %	83	1.92 %	3,312	75.69 %	—	61	73.51 %	1	(1)
2.50 < 10.00	91	—	40.00 %	86	4.95 %	3,736	75.66 %	—	73	85.12 %	3	(2)
2.50 to <5	71	—	40.00 %	69	4.31 %	2,646	75.67 %	—	58	83.81 %	2	(1)
5 to <10	20	—	40.00 %	17	7.66 %	1,090	75.62 %	—	15	90.59 %	1	(1)
10.00 < 100.00	7	—	40.00 %	6	20.33 %	2,140	75.53 %	—	8	128.37 %	1	(1)
10 to < 20	7	—	40.00 %	6	19.62 %	2,087	75.52 %	—	7	127.19 %	1	(1)
20 to < 30	—	—	— %	—	— %	—	— %	—	0	— %	—	—
30 to < 100	1	—	40.00 %	—	34.37 %	53	75.76 %	—	0	151.49 %	—	—
100.00 (Default)	76	—	40.00 %	58	100.00 %	3,353	77.14 %	—	67	115.39 %	39	(43)
Subtotal (exposure class)	**953**	**—**	**40.00 %**	**622**	**11.07 %**	**33,080**	**70.95 %**	**—**	**400**	**64.32 %**	**47**	**(50)**
Total (all exposures classes AIRB)	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**2**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range

EUR million

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
												2026
	a	b	c	d	e	f	g	h	i	j	k	l
Qualifying Revolving												
0.00 < 0.15	6	433	145.48 %	637	0.09 %	997,134	80.35 %	—	46	7.26 %	1	—
0.00 to < 0.10	3	295	147.61 %	439	0.08 %	661,718	80.07 %	—	25	5.71 %	—	—
0.10 to < 0.15	3	139	140.94 %	199	0.12 %	335,416	80.97 %	—	21	10.69 %	—	—
0.15 < 0.25	26	3,234	74.52 %	2,438	0.20 %	6,000,367	99.23 %	—	317	13.00 %	6	(2)
0.25 < 0.50	17	123	178.27 %	238	0.36 %	506,435	82.57 %	—	47	19.68 %	1	(1)
0.50 < 0.75	15	58	354.27 %	223	0.61 %	1,652,106	99.29 %	—	74	33.13 %	2	(1)
0.75 < 2.50	86	728	85.75 %	717	1.08 %	2,035,083	93.22 %	—	335	46.75 %	9	(7)
0.75 to < 1.75	69	715	83.57 %	672	1.01 %	1,951,638	94.03 %	—	301	44.85 %	8	(5)
1.75 to < 2.50	16	13	201.73 %	46	2.09 %	83,445	81.25 %	—	34	74.74 %	1	(1)
2.50 < 10.00	183	594	89.62 %	722	4.89 %	2,180,525	87.32 %	—	895	123.87 %	36	(19)
2.50 to <5	86	320	98.01 %	403	3.41 %	1,392,268	94.46 %	—	438	108.66 %	16	(9)
5 to <10	98	273	79.79 %	319	6.76 %	788,257	78.29 %	—	457	143.08 %	21	(10)
10.00 < 100.00	239	122	141.90 %	429	26.47 %	1,345,499	90.49 %	—	1,293	301.67 %	121	(47)
10 to < 20	17	4	360.94 %	35	13.17 %	100,246	86.61 %	—	87	249.01 %	5	(5)
20 to < 30	185	115	134.75 %	351	24.31 %	1,182,290	93.07 %	—	1,105	315.03 %	95	(34)
30 to < 100	37	3	111.88 %	43	54.71 %	62,963	72.66 %	—	101	235.42 %	21	(8)
100.00 (Default)	41	12	1.74 %	41	100.00 %	145,009	79.57 %	—	53	130.74 %	30	(22)
Subtotal (exposure class)	**613**	**5,304**	**90.41 %**	**5,445**	**3.76 %**	**14,862,158**	**93.09 %**	**—**	**3,060**	**56.20 %**	**204**	**(99)**
Total (all exposures classes AIRB)	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**2**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range

EUR million

												2026
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Other												
0.00 < 0.15	2,414	539	6.16 %	2,447	0.09 %	193,211	28.22 %	—	159	6.48 %	1	(1)
0.00 to < 0.10	978	313	0.32 %	979	0.07 %	58,905	26.72 %	—	48	4.90 %	—	—
0.10 to < 0.15	1,436	226	14.26 %	1,468	0.11 %	134,306	29.23 %	—	111	7.53 %	—	—
0.15 < 0.25	2,623	390	28.71 %	2,735	0.18 %	311,312	31.71 %	—	314	11.47 %	2	(1)
0.25 < 0.50	9,192	380	12.32 %	9,213	0.34 %	952,520	35.65 %	—	1,956	21.23 %	12	(12)
0.50 < 0.75	9,156	741	50.98 %	9,132	0.64 %	699,459	40.77 %	—	3,276	35.87 %	24	(34)
0.75 < 2.50	17,720	1,689	56.31 %	17,958	1.47 %	1,965,144	45.82 %	—	9,467	52.72 %	122	(115)
0.75 to < 1.75	13,022	1,408	57.98 %	13,403	1.23 %	1,439,125	45.38 %	—	6,687	49.89 %	75	(79)
1.75 to < 2.50	4,698	280	47.96 %	4,555	2.19 %	526,019	47.09 %	—	2,780	61.02 %	47	(36)
2.50 < 10.00	8,720	510	75.57 %	8,463	4.63 %	901,264	49.30 %	—	5,858	69.22 %	196	(139)
2.50 to <5	5,825	355	77.39 %	5,642	3.52 %	597,233	49.25 %	—	3,834	67.96 %	98	(65)
5 to <10	2,895	154	71.37 %	2,821	6.87 %	304,031	49.42 %	—	2,024	71.74 %	97	(74)
10.00 < 100.00	3,246	193	101.96 %	3,253	30.28 %	315,776	46.57 %	—	3,067	94.30 %	455	(221)
10 to < 20	1,274	172	104.70 %	1,408	14.94 %	128,545	49.16 %	—	1,291	91.74 %	104	(51)
20 to < 30	821	15	77.80 %	760	22.35 %	76,009	45.24 %	—	811	106.64 %	79	(32)
30 to < 100	1,151	7	83.96 %	1,085	55.76 %	111,222	44.14 %	—	965	88.97 %	272	(138)
100.00 (Default)	2,609	54	24.65 %	2,077	100.00 %	275,887	70.83 %	—	1,848	88.96 %	1,330	(1,262)
Subtotal (exposure class)	**55,680**	**4,495**	**47.07 %**	**55,279**	**6.90 %**	**5,614,573**	**43.33 %**	**—**	**25,944**	**46.93 %**	**2,141**	**(1,786)**
Total (all exposures classes AIRB)	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**2**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

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CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range

EUR million

												2026
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Memo - Sec SME												
0.00 < 0.15	80	—	40.00 %	80	0.09 %	1,779	24.52 %	—	4	4.40 %	—	—
0.00 to < 0.10	62	—	— %	62	0.07 %	1,350	24.61 %	—	2	3.85 %	—	—
0.10 to < 0.15	18	—	40.00 %	18	0.14 %	429	24.22 %	—	1	6.29 %	—	—
0.15 < 0.25	34	1	30.96 %	34	0.20 %	727	29.14 %	—	3	9.51 %	—	—
0.25 < 0.50	233	4	40.00 %	235	0.32 %	5,043	35.93 %	—	36	15.48 %	—	—
0.50 < 0.75	21	1	90.05 %	21	0.61 %	539	32.57 %	—	4	21.16 %	—	—
0.75 < 2.50	306	8	48.73 %	303	1.37 %	6,122	38.59 %	—	117	38.71 %	2	(1)
0.75 to < 1.75	278	6	62.33 %	276	1.28 %	5,745	38.69 %	—	105	37.91 %	1	(1)
1.75 to < 2.50	28	3	22.96 %	27	2.23 %	377	37.53 %	—	13	47.01 %	—	—
2.50 < 10.00	260	6	62.09 %	259	4.52 %	3,981	38.23 %	—	167	64.46 %	5	(1)
2.50 to <5	189	5	60.92 %	189	3.50 %	2,793	38.13 %	—	114	60.43 %	3	(1)
5 to <10	71	—	79.41 %	70	7.26 %	1,188	38.49 %	—	53	75.30 %	2	(1)
10.00 < 100.00	106	1	61.72 %	105	30.44 %	1,644	37.42 %	—	100	94.61 %	12	(5)
10 to < 20	55	—	54.09 %	55	14.42 %	999	36.75 %	—	50	92.09 %	3	(2)
20 to < 30	8	1	42.40 %	9	26.31 %	121	36.70 %	—	8	94.51 %	1	—
30 to < 100	42	—	120.01 %	42	52.04 %	524	38.43 %	—	41	97.89 %	8	(2)
100.00 (Default)	147	1	51.47 %	145	100.00 %	1,972	56.21 %	—	396	272.59 %	50	(54)
Subtotal (exposure class)	**1,188**	**23**	**52.85 %**	**1,182**	**16.41 %**	**21,807**	**38.70 %**	**—**	**827**	**69.93 %**	**69**	**(61)**
Total (all exposures classes AIRB)	**376,317**	**28,100**	**49.18 %**	**386,873**	**2.83 %**	**22,928,828**	**20.72 %**	**2**	**76,692**	**19.82 %**	**3,492**	**(2,545)**

Certain figures contained in this section have been subject to rounding to enhance their presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total given for that column or row.

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Sec. Residencial												
0.00 < 0.15	34,132	538	40.00 %	34,272	0.09 %	471,754	25.62 %	—	1,951	5.69 %	9	(5)
0.00 to < 0.10	22,860	321	40.00 %	22,988	0.07 %	343,530	26.52 %	—	1,178	5.13 %	6	(2)
0.10 to < 0.15	11,272	217	40.00 %	11,284	0.13 %	128,224	23.78 %	—	772	6.84 %	4	(3)
0.15 < 0.25	20,976	591	52.96 %	21,268	0.22 %	204,526	22.28 %	—	2,138	10.05 %	13	(4)
0.25 < 0.50	72,018	8,059	43.05 %	75,460	0.37 %	478,554	13.07 %	—	6,284	8.33 %	41	(20)
0.50 < 0.75	79,079	4,882	46.44 %	81,319	0.61 %	542,938	11.30 %	—	8,369	10.29 %	60	(16)
0.75 < 2.50	46,452	1,473	43.78 %	47,089	1.38 %	312,416	13.46 %	—	9,730	20.66 %	91	(51)
0.75 to < 1.75	34,565	450	51.27 %	34,791	1.16 %	233,076	13.68 %	—	6,615	19.01 %	58	(38)
1.75 to < 2.50	11,887	1,022	40.48 %	12,298	2.01 %	79,340	12.83 %	—	3,115	25.33 %	33	(13)
2.50 < 10.00	12,634	229	39.19 %	12,721	4.09 %	115,230	14.04 %	—	5,309	41.74 %	82	(49)
2.50 to <5	9,763	96	44.46 %	9,803	3.40 %	75,310	13.43 %	—	3,551	36.23 %	49	(22)
5 to <10	2,871	133	35.40 %	2,918	6.43 %	39,920	16.10 %	—	1,758	60.25 %	33	(27)
10.00 < 100.00	3,962	163	47.32 %	4,039	32.78 %	43,904	13.00 %	—	2,742	67.89 %	179	(74)
10 to < 20	1,261	76	35.21 %	1,287	14.06 %	20,657	14.43 %	—	959	74.48 %	28	(19)
20 to < 30	1,250	28	67.16 %	1,268	24.75 %	8,415	13.42 %	—	1,003	79.05 %	47	(16)
30 to < 100	1,452	59	53.51 %	1,484	55.88 %	14,832	11.40 %	—	781	52.63 %	104	(39)
100.00 (Default)	3,479	21	25.84 %	3,484	100.00 %	32,919	26.97 %	—	3,770	108.19 %	639	(461)
Subtotal (exposure class)	**272,732**	**15,955**	**44.38 %**	**279,652**	**2.44 %**	**2,202,241**	**15.08 %**	**—**	**40,293**	**14.41 %**	**1,115**	**(682)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**—**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Purchased Receivables												
0.00 < 0.15	5	—	40.00 %	5	0.07 %	425	87.59 %	—	1	15.77 %	—	—
0.00 to < 0.10	5	—	40.00 %	5	0.07 %	423	87.59 %	—	1	15.74 %	—	—
0.10 to < 0.15	—	—	— %	—	0.14 %	2	87.59 %	—	0	27.91 %	—	—
0.15 < 0.25	56	—	40.00 %	56	0.22 %	2,013	56.32 %	—	17	31.39 %	—	—
0.25 < 0.50	27	—	40.00 %	28	0.38 %	1,212	51.24 %	—	10	34.50 %	—	—
0.50 < 0.75	356	—	40.00 %	350	0.62 %	10,193	53.77 %	—	172	49.26 %	1	(1)
0.75 < 2.50	1,169	—	40.00 %	842	1.54 %	27,812	53.13 %	—	583	69.18 %	7	(3)
0.75 to < 1.75	601	—	40.00 %	582	1.27 %	15,901	52.57 %	—	379	65.10 %	4	(2)
1.75 to < 2.50	568	—	40.00 %	260	2.16 %	11,911	54.36 %	—	204	78.34 %	3	(1)
2.50 < 10.00	452	—	40.00 %	400	4.55 %	11,739	54.51 %	—	345	86.17 %	10	(5)
2.50 to <5	266	—	40.00 %	243	3.41 %	7,710	53.10 %	—	200	82.33 %	4	(2)
5 to <10	186	—	40.00 %	157	6.29 %	4,029	56.67 %	—	145	92.08 %	6	(3)
10.00 < 100.00	70	—	40.00 %	58	30.54 %	2,122	54.91 %	—	80	136.35 %	10	(6)
10 to < 20	34	—	40.00 %	26	12.56 %	755	56.14 %	—	28	108.10 %	2	(1)
20 to < 30	5	—	40.00 %	3	27.96 %	438	50.26 %	—	5	138.10 %	—	—
30 to < 100	31	—	40.00 %	29	47.07 %	929	54.32 %	—	47	161.68 %	7	(5)
100.00 (Default)	168	—	40.00 %	126	100.00 %	5,441	82.41 %	—	60	47.45 %	103	(98)
Subtotal (exposure class)	**2,302**	**—**	**40.00 %**	**1,864**	**9.50 %**	**60,957**	**55.73 %**	**—**	**1,267**	**67.94 %**	**131**	**(112)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**—**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

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CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Qualifying Revolving												
0.00 < 0.15	624	8,928	30.60 %	3,358	0.09 %	4,291,499	74.83 %	—	138	4.10 %	2	(1)
0.00 to < 0.10	434	3,851	31.37 %	1,643	0.07 %	1,969,508	82.52 %	—	61	3.73 %	1	(1)
0.10 to < 0.15	190	5,077	30.01 %	1,715	0.11 %	2,321,991	67.46 %	—	77	4.46 %	1	(1)
0.15 < 0.25	302	4,513	55.47 %	2,810	0.20 %	5,668,671	95.26 %	—	330	11.75 %	6	(2)
0.25 < 0.50	69	657	33.35 %	289	0.35 %	433,717	74.57 %	—	37	12.93 %	1	(1)
0.50 < 0.75	217	726	49.52 %	579	0.63 %	2,168,186	85.98 %	—	141	24.40 %	3	(2)
0.75 < 2.50	789	1,650	50.42 %	1,636	1.29 %	2,831,199	83.69 %	—	666	40.74 %	18	(9)
0.75 to < 1.75	663	1,551	51.41 %	1,473	1.19 %	2,635,105	84.43 %	—	578	39.21 %	16	(8)
1.75 to < 2.50	126	99	34.84 %	163	2.21 %	196,094	77.01 %	—	89	54.50 %	3	(1)
2.50 < 10.00	625	1,171	59.47 %	1,337	4.66 %	2,774,725	81.18 %	—	1,367	102.26 %	55	(24)
2.50 to <5	381	742	60.02 %	838	3.41 %	1,828,311	83.78 %	—	725	86.53 %	26	(14)
5 to <10	245	430	58.53 %	500	6.75 %	946,414	76.82 %	—	643	128.64 %	29	(10)
10.00 < 100.00	425	222	92.09 %	646	28.41 %	1,518,502	85.21 %	—	1,658	256.64 %	175	(62)
10 to < 20	109	50	52.94 %	138	13.91 %	186,007	77.45 %	—	247	179.05 %	15	(4)
20 to < 30	222	144	115.10 %	398	24.31 %	1,188,787	91.06 %	—	1,216	305.39 %	105	(34)
30 to < 100	95	28	42.85 %	110	61.44 %	143,708	73.73 %	—	195	177.44 %	55	(24)
100.00 (Default)	174	32	1.10 %	175	100.00 %	185,554	80.97 %	—	121	69.29 %	133	(116)
Subtotal (exposure class)	**3,225**	**17,900**	**42.16 %**	**10,831**	**4.20 %**	**19,872,053**	**83.56 %**	**—**	**4,460**	**41.18 %**	**394**	**(217)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**—**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Other												
0.00 < 0.15	2,438	877	48.47 %	2,864	0.09 %	3,301,365	37.16 %	—	244	8.52 %	1	(1)
0.00 to < 0.10	766	661	50.74 %	1,101	0.06 %	2,594,418	48.55 %	—	94	8.56 %	—	—
0.10 to < 0.15	1,673	215	41.51 %	1,762	0.11 %	706,947	30.04 %	—	150	8.50 %	1	(1)
0.15 < 0.25	5,599	427	40.11 %	5,531	0.21 %	764,818	29.48 %	—	741	13.40 %	3	(5)
0.25 < 0.50	6,332	797	47.95 %	6,494	0.38 %	860,751	38.63 %	—	1,682	25.90 %	9	(28)
0.50 < 0.75	9,673	1,263	39.62 %	9,889	0.64 %	1,275,605	40.29 %	—	3,585	36.25 %	25	(34)
0.75 < 2.50	17,584	2,331	44.86 %	17,792	1.45 %	2,415,520	44.22 %	—	9,230	51.88 %	111	(94)
0.75 to < 1.75	13,031	1,852	45.80 %	13,308	1.22 %	1,770,984	43.84 %	—	6,567	49.34 %	69	(59)
1.75 to < 2.50	4,553	479	41.21 %	4,484	2.15 %	644,536	45.35 %	—	2,663	59.40 %	42	(34)
2.50 < 10.00	8,888	738	41.89 %	8,336	4.56 %	1,270,330	48.22 %	—	5,858	70.27 %	183	(145)
2.50 to <5	5,983	474	43.47 %	5,656	3.51 %	671,195	47.97 %	—	3,858	68.22 %	94	(67)
5 to <10	2,905	264	39.05 %	2,680	6.79 %	599,135	48.76 %	—	2,000	74.61 %	89	(78)
10.00 < 100.00	2,982	77	37.56 %	2,831	32.31 %	426,073	45.93 %	—	2,765	97.66 %	429	(216)
10 to < 20	1,150	38	32.74 %	1,084	14.55 %	153,869	46.59 %	—	986	90.92 %	74	(47)
20 to < 30	679	23	43.00 %	660	22.13 %	103,909	45.15 %	—	736	111.57 %	68	(27)
30 to < 100	1,152	16	41.35 %	1,087	56.20 %	168,295	45.76 %	—	1,043	95.95 %	287	(142)
100.00 (Default)	2,853	89	26.23 %	2,128	100.00 %	370,701	65.10 %	—	1,199	56.36 %	1,299	(1,260)
Subtotal (exposure class)	**56,349**	**6,599**	**43.73 %**	**55,864**	**6.77 %**	**10,685,163**	**42.53 %**	**—**	**25,305**	**45.30 %**	**2,060**	**(1,784)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**—**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - AIRB approach Retail - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

2025

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
	a	b	c	d	e	f	g	h	i	j	k	l
Retail - Memo - Sec SME												
0.00 < 0.15	265	—	44.46 %	265	0.10 %	4,215	24.97 %	—	18	6.94 %	—	—
0.00 to < 0.10	65	—	26.15 %	65	0.07 %	1,332	25.39 %	—	3	3.99 %	—	—
0.10 to < 0.15	201	—	48.17 %	201	0.11 %	2,883	24.83 %	—	16	7.89 %	—	—
0.15 < 0.25	197	1	67.39 %	198	0.20 %	3,107	26.06 %	—	25	12.54 %	—	—
0.25 < 0.50	348	7	48.38 %	350	0.40 %	5,227	26.11 %	—	70	20.07 %	—	(1)
0.50 < 0.75	93	5	52.98 %	91	0.62 %	1,544	26.12 %	—	20	21.81 %	—	—
0.75 < 2.50	618	49	39.87 %	612	1.40 %	7,526	25.88 %	—	250	40.81 %	2	(3)
0.75 to < 1.75	505	37	41.09 %	506	1.22 %	6,419	25.92 %	—	198	39.22 %	2	(2)
1.75 to < 2.50	113	12	36.02 %	106	2.22 %	1,107	25.66 %	—	51	48.40 %	1	(1)
2.50 < 10.00	165	12	43.83 %	152	4.74 %	2,326	26.96 %	—	87	57.22 %	2	(5)
2.50 to <5	89	12	44.06 %	85	3.40 %	1,515	27.27 %	—	43	50.90 %	1	(2)
5 to <10	76	—	36.02 %	67	6.45 %	811	26.56 %	—	44	65.25 %	1	(4)
10.00 < 100.00	65	1	30.40 %	63	27.10 %	914	27.56 %	—	57	91.60 %	5	(5)
10 to < 20	34	1	23.97 %	33	13.34 %	505	25.86 %	—	27	83.44 %	1	(2)
20 to < 30	7	—	49.39 %	7	26.02 %	92	34.79 %	—	6	90.59 %	1	—
30 to < 100	24	—	22.70 %	23	47.14 %	317	27.71 %	—	24	103.60 %	3	(3)
100.00 (Default)	226	1	37.18 %	221	100.00 %	2,845	28.97 %	—	41	18.68 %	62	(86)
Subtotal (exposure class)	**1,978**	**76**	**(34.96)%**	**1,951**	**13.16 %**	**27,704**	**26.31 %**	**—**	**568**	**29.13 %**	**72**	**(101)**
Total (all exposures classes AIRB)	**390,474**	**63,328**	**37.09 %**	**404,772**	**3.52 %**	**32,936,096**	**24.84 %**	**—**	**114,036**	**28.17 %**	**5,234**	**(4,547)**

CR6 - FIRB approach - Credit risk exposures by exposure class and PD range

EUR million

												2026
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
	a	b	c	d	e	f	g	h	i	j	k	l
Institutions												
0.00 < 0.15	4,080	8,019	20.98 %	5,387	0.07 %	757	42.99 %	1	834	15.48 %	2	(1)
0.00 to < 0.10	2,802	6,441	22.39 %	4,602	0.06 %	652	42.65 %	1	622	13.50 %	1	—
0.10 to < 0.15	1,277	1,578	15.23 %	784	0.11 %	105	45.00 %	1	212	27.05 %	1	—
0.15 < 0.25	410	464	18.81 %	565	0.18 %	99	45.00 %	1	164	28.97 %	—	—
0.25 < 0.50	139	203	19.81 %	933	0.30 %	64	45.00 %	1	379	40.66 %	—	—
0.50 < 0.75	628	344	87.32 %	206	0.51 %	33	26.14 %	1	71	34.36 %	—	—
0.75 < 2.50	281	128	1.65 %	283	0.90 %	14	5.55 %	1	24	8.65 %	—	(1)
0.75 to < 1.75	281	128	1.65 %	283	0.90 %	14	5.55 %	1	24	8.65 %	—	(1)
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	—		—	—
2.50 < 10.00	—	144	— %	—	6.20 %	3	45.00 %	3	—	169.49 %	—	(3)
2.50 to <5	—	—	9.94 %	—	4.07 %	2	45.00 %	4	—	162.67 %	—	—
5 to <10	—	144	— %	—	6.58 %	1	45.00 %	3	—	170.69 %	—	(3)
10.00 < 100.00	—	26	20.21 %	5	31.35 %	34	45.00 %	1	13	243.34 %	1	—
10 to < 20	—	—	— %	—	— %	—	— %	—	—	— %	—	—
20 to < 30	—	—	— %	—	— %	—	— %	—	—		—	—
30 to < 100	—	26	20.21 %	5	31.35 %	34	45.00 %	1	13	243.34 %	1	—
100.00 (Default)	—	—	— %	—	— %	1	— %	—	—		—	—
Subtotal (exposure class)	**5,538**	**9,329**	**22.71 %**	**7,379**	**0.17 %**	**1,005**	**41.49 %**	**1**	**1,485**	**20.13 %**	**4**	**(5)**
Total (all exposures classes FIRB)	**193,769**	**178,269**	**21.07 %**	**211,744**	**3.00 %**	**207,511**	**36.67 %**	**2**	**88,897**	**41.98 %**	**2,315**	**(2,730)**

CR6 - FIRB approach - Credit risk exposures by exposure class and PD range

EUR million

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
												2026
	a	b	c	d	e	f	g	h	i	j	k	l
Corporates - Other												
0.00 < 0.15	27,293	60,946	21.81 %	44,146	0.08 %	1,772	36.01 %	2	8,739	19.80 %	11	(29)
0.00 to < 0.10	15,886	38,360	23.21 %	28,425	0.06 %	770	34.30 %	3	4,970	17.48 %	4	(6)
0.10 to < 0.15	11,408	22,587	19.44 %	15,721	0.11 %	1,002	39.10 %	2	3,769	23.98 %	6	(23)
0.15 < 0.25	10,259	19,167	19.16 %	12,481	0.18 %	1,348	37.49 %	2	4,172	33.42 %	8	(6)
0.25 < 0.50	29,325	37,680	21.78 %	33,681	0.39 %	29,967	36.66 %	2	14,786	43.90 %	42	(51)
0.50 < 0.75	6,613	3,538	25.68 %	7,382	0.60 %	10,047	33.28 %	2	3,650	49.44 %	13	(4)
0.75 < 2.50	43,135	26,639	22.38 %	41,383	1.34 %	68,780	34.04 %	2	26,318	63.60 %	185	(152)
0.75 to < 1.75	29,925	18,821	21.60 %	29,612	1.02 %	43,534	33.77 %	2	17,606	59.46 %	97	(85)
1.75 to < 2.50	13,209	7,817	24.26 %	11,772	2.15 %	25,246	34.74 %	2	8,712	74.01 %	88	(67)
2.50 < 10.00	16,209	13,550	17.56 %	13,930	4.95 %	35,716	33.18 %	2	13,091	93.98 %	233	(176)
2.50 to <5	8,255	6,967	19.08 %	7,236	3.56 %	19,910	34.26 %	2	6,693	92.49 %	90	(82)
5 to <10	7,954	6,582	15.96 %	6,694	6.46 %	15,806	32.01 %	2	6,399	95.59 %	142	(94)
10.00 < 100.00	5,739	3,520	19.55 %	3,741	24.06 %	14,633	34.90 %	2	5,974	159.68 %	289	(272)
10 to < 20	2,368	1,204	12.89 %	1,890	14.23 %	7,955	34.78 %	2	2,747	145.39 %	92	(92)
20 to < 30	922	1,804	23.51 %	578	27.77 %	1,878	34.99 %	2	1,088	188.23 %	56	(30)
30 to < 100	2,449	512	21.23 %	1,273	36.95 %	4,800	35.04 %	2	2,138	167.93 %	140	(150)
100.00 (Default)	4,398	854	27.50 %	3,149	100.00 %	9,274	37.41 %	2	—	— %	1,211	(1,717)
Subtotal (exposure class)	**142,970**	**165,894**	**21.31 %**	**159,894**	**3.46 %**	**171,537**	**35.38 %**	**2**	**76,730**	**47.99 %**	**1,991**	**(2,406)**
Total (all exposures classes FIRB)	**193,769**	**178,269**	**21.07 %**	**211,744**	**3.00 %**	**207,511**	**36.67 %**	**2**	**88,897**	**41.98 %**	**2,315**	**(2,730)**

CR6 - FIRB approach - Credit risk exposures by exposure class and PD range

EUR million

2026

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
	a	b	c	d	e	f	g	h	i	j	k	l
Regional governments												
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)												

Certain figures contained in this section have been subject to rounding to enhance their presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total given for that column or row.

CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Institutions												
0.00 < 0.15	4,948	7,648	20.96 %	6,366	0.06 %	844	42.85 %	1	1,292	20.29 %	2	(1)
0.00 to < 0.10	4,586	7,149	20.93 %	5,874	0.06 %	735	42.68 %	1	1,148	19.55 %	2	(1)
0.10 to < 0.15	362	500	21.32 %	492	0.13 %	109	44.82 %	1	143	29.16 %	—	—
0.15 < 0.25	157	232	46.65 %	1,229	0.16 %	65	45.00 %	1	523	42.55 %	—	—
0.25 < 0.50	101	186	28.66 %	155	0.31 %	57	45.00 %	1	96	61.97 %	—	—
0.50 < 0.75	95	141	0.04 %	68	0.66 %	14	0.90 %	2	1	1.76 %	—	—
0.75 < 2.50	1	4	65.96 %	3	1.17 %	7	45.00 %	1	4	122.21 %	—	—
0.75 to < 1.75	1	4	65.96 %	3	1.17 %	7	45.00 %	1	4	122.21 %	—	—
1.75 to < 2.50	—	—	— %	—	— %	—	— %	—	—	— %	—	—
2.50 < 10.00	1	12	19.94 %	3	9.55 %	26	45.00 %	—	8	246.21 %	—	—
2.50 to <5	—	—		—					—		—	—
5 to <10	1	12	19.94 %	3	9.55 %	26	45.00 %	—	8	246.21 %	—	—
10.00 < 100.00	20	141	0.07 %	20	44.90 %	26	45.00 %	—	68	341.03 %	4	(3)
10 to < 20	—	—		—					—	— %	—	—
20 to < 30	—	140		—	26.47 %	1	45.00 %	3	—	372.54 %	—	(3)
30 to < 100	20	—	29.75 %	20	45.00 %	25	45.00 %	—	67	340.86 %	4	—
100.00 (Default)	—	—		—		1			—		—	—
Subtotal (exposure class)	**5,323**	**8,364**	**21.16 %**	**7,844**	**0.20 %**	**1,040**	**42.87 %**	**1**	**1,992**	**25.39 %**	**7**	**(5)**
Total (all exposures classes FIRB)	**127,260**	**153,708**	**21.47 %**	**146,530**	**1.38 %**	**24,161**	**38.04 %**	**2**	**54,126**	**36.94 %**	**779**	**(840)**

CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Corporates - Other												
0.00 < 0.15	28,152	65,543	23.50 %	45,566	0.08 %	1,925	37.62 %	2	10,151	22.28 %	12	(10)
0.00 to < 0.10	21,224	47,345	24.45 %	35,865	0.06 %	1,417	36.99 %	2	7,463	20.81 %	7	(6)
0.10 to < 0.15	6,927	18,198	21.04 %	9,701	0.13 %	508	39.95 %	2	2,688	27.71 %	5	(4)
0.15 < 0.25	8,335	19,751	20.54 %	11,937	0.21 %	1,237	38.61 %	2	4,488	37.60 %	9	(8)
0.25 < 0.50	15,672	21,880	22.34 %	17,222	0.37 %	3,599	37.85 %	2	8,481	49.25 %	23	(26)
0.50 < 0.75	10,776	14,281	16.22 %	10,144	0.59 %	2,655	31.35 %	2	4,966	48.95 %	19	(18)
0.75 < 2.50	14,269	10,024	20.89 %	10,988	1.24 %	4,958	33.54 %	2	7,448	67.78 %	46	(52)
0.75 to < 1.75	13,223	9,557	20.52 %	9,854	1.13 %	4,236	33.08 %	2	6,370	64.64 %	38	(42)
1.75 to < 2.50	1,046	467	28.46 %	1,133	2.18 %	722	37.58 %	2	1,078	95.08 %	8	(10)
2.50 < 10.00	5,939	9,354	21.90 %	5,599	4.63 %	2,862	37.74 %	2	6,925	123.69 %	102	(199)
2.50 to <5	3,713	7,200	22.43 %	3,823	3.86 %	1,238	36.80 %	3	4,365	114.19 %	56	(142)
5 to <10	2,226	2,154	20.12 %	1,776	6.31 %	1,624	39.77 %	2	2,560	144.12 %	46	(57)
10.00 < 100.00	2,803	1,729	9.04 %	1,226	23.80 %	1,933	38.91 %	2	2,552	208.25 %	111	(59)
10 to < 20	1,187	373	11.40 %	719	16.63 %	201	39.29 %	1	1,456	202.46 %	48	(26)
20 to < 30	22	1	40.25 %	22	22.10 %	289	40.00 %	2	47	209.08 %	2	—
30 to < 100	1,594	1,355	8.36 %	484	34.51 %	1,443	38.28 %	2	1,050	216.81 %	62	(33)
100.00 (Default)	975	531	27.33 %	936	100.00 %	382	39.32 %	3	—	— %	371	(418)
Subtotal (exposure class)	**86,922**	**143,093**	**21.74 %**	**103,617**	**1.74 %**	**19,551**	**36.76 %**	**2**	**45,011**	**43.44 %**	**692**	**(790)**
Total (all exposures classes FIRB)	**127,260**	**153,708**	**21.47 %**	**146,530**	**1.38 %**	**24,161**	**38.04 %**	**2**	**54,126**	**36.94 %**	**779**	**(840)**

CR6 - FIRB approach - Credit risk exposures by exposure class and PD range (31.12.2025)

EUR million

												2025
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
	a	b	c	d	e	f	g	h	i	j	k	l
Regional governments												
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)	**—**	**—**	**— %**	**—**	**— %**	**—**	**— %**	**—**	**—**	**— %**	**—**	**—**

The comparison of figures between December 2025 and June 2026 is heavily affected by approval of the roll-out strategy in the first half of 2026. This resulted in certain portfolios reverting to less sophisticated methods, so segments such as regional governments and local authorities, or PSEs, are no longer reported using internal models following approval of their reversion to the standardised approach. There was also a transfer between A-IRB and F-IRB for corporate segments. Finally, the figures were also affected by the inclusion of TSB in the scope of consolidation, with a significant impact mainly on the retail – secured by residential immovable property segment.

