Santander Consumer Finance, S.A. and its subsidiaries

Audit report
Consolidated annual accounts as at 31 December 2024
Consolidated directors' report

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

Independent auditor's report on the consolidated annual accounts

To the shareholders of Santander Consumer Finance, S.A.

Report on the consolidated annual accounts

Opinion

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

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

Basis for opinion

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

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Estimation of impairment of financial assets at amortized cost — loans and advances to customers — collectively determined The Group applies what is established by the International Financial Reporting Standard 9 (IFRS 9) with regard to the estimation of impairment on financial assets at amortized cost, under an expected loss model. Regarding the impairment collectively determined, the impairment calculation models for expected loss used by the Group incorporate estimates and elements of judgement that require periodic updates in the current macroeconomic environment of uncertainty. The main judgements and assumptions used by management are the following: • The main estimates used in the calculation of the parameters as the probability of default (PD) and loss given default (LGD) of the expected loss models. • The update of the prospective information in the forward looking models to consider the effect of macroeconomic conditions of the current environment. The credit risk impairment determination is one of the most significant estimates in the preparation of the accompanying consolidated annual accounts as at 31 December 2024, therefore, it has been considered as a key audit matter. Refer to notes 2, 10 and 47 of the accompanying consolidated annual accounts as at 31 December 2024.	We have obtained, in collaboration with our credit risk experts and economic forecasting experts, an understanding of Group management's process to estimate the impairment of financial assets at amortized cost — loans and advances to customers — collectively determined. Additionally, we have made inquiries to management to obtain an understanding of the assessment of the potential impact of climate risk on credit risk. Regarding internal control, we have obtained an understanding and tested controls for the main phases of the estimation process, paying particular attention to the determination of the most relevant assumptions in the estimation of the model parameters. We also performed the following tests of details: • Tests of main models, with respect to: i) calculation and segmentation methods; ii) methodology used for the estimation of the expected loss parameters; iii) data used and main estimates used, and iv) staging criteria. • Evaluation of the reasonableness of the main macroeconomic variables used in the scenarios of the forward looking models including, the verification of the methodology, the assumptions used and the weighting of the macroeconomic scenarios. • Reperformance of the collective provisions calculation based on the expected credit loss models parameters. In the procedures described above, no exceptions have been identified outside of a reasonable range.

Key audit matters	How our audit addressed the key audit matters
Assessment of goodwill impairment	
At least annually, the Group estimates the recoverable amount of each cash-generating unit (CGU) to which goodwill has been assigned, based primarily on management experts' valuations. In view of the relevance to the Group, management pays particular attention to monitoring the goodwill of the cash-generating units in Germany, Austria and the Nordics (Scandinavia). The Group's management calculates the recoverable value of each CGUs by estimating their value in use, using assumptions such as the financial projections, the discount rates, and the perpetuity growth rates. These assumptions involve uncertainty, require complex estimation and involve a high degree of management judgement, which is why it has been considered one of the key audit matters. See notes 2 and 14 of the accompanying consolidated annual accounts as at 31 December 2024.	We have obtained, in collaboration with our valuation experts, an understanding of management's process for estimating the recoverable amount and, where appropriate, calculating the impairment of goodwill. In respect of internal control, we have conducted an understanding and tested controls of the goodwill impairment assessment process for the main CGUs, performed by the Group's management, paying special attention to the budgeting process on which the projections are based, management's forecasting ability and the assessment of the reasonableness of the discount rate and the perpetuity growth rate, as well as the evaluation of annual valuation reports prepared by management's experts. Furthermore, we conducted the following tests of details: • Assessment of the reasonableness of the methods and main assumptions used by management experts, including a specific sensitivity analysis of key assumptions, such as: (i) financial projections; (ii) the discount rate; and (iii) the perpetuity growth rate. • Verification of the mathematical accuracy of the calculation of goodwill impairment and of the discounted cash flow projections. • Verification of the adequacy of the information disclosed in the accompanying consolidated annual accounts in accordance with applicable regulations. In the procedures described above, no exceptions have been identified outside of a reasonable range.

Key audit matters	How our audit addressed the key audit matters
Information systems	
The Group's financial information is highly dependent on information technology (IT) systems in the geographies where it operates, therefore an adequate control of these systems is crucial to ensuring correct data processing. In this context, it is key to evaluate aspects such as the technology area organization, controls over application maintenance and development, physical and logical security and system operation, including obtaining an understanding of management's response to cybersecurity risks, therefore, it has been considered one of the key audit matters. In this regard, management continues monitoring the internal control over IT systems, including access controls supporting the Group's technology processes.	We have evaluated, in collaboration with our IT system specialists, the internal control over systems, databases and applications that support the Group's financial reporting. For this purpose, internal control procedures and substantive tests were carried out related to: • The function of the IT governance framework. • Access and logical security controls over the applications, operating systems and databases that support the relevant financial information, considering the monitoring carried out by the Group's management. • Change management and application development. • Maintenance of computer operations, including obtaining an understanding of management's response to cybersecurity risk. In the procedures described above, no relevant exceptions were identified related to this matter.

Other information: Consolidated management report

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

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

a) Verify only that the consolidated statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

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

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

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

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

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated 27 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 20 March 2024 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2024.

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

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 39 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Jorge Fontcuberta Fernández (24293)

27 February 2025

Santander Consumer Finance,

S.A. and Subsidiaries composing the

Santander Consumer Finance Group

Consolidated Financial Statements and Consolidated Management's Report for the year ended 31 December 2024

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 to 47). In the event of a discrepancy, the Spanish-language version prevails.

SANTANDER CONSUMER FINANCE, S.A. AND SUBSIDIARIES COMPOSING THE SANTANDER CONSUMER FINANCE GROUP

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2024 AND 2023

(EUR Thousands)

ASSETS	Note	31/12/2024	31/12/2023 (*)
Cash, cash balances at central banks and other deposits on demand	2	**11,863,430**	**11,278,533**
Financial assets held for trading	9	**246,380**	**323,898**
Derivatives		246,380	323,898
Non-trading financial assets mandatorily at fair value through profit or loss		**1,382**	**1,543**
Equity instruments	8	38	41
Debt securities	7	590	844
Loans and advances -Customers	10	754	658
Financial assets designated at fair value through profit or loss		—	—
Financial assets at fair value through other comprehensive income		**2,430,585**	**174,863**
Equity instruments	8	36,661	23,526
Debt securities	7	364,202	151,337
Loans and advances	10	2,029,722	—
Central banks		—	—
Credit institutions		—	—
Customers		2,029,722	—
Financial assets at amortized cost		**122,290,260**	**121,125,887**
Debt securities	7	4,760,787	4,189,837
Loans and advances		117,529,473	116,936,050
Central banks	6	204,842	—
Credit institutions	6	370,141	1,428,325
Customers	10	116,954,490	115,507,725
Derivatives – Hedge accounting	29	**235,539**	**390,497**
Changes of the fair value of hedged items in an interest rate risk hedging portfolio	29	**126,228**	**(82,622)**
Investments in associates and joint-ventures	12	**790,844**	**825,970**
Joint ventures		260,935	325,151
Associates		529,909	500,819
Assets under reinsurance contracts		—	—
Tangible assets	13	**5,309,983**	**4,301,096**
Property, plant and equipment		5,304,043	4,295,156
For own use		370,922	370,591
Leased out under an operating lease		4,933,121	3,924,565
Investment property		5,940	5,940
Memorandum items: acquired through finance lease		244,701	261,736
Intangible assets		**2,229,302**	**2,253,001**
Goodwill	14	1,729,257	1,715,714
Other intangible assets	15	500,045	537,287
Tax assets		**1,562,525**	**1,542,173**
Current tax assets		881,141	866,579
Deferred tax assets	22	681,384	675,594
Other assets	16	**881,468**	**1,147,368**
Inventories		5,317	5,437
Other assets		876,151	1,141,931
Assets included in disposal groups classified as held for sale	11	**108,217**	**65,281**
Total assets		**148,076,143**	**143,347,488**

(*) They are presented, solely and exclusively, for comparative purposes.