The following tables show the specialised financing exposures:

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

EUR million

							2026
		Specialised lending : Project finance (Slotting approach)					
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
		a	b	c	d	e	f
Category 1	< 2.5 years	1,247	1,549	44 %	1,758	782	—
	>= 2.5 years	3,340	3,035	55 %	3,962	2,176	16
Category 2	< 2.5 years	3,120	3,889	61 %	3,947	2,425	16
	>= 2.5 years	6,009	5,515	74 %	6,782	5,032	55
Category 3	< 2.5 years	290	71	102 %	311	318	9
	>= 2.5 years	278	72	104 %	297	309	8
Category 4	< 2.5 years	25	35	249 %	29	73	2
	>= 2.5 years	13	—	208 %	14	28	1
Category 5	< 2.5 years	119	9	— %	126	—	63
	>= 2.5 years	185	54	— %	189	—	95
Total	**< 2.5 years**	**4,801**	**5,553**	**58 %**	**6,172**	**3,599**	**90**
	>= 2.5 years	**9,825**	**8,677**	**67 %**	**11,244**	**7,546**	**175**

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

EUR million

							2026
	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
		a	b	c	d	e	f
Category 1	< 2.5 years	887	80	46.62 %	893	416	—
	>= 2.5 years	2,142	96	67.21 %	2,165	1,455	9
Category 2	< 2.5 years	1,280	52	62.71 %	1,284	805	5
	>= 2.5 years	1,450	293	82.35 %	1,477	1,216	12
Category 3	< 2.5 years	62	—	105.70 %	62	66	2
	>= 2.5 years	104	—	97.20 %	104	101	3
Category 4	< 2.5 years	6	—	248.80 %	6	14	—
	>= 2.5 years	1	—	215.78 %	1	2	—
Category 5	< 2.5 years	194	8	— %	197	—	98
	>= 2.5 years	—	—	— %	—	—	—
Total	**< 2.5 years**	**2,429**	**140**	**53.30 %**	**2,442**	**1,301**	**106**
	>= 2.5 years	**3,697**	**389**	**74.05 %**	**3,748**	**2,775**	**24**

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

EUR million

		2026					
		Specialised lending : Project finance (Slotting approach)					
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
		a	b	c	d	e	f
Category 1	< 2.5 years	153	22	48.35 %	164	79	—
	>= 2.5 years	33	30	68.13 %	45	31	—
Category 2	< 2.5 years	32	1	65.85 %	33	22	—
	>= 2.5 years	27	—	88.32 %	27	24	—
Category 3	< 2.5 years	—	—		—	—	—
	>= 2.5 years	15	5	115.00 %	15	17	—
Category 4	< 2.5 years	—	—		—	—	—
	>= 2.5 years	—	—		—	—	—
Category 5	< 2.5 years	94	—	— %	94	—	47
	>= 2.5 years	—	—		—	—	—
Total	**< 2.5 years**	**278**	**23**	**34.82 %**	**291**	**101**	**47**
	>= 2.5 years	**75**	**35**	**82.53 %**	**87**	**72**	**1**

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

EUR million

								2026
		Commodities finance slotting approach						
Regulatory Categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	RW	EAD	RWA	Expected loss
		a	b	c	d	e	f
Category 1	< 2.5 years	4	—	50.00 %	4	2	—
	>= 2.5 years	1	—	70.00 %	1	1	—
Category 2	< 2.5 years	—	—	— %	—	—	—
	>= 2.5 years	—	—	— %	—	—	—
Category 3	< 2.5 years	—	—	— %	—	—	—
	>= 2.5 years	—	—	— %	—	—	—
Category 4	< 2.5 years	—	—	— %	—	—	—
	>= 2.5 years	—	—	— %	—	—	—
Category 5	< 2.5 years	—	—	— %	—	—	—
	>= 2.5 years	—	—	—	—	—	—
Total	**< 2.5 years**	**4**	**—**	**50.00 %**	**4**	**2**	**—**
	>= 2.5 years	**1**	**—**	**70.00 %**	**1**	**1**	**—**

Specialised lending activity remained broadly stable in the first half of 2026. Compared with December 2025, the main development was the increase in EAD in the income-producing real estate segment (Table CR10.2), particularly transactions with maturities equal to or greater than 2.5 years (+€756 million). Most of this increase came from Category 1 transactions (+€653 million), particularly in the UK business (+€381 million).

3.3.1.2. Equity investments and instruments not included in the held-for-trading book

This section provides definitions for investments in associates, equity instruments classified as other financial assets at fair value through other comprehensive income and financial assets with mandatory classification at fair value through profit or loss. Also, the accounting policies and measurement methods applied are defined. Information is also provided on the amounts of the equity instruments not included in the held-for-trading portfolio.

Investments in associates are defined by shares allowing the Group to influence, but not to control or joint control the respective associates. For such cases usually 20% or more of the voting power is allocated to the group.

Equity instruments not held for trading issued by entities other than subsidiaries, jointly controlled entities and associates are required to be classified at fair value through profit or loss, unless the entity opts to classify them as financial assets at fair value through other comprehensive income, irrevocably, on initial recognition.

Investments in associates are recognised at cost and the Group periodically tests for their impairment.

Investments in associates are recorded at cost, and Grupo Santander periodically performs an assessment to determine whether there is any evidence of impairment of these.

Equity instruments classified as other financial assets at fair value through other comprehensive income are recognised and measured at fair value with a corresponding entry in equity, under valuation adjustments, irrevocably. Instruments classified as financial assets with mandatory recognition at fair value through profit or loss are recognised and measured at fair value with a corresponding entry in profit or loss.

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

Eur Million	a	b	c
	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	**7,660**	**—**	**10,778**

Equity exposures under the simple risk-weighted approach represent in Santander 7,660 million euros in exposure with a risk weighted exposure amount of 10,778 million.

3.3.1.3. Standardised 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 30 June 2026 are Fitch, Moody's, DBRS, Standard & Poor's, Japan Credit Rating Agency, Inbonis Rating, HR Ratings de México and Scope Ratings.

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, HR Ratings de México and Scope Ratings 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 standardised approach.

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	Scope Ratings
1	AAA a AA-	AAA a AA3	AAA a AA-	AAA a AAL	AAA a AA	HR AAA a HR AA	AAA a AA-
2	A+ a A-	A1 a A3	A+ a A-	AH a AL	A	HR A	A+ a A-
3	BBB+ a BBB-	BAA1 a BAA3	BBB+ a BBB-	BBBH a BBBL	BBB	HR BBB	BBB+ a BBB-
4	BB+ a BB-	BA1 a BA3	BB+ a BB-	BBH a BBL	BB	HR BB	BB+ a BB-
5	B+ a B-	B1 a B3	B+ a B-	BH a BL	B	HR B	B+ a B-
6	Inferior a B-	Inferior a B3	Inferior a B-	CCCH e inferior	CCC a inferior	HR CCC a inferior	CCC a inferior

Credit quality step	Central governments and central banks	Regional administrations	Public sector entities	Institutions ≤ 3 months rated	Institutions > 3 months rated	Corporates
1	0%	20%	20%	20%	20%	20%
2	20%	50%	50%	20%	30%	50%
3	50%	50%	100%	20%	50%	75%
4	100%	100%	100%	50%	100%	100%
5	100%	100%	100%	50%	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.

CR4 - standardised approach - Credit risk exposure and CRM effects

EUR million

							2026
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RW	
	Exposure classes	sheet amount	sheet amount	sheet amount	sheet amount	RWAs	RW
		a	b	c	d	e	f
1	Central governments or central banks	336,531	4,067	360,654	2,110	29,173	8 %
2	Non-central government public sector entities	33,461	2,590	32,870	918	1,783	5 %
EU 2a	Regional governments or local authorities	24,909	1,665	24,315	647	1,359	5 %
EU 2b	Public sector entities	8,552	924	8,555	272	424	5 %
3	Multilateral Development Banks	2,373	19	6,090	849	13	— %
EU 3a	International Organisations	1,777	—	1,777	—	—	— %
4	Institutions	14,343	2,358	15,885	3,076	3,650	19 %
5	Covered bonds	813	—	813	—	81	10 %
6	Corporates	60,749	28,922	53,636	3,018	48,930	86 %
6.1	Of which: Specialised Lending	910	2,152	878	544	1,267	89 %
7	Subordinated debt exposures and equity	7,660	—	7,660	—	10,778	141 %
EU 7a	Subordinated debt exposures	—	—	—	—	—	— %
EU 7b	Equity	7,660	—	7,660	—	10,778	141 %
8	Retail	140,462	116,805	125,564	874	85,312	67 %
9	Secured by mortgages on immovable property and ADC exposures	76,312	6,083	73,656	142	25,563	35 %
9.1	Secured by mortgages on residential immovable property - non IPRE	50,657	2,898	48,995	68	13,025	27 %
9.2	Secured by mortgages on residential immovable property - IPRE	10,548	123	10,539	11	2,782	26 %
9.3	Secured by mortgages on commercial immovable property - non IPRE	10,140	368	9,204	60	5,367	58 %
9.4	Secured by mortgages on commercial immovable property - IPRE	2,144	49	2,141	—	1,367	64 %
9.5	Acquisition, Development and Construction (ADC)	2,824	2,645	2,776	3	3,022	109 %
10	Exposures in default	16,813	409	16,340	60	18,680	114 %
EU 10a	Claims on institutions and corporates with a short-term credit assessment	20	770	542	155	224	32 %
EU 10b	Collective investments undertakings	449	5	449	5	584	129 %
EU 10c	Other items	78,055	630	79,588	1,430	49,427	61 %
12	**TOTAL**	**769,819**	**162,656**	**775,522**	**12,638**	**274,197**	**35 %**

Securitisations are not included.

CR4 - standardised approach - Credit risk exposure and CRM effects (31.12.2025)

EUR million

		2025					
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RW	
	Exposure classes	amount	amount	amount	amount	RWAs	RW
		a	b	c	d	e	f
1	Central governments or central banks	359,319	7,312	388,891	3,831	29,013	7 %
2	Non-central government public sector entities	22,031	3,154	22,007	1,076	815	4 %
EU 2a	Regional governments or local authorities	18,224	2,214	17,588	808	467	3 %
EU 2b	Public sector entities	3,808	940	4,419	268	347	7 %
3	Multilateral Development Banks	3,658	11	7,347	1,714	17	— %
EU 3a	International Organisations	1,704	—	1,704	—	—	— %
4	Institutions	16,407	2,768	16,653	1,713	3,847	21 %
5	Covered bonds	828	—	828	—	83	10 %
6	Corporates	63,707	37,296	56,214	3,770	52,653	88 %
6.1	Of which: Specialised Lending	1,449	2,238	1,438	551	1,729	87 %
7	Subordinated debt exposures and equity	5,488	—	5,488	—	7,892	144 %
EU 7a	Subordinated debt exposures	—	—	—	—	—	— %
EU 7b	Equity	5,488	—	5,488	—	7,892	144 %
8	Retail	139,284	96,564	124,078	950	83,995	67 %
9	Secured by mortgages on immovable property and ADC exposures	98,959	7,911	93,918	498	33,998	36 %
9.1	Secured by mortgages on residential immovable property - non IPRE	67,404	3,275	63,584	150	17,178	27 %
9.2	Secured by mortgages on residential immovable property - IPRE	10,108	111	10,102	15	2,486	25 %
9.3	Secured by mortgages on commercial immovable property - non IPRE	13,276	1,248	12,262	216	7,427	60 %
9.4	Secured by mortgages on commercial immovable property - IPRE	4,621	162	4,499	16	2,810	62 %
9.5	Acquisition, Development and Construction (ADC)	3,550	3,115	3,471	101	4,097	115 %
10	Exposures in default	15,919	440	15,347	95	17,566	114 %
EU 10a	Claims on institutions and corporates with a short-term credit assessment	709	1,368	1,198	182	472	34 %
EU 10b	Collective investments undertakings	328	221	328	221	380	69 %
EU 10c	Other items	70,415	3,126	74,449	398	50,262	67 %
12	**Total**	**798,757**	**160,171**	**808,451**	**14,448**	**280,993**	**34 %**

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 RWAs has not changed significantly compared to the previous period.

CR5 - standardised approach

EUR million

		2026																										
		Risk Weight																									Total	Of which unrated
		0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Otros		
		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
1	Central governments or central banks	344,419	—	—	78	1,846	—	—	—	—	1,545	—	—	—	—	—	5,881	—	—	—	1	8,842	—	—	—	152	362,764	362,761
2	Non-central government public sector entities	28,959	—	—	1	3,593	—	—	—	—	341	—	—	—	—	—	894	—	—	—	—	—	—	—	—	—	33,788	33,649
EU 2a	Regional government or local authorities	20,905	—	—	—	3,344	—	—	—	—	46	—	—	—	—	—	667	—	—	—	—	—	—	—	—	—	24,962	24,823
EU 2b	Public sector entities	8,054	—	—	1	249	—	—	—	—	295	—	—	—	—	—	227	—	—	—	—	—	—	—	—	—	8,826	8,826
3	Multilateral development banks	6,883	—	—	—	53	—	—	—	—	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,939	6,871
EU 3a	International organisations	1,777	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,777	1,777
4	Institutions	—	5,922	—	—	10,752	1,106	—	180	—	331	—	—	10	—	—	356	—	—	—	304	—	—	—	—	—	18,961	11,890
5	Covered bonds	—	—	—	813	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	813	385
6	Corporates	—	—	—	—	5,023	—	—	—	—	1,042	—	—	260	52	—	49,732	—	—	431	113	—	—	—	—	—	56,653	54,207
6.1	Of which: Specialised Lending	—	—	—	—	—	—	—	—	—	—	—	—	—	52	—	939	—	—	431	—	—	—	—	—	—	1,422	1,422
7	Subordinated debt exposures and equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,319	—	1,156	—	—	—	4,185	7,660	7,660
EU 7a	Subordinated debt exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EU 7b	Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,319	—	1,156	—	—	—	4,185	7,660	7,660
8	Reatil exposures	—	—	—	—	—	—	4,162	—	13,592	—	—	—	107,802	—	—	881	—	—	—	—	—	—	—	—	—	126,438	126,438
9	Secured by mortgages on immovable property and ADC exposures	99	—	—	—	52,030	343	167	—	99	—	8,791	65	5,792	—	1	5,697	26	6	—	681	—	—	—	—	—	73,798	73,798
9.1	Secured by mortgages on residential immovable property - non IPRE	—	—	—	—	43,200	—	—	—	—	—	—	—	5,582	—	—	282	—	—	—	—	—	—	—	—	—	49,064	49,064
9.1.1	No load splitting applied	—	—	—	—	3,012	—	—	—	—	—	—	—	136	—	—	147	—	—	—	—	—	—	—	—	—	3,295	3,295
9.1.2	Loan splitting applied (secured)	—	—	—	—	40,188	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40,188	40,188
9.1.3	Loan splitting applied (unsecured)	—	—	—	—	—	—	—	—	—	—	—	—	5,446	—	—	135	—	—	—	—	—	—	—	—	—	5,581	5,581
9.2	Secured by mortgages on commercial immovable property - IPRE	4	—	—	—	8,810	343	167	—	99	—	15	—	37	—	—	940	26	—	—	109	—	—	—	—	—	10,550	10,550
9.3	Secured by mortgages on commercial immovable property - non IPRE	14	—	—	—	19	—	—	—	—	—	7,112	—	173	—	—	1,946	—	—	—	—	—	—	—	—	—	9,264	9,264
9.3.1	No loan splitting applied	—	—	—	—	3	—	—	—	—	—	—	—	34	—	—	788	—	—	—	—	—	—	—	—	—	825	825
9.3.2	loan splitting applied (secured)	—	—	—	—	—	—	—	—	—	—	7,112	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,112	7,112
9.3.3	loan splitting applied (unsecured)	14	—	—	—	16	—	—	—	—	—	—	—	139	—	—	1,158	—	—	—	—	—	—	—	—	—	1,327	1,327
9.4	Secured by mortgages on commercial immovable property - IPRE	82	—	—	—	—	—	—	—	—	—	1,664	65	—	—	1	236	—	6	—	87	—	—	—	—	—	2,141	2,141
9.5	Acquisition, Development and Construction (ADC)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,293	—	—	—	486	—	—	—	—	—	2,779	2,779
10	Exposures in default	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11,840	—	—	—	4,560	—	—	—	—	—	16,400	16,400
EU 10a	Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	461	—	—	—	—	207	—	—	—	—	—	29	—	—	—	1	—	—	—	—	—	697	—
EU 10b	Collective investment undertakings (CIU)	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	229	—	—	195	12	—	—	—	7	1	454	454
EU 10c	Other items	20,954	173	—	—	8,042	1,302	—	—	—	381	—	—	106	—	—	36,742	—	—	—	120	—	—	—	—	13,198	81,017	81,017
EU 11c	**Total**	**403,101**	**6,095**	**—**	**892**	**81,800**	**2,751**	**4,329**	**180**	**13,692**	**3,851**	**8,791**	**65**	**113,969**	**52**	**1**	**112,281**	**26**	**6**	**2,946**	**5,792**	**9,998**	**—**	**—**	**7**	**17,536**	**788,160**	**777,308**

*Securitisations are not included.

**Table showing amendments to those mappings defined by the EBA that were deemed incomplete and for which a more suitable basis was required for their completion

CR5 - standardised approach (31.12.2025)

EUR million

		Risk Weight																								2025	
		0	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	0.9	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Others	Total	Of which unrated
		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
1	Central governments or central banks	373,449	—	586	184	2,257	—	—	—	—	1,417	—	—	—	—	—	6,152	—	—	—	26	8,651	—	—	—	—	392,722	392,601
2	Non-central government public sector entities	20,825	—	—	—	1,771	—	—	—	—	57	—	—	—	—	—	430	—	—	—	2	—	—	—	—	—	23,084	23,084
EU 2a	Regional government or local authorities	17,428	—	—	—	626	—	—	—	—	—	—	—	—	—	—	341	—	—	—	—	—	—	—	—	—	18,396	18,396
EU 2b	Public sector entities	3,397	—	—	—	1,145	—	—	—	—	57	—	—	—	—	—	88	—	—	—	1	—	—	—	—	—	4,688	4,688
3	Multilateral development banks	8,980	—	—	—	80	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,062	8,976
EU 3a	International organisations	1,704	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,704	1,704
4	Institutions	1,236	3,534	—	—	11,314	942	—	144	—	382	—	—	112	—	—	303	—	—	—	400	—	—	—	—	—	18,366	12,013
5	Covered bonds	—	—	—	828	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	828	466
6	Corporates	—	—	—	—	4,771	—	—	—	—	1,540	—	—	735	10	—	52,041	—	—	546	342	—	—	—	—	—	59,984	56,532
6.1	Of which: Specialised Lending	—	—	—	—	—	—	—	—	—	—	—	—	—	10	—	1,433	—	—	546	—	—	—	—	—	—	1,989	1,989
7	Subordinated debt exposures and equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	402	—	—	—	—	1,125	—	—	—	3,961	5,488	5,488
EU 7a	Subordinated debt exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EU 7b	Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	402	—	—	—	—	1,125	—	—	—	3,961	5,488	5,488
8	Retail exposures	—	—	—	—	—	—	4,509	—	11,629	—	—	—	108,117	—	—	772	—	—	—	—	—	—	—	—	—	125,027	125,027
9	Secured by mortgages on immovable property and ADC exposures	105	—	—	—	64,507	243	144	—	77	—	13,120	—	8,162	—	1	6,662	47	7	—	1,259	—	—	—	—	82	94,416	94,416
9.1	Secured by mortgages on residential immovable property - non IPRE	—	—	—	—	55,650	—	—	—	—	—	—	—	7,819	—	—	265	—	—	—	—	—	—	—	—	—	63,734	63,734
9.1.1	No load splitting applied	—	—	—	—	4,390	—	—	—	—	—	—	—	633	—	—	146	—	—	—	—	—	—	—	—	—	5,169	5,169
9.1.2	Loan splitting applied (secured)	—	—	—	—	51,259	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	51,259	51,259
9.1.3	Loan splitting applied (unsecured)	—	—	—	—	—	—	—	—	—	—	—	—	7,187	—	—	119	—	—	—	—	—	—	—	—	—	7,306	7,306
9.2	Secured by mortgages on residential immovable property - IPRE	6	—	—	—	8,791	243	144	—	77	—	12	—	24	—	—	728	47	—	—	45	—	—	—	—	—	10,117	10,117
9.3	Secured by mortgages on commercial immovable property - non IPRE	15	—	—	—	67	—	—	—	—	—	9,321	—	318	—	—	2,758	—	—	—	—	—	—	—	—	—	12,478	12,478
9.3.1	No loan splitting applied	—	—	—	—	21	—	—	—	—	—	—	—	86	—	—	1,269	—	—	—	—	—	—	—	—	—	1,376	1,376
9.3.2	loan splitting applied (secured)	—	—	—	—	—	—	—	—	—	—	9,321	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,321	9,321
9.3.3	loan splitting applied (unsecured)	15	—	—	—	46	—	—	—	—	—	—	—	231	—	—	1,489	—	—	—	—	—	—	—	—	—	1,781	1,781
9.4	Secured by mortgages on commercial immovable property - IPRE	84	—	—	—	—	—	—	—	—	—	3,787	—	1	—	1	389	—	7	—	164	—	—	—	—	82	4,515	4,515
9.5	Acquisition, Development and Construction (ADC)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,522	—	—	—	1,050	—	—	—	—	—	3,572	3,572
10	Exposures in default	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11,194	—	—	—	4,248	—	—	—	—	—	15,442	15,442
EU 10a	Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	969	—	—	—	—	325	—	—	—	—	—	22	—	—	—	64	—	—	—	—	—	1,380	—
EU 10b	Collective investment undertakings (CIU)	223	—	—	—	—	—	—	—	—	—	—	—	—	—	—	310	—	—	—	12	—	—	—	4	—	549	549
EU 10c	Other items	19,172	329	—	—	2,545	1,309	—	—	—	346	—	—	81	—	—	40,704	—	—	—	41	—	—	—	—	10,320	74,846	74,840
EU 11c	**Total**	**425,694**	**3,863**	**586**	**1,011**	**88,213**	**2,494**	**4,653**	**144**	**11,707**	**4,069**	**13,120**	**—**	**117,206**	**10**	**1**	**118,992**	**47**	**7**	**546**	**6,393**	**9,777**	**—**	**—**	**4**	**14,363**	**822,899**	**811,138**

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).

3.3.2. Distribution of exposures

The tables below give a breakdown of the exposures to credit and dilution risk of the Group:

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

The information is also presented for non-performing exposures, impairment loss allowances and provisions for contingent liabilities and commitments.

In this section the numbers include the amounts for counterparty and credit risk excluding securitisations.

CR1-A: Maturity of exposures

	EUR million						2026
		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	r > 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	45,367	404,235	354,111	388,488	—	1,192,201
2	Debt securities	—	33,956	70,900	105,149	—	210,005
3	**Total**	**45,367**	**438,191**	**425,011**	**493,637**	**—**	**1,402,206**

CR1-A: Maturity of exposures (31.12.2025)

	EUR million						2025
		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	r > 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	52,298	362,762	333,373	339,184	—	1,087,617
2	Debt securities	—	31,867	59,437	92,757	—	184,061
3	**Total**	**52,298**	**394,629**	**392,810**	**431,941**	**—**	**1,271,678**

This table breaks down loans and advances an Debt securities by maturity period. From a maturity perspective, the balance sheet is predominantly medium-to long-term: around 66% of exposures mature beyond one year, while short-term exposures represent approximately 34% of the total.

The following table shows the stock of loans classified as non-performing between the close of the previous year and the end of current year.

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

	EUR million	2026
		a
		Gross carrying amount
10	**Opening balance**	**36,349**
20	Inflows to non-performing portfolios	21,268
30	Outflows from non-performing portfolios	(17,765)
40	Outflows due to write-offs	(6,350)
50	Outflow due to other situations	(11,415)
60	**Closing balance**	**39,852**

NPL portfolio grew more slowly than the overall balance sheet (included TSB exposures), supported by strong recovery performance across the Group, contained inflows and solid outflows. NPL inflows were in line with expectations, reflecting active portfolio management. Write-offs were broadly consistent with volumes recorded in the first half of the prior year. The Group continued to prioritise the containment of non-performing loan volumes, including through portfolio sales.

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The following table displays performing and non-performing exposures including provisions by stage:

CR1 - Performing and non-performing exposures and related provisions

	EUR million															2026
		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			
5	**Cash balances at central banks and other demand deposits**	**131,651**	**131,651**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**20**	**—**
10	**Loans and advances**	**1,175,367**	**1,085,395**	**83,439**	**39,852**	**4,395**	**34,480**	**(7,336)**	**(3,217)**	**(4,118)**	**(15,680)**	**(647)**	**(14,919)**	**(164)**	**768,895**	**17,071**
20	Central banks	17,189	17,189	—	—	—	—	—	—	—	—	—	—	—	—	—
30	General governments	37,465	36,458	497	50	1	49	(24)	(22)	(2)	(6)	—	(6)	—	5,980	41
40	Credit institutions	70,491	70,022	33	—	—	—	(6)	(6)	—	—	—	—	—	29,359	—
50	Other financial corporations	117,825	112,471	1,540	686	3	612	(179)	(99)	(80)	(313)	—	(283)	—	62,582	139
60	Non-financial corporations	313,014	283,268	28,010	11,811	675	10,977	(1,776)	(704)	(1,072)	(4,913)	(89)	(4,761)	—	188,448	4,539
70	Of which SMEs	109,226	96,242	12,744	6,759	478	6,171	(846)	(368)	(479)	(2,931)	(76)	(2,812)	—	75,000	2,623
80	Households	619,382	565,987	53,359	27,305	3,717	22,842	(5,351)	(2,386)	(2,965)	(10,448)	(557)	(9,869)	(164)	482,525	12,353
90	**Debt securities**	**210,255**	**208,359**	**1,569**	**1,502**	**4**	**1,498**	**(118)**	**(60)**	**(59)**	**(568)**	**(1)**	**(567)**	**—**	**2,780**	**19**
100	Central banks	4,555	4,555	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
110	General governments	161,962	161,948	—	—	—	—	(4)	(4)	—	—	—	—	—	548	—
120	Credit institutions	11,325	11,325	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	16,494	16,047	335	3	—	3	(20)	(16)	(4)	(2)	—	(2)	—	1,080	—
140	Non-financial corporations	15,920	14,484	1,234	1,499	4	1,495	(93)	(38)	(54)	(566)	(1)	(565)	—	1,152	19
150	**Off-balance-sheet exposures**	**493,667**	**471,864**	**21,801**	**1,424**	**94**	**1,315**	**569**	**354**	**215**	**178**	**3**	**170**	**—**	**28,739**	**228**
160	Central banks	248	248	—	—	—	—	—	—	—	—	—	—	—	—	—
170	General governments	5,065	4,849	215	1	—	—	2	1	—	—	—	—	—	20	—
180	Credit institutions	70,510	70,357	153	1	—	—	2	1	—	—	—	—	—	224	—
190	Other financial corporations	48,827	47,438	1,389	23	—	20	23	15	8	1	—	1	—	2,242	7
200	Non-financial corporations	229,951	219,932	10,017	1,246	79	1,157	207	139	68	167	2	162	—	24,388	218
210	Households	139,066	129,040	10,026	153	15	138	337	197	139	10	1	7	—	1,866	3
220	**Total**	**2,010,940**	**1,897,269**	**106,810**	**42,778**	**4,494**	**37,292**	**(8,023)**	**(3,631)**	**(4,392)**	**(16,426)**	**(651)**	**(15,656)**	**(164)**	**800,434**	**17,318**

CR1 - Performing and non-performing exposures and related provisions (31.12.2025)

	EUR million															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			
5	**Cash balances at central banks and other demand deposits**	**145,035**	**145,035**	**—**	**—**	**—**	**—**	**(1)**	**(1)**	**—**	**—**	**—**	**—**	**—**	**21**	**—**
10	**Loans and advances**	**1,072,661**	**987,356**	**78,426**	**36,348**	**3,916**	**31,872**	**(7,159)**	**(3,038)**	**(4,121)**	**(14,234)**	**(568)**	**(13,549)**	**(230)**	**702,279**	**15,583**
20	Central banks	16,007	16,007	—	—	—	—	—	—	—	—	—	—	—	—	—
30	General governments	33,987	32,688	437	85	4	83	(26)	(22)	(4)	(11)	(1)	(10)	—	5,577	69
40	Credit institutions	62,469	62,057	—	—	—	—	(5)	(5)	—	—	—	—	—	29,545	—
50	Other financial corporations	101,022	95,278	2,124	295	2	224	(134)	(111)	(23)	(134)	(1)	(101)	—	52,688	104
60	Non-financial corporations	301,928	273,762	26,215	10,976	713	10,072	(1,825)	(691)	(1,134)	(4,710)	(78)	(4,567)	—	186,424	4,083
70	Of which SMEs	105,614	94,212	11,137	6,519	523	5,900	(850)	(356)	(494)	(2,891)	(70)	(2,776)	—	74,408	2,534
80	Households	557,248	507,564	49,650	24,992	3,197	21,493	(5,169)	(2,209)	(2,960)	(9,379)	(488)	(8,871)	(230)	428,045	11,327
90	**Debt securities**	**184,633**	**182,871**	**1,460**	**849**	**6**	**842**	**(127)**	**(62)**	**(65)**	**(393)**	**(1)**	**(392)**	**—**	**2,604**	**19**
100	Central banks	5,436	5,436	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	136,665	136,635	—	—	—	—	(4)	(4)	—	—	—	—	—	526	—
120	Credit institutions	10,242	10,242	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	17,343	16,903	321	3	—	3	(26)	(23)	(3)	(2)	—	(2)	—	1,053	—
140	Non-financial corporations	14,947	13,655	1,139	846	6	839	(97)	(35)	(62)	(391)	(1)	(390)	—	1,025	19
150	**Off-balance-sheet exposures**	**486,407**	**465,168**	**21,236**	**1,465**	**80**	**1,327**	**536**	**335**	**201**	**177**	**4**	**166**		**30,951**	**283**
160	Central banks	1	1	—	—	—	—	—	—	—	—	—	—		—	—
170	General governments	8,739	8,393	346	4	—	4	2	1	1	—	—	—		23	—
180	Credit institutions	75,603	75,492	111	—	—	—	1	1	—	—	—	—		2,374	—
190	Other financial corporations	40,912	39,742	1,171	14	—	12	23	15	8	4	—	4		2,514	1
200	Non-financial corporations	233,655	223,742	9,910	1,283	63	1,165	218	144	74	164	3	157		23,964	278
210	Households	127,497	117,798	9,698	164	17	146	292	174	118	9	1	5		2,076	4
220	**Total**	**1,888,736**	**1,780,430**	**101,122**	**38,662**	**4,002**	**34,041**	**(7,823)**	**(3,436)**	**(4,387)**	**(14,804)**	**(573)**	**(14,107)**	**(230)**	**735,855**	**15,885**

From Table CR1 can be seen that:

- Solid portfolio quality: Performing exposures represent the majority of the credit book, with limited provisioning requirements.
- Non-performing exposures are primarily concentrated in Households and SME.
- Collateral and financial guarantees contribute to risk mitigation, while conservative provisioning—aligned with supervisory expectations—provides adequate coverage for impaired exposures.

The increase in the portfolio compared with December 2025 is primarily driven by organic portfolio growth and the integration of the newly acquired TSB business.

As of June 2026, the portfolio reflects a balanced and controlled risk profile, supported by high-quality assets, conservative provisioning and robust collateral coverage. Non-performing exposures remain at stable and appropriate levels, supported by the continued management of asset quality and the ongoing recovery of impaired exposures.

The following two tables show a breakdown of all exposures by geographical area and sector of activity:

CQ4 - Quality of non-performing exposures by geography

EUR million

		2026						
		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**	**1,558,627**	**41,354**	**41,050**	**1,551,762**	**(23,697)**		**(5)**
20	GB	379,660	3,842	3,678	379,231	(1,232)	—	(1)
30	ES	291,909	5,834	5,796	288,344	(3,442)	—	(4)
40	US	214,476	8,419	8,419	214,373	(3,931)	—	—
50	BR	165,987	11,161	11,161	164,898	(7,024)	—	—
60	MX	72,318	2,055	2,055	71,866	(1,676)	—	—
	PL	11,199	320	320	11,189	(355)	—	—
	IT	53,561	447	447	53,539	(398)	—	—
	DE	58,373	1,312	1,312	58,361	(1,002)	—	—
	FR	49,469	468	468	49,469	(365)	—	—
	CL	54,001	2,817	2,817	53,999	(1,233)	—	—
70	Other countries	207,671	4,679	4,577	206,495	(3,038)	—	—
80	**Off balance sheet exposures**	**495,091**	**1,424**	**1,380**	**—**		**748**	
90	GB	70,793	95	95			105	
100	ES	97,029	415	414			68	
110	US	70,629	121	95			62	
120	BR	56,138	431	431			228	
130	MX	22,208	14	13			95	
	PL	3,382	—	—			1	
	IT	6,181	54	54			3	
	DE	17,551	14	14			16	
	FR	47,307	24	24			11	
	CL	14,673	20	20			28	
140	Other countries	89,201	236	221			129	
150	**Total**	**2,053,718**	**42,778**	**42,429**	**1,551,762**	**(23,697)**	**748**	**(5)**

The composition of the non-performing portfolio remains broadly consistent with the risk profile of the Bank's loan book. Higher NPL ratios are observed in geographies combining greater profitability and a stronger retail focus, such as Brazil, Chile and US (mainly by Auto Portfolio).

During 2026, the Group reduced its NPL ratio, mainly driven by the continued reduction of legacy non-performing exposures in Europe. This improvement was offset by higher NPL levels in higher-yielding geographies.

CQ5 - Credit quality of loans and advances by industry

EUR million

		a	b	c	d	e	f
		2026					
		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		
				of which: defaulted			
10	Agriculture, forestry and fishing	7,961	443	437	7,951	(261)	—
20	Mining and quarrying	11,337	184	184	11,314	(89)	—
30	Manufacturing	47,752	2,165	2,165	47,726	(1,099)	—
40	Electricity, gas, steam and air conditioning supply	14,386	282	282	13,937	(203)	—
50	Water supply	1,515	61	61	1,511	(45)	—
60	Construction	14,499	715	713	14,498	(420)	—
70	Wholesale and retail trade	70,715	2,606	2,602	70,701	(1,700)	—
80	Transport and storage	15,467	972	971	15,457	(479)	(3)
90	Accommodation and food service activities	10,650	452	452	10,577	(305)	—
100	Information and communication	13,281	197	197	13,272	(148)	—
110	Financial and insurance actvities	—	—	—	—	—	—
120	Real estate activities	46,619	1,036	1,036	46,449	(495)	—
130	Professional, scientific and technical activities	18,728	685	685	18,698	(385)	—
140	Administrative and support service activities	13,654	558	558	13,646	(301)	—
150	Public administration and defense, compulsory social security	698	1	1	698	(1)	—
160	Education	1,754	70	70	1,740	(49)	—
170	Human health services and social work activities	3,869	228	228	3,863	(141)	—
180	Arts, entertainment and recreation	1,431	80	74	1,431	(42)	—
190	Other services	30,511	1,077	1,068	29,607	(522)	—
200	**Total**	**324,825**	**11,811**	**11,782**	**323,075**	**(6,685)**	**(4)**

The corporate loan book is diversified, with the largest exposures in wholesale and retail trade, manufacturing, and real estate activities. Overall, the sector composition remained broadly stable during the first half of 2026, with a slight decline in the share of the Wholesale and Retail Trade and Construction sectors, offset by an increase in Real Estate Activities and Other Services.

Provisions are aligned with risk profile and sector concentrations. Sectors with higher NPL ratios carry higher reserve allocation, consistent with a prudent provisioning approach. In addition, the NPL ratio remains broadly stable overall, with some positive and negative variations across specific sectors.

Credit quality across non-financial corporates remained well contained. Higher NPL ratios concentrated in more cyclical sectors (e.g. agriculture), while core exposures such as utilities, and real estate remained broadly stable. Overall, the portfolio reflects a balanced risk-return profile, supported by prudent provisioning and diversification.

The following table shows the credit quality of the restructured or forborne exposures:

CQ1 - Credit quality of forborne exposures

EUR million

		a	b	c	d	e	f	g	h
		2026							
		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		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
5	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
10	Loans and advances	11,489	15,149	15,097	13,715	(773)	(5,803)	14,072	6,716
20	Central banks	—	—	—	—	—	—	—	—
30	General governments	5	3	3	3	—	(3)	5	—
40	Credit institutions	—	—	—	—	—	—	—	—
50	Other financial corporations	117	99	99	96	(3)	(47)	102	34
60	Non-financial corporations	5,194	4,665	4,654	4,217	(190)	(2,008)	5,580	1,814
70	Households	6,173	10,382	10,341	9,399	(580)	(3,745)	8,385	4,868
80	Debt Securities	336	772	772	770	(21)	(304)	—	—
90	Loan commitments given	195	48	48	17	2	—	5	1
100	**Total**	**12,020**	**15,969**	**15,917**	**14,502**	**(796)**	**(6,107)**	**14,077**	**6,717**

The stock of forborne exposures remained broadly stable compared with year-end, with moderate growth reflecting the active use of restructuring as a portfolio management tool. Coverage remained high at 25%, and the portfolio continues to be strongly provisioned. More than 50% of the portfolio is classified as non-performing, while collateral associated with total forborne exposures represents approximately 50% of the exposure.

The following table shows the collateral obtained through repossession and foreclosure processes:

CQ7 - Collateral obtained by taking possession and execution processes

EUR million

		a	b
		2026	
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
10	**Property, plant and equipment (PP&E)**	**—**	**—**
20	**Other than PP&E**	**4,708**	**(1,836)**
30	Residential immovable property	771	(231)
40	Commercial Immovable property	3,649	(1,584)
50	Movable property (auto, shipping, etc.)	275	(20)
60	Equity and debt instruments	13	—
70	Other collateral	—	—
80	**Total**	**4,708**	**(1,836)**

Asset foreclosure is one of the tools used by the Group to resolve non-performing loans. The stock of repossessed assets continued its downward trend in 2026. Real estate assets are managed through specialised property sale companies, complemented by the Group's commercial network. The fair value of these assets is determined based on market value (appraisals), adjusted by discounts derived from internal valuation methodologies grounded in the Group's sales experience with assets of similar characteristics.

3.3.3. 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 borrowers' 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 serve 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 into collateral, personal guarantees and credit derivative hedges.

Grupo Santander makes sure its mitigation techniques meet the requirements for legal enforceability in all jurisdictions. Each guarantee comes with a legal opinion that confirms its validity and enforceability. Throughout the process, Grupo Santander maintains internal oversight and effective control over the value of the collateral, reflecting the specific features of each credit situation or type of collateral.

As noted in the previous section, from a risk acceptance perspective, granting criteria focus on the borrower's repayment capacity to meet, in full and on time, all assumed financial obligations, although the transaction's risk profile may require a higher level of collateral.

This repayment capacity will be assessed based on the funds or net cash flows generated by the borrower's businesses or regular sources of income, without relying on guarantors, sureties or assets provided as collateral. These should always be considered when assessing whether to grant the transaction as a secondary and exceptional recovery route if the primary route fails. In general terms, a guarantee is defined as a reinforcing measure added to a credit transaction to mitigate the loss arising from a 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. When assessing the effectiveness of collateral, the analysis should consider, among other factors, the time required to enforce the collateral, the ability to realise the underlying asset and the availability of appropriate documentation that is legally enforceable.

For regulatory capital calculations, Grupo Santander only considers collateral that meets the requirements set out in both the CRR and the EBA guidelines on credit risk mitigation techniques.

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 CRR and 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.

3.3.3.1. 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.

CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

EUR million

		Unsecured carrying amount	Secured carrying amount 2026	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	**Loans and advances**	**537,888**	**785,966**	**682,505**	**103,461**	**865**
2	**Debt securities**	**208,958**	**2,799**	**611**	**2,188**	**—**
3	**Total**	**746,846**	**788,765**	**683,116**	**105,649**	**865**
4	Of which non-performing exposures*	24,264	17,090	14,647	2,443	8
EU-5	Of which defaulted**	21,775	3,873	3,631	240	—

*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

CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (31.12.2025)

EUR million

		Unsecured carrying amount	Secured carrying amount 2025	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	**Loans and advances**	**514,789**	**717,862**	**613,556**	**104,306**	**1,318**
2	**Debt securities**	**182,859**	**2,623**	**550**	**2,073**	**—**
3	**Total**	**697,648**	**720,485**	**614,106**	**106,379**	**1,318**
4	Of which non-performing exposures	21,595	15,602	13,696	1,906	8
EU-5	Of which defaulted*	20,150	4,264	4,066	198	—

*Defaulted information net of provisions

Table CR3 breaks down the carrying amount for loans and advances an debt securities by type of collateral and financial guarantees.

Collateral and financial guarantees contribute to risk mitigation. More than 50% of loans and advances and debt securities are secured by collateral or financial guarantees. More than 85% of the secured exposures are backed by physical (tangible) collateral. Unsecured non-performing exposures account for just over 1% of the portfolio.

The following table shows the impact of the credit derivatives used as credit mitigation techniques in RWA:

CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques

EUR million

		2026	
		Pre-credit derivatives RWAs	Actual RWAs
		a	b
1	Central governments and central banks - F-IRB	—	—
EU 1a	Regional governments and local authorities -F-IRB	—	—
EU 1b	Public sectore entities - F-IRB	—	—
2	Central governments and central banks - A-IRB	—	—
EU 2a	Regional governments and local authorities A-IRB	—	—
EU 2b	Public sectore entities A-IRB	—	—
3	Institutions - FIRB	1,342	1,522
5	Corporates - F-IRB	101,271	101,723
EU 5a	Corporates - General	75,741	76,730
EU 5b	Corporates - Specialised lending	14,860	14,312
EU 5c	Corporates - Purchased receivables	10,669	10,681
6	Corporates - A-IRB	79	61
EU 6a	Corporates - General	44	44
EU 6b	Corporates - Specialised lending	—	—
EU 6c	Corporates - Purchased receivables	34	17
EU 8a	Retail - A-IRB	76,731	76,631
9	Retail - Qualifying revolving (QRRE)	3,060	3,060
10	Retail - Secured by residential immovable property	47,230	47,228
EU10a	Retail - Purchased receivables	420	400
EU10b	Retail - Other retail exposures	26,021	25,944
17	Exposures under F-IRB	102,613	103,245
18	Exposures under A-IRB	76,809	76,692
19	**Total exposures**	**179,422**	**179,938**

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.

As in the CR6 tables, the variations between segments are determined by the approval of the roll-out strategy. Under the AIRB approach, total coverage through other eligible collateral rises from 73.1% to 86.1%, driven mainly by property, which increases from 68.3% to 81.7%. Under FIRB, there is an increase in the proportion of other eligible collateral from 3.7% to 7.8%, again driven by property, which rises from 3.5% to 7.2%.

CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques

EUR million

															2026
			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
	A-IRB	Total exposures	Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	**Central governments and central banks**														
2	**Regional governments and local authorities**														
3	**Public sector entities**														
5	**Corporates**	**63**	**0.66 %**	**8.08 %**	**7.81 %**	**0.14 %**	**0.13 %**	**— %**	**— %**	**— %**	**— %**	**—**	**—**	**79**	**61**
5.1	Corporates - General	29	1.44 %	17.59 %	17.01 %	0.31 %	0.28 %	— %	— %	— %	— %	— %	— %	44	44
5.2	Corporates - Specialised lending	—	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	—	—
5.3	Corporates - Purchased Receivables	34	—	—	—	—	—	—	—	—	—	—	—	34	17
6	**Retail**	**386,810**	**0.11 %**	**86.14 %**	**81.72 %**	**0.01 %**	**4.41 %**	**— %**	**— %**	**— %**	**— %**	**— %**	**— %**	**76,731**	**76,631**
6.1	Retail - Qualifying revolving	5,445	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	3,060	3,060
6.2	Retail - secured by residential immovable property	325,465	— %	96.75 %	96.75 %	— %	— %	— %	— %	— %	— %	— %	— %	47,230	47,228
6.3	Retail - Purchased Receivables	622	0.12 %	0.14 %	0.02 %	0.12 %	— %	— %	— %	— %	— %	— %	— %	420	400
6.4	Retail - Other retail exposures	55,279	0.79 %	33.15 %	2.21 %	0.06 %	30.88 %	0.03 %	— %	0.03 %	— %	— %	— %	26,021	25,944
7	**Total**	**386,873**	**0.11 %**	**86.13 %**	**81.71 %**	**0.01 %**	**4.41 %**	**— %**	**— %**	**— %**	**— %**	**— %**	**— %**	**76,809**	**76,692**

Index

CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques

EUR million

	F-IRB	Total exposures	Credit risk Mitigation techniques										Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)								Unfunded credit Protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)						
			Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	**Central governments and central banks**														
2	**local authorities**														
3	**Public sector entities**														
4	**Institutions**	**7,416**	**4.65 %**	**0.35 %**	**0.35 %**	**— %**	**— %**	**— %**	**0.43 %**	**— %**	**— %**	**— %**	**— %**	**1,379**	**1,522**
5	**Corporates**	**226,646**	**8.28 %**	**12.47 %**	**10.76 %**	**1.71 %**	**— %**	**0.01 %**	**3.90 %**	**0.01 %**	**— %**	**— %**	**— %**	**101,750**	**101,723**
5.1	Corporates - General	159,894	7.30 %	10.92 %	10.49 %	0.44 %	— %	0.01 %	2.12 %	0.01 %	— %	— %	— %	76,229	76,730
5.2	Corporates - Specialised lending	22,281	— %	— %	— %	— %	— %	— %	0.05 %	— %	— %	— %	— %	14,851	14,312
5.3	Corporates - Purchased receivables	44,471	0.97 %	1.55 %	0.28 %	1.27 %	— %	— %	1.73 %	— %	— %	— %	— %	10,669	10,681
6	**Total***	**234,062**	**5.32 %**	**7.77 %**	**7.23 %**	**0.54 %**	**— %**	**0.01 %**	**1.80 %**	**0.01 %**	**— %**	**— %**	**— %**	**103,128**	**103,245**

3.4. Counterparty credit risk definition and framework

Counterparty credit risk is the risk that the counterparty to 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 or borrowing, long settlement transactions and margin lending transactions.

Chapter 6 of the CRR (Regulation (EU) No 575/2013) describes counterparty credit risk as the risk a counterparty to a transaction could default before the final settlement of the transaction's cash flows. It includes the following transaction types: derivatives contracts, repurchase agreements, securities and commodities lending, long settlements and margin lending transactions.

Santander includes counterparty credit risk in its Credit Risk Framework.

For management purposes, it also has a specific counterparty credit risk model, policy and procedures.

This risk is controlled using an integrated system that provides real-time information so that exposures can be checked on a daily basis against the limits approved by senior management for any counterparty, product or maturity, in any Group unit.

Specific counterparty credit risk limits are included in the overall credit risk limits and counterparty credit risk is independently monitored and controlled. These limits are set and reviewed in accordance with the appetite set by the board. The definition of limits and appetite metrics are reviewed and updated every year.

There are two methodologies for the measurement of counterparty credit risk management exposure: a mark-to-market (MtM, replacement cost in the case of derivatives) methodology with an add-on for potential future exposure; and a methodology including calculation of exposure using Monte Carlo simulation, which is used in certain geographies and for some products.

In addition, monthly and quarterly management exposure stress tests are conducted and the results are reported to senior management.

Credit risk equivalent is used to calculate capital at risk or unexpected loss, i.e. the loss in economic capital once expected loss is subtracted, net of guarantees and recoveries.

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

3.4.1. Central counterparties

The clearing of transactions through central counterparties is a common market practice for Santander. As a member of the clearing houses with which it operates, the bank contributes to their risk management framework through payments into the default fund, in addition to daily margin calls.

The risk associated with this type of counterparty is managed through the credit risk framework.

The following tables show central counterparty (CCP) exposure following risk mitigation techniques.

CCR8 - Exposures to CCPs

EUR million

		2026	
		a	b
		EAD (post CRM)	RWA
1	**Exposures to QCCPs (total)**		**442**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,257	105
3	(i) OTC derivatives	2,363	47
4	(ii) Exchange-traded derivatives	843	17
5	(iii) Securities financing transactions	2,050	41
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	11,754	
8	Non-segregated initial margin	—	—
9	Pre-funded default fund contributions	1,731	337
10	Unfunded default fund contributions	2,070	—
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	—	—

During the first half of 2026, an increase in transactions subject to counterparty credit risk with central counterparties (CCPs) was observed, resulting in a 9.4% increase in exposure to this client segment compared with year-end 2025.

3.4.2. Credit counterparty credit risk metrics

The following table shows exposure to counterparty credit risk depending on the calculation methodology used.

During the first half of 2026, an 11% increase in exposure in the derivatives portfolio was observed, driven by higher activity levels as well as an increase in the mark-to-market value of uncollateralised transactions.

CCR1 - Analysis of CCR exposure by approach

	EUR million	2026							
		a	b	c	d	e	f	g	h
		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)	9,734	15,497		1.4	65,230	34,882	34,743	12,519
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)					227,810	9,023	9,023	1,905
5	VaR for SFTs								
6	**Total**					**293,040**	**43,904**	**43,765**	**14,425**

The following table details the breakdown of counterparty credit risk exposures calculated using the standardised approach, by portfolio (counterparty type) and risk weighting (degree of risk resulting from the standardised approach):

CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights

Central governments or central banks

		2026											
		Risk Weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total
1	Central governments or central banks	4,824	—	—	—	509	5	—	—	222	—	11	5,571
2	Regional government or local authorities	66	—	—	—	84	7	—	—	58	—	—	216
3	Public sector entities	403	—	—	4	45	13	—	—	9	—	—	474
4	Multilateral development banks	1,507	—	—	—	11	—	—	—	—	—	1	1,519
5	International organisations	39	—	—	—	—	—	—	—	—	—	—	39
6	Institutions	—	5,335	—	—	221	155	—	27	84	66	434	6,321
7	Corporates	—	—	—	—	211	2	—	25	3,202	21	36	3,499
8	Retail	—	—	—	—	—	—	—	7	—	—	—	7
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	71	15	—	—	3	—	—	89
10	Other items	—	—	—	—	—	—	—	—	25	251	—	276
11	**Total**	**6,839**	**5,335**	**—**	**5**	**1,153**	**197**	**—**	**59**	**3,603**	**338**	**482**	**18,011**

(*) The 'Others' column includes all exposures with weightings that do not appear in the other columns of the table.

CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights (31.12.2025)

EUR million

		2025											
		Risk Weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others*	Total
1	Central governments or central banks	4,432	—	28	8	516	47	—	—	—	45	—	5,077
2	Regional government or local authorities	74	—	—	—	54	—	—	—	6	—	—	134
3	Public sector entities	26	—	—	—	6	1	—	—	—	—	—	32
4	Multilateral development banks	1,228	—	—	—	4	—	—	—	—	—	—	1,232
5	International organisations	44	—	—	—	—	—	—	—	—	—	—	44
6	Institutions	—	5,006	—	—	409	58	—	7	28	129	255	5,893
7	Corporates	—	—	—	—	81	15	—	135	3,620	3	30	3,884
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	62	57	—	—	1	13	—	133
10	Other items	—	—	—	—	—	—	—	—	88	9	—	97
11	**Total**	**5,805**	**5,006**	**28**	**8**	**1,132**	**179**	**—**	**141**	**3,743**	**198**	**286**	**16,526**

(*) The 'Others' column includes all exposures with weightings that do not appear in the other columns of the table.

In this case, 74% of counterparty credit risk exposure for which the risk weight is determined under the Standardised Approach for credit risk is subject to risk weights below 50%.

The following table shows a breakdown of counterparty credit risk exposure by portfolio and PD scale (excluding CCPs and specialised lending).

CCR4 - AIRB approach - CCR exposures by exposure class and PD scale

EUR million

		2026							
	a	b	c	d	e	f	g	h
	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
	Institutions							
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**							
	Corporates							
1	0.00 < 0.15	4	0.05 %	1	102.37 %	1.18	1	17.26 %
2	0.15 < 0.25	0	— %	0	— %	0.00	—	— %
3	0.25 < 0.50	0	— %	0	— %	0.00	—	— %
4	0.50 < 0.75	15	0.63 %	7	102.37 %	2.05	20	129.57 %
5	0.75 < 2.50	0	— %	0	— %	0.00	—	— %
6	2.50 < 10.00	0	— %	0	— %	0.00	—	— %
7	10.00 < 100.00	0	— %	0	— %	0.00	—	— %
8	100.00 (Default)	0	— %	0	— %	0.00	—	— %
9	**Sub-total**	**19**	**0.51 %**	**8**	**102.37 %**	**1.88**	**20**	**107.34 %**
	Retail							
1	0.00 < 0.15	4	0.05 %	423	108.34 %		—	12.17 %
2	0.15 < 0.25	—	— %	0	— %		—	— %
3	0.25 < 0.50							
4	0.50 < 0.75	3	0.63 %	640	105.52 %	—	2	65.41 %
5	0.75 < 2.50	1	0.83 %	399	54.56 %	—	—	38.78 %
6	2.50 < 10.00	—	2.54 %	28	102.37 %	—	—	105.86 %
7	10.00 < 100.00	—	— %	0	— %	—	—	— %
8	100.00 (Default)	—	100.00 %	65	102.29 %	—	—	44.21 %
9	**Sub-total**	**7**	**1.53 %**	**1,555**	**100.12 %**	**—**	**3**	**34.78 %**

CCR4 - AIRB approach - CCR exposures by exposure class and PD scale (31.12.2025)

EUR million

								2025
	a	b	c	d	e	f	g	h
	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
	Institutions							
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**	**—**	**— %**	**—**	**— %**	**—**	**—**	**— %**
	Corporates							
1	0.00 < 0.15	—	0.11 %	1	39.74 %	1.00	—	18.13 %
2	0.15 < 0.25	14	0.21 %	169	43.43 %	1.36	4	30.99 %
3	0.25 < 0.50	46	0.44 %	81	42.05 %	1.91	24	52.42 %
4	0.50 < 0.75	30	0.62 %	412	44.67 %	2.21	21	67.88 %
5	0.75 < 2.50	240	1.44 %	758	40.73 %	2.39	215	89.31 %
6	2.50 < 10.00	55	4.58 %	310	40.89 %	1.49	66	119.85 %
7	10.00 < 100.00	27	30.06 %	97	39.78 %	3.07	60	222.35 %
8	100.00 (Default)	2	100.00 %	14	62.91 %	1.01	—	26.47 %
9	**Sub-total**	**415**	**3.93 %**	**1,842**	**41.31 %**	**2.21**	**390**	**94.04 %**
	Retail							
1	0.00 < 0.15	4	0.13 %	69,849	87.60 %	—	1	25.93 %
2	0.15 < 0.25	—	0.20 %	3,046	87.59 %	—	—	35.21 %
3	0.25 < 0.50	—	— %	—	— %	—	—	— %
4	0.50 < 0.75	—	0.54 %	3,668	87.59 %	—	—	65.51 %
5	0.75 < 2.50	—	1.38 %	3,078	71.45 %	—	—	76.39 %
6	2.50 < 10.00	—	7.24 %	3,004	87.59 %	—	—	135.61 %
7	10.00 < 100.00	—	40.68 %	58	87.59 %	—	—	209.47 %
8	100.00 (Default)	—	100.00 %	84	83.62 %	—	—	5.57 %
9	**Sub-total**	**5**	**3.95 %**	**82,787**	**87.02 %**	**—**	**1**	**28.77 %**

CCR4 - FIRB approach - CCR exposures by exposure class and PD scale

EUR million

2026

	a	b	c	d	e	f	g	h
	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
	Institutions							
1	0.00 < 0.15	9,896	0.07 %	602	44.16 %	0.78	1,564	15.81 %
2	0.15 < 0.25	747	0.18 %	81	45.00 %	1.31	285	38.20 %
3	0.25 < 0.50	516	0.34 %	70	45.00 %	0.80	215	41.74 %
4	0.50 < 0.75	322	0.51 %	35	45.00 %	0.92	169	52.53 %
5	0.75 < 2.50	114	1.09 %	14	45.00 %	0.43	78	67.87 %
6	2.50 < 10.00	4	4.07 %	2	45.00 %	1.00	5	122.13 %
7	10.00 < 100.00	25	42.84 %	195	45.00 %	2.30	63	252.01 %
8	100.00 (Default)	—	— %	1	— %	—	—	— %
9	**Sub-total**	**11,624**	**0.20 %**	**1,000**	**44.28 %**	**0.82**	**2,380**	**20.47 %**
	Corporates							
1	0.00 < 0.15	10,123	0.07 %	2,806	41.62 %	1.84	1,995	19.71 %
2	0.15 < 0.25	2,225	0.19 %	491	40.27 %	2.46	875	39.34 %
3	0.25 < 0.50	3,442	0.35 %	1,298	40.13 %	2.26	1,810	52.59 %
4	0.50 < 0.75	115	0.62 %	380	40.69 %	1.99	73	63.23 %
5	0.75 < 2.50	1,374	1.29 %	3,156	40.02 %	1.76	1,096	79.72 %
6	2.50 < 10.00	255	4.28 %	1,297	40.00 %	1.75	301	118.15 %
7	10.00 < 100.00	110	34.67 %	1,099	40.66 %	1.38	225	204.56 %
8	100.00 (Default)	7	100.00 %	199	40.00 %	4.25	—	— %
9	**Sub-total**	**17,651**	**0.56 %**	**10,726**	**41.00 %**	**1.99**	**6,375**	**36.11 %**

CCR4 - FIRB approach - CCR exposures by exposure class and PD scale (31.12.2025)

EUR million

2025

	a	b	c	d	e	f	g	h
	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
	Institutions							
1	0.00 < 0.15	10,280	0.06 %	626	44.62 %	0.83	2,074	20.17 %
2	0.15 < 0.25	231	0.19 %	46	45.00 %	0.97	97	42.02 %
3	0.25 < 0.50	309	0.36 %	53	45.00 %	0.86	170	55.06 %
4	0.50 < 0.75	18	0.67 %	4	45.00 %	1.00	16	86.06 %
5	0.75 < 2.50	3	1.20 %	7	45.00 %	0.31	3	108.23 %
6	2.50 < 10.00	0	9.55 %	24	45.00 %	1.00	0	262.85 %
7	10.00 < 100.00	1	45.00 %	16	45.00 %	3.72	5	374.92 %
8	100.00 (Default)	0	— %	0	— %	0.00	0	— %
9	**Sub-total**	**10,842**	**0.08 %**	**776**	**44.64 %**	**0.83**	**2,365**	**21.81 %**
	Corporates							
1	0.00 < 0.15	9,311	0.07 %	1,762	41.76 %	1.76	2,016	21.65 %
2	0.15 < 0.25	2,334	0.20 %	402	40.48 %	2.91	1,091	46.76 %
3	0.25 < 0.50	1,563	0.35 %	391	40.11 %	1.84	783	50.08 %
4	0.50 < 0.75	930	0.61 %	313	40.03 %	1.63	607	65.29 %
5	0.75 < 2.50	634	1.27 %	339	34.55 %	2.98	510	80.38 %
6	2.50 < 10.00	145	3.88 %	86	40.00 %	2.39	183	126.13 %
7	10.00 < 100.00	43	31.56 %	266	40.36 %	1.07	97	224.48 %
8	100.00 (Default)	0	— %	1	— %	0.00	0	— %
9	**Sub-total**	**14,960**	**0.33 %**	**3,560**	**40.95 %**	**2.00**	**5,287**	**35.34 %**

92% of counterparty credit risk exposure subject to risk weighting under the FIRB Approach remains within PD buckets below 0.50.

The following table shows a summary of the effects of netting agreements and collateral for exposure to counterparty credit risk, in addition to the type of collateral exchanges in derivatives transactions and securities financing transactions (SFTs).

CCR5 - Composition of collateral for CCR exposures

EUR million

		2026							
		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	1,451	11,833	720	5,686	—	183,198	644	136,195
2	Cash - other currencies	6	7,090	1,006	6,436	266	83,242	—	88,774
3	Domestic sovereign debt	4,779	2,355	6,251	376	326	97,805	22,077	84,239
4	Other sovereign debt	1,404	2,618	1,705	96	1,053	91,479	3,375	48,550
5	Government agency debt	4	—	22	—	28	182	54	19
6	Corporate bonds	1,275	194	93	61	2,492	85,716	6,105	71,682
7	Shares	664	1,548	908	—	10,450	7,358	16,734	4,290
8	Other collateral	—	—	5	—	—	5	—	661
9	**Total**	**9,583**	**25,639**	**10,711**	**12,655**	**14,616**	**548,985**	**48,988**	**434,410**

In derivatives activity, 58% of the collateral received is cash. With regard to securities financing transactions, 81% of collateral received consists of cash and sovereign bonds.

CCR6 - Credit derivatives exposures

EUR million

		2026	
		a	b
		Credit derivatives hedges	
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	37,747	29,471
2	Index credit default swaps	18,083	5,825
3	Total return swaps	4,797	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	**Total notionals**	**60,627**	**35,296**
	Fair values		
7	Positive fair value (asset)	187	1034
8	Negative fair value (liability)	(1,955)	(324)

*Bought credit derivatives do include loan coverage

CCR6 - Credit derivatives exposures (31.12.2025)

EUR million

		2025	
		a	b
		Credit derivatives hedges	
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	28,929	20,610
2	Index credit default swaps	16,812	6,432
3	Total return swaps	1,809	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	**Total notionals**	**47,550**	**27,042**
	Fair values	—	—
7	Positive fair value (asset)	190	869
8	Negative fair value (liability)	(1,844)	(270)

*Bought credit derivatives do include loan coverage

Table CCR7- Statement of flows of risk-weighted amounts of counterparty exposures subject to IMA is not included as Santander does not have an internal model to calculate counterparty credit risk EAD.

3.5. Securitisation credit risk definition and framework

3.5.1. Santander securitisation activity

3.5.1.1. 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.

3.5.1.2. As originator

Grupo Santander originated in the first 2026 semester 21 securitisations mainly for risk transfer purposes.

Grupo Santander has a total of 140 securitisations that transfer risk and free up capital (59 traditional transactions and 81 synthetic). The main underlying portfolios are consumer loans (primarily for cars) and loans to businesses.

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 81 securitisations have this certification.

Of the **81 synthetic securitisation funds**, 11 were originated in 2026.

Santander also originates and holds positions in traditional securitisation funds whose underlying portfolios mainly comprise consumer and corporate loans.

An external rating has been given to Santander by one or more of the following external rating agencies for each of these traditional structures and for certain synthetic securitisations, regardless of the underlying product: Standard & Poors, Moody's, Fitch, DBRS, Arc, Scope and KROLL. The group obtains ratings from at least two of these agencies when a traditional securitisation is placed on the market in Europe.

Grupo Santander does not provide implicit support in synthetic securitisations, where there is significant risk transfer at the regulatory level.

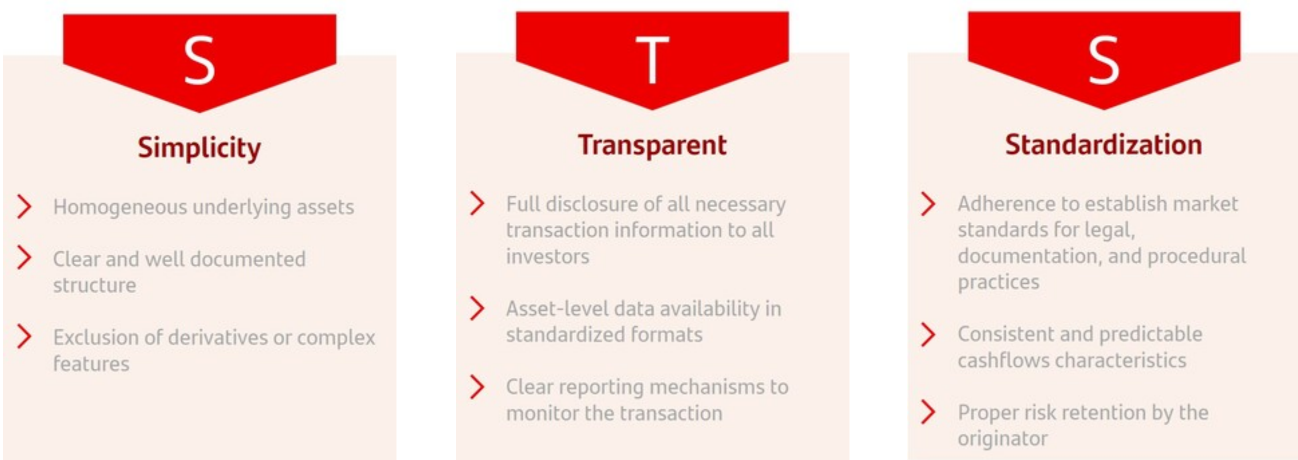
3.5.1.3. As investor

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.

3.5.1.4. As sponsor

As of 30 of June 2026, Santander Group participates as a sponsor in five securitisation 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.

The key components of an STS (Simple, Transparent and Standardised Securitisations)



Monitoring process for changes in associated risk:

- **Securitisation positions originated**: periodic monitoring is the responsibility of the different securitisation fund managers (trustees/management companies) or of the originators directly no fund is created. In any of the cases that prepare regular reports containing an update of the rating performance of the bonds' underlying portfolios of the securitisation positions generated.
- **Securitisation positions invested in**: published NPL metrics (90+, default, recoveries) and prepayments are monitored regularly using specialised software, which also checks whether the established rating-based limits are being met.

The processes mentioned above serve to monitor changes in credit and market risk for securitisation exposures.

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 securitisation (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

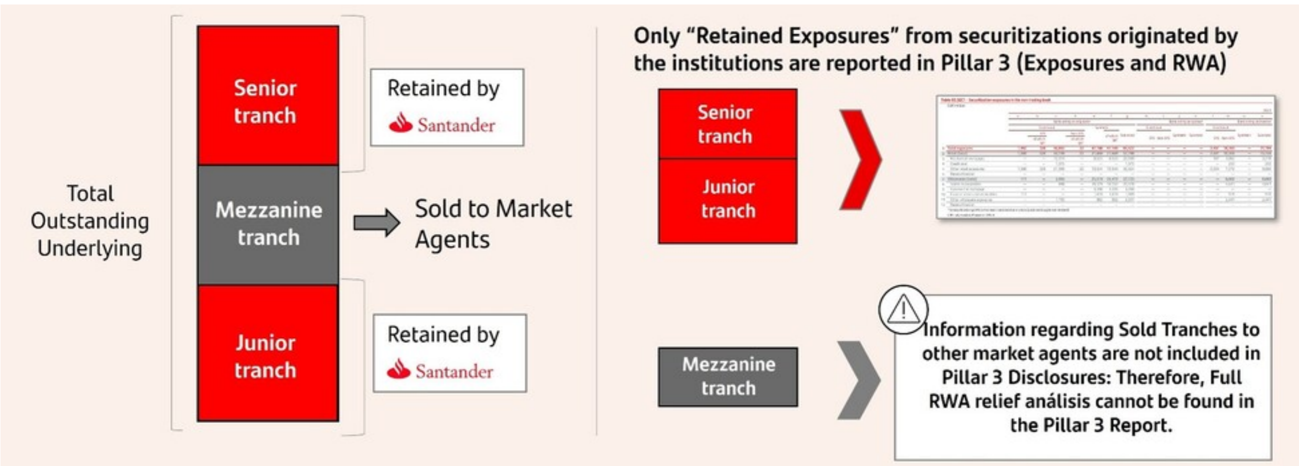
A typical SRT is structured in at least in one senior and one junior tranch, depending on the risk level, where the junior tranche is the one absorbing the first losses of the underlying portfolio.

However, in most cases additional tranches are included, such as a mezzanine (covering the unexpected loss) tranche, as shown in the example below.