Notes 1 to 47 and Annexes I to V included in the attached consolidated report form an integral part of the 31 December 2024 consolidated balance sheet.

SANTANDER CONSUMER FINANCE, S.A. AND SUBSIDIARIES COMPOSING THE SANTANDER CONSUMER FINANCE GROUP

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2024 AND 2023

(EUR Thousands)

LIABILITIES	Note	31/12/2024	31/12/2023 (*)
Financial liabilities held for trading	9	**252,637**	**343,594**
Derivatives		252,637	343,594
Financial liabilities designated at fair value through profit or loss		**—**	**—**
Financial liabilities at amortized cost		**127,789,119**	**123,391,128**
Deposits		76,580,743	69,985,114
Central banks	*17*	—	*5,465,555*
Credit institutions	*17*	*19,828,344*	*15,675,219*
Customers	*18*	*56,752,399*	*48,844,340*
Debt securities in issue	19	49,669,681	51,605,223
Other financial liabilities	20	1,538,695	1,800,791
Memorandum items: Subordinates liabilities	17, 18 and 19	*1,973,518*	*2,000,129*
Derivatives – Hedge accounting	29	**349,555**	**440,267**
Changes of the fair value of hedged items in an interest rate risk hedging portfolio	11	—	—
Liabilities for insurance contracts		—	—
Provisions	21	**675,629**	**667,458**
Pensions and other defined post-employment benefit obligations		448,114	453,105
Other long-term employee benefits		34,090	30,282
Taxes and other legal contingencies		38,827	37,066
Commitments and guarantees granted		19,888	21,058
Other provisions		134,710	125,947
Tax liabilities		**2,032,693**	**1,911,989**
Current tax liabilities		284,587	285,510
Deferred tax liabilities	22	1,748,106	1,626,479
Other liabilities	16	**2,229,847**	**2,214,372**
Liabilities included in disposal groups of items that have been classified as held for sale		—	—
Total liabilities		**133,329,480**	**128,968,808**
Shareholders' equity		**12,743,200**	**12,536,885**
Capital	23	5,638,639	5,638,639
Called up Share capital		*5,638,639*	*5,638,639*
Memorandum items: uncalled: Capital		—	—
Share premium	24	1,139,990	1,139,990
Equity instruments issued other than capital	23	1,200,000	1,200,000
Equity component of hybrid securities		—	—
Other equity instruments issued		1,200,000	1,200,000
Other equity		—	—
Accumulated retained earnings	25	4,032,220	3,649,396
Revaluation reserves		—	—
Other reserves	25	(71,273)	4,919
Accumulated reserves or losses of investments in joint and associated ventures		*541,611*	*524,365*
Others		*(612,884)*	*(519,446)*
(-) Own shares		—	—
Profit or loss after tax attributable to equity holders of the parent		803,624	1,003,933
(-) Dividends paid	4	—	(99,992)
Other comprehensive income/(loss)		**(724,823)**	**(678,242)**
Items not reclassified to profit or loss	26	(46,176)	(50,982)
Items that may be reclassified to profit or loss	26	(678,647)	(627,260)
Non-controlling interests	27	**2,728,286**	**2,520,037**
Other comprehensive income/(loss)		*3,191*	*2,445*
Other		*2,725,095*	*2,517,592*
Total Equity		**14,746,663**	**14,378,680**
Total liabilities and equity		**148,076,143**	**143,347,488**
Memorandum items: off balance sheet amounts		25,449,921	25,642,721
Loan commitments granted	28	23,947,398	24,299,144
Financial guarantees granted	28	87,564	90,030
Other commitments granted	28	1,414,959	1,253,547

(*) They are presented, solely and exclusively, for comparative purposes.

Notes 1 to 47 and Annexes I to V included in the attached consolidated report form an integral part of the 31 December 2024 consolidated balance sheet.

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

(EUR Thousands)

	Note	Income / (Expenses)	
		31/12/2024	31/12/2023 (*)
INTEREST INCOME	30	7,501,789	6,431,533
Financial assets at fair value through other comprehensive income		69,896	7,129
Financial assets at amortised cost		6,786,093	5,727,842
Other		645,800	696,562
INTEREST EXPENSE	31	(3,983,748)	(3,006,380)
NET INTEREST INCOME		**3,518,041**	**3,425,153**
DIVIDEND INCOME		259	243
INCOME FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	32	66,923	77,075
COMMISSION INCOME	33	1,304,835	1,124,127
COMMISSION EXPENSE	34	(478,305)	(394,803)
GAINS OR LOSSES ON FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	35	(75,728)	47,259
GAINS OR LOSSES ON FINANCIAL INSTRUMENTS HELD FOR TRADING, NET	35	(4,123)	(2,265)
GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	35	—	—
GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	35	—	—
GAINS OR LOSSES FROM HEDGE ACCOUNTING, NET	35	3,500	95,860
EXCHANGE DIFFERENCES, NET	36	4,422	(4,366)
OTHER OPERATING INCOME	37	663,846	578,502
OTHER OPERATING EXPENSE	37	(459,440)	(419,380)
INCOME FROM ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS		—	—
EXPENSES FROM LIABILITIES UNDER INSURANCE OR REINSURANCE CONTRACTS		—	—
OPERATING INCOME		**4,544,230**	**4,527,405**
ADMINISTRATION AND GENERAL EXPENSES		(1,844,759)	(1,884,565)
Staff costs	*38*	(968,414)	(955,293)
Other	*39*	(876,345)	(929,272)
DEPRECIATION AND AMORTISATION COST	13 and 15	(229,804)	(208,791)
PROVISIONS OR REVERSAL FROM PROVISIONS, NET	21	(146,563)	(55,108)
IMPAIRMENT CHARGES AND REVERSALS FROM FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR	10	(1,034,184)	(683,873)
Financial assets at fair value through other comprehensive income		(556)	60
Financial assets at amortised cost		(1,033,628)	(683,933)
IMPAIRMENT OR REVERSAL OF IMPAIRED INVESTMENTS IN JOINT VENTURES AND ASSOCIATES, NET		—	—
IMPAIRMENT OR REVERSAL OF IMPAIRED OF NON-FINANCIAL ASSETS, NET	40	(28,166)	(13,654)
Tangible assets		(32,530)	169
Intangible assets		(3,987)	(5,337)
Other		8,351	(8,486)
GAINS OR LOSSES ON NON-FINANCIAL ASSETS, NET	41	48,436	82,133
NEGATIVE GOODWILL RECOGNISED IN RESULTS	3	—	38,876
GAINS OR LOSSESS ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	42	950	(1,677)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**1,310,140**	**1,800,746**
OPERATING TAX EXPENSE OR INCOME FROM CONTINUING OPERATIONS	22	(273,028)	(479,596)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS		**1,037,112**	**1,321,150**
PROFIT OR LOSS AFTER TAX FROM DISCONTINUED OPERATIONS		—	—
EARNINGS /(LOSSES) AFTER TAX FOR THE YEAR		**1,037,112**	**1,321,150**
Attributable to non-controlling interests	*27*	233,488	317,217
Attributable to equity holders of the parent		803,624	1,003,933
EARNIGNS PER SHARE:			
Basic	4	0.38	0.48
Diluted	4	0.38	0.48