Depending on the specific structure of the SRT, the investors risk preference and the banks' capital strategy, several tranches may be sold to investors while others are retained by the bank. In the exemplary overview below, the mezzanine tranche is sold to investors while the senior and junior tranche are retained by Santander.

Please note that tranches which are sold to investors are not held on the balance sheet of the Bank and therefore are not shown in the provided tables included in the Pillar 3 report. Only tranches, which are owned by the Santander and are included in its banking book, are represented by the corresponding EAD and RWA metric. Information regarding EAD and RWA of the portions held by investors are not shown in this report and cannot be deducted by the presented information.

Disclosure of information in the Pillar 3 Report



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 as of 30st June 2026, in both the banking book and trading book.

SEC1 - Securitisation exposures in the non-trading book

EUR million

		2026														
		a	b	c	d	e	f	g	h	i	j	k	l	m	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	of which SRT	Non-STS	of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
1	**Total exposures**	**1,776**	**501**	**21,532**	**72**	**81,010**	**81,009**	**104,318**	**—**	**888**	**—**	**888**	**4,327**	**26,859**	**74**	**31,260**
2	**Retail (total)**	**1,548**	**501**	**19,385**	**72**	**31,396**	**31,396**	**52,329**	**—**	**888**	**—**	**888**	**4,040**	**13,470**	**74**	**17,584**
3	Residential mortgages	—	—	9,769	—	17,160	17,160	26,929	—	36	—	36	1,110	2,452	—	3,562
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	455	217	—	672
5	Other retail exposures	1,548	501	9,616	72	14,237	14,236	25,401	—	852	—	852	2,475	10,802	74	13,350
6	Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	**Wholesales (total)**	**228**	**—**	**2,147**	**—**	**49,613**	**49,613**	**51,989**	**—**	**—**	**—**	**—**	**287**	**13,389**	**—**	**13,675**
8	Loans to corporates	—	—	664	—	40,119	40,119	40,783	—	—	—	—	—	6,969	—	6,969
9	Commercial mortgage	—	—	—	—	5,657	5,657	5,657	—	—	—	—	—	—	—	—
10	Finance leases and receivables	228	—	86	—	2,736	2,736	3,050	—	—	—	—	287	2,336	—	2,623
11	Other wholesale exposures	—	—	1,397	—	1,102	1,102	2,499	—	—	—	—	—	4,083	—	4,083
12	Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

The EU SEC1 table presents the total securitisation exposure outside the trading book (i.e. the Banking Book), broken down by type of exposure and distinguishing between securitisations originated or sponsored by the Group, as well as positions acquired in its capacity as an investor. Each table provides a breakdown by traditional and synthetic securitisation transactions, as well as by simple, transparent and standardised (STS) securitisations, understood as those meeting the requirements set out in Article 18 of Regulation (EU) 2017/2402.

The columns corresponding to originator and sponsor (a-k) include retained positions, even in cases where the Group does not achieve significant risk transfer (SRT), reflecting the current retention of its contribution to the originated or sponsored amount. The reported amounts correspond to the principal nominal amounts securitised when significant risk transfer is not achieved. When such transfer is achieved, the exposure at default (EAD) is reported.

The aggregate exposure volume generated by the securitization business in the non-trading book was € 136.46 Bn as of June 30, 2026,an increase of € 17.3 Bn compared to December 31, 2025. Volume in the non-trading book increased mainly driven by new originator synthetic and traditional positions and also a new investor traditional positions.

SEC2 - Securitisation exposures in the trading book

EUR million

		a	b	c	d	e	f	g	h	i	j	k	l
		2026											
		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**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**110**	**921**	**—**	**1,031**
2	**Retail (total)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**110**	**170**	**—**	**280**
3	Residential mortgages	—	—	—	—	—	—	—	—	9	94	—	103
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	—
5	Other retail exposures	—	—	—	—	—	—	—	—	101	76	—	177
6	Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—
7	**Wholesales (total)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**751**	**—**	**751**
8	Loans to corporates	—	—	—	—	—	—	—	—	—	—	—	—
9	Commercial mortgage	—	—	—	—	—	—	—	—	—	34	—	34
10	Finance leases and receivables	—	—	—	—	—	—	—	—	—	—	—	—
11	Other wholesale exposures	—	—	—	—	—	—	—	—	—	717	—	717
12	Resecuritisation	—	—	—	—	—	—	—	—	—	—	—	—

Table SEC2 sets out the securitisation exposures in the trading book, in terms of EAD, broken down by Santander's role in the transaction, type of securitisation and type of underlying asset. As at June 2026, total exposures amounted to € 1,031 million, all of which relate to transactions in which Santander acts as an investor, with no balances reported as originator or sponsor.

By type of securitisation, the balance is mainly concentrated in traditional non-STS positions, amounting to 921 million euros, whilst traditional STS positions amount to 110 million euros. There are no synthetic exposures in the trading book. From the perspective of the underlying asset, exposures are mainly concentrated in the wholesale segment, particularly in 'other wholesale exposures', as well as in the retail segment, where 'other retail exposures' and residential mortgages are the most significant.

SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

	EUR million			2026
		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	181,809	2,294	(335)
2	**Retail (total)**	**127,113**	**2,111**	**(360)**
3	residential mortgage	47,230	415	1,557
4	credit card	—	—	—
5	other retail exposures	79,883	1,696	(1,917)
6	re-securitisation	—	—	—
7	**Wholesale (total)**	**54,696**	**183**	**24**
8	loans to corporates	41,969	111	18
9	commercial mortgage	5,759	49	(13)
10	lease and receivables	4,242	24	21
11	other wholesale	2,726	—	(1)
12	re-securitisation	—	—	—

The EU SEC5 table shows the outstanding nominal amounts where the Group acts as originator or sponsor, together with exposures classified as defaulted in accordance with Article 178 of the CRR and their specific credit risk adjustments under Article 110 of the CRR. The amounts are broken down by the exposure type of these securitised exposures.

The total outstanding nominal amount of securitized assets where the Group acted as originator or sponsor was € 181.8 Bn as of June 30, 2026, an increase of € 10.9 billion compared with December 31, 2025. The key drivers were an increase in residential mortgages by € 11.2 Bn and an increase of € 5.4 Bn in loans to corporates, offset by decrease of € 6.6 Bn in other retail exposures.

3.5.2. Capital requirements - Securitisations

Grupo Santander calculates regulatory capital under the securitisation approach for positions held in originated securitisations only if the regulatory conditions established in the Capital Requirements Regulation (CRR) for significant risk transfer are met. Otherwise, capital is calculated for the securitized exposures as if they had never been securitized. Capital is also calculated for investment positions in securitisation funds originated by third parties.

Regulation 2017/2401 modified the CRR in those areas related to the calculation methods for capital requirements for securitisations. Within this framework, with the objective of reducing the dependence on external ratings, the entity must use its own calculation of regulatory capital requirements so long as it is authorized, in order to apply the internal ratings-based approach for securitized exposures: the Securitisation and Exchange Commission Internal ratings-based approach (SEC-IRBA). Entities that cannot use the SEC-IRBA must apply the standardised approach (SEC-SA) to securitisations. The SEC-SA is based on the capital requirements calculated under the standardised approach for credit risk. When neither of these two approaches are available, entities must adopt the external ratings-based approach for securitisations (SEC-ERBA). In accordance with SEC-ERBA, capital requirements must be assigned to securitisation tranches based on their external rating.

Capital requirements for securitisation positions are calculated by applying the appropriate risk weight to the exposure value of each position, depending on the approach used by the entity to calculate the risk-weighted exposure amounts of the securitized portfolio.

In November 2020, the Basel Committee published a technical amendment establishing the prudential treatment for securitisations of non-performing loans. In 2021, this technical amendment was transposed into an EU regulation as part of the 'quick fix' for securitisations implemented through two EU regulations, as explained below.

•

- Regulation (EU) 2021/557, amending Regulation (EU) 2017/2402 (Securitisation Regulation) to aid recovery from the covid-19 crisis. In addition to establishing a framework for securitisations of non-performing exposures, this regulation also aimed to extend the benefits of STS (simple, transparent and standardized) securitisation to synthetic securitisations. To this end, the framework was created so that institutions could trade their non-performing exposures in the market by securitizing such exposures.
- Regulation 2021/558, amending Regulation 575/2013 (CRR) to specify the capital requirements applicable to the changes introduced by Regulation 2021/557, such as securitisations of NPLs, senior tranches of STS synthetic securitisations, etc.

The European Banking Authority (EBA) published in February 2023 its final Regulatory Technical Standards (RTS) amending the regulatory technical standards established in Delegated Regulation (EU) 2019/1851 with regard to the assessment of the consistency of underlying exposure in simple, transparent and standardised (STS) on-balance-sheet securitisation.

Lastly, in October 2023, Delegated Regulation (EU) 2023/2175 was published, specifying in greater detail the risk retention requirements for originators, sponsors, original lenders and servicers. Among other aspects, this Delegated Regulation sets forth the requirements concerning the types of risk retention, prohibits selling or hedging the retained economic interest, establishes the conditions of retention on a consolidated basis, as well as the types of risk retention in the case of the traditional securitisation of non-performing exposures.

In addition, in recent years the European Commission has promoted several initiatives to review and update the securitisation regulatory framework. In 2024, it conducted a public consultation to assess the functioning of the existing framework and to identify potential improvements. During 2025, it published a legislative draft proposing amendments to i) Securitisation Regulation which establishes a general framework for securitisation, and to CRR which sets, among others, the capital requirements for securitisations.

In the same year, the Commission also launched a public consultation on amendments to Commission Delegated Regulation (EU) 2015/61, which supplements Regulation (EU) No 575/2013 regarding the Liquidity Coverage Ratio (LCR), with a view to expanding the eligibility of certain securitisations.

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.

SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

EUR million

										2026
		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**	**76,929**	**4,130**	**302**	**476**	**633**	**56,334**	**8,949**	**16,554**	**633**
2	**Traditional securitisation**	1,307	63	1	8	81	281	748	351	81
3	Securitisation	1,307	63	1	8	81	281	748	351	81
4	Retail underlying	1,307	63	1	8	81	281	748	351	81
5	Of which STS	418	1	1	—	81	273	97	50	81
6	Wholesale	—	—	—	—	—	—	—	—	—
7	Of which STS	—	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—	—
9	**Synthetic securitisation**	75,622	4,067	300	468	552	56,053	8,201	16,203	552
10	Securitisation	75,622	4,067	300	468	552	56,053	8,201	16,203	552
11	Of which, retail underlying	28,743	2,278	—	116	260	14,316	7,549	9,271	260
12	Of which, wholesale underlying	46,879	1,789	300	35	292	41,737	653	6,932	292
13	Of which, resecuritisation	—	—	—	—	—	—	—	—	—

SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

EUR million

									2026
		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**	**8,085**	**2,140**	**2,467**	**—**	**647**	**168**	**197**	**—**
2	**Traditional securitisation**	31	169	59	—	2	11.6	4	—
3	Securitisation	31	169	59	—	2	11.6	4	—
4	Retail underlying	31	169	59	—	2	11.6	4	—
5	Of which STS	28	12	5	—	2	0.9	—	—
6	Wholesale	—	—	—	—	—	—	—	—
7	Of which STS	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—
9	**Synthetic securitisation**	8,054	1,971	2,408	—	644	157	193	—
10	Securitisation	8,054	1,971	2,408	—	644	157	193	—
11	Of which, retail underlying	2,479	1,279	1,300	—	198	101	104	—
12	Of which, wholesale underlying	5,575	692	1,108	—	446	55	89	—
13	Of which, resecuritisation	—	—	—	—	—	—	—	—

The EU SEC3 table presents both retained and acquired Banking Book securitisations where the Group acted as originator or sponsor.

Firstly, exposure values are broken down by risk-weight bands (columns a-e). In addition, the Group presents exposure values, risk-weighted exposure amounts and capital requirements separately for each regulatory RWA calculation approach (columns f-q). All values are further broken down vertically by traditional and synthetic transactions, securitisation and re-securitisation, as well as retail or wholesale exposures, and include a specific row for traditional STS transactions.

The following considerations apply to the different regulatory RWA calculation approaches:

- SEC-IRBA (Articles 259 and 260 CRR): This approach applies where the securitised assets would be treated under the IRB approach had they not been securitised and remained on the Group's balance sheet; at least 95% of the exposure value of the securitised assets must be treated under IRB approaches in order for this approach to be applied; a number of additional requirements must also be met (see Article 258 CRR).
- SEC-SA (Articles 261 and 262 CRR): Where SEC-IRBA is not applicable, SEC-SA must generally be applied; this requires the calculation of the capital requirement ratio under the Standardised Approach (KSA) for the pool of securitised assets as if it had not been securitised and remained on the Group's balance sheet; in addition, the ratio of non-performing exposures at portfolio level must be determined.
- SEC-ERBA (Articles 263 and 264 CRR): This approach may be applied when an eligible external or inferred rating is available; the risk weight is determined through a lookup table based on the rating grade and the maturity of the position; where SEC-ERBA is available, certain rules apply to determine when SEC-ERBA must be used instead of SEC-SA (for further details, see Article 254 CRR).
- 1,250%: In all other cases, a 1,250% risk weight is applied.

The total securitization exposures in the banking portfolio amounted to €113.7 Bn as of June 2026, of which €82.5 Bn are positions where the Group acted as originator or sponsor. Compared to December 2025, this represents an increase of €6.8 Bn. These exposures are mainly concentrated in the RW≤20% band. At the same time, it should be noted that these positions have been treated mostly under the SEC-IRBA method according to CRR. Own on-balance sheet synthetic securitizations amounted to €81 Bn, which represents 98% of the total exposure of €82.4 Bn. Consequently, the RWA before capping and capital requirements have been concentrated under the SEC-IRBA method.

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

										2026
		a	b	c	d	e	f	g	h	i
	EUR million	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**	**28,623**	**2,285**	**78**	**273**	**0.61**	**—**	**1,449**	**29,810**	**0.61**
2	**Traditional securitisation**	**28,549**	**2,285**	**78**	**273**	**0.61**	**—**	**1,449**	**29,736**	**0.61**
3	Securitisation	28,549	2,285	78	27	0.61	—	1,449	29,736	0.61
4	Retail underlying	17,360	216	9	2	0.61	—	614	16,895	0.61
5	Of which STS	4,030	4	6	—	—	—	29	4,011	—
6	Wholesale	11,190	2,070	69	271	—	—	835	12,841	—
7	Of which STS	287	—	—	—	—	—	—	287	—
8	Re-securitisation	—	—	—	—	—	—	—	—	—
9	**Synthetic securitisation**	**74**	**—**	**—**	**—**	**—**	**—**	**—**	**74**	**—**
10	Securitisation	74	—	—	—	—	—	—	74	—
11	Of which, retail underlying	74	—	—	—	—	—	—	74	—
12	Of which, wholesale underlying	—	—	—	—	—	—	—	—	—
13	Of which, resecuritisation	—	—	—	—	—	—	—	—	—

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

									2026
		j	k	l	m	n	o	EU-p	EU-q
	EUR million	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**	**—**	**285**	**7,207**	**—**	**—**	**23**	**364**	**—**
2	**Traditional securitisation**	**—**	**285**	**7,195**	**—**	**—**	**23**	**364**	**—**
3	Securitisation	—	285	7,195	—	—	23	364	—
4	Retail underlying	—	100	2,417	—	—	8	193	—
5	Of which STS	—	8	433	—	—	1	35	—
6	Wholesale	—	185	4,778	—	—	15	170	—
7	Of which STS	—	—	29	—	—	—	2	—
8	Re-securitisation	—	—	—	—	—	—	—	—
9	**Synthetic securitisation**	**—**	**—**	**11**	**—**	**—**	**—**	**1**	**—**
10	Securitisation	—	—	11	—	—	—	1	—
11	Of which, retail underlying	—	—	11	—	—	—	1	—
12	Of which, wholesale underlying	—	—	—	—	—	—	—	—
13	Of which, resecuritisation	—	—	—	—	—	—	—	—

The EU SEC4 table presents acquired Banking Book securitisations where the Group acts as investor (i.e. where the Group does not act as originator or sponsor).

Exposure values are broken down by risk-weight bands (columns a-e). In addition, the Group presents exposure values, risk-weighted exposure amounts and capital requirements for securitisation positions, classified according to the different regulatory RWA calculation approaches (columns f-q). All these values are broken down vertically by traditional and synthetic transactions, securitation and re-securitisation, as well as by retail or wholesale exposures, and include a specific STS row for traditional transactions.

The total securitization exposures in the banking portfolio amounted to €113.7 Bn, of which €32.3 billion are positions where the Group acted as an investor. Compared to December 25, this represents an increase of €0.5 Bn. Most of these investor exposures are concentrated in the lowest RW band (<=20%). Approximately €2.2 Bn of exposures are located in the second lowest RW band (>20% to 50% RW). The two most widely applied methods have been SEC-SA (€29.8 Bn) and SEC-ERBA (€29.8 Bn). It is also worth noting that these two methods cover the majority of capital requirements after the cap.

3.6. Market risk

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

The measurement, control and monitoring perimeter of the Market Risk area includes all transactions where risk arises due to changes in market factors. 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, and from the liquidity risk of the products and markets in which Santander operates.

3.6.1. Capital requirements for market risk

This section provides more detailed information on changes in capital requirements for market risk through both internal and standardised models. The Group's consumption of regulatory capital for market risk at the end of June 2026 breaks down as follows.

Below is a breakdown of capital requirements and RWA for market risk and calculation component with internal model approval at June 2026:

MR2-A - Market risk under the internal Model Approach (IMA)

EUR million

		2026	
		a	b
		RWA	Capital requirements
1	**VaR (higher of values a and b)**	**2,133**	**171**
(a)	(a) Previous day's VaR (Article 365(1) of the CRR (VaRt-1))	615	49
(b)	(b) Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR	2,133	171
2	**SVaR (higher of values a and b)**	**5,469**	**438**
(a)	(a) Latest SVaR (Article 365(2) of the CRR (SVaRt-1))	2,003	160
(b)	(b) Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)	5,469	438
3	**IRC (higher of values a and b)**	**814**	**65**
(a)	(a) Most recent IRC value (incremental default and migration risks calculated in accordance with Article 370 and Article 371 of the CRR)	751	60
(b)	(b) Average of the IRC number over the preceding 12 weeks	814	65
4	**Comprehensive risk measure (higher of values a, b and c)**	**—**	**—**
(a)	(a) Most recent risk number for the correlation trading portfolio (Article 377 of the CRR)		
(b)	(b) Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		
(c)	(c) 8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio (Article 338(4) of the CRR)		
5	**Other***	**730**	**58**
6	**Total**	**9,146**	**732**

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

MR2-B - RWA flow statements of market risk exposures under the IMA

EUR million

		2026						
		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**	**2,186**	**6,010**	**789**		**1,088**	**10,072**	**806**
1a	Regulatory adjustment	1,087	3,691	78		—	4,856	389
1b	RWEAs at the previous quarter-end (end of the day)	1,099	2,318	710		1,088	5,216	417
2	Movement in risk levels	(1,138)	(3,105)	25		(358)	(4,576)	(366)
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements	1,085	2,565				3,650	292
7	Other							
8a	RWEAs at the end of the reporting period (end of the day)	615	2,003	751		730	4,099	328
8b	Regulatory adjustment	1,517	3,466	63		—	5,047	404
8	**RWEAs at the end of the reporting period**	**2,133**	**5,469**	**814**		**730**	**9,146**	**732**

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

The table above shows the changes in the second quarter of 2026. Globally, for the regions covered by the internal model, the RWA figures for VaR, SVaR, IRC and RNIM have fallen. The main reason for this is lower SVaR consumption resulting from a smaller position and lower sensitivity to interest rates.

MR1 - Market risk under the standardised approach

EUR million

		2026
		a
		RWAs
	Outright products	**12,062**
1	Interest rate risk (general and specific)	3,913
2	Equity risk (general and specific)	268
3	Foreign exchange risk	7,735
4	Commodity risk	147
	Options	**532**
5	Simplified approach	
6	Delta-plus approach	233
7	Scenario approach	
8	Securitisation (specific risk)	299
9	**Total**	**12,594**

A slight reduction in total capital consumption (SA) due to gamma and vega risk on options (-€1.7 million) in the TB. This is mainly attributable to a reduction in vega consumption for Equity (-€2.8 million) and FX (-€4.4 million) compared with the previous quarter, which is partially offset by the increase in IR (€5.5 million).

The main reason for this change is the increase in CLO holdings that do not meet the requirements to be classified as STS. Furthermore, we have recently observed strong demand from investors for STS securities, which has led to a reduction in our portfolios.

With regard to the change in foreign exchange risk, the increase is due to unhedged currency positions (notably the Argentine peso, with an increase of +0.4 bn), whilst the remainder is attributable to the effect of the lag in the calculation of the Maximum Open Position (with a significant impact on the Brazilian real).

3.6.1.1. 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 returns.

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 capturing 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 June 2026.

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 Group maintained its strategy of focusing its trading activity on client business, minimizing exposure to open directional risk in net terms as much as possible. Low risk levels have been maintained in the trading portfolio with geographical diversification and by risk factor.

During the first half of 2026, the risk management processes have demonstrated their soundness, robustness and effectiveness, despite the volatility caused by the armed conflict in the Middle East.

This has been reflected in the VaR of the trading portfolio, where, despite market volatility and, in particular, volatility in oil prices, VaR levels have remained similar to those of recent years, closing June at €17 million. Despite these moderate VaR levels, the slightly higher figures for stress risk metrics (SVaR) meant that the contribution of trading risks to capital was slightly higher 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 June 2026 was 376 million euros, which is indirect, as Santander acts 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.

This type of transaction includes options on equities, fixed income, and exchange rates. The units where this activity has mainly been carried out are Spain, Brazil, the United States, 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.

At June 2026, VaR by geography was as follows:

MR3 - IMA values for trading portfolios

EUR million

Total		a 2026	2025	Variation
Var (10 days - 99%)				
1	Maximum	103	117	(12%)
2	Average	57	61	(6%)
3	Minimum	37	39	(4%)
4	End of period	50	55	(9) %
Stressed VaR (10 days - 99%)				
5	Maximum	239	210	14 %
6	Average	152	157	(3) %
7	Minimum	84	81	4 %
8	End of period	160	171	(6) %
Incremental Risk Charge (99.9%)				
9	Maximum	218	221	(1) %
10	Average	51	59	(13) %
11	Minimum	29	27	6 %
12	End of period	60	40	49 %
Comprehensive risk measure (99.9%)				
13	Maximum			
14	Average			
15	Minimum			
16	End of period			

Figures do not include risks not in model

Spain		a 2026	2025	Variation
Var (10 days - 99%)				
1	Maximum	77	85	(9) %
2	Average	43	46	(7) %
3	Minimum	30	30	— %
4	End of period	37	42	(12) %
Stressed VaR (10 days - 99%)				
5	Maximum	155	152	2 %
6	Average	114	127	(10) %
7	Minimum	71	67	5 %
8	End of period	138	131	5 %
Incremental Risk Charge (99.9%)				
9	Maximum	208	208	— %
10	Average	48	53	(10) %
11	Minimum	28	26	7 %
12	End of period	56	33	72 %
Comprehensive risk measure (99.9%)				
13	Maximum			
14	Average			
15	Minimum			
16	End of period			

Figures do not include risks not in model

Chile		a 2026	2025	Variation
Var (10 days - 99%)				
1	Maximum	13	10	26%
2	Average	5	5	(2%)
3	Minimum	2	3	(14%)
4	End of period	3	4	(13%)
Stressed VaR (10 days - 99%)				
5	Maximum	38	26	45 %
6	Average	16	14	17 %
7	Minimum	6	8	(29) %
8	End of period	10	13	(24) %
Incremental Risk Charge (99.9%)				
9	Maximum	3	6	(43) %
10	Average	0	3	(88) %
11	Minimum	—	—	(10) %
12	End of period	1	1	(38) %
Comprehensive risk measure (99.9%)				
13	Maximum			
14	Average			
15	Minimum			
16	End of period			

Figures do not include risks not in model

Mexico		a 2026	2025	Variation
Var (10 days - 99%)				
1	Maximum	14	22	(37) %
2	Average	9	9	(4) %
3	Minimum	4	6	(21) %
4	End of period	10	9	7 %
Stressed VaR (10 days - 99%)				
5	Maximum	46	32	46 %
6	Average	22	16	38 %
7	Minimum	8	6	31 %
8	End of period	13	27	(52) %
Incremental Risk Charge (99.9%)				
9	Maximum	7	7	— %
10	Average	3	3	13 %
11	Minimum	—	1	(27) %
12	End of period	3	7	(50) %
Comprehensive risk measure (99.9%)				
13	Maximum			
14	Average			
15	Minimum			
16	End of period			

Figures do not include risks not in model

3.6.1.2. Backtesting (MR4)

The backtesting exercise consists of comparing the VaR forecasts, given a certain 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 monitor the effectiveness of its internal systems for measuring and managing market risks, during the first half of 2026 the Santander Group carried out the necessary analyses and back-testing on a regular basis, drawing conclusions from these 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 model's 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).

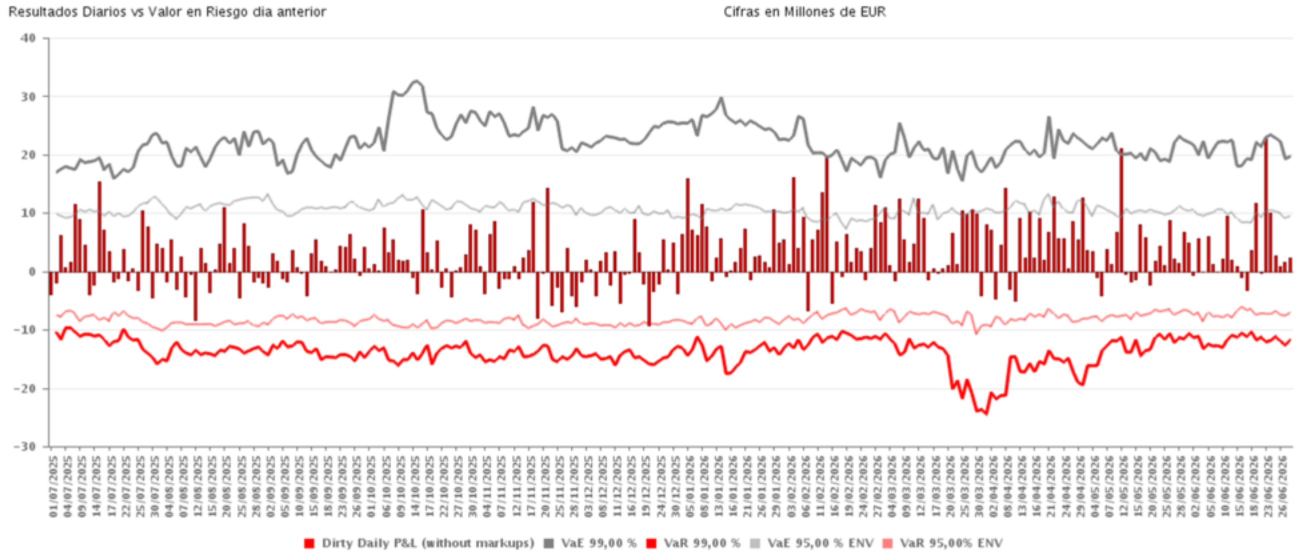
If the percentage observed is above the expectation, the risk is being underestimated and the model should be reviewed. Conversely, if the percentage is significantly smaller, then the risk is being overestimated and the VaR model should be adjusted. The latter outcome may, however, be desirable if the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

The following diagram shows the annual backtest (MR4) at the end of June 2026 for each unit with internal model approval (see table 86).

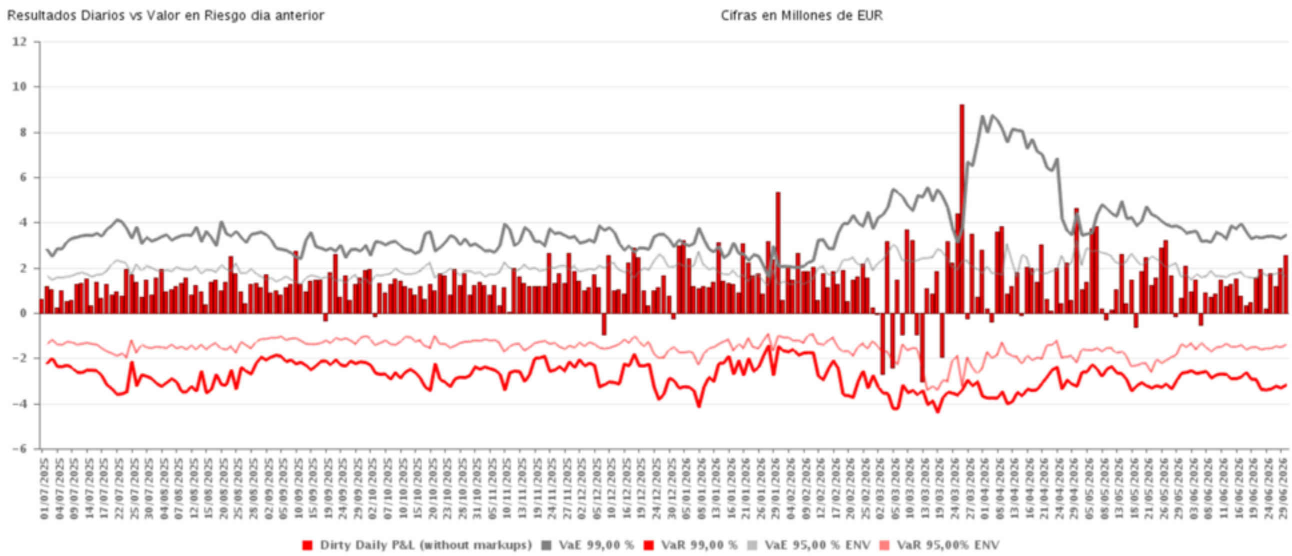
The number of exceptions as at June 2026 for the units with an approved internal model is shown below.

MR4 - Comparison of VaR estimates with gains/losses

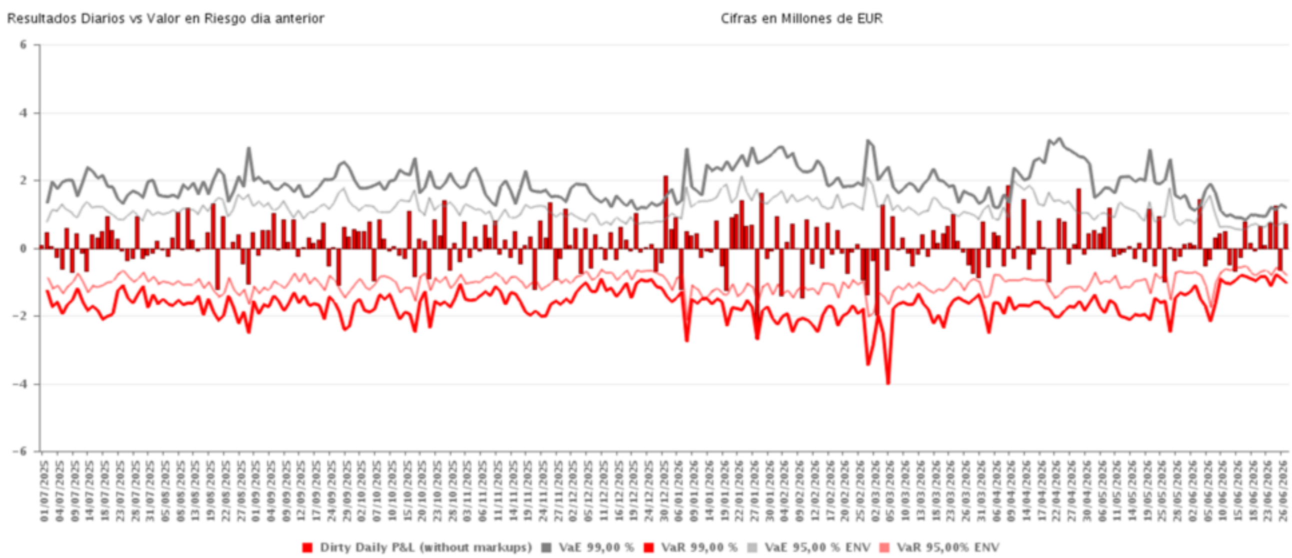
Unidad: Grupo España MIR + SLB Área: Total



Unidad: Mexico Área: Tesorería GTFD



Unidad: Chile Área: Total MIR



3.6.2. Structural balance sheet risks

This section covers the requirement IRRBBA - IRRBB qualitative information.

Structural risk is inherent in the banking business and arises as a result of changes in a number of factors, including market or balance sheet behaviour variables, which 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 an adequate control of these risks.

The financial area of each group subsidiary manages interest rate risk originated by retail and commercial banking and is responsible for management of the structural risk generated by interest rate fluctuations. Mitigation strategies are used to manage the IRRBB risk profile by using interest rate instruments such as fixed income bond portfolios (usually government bonds) or derivative instruments with high credit quality, high liquidity and low capital consumption that complement the natural hedges provided by the balance sheet itself. They are always carried out taking into account the market environment.

3.6.2.1. Main interest rate risk in the banking book (IRRBB) 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 income 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.
- **Earnings metric**: Measures the change in expected future profitability within a given time horizon (e.g. three months) as a result of changes in interest rates and credit spreads as risk factors. This metric takes into account both the impact of net interest income and the instruments whose value could be affected by changes in interest rates and which can be sold in the short term (mainly the instruments assigned to the Held to Collect and Sale (HTC&S) model and reported in the Fair Value Through Other Comprehensive Income category).

- **Economic P&L of the ALCO portfolio**: to estimate losses from price changes of assets recognised at fair value, an economic P&L is calculated under stress for fixed-income instruments managed by the ALCO (ALCO portfolios). The impact this market stress could have on the portfolio is then measured. A change in the value of this portfolio would reduce the group's equity and therefore have a negative effect on its capital ratio. The stress has a statistical component as it is calibrated according to past observed performance in the market and a forward-looking component. It also uses stress scenarios generated by the group based on macro-economic analysis.
- **Value at risk (VaR and EaR) for the purpose of calculating economic capital**: the economic capital model by IRRBB in the group is based on a value-at-risk model that assesses the potential impact of movements in market variables, interest rates and credit spreads (the latter limited to the FV positions managed by ALCO) on both the economic value of equity and earnings. The VaR and EaR represent the maximum amount of estimated losses on the economic value of equity and earnings calculated over a two-year period, which are expected to be exceeded only in a small percentage of cases (confidence level 0.05%) and over a time horizon that varies for each subsidiary depending on its balance sheet structure.

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 EBA[1] 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. If possible, the Group aligns all methodologies and models used for the calculation of regulatory and internal metrics. Currently there are no relevant differences.

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 and, to a lesser extent, at 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.

[1] EBA/GL/2018/02

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.

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

The Group develops methodological standards that establish best practices 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 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 rate[2], 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 non-maturity assets (NMA)

The model used on the asset side for products such as credit cards can be modelled in a similar way to the NMD model, sharing some of the same methodology and assumptions. The difference between the two models is that for assets without a fixed maturity, the fixed credit limit, which serves as a ceiling for future drawdowns, has to be taken into account.

c. 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.

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

d. 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 published sensitivity to economic value in the IRRBB1 table follows all methodologies and criteria defined within the group and is adjusted (if necessary) by the principles set out in the EBA guidelines.

The published sensitivity to net interest income is calculated for the interest rate shocks established in the EBA guidelines in all currencies and following all methodologies and principles defined for internal metrics.

The average and maximum repricing maturity of NMDs in the group is calculated by each subsidiary based on its historical data and statistical techniques. The data for the group are:

	Average repricing maturity		Longest repricing maturity	
	Total volume	Core volume	Total volume	Core volume
Retail	2.9	3.9	20	20
Non-financial wholesale	1.5	4.5	20	20

The following tables show changes in the bank's economic value of equity (EVE) and net interest income (NII) for every prescribed interest rate scenario and for every currency:

IRRBB1 - Interest rate risks of non-trading book activities

EUR million

		2026			
		a	b	c	d
	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
1	Parallel up	(7,765)	(7,049)	470	668
2	Parallel down	3,968	3,231	(1,231)	(1,942)
3	Steepener	18	(910)		
4	Flattener	(2,105)	(1,734)		
5	Short rates up	(4,532)	(3,577)		
6	Short rates down	2,223	1,671		

	EUR	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
	Supervisory shock scenarios	Current period	Last period	Current period	Last period
1	Parallel up	(1,997)	(1,976)	582	1,099
2	Parallel down	2,893	2,886	(513)	(1,077)
3	Steepener	(179)	(1,043)		
4	Flattener	(137)	736		
5	Short rates up	(833)	(2)		
6	Short rates down	861	126		

	GBP	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
	Supervisory shock scenarios	Current period	Last period	Current period	Last period
1	Parallel up	(1,539)	(1,008)	1,035	599
2	Parallel down	2,014	1,404	(687)	(381)
3	Steepener	8	323		
4	Flattener	(231)	(422)		
5	Short rates up	(739)	(723)		
6	Short rates down	992	934		

	USD	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
	Supervisory shock scenarios	Current period	Last period	Current period	Last period
1	Parallel up	(1,239)	(966)	14	329
2	Parallel down	163	(215)	(82)	(372)
3	Steepener	7	(291)		
4	Flattener	(616)	(282)		
5	Short rates up	(882)	(451)		
6	Short rates down	630	149		

	BRL	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
	Supervisory shock scenarios	Current period	Last period	Current period	Last period
1	Parallel up	(1,424)	(1,306)	(280)	(289)
2	Parallel down	1,309	1,267	189	224
3	Steepener	(28)	(75)		
4	Flattener	(306)	(208)		
5	Short rates up	(811)	(726)		
6	Short rates down	761	695		

Liquidity risk

4.1. Liquidity and funding risk

Our structural liquidity management aims to optimize maturities and costs while avoiding undesired liquidity risks in funding Santander's operations.

It follows these principles:

- Decentralised 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.

4.1.1. Liquidity Coverage Ratio (LCR)

Description of the degree of centralisation of liquidity management and interaction among the Group's units.

The Group has adopted a decentralised 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 centralised funding models.

The LCR detailed herein was calculated at the request of the ECB (Consolidated LCR), using a consolidation methodology that does not take into account any surplus liquidity exceeding 100% of the LCR outflows and is subject to restrictions (legal or operational) on transferability to third countries, including if the surplus liquidity can be used to cover additional outflows within the own country, which is not subject to any restrictions.

Additionally, the Group calculates a ratio (Group LCR) using an internal methodology that determines the minimum common percentage of simultaneous coverage in all the Group's jurisdictions, while considering all existing restrictions on the transfer of liquidity to third countries. This is the methodology that most accurately reflects the Group's resilience to liquidity risk.

Explanation of the main drivers and inputs that contribute to the LCR

The Group's consolidated ratio is largely determined by the individual ratios of its three main units: the parent company, Santander UK and Santander Brazil. These units acquire most of their funding from retail deposits, which are stable liabilities that generate fewer potential outflows from the LCR ratio. Most cash outflows from the LCR ratio stem from wholesale funding, which is considerably more unstable, although the Group typically minimises and diversifies these maturities. Moreover, the Group's stock of liquid assets is of very high quality; on average approximately 97% of the assets which form part of the LCR numerator are Level 1. This is due to the units' assets portfolio mainly comprising public debt of the countries where the Group is present or countries with a good credit rating.

The Pillar 3 data submitted for the LCR is calculated based on the annual average of end of month figures.

The Group LCR ratio as end of June 2026 was 156%. This ratio is calculated using an internal methodology that determines the common minimum percentage of simultaneous coverage in all Group jurisdictions, taking into account all existing restrictions on the transfer of liquidity in third countries. This methodology reflects more accurately the Group's resilience to liquidity risk.

This internal ratio is very much in line with that which would be achieved by applying the approach followed until mid-2024, which did not include restrictions on the transfer of liquidity between subsidiaries.

The consolidated LCR ratio as end of June 2026 was 147%, comfortably exceeding internal and regulatory requirements. This ratio is calculated, following the ECB requirement, using a consolidation methodology that does not take into account any excess liquidity in excess of 100% of the LCR outflows and that is subject to transferability restrictions (legal or operational) in third countries, even if such excess liquidity can be used to cover additional outflows within the country itself, which is not subject to any restrictions.

However, since the Group manages liquidity in a decentralised manner, consolidated metrics are not considered a representative indicator of its liquidity position.

Key to these levels was the size of the HQLA buffers upheld by all subsidiaries. The Group´s strong stable retail deposit base and low dependence on short-term funding make the movements in the commercial gap and the issuance maturities as key drivers of the LCR.

Composition of the liquidity buffer

The Group's liquidity buffer consists mainly of Level 1 assets (97%): cash and sovereign debt, with extensive diversification across issuers. In addition to the regulatory liquidity buffer, the Group has an internal buffer that monitors the positions of other non-pledged liquid assets available to be used immediately as collateral to obtain additional funding.

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. Additionally, 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 the first half of 2026, the Group levels of concentration risk were within management limits, ensuring diversity of wholesale funding at subsidiary level.

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 values of derivatives, which generate additional liquidity needs due to the requirement to post collateral, is included by the Group units in their LCR ratios using the historical look-back approach, in which the most significant net change in 30 days over the preceding 24 months is calculated and then added as additional liquidity needs.

Currency mismatches in the LCR

The Group prepares its consolidated LCR ratio for each of its identified significant currencies, which reflect the geographic 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 optimise 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, which are the last driver of the LCR ratio, maintain a stable performance over time and line tracking and monitoring are performed daily.

The following table shows quantitative information on the liquidity coverage ratio divided by quarters:

LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
	Scope of consolidation (consolidated) **Currency and units (Million euros)**	Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on (DD Month YYY)**	Jun'26	Mar'26	Dec'25	Sep'25	Jun'26	Mar'26	Dec'25	Sep'25
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**					**298,178**	**296,722**	**299,005**	**302,056**
	CASH - OUTFLOWS								
2	retail deposits and deposits from small business customers, of which:	637,392	629,227	634,158	632,207	44,919	44,268	44,399	43,971
3	Stable deposits	381,516	377,331	379,296	377,952	19,076	18,867	18,965	18,898
4	Less stable deposits	206,122	203,465	205,293	202,425	25,647	25,188	25,196	24,818
5	Unsecured wholesale funding	284,573	285,653	290,183	289,673	138,069	138,571	140,925	141,412
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	51,099	52,109	52,397	52,141	11,897	12,125	12,165	12,097
7	Non-operational deposits (all counterparties)	220,916	220,840	225,330	224,747	113,615	113,741	116,303	116,529
8	Unsecured debt	12,558	12,705	12,456	12,785	12,558	12,705	12,456	12,785
9	Secured wholesale funding					14,918	13,741	12,829	11,935
10	Additional requirements	242,775	241,228	242,789	241,306	53,449	53,636	53,394	52,123
11	Outflows related to derivative exposures and other collateral requirements	24,977	25,800	25,582	24,897	24,072	24,996	24,882	24,168
12	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
13	Credit and liquidity facilities	217,798	215,428	217,207	216,409	29,376	28,639	28,512	27,956
14	Other contractual funding obligations	26,570	24,969	24,756	24,662	24,588	23,080	22,932	22,897
15	Other contingent funding obligations	186,580	185,882	184,428	181,430	6,775	6,636	6,712	6,979
16	**TOTAL CASH OUTFLOWS**					**282,718**	**279,931**	**281,191**	**279,316**
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	142,794	139,278	132,414	126,187	8,407	7,286	6,764	5,941
18	Inflows from fully performing exposures	62,359	61,776	62,125	62,451	46,420	45,496	45,482	45,308
19	Other cash inflows	27,468	27,952	28,209	27,981	24,473	24,941	25,154	24,809
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**	**232,620**	**229,006**	**222,748**	**216,618**	**79,299**	**77,722**	**77,400**	**76,058**
EU-20a	Fully exempt inflows	—	—	—	—	—	—	—	—

LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
	Scope of consolidation (consolidated) Currency and units (Million euros)	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	Jun'26	Mar'26	Dec'25	Sep'25	Jun'26	Mar'26	Dec'25	Sep'25
EU-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	230,503	226,826	220,681	214,565	79,299	77,722	77,400	76,058
	TOTAL ADJUSTED VALUE						—	—	
EU-21	LIQUIDITY BUFFER					298,178	296,722	299,005	302,056
22	TOTAL NET CASH OUTFLOWS					203,419	202,209	203,792	203,259
23	Liquidity coverage ratio (%)[1]					147%	147%	147%	149%
	TOTAL ADJUSTED VALUE (Internal Method)								
	LIQUIDITY BUFFER					323,658	324,100	327,453	330,152
	TOTAL NET CASH OUTFLOWS					207,614	205,977	206,932	205,159
	Liquidity coverage ratio (%)[2]					156%	157%	158%	161%

[1] Liquidity coverage ratios are the average of 12 months and are calculated following the regulatory guidelines required by the ECB.

[2] Liquidity coverage ratio is the average of 12 months.

Details of the qualitative information regarding the liquidity coverage ratio is shown below:

LIQB on qualitative information on LCR, which complements template EU LIQ1

		2026
		Qualitative information - Free format
(a)	**Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time**	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 2026 was 147%, 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 2026 was 156%. 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 commercial gap and the maturity of issuances are the main drivers of the LCR.
(b)	**Explanations on the changes in the LCR over time**	Santander Group maintained the LCR at a stable and comfortable level during the first half of 2026, 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.
(c)	**Explanations on the actual concentration of funding 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. Additionally, 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 the first half of 2026, the Group levels of concentration risk were within management limits, ensuring diversity of wholesale funding at subsidiary level.
(d)	**High-level description of the composition of the institution`s liquidity buffer.**	The total liquid assets of the Group as of the end of June, before applying transferability adjustments between entities, amount to EUR 307 bn and are composed mainly of Level 1 assets (97%). 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.
(e)	**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 values of derivatives, which generate additional liquidity, needs due to the requirement to post collateral. Group units include liquidity risk in their LCR ratios using the historical look-back approach, in which the most significant net change in 30 days over the preceding 24 months is calculated and then added as additional liquidity needs

(f)	**Currency mismatch in the LCR**	The Group prepares its consolidated LCR ratio for each of its identified significant currencies, which reflect the geographies 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 optimise the position and ensure high convertibility. The positions of foreign currencies are closely monitored, e.g. by conducting currency stress scenarios.
(g)	**Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile**	Contingent lines, which are the last driver of the LCR ratio, maintain a stable performance over time and line tracking and monitoring are performed daily.

4.1.2. 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 the end of June 2026.**

For more information, see the LIQ2 table at the end of the chapter.

The following table shows the information on the stable funding ratio divided by residual maturity:

LIQ2 - Net Stable Funding Ratio (NSFR)

	EUR million	a	b	c	d	e
	(in currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	1 year	
1	**Capital items and instruments**	**118,661**	**—**	**—**	**19,101**	**137,763**
2	Own funds	118,661	—	—	19,101	137,763
3	Other capital instruments		—	—	—	—
4	**Retail deposits**		**647,758**	**16,570**	**14,826**	**629,382**
5	Stable deposits		325,092	8,114	4,216	320,761
6	Less stable deposits		322,666	8,456	10,611	308,621
7	**Wholesale funding:**		**616,576**	**82,247**	**264,349**	**455,873**
8	Operational deposits		47,708	—	—	23,854
9	Other wholesale funding		568,868	82,247	264,349	432,019
10	**Interdependent liabilities**		**3,595**	**—**	**—**	**—**
11	**Other liabilities:**	**5,995**	**139,278**	**5,961**	**31,618**	**34,599**
12	NSFR derivative liabilities	5,995				
13	All other liabilities and capital instruments not included in the above categories		139,278	5,961	31,618	34,599
14	**Total available stable funding (ASF)**					**1,257,616**
15	**Total high-quality liquid assets (HQLA)**					**10,905**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**1,609**	**2,016**	**43,156**	**39,763**
16	**Deposits held at other financial institutions for operational purposes**		**2,494**	**154**	**1,272**	**2,596**
17	**Performing loans and securities:**		**399,444**	**106,116**	**760,310**	**745,894**
18	Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut		144,749	2,309	3,741	6,472
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		64,026	15,184	56,751	69,221
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		128,844	72,380	318,549	622,854
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		22,885	12,153	74,010	271,623
22	Performing residential mortgages, of which:		8,228	7,787	341,669	—
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		6,529	6,170	285,211	—
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		53,598	8,455	39,600	47,346
25	**Interdependent assets**		**3,595**	**—**	**—**	**—**
26	**Other assets:**		**89,848**	**9,752**	**168,299**	**200,669**
27	Physical traded commodities				81	69
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		1,843	395	11,825	11,954
29	NSFR derivative assets		6,101			105
30	NSFR derivative liabilities before deduction of variation margin posted		23,809			1,190
31	All other assets not included in the above categories		58,095	9,357	156,393	187,350
32	**Off-balance sheet items**		**390,506**	**4,065**	**31,731**	**16,136**
33	**Total RSF**					**1,016,097**
34	**Net Stable Funding Ratio (%)**					124%

LIQ2 - Net Stable Funding Ratio (NSFR) (31.03.2026)

	EUR million	a	b	c	d	e
	(in currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	1 year	
1	**Capital elements and instruments**	**115,686**	**—**	**—**	**17,837**	**133,522**
2	Own funds	115,686	—	—	17,837	133,522
3	Other capital instruments		—	—	—	—
4	**Retail deposits**		**597,768**	**14,173**	**13,657**	**579,440**
5	Stable deposits		293,956	6,771	4,047	289,737
6	Less stable deposits		303,812	7,403	9,609	289,703
7	**Wholesale financing:**		**597,605**	**75,487**	**250,985**	**434,849**
8	Operational deposits		49,214	—	—	24,607
9	Other wholesale financing		548,391	75,487	250,985	410,242
10	**Interdependent liabilities**		**3,432**	**—**	**—**	**—**
11	**Other passives:**	**12,854**	**138,526**	**5,702**	**30,604**	**33,456**
12	Liabilities derived from the net stable financing ratio	12,854				
13	All other liabilities and equity instruments not included in the above categories		138,526	5,702	30,604	33,456
14	**Total stable financing available (FED)**					**1,181,267**
15	**Total high-quality liquid assets (ALAC)**					**11,489**
EU-15a	**Encumbered assets with a residual maturity of one year or more in a coverage pool**		**1,721**	**2,046**	**36,736**	**34,427**
16	**Deposits held in other financial institutions for operational purposes**		**2,467**	**103**	**1,140**	**2,425**
17	**Loans and securities executed:**		**384,408**	**106,703**	**716,231**	**711,765**
18	Securities financing operations with financial clients guaranteed by ALAC level 1 subject to a 0% haircut.		151,067	3,082	3,316	7,909
19	Securities financing operations with financial clients guaranteed by other assets and loans to financial institutions		53,006	16,063	51,445	63,686
20	Loans to non-financial corporate clients, loans to retail clients and small businesses, and loans to sovereigns, and PSEs, of which:		123,839	71,514	318,203	591,997
21	With a risk weight of less than or equal to 35% according to the Basel 2 Standardized Approach to credit risk		24,390	13,604	68,789	247,548
22	Residential mortgages in foreclosure, of which:		7,324	7,050	302,196	—
23	With a risk weight of less than or equal to 35% according to the Basel 2 Standardized Approach to credit risk		5,857	5,550	253,673	—
24	Other loans and securities that are not in default and are not considered ALAC, including publicly traded stocks and on-balance sheet trade finance products		49,171	8,994	41,072	48,173
25	**Interdependent assets**		**3,432**	**—**	**—**	**—**
26	**Other assets:**		**98,089**	**8,065**	**164,041**	**193,351**
27	Physically traded commodities				**99**	**84**
28	Assets deposited as initial margin for derivative contracts and contributions to CCP default funds		542	274	12,132	11,005
29	Assets derived from the net stable financing ratio		12,080			—
30	NSFR derivative liabilities before deducting posted variation margin		30,809			1,540
31	All other assets not included in the above categories		54,659	7,791	151,810	180,722
32	**Off-balance sheet items**		**372,822**	**5,040**	**27,658**	**15,426**
33	**Total RSF**					**968,882**
34	**Net Stable Funding Ratio (%)**					122%

LIQ2 - Net Stable Funding Ratio (NSFR) (31.12.2025)

	EUR million	a	b	c	d	e
	(in currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	1 year	
1	**Capital elements and instruments**	**114,922**	**—**	**—**	**17,485**	**132,407**
2	Own funds	114,922	—	—	17,485	132,407
3	Other capital instruments		—	—	—	—
4	**Retail deposits**		**627,883**	**10,870**	**12,086**	**607,631**
5	Stable deposits		408,860	4,504	3,726	396,422
6	Less stable deposits		219,023	6,366	8,360	211,210
7	**Wholesale financing:**		**607,969**	**58,873**	**259,547**	**443,238**
8	Operational deposits		53,077	—	—	26,538
9	Other wholesale financing		554,892	58,873	259,547	416,700
10	**Interdependent liabilities**		**3,270**	**101**	**1**	**—**
11	**Other passives:**	**18,697**	**121,167**	**5,453**	**31,018**	**33,744**
12	Liabilities derived from the net stable financing ratio	18,697				
13	All other liabilities and equity instruments not included in the above categories		121,167	5,453	31,018	33,744
14	**Total stable financing available (FED)**					**1,217,021**
15	**Total high-quality liquid assets (ALAC)**					**11,894**
EU-15a	**Encumbered assets with a residual maturity of one year or more in a coverage pool**		**1,763**	**1,873**	**40,081**	**37,160**
16	**Deposits held in other financial institutions for operational purposes**		**2,087**	**86**	**1,009**	**2,096**
17	**Loans and securities executed:**		**370,932**	**105,373**	**723,105**	**714,025**
18	Securities financing operations with financial clients guaranteed by ALAC level 1 subject to a 0% haircut.		140,726	3,464	3,750	7,329
19	Securities financing operations with financial clients guaranteed by other assets and loans to financial institutions		47,600	13,542	50,696	61,384
20	Loans to non-financial corporate clients, loans to retail clients and small businesses, and loans to sovereigns, and PSEs, of which:		126,280	72,017	324,291	600,257
21	With a risk weight of less than or equal to 35% according to the Basel 2 Standardized Approach to credit risk		19,737	10,997	53,223	253,361
22	Residential mortgages in foreclosure, of which:		7,499	6,713	307,091	—
23	With a risk weight of less than or equal to 35% according to the Basel 2 Standardized Approach to credit risk		5,842	5,385	282,505	—
24	Other loans and securities that are not in default and are not considered ALAC, including publicly traded stocks and on-balance sheet trade finance products		48,828	9,639	37,278	45,056
25	**Interdependent assets**		**2,040**	**—**	**—**	**—**
26	**Other assets:**		**104,926**	**4,754**	**158,933**	**186,894**
27	Physically traded commodities				**226**	**192**
28	Assets deposited as initial margin for derivative contracts and contributions to CCP default funds		528	119	11,609	10,418
29	Assets derived from the net stable financing ratio		19,351			655
30	NSFR derivative liabilities before deducting posted variation margin		29,847			1,492
31	All other assets not included in the above categories		55,200	4,634	147,098	174,137
32	**Off-balance sheet items**		**386,027**	**4,927**	**28,203**	**16,450**
33	**Total RSF**					**968,518**
34	**Net Stable Funding Ratio (%)**					126%

LIQ2 - Net Stable Funding Ratio (NSFR) (30.09.2025)

	EUR million	a	b	c	d	e
	(in currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	1 year	
1	**Capital elements and instruments**	**114,090**	**—**	**—**	**16,744**	**130,834**
2	Own funds	114,090	—	—	16,744	130,834
3	Other capital instruments		—	—	—	—
4	**Retail deposits**		**613,209**	**11,903**	**11,381**	**593,672**
5	Stable deposits		389,405	4,414	3,138	377,266
6	Less stable deposits		223,804	7,489	8,243	216,406
7	**Wholesale financing:**		**611,544**	**56,790**	**256,531**	**437,899**
8	Operational deposits		53,047	—	—	26,524
9	Other wholesale financing		558,496	56,790	256,531	411,376
10	**Interdependent liabilities**		**2,261**	**—**	**—**	**—**
11	**Other passives:**	**17,259**	**118,340**	**5,288**	**31,626**	**34,271**
12	Liabilities derived from the net stable financing ratio	17,259				
13	All other liabilities and equity instruments not included in the above categories		118,340	5,288	31,626	34,271
14	**Total stable financing available (FED)**					**1,196,676**
15	**Total high-quality liquid assets (ALAC)**					**10,173**
EU-15a	**Encumbered assets with a residual maturity of one year or more in a coverage pool**		**1,714**	**1,989**	**41,063**	**38,050**
16	**Deposits held in other financial institutions for operational purposes**		**2,429**	**78**	**883**	**2,136**
17	**Loans and securities executed:**		**376,491**	**106,077**	**707,188**	**702,099**
18	Securities financing operations with financial clients guaranteed by ALAC level 1 subject to a 0% haircut.		150,874	6,076	3,857	8,804
19	Securities financing operations with financial clients guaranteed by other assets and loans to financial institutions		43,772	12,729	48,673	58,582
20	Loans to non-financial corporate clients, loans to retail clients and small businesses, and loans to sovereigns, and PSEs, of which:		126,793	71,569	314,939	590,681
21	With a risk weight of less than or equal to 35% according to the Basel 2 Standardized Approach to credit risk		20,821	10,409	50,501	249,528
22	Residential mortgages in foreclosure, of which:		7,338	6,714	302,735	—
23	With a risk weight of less than or equal to 35% according to the Basel 2 Standardized Approach to credit risk		5,759	5,323	278,596	—
24	Other loans and securities that are not in default and are not considered ALAC, including publicly traded stocks and on-balance sheet trade finance products		47,714	8,988	36,984	44,032
25	**Interdependent assets**		**2,261**	**—**	**—**	**—**
26	**Other assets:**		**138,557**	**3,911**	**159,795**	**188,467**
27	Physically traded commodities				213	181
28	Assets deposited as initial margin for derivative contracts and contributions to CCP default funds		765	1	11,970	10,825
29	Assets derived from the net stable financing ratio		18,302			1,043
30	NSFR derivative liabilities before deducting posted variation margin		28,883			1,444
31	All other assets not included in the above categories		90,607	3,910	147,612	174,974
32	**Off-balance sheet items**		**385,874**	**4,510**	**18,009**	**15,738**
33	**Total RSF**					**956,664**
34	**Net Stable Funding Ratio (%)**					125%

ESG risk

5.1. Environmental risks

5.1.1. 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 has identified material impacts, risks and opportunities in the double materiality assessment linked to climate. As required by the European Corporate Sustainability Reporting Directive (CSRD), below we disclose our transition plan, based on three pillars. 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 work to the align our portfolios, consistent with local law and regulation:

1

Supporting our customers in their transition goals

We support our customers in the transition to a sustainable economy. We're making headway with our target of raising or facilitating EUR 220 billion in green finance between 2019 and 2030, after having achieved our EUR 120 billion target eighteen months early. We offer our customers guidance, advice and specific solutions, as well as a wide range of products to invest in according to their sustainability preferences. Additionally, in March 2025, we reached our target of EUR 100 billion in assets under management (AUM) in socially responsible investment (SRI) nine months early.

2

Embedding ESG in risk management

We embed climate, environmental and social aspects in risk management from a regulatory and control perspective, including a materiality assessment that feeds into our double materiality assessment and sustainability strategy.

3

Aiming to align our activity with the Paris Agreement Goals

We work to align our portfolio with the Paris Agreement goals to help limit global warming. We either set sector portfolio alignment targets or portfolios under monitoring. We closed 2025 with six targets in five sectors, additional portfolios under monitoring and an alignment approach for our asset management activity. The management of these targets and portfolios under monitoring, in line with the rest of the IROs, is carried out in accordance with local law and regulation in the markets where we operate and creating value for our customers and shareholders. Their update and evolution reflect the present and expected performance of the economies and customers we serve.

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 in our core markets.

Environmental aspects are considered in financial planning through the Group's strategic exercises, which have different time horizons. Materiality assessment is relevant in defining our strategy, risk appetite, and other stress tests such as ICAAP.

The climate scenarios used consider the different drivers of vulnerability to transition, to environmental events such as floods that cause disruptions in the supply chain or droughts that lead to shortages of resources such as water, as well as the impact on the demographic evolution of populations in different geographical areas.

In addition, the Group has set a number of climate and environmental goals[A]:

	2019	2020	2021	2022	2023	2024	2025	2025/2030 target	
Green finance raised and facilitated (accumulated EUR bn)[B]	19.0	33.8	65.7	94.5	115.3	139.4	174.0	120 bn by 2025 220 bn by 2030	✓
AuM in Socially Responsible Investments (accumulated EUR bn)			27.1	53.2	67.7	88.8	129.9	100 bn by 2025	✓
Thermal coal-related power & mining phase out (EUR bn)					4.4	4.2	2.3	0 by 2030	
Emissions intensity of power generation portfolio[C]					149	88		102 - 124 $kgCO_2e$/MWh in 2030	
Emissions intensity of oil & gas portfolioC,D[,D]					3.08	3.15		2.31 - 3.03 tCO_2e/TJ in 2030	
Emissions intensity of steel portfolio[C]					1.47	1.51		1.17 - 1.28 tCO_2e/tS in 2030	
Emissions intensity of auto-manufacturing portfolio[C]					135	128		80 - 98 gCO_2/vkm in 2030	
Emissions intensity of auto-lending portfolio[C,E]				137	133	129		70 - 109 gCO_2e/vkm in 2030	
Electricity from renewable sources[F]	50%	57%	75%	88%	97%	96%	100%	100% by 2025	✓

A. The efforts to meet these targets are in accordance with local law and regulation
B. Includes Grupo Santander's contribution to green finance: project finance; green bonds; export finance and advisory services to help customers transition to a low-carbon economy.
C. 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), 2022.
D. It includes scope 1 and 2 emissions from the upstream oil & gas portfolio. Scope 3 is considered in the primary energy mix index monitoring metric.
E. Consumer lending for the purchase of passenger cars in Europe.
F. In countries where we can verify electricity from renewable sources at Banco Santander properties. It considers the 10 core markets where we operate.

Our ambition

Our approach is to help our customers transition to a low carbon economy by offering finance and advice, while we continue working towards net-zero carbon emissions by 2050.

The transition will depend on a number of factors beyond our control, including public policy frameworks and incentives that accelerate alignment in the real economy, as well as continued technological developments supportive of the energy transition. Capital will flow to markets where risk-return and demand for sustainable technologies work. Policy and regulation are key enablers for this to happen: and this, in turn, is reflected in our performance and the annual review.

Investment targets towards environmental objectives

As a bank, our main lever is to support customers' transition. We continue to enhance our sustainable finance and advisory proposition in our global businesses by:

1. identifying trends and needs in the economies and customer segments we serve;

2. having commercial teams in place with the skills required to meet these needs, and

3. developing the support structure for these skills, including our value proposition, standards, governance, and systems.

In Corporate & Investment Banking (CIB), we have reached EUR 174 billion in green finance raised and facilitated since 2019, achieving our EUR 120 billion by 2025 target, and are working towards reaching EUR 220 billion by 2030. In 2025, Wealth reached EUR 129.9 billion in assets under management (AuM) in socially responsible investment (SRI), reaching our EUR 100 billion target nine months early.

Limits for assessing and addressing environmental risk

This section covers the requirement on limits for financing projects or counterparties in relation to environmental risks (q)

Our E&S risk management policy is structured around a set of principles that reflect our support for a just and sustainable transition, driven by growth, while recognizing the specific realities of each region and complying with applicable local laws and regulations.

This policy, which is reviewed annually and is publicly available, defines the criteria applicable to investing in entities and providing financial products and services to clients in the oil and gas, electricity generation and distribution, and mining and metallurgy sectors, as well as to activities related to agricultural commodities. In compliance with applicable local laws and regulations, it also pays special attention to biodiversity conservation, focusing on the potential risks of deforestation with clients in the agro-industrial sector in the Amazon biome and on the degradation of nature. The policy thus establishes criteria for restriction and special attention for various activities within the aforementioned sectors.

Taking into account the principles and criteria set out in our policy, analysts evaluate clients and projects on a case-by-case basis, taking into account applicable local regulations and the specific risks associated with both the client and the transaction.

In addition, it is worth mentioning that the limits for addressing environmental risk are integrated into our risk appetite limits, which define the metrics (limits and alerts) for managing exposure to environmental sectors in line with the Group's strategy. Local units develop management metrics and indicators tailored to their business models and geographic exposures, including metrics that monitor energy efficiency in mortgage portfolios and concentrations of exposures subject to high physical risk.

These metrics are subject to a governance and escalation model, specifically for the Group through the Risk Control Committee (RCC), the Board Risk Committee (BRC), and ultimately the board of directors, with quarterly reviews under normal circumstances and monthly monitoring in the event of non-compliance, as well as locally approved governance models in each of the units. For further details, see section 10.1.3 Risk Management.

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)

CIB implementation strategy entails several actions to support our customers in their climate objectives and to achieve our sectoral alignment targets. These actions include an assessment of our customers' transition plans, customer engagement, segmenting customers based on a climate tiering approach, and dedicated portfolio steering governance. We also collect additional data to supplement the risk analysis process; and conduct E&S policy reviews. Given our actions relate directly to our customers' activity, it is not practical to make quantitative estimates of how each action contributes to achieving our targets. All actions described below cover the CIB business globally.

Customer climate tiering

A key element of our implementation strategy is the customer climate tiering approach, which we align with local government laws and policies. The outcome of this tiering approach is an assessment of our customers' current and expected progress to align with our climate sector objectives. Over the last few years, we have implemented this approach for all sectors with alignment targets (automotive manufacturing, power, oil & gas and steel) 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 alignment targets and to develop a strong understanding of our customers' transition strategies towards low-carbon business models. We take a business approach and to not apply any individual customer exclusions solely based on customer climate tiering. This framework is supported by governance processes, involving various internal stakeholders, such as front office teams, risk functions, and senior management to guide the potential portfolio steering actions (for more details, see the Portfolio Steering section below). It is structured around four main iterative steps: Collect, Assess, Engage and Review. We have used several internationally recognized references 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. We also seek to source reliable and consistent information from credible third parties to complement our understanding.

We collect and update this information both at the customer onboarding stage, and as part of the regular business and risk assessment review with each customer, which we perform 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 pillar: This focuses on the quality and ambition of the customer's quantitative GHG emissions targets. Where possible, we assess both short- and long-term, as well as absolute and intensity reduction targets.

2. Action plan pillar: This considers the credibility of the customer's implementation strategy to achieve its alignment targets. We assess the business strategic integration of climate change risks and opportunities; the existence of climate scenario planning; planned capital expenditure (CAPEX) for climate solutions; and time-bound action plans to achieve targets.

3. Disclosure pillar: This focuses on the transparency of reporting on historical emissions performance across all relevant scopes, the level of assurance, and the degree of reporting alignment with leading reporting frameworks such as TCFD.

4. Governance pillar: This 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, and board committee oversight of climate change issues.

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 comprises four categories (Leader, Strong, Moderate and Weak).

Two step tiering system	
1 GHG emissions profile alignment	• Current GHG emissions profile • Future targeted GHG emissions trajectory • Assessment of alignment with Santander's pathway
2 Transition plan quality assessment	• Internal methodology to assess perceived quality of transition plans • Developed using established transition plan assessment methodologies

Transition pillar	Overview
1. Targets	Quality and ambition of quantitative targets to reduce GHG emissions
2. Action plan	Depth of alignment strategy to achieve GHG emissions reduction targets
3. Disclosure	Transparency on GHG emissions reporting across relevant scopes
4. Governance	Management oversight and governance of transition strategy

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

Senior experts from our ESCC, Portfolio Alignment and Sustainability Solutions teams delivered internally-organised briefings to sector- specific relationship managers and ESCC analysts. These focused on gathering information to complete the transition plan quality assessment (the second step in our customer climate tiering system).

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, consistent with their transition or business strategies.