(*) They are presented, solely and exclusively, for comparative purposes.

Notes 1 to 47 and Annexes I to V included the attached consolidated report form an integral part of the consolidated income statements for the financial year 2024.

SANTANDER CONSUMER FINANCE, S.A. Y SUBSIDIARIES COMPOSING THE SANTANDER CONSUMER FINANCE

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(EUR Thousands)

	Note	31/12/2024	31/12/2023 (*)
Profit or loss after tax		**1,037,112**	**1,321,150**
Other comprehensive income		**(44,964)**	**(100,867)**
Items that will not be reclassified to profit or loss		**5,195**	**(25,247)**
Actuarial gains or losses on defined benefit pension plans	26	1,768	(33,824)
Non-current assets held for sale		—	—
Other recognised income and expense from investments in joint ventures and associates		129	4
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		4,860	(2,354)
Income tax in respect of items not reclassified to profit or loss	22	(1,562)	10,927
Items that may be reclassified to profit or loss		**(50,159)**	**(75,620)**
Hedges of net investments in joint ventures and associates (effective portion)		35,371	97,709
Revaluation gains/(losses)	*26*	*35,371*	*97,709*
Amounts transferred to the income statement		—	—
Other reclassifications		—	—
Exchanges differences		(104,931)	(131,637)
Revaluation gains/(losses)	*26*	*(104,931)*	*(137,250)*
Amounts transferred to the income statement		—	*5,613*
Other reclassifications		—	—
Cash flow hedges (effective portion)		(19,906)	(85,458)
Revaluation gains/(losses)	*26*	*(9,148)*	*(70,512)*
Amounts transferred to the income statement		*(10,758)*	*(14,946)*
Transferred to initial carrying amount of hedged items		—	—
Other reclassifications		—	—
Debt instruments at fair value through other comprehensive income		14,779	1,612
Revaluation gains/(losses)		*14,249*	*1,672*
Amounts transferred to the income statement		*530*	*(60)*
Other reclassifications		—	—
Assets included in disposal groups classified as held for sale		—	—
Revaluation gains/(losses)		—	—
Amounts transferred to the income statement		—	—
Other reclassifications		—	—
Share of other recognised income and expense of joint ventures and associates	26	22,516	25,915
Income tax in respect of items that may be reclassified to profit or loss	22	2,012	16,239
Total recognised income and expenses for the year		**992,148**	**1,220,283**
Attributable to non-controlling interests		*234,351*	*320,379*
Attributable to equity holders of the parent		*757,797*	*899,904*

(*) They are presented, solely and exclusively, for comparative purposes.

Notes 1 to 47 and Annexes I to V included in the attached consolidated report form an integral part of the consolidated statement of recognized income and expense for the financial year 2024.

SANTANDER CONSUMER FINANCE, S.A. AND SUBSIDIARIES COMPOSING THE SANTANDER CONSUMER FINANCE GROUP

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

(EUR Thousands)

Sources of changes in shareholders' equity	Capital (Note 23)	Share Premium (Note 24)	Equity instruments issued other than capital	Other equity instruments	Retained earnings (Note 25)	Revaluation reserves	Others reserves	(-) Own shares	Profit or loss attributable to shareholders of the parent	(-) Interim dividends paid	Other Comprehensive Income	Non-controlling interests (Note 27)		**Total**
												Other comprehensive	Other	
Opening balance at 31-12-2023	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,649,396**	**—**	**4,919**	**—**	**1,003,933**	**(99,992)**	**(678,242)**	**2,445**	**2,517,592**	**14,378,680**
Adjustments due to errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance at 01-01-2024	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,649,396**	**—**	**4,919**	**—**	**1,003,933**	**(99,992)**	**(678,242)**	**2,445**	**2,517,592**	**14,378,680**
Total recognized income and expenses (Note 4)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**803,624**	**—**	**(45,827)**	**863**	**233,488**	**992,148**
Other changes in equity	**—**	**—**	**—**	**—**	**382,824**	**—**	**(76,192)**	**—**	**(1,003,933)**	**99,992**	**(754)**	**(117)**	**(25,985)**	**(624,165)**
Common stock issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Preferred stock issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other equity instruments issued (Note 23)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Redemption or maturity of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt conversion to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reduction of capital	—	—	—	—	—	—	—	—	—	—	—	—	(92,500)	(92,500)
Dividends (Note 4)	—	—	—	—	(499,959)	—	—	—	—	—	—	—	(90,361)	(590,320)
Stock buybacks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale or cancellation of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers from equity to liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers from liabilities to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between equity items	—	—	—	—	882,783	—	21,912	—	(1,003,933)	99,992	(754)	(117)	117	—
Increase or (-) reduction of equity resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vesting of shares under employee share schemes	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other increase/(decreases) of equity	—	—	—	—	—	—	(98,104)	—	—	—	—	—	156,759	58,655
Closing balance at 31-12-2024	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**4,032,220**	**—**	**(71,273)**	**—**	**803,624**	**—**	**(724,823)**	**3,191**	**2,725,095**	**14,746,663**

(*) They are presented, solely and exclusively, for comparative purposes.
Notes 1 to 47 and Annexes I to V included in the attached consolidated report form an integral part of the consolidated statement of changes in total equity for the financial year 2024.

SANTANDER CONSUMER FINANCE, S.A. AND SUBSIDIARIES COMPOSING THE SANTANDER CONSUMER FINANCE GROUP

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

(EUR Thousands)

Sources of changes in shareholders' equity	Capital (Note 23)	Share Premium (Note 24)	Equity instruments issued other than capital	Other equity instruments	Retained earnings (Note 25)	Revaluation reserves	Others reserves	(-) Own shares	Profit or loss attributable to shareholders of the parent	(-) Interim dividends paid	Other Comprehensive Income	Non-controlling interests (Note 27)		**Total**
												Other comprehensive income/loss	Other	
Opening balance at 31-12-2022 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,629,337**	**—**	**20,847**	**—**	**1,242,860**	**(652,203)**	**(582,107)**	**(3,715)**	**2,558,540**	**14,192,188**
Adjustments due to errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance at 01-01-2023 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,629,337**	**—**	**20,847**	**—**	**1,242,860**	**(652,203)**	**(582,107)**	**(3,715)**	**2,558,540**	**14,192,188**
Total recognized income and expenses (Note 4)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,003,933**	**—**	**(104,029)**	**3,162**	**317,217**	**1,220,283**
Other changes in equity	**—**	**—**	**—**	**—**	**20,059**	**—**	**(15,928)**	**—**	**(1,242,860)**	**552,211**	**7,894**	**2,998**	**(358,165)**	**(1,033,791)**
Common stock issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Preferred stock issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other equity instruments issued (Note 23)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Redemption or maturity of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt conversion to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reduction of capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends (Note 4)	—	—	—	—	(507,477)	—	—	—	—	(99,992)	—	—	(295.290)	(902.759)
Stock buybacks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale or cancellation of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers from equity to liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers from liabilities to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between equity items	—	—	—	—	527,536	—	55,227	—	(1,242,860)	652,203	7,894	2,998	(2,998)	—
Increase or (-) reduction of equity resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	(283.881)	(283.881)
Vesting of shares under employee share schemes	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other increase/(decreases) of equity	—	—	—	—	—	—	(71,155)	—	—	—	—	—	224,004	152,849
Closing balance at 31-12-2023 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,649,396**	**—**	**4,919**	**—**	**1,003,933**	**(99,992)**	**(678,242)**	**2,445**	**2,517,592**	**14,378,680**

(*) They are presented, solely and exclusively, for comparative purposes.

Notes 1 to 47 and Annexes I to V included in the attached consolidated report form an integral part of the consolidated statement of changes in total equity for the financial year 2024.

SANTANDER CONSUMER FINANCE, S.A. AND SUBSIDIARIES COMPOSING THE SANTANDER CONSUMER FINANCE GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(EUR Thousands)

	Note	31/12/2024	31/12/2023 (*)
CASH FLOW FROM OPERATING ACTIVITIES		**2,931,909**	**6,970,387**
Profit or loss after tax for the year		**1,037,112**	**1,321,150**
Adjustments made to obtain the cash flows from operating activities:		**2,518,907**	**1,967,556**
Amortisation		*229,804*	*208,791*
Other adjustments		*2,289,103*	*1,758,765*
Net increase/(decrease) in operating assets		**4,849,956**	**14,661,831**
Financial assets held for trading		*(77,488)*	*(110,069)*
Non-trading financial assets mandatorily at fair value through profit or loss		*(159)*	*(331)*
Financial assets designated at fair value through profit or loss		—	—
Financial assets at fair value through other comprehensive income	*7, 8*	*2,237,343*	*(581,880)*
Financial assets at amortised cost	*6, 7, 10*	*3,061,943*	*15,087,677*
Other operating assets		*(371,683)*	*266,434*
Net increase/(decrease) in operating liabilities		**4,791,116**	**18,702,946**
Financial liabilities held for trading		*(90,932)*	*(61,531)*
Financial liabilities designated at fair value through profit or loss		—	—
Financial liabilities at amortised cost		*4,698,454*	*18,249,458*
Other operating liabilities		*183,594*	*515,019*
Income Tax recovered/(paid)		**(565,270)**	**(359,434)**
CASH FLOWS FROM INVESTMENT ACTIVITIES		**(1,590,909)**	**(2,190,583)**
Payments		**2,766,226**	**3,588,349**
Tangible assets	*13*	*2,581,219*	*2,114,800*
Intangible assets	*14 and 15*	*133,027*	*157,181*
Investments in joint ventures and associates	*12*	—	*26,976*
Subsidiaries and other business units	*3*	*51,980*	*1,289,392*
Assets and liabilities included in disposal groups classified as held for sale		—	—
Other cash flows associated with investing activities		—	—
Proceeds		**1,175,317**	**1,397,766**
Tangible assets		*1,034,969*	*505,719*
Intangible assets	*14 and 15*	—	—
Investments in joint ventures and associates		*110,161*	*46,600*
Subsidiaries and other business units	*3*	*7,363*	*841,204*
Non-current assets held for sale and associated liabilities		*22,824*	*4,243*
Other cash flows associated with investing activities		—	—
CASH FLOWS FROM FINANCING ACTIVITIES		**(748,341)**	**(317,252)**
Payments		**1,143,139**	**1,166,788**
Dividends paid		*499,959*	*607,469*
Subordinated debt		*322,869*	*124,569*
Redemption of own equity instruments	*17*	—	—
Repurchase of own equity instruments		—	—
Other payments associated with financing activities		*320,311*	*434,750*
Proceeds		**394,798**	**849,536**
Subordinated debt	19	237,998	585,280
Issuance of equity instruments	23	—	—
Disposal of own equity instruments		—	—
Other proceeds associated with financing activities		*156,800*	*264,256*
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		**(7,762)**	**(10,244)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**584,897**	**4,452,308**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**11,278,533**	**6,826,225**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**11,863,430**	**11,278,533**
MEMORANDUM ITEMS:			
Cash and cash equivalents comprise:	2		
Of which: held by group entities but not available for the group			
Cash		*61,109*	*40,160*
Cash equivalent balances at central banks		*9,215,910*	*8,348,066*
Other financial assets		*2,586,411*	*2,890,307*
(Less)- Bank overdrafts repayable on demand		—	—

(*) They are presented, solely and exclusively, for comparative purposes.

Notes 1 to 47 and Annexes I to V included in the attached consolidated report form an integral part of the consolidated cash flow statement for the financial year 2024.

Santander Consumer Finance, S.A. And subsidiaries composing the Santander Consumer Finance Group

Notes to the Consolidated Financial Statements for
the year ended 31 December 2024

1. Introduction, basis for presentation of consolidated annual accounts, principles of consolidation and other information

a) Introduction

Santander Consumer Finance, S.A. (The "Bank"), was established in 1963 under the name of "Banco de Fomento, S.A.". It is a private law entity subject to the regulations and regulations of banking entities operating in Spain, which has its registered office in Avenida de Cantabria s/n, Edificio Dehesa, Boadilla del Monte, Madrid, where where the bylaws and other public information can be consulted. The Bank is registered in the Official Register of Bank of Spain Entities under the code 0224.

The Bank´s object is to receive funds from the public in the form of a deposit, loan, temporary transfer of financial assets or other similar activities involving the obligation to repay them, applying them, on their own account, to the granting of credits or operations of a similar nature. Likewise, as a holding company of a financial group (Grupo Santander Consumer Finance, the "Group"), the Bank manages and handles the investments in its subsidiaries.

The Bank is part of the Santander Group, the parent entity of which (Banco Santander, S.A.) owns, directly or indirectly, all the share capital of the Bank at 31 December 2024 and 2023 (see Note 23). Banco Santander, S.A. has its registered office at Paseo de Pereda 9-12, Santander. In this regard, the Bank's activity should be considered to be carried on in the framework of its belonging to and the strategy of the Santander Group, with which it performs transactions that are relevant to its activity (see Note 46). The consolidated annual accounts of the Santander Group for the financial year 2023 were formulated by the Administrators of Banco Santander, S.A., at the meeting of its Board of Directors held 19 February 2024, approved by its General Shareholders Meeting held on 22 March 2024 and deposited in the Commercial Registry of Santander. The consolidated annual accounts of the Santander Group for the financial year 2024 have been formulated on 25 February 2025 by its Administrators.