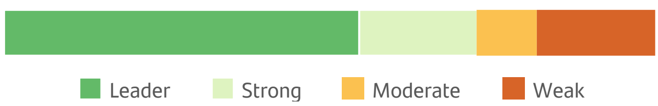
In 2025, we continued to focus our customer engagement efforts on lower-tiered customers. We use internal transition assessment dashboards for relationship managers, designed to help identify of customer-level priority areas, industry benchmarking, and opportunities to support our customers in financing their transition. Of all the customers that are in scope of our targets, approximately two-thirds included sustainability-related discussions in 2025.

Review: Our relationship managers perform the customer transition plan assessment in cooperation with ESCC risk analysts. Our Sustainability Solutions and Portfolio Alignment teams then carry out portfolio level reviews to determine final tierings. This 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.

We completed initial assessments for both steps for all sectors where targets have been set. Subsequently, we reviewed and enhanced transition plan quality assessments, drawing on updated reference methodologies and sector-specific research. This led to improved guidance and a more focused set of questions that include sector-specific questions to assess 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 2025. See sections below for further details on each sector's portfolio composition and evolution.

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



A. Based on 2025 year-end drawn exposure, according to portfolio alignment methodology, and including project finance, both in operation and under construction.

Among our corporate customers with drawn exposure and a transition plan assessed in 2025, around two-thirds have set quantitative emissions-reduction targets for sector-material GHG scopes. These companies' targets cover both the 2030–2039 period and longer-term ambitions towards 2040–2050. The same proportion have established absolute reduction targets.

Approximately four-fifths have adopted time-bound action plans to align their business with a low-carbon pathway, while a similar share conduct climate-scenario analysis and have implemented the TCFD recommendations.

Over half report or commit to align future CAPEX with low-carbon solutions. More than four-fifths have obtained third-party verification of their scope 1 and 2 emissions and have assigned board- or management-level responsibility for climate oversight.

Portfolio steering

CIB's portfolio steering governance is designed to identify actions to support our customers' transition and manage our portfolio to achieve our climate targets. A quarterly portfolio steering meeting operates at the core of our governance. Its scope includes monitoring progress towards the achievement of our portfolio targets. All relevant CIB functions are represented at this meeting. In addition, a monthly portfolio alignment meeting provides technical support by reviewing methodologies and monthly critical KPI performance.

Our risk appetite and lending policies are important tools for monitoring and steering the portfolio towards our financed emissions targets. Our customer climate tiering assessment informs our risk appetite for each sector where targets have been set. We comply with fair access laws and policies where they are applicable.

In addition, Santander's E&S risk management policy sets out the criteria for providing financial products to customers involved in several of the sectors within the scope of our financed emissions targets. For all sectors with alignment targets, we're embedding customer climate tiering and engagement considerations in annual credit risk reviews. For one-off transactions (e.g. project finance), we assess a transaction's impact on financed emissions targets for the relevant sector portfolio.

Contributing to integrity in transition finance

We contribute to furthering industry knowledge of transition finance as an enabler towards net zero. As part of our long-standing support for education, employability and entrepreneurship, we have collaborated with the University of Oxford, funding the development of the Transition Finance Centre of Excellence for the last three years. This centre aims to play a prominent role in defining aspects of transition finance, such as best practice sectoral transition plans and new tools and insight for practitioners.

Research has focused on multiple angles of transition finance, including developing a deeper understanding of assessing companies' transition plans in emission-intensive sectors, exploring external dependencies in corporate transition plans and assessing transition plans with more granular asset-based approaches as well as equity principles. Research has also included corporate net zero transition plan implications for loan pricing, the development of tools to assess sustainability-linked bond pricing, and other topics such as the economics of critical minerals and climate transition policy.

For more details about this collaboration and published research outputs, please visit smithschool.ox.ac.uk.

5.1.2. 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

The Group's board of directors is responsible, among other things, for approving the sustainability strategy.

The responsible banking, sustainability and cultural committee assists, among other matters, in the development and implementation of the Group's sustainability strategy and responsible business policies, in support of the board of directors, through monitoring, supervision and evaluation of these. The committee works in coordination with other board committees which 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. In turn, the risk supervision, regulation and compliance committee supports and advises the board of directors in defining and assessing the Group's risk policies and in determining the risk appetite — current and forward-looking — as well as the strategy and culture in this area. For more information on the composition, operation and activities undertaken in 2025 by these committees, see the 'Corporate governance' chapter.

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:

Santander Group board of directors

Sets the sustainability strategy and prepares annual accounts and management report, which shall include sustainability statement, in compliance with local law and regulation

Risk supervision, regulation and compliance committee[A]

Support the board of directors in determining the risk appetite.
Oversee the integration of environmental, social and governance risks into management, in coordination with the responsible banking, sustainability and culture committee.

Audit committee

Reviews Banco Santander and Group financial statements and non financial information, monitor legal requirements compliance and assesses information and internal control systems.
Assess the process for preparing and presenting non-financial information, including sustainability information, in coordination with the responsible banking, sustainability and culture committee.

Responsible banking, sustainability and culture committee

Advise the board of directors on the design of the responsible banking and sustainability strategy and policies.
Oversee the integration of environmental, social and governance (ESG) risks into management, in coordination with the risk supervision, regulation and compliance committee.
Assess the process for preparing and presenting non-financial information, including sustainability information, in coordination with the audit committee.

Executive & management level (main bodies & functions)

Risk control committee	Accounting, financial management and sustainability information corporate committee	Sustainability, risk, ESG Reporting and ESG businesses function

Defence lines:

1st line of defence (Business owners, general accounting and management and sustainability function)	2nd line of defence (Risk & compliance)	3rd line of defence (Internal Audit)

Overall responsibility · Supervisory oversight · Reporting · Risk · Impact · Opportunities

A. This committee works with the RBSCC (Responsible Banking, Sustainability and Cultural Committee) to review ESG-related conduct risk, reputational issues, risk policies and how business units adopted these policies.

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 2025 we continued to embed climate management in business as usual across different areas such as business, risk and sustainability. For instance, CIB has a team that works on portfolio alignment with the relevant governance, while Wealth continued to reinforce and update the working groups and policies that oversee and coordinate its SRI strategy. Consumer has several working groups that meet monthly to address sustainability projects and matters, and quarterly to review progress with the sustainability agenda.

Beyond these global businesses, numerous local units engage in a process that the Group Sustainability area coordinates. The aim is to make headway with the alignment agenda, promote the sharing of knowledge and expertise, and seek synergy in the design of reliable transition plans. These local units comply with fair access laws and other relevant local laws and regulations.

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

The Internal Control and Finance Execution team, 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. In 2025, the team worked, together with each responsible area, to strengthen the process for gathering information and the governance and control of disclosed information. 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 the assessment and tagging of transactions under sustainability criteria, we hold global and local classification meetings to provide additional scrutiny and validation, and coordination across the Group; agree on labelling transactions as environmental, social or sustainable; and make sure that we use the same standards and procedures across our footprint. We ensure that these classification meetings comply with all applicable local laws and regulations. The panels are led by the risk function and/or sustainable business, and are also attended by compliance, sustainability and other business areas.

The internal audit function reviews climate risk, for more details see the section '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, which 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 and is aligned with the regulations in the markets in which we operate. Variable pay is based on pre- determined, specific and quantifiable financial, sustainability-based and value-creation targets, except where to do so for local employees would be in conflict with local laws.

Our remuneration scheme integrates sustainability metrics consistent with Santander strategy, in accordance with local law and regulation.

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

Sustainability has formed part of the LTI schemes since 2022, with a 20% weighting.

In 2025, 7% of the variable remuneration received by the Chairwoman and the CEO has been linked to sustainability (vs. 8% in 2024), while 2% of their total remuneration has been linked to climate actions as last year.

The sustainability component of short-term variable remuneration is evolving consistently with ESG risk management. Therefore, we are incorporating environmental and social risk management indicators, within the qualitative risk modifier of the Group's short-term incentive framework for 2026 (see section 6. Remuneration in annual report for further details).

The board of directors approve these sustainability incentives schemes on the basis of the proposal made by the responsible banking, sustainability and cultural committee and the remuneration committee.

The proposal for 2026-2028 will be subject to vote at the General Meeting in 2026, in accordance with local Law and regulation (see section 6. Remuneration in annual report for further details).

In 2025, the sustainability metrics consistent with our objectives for long-term incentives for senior executives for the 2025–27 period were approved at the Annual General Meeting, with a weighting of 20%). 50% of the sustainability scorecard is linked to supporting the transition to a low-carbon economy through green financing raised and facilitated by the Group, including improving climate data, progress on actions to align our portfolios, enhance sustainable product offering to address market needs, further embed climate and environmental risk, and aim to support policy action and market developments.

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 (2027) based on the target bonus amount and subject to compliance with the annual objectives.

- 40% of the incentive will be paid immediately once the final amount has been set, and 60% will be deferred and 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 2028 and 2029 on the condition that no malus clauses are triggered.
  - The amount deferred over the next three years (40% of the total) will be paid in 2030, 2031 and 2032, on the condition that no malus clauses are triggered and long-term targets. Deferred incentive subject to long-term performance objectives– are met. The long-term targets, described in the annual report, are:

    A. Relative performance of Banco Santander's total shareholder return (TSR)

    B. Banco Santander's consolidated Return on tangible equity (RoTE)

    C. Sustainability metrics, with a weighting of 20% of the total

The sustainability metrics are designed to support delivery of the Group's sustainability goals, while contributing to a simplified and focused long-term incentive structure.

More specifically, for the 2026 incentive, the sustainability portion of the long-term incentive will be determined based on performance in the following metrics and targets, which together determine the final payout of 20% of the portion of variable compensation tied to multi-year goals.

Regarding environmental aspects, these targets cover:

- **Sustainable business.** This goal includes how we support our customers' business through sustainable finance:

Finance raised and facilitated[B] between 2026 and 2028 (EUR bn)	Coefficient
≥ 240	1.25
≥ 192 but < 240	1 – 1.25[A]
≥ 140 but < 192	0 - 1
< 140	0

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

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%
- Sustainable business: 60%

This information can be found in the 6.4 'Directors' remuneration policy for 2026, 2027 and 2028' section in the annual report.

Access 2025 annual report available on the Santander Group website

5.1.3. 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 [3]

At Grupo Santander, we manage the environmental and social factors of our global portfolio by considering all risk types and prioritizing the most material ones. Below we describe how we embed these factors in the risk management cycle.

Risk management cycle

1	2	3	4	5	6
Identification	Planning	Assessment	Monitoring	Mitigation	Reporting

1. Identification

We conduct regular risk identification exercises to assess events that could threaten the Group's strategic plan. These exercises consider environmental risk factors beyond climate, such as nature and biodiversity, as well as social factors.

Risk identification enables us to understand the internal and external threats that the environment and climate change pose to our business model, profitability, solvency and strategy.

We use tools such as the internal risk taxonomy, heatmaps and materiality assessments, which provide the basis for identifying and classifying material environmental and social risks across our portfolios.

In 2025, we determined the social factors that will apply to Grupo Santander's loan portfolio and will embed them in our materiality assessment in 2026, including an assessment of social factors that may have a potential impact based on regulatory requirements, international standards and market best practices (EBA[4] , EBRD[5] , World Bank, and others). This will be done in a way that at all times complies with local law and takes into account local policy where appropriate.

2. Planning

We include E&S risk management in strategic planning, which spans several time horizons in addition to 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).
- Over five years for the long term (strategic plan).

Specifically, we challenge the strategic plan to identify potential threats that could prevent us from achieving our objectives.

3. Assessment

At Grupo Santander, we assess how ESG factors may increase risk over the short, medium and long term. Our assessment of the ESG factors that could be material due to their potential impact on the Group's risk profile considers these aspects:

[3] Risk management follows a global approach while aligning to local regulatory and legal requirements.
[4] European Banking Authority.
[5] European Bank for Reconstruction and Development.

1 Review of E&S drivers	We use a variety of references (TCFD[A], TNFD[B], UNEP FI, ENCORE[C], SBTN[D], NGFS[E]) and analytical tools[F] to identify and monitor environmental and social risk factors across risk types.
2 Analysis of transmission channels	We analyse how the factors identified in the previous stage could impact on the risk types included in our risk management framework.
3 Assessment of potential impact on the main risks	We analyse the potential impacts should the risk factors previously identified through the transmission channels materialize, based on qualitative and/or quantitative approaches.
4 Consolidated materiality	We aggregate impact results by risk type in a consolidated materiality using a five-point RAG[G] scale across short, medium and long-term horizons.

A. Task Force on Climate-related Financial Disclosures.

B. Taskforce on Nature-related Financial Disclosures.

C.Exploring Natural Capital Opportunities, Risks and Exposure (a materiality database of dependencies between production processes and ecosystem services).

D. Science Based Targets Network.

E. Network for Greening the Financial System.

F. Heatmaps, sectoral and environmental materiality, historical information, scenarios and customer assessments.

G. Red, amber and green (RAG).

The following table shows the consolidated results of the materiality assessment by risk type and time horizon[6] as at year-end 2025:

Consolidated materiality assessment

	Transition Risk				Physical Risk			
	ST				ST			
	Climate / Nature		MT	LT	Climate / Nature		MT	LT
Credit risk[A]								
CIB	Medium	Medium	Medium	Medium	Moderately low	Moderately low	Moderately low	Moderately low
Corporate & SME	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low
Individuals	Moderately low	Moderately low	Moderately low	Moderately low	Medium	Moderately low	Medium	Medium
Auto Consumer	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low
Operational risk[B]	Low		Low	Low	Low		Moderately low	Moderately low
Market risk	Moderately low		Low	Low	Moderately low		Low	Low
Liquidity risk	Moderately low		Low	Low	Moderately low		Low	Low
Reputational risk	Medium		Medium	Medium	Medium		Moderately low	Moderately low

Low · Moderately low · Medium · High · Very high

Short term (ST): <2030 | Medium term (MT): 2030-2040 | Long term (LT): >2040-2050.

A. Assessment as of September 2025.
B. Assessment as of November 2025

[6] The need to assess a longer time period for the short and medium term is intended to adequately reflect the impact of physical and transition risks. Additionally, scenarios have been considered to calculate the different time horizons.

In 2025, we continued to enhance our materiality assessment by embedding regulatory requirements, industry best practices and greater harmonization across risk factors, particularly with regard to information sources, thresholds and scenarios. Moreover, we embedded nature-related materiality alongside climate-related materiality.

The table above shows the consolidated results of the materiality assessments by risk factor. These assessments use specific tools and methodologies to assess the potential impact of climate- and natural capital-related factors. We use this 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 regular materiality assessments to identify, assess and monitor the Group's environmental credit risks by sector and geography. This assessment includes both a current-state review and a forward-looking analysis using scenario analysis techniques for climate risks.

Internally-developed scenario analysis and climate stress testing models enable us to calculate impacts and monitor climate sensitivity across key credit risk metrics, such as probability of default (PD), across different time horizons, scenarios and with granular detail by geography and sector.

We complement the materiality assessment with these initiatives:

- **Customer assessment** for the corporate portfolios that analyse the key aspects of transition, physical, social and environmental risk. Our subsidiaries conduct this assessment locally.
- **Sector focus**, through specific analyses of key sectors such as real estate or consumer auto financing.
- **Geographical assessment of physical risk**, which includes analyses of acute and chronic physical risks based on external expert models and considering different scenarios and time horizons.

The materiality assessment plays a key role in setting our strategy, risk appetite and other resilience exercises, such as ICAAP (Internal Capital Adequacy Assessment Process).

Klima

Klima is our internal management tool for identifying, assessing and monitoring climate and environmental risks at both Group and subsidiary level.

It collects and processes the information required for materiality assessments, including risk exposures and vulnerabilities, with a granular breakdown by sector, subsector, segment and geography. The tool supports specific portfolio analyses carried out for physical risk, consumer auto and real estate, among others, and enables the monitoring of sensitivities through scenario analysis. We continue to develop new functionalities to enhance credit risk management, in line with market best practices.

3.1.1 Climate and nature materiality:

Climate change and the loss of nature and biodiversity are inextricably linked. Climate change represents one of the main drivers of nature loss, affecting ecosystem resilience and limiting their capacity to regulate the climate and act as carbon sinks. That's why we've embedded nature-related analysis in our materiality assessment, using various tools as references (ENCORE and SBTN). This approach has enabled us to identify the sectors most exposed to transition risk (impacts) and physical risk (dependencies) across our portfolio.

The results of our 2025 credit risk materiality assessment by sector are in the table below. For the first time, the assessment includes nature-related materiality, as well as the wholesale and retail trade sector within the risk taxonomy, which shows a moderate risk assessment.

Overall, climate-related materiality follows a similar trend to that observed in 2024, as the Group's exposure remains largely concentrated in sectors that are not highly vulnerable to climate transition risk. Although the highest risks[7] are concentrated in CIB, they do not represent a significant weight of the Group's overall exposure. Our portfolios continue to show low vulnerability to physical risk, as they are predominantly located in areas with lower risk levels. The increase observed in the agriculture sector under the forward-looking view reflects improvements in data granularity and updates to the models and scenarios we use for these forecasts.

With respect to nature-related materiality, we did not identify high risk levels. However, the assessment shows medium risks, with agriculture and water and waste management standing out as the most affected sectors in terms of both dependencies and impacts.

[7] Sectors such as Power - Electricity (conventional) and Mining & Metals do not distinguish activities that do contribute to the transition, due to the NACE classification typology on which the environmental taxonomy is based.

Materiality assessment – Environmental risk portfolio analysis[8]

September 2025 (pre-mitigation) - EUR billion			Nature Risks		Climate Risks		Climate Risks					
							Transition				Physical	
	CIB[A]	Others[C]	TR	PR	TR	PR	Orderly		Disorderly		HHW	
	Bn€	Bn€	Current	Current	Current	Current	2040	2050	2040	2050	2040	2050
Oil & Gas	21	1	Medium	Moderately low	Very high	Medium	Very high	Very high	Very high	Very high	Moderately low	Medium
Mining & Metals	12	7	Medium	Moderately low	Very high	Medium	Very high	Very high	Very high	Very high	Medium	Medium
Power - Electricity (Conventional)	28	2	Medium	Moderately low	High	Moderately low	High	Very high	Medium	High	Moderately low	Moderately low
Power - Electricity (Renewables)	15	0	Medium	Moderately low	Low	Moderately low	Low	Low	Low	Low	Moderately low	Moderately low
Wholesale and retail trade	17	40	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low
Transport	27	12	Medium	Moderately low	High	Moderately low	High	High	Medium	High	Moderately low	Moderately low
Auto Consumer[B]	0	159	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low
Agriculture	2	8	Medium	Medium	Medium	Medium	Medium	High	Moderately low	Medium	High	Very high
Manufacturing	44	24	Medium	Moderately low	Medium	Moderately low	Moderately low	Medium	Moderately low	Medium	Moderately low	Moderately low
Water and Waste	3	1	Medium	Medium	Medium	Moderately low	Medium	High	Moderately low	Medium	Moderately low	Moderately low
Construction	16	16	Medium	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low	Moderately low
Real Estate	6	374	Moderately low	Moderately low	Moderately low	Medium	Moderately low	Moderately low	Moderately low	Moderately low	Medium	Medium
Total Environmental Sectors	191	645										
Others Sectors[D]	58	176	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Total	249	821										

Risk level: Very high High Medium Moderately low Low

TR: transition risk (effects of the transition to a low-carbon economy, including changes in regulation, technology and market trends).
PR: physical risk (it comprises acute and chronic).
A. CIB: REC (on and off-balance sheet lending + guarantees + derivatives PFE: Potential Future Exposure).
B. Auto Consumer: Auto SCF HQ + Auto US (Santander Bank N.A. + Santander Consumer USA).
C. Other segments (drawn amount): Individuals + Private Banking + SCF HQ + Auto US and Corporates & SMEs.
D. Other Sectors: CIB, Corporate & SMEs NACEs outside of risk taxonomy perimeter + cards and Other Consumer (Individuals and SCF) + Private Banking products (excl.mortgages).
Exposure 0 represents exposure below EUR 500 million.

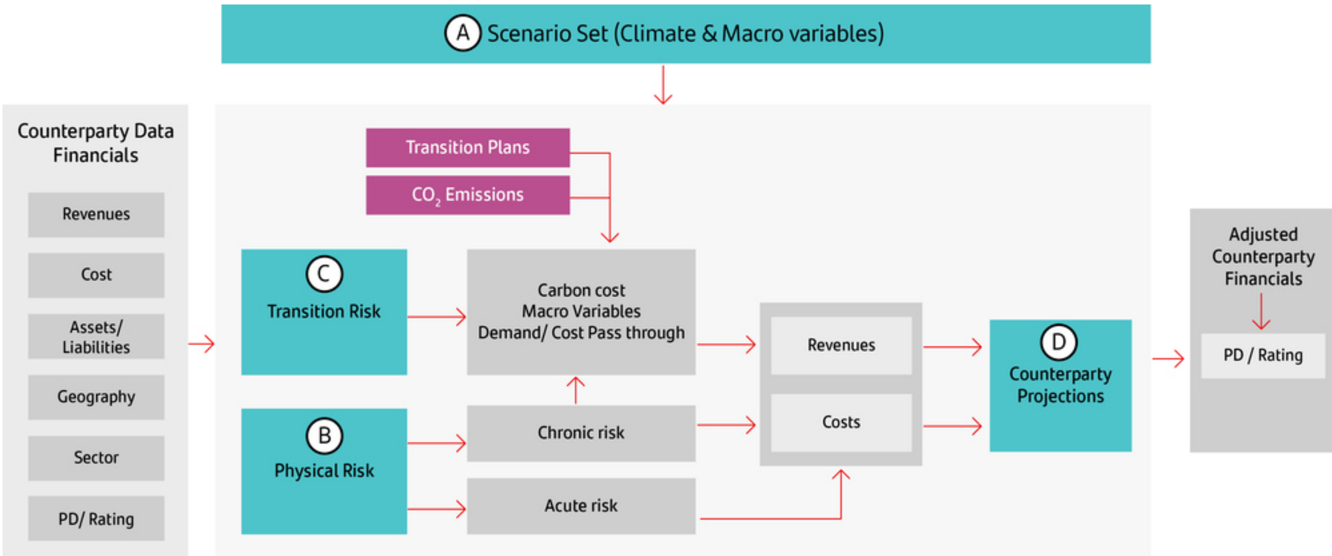
As the table above shows, we convey the assessment results through heatmaps that illustrate the vulnerability to environmental risks. These maps reflect the current view and we complement them with internal models that apply to credit portfolios to perform forward-looking analyses over the medium and long term. These analyses consider impacts based on probability, magnitude and duration.

Though we present Group level results with a breakdown by sector, our assessment is considering more granular level of detail within our portfolios (NACE 4 level). This analysis is intended to inform risk identification and portfolio monitoring.

[8] It represents a consolidated view. Implications and management in each market are always informed and in compliance with local law and regulation.

3.1.2 Internal climate models

We use scenario analysis techniques to assess the potential impact of climate-related risks on the loan portfolio under different climate scenarios and time horizons. For this purpose, Santander has developed an internal climate risk model known as GEA, which enables us to quantify the financial impact[9] of transition and physical risks, monitored through changes in probability of default (PD). The GEA model comprises these processes:



The model forecasts customers' costs, revenues and profits by incorporating the impact of changes in the price of carbon and in demand patterns associated with transition risks, as well as productivity losses and asset impairment arising from physical risk. These are its main features:

A. Scenario set: Our Research function adapts scenarios based on NGFS[10] scenarios. The climate scenarios we use (Orderly, Disorderly, Hot House World and Neutral) include country- and sector-level detail and provide a comprehensive view of key macroeconomic and environmental dynamics across the regions where the Group operates. These scenarios illustrate different pathways for the global transition towards a low-carbon economy and their implications in terms of financial impact on our corporate customers, primarily through two variables: Gross Value Added and the price of carbon.

B. Physical risk impact: This 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 NGFS scenarios and data from an expert insurance company and considering different scenarios and time horizons.

C. Transition risk impact: This uncovers changes in such factors as climate policies, technology, and investor and consumer sentiment that can affect demand. These factors affect customers individually.

D. Counterparty projections: These show 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.

[9] According to Note 54 'Risk Management': the Group does not believe that additional environmental or climate change risk had a substantial impact on its equity, financial situation and results in 2025.
[10] NGFS scenarios provide a 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. That's why we use them as a basis for showing impacts on our portfolios by calculating a range of outcomes.

NGFS scenarios	RCP climate scenarios
Physical and transition risks	**Physical risk**
Orderly, assumes ambitious climate policies implemented early, which gradually become stricter. Therefore, both physical and transition risks are relatively moderate.	**RCP 2.6:** stringent mitigation scenario with the aim to keep global warming below 2ºC. This is associated with orderly scenarios.
Disorderly, climate policies are not introduced until 2030 and may differ between countries and sectors.	**RCP 4.5:** intermediate scenario where emissions reach their peak in 2040 and then decrease. This is associated with disorderly scenarios.
Hot house world (current policies), it is considering that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to stop significant global warming. Serious physical risks and irreversible changes.	**RCP 8.5:** very high GHG emissions (keep increasing throughout the whole century). This is associated with Hot house world scenarios.
Neutral, a theoretical scenario constructed under the assumption that there are no transition or physical risk impacts.	

3.1.3. Customer assessment

To strengthen our environmental risk factor management, we carry out qualitative assessments that we embed in corporate customer assessments within the CIB and Commercial Banking portfolios. Local teams perform these assessments and analyse each customer's environmental and social situation. These teams comply with applicable local law and regulations.

We include the results of these assessments in credit decisions as part of the annual customer rating review. Subsidiaries may also include them in materiality assessments where they consider the impact to be significant. Moreover, Santander has developed tools to customize and store ESG questionnaires for customers. These tools support credit risk management.

CIB - PANGEA Project

In 2025, a strategic project was developed to review the corporate client assessment procedure, with the following objectives:

- expand the scope of the assessment to the entire portfolio by adding screening and escalation criteria linked to the Group's materiality assessment;
- draw up approaches to due diligence and monitoring that are proportionate to each customer's risk level;
- introduce new data-driven risk identification tools, including artificial intelligence and controversy screening;
- embed E&S factors in credit rating and in credit limit approval;
- strengthen infrastructure, systems, processes and enhance reporting capabilities; and
- optimise roles and responsibilities across the three lines of defence, as well as within global and local environmental, social and climate change (ESCC) teams.

The project will enter into force gradually in 2026. It will remain consistent with local law and regulation.

3.1.4. Specific portfolio analyses

We complement portfolio-level materiality assessments with specific analyses of key portfolios:

Consumer Auto

Given our exposure to this segment, and considering its specific characteristics and regulations, a more granular analysis is carried out considering key risk factors and drivers including residual value risk, portfolio maturity, changes in market sentiment, technological developments, regulation, and variables such as the type of product, the type of engine (internal combustion, hybrid or electric vehicle), among others.

Physical risk

To assess physical risk by geographical location, we work with an insurance provider, which enables us to assess physical risks (acute and chronic). We analyse the markets where we operate, with a breakdown by postcode for Europe and municipality for the rest of the Group's subsidiaries, and cover all economic activities in our Risk Taxonomy, as well as the business lines (such as mortgages and automobiles).

For more detail, see section 10.8. Exposures subject to physical risk

Real estate

Our real estate portfolio accounts for a significant portion of the Group's balance sheet. That's why we have developed a dedicated module within the Klima tool that provides a detailed view of associated transition and physical risks.

Regarding transition risk, we have enhanced both the quality and quantity of data related to energy performance certificates (EPCs) across the portfolio and boosted data capture. Where actual data is not available, we use estimates based on internal models or external providers.

For more detail, see section 10.5 Energy efficiency of the collateral.

• 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.

We consider transition risk exposure as low across all time horizons since we have no evidence of a medium- or long-term increase in legal and compliance risk upon adapting to new environmental regulations. We continue to monitor these factors to be able to spot a potential rise in the level of risk.

In 2025, we added a qualitative operational materiality assessment on nature-related risks. As part of this, we assess the potential impact of physical risk by combining natural capital dependency scores by location with the location of the bank's main premises. We assess the potential impact of transition risk through nature impact assessment tools, which we supplement with a review of external events.

This assessment found that the materiality of nature-related operational risks is low. The predominantly urban location and financial activity of our buildings and offices back this conclusion, not to mention the current regulatory and penalty framework, which does not foresee a significant increase in penalties or legal action in the short term.

- **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 assessment 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.

In 2025, we introduced dedicated monitoring of market risk within the banking book by analysing the impact of climate stress scenarios on positions measured at fair value, primarily ALCO portfolios (Asset Liability Committee). We also embedded nature-specific scenarios. Given the time horizon over which these impacts materialize, we assessed them as low materiality for market risk purposes.

- **3.4 Liquidity risk:**

To assess the potential impact of climate factors, we compare 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.

In 2025, we embedded new nature-related scenarios. Given the time horizon over which liquidity impacts would materialize, we assessed these scenarios as low materiality.

- **3.5 Reputational risk:**

We conduct specific materiality assessments on the potential reputational impact of climate and environmental factors in the short, medium and long term under various scenarios. As with our strategy, policies and management models, we consider the environment holistically. Thus, our materiality assessment includes identifying and assessing climate change and other environmental impacts.

Certain economic agents whose activities are subject to regulations aimed at promoting sustainable development, or which are directly affected by the objectives set out in international agreements or institutions on climate change, may see their activities or their ability to generate income impacted, either directly or indirectly. This should be taken into account when assessing the associated credit risk. Indirect impact refers, in particular, to public perception that a company is carrying out activities that are inconsistent with applicable regulations, international objectives, or generally accepted trends.

In 2025, we updated our reputational risk materiality assessment approach based on official reports and studies from renowned organizations. Moreover, we continue working on further homogenization and synergy between risks in terms of information sources, thresholds and scenarios, among others.

4. Monitoring

In addition to the processes described above, we continuous monitor ESG factors:

- At Grupo Santander, we constantly monitor the risk profile and our compliance with risk appetite limits through control functions that report to the board. In 2025, we updated and harmonized risk appetite metrics (limits and alerts) in line with the Group's strategy. We also strengthened our risk appetite statement by embedding new specific metrics for material sectors.
- In 2025, we worked on drawing up and designing a Group-level ESG dashboard to monitor the main ESG risks across our portfolio to strengthen control through metrics (particularly concentration metrics).
- We are in permanent contact with our customers to monitor their transition plans and support implementation.
- We continue to embed ESG risk factors in the credit granting and monitoring process through our operating model (The Climate Race) to comply with EBA guidelines across the Group's subsidiaries and adapt them at local level. We align this process at all time with applicable laws and regulations in the markets we operate.
- Our Sustainability Regulatory Radar enables us to monitor regulatory and other changes in this area and to assess the potential efforts and financial impacts associated with their implementation.
- The Risk and Compliance functions monitor ESG factors in corporate development transactions presented to the investment forum, acting under delegated authority from the Board's Executive Committee, as well as in new products and services submitted to the Corporate Product Governance Forum.

5. Mitigation

Grupo Santander uses several levers to mitigate the risks associated with environmental and social factors, ensuring compliance at all times with local laws and regulations:

- **Policies, frameworks and internal procedures** that embed environmental and social factors in risk management and play a key role in mitigation and adaptation. Our E&S risk management policy sets out the standards for investing in entities and providing financial products and services to customers in sectors with E&S risks identified as material.
- Use of the **internal taxonomy** (SFICS), which enables us to monitor our sustainable activity, support product development, and mitigate greenwashing.
- We consider **ESG aspects in customer assessments** to determine whether they have an impact on credit quality. Against this backdrop, we have launched several projects: **(i) sector guidelines** to identify the main transition and physical risks that each subsector faces and how to identify them in customer interaction; **(ii) ESG assessments** with varying depth depending on risk level, including enhanced contextual assessments for more material cases and automated assessments for others. We are rolling out this assessment model across commercial banking portfolios in several subsidiaries; **(iii) questionnaires and assessments library** (EQAL), through which we continue to enhance ESG questionnaire management capabilities. EQAL enables us to embed ESG customer assessments in risk management workflows and to collect historical ESG data. These data may support aggregated analysis under varying criteria and serve multiple risk management purposes, such as metric setting or model impacts. EQAL operates in Argentina, Portugal and Spain, and will become available in CIB and Brazil in the near future.
- **Customer engagement** for sectors identified as the most material through environmental materiality assessments. This enables us to support customers in their transition to a more sustainable economy, offer them tailor-made solutions, and create business opportunities. Moreover, obtaining and verifying data directly from customers also helps mitigate ESG risk factors.
- **Credit committees**, which embed environmental, social and climate change factors in transaction reviews.
- **CIB customer ratings**, including qualitative environmental, social and climate change assessments for material sectors.
- **Monitoring and management of real estate collateral**, which considers environmental factors that may affect collateral from transaction inception and throughout its life cycle, such as energy performance certificates and physical and nature-related risks. Where we identify material risk levels, we apply management, adaptation and/or mitigation measures to align exposures with acceptable risk levels.
- Appropriate **documents to support the assessment** of environmental factors in transaction management, customer assessments and real estate collateral valuation according to local regulatory frameworks.
- **Mandatory insurance coverage** in which the bank appears as beneficiary and which includes coverage for material risks, including those arising from environmental events.
- **CIB due diligence** to assess and manage the environmental and social factors of corporate customers and embed them in credit approval. We assess customers in applicable sectors through a questionnaire that the first line of defence completes before a team of analysts reviews it to perform an overall environmental risk factor assessment. The findings of these assessments are escalated to the bank's risk approval committees and considered in decision-making. The reputational risk assessment also forms part of decision-making, with particular focus on greenwashing. Due diligence consists of assessing the CIB's project finance transactions according to the Equator Principles.
- A **multidisciplinary working group** (Legal, Sustainability, Risk and Compliance) that assesses controversies, including ESG factors.

ESG classification meetings

To mitigate greenwashing, we assigned local and global marketing committees and ESG classification meetings to act as the governing bodies responsible for the assessment, classification and monitoring of ESG-focused products and transactions. This governance model operates fully across all global businesses and Group subsidiaries. The corporate centre oversees these bodies through quarterly follow-ups and annual assessments.