The Bank, which is not listed, in 2024 it carried most of its direct business activities in Spain.

In addition, since December 2002, the Bank has been the head of a European Corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and financial leasing, full-service service and others. The Group has, as of December 31, 2024, 286 offices mainly distributed throughout the European territory, 45 of them in Spain (290 offices as of December 31, 2023, 47 of them in Spain).

As required by Article 21 of Royal Decree 84/2015, of 13 February, which develops Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, the list of the Group's agents as at 31 December 2024 is set out in annex IV.

b) Basis for presentation of the consolidated annual accounts

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the law of an EU member state and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter "IFRSs") previously adopted by the European Union (hereinafter "EU-IFRSs").

In order to adapt the accounting regime of Spanish credit institutions with the principles and criteria established by the IFRS adopted by the European Union (IFRS-EU), the Bank of Spain issued Circular 4/2017, dated 27 November 2017, on Public and Reserved Financial Information Standards and Financial Statements Formats.

During 2023 and 2021, the Bank of Spain published Circulars 1/2023, dated February 24, 2/2020 and 6/2021, dated December 22, amending Circular 4/2017, dated November 27 to credit institutions on Public and Reserved Financial Information Standards and Financial Statements Formats.

The Group's consolidated financial statements for the 2024 financial year of the Group have been drawn up by the Bank's directors (at its Board of Directors meeting of 26 February 2025 in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union, taking into account Bank of Spain Circular 4/2017 and its subsequent amendments, as well as the commercial regulations applicable to the Group, applying the principles of consolidation, accounting policies and valuation criteria described in Note 2, in such a way as to show the true image of the Group's assets and financial position as at 31 December 2024 and the results of its operations, the recognised income and expenses, changes in equity and cash flows, consolidated, which occurred in the financial year 2024. These consolidated annual accounts have been drawn up from the accounting records maintained by the Bank and by each of the other entities within the Group, they include the adjustments and reclassifications necessary to homogenize the accounting policies and valuation criteria applied by the Santander Consumer Finance Group.

These notes to the consolidated annual accounts contain information in addition to that presented in the balance sheet, in the income statement, in the statement of recognized income and expenditure, in the statement of changes in equity and in the statement of cash flows, all of them consolidated. It provides narrative descriptions or disaggregation of such states in a clear, relevant, reliable and comparable manner.

The Group's consolidated annual accounts for the financial year 2023 were approved by the Bank's General Shareholders' Meeting held on 20 March 2024 and deposited in the Mercantile Registry of Madrid. The consolidated annual accounts of the Group, those of the Bank and those of almost all the entities integrated in the Group for the financial year 2024 are pending approval by their respective General Shareholders Meetings. However, the Board of Directors of the Bank understands that these annual accounts will be approved without significant changes.

Adoption of new rules and interpretations issued

During 2024, the following amendments already adopted by the European Union have entered into force:

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

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

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

They should be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies,

Changes in Accounting Estimates and Errors.

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

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

Likewise, at the date of the preparation of these consolidated financial statements, the following Standards which effectively came into force have effective dates after 31 December 2024.

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

Finally, at the date of the approval of these consolidated financial statements, the following standards were pending adoption by the European Union, the effective dates of which are after December 31, 2024:

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

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

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

- IFRS 7 Financial instruments: Disclosures update of references and alignment with IFRS 13, as well as clarifications in the Implementation Guide.

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

- IFRS 10 Consolidated financial statements: Determining of a "de facto agent".

- IAS 7 Statement of cash flows: Replacement of the term "cost method" by "at cost".

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

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

During the 2024 financial year, the Group initiated a project aimed at adapting its accounting policies regarding hedging operations to the hedge accounting requirements set out in chapter 6 of IFRS 9. The Group expects to complete the project in 2025 without significant impacts.

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

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

Use of critical estimates

The consolidated results and the determination of the consolidated assets are sensitive to the accounting principles, measurement bases and estimates used by the Administrators of the Santander Consumer Finance Group for the preparation of the consolidated annual accounts.
The main accounting policies and measurement bases are set forth in note 2.

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

1. The impairment losses on certain financial assets at fair value through other comprehensive income, non-current assets and disposal group that have been classified as held for sale, financial assets at amortized cost, investments in joint and associated ventures, tangible assets and intangible assets (see Notes 6, 7, 8, 10, 11, 12, 13, 14, 15 and 47);

2. The assumptions used in the actuarial calculation of post-employment benefit liabilities and commitments and other long-term commitments held with employees (see Notes 2-r, 2-s and 21);

3. The useful life of tangible and intangible assets (see Notes 13 and 15);

4. The measurement of goodwill arising from consolidation (see Note 14);

5. Calculation of provisions and consideration of contingent liabilities (see Note 21);

6. The fair value of certain unquoted assets and liabilities (see notes 6, 7, 8, 9, 10, 11, 12, 17, 18 and 19);

7. Recoverability of deferred tax assets and income tax expense (see Notes 2-t and 22);

8. The fair value of identifiable assets acquired and liabilities assumed in business combinations according to IFRS 3 (see Note 3).

To update the previous estimates, the Group's management has taken into account the current macroeconomic scenario resulting from the complex geopolitical situation, and the changes in inflation levels and interest rates. Therefore, the Group management has assessed in particular the uncertainties caused by the current environment in relation to credit, liquidity and market risk, taking into account the best available information, in order to estimate the impact on the provisions for impairment of the credit portfolio, in interest rates, and in the valuation of debt instruments, developing in the notes the main estimates made during the period ended December 31, 2024 (see Notes 7,10,14 and 47).

Although these estimates have been made on the basis of the best information available at the end of the 2024 financial year considered updated information at the date of formulation of these consolidated annual accounts, it may be that events that, if any, take place in the future will require modification (up or down) in the coming years, which would be done, if any, prospectively recognizing the effects of the change in estimate on the corresponding consolidated income statement.

c) Comparability of information presented

The information contained in this report for the financial year 2023 is presented solely and exclusively for comparative purposes with the information relating to the financial year 2024 and therefore does not constitute the annual accounts of the Group for the financial year 2023.

d) Basis of consolidation

i. Subsidiaries

Subsidiaries are defined as entities over which the Bank has the capacity to exercise control. The Bank controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This situation generally occurs when the Bank has, directly or indirectly, over half of the voting rights in the investee or situations where, without reaching that level of participation, agreement or other circumstances exist that give the Bank control over the investee.

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

On acquisition of control of a subsidiary, its assets, liabilities and contingent liabilities are recognised at their acquisition-date fair values. Any positive differences between the acquisition cost and the fair values of the identifiable net assets acquired are recognised as goodwill (see Note 14). Negative differences are recognised in profit or loss on the date of acquisition.

Additionally, the share of third parties of the Group's equity is presented under “Non-controlling interests” in the consolidated balance sheet (see Note 27). Their share of the profit for the year is presented under Profit attributable to non-controlling interests in the consolidated income statement.