Their aim is to check that these bodies rely on expert input to interpret and demonstrate the applicable criteria, in accordance with local law and regulation. They also draw on centres of excellence and involve Business, Risk and Sustainability teams. Moreover, we regularly update the sustainable classification model and ensure that sustainable products remain aligned with it.

6. Reporting

Transparent and regular disclosure of information (both internally to senior management and externally to stakeholders) supports the management and control of environmental and social factors. It also ensures compliance with regulatory requirements and supervisory expectations. We work to ensure that our information remains complete and consistent and accurately reflects Santander's sustainability strategy and management, while mitigating potential risks.

Our main reports include key information on how we manage environmental and social factors. Alongside financial results, the annual report sets out our sustainability policies and actions, as well as progress against E&S indicators. Moreover, the ICAAP exercise embeds the assessment of ESG risks — including physical and transition risks related to climate change — and analyses their potential impact on solvency and strategic planning.

The Pillar 3 disclosure report further strengthens transparency by publishing prudential information related to these factors. It shows our exposure to environmental and social risks and explains how we embed them in internal risk management frameworks.

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 E&S risk management policy, which is reviewed annually and make publicly review, sets out the criteria that we apply to investment in entities and the provision of financial products and services[11] to customers in the oil and gas, electricity generation and distribution, mining, and metallurgy sectors, as well as to activities that relate to agricultural commodities. In compliance with applicable local laws and regulations, it also pays special attention to biodiversity conservation, focusing on the potential risks of deforestation with clients in the agro-industrial sector in the Amazon biome and on the degradation of nature. The policy thus establishes criteria for restriction and special attention for various activities within the aforementioned sectors.

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

- UN Global Compact.
- Equator Principles.

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

Additionally, 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.

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 different time horizons. 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 effects that could have material relevance to its consolidated equity, financial situation and results.

According to market consensus and our materiality assessment, exposure in the sectors where environmental factors may have the most impact mainly relate to wholesale customers. Our management of these customers considers environmental aspects in the preliminary assessment, credit origination and the preparation and review of their credit ratings, which influence the parameters we use to calculate their probability of default (PD). Thus, we embed the most material climate factors in our assessments and in capital loss and provisions calculations.

Additionally, within the regulatory capital adequacy exercises (ICAAP) and liquidity stress testing (a component of the ILAAP), 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, 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.

In light of the above and based on the best information available at the date of the last consolidated annual financial statements, we also assessed the potential additional impact of climate and environmental risks on the Group's equity, financial situation and results in 2025. We did not identify any significant or material impacts.

Still, given the continuous evolution of environmental factors, and, like other banks, the Group keeps working on developing more methodologies and information models to better measure potential loan loss in line with new management needs, best practice, and regulators' and supervisors' requirements.

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 regulatory and supervisory bodies 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.

[11] Transactions that entail credit risk, insurance, advisory services, equity, and asset management

- The collection and availability of customers' financed emissions, information that will improve in Europe with the 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, the Group has continued to work on increasing the granularity to postcode level in Europe or equivalent in other countries. In addition, the number of countries for which physical risk information is available has been increased.

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)

Embedding ESG factor in our risk management framework is essential to ensure the resilience and sustainability of Grupo Santander in a complex and highly regulated environment.

ESG factors are cross-cutting and may affect different risk types. We manage them by prioritizing environmental and social aspects according to their relevance and materiality for the Group, and always in accordance with local law and regulation.

We assess governance risk from a dual perspective Grupo Santander internal governance and our customers governance evaluation, applying proportionality and materiality criteria.

Environmental and social factors comprise the following categories:

Transition risk (TR)

Market sentiment
Changes in the supply and demand of certain commodities, products and services insofar as climate-related risks and opportunities.

Policy action
Laws and regulations mandating carbon pricing mechanisms to reduce greenhouse gas emissions; use of energy sources with lower emissions; energy efficient solutions; and 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 CO_2 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 as well as, extreme weather variability, average temperature rises, severe heatwaves, drought, and rising sea levels.

Nature risk (NR)

Dependencies
Negative effects on economies, financial institutions and financial systems owing to nature degradation, including biodiversity loss and the decline of ecosystem services.

Impacts
The misalignment of companies' strategies and operations with regulatory, social and market changes that drive the protection and restoration of ecosystems, particularly those related to land and sediments, water and biodiversity.

Social factors (SF)

Negative economic impacts arising from restricted access to key resources and services due to environmental events or conflict with communities, as well as the respect of human rights, labor policies, or health security; affecting on the consumer sentiment and companies' productivity.

At Santander, we assess the impact of environmental factors on each risk type across several time horizons and based on the average maturity of the portfolios analysed. At all times, we strive to remain in accordance with local law and regulation in the markets where we operate. In the table below we set out how we do this, as well as our key achievements in 2025.

Risk type	Environmental drivers[A]	Time horizon analysed	Potential impact of environmental factors	What we're doing to manage climate and environmental risk
Credit		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 income, harm agriculture, and increase insurance coverage and premiums. The degradation of nature can affect productivity in the agricultural sector. This may increase loan repayments and early asset 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 collateral. • The failure of borrowers to adapt their business models to a low-carbon economy could drive up operational costs, heighten credit risk and, therefore, raise the risk of a drop in income or activity that may increase default or lead to a loss of business value. • Stricter disclosure requirements. • The loss of natural resources (water, fertile soil, etc.) can disrupt economic activity in dependent sectors and reduce borrowers' income and ability to repay.	• Conducting materiality assessments to identify physical and transition climate change and nature risk in our portfolios. • Monitoring of climate concentration risks by sector and region in the short, medium and long term. • Creating vulnerability heatmaps to assess climate risks in the present day and 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. Monitoring risk appetite limits and alerts to manage climate-related sectors. • Conducting scenario analyses and measuring sensitivities to forecast changes in credit ratings, the probability of default (PD) and loss given default (LGD) based on physical and transition risk. • Monitoring portfolios through metrics to control environmental factors in business as usual processes. • Assessing environmental and social factors in customer and transaction analysis and embedding them in ratings.
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.	• Reviewing climate stress scenarios and the subsidiaries that apply them regularly. • Conducting stress testing using physical and transition risk scenarios. • Analysing trading portfolios for current exposure to climate-sensitive business activities. • Adapting stress testing to best market practices.
Liquidity		Short term	• Market impact 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.	• Conducting qualitative and quantitative climate scenario analyses of impacts on highly liquid assets (HQLAs) and financing of exposed companies. • Analysing higher outflows due to changes in market perception of corporations in climate-sensitive business activities. • Adapting 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 centres, headquarters and other owned or rented properties. Impacts on our own or our suppliers' premises can also affect business continuity. • Climate and environmental factors can also lead to operational risk losses from litigation, claims due to inadequate sales or non-compliance with ESG standards.	• Conducting self-assessments and operational risk control that include ESG-related risks to weigh up 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. • Conducting preliminary analysis on the link between nature and operational risk. • Reviewing local coverage of environmental incidents with Insurance teams. • Updating documentation on embedding of environmental factors in operational risk management.
Reputational		Short - medium - long term	• Customers, investors and other stakeholders could believe that banks aren't doing enough to meet low emissions targets, that they could be acting against their policies, or that their objectives do not meet stakeholders' expectations. • Stakeholders' potential perception of inadequate financing and investment in climate and environment-related sectors. • Possible misinterpretation by customers, investors and other stakeholders of institutional disclosures or statements, actions and policies. • Perceived failure to support the climate transition, including insufficient financing of transition-enabling activities. • Risk that our sustainability policies are considered as preventing the provision of financial services to individuals or enterprises based on ideological reasons, or any other reasons deemed improper.	• 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 entail environmental factors. • Monitoring reputational issues and disputes regularly (including environmental matters) via working groups that involve functions such as legal, sustainability, investor relations, public policy, supervisory and regulatory affairs, risk, and others. • Monitoring the implementation of guides to manage and prevent greenwashing, which define the roles and responsibilities of the key processes, and subsequently establish specific training programmes. • Implementing appropriate materiality assessments to measure relevant risk and developing a methodology to quantify it, which remains in compliance at all times with applicable local law, policy, and regulations. • Our policies aim to identify how these risks may affect the creditworthiness of potential borrowers, and therefore pose a credit risk issue.
Strategic		Short - medium - long term	• Our strategy could be affected if we fail to achieve our environmental and social targets, including those related to the activities we finance and to our own operations. • Regulatory divergence between ESG requirements in the markets where we operate.	• Challenging ESG targets in strategic planning. • Monitoring the Group's ESG indicators regularly. • Monitoring ESG indicators as part of our regular competitor analysis. • Identifying emerging risks that include ESG risk factors and analysing their potential impact under stressed scenarios on the Group's strategic targets to draw up action plans. • Monitoring ESG-related proposals for the corporate product governance forum (CPGF) and investments forum.

A. Though all climate drivers impact on risk factors, we have only included the key ones in this table.

Chronic Acute Market sentiment Policy action
Technology Dependencies Impacts

5.2. Social risk

5.2.1. 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, our sustainability strategy focuses on issues that present opportunities, risks, and material impacts and is aligned with our double materiality analysis, informed by human rights due diligence. In the social sphere, this translates into support for our employees, communities, and customers and ongoing work to respect and protect human rights. 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 and opportunities 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 2025, more than 1.8 million microentrepreneurs 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 and social management**: to address potential negative impacts on society or the environment arising from our financing, the Group's strategy adheres to our environmental and social (E&S) risk management policy, the Equator Principles, and the management of major adverse incidents (PIAS). In particular, in applying the Equator Principles and always in accordance with applicable local laws and regulations, Santander assesses and ensures that the project correctly identifies and manages environmental and social risks/impacts, and that the project maintains good relations with local communities, in accordance with international standards.
- **Community support:** at Santander, we develop support programs in the communities where we operate to respond to their main needs and challenges. We focus our community support on education, employability, and entrepreneurship, complemented by specific support in financial education and for vulnerable people. In addition, we have a strong track record of supporting areas such as culture and other social initiatives, including responding 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).

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. 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 38.5% in 2025.

In 2025, we financially included nearly 1 million people through access initiatives; and 1 million people through finance initiatives.

People subject to inclusion measures[A]

2023	2024	2025	Target
1.8 m	4.3 m	6.3 m	+5 mn[B]

A. A.Based on our internal financial inclusion methodology. This 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.

The management of vulnerable customers is a pillar of Grupo Santander's strategy and contributes to strengthening performance, trust and sustainable growth. We identify and take into account the difficulties and vulnerabilities of customers through specific standards and dedicated processes, with the aim of preventing and mitigating possible harm to these customers. In 2025, we are advancing the Group's approach to vulnerable customers, including the prevention of over-indebtedness in all markets, to ensure common standards. 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.

- **E&S risk management policy**

This policy, which we review annually and make publicly available, sets out the criteria that we apply to investment in entities, and the provision of financial products and services to customers in the oil & gas, electricity generation and distribution, mining, and metallurgy sectors, as well as to activities that relate to agricultural commodities.

- **Policy on donations**

This document summarizes the application criteria for Santander Group granting of donations, as set out in its internal regulation.

- **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.

5.2.2. 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).

Our policy on the selection, suitability assessment and succession of directors promotes a robust balance of technical skills, experience and diversity in terms of gender, age, geographic origin, career path and knowledge. It also ensures that selection procedures are free from implicit biases that could result in 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%.[12] In terms of geographical origin/ international track record, 93% of the directors come from or studied in continental Europe, 93% in the US/UK, 60% in Latin America, and 33% in other regions. The Board also has extensive international tr, mainly in the markets where we operate (European market, US and 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 public objectives 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; and section 4.2 'Board composition' in the 'Corporate governance' chapter.

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, among others, the following functions:

(i) advise the board on the design of the strategy and policies on responsible business and sustainability, in particular environmental and social matters, and supervise the monitoring and evaluation of them;

(ii) advise the board of directors on formulating the Group's strategy for its relationships with stakeholders, and oversee stakeholder engagement and corporate reputation, analysing and reporting to the board on social, environmental and sustainability matters, as well as responsible and ethical conduct;

(iii) ensure that adequate control processes are in place for responsible banking practices, and that sustainability-related risks and opportunities are identified and managed, in coordination with the other board committees, as appropriate;

(iv) to report regularly to the board 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 2025, the committee held four meetings, and, among others, the following topics were discussed.

Environmental issues:

- Reviewed the Group's climate strategy and constructively challenged it to ensure our objective of supporting our clients in achieving their transition goals, assessing their climate risks in order to manage the impact on both their business and our operations, and progress in the alignment of our portfolios, in accordance with applicable local regulation.

[12] 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.

- Reviewed the plans of the global businesses to ensure their alignment with market, regulatory and supervisory context, as well as with the commercial strategy.
- Reviewed the ongoing work to develop the prudential transition plan required under Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions, and under the EBA Guidelines (2025/01) on ESG risk management, in coordination with the risk supervision, regulation and compliance committee.
- Monitored the progress made in embedding climate-related and environmental risks in line with supervisory expectations, and monitored the implementation of controls and processes to mitigate ESG risks.
- Reviewed the specific internal controls and risk management measures applied to Santander Brasil's relationships with certain companies operating in the Amazon.
- Reviewed the sustainable finance strategy across global businesses and its execution, including priorities related to socially responsible investment.
- Oversaw the sustainability strategy, including support to our customers in their transition and financial inclusion and health solutions.

Social issues:

- Oversaw progress on the implementation of our community support model, to reinforce the Group's contribution to key areas such as education, including financial education, employability, entrepreneurship and support to vulnerable groups, as well as the resulting impact from associated initiatives, assessing their scope and relevance.
- Received information on about corporate communication initiatives on social matters.

Governance issues:

- Verified that the proposed sustainability agenda and targets remained aligned with the Group's strategy.
- Assisted the board in ensuring that sustainability targets and metrics were embedded in the Group's remuneration schemes and reviewed, in coordination with the remuneration committee, the proposed sustainability element of the long-term incentives for 2026-2028.
- Reviewed engagement with stakeholders such as investors, proxy advisors, ESG rating agencies and NGOs.
- Reviewed the priority areas for action based on the outcomes of the double materiality exercise and the associated impacts, risks and opportunities (IROs), including progress on their integration into management and governance to facilitate their monitoring, in coordination with the audit committee.
- Reviewed progress made towards the objectives announced at the 2023 Investor Day under its remit and discussed sustainability targets for the next three years in the areas of green financing, investment in education, employment and entrepreneurship initiatives, and financial inclusion.
- Supported the audit committee on the supervision and assessment of the process to prepare and present non-financial information according to applicable regulation and international standards.
- Reviewed this 2025 Group statement on non-financial information.
- Reviewed the Green Bond Report in coordination with the audit committee prior to its submission to the board for approval.
- Reviewed the main European and international financial regulatory and supervisory initiatives and priorities related to sustainability and how they impacted the Group, including legislative proposals promoted by the European Commission aimed at streamlining sustainability-related disclosure, due diligence, and taxonomy.
- Reported favourably to the board on the update of internal regulation within its remit, in coordination with risk supervision, regulation and compliance committee, as required.

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 2025' in the 'Corporate governance' chapter.

Board audit committee

The board audit committee (BAC) assists the board in overseeing and reviewing the financial and sustainability 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 2025, the committee held 15 meetings, including four joint sessions with the risk supervision, regulation and compliance committee and one with the nomination 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 2025' of the 'Corporate governance' chapter.

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 (both financial and non-financial risks), among other functions.

The risk supervision, regulation and compliance committee consists of five directors, out of which 40% are women, all of them external 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 2025, the committee held 14 meetings, including four joint sessions with the audit committee and one joint session with the remuneration committee. It reviewed relevant topics on customer data protection, 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 2025' in the 'Corporate governance' chapter.

Other committees of the Group board, such as the Nomination and remuneration committees, also support and review sustainability-related issues. For further details, see sections 4.6 'Nomination committee activities in 2025' and 4.7 'Remuneration committee activities in 2025' in the 'Corporate Governance' chapter.

Other governance bodies

The **corporate accounting and financial reporting, management and sustainability committee** performs these functions (among others):

- Approve the content and scope of the disclosure in the areas where it applies, as well as the overall style and tone of the narrative within regulatory reporting.
- Analyze 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 CCR is composed of senior management members in the functions of risk, compliance and conduct, financial and general intervention, among others.

The **risk control committee** (CCR) 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.

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 and correcting any weaknesses.

Second line of defence

Risk and compliance 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 control, 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 will be responsible for establishing the criteria and monitoring the implementation and effectiveness of the Santander Group Internal Control System. This will help to 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).

The most material risks have been identified, and the operation of the established controls has been monitored, ensuring compliance with sustainability disclosure requirements.

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 began 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.

For more details, see the introductory paragraph 'Sustainability information' of the consolidated management report itself; section 8. 'Internal control over financial reporting (ICFR)' in the 'Corporate governance' chapter; and section 1.5 'Internal control system' in the 'Risk management and compliance' chapter.

Control system for sustainability information

Control culture	Risk Assessment (RCSA)	Control Activities	Information and Communication	Monitoring activities
Basis of Internal Control. Essential to provide reasonable assurance in achieving the objectives defined by the Group, acting responsibly.	Dynamic process of evaluating the risks associated with achieving the organization's objectives.	Actions established by policies and procedures that help that management instructions are carried out to mitigate identified risks.	Accurate and timely information for decision-making, facilitating the escalation and governance of improvements and incidents.	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.

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.

In addition to these regulations, which apply to all the Group's units and businesses, the following section of this chapter details the regulations that apply specifically to the management of each of the material topics and associated IROs:

- Climate change (see section 2. 'Our climate transition plan');
- Own workforce (see section 3.1 'Our employees');
- Consumers and end users (see section 3.3 'Our customers');
- Affected communities (see section 3.2. 'Communities' sustainable development'),
- Business conduct (see section 4. 'Business conduct').

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 under this chapter 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 santander.com.

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)

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

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

- **Meritocracy:** Non-discrimination based on sex, age, culture, religion or ethnicity.
- **Consistency:** Remuneration consistent with the level of responsibility, leadership and performance within the

Group, to promote retention of key professionals and attract the best talent.

- **Sustainability**: A remuneration framework that is sustainable in terms of associated costs, cost control, and related objectives (as described in the policy) that ensure variable remuneration is commensurate with the Group's performance, disincentivize short-termism and promote long-term sustainability. The remuneration scheme for the 1,246 Corporate Identified Staff also includes deferrals of up to 60% of their variable remuneration, payment of 50% of their variable remuneration in instruments (subject to one-year retention) and malus and clawback clauses.

  Also, performance objectives for annual variable remuneration have included since 2020 sustainability components. From 2022, with the purpose of increasing focus on the Group's sustainability agenda and highlight this matter as a core long-term strategy, sustainability metrics are included (described in the next section) for the last deferred variable remuneration payments.

- **Social responsibility:** Employees' pay cannot be lower than the legal minimum wage or the living wage in the country where they work. Additionally, in order to give our social responsibility prominence in remuneration, the Group's responsible banking objectives for employee remuneration include the people financially included metric.

- **Performance-based pay**: Variable remuneration is subject to the achievement of (i) annual objectives, which reflect customer and profitability strategy, promote proper risk management and cost-effective capital allocation, and discourage short-term management focus; and (ii) long-term objectives, which support a sustainable balance sheet, shareholder return, the Group's profitability and sustainability of the Group's activities and the way they are carried out.

As previously mentioned in section 10.1.2 Governance, we measure our progress in ESG against these lines of action and their related metrics: (1) women in executive positions, (2) financial inclusion, (3) Sustainable business.

Regarding social aspects, these targets cover

- **Women in executive positions[B] (%)**

Women in executive positions[B] (%)	Coefficient
≥ 39.4%	1.25
≥ 38.8% but < 39.4%	1 – 1.25[A]
≥ 37.8% but < 38.8%	0 – 1[A]
< 37.8%	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Executive positions make up 15% of the total workforce.

- **Financial inclusion[B] (millions of people)**

Financial inclusion [B] (million)	Coefficient
≥ 6.5	1.25
≥ 5 but < 6.5	1 – 1.25[A]
≥ 3.5 but < 5	0 – 1[A]
< 3.5	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Average annual total 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 2026, 2027 and 2028' section in the annual report.

Access 2025 annual report available on the Santander Group website

5.2.3. 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 **E&S 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:

- CIB due diligence to assess and manage the environmental and social factors of corporate customers and embed them in credit approval. We assess customers in applicable sectors through a questionnaire that the first line of defence completes before a team of analysts reviews it to perform an overall environmental risk factor assessment. The findings of these assessments are escalated to the bank's risk approval committees and considered in decision-making. The reputational risk assessment also forms part of decision-making, with particular focus on greenwashing. Due diligence consists of assessing the CIB's project finance transactions according to the Equator Principles.

In this regard, and as indicated in the E&S risk management 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 E&S 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.
- The E&S 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.
- As stated in our E&S 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 E&S 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 CIB'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.
- The Group reviewed and refined its ABC framework to strengthen its practical application and ensure clear accountability within the relevant functions, reinforcing a culture of integrity and responsible conduct. The Group conducts regular Risk and Control Self-Assessments (RCSA) across all units to identify and evaluate residual financial crime risks within the organization. This process assesses the inherent risks of business activities — including those related to money laundering, terrorist financing, bribery, corruption, and others — and the suitability of the controls in place to mitigate them. In 2025, the Group continued to strengthen its awareness and training strategy through its Global Mandatory Training Programme, which ensures consistent coverage of all Financial Crime Compliance (FCC) risk areas, including Anti-Bribery and Corruption (ABC). This programme combines foundational training for all

employees with tailored sessions for specific functions and risk profiles.

- 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 social factors in the climate scenarios and the qualitative assessment of relevant corporate customers, which allow compliance with the Group's criteria set out in its E&S risk management policy, as in the various procedures, which take into account international and/or national standards on labor and human rights, as also indicated in our risk framework. In addition, these tools are complemented by a comprehensive due diligence exercise, explained in section 10.2.1 Business strategy and processes.
- The integration of social aspects within the credit risk management is carried out on the basis of due diligence questionnaires during the process of granting of financing and monitoring. With regard to market and liquidity risk, social risks are indirectly considered in our strategic exercises such as ICAAP and ILAAP, 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.

5.3.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 compliance, technology, auditing, accounting, finance, strategy, people and culture, outsourcing, cybersecurity, data & AI, special situations management, communications and branding, and responsible banking. These frameworks, which are mandatory and principle-based, specify:

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

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 annual report).
3. In the **screening and assessment process of the E&S of clients' activities** in sectors (subject to the E&S Policy) such as oil and gas, power, soft commodities, mining and metals.

   In the qualitative client assessment processes for portfolios such as CIB, 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 E&S risks in the applicable sectors.

The E&S 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 (**public 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. In addition, the compliance function is embedded in the process of reviewing ESG labelled transactions. Consideration of Governance related risk factors is embedded in the broader client lifecycle. Reviews for transactions being labelled ESG are subject to escalation where risk factors are identified. Where the escalation includes governance risk factors an assessment will be performed based on the minimum social safeguards under the EU Taxonomy which focuses on corruption, competition and taxation considerations.

5.4 Credit quality of exposures

This template provides information on exposures to non-financial corporations operating in sectors that significantly contribute to climate change, including information on the credit quality of the exposures and the credit quality of the exposures and the associated 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.

Following the entry into force of NACE Rev. 2.1 and in line with the recommendations issued by the Joint Bank Reporting Committee in the document Advice on the implementation of the revised statistical classification of economic activities (NACE Rev. 2.1), the information reported in templates 1[13] and 5[14] incorporates the recommended changes for the allocation of exposures across economic sectors in accordance with the new classification.

Santander has an exposure of EUR 351 billion, distributed between those sectors identified by the EBA as major climate change contributors (69% – NACE A–I and L) and other less polluting sectors (31% – 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.
- It has a high risk of not meeting the Do No Significant Harm criteria under the EU Taxonomy regulation.

In order to apply these criteria to our portfolio, we have used the list of companies excluded from the Paris Agreement provided by a new external supplier.

The resulting list has been complemented with those companies not included in the information provided by the external provider 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, which are obtained from Carbon Disclosure Project (CDP) database, JATO (for Automotive sector) and Wood Mackenzie (for Oil & Gas sector).
- 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).

In line with PCAF recommendations, the Exiobase dataset has been replaced with CEDA (Carbon Emissions Dataset for Accounts) for the estimation of financed emissions of counterparties for which reported emissions data is not available. This change incorporates more up-to-date emission factors and greater sectoral and geographical granularity. As a result of this update, reported financed emissions have decreased by approximately 23% compared with those disclosed as of December 2025. Consequently, comparisons with previously reported figures should be made taking into consideration this methodological change.

Larger volumes of emissions of the non financial corporations portfolio have been identified in the mining and quarrying and manufacturing 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.

[13] Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity.
[14] Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.

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
1	**Exposures towards sectors that highly contribute to climate change***	243,018	12,639	148	23,687	9,019
2	A - Agriculture, forestry and fishing	8,021	—	—	755	461
3	B - Mining and quarrying	11,357	6,185	1	554	184
4	B.05 - Mining of coal and lignite	1	—	—	—	—
5	B.06 - Extraction of crude petroleum and natural gas	2,397	1,230	1	87	12
6	B.07 - Mining of metal ores	3,154	1,013	—	297	14
7	B.08 - Other mining and quarrying	617	17	—	87	78
8	B.09 - Mining support service activities	5,188	3,925	—	82	79
9	C - Manufacturing	48,644	727	12	3,382	2,248
10	C.10 - Manufacture of food products	12,599	2	—	658	735
11	C.11 - Manufacture of beverages	2,041	—	—	136	57
12	C.12 - Manufacture of tobacco products	683	—	—	5	—
13	C.13 - Manufacture of textiles	602	—	—	60	38
14	C.14 - Manufacture of wearing apparel	615	—	—	62	63
15	C.15 - Manufacture of leather and related products	397	—	—	45	60
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	674	—	—	41	43
17	C.17 - Manufacture of pulp, paper and paperboard	1,521	—	—	94	26
18	C.18 - Printing and service activities related to printing	369	—	—	53	29
19	C.19 - Manufacture of coke oven products	1,010	500	—	11	2
20	C.20 - Production of chemicals	4,535	199	—	262	238
21	C.21 - Manufacture of pharmaceutical preparations	911	—	—	25	40
22	C.22 - Manufacture of rubber products	1,596	—	—	152	72
23	C.23 - Manufacture of other non-metallic mineral products	1,551	—	1	91	63
24	C.24 - Manufacture of basic metals	3,315	20	3	256	76
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	2,839	—	—	319	164

26	C.26 - Manufacture of computer, electronic and optical products	2,144	—	—	112	20
27	C.27 - Manufacture of electrical equipment	1,668	—	—	89	81
28	C.28 - Manufacture of machinery and equipment n.e.c.	2,008	—	—	107	52
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	4,146	—	7	295	211
30	C.30 - Manufacture of other transport equipment	790	—	—	91	32
31	C.31 - Manufacture of furniture	550	—	—	107	44
32	C.32 - Other manufacturing	1,148	5	—	234	52
33	C.33 - Repair and installation of machinery and equipment	932	—	—	76	50
34	D - Electricity, gas, steam and air conditioning supply	14,771	2,008	131	1,669	282
35	D35.1 - Electric power generation, transmission and distribution	13,506	1,709	131	1,657	274
36	D35.11 - Production of electricity	1,997	98	2	93	36
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	1,231	299	—	7	1
38	D35.3 - Steam and air conditioning supply	34	—	—	4	6
39	E - Water supply; sewerage, waste management and remediation activities	1,590	19	—	168	61
40	F - Construction	14,510	14	3	1,956	715
41	F.41 - Construction of buildings	6,669	—	—	564	292
42	F.42 - Civil engineering	3,095	1	3	482	122
43	F.43 - Specialised construction activities	4,747	13	—	910	301
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	70,852	3,447	1	6,396	2,607
45	H - Transportation and storage	15,771	123	—	1,562	972
46	H.49 - Land transport and transport via pipelines	7,293	105	—	691	414
47	H.50 - Water transport	1,670	18	—	369	73
48	H.51 - Air transport	1,532	—	—	16	279
49	H.52 - Warehousing and support activities for transportation	4,802	—	—	472	192
50	H.53 - Postal and courier activities	474	—	—	14	14
51	I - Accommodation and food service activities	10,715	—	—	827	452
52	L - Real estate activities	46,785	117	—	6,419	1,038
53	**Exposures towards sectors other than those that highly contribute to climate change***	108,205	3,625	5	6,248	4,291
54	K - Financial and insurance activities	—	—	—	—	—
55	Exposures to other sectors (NACE codes J, M - U)	108,205	3,625	5	6,248	4,291
56	**TOTAL**	**351,223**	**16,264**	**153**	**29,935**	**13,310**

* In accordance with Commission Delegated Regulation (EU) 2020/1818, supplementing Regulation (EU) 2016/1011 with regard to minimum standards applicable to EU climate transition benchmarks and EU benchmarks aligned with the Paris Agreement (Regulation on climate transition benchmarks), recital 6: Sectors listed in sections A to H and section L of Annex I to Regulation (EC) No 1893/2006

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***	-5,119	-917	-3,771
2	A - Agriculture, forestry and fishing	-261	-37	-202
3	B - Mining and quarrying	-89	-21	-63
4	B.05 - Mining of coal and lignite	—	—	—
5	B.06 - Extraction of crude petroleum and natural gas	-7	-2	-3
6	B.07 - Mining of metal ores	-23	-16	-6
7	B.08 - Other mining and quarrying	-40	-2	-37
8	B.09 - Mining support service activities	-18	-1	-17
9	C - Manufacturing	-1,115	-160	-886
10	C.10 - Manufacture of food products	-303	-25	-262
11	C.11 - Manufacture of beverages	-26	-5	-20
12	C.12 - Manufacture of tobacco products	—	—	—
13	C.13 - Manufacture of textiles	-19	-3	-15
14	C.14 - Manufacture of wearing apparel	-30	-4	-25
15	C.15 - Manufacture of leather and related products	-30	-2	-27
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-27	-2	-23
17	C.17 - Manufacture of pulp, paper and paperboard	-18	-4	-9
18	C.18 - Printing and service activities related to printing	-14	-2	-11
19	C.19 - Manufacture of coke oven products	-2	—	-1
20	C.20 - Production of chemicals	-107	-4	-96
21	C.21 - Manufacture of pharmaceutical preparations	-28	-1	-26
22	C.22 - Manufacture of rubber products	-36	-5	-28
23	C.23 - Manufacture of other non-metallic mineral products	-33	-4	-27
24	C.24 - Manufacture of basic metals	-60	-4	-54
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-86	-9	-71
26	C.26 - Manufacture of computer, electronic and optical products	-15	-4	-9
27	C.27 - Manufacture of electrical equipment	-47	-1	-44
28	C.28 - Manufacture of machinery and equipment n.e.c.	-30	-4	-24
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-44	-11	-27

30	C.30 - Manufacture of other transport equipment	-22	-2	-20
31	C.31 - Manufacture of furniture	-75	-52	-22
32	C.32 - Other manufacturing	-33	-8	-22
33	C.33 - Repair and installation of machinery and equipment	-28	-4	-22
34	D - Electricity, gas, steam and air conditioning supply	-203	-83	-105
35	D35.1 - Electric power generation, transmission and distribution	-200	-82	-103
36	D35.11 - Production of electricity	-67	-50	-12
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-1	—	—
38	D35.3 - Steam and air conditioning supply	-2	—	-2
39	E - Water supply; sewerage, waste management and remediation activities	-45	-7	-36
40	F - Construction	-420	-67	-322
41	F.41 - Construction of buildings	-185	-37	-135
42	F.42 - Civil engineering	-48	-9	-34
43	F.43 - Specialised construction activities	-186	-21	-153
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-1,701	-249	-1,296
45	H - Transportation and storage	-482	-60	-391
46	H.49 - Land transport and transport via pipelines	-244	-38	-186
47	H.50 - Water transport	-6	-3	-2
48	H.51 - Air transport	-111	-3	-108
49	H.52 - Warehousing and support activities for transportation	-115	-15	-90
50	H.53 - Postal and courier activities	-6	-1	-5
51	I - Accommodation and food service activities	-305	-58	-222
52	L - Real estate activities	-497	-176	-248
53	**Exposures towards sectors other than those that highly contribute to climate change***	-2,228	-300	-1,708
54	K - Financial and insurance activities	—	—	—
55	Exposures to other sectors (NACE codes J, M - U)	-2,228	-300	-1,708
56	**TOTAL**	**-7,348**	**-1,217**	**-5,479**

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***	130,582,711	102,434,754
2	A - Agriculture, forestry and fishing	4,197,059	1,370,057
3	B - Mining and quarrying	38,349,586	34,529,968
4	B.05 - Mining of coal and lignite	1,494	310
5	B.06 - Extraction of crude petroleum and natural gas	4,692,062	3,718,830
6	B.07 - Mining of metal ores	25,663,347	23,325,826
7	B.08 - Other mining and quarrying	236,087	146,845
8	B.09 - Mining support service activities	7,756,596	7,338,156
9	C - Manufacturing	43,436,998	37,122,537
10	C.10 - Manufacture of food products	6,727,311	5,964,245
11	C.11 - Manufacture of beverages	595,497	520,842
12	C.12 - Manufacture of tobacco products	57,039	50,187
13	C.13 - Manufacture of textiles	150,568	109,747
14	C.14 - Manufacture of wearing apparel	138,026	124,578
15	C.15 - Manufacture of leather and related products	61,889	52,474
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	108,520	79,955
17	C.17 - Manufacture of pulp, paper and paperboard	349,236	222,874
18	C.18 - Printing and service activities related to printing	115,488	81,181
19	C.19 - Manufacture of coke oven products	963,196	871,025
20	C.20 - Production of chemicals	11,857,811	10,807,623
21	C.21 - Manufacture of pharmaceutical preparations	112,673	84,717
22	C.22 - Manufacture of rubber products	1,100,877	974,041
23	C.23 - Manufacture of other non-metallic mineral products	930,041	288,743
24	C.24 - Manufacture of basic metals	3,844,514	1,750,543
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	1,335,310	1,003,860
26	C.26 - Manufacture of computer, electronic and optical products	2,391,530	2,313,027
27	C.27 - Manufacture of electrical equipment	2,182,203	2,086,023

28	C.28 - Manufacture of machinery and equipment n.e.c.	1,839,365	1,797,509
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	5,350,226	4,918,105
30	C.30 - Manufacture of other transport equipment	2,284,546	2,270,750
31	C.31 - Manufacture of furniture	83,489	67,216
32	C.32 - Other manufacturing	226,937	178,692
33	C.33 - Repair and installation of machinery and equipment	630,705	504,580
34	D - Electricity, gas, steam and air conditioning supply	9,032,361	3,983,242
35	D35.1 - Electric power generation, transmission and distribution	8,025,556	3,250,383
36	D35.11 - Production of electricity	1,815,488	464,698
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	989,322	729,278
38	D35.3 - Steam and air conditioning supply	17,483	3,582
39	E - Water supply; sewerage, waste management and remediation activities	424,222	134,110
40	F - Construction	2,285,954	1,796,474
41	F.41 - Construction of buildings	1,053,176	895,340
42	F.42 - Civil engineering	494,731	428,886
43	F.43 - Specialised construction activities	738,046	472,247
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	24,497,174	20,056,161
45	H - Transportation and storage	5,396,690	2,114,198
46	H.49 - Land transport and transport via pipelines	3,992,873	1,681,736
47	H.50 - Water transport	599,797	103,406
48	H.51 - Air transport	314,997	67,928
49	H.52 - Warehousing and support activities for transportation	445,938	228,122
50	H.53 - Postal and courier activities	43,086	33,006
51	I - Accommodation and food service activities	1,017,608	624,129
52	L - Real estate activities	1,945,062	703,878
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**	**130,582,711**	**102,434,754**

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***	11.0 %	201,815	23,151	8,875	9,177	3.23
2	A - Agriculture, forestry and fishing	1.4 %	6,578	1,104	281	59	3.18
3	B - Mining and quarrying	26.5 %	9,918	913	499	27	2.82
4	B.05 - Mining of coal and lignite	4.3 %	—	—	—	1	1.62
5	B.06 - Extraction of crude petroleum and natural gas	12.7 %	2,207	19	152	20	2.76
6	B.07 - Mining of metal ores	39.0 %	3,123	31	—	—	0.65
7	B.08 - Other mining and quarrying	18.8 %	591	18	2	6	2.43
8	B.09 - Mining support service activities	26.2 %	3,997	845	346	—	5.18
9	C - Manufacturing	16.1 %	42,810	4,496	796	543	2.44
10	C.10 - Manufacture of food products	8.0 %	11,713	764	60	62	1.97
11	C.11 - Manufacture of beverages	31.6 %	1,641	235	34	131	2.33
12	C.12 - Manufacture of tobacco products	62.0 %	643	40	—	—	1.07
13	C.13 - Manufacture of textiles	0.4 %	558	29	15	1	2.19
14	C.14 - Manufacture of wearing apparel	4.8 %	584	17	5	9	2.36
15	C.15 - Manufacture of leather and related products	1.2 %	363	30	3	1	2.10
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	10.7 %	595	72	7	1	2.33
17	C.17 - Manufacture of pulp, paper and paperboard	13.3 %	1,332	105	78	6	3.23
18	C.18 - Printing and service activities related to printing	0.3 %	334	24	8	3	2.73
19	C.19 - Manufacture of coke oven products	14.0 %	702	308	—	—	5.49
20	C.20 - Production of chemicals	18.7 %	3,605	643	269	18	2.90
21	C.21 - Manufacture of pharmaceutical preparations	16.5 %	849	52	—	10	1.74
22	C.22 - Manufacture of rubber products	6.3 %	1,460	119	13	5	2.05
23	C.23 - Manufacture of other non-metallic mineral products	9.1 %	1,483	48	4	16	1.93

24	C.24 - Manufacture of basic metals	16.3 %	2,801	319	172	23	2.27
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	5.8 %	2,532	248	45	14	2.45
26	C.26 - Manufacture of computer, electronic and optical products	24.7 %	2,048	90	2	4	1.99
27	C.27 - Manufacture of electrical equipment	21.4 %	1,317	341	4	5	2.99
28	C.28 - Manufacture of machinery and equipment n.e.c.	21.7 %	1,898	88	15	7	2.05
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	39.3 %	3,575	566	4	1	2.66
30	C.30 - Manufacture of other transport equipment	28.9 %	613	140	35	2	4.33
31	C.31 - Manufacture of furniture	0.5 %	503	32	11	4	2.84
32	C.32 - Other manufacturing	6.9 %	902	24	3	219	2.06
33	C.33 - Repair and installation of machinery and equipment	12.2 %	760	161	11	1	3.06
34	D - Electricity, gas, steam and air conditioning supply	14.4 %	9,821	2,333	1,382	1,235	4.70
35	D35.1 - Electric power generation, transmission and distribution	14.7 %	8,884	2,046	1,367	1,209	4.82
36	D35.11 - Production of electricity	12.3 %	1,440	276	86	194	3.28
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	11.2 %	904	287	15	26	3.33
38	D35.3 - Steam and air conditioning supply	0.4 %	33	1	—	—	2.20
39	E - Water supply; sewerage, waste management and remediation activities	4.6 %	1,203	232	112	44	3.94
40	F - Construction	4.0 %	11,881	1,187	1,026	416	3.61
41	F.41 - Construction of buildings	3.0 %	5,858	438	56	317	2.41
42	F.42 - Civil engineering	8.5 %	2,458	449	136	53	3.61
43	F.43 - Specialised construction activities	2.6 %	3,566	300	835	46	4.67
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	14.8 %	66,326	1,972	553	2,001	2.75
45	H - Transportation and storage	9.5 %	11,879	2,849	896	148	4.10
46	H.49 - Land transport and transport via pipelines	7.8 %	6,418	528	207	141	3.13
47	H.50 - Water transport	35.0 %	725	862	82	1	5.93
48	H.51 - Air transport	6.1 %	1,085	412	34	1	4.10
49	H.52 - Warehousing and support activities for transportation	5.1 %	3,497	1,036	263	5	3.89
50	H.53 - Postal and courier activities	— %	154	10	310	—	10.28
51	I - Accommodation and food service activities	2.4 %	6,549	2,489	1,161	516	5.02
52	L - Real estate activities	1.7 %	34,851	5,577	2,168	4,189	3.22
53	Exposures towards sectors other than those that highly contribute to climate change*		76,599	8,856	2,245	20,505	4.27
54	K - Financial and insurance activities		—	—	—	—	—
55	Exposures to other sectors (NACE codes J, M - U)		76,599	8,856	2,245	20,505	4.27
56	**TOTAL**	**11.0 %**	**278,414**	**32,007**	**11,119**	**29,682**	**3.50**

5.5 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 European Union.

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, Landmark, Energy Savings Trust and ADENE).
- 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 75% of the portfolio, with estimated EPCs available for a further 21%.

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).

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 19% of the Group's total portfolio. Part of the increase observed in the coverage of EPCs compared with the previous reporting period is due to the incorporation of exposures arising from the acquisition of TSB in the UK, representing approximately EUR 39 billion.

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/m² of collateral)					
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
1	**Total EU area**	126,219	36,391	53,424	14,297	4,202	1,295	971
2	Of which Loans collateralised by commercial immovable property	18,865	6,028	6,160	1,560	344	150	134
3	Of which Loans collateralised by residential immovable property	103,475	30,352	47,199	12,735	3,857	1,146	837
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	3,879	11	65	2	1	—	—
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	52,544	16,458	33,927	2,033	123	2	1
6	**Total non-EU area**	337,759	44,429	78,999	84,527	24,657	5,742	3,141
7	Of which Loans collateralised by commercial immovable property	24,750	357	785	637	381	207	526
8	Of which Loans collateralised by residential immovable property	312,469	44,072	78,214	83,890	24,275	5,535	2,615
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	541	—	—	—	—	—	—
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	30,463	1,378	7,595	17,838	3,116	344	192

*Energy consumption in kWh/m² of the actual guarantee

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)								
		Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
		A	B	C	D	E	F	G		Of which level of energy efficiency*
1	**Total EU area**	9,179	6,756	6,970	9,826	21,204	4,177	4,437	63,670	74.27 %
2	Of which Loans collateralised by commercial immovable property	1,408	1,260	1,096	816	916	212	211	12,947	62.36 %
3	Of which Loans collateralised by residential immovable property	7,771	5,496	5,874	9,010	20,288	3,964	4,226	46,846	83.55 %
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	1	—	3,877	1.97 %
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	—	—	—	—	—	—	—	47,290	100.00 %
6	**Total non-EU area**	2,198	33,195	60,223	81,785	27,227	5,318	1,086	126,727	24.04 %
7	Of which Loans collateralised by commercial immovable property	16	515	809	449	77	11	44	22,829	4.26 %
8	Of which Loans collateralised by residential immovable property	2,181	32,681	59,414	81,336	27,150	5,307	1,042	103,358	28.53 %
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	541	— %
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	—	—	—	—	—	—	—	30,463	100.00 %

*Energy consumption in kWh/m² of the actual guarantee

5.6 Alignment metrics

The purpose of this template is to provide information on the emissions of our customers classified according to the climate sector to which they belong, and the alignment metrics defined by the International Energy Agency (IEA) for the various sectors.

To maintain consistency, the portfolio alignment methodology and the underlying assumptions in this template (including exposure, the reference year, and emissions by scope) adhere to the same decision criteria used to define the objectives for each sector. Further information on the applied decision criteria can be found in our 2025 annual report and the 2022–2023 Climate Finance Report.

In 2025, we reviewed our sectoral targets and the underlying scenarios. For all sectors with published decarbonization objectives, our primary reference scenario is the IEA's Net Zero Emissions by 2050 (NZE) scenario.

The IEA recently updated the quantitative information on the NZE scenarios in the **October 2025 World Energy Outlook**. We use this update to calculate the distance to the scenario; however, the 2030 data point is not published in this version. Therefore, we interpolated between 2023 and 2035 data to obtain a 2030 metric. The sole exception is the oil and gas sector, where we derived the reference scenario from **Emissions from Oil and Gas Operations in Net Zero Transitions framework (2023).**

For the first time this year, all of our targets 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 in the electricity generation segment, which is responsible for most of the emissions. The chosen alignment parameter is physical intensity (kilograms of CO2 equivalent/MWh), including scope 1 emissions of our credit portfolio.

• For the Energy (oil and gas) sector, we assess upstream companies, as well as integrated companies that undertake their own upstream oil and gas production. We assess physical emission intensity for operational emissions in Scopes 1 and 2. The implementation of this new target is based on operational feasibility, data traceability and effective control over the emission sources.

• 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.

• The initial target established for the aviation sector has been reclassified as a monitoring metric. It is no longer considered a formal target and has therefore been removed from this template. This decision follows our annual portfolio alignment materiality assessment, which is based on dynamic criteria including financed emissions, exposure, portfolio management capacity and strategic relevance. Given the sector's evolving materiality and its strong dependency on external policy and technology developments, monitoring now provides a more appropriate management approach.

• Finally, the target for the automotive sector focuses on the manufacturing of passenger cars, i.e. on Original Equipment Manufacturers (OEMs). The target metric is scope 3 GHG emissions from OEMs, measured by the average CO2 intensity per vkm of the fleet sold in the given year.

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.

Various sources are used for these calculations, including S&P Trucost, Global Data, Wood Mackenzie, JATO as well as companies' official disclosures for production data, Carbon Disclosure Project or Wood Mackenzie for emissions. To obtain emissions intensities, we refer to the Transition Pathway Initiative (TPI) or we calculate them based on data reported by the companies.

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	12,162	88 KgCOe/MWh	2024	-36	Not Available
2	Fossil fuel combustion	B6	5,436	3.15 tCO2e/TJ	2024	36	Not Available
3	Automotive	C291	3,646	128 grCO2/vkm	2024	54	Not Available
4	Aviation	—	—	—	—	—	
5	Maritime transport						
6	Cement, clinker and lime production						
7	Iron and steel, coke, and metal ore production	C241	1,475	1.51 tCO2e/ton steel	2024	18	N/A
8	Chemicals						
9	Iron and steel, coke, and metal ore production (Steel)						

Regarding the 'Distance to IEA NZE 2050 in %' column, the reported criteria was modified in June 2023 Pillar 3 report compared to the December 2022 Pillar 3 report. The template reported in June 2026 maintains the criteria of the June 2023[15] report.

5.7. 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. In March 2025, Carbon Majors published an update of this list, which has been used to complete this template.

According to EBA's guidelines, the disclosure of the field 'of which environmentally sustainable (CCM)' has been discontinued until end of 2026.

ESG 4 - Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

EUR millon

	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	7,116	0.50%	N/A	2.4	10

*For counterparties among the world's twenty largest carbon emitters

[15] From June 2023 onwards, the Pillar 3 report is calculated as [(Base year metric - IEA scenario metric in 2030)/IEA metric in 2030 * 100].

5.8. 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.

Santander continues to strengthen its physical risk assessment process through the use of acute and chronic physical risk information provided by a specialised insurer, covering the Group’s main geographies. During the year, the granularity of the analysis has been enhanced by using the location of collateral and, for unsecured exposures, the location of clients’ corporate headquarters, at zip code level in Europe or the equivalent level for the Group’s other subsidiaries.

At the same time, the geographical coverage of the assessment has been expanded, and methodological updates implemented by the insurer have been incorporated, including revisions to the risk levels assigned to certain geographies and economic activities. These changes have resulted in variations in the identification and classification of exposures subject to physical risk compared with the previous reporting period.

Additionally, the integration of TSB into the scope of the analysis has contributed to the increase in assessed exposures and to the evolution of exposures considered to be subject to physical risk.

The methodology applied by the vendor follows the basis developed by the UNEP-FI working teams, it incorporates rating levels for the 12 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) and selected sectors (activities added to level 2 of the NACE codes), the vendor has provided an assessment of the risks (8 acute and 4 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).

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 physical risk assessment, the Group is working to consider the location of wholesale customers' most relevant production centres in its physical risk assessment.

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	3,309	1,645	334	23	—	3	786	32	1,184	191	96	-58	-7	-48
2	B - Mining and quarrying	5,571	775	11	—	—	1	96	333	356	20	8	-4	—	-3
3	C - Manufacturing	26,356	9,428	1,017	14	1	3	10,277	125	58	898	836	-305	-19	-278
4	D - Electricity, gas, steam and air conditioning supply	7,873	2,124	1,133	727	399	8	518	1,918	1,948	447	92	-50	-6	-39
5	E - Water supply; sewerage, waste management and remediation activities	1,105	127	37	—	—	4	8	25	132	15	16	-9	-1	-8
6	F - Construction	9,911	1,307	55	50	48	3	356	221	882	103	123	-72	-10	-60
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	42,220	27	1	1	—	2	—	4	25	2	1	—	—	—
8	H - Transportation and storage	9,046	46	71	—	—	5	110	6	1	16	3	-2	—	-1
9	L - Real estate activities	26,401	2,202	458	183	51	4	—	2,896	—	33	3	-4	-1	-1
10	Loans collateralised by residential immovable property	349,293	1,621	1,326	3,357	5,208	18	—	11,512	—	869	123	-15	-5	-8
11	Loans collateralised by commercial immovable property	27,520	856	119	26	18	4	1	1,019	—	44	4	-5	-1	-2
12	Repossessed collaterals	3,879	—	—	—	2	—	—	2	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)														

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	1,030	533	—	—	—	2	89	22	422	72	17	-13	-6	-7
2	B - Mining and quarrying	1,474	25	—	—	—	1	24	—	1	1	—	—	—	—
3	C - Manufacturing	7,380	2,070	39	—	3	2	1,039	964	109	92	46	-22	-6	-8
4	D - Electricity, gas, steam and air conditioning supply	4,511	2,439	755	—	—	3	6	2,947	241	364	71	-43	-20	-18
5	E - Water supply; sewerage, waste management and remediation activities	125	15	—	—	2	4	3	2	12	3	—	-1	—	—
6	F - Construction	2,227	247	—	1	—	1	101	66	81	11	3	-5	-2	-2
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	12,886	1,605	10	1	1	2	232	1,175	210	300	40	-18	-2	-2
8	H - Transportation and storage	2,838	301	76	—	—	4	107	171	99	18	6	-4	-1	-1
9	L - Real estate activities	16,846	5,089	634	7	—	2	—	5,730	—	2,194	166	-69	-51	-9
10	Loans collateralised by residential immovable property	30,589	4,239	690	143	480	4	—	5,551	—	1,874	127	-56	-40	-8
11	Loans collateralised by commercial immovable property	7,925	1,104	18	11	—	2	1	1,128	3	410	61	-18	-12	-2
12	Repossessed collaterals	170	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)														

Santander

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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					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-performin g 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-performin g exposures
1	A - Agriculture, forestry and fishing	3,682	1,813	70	3	—	2	657	864	365	93	101	-62	-5	-46
2	B - Mining and quarrying	4,312	2,827	30	—	—	1	2,220	—	636	72	133	-52	-1	-49
3	C - Manufacturing	14,909	4,424	165	161	—	2	4,672	—	78	219	196	-131	-10	-115
4	D - Electricity, gas, steam and air conditioning supply	2,387	1,141	42	—	—	1	683	332	168	36	51	-20	-2	-17
5	E - Water supply; sewerage, waste management and remediation activities	360	35	1	2	—	2	21	—	16	5	2	-2	—	-1
6	F - Construction	2,372	490	68	—	—	2	478	—	80	92	74	-42	-5	-36
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	15,745	581	21	—	—	2	571	—	31	93	101	-69	-9	-61
8	H - Transportation and storage	3,887	80	9	—	—	3	68	—	20	14	10	-7	-1	-6
9	L - Real estate activities	3,537	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralised by residential immovable property	36,062	—	—	—	1	20	—	1	—	—	—	—	—	—
11	Loans collateralised by commercial immovable property	8,170	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Repossessed collaterals	371	—	—	—	—	—	—	—	—	—	—	—	—	—
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 regions (Europe/ North America/ South America). The most exposed region to physical risk is Europe 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: wholesale and retail trade, manufacturing, and real estate activities. Despite in some cases immovable property are subject to chronic risks, the effect associated with these events is limited, with acute risks being the most significant.

Appendices

Appendix I - List of tables

CC1 - Composition of regulatory own funds

	EUR million	2026	
		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	44,136	—
	of which: Instrument type 1	—	—
	of which: Instrument type 2	—	—
	of which: Instrument type 3	—	—
2	Retained earnings	102,381	—
3	Accumulated other comprehensive income (and other reserves)	(43,954)	—
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)	7,143	—
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	6,821	—
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**116,528**	**—**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(764)	—
8	Intangible assets (net of related tax liability) (negative amount)	(15,246)	—
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)	(2,210)	—
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(217)	—
12	Negative amounts resulting from the calculation of expected loss amounts	(943)	—
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	14	—
15	Defined-benefit pension fund assets (negative amount)	(596)	—
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(6,936)	—
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	(621)	—
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	—	—
EU-20c	of which: securitisation positions (negative amount)	(619)	—
EU-20d	of which: free deliveries (negative amount)	(2)	—
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)	(1,166)	—
22	Amount exceeding the 17.65% threshold (negative amount)	—	—

CC1 - Composition of regulatory own funds

EUR million

		2026	
		a	b
		(A) Amounts	(B) Explanatory notes
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)	—	—
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	—	—
27a	Other regulatory adjusments	(1,396)	—
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(30,080)**	**—**
29	**Common Equity Tier 1 (CET1) capital**	**86,447**	**—**
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	10,393	—
31	of which: classified as equity under applicable accounting standards	—	—
32	of which: classified as liabilities under applicable accounting standards	10,111	—
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	473	—
35	of which: instruments issued by subsidiaries subject to phase out	—	—
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**10,866**	**—**
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	(640)	—
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**	**(640)**	**—**
44	**Additional Tier 1 (AT1) capital**	**10,226**	**—**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**96,673**	**—**
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	11,927	—

CC1 - Composition of regulatory own funds

	EUR million	2026	
		a	b
		(A) Amounts	(B) Explanatory notes
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	7,155	—
49	of which: instruments issued by subsidiaries subject to phase out	—	—
50	Credit risk adjustments	250	—
51	**Tier 2 (T2) capital before regulatory adjustments**	**19,332**	**—**
	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)	—	—
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 adjusments to T2 capital	—	—
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(255)**	**—**
58	**Tier 2 (T2) capital**	**19,076**	**—**
59	**Total capital (TC = T1 + T2)**	**115,750**	**—**
60	**Total risk exposure amount**	**616,803**	**—**
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.02%	—%
62	Tier 1 (as a percentage of total risk exposure amount)	15.67%	—%
63	Total capital (as a percentage of total risk exposure amount)	18.77%	—%
64	Institution CET1 overall capital requirements	9.85%	—%
65	of which: capital conservation buffer requirement	2.50%	—%
66	of which: countercyclical buffer requirement	0.57%	—%
67	of which: systemic risk buffer requirement	0.06%	—%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.25%	—%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.98%	—%
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	8.37%	—%
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)		

CC1 - Composition of regulatory own funds

	EUR million	2026	
		a	b
		(A) Amounts	(B) Explanatory notes
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)	8,072	—
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)	1,096	—
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)	8,842	—
	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)	250	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,139	—
	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	—	—
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)	—	—

IMPORTANT INFORMATION

Non-IFRS and alternative performance measures

Banco Santander, S.A. ("Santander") cautions that this document may contain 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 the 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 accounting periods.

Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not to substitute the IFRS measures. Furthermore, other companies, including some in our industry, 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 more details on APMs and non-IFRS measures, please see the 2025 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the SEC) on 27 February 2026 (https://www.santander.com/content/dam/santander-com/es/documentos/informacion-sobre-resultados-semestrales-y-anuales-suministrada-a-la-sec/2026/sec-2025-annual-20-f-2025-disponible-solo-en-ingles-es.pdf), except with respect to the information and the audited financial statements included therein and superseded by the information and the audited financial statements included in our Report on Form 6-K furnished to the SEC on 1 April 2026 relating to certain recast financial information as a result of certain changes to the presentation of the Group's financial information (https://www.santander.com/content/dam/santander-com/en/documentos/informacion-sobre-resultados-semestrales-y-anuales-suministrada-a-la-sec/2026/sec-recast-of-certain-financial-information-and-related-disclosure-for-the-three-years-ended-31-december-2025-en.pdf), as well as the section "Alternative performance measures" of our second quarter financial report, which was published on 22 July 2026 (https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#quarterly-results).

Forward-looking statements

Santander hereby warns that this document may contain 'forward-looking statements', as defined by the US Private Securities Litigation Reform Act of 1995. Such statements can be understood through words and expressions like 'expect', 'project', 'anticipate', 'should', 'intend', 'probability', 'risk', 'VaR', 'RoRAC', 'RoRWA', 'TNAV', 'target', 'goal', 'objective', 'estimate', 'future', 'ambition', 'aspiration', 'commitment', 'commit', 'focus', 'pledge' and similar expressions. They include (but are not limited to) statements on future business development, shareholder remuneration policy and non-financial information. However, risks, uncertainties and other important factors may lead to developments and results that differ materially from those anticipated, expected, projected or assumed in forward-looking statements. The important factors below (and others mentioned in this document, as well as other unknown or unpredictable factors, could affect our future development and results and could lead to outcomes materially different from what our forward-looking statements anticipate, expect, project or assume:

- general economic or industry conditions (e.g., an economic downturn; higher volatility in the capital markets; inflation; deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the armed conflicts in Ukraine and the Middle East, or the outbreak of public health emergencies in the global economy) in areas where we have significant operations or investments;
- exposure to operational risks, including cyberattacks, data breaches, data losses and other security incidents;
- exposure to market risks (e.g., risks from interest rates, foreign exchange rates, equity prices and new benchmark indices);
- potential losses from early loan repayment, collateral depreciation or counterparty risk;
- political instability in Spain, the UK, other European countries, Latin America and the US;
- changes in monetary, fiscal and immigration policies and trade tensions, including the imposition of tariffs and retaliatory responses;
- legislative, regulatory or tax changes (including regulatory capital and liquidity requirements) and greater regulation prompted by financial crises;
- acquisitions, integrations, divestitures and challenges arising from deviating management’s resources and attention from other strategic opportunities and operational matters;
- reputational risk and potential adverse reactions of stakeholders, including adverse effects on the market price of our securities
- climate-related conditions, regulations, targets and weather events;
- uncertainty over the scope of actions that may be required by us, governments and other to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and potential conflicts and inconsistencies among governmental standards and regulations. Important factors affecting sustainability information may materially differ from those applicable to financial information. Sustainability information is based on various materiality thresholds, estimates, assumptions, judgments and underlying data derived internally and from third parties. Sustainability information is thus subject to significant measurement uncertainties, may not be comparable to sustainability information of other companies or over time or across periods and its inclusion is not meant to imply that the information is fit for any particular purpose or that it is material to us under mandatory reporting standards. The sustainability information is for informational purposes only, without any liability being accepted in connection with it except where such liability cannot be limited under overriding provisions of applicable law;
- our own decisions and actions, including those affecting or changing our practices, operations, priorities, strategies, policies or procedures; and
- changes affecting our access to liquidity and funding on acceptable terms, especially due to credit spread shifts or credit rating downgrade for the entire group or core subsidiaries.

Additionally, Webster Financial Corporation's ("Webster") and Santander's actual results, financial condition and achievements may differ materially from those indicated in these forward-looking statements. Important factors that could cause Webster's and Santander's actual results, financial condition and achievements to differ materially from those indicated in such forward-looking statements include, in addition to those set forth in Webster's and Santander's filings with the SEC: (1) the risk that the cost savings, synergies and other benefits from the acquisition of Webster by Santander (the "Transaction") may not be fully realized or may take longer than anticipated to be realized, including as a result of changes in, or problems arising from, general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which Webster and Santander operate; (2) the failure of the closing conditions in the Transaction agreement by and among Webster, Santander and a wholly owned subsidiary of Webster providing for the Transaction to be satisfied, or any unexpected delay in closing the Transaction or the occurrence of any event, change or other circumstances that could delay the Transaction or could give rise to the termination of the Transaction agreement; (3) the outcome of any legal or regulatory proceedings or governmental inquiries or investigations that may be currently pending or later instituted against Webster, Santander or the combined company; (4) the possibility that the Transaction does not close when expected or at all because required regulatory or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed Transaction); (5) disruption to the parties' businesses as a result of the announcement and pendency of the Transaction; (6) the costs associated with the anticipated length of time of the pendency of the Transaction, including the restrictions contained in the definitive Transaction agreement on the ability of Webster to operate its business outside the ordinary course during the pendency of the Transaction; (7) risks related to management and oversight of the expanded business and operations of the combined company following the closing of the proposed Transaction; (8) the risk that the integration of Webster's operations with Santander's will be materially delayed or will be more costly or difficult than expected or that the parties are otherwise unable to successfully integrate each party's businesses into the other's businesses; (9) the possibility that the Transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; (10) reputational risk and potential adverse reactions of Webster's or Santander's customers, employees, vendors, contractors or other business partners, including those resulting from the announcement or completion of the Transaction; (11) the dilution caused by Santander's issuance of additional ordinary shares and corresponding American depositary shares, each representing the right to receive one of its ordinary shares ("ADSs"), in connection with the Transaction; (12) the possibility that any announcements relating to the Transaction could have adverse effects on the market price of Webster's common stock and Santander's ordinary shares and ADSs; (13) a material adverse change in the condition of Webster or Santander; (14) the extent to which Webster's or Santander's businesses perform consistent with management's expectations; (15) Webster's and Santander's ability to take advantage of growth opportunities and implement targeted initiatives in the timeframe and on the terms currently expected; (16) the inability to sustain revenue and earnings growth; (17) the execution and efficacy of recent strategic investments; (18) the impact of macroeconomic factors, such as changes in general economic conditions and monetary and fiscal policy, particularly on interest rates; (19) changes in customer behavior; (20) unfavorable developments concerning credit quality; (21) declines in the businesses or industries of Webster's or Santander's customers; (22) the possibility that the combined company is subject to additional regulatory requirements as a result of the proposed Transaction or expansion of the combined company's business operations following the proposed Transaction; (23) general competitive, political and market conditions and other factors that may affect future returns of Webster and Santander, including changes in asset quality and credit risk; (24) security risks, including cybersecurity and data privacy risks, and capital markets; (25) inflation; (26) the impact, extent and timing of technological changes; (27) capital management activities; (28) competitive product and pricing pressures; (29) the outcomes of legal and regulatory proceedings and related financial services industry matters; and (30) compliance with regulatory requirements. Any forward-looking statement made in this document is based solely on information currently available to us and speaks only as of the date on which it is made.

Forward looking statements are based on current expectations and future estimates about Santander's and third-parties' operations and businesses and address matters that are uncertain to varying degrees, including, but not limited to developing standards that may change in the future; plans, projections, expectations, targets, objectives, strategies and goals relating to environmental, social, safety and governance performance, including expectations regarding future execution of Santander's and third parties' energy and climate strategies, and the underlying assumptions and estimated impacts on Santander's and third-parties' businesses related thereto; Santander's and third-parties' approach, plans and expectations in relation to carbon use and targeted reductions of emissions; changes in operations or investments under existing or future environmental laws and regulations; and changes in government regulations and regulatory requirements, including those related to climate-related initiatives.

Forward-looking statements are aspirational, should be regarded as indicative, preliminary and for illustrative purposes only, speak only as of the date of this document and are informed by the knowledge, information and views available on such date and are subject to change without notice. Banco Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise, except as required by applicable law.

No offer or solicitation

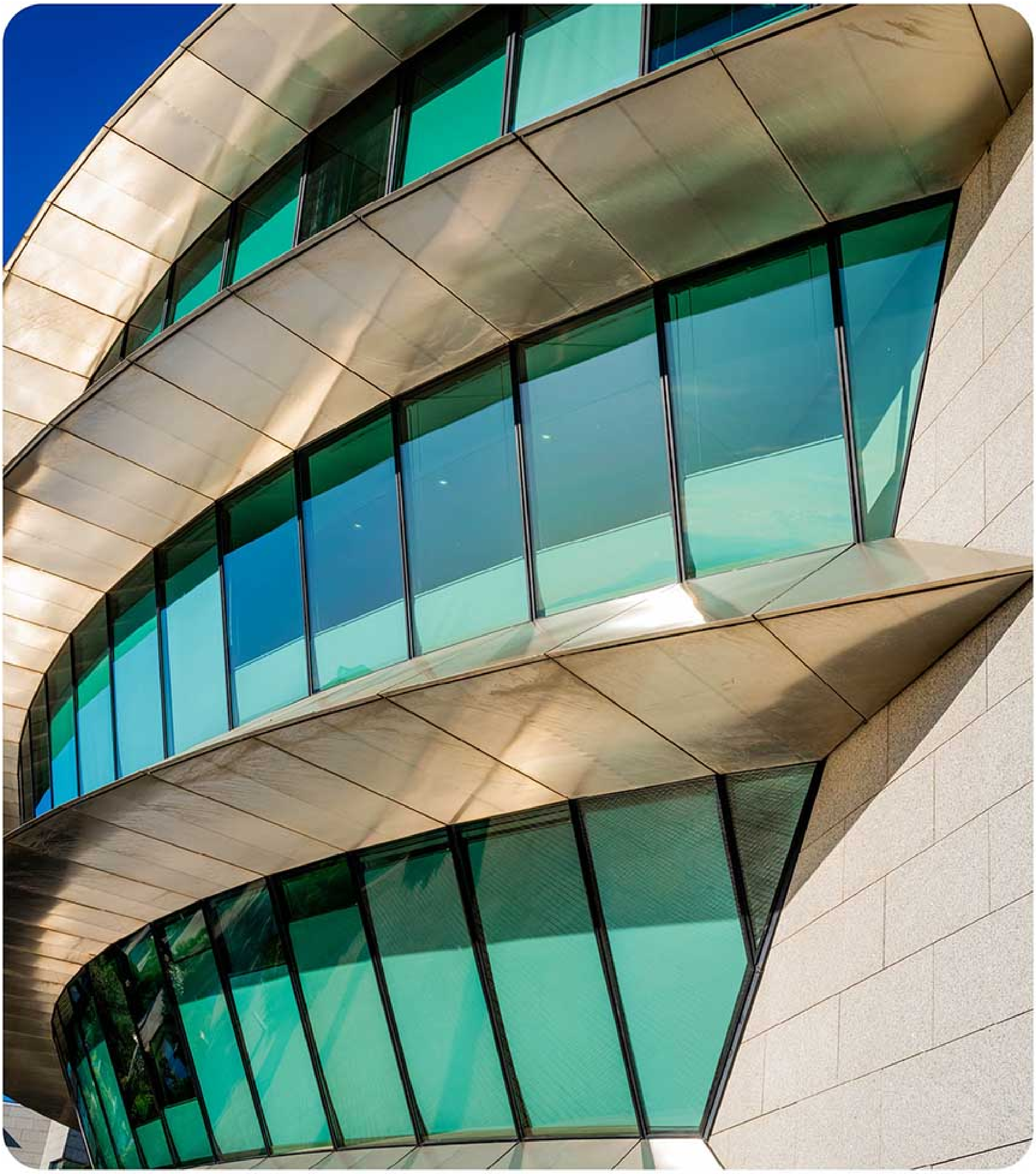
This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended (the "Securities Act"). No investment activity should be undertaken on the basis of the information contained in this document. By making this document available, no advice or recommendation is being given to buy, sell or otherwise deal in any securities or investments whatsoever.

Past performance does not indicate future outcomes

Statements about historical performance or growth rates must not be construed as suggesting that future performance, share price or earnings (including earnings per share) will necessarily be the same or higher than in previous periods. Nothing mentioned in this document should be taken as a profit and loss forecast.

Third Party Information

Regarding the data provided by third parties, neither Santander, nor any of its directors, managers or employees, either explicitly or implicitly, guarantees that these contents are exact, accurate, comprehensive or complete, nor are they obliged to keep them updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents in by any means, Santander may introduce any changes it deems suitable, and may omit, partially or completely, any of the elements of this document, and in case of any deviation, Santander assumes no liability for any discrepancy.



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