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

Regarding entities that, without having the majority of the voting rights, were classified as dependent entities and, therefore, consolidated in these annual accounts, such circumstance would be a consequence of the existence of agreements that affect the relevant activities of these entities and that give control to the Bank. As of December 31, 2024 and 2023, there are no companies in which the Group does not have at least 50% of the voting rights and which have been considered as Group entities.

On 31 December 2024 and 2023 no entities were identified in which the Group held over half of the voting power and were not considered subsidiaries.

Appendix I to these consolidated financial statements contains relevant information on the Group’s subsidiaries as of 31 December 2024.

ii. Interest in joint ventures

Joint ventures are deemed to be ventures that, being not dependent entities, are jointly controlled by two or more entities not related to each other. This is evidenced by contractual agreements under which two or more entities (shareholders) participate in entities or carry out operations or hold assets in such a way that any strategic financial or operational decision affecting them requires the unanimous consent of the ventures.

In the consolidated annual accounts, the joint ventures are accounted by the “method of participation”; that is, by the Group's share of net assets of the investee, once the dividends received from them and other equity eliminations have been considered. The profits and losses resulting from transactions with a joint venture are eliminated to the extent of the Group's interest in the jointly controlled entity.

Annex II to this consolidated report provides certain relevant information information on the joint ventures as of 31 December 2024.

iii. Associates

Associates are entities over which the Bank in a position to exercise significant influence, but not control or joint control. Usually, this capacity is manifested in a participation equal to or greater than 20% of the voting rights of the investee.

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

Annex II to this consolidated report provides certain relevant information from associated entities as of 31 December 2024.

iv. Structured entities

When the Group incorporates entities, or holds ownership interests therein, to enable its customers to access certain investments, or for the transfer of risks or other purposes (also called structured entities since the voting or similar power is not a key factor in deciding who controls the entity), the Group determines, using internal criteria and procedures and taking into consideration the applicable legislation, whether control (as defined above) exists and, therefore, whether these entities should be consolidated. Specifically, for those entities to which this policy applies (mainly investment funds and pension funds), the Group analyses the following factors:

– Percentage of ownership held by the Group, with 20% is established as the general shreshold.

– Identification of the fund manager, verifying whether it is a company controlled by the Group as this aspect could affect the ability to direct the relevant activities.

– The existence of agreements between investors that may make decision-making require joint participation by investors, not in this case being the fund manager who makes the decisions.

– Existence of exclusion rights currently exercised (possibility of removing the manager from his position) since the existence of these rights may be a limitation on the manager's power over the fund, concluding that the manager acts as an agent of investors.

– Analysis of the remuneration regime of the fund manager, considering that a remuneration scheme proportional to the service provided does not generally create an exposure of such importance as to indicate that the manager is acting as principal. On the contrary, if the remuneration is not in accordance with the service rendered, it could give rise to such a statement, which would lead the Group to a different conclusion.

These structured entities also include the asset securitization funds which are consolidated in those cases where, being exposed to variable returns, it is considered that the Group continues to exercise control.
The exposure associated with unconsolidated structured entities are not material with respect to the Group's consolidated financial statements.

Appendix I contains, amongst other information, the structured entities (securitization Funds) that are subject to consolidation in these consolidated financial statements as of 31 December 2024.

v. Business combinations

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

Business combinations whereby the Group obtains control over an entity or business are recognised for accounting purposes as follows:

- The Group measures the cost of the business combination, which will normally correspond to the consideration provided, defined as the fair value of the assets delivered, liabilities incurred and equity instruments issued, if any, by the acquirer. The costs of the business combination are not included in the costs of the business combination, including fees paid to auditors involved in the transaction, legal advisers, investment banks and other consultants. In the event that, prior to the business combination, the Group maintains any investment in the capital of the acquired entity, this interest is valued at its fair value, by recording the differences between such fair value and net book value as of the date of the combination of business with counterparty in the income statement, becoming this investment measured at its fair value part of the cost of the business combination.

- The fair value of the contingent assets, liabilities and liabilities of the acquired entity or business, including those intangible assets identified in the business combination that may not be recorded by the acquired entity, which are incorporated into the consolidated balance sheet by those securities, is estimated; as well as the amount of minority interests (non-controlling interests) and the fair value of previous holdings in the acquired one.

– The difference between these concepts is recorded in accordance with Note 2 (l) if positive. In the event that such difference is negative, it is recorded in the Negative Goodwill chapter recognized in profit or loss of the consolidated income statements.

The goodwill is only recorded once when acquiring control of a business.

vi. Changes in the levels of participation maintained in subsidiary companies

Acquisitions and disposals that do not result in a change of control are accounted for as equity transactions in 'other reserves', not recognizing any loss or gain in the consolidated income statements and not revaluing the goodwill initially recognized. The difference between the consideration paid or received and the decrease or increase in minority interest, respectively, is recognized in reserves.

Similarly, where control of a subsidiary company is lost, minority assets, liabilities and interests, as well as other items that may be recognized in the "other cumulative comprehensive income" of that company are derogated from the consolidated balance sheet, recording the fair value of the consideration received as well as any remaining investment. The difference between these amounts is recognized in the consolidated income statements.

vii. Acquisitions and disposals

Note 3 to this consolidated report provides information on the acquisitions and disposals of the most significant holdings that have taken place in the years 2024 and 2023.

e) Capital and capital adequacy management

Management of the Bank's and the Group's capital should be understood within the framework of the management performed by the Santander Group, of which they form part (see Note 1-a). The Santander Group's capital management is performed at regulatory and economic levels.

The aim is to secure the Santander Group's solvency and guarantee its economic capital adequacy and its compliance with regulatory requirements, as well as an efficient use of capital.

To this end, the regulatory and economic capital figures and their associated metrics -return on risk weighted assets (RORWA), return on risk-adjusted capital (RORAC) and value creation of each business unit- are generated, analysed and reported to the relevant governing bodies on a regular basis.

As part of the Capital Self-assessment process Framework (to comply with the requirement of Pillar II Basel), the Santander Group uses an economic capital measurement model to ensure the sufficiency of the capital to support all the risks of its activity under different economic scenarios, with the level of solvency decided by the Santander Group. It also evaluates the compliance with regulatory capital ratios in all the different scenarios.

In order to adequately manage the Santander Group's capital, it is essential to estimate and analyze future needs, in anticipation of the various stages of the economic cycle. Projections of regulatory and economic capital are made based on the budgetary information (balance sheet, income statement, etc.) and the macroeconomic scenarios defined by the Santander Group's economic research service. These estimates are used by the Group as a reference when planning the management actions (issues, securitisations, etc.) required to achieve its capital targets.

In addition, certain stress scenarios are simulated in order to assess the availability of capital in adverse situations. These scenarios are based on sharp fluctuations in macroeconomic variables (GDP, interest rates, housing prices, etc.) that mirror historical crises that could happen again or plausible but unlikely stress situations.

Following is a brief description of the regulatory capital framework to which the Group is subject:

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

On June 19, 2024, the final texts of the updated banking package were published in the Official Journal of the European Union:

Regulation 2024/1623 (hereinafter CRR3) which amends the CRR with regard to requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and output floor, as well as Directive 2024/1619 (hereinafter CRD6) which amend the CRD regarding supervisory powers, sanctions, branches of third countries and environmental, social and governance risks.

The updating of the banking package aims to implement the final reforms of Basel III on the one hand and to strengthen the harmonization of banking supervision in the European Union (EU) on the other.

CRR3 therefore aims to introduce greater sensitivity in standardized methods, reduce the variability of risk-weighted assets among banks that use internal models in their calculation of requirements and promote comparability between banks.

In CRD6, the ambition for stronger supervision and protection of financial stability is embodied in a series of rules affecting Fit-and-proper requirements, the scope of which has been extended by the revision of certain definitions and new developments regarding the establishment of third-country branches in the EU, in order to achieve greater regulatory harmonization and better supervision of this type of entities.

CRR3 and CRD6 came into force on July 9, 2024. Although there are certain provisions for which early application was established, such as certain definitions that may affect the consolidation perimeter, O The own funds requirements for exposures to crypto assets, most of the provisions did not apply until the past 1 January 2025. At the same time, there are provisions in which the Regulator has provided for the delay, due to issues arising from the difficulty in their implementation by the institutions or the level-playing field with respect to other comparable jurisdictions. In particular, the entry into force of the new methodology for calculating capital for market risk (FRTB), linked to the standards already published by the BCBS (Basel Committee on Banking Supervision) during 2017, is delayed, at least, the Commission and the Council have, in the form of a delegated act, and without opposition from Parliament, ordered the delay of 12 months in the application of this rule, due to uncertainty in the form January 1, 2026, content and date of implementation of this methodology in other comparable jurisdictions, such as UK and USA. This delay, which was published during July in 2024, also entails the delay in the rules governing the border and allocation of instruments between investment and trading books for prudential purposes, the definition of trading and investment tables, and those that deal with how to perform internal risk transfers between both books, the treatment of structural FX or even the definitive Reporting related to market risk.

In relation to the calculation of the output floor, banks must use the FRTB SA model for the computation of the market share of the output floor and contrast it with the results obtained from the CRR2 internal or standard market model. Therefore, the legislation referring to FRTB SA, exclusively for this metric, is official and binding.

Other provisions, such as the new regulation on the calculation of CVA risk capital (Credit Valuation Adjustment), which have a significant impact in relative terms on capital requirements, they are not affected by this delay and have entered into force on January 1, 2025. The changes relating to CVA mainly affect methodological modifications for these capital calculations, and establish a new standard model, based on sensitivities and aligned with the new standard model for calculating capital for market risk.

Taking into account the regulations published to date, entry into force of CRR III does not represent a significant impact in terms of capital in the Group.

Regarding resolution regulations, institutions should have an adequate funding structure in place to ensure, in the event of financial difficulties, that the institution has sufficient liabilities to absorb losses and thus, reinstate their situation or resolve it by ensuring depositor protection and financial stability. To conclude, systemically global entities must comply with minimum loss absorption requirements, Total Loss Absorbing Capacity (TLAC) and Minimum Requirement for own funds and Eligible Liabilities (MREL), which are regulated in CRR and the Recovery and Resolution Directive (BRRD).

On October 25, 2022, the Regulation on the Prudential Treatment of Global Systemically Important Institutions (G-SIBs) was published, amending both the CRR and the BRRD with regard to the prudential treatment of global systemically important institutions (G-SIBs) with a multi-entry point (MPE) resolution strategy, as well as the methods for indirect subscription to qualifying instruments (Daisy Chains) in order to meet the minimum requirement for own funds and qualifying liabilities. This Regulation, known as the Resolution 'Quick Fix', has two main objectives:

• The inclusion in BRRD and CRR of references to third-country subsidiaries allowing adjustment of the deduction for the holding of TLAC instruments issued from subsidiaries in third countries based on the excess of TLAC/MREL existing in those subsidiaries; as well as adjusting those cases in which the sum of the requirements of own funds and eligible liabilities of a GSIBs under a MPE strategy are higher than the theoretical requirements of that same group under a single entry point strategy (SPE). In other words, this last adjustment is based on a comparison between the two possible resolution strategies.

In addition, for subsidiaries not under a resolution regime, the regulation provides for a transitional period until 31 December 2024 during which, institutions may adjust deductions based on the excess of the capital requirement in subsidiaries in third countries if they meet certain requirements.

• The introduction of a deduction regime for holdings of MREL instruments through entities of the same resolution group other than the resolution entity. This Regulation sets a deduction for the intermediate entity within the chain (Daisy Chains) that buys instruments, and, when such deduction exists, the intermediate institution is obliged to issue the same amount that it is buying back, transferring the needs of internal MREL to the resolution entity that will cover it with external MREL.

This Regulation applies from November 14, 2022 except for the provisions relating to Daisy Chains, which apply from 1 January 2024. Directive (EU) 2024/1174 was published in April 2024, amending the Daisy Chains regime, to exclude requirements by Daisy Chains in some cases, such as entities that would be liquidated rather than resolved.

In addition, during 2024, the MREL Policy was modified by the SRB to adapt it to the latest changes in Daisy Chains, among other aspects.

On the part of the Deposit Guarantee Schemes (DGS), these are covered by the Deposit Guarantee Schemes Directive (DGSD), which has not been substantially amended since its publication in 2014. The Directive aims to harmonize the DGSs of the Member States and thus ensure stability and balance in the different Member States countries. It establishes an appropriate framework for depositors to have better access to DGSs through a clear coverage scope, short repayment periods, better information and robust funding requirements. This directive is streamlined with Spanish legislation through Royal Decree 2606/1996 with amendments contained in Royal Decree 1041/2021. In order to ensure that clients have their deposits insured, DGSs raise available financial resources through contributions that their members must make at least once a year. As a consequence of having reached the target level of 0.8% of the number of secured deposits, with the contributions collected up to 2023, the Spanish DGS has not required the contribution of the institutions to the deposit guarantee performance in 2024 (it will contribute to the securities guarantee behavior in February of 2025 based on data as of December of 2024). These annual collections are established according to the number of secured deposits and the risk profile faced by the entities affiliated to the DGS. The method of calculating contributions is included in the EBA Guidelines EBA/GL/2023/02).

On June 19, 2024, the Council agreed on its position on the review of the CMDI, which includes a comprehensive set of measures aimed at strengthening the current EU crisis management framework.

In the month of December of 2024, the process of trilogues began.

Regarding the prudential scope of sustainability , the CRR3 has introduced new requirements for the integration of ESG risks in this framework, in particular including definitions, a 'greener' infrastructure support factor; climate considerations in collateral assessments and additional mandates to assess whether prudential treatment of asset or liability-related exposures, subject to the impact of environmental or social factors, should be adjusted. With the ambition to accurately assess whether specific prudential treatment is appropriate, the CRR3 provides three mandates for reporting assessing the availability of data for exposure categories; the assessment of the actual risk situation of exposures affecting environmental factors compared to the risk situation of other exposures; and the potential effects of prudential treatment on financial stability. If it is considered appropriate after the publication of these reports, a legislative proposal to amend the current prudential framework could be submitted to the Commission, formerly December 31, 2026, in order to ensure a prudential framework that continues to promote financial stability and sustainable transition.

In addition to the above, the regulatory package CRR3/CRD6, includes additional ESG disclosure obligations, reporting obligations to competent authorities and the obligation to establish specific plans to address financial risks arising, in the short, medium and long term, from ESG factors, it also includes those risks that arise as a consequence of transition trends.

In addition, during 2024, the EBA conducted a consultation on the guidelines on the management of ESG risks, highlighting among its content the following points: Reference methodology for the identification and measurement of ESG risks, minimum standards and reference methodology for the management and monitoring of ESG risks; and transition plans addressing the key aspects included in the new CRD6.

At the international level, the Basel Committee (BCBS) has continued to make progress in analyzing the adequacy of the prudential framework for climate risks. In this sense, the most relevant thing during this exercise has been the reflection on the role of climate scenario analysis for the management and supervision of climate-related financial risks and the consultation on the disclosure of climate risk information (proposal including a number of qualitative and quantitative requirements that should be disclosed in the entities' Pillar III reports). In this document, the Committee recognizes that the accuracy, consistency and quality of climate-related data are still evolving, but at the same time considers that disclosure requirements will accelerate the availability of such information and facilitate prospective risk assessments by banks.

Furthermore, the standard also includes reporting obligations to competent authorities and disclosure to preserve transparency and market discipline. All these provisions are applicable in advance of the general date of application of CRR3 and their compliance is mandatory from 9 July 2024.

As of December 31, 2024, the Group meets the minimum capital requirements required in current regulations.

i. Plan for the roll-out of advanced approaches and authorisation from the supervisory authorities

Santander Consumer Finance Group, following Santander Group policies, continues with its proposal to adopt, progressively, over the next few years, the advanced internal ratings-based (AIRB) approach for substantially all its banks, until the percentage of exposure of the loan portfolio covered by this approach exceeds 90%. The commitment assumed before the supervisor still implies the adaptation of advanced models within the key markets where it operates.

Accordingly, the Group continued in 2024 with the project for the progressive implementation of the technology platforms and methodological improvements required for the roll-out of the AIRB approaches for regulatory capital calculation purposes at the various Group units.

The Group has obtained authorisation from the supervisory authorities to use the AIRB approach for the calculation of regulatory capital requirements for credit risk for the Parent and the main subsidiaries in Spain as well as for certain portfolios in Germany, the Nordic countries (Norway, Sweden and Finland), and France.

With respect to operational risk, the Group currently uses the standardised approach for calculating regulatory capital as foreseen in the Capital Requirements Regulation (CRR).

f) Deposit Guarantee Fund and Single Resolution Fund

The Bank and other consolidated entities are integrated into the Deposit Guarantee Fund, national resolution funds or equivalent bodies of their respective countries.

i. Deposit Guarantee Fund

The Deposit Guarantee Fund (“FGD”), established by Royal Decree – Law 16/2011, of 14 October, creating the FGD, which was modified in accordance with the wording given by the Final Provision Tenth of Law 11/2015, of 18 June, recovery and resolution of credit institutions and investment firms (in force since 20 June 2015). This Act transposes into Spanish law Directive 2014/49/EU of 16 April, on deposit guarantee schemes. The annual contribution to be made by the institutions to this fund is determined by the Managing Committee of the FGD, and consists of the contribution based on the secured deposits of each institution corrected by its risk profile, that includes the stage of the economic cycle and the impact of the pro-cyclical contributions, according to section 3 of article 6 of the Royal Decree-Law 16/2011.

The purpose of the FGD is to guarantee deposits in credit institutions up to the limit provided for in the Royal Decree-Law. In order to meet its objectives, the FGD relies on the aforementioned annual contributions, the spillovers that the Fund makes between the entities attached to it and the resources raised in the securities, loan and any other debt operations.

Taking into account the foregoing and to strengthen the assets of the FGD, Royal Decree-Law 6/2013 of 22 March, protecting the holders of certain savings and investment products and other financial measures, it established a spill equivalent to 3 per thousand of the deposits of the entities to the 31 December 2012.This spill is effective in two tranches:

i. Two-fifths to satisfy within twenty working days from December 31, 2013.

ii. Three fifths to be paid within a maximum period of seven years and according to the payment schedule established by the Management Commission of the FGD.

The notes to the Bank's individual financial statements for 2024 include additional information on the contributions of this nature made by the Bank in 2024 and 2023.

The Management Committee of the Deposit Guarantee Fund of Credit Institutions (FGD), in its session of April 3, 2024, pursuant to the provisions of article 6 of Royal Decree-Law 16/2011, of 14 October, by which the FGD is created and in article 3 of Royal Decree 2606/1996, of December 20, on deposit guarantee funds of credit institutions, has fixed the annual contributions corresponding to 2024 in the following terms:

– Do not make an annual contribution to the deposit guarantee compartment of the FGD.

– Make an annual contribution to the securities guarantee compartment of the FGD equal to 2/1,000 of 5% of the value on the last trading day of 2024 of the securities secured, as defined in article 4.2 of Royal Decree 2606/1996, existing to December 31, 2024.

ii. Single Resolution Fund

In March 2014, the Parliament and the European Council reached a political agreement on the creation of the second pillar of the banking union, the Single Resolution Mechanism ("SRM"). The main objective of the SRM is to ensure that future bank failures in the banking union are managed efficiently, with minimal costs for the taxpayer and the real economy. The scope of the SRM is identical to that of the SSM, i.e. a central authority, the Single Resolution Board ("SRB"), is ultimately responsible for the decision to initiate the resolution of a bank, while the operational decision will be implemented in cooperation with national resolution authorities. The SRB started its work as an autonomous EU body on 1 January 2015.

The rules governing the banking union are intended to ensure that the resolutions are financed primarily by banks and their shareholders and, if necessary, also partially by the institution's creditors. However, another source of funding will also be available and can be used if the contributions of shareholders and creditors of the institution are not sufficient. This is the Single Resolution Fund ("SRF"), which is administered by the SRB. The legislation establishes that contributions to the SRF will be paid in by the banks over the course of eight years.

In this regard, on 1 January 2016, the SRF came into operation, which has been implemented by Regulation (EU) No 806/2014 of the European Parliament and of the Council. The SRB is responsible for calculating the contributions to be made by credit institutions and investment firms to the SRF. These contributions are based, from the financial year 2016, on: (A) a flat contribution (or basic annual contribution), pro rata with respect to total liabilities, excluding own funds, the secured deposits of all authorized entities in the territory of the participating Member states; and (b) a risk-adjusted contribution, which shall be based on the criteria set out in Article 103(7) of Directive 2014/59/EU, taking into account the principle of proportionality, without creating distortions between banking structures in the Member states. The amount of this contribution accrues from the financial year 2016, on an annual basis.

The amount accrued from contributions to both funds to the 31 December 2024 amounted to 26,133 thousand euros, being included under the heading "Other operating expenses" of the income statement (64,982 thousand euros to 31 December 2023) (see Note 37). In 2024 it has been decided that there will be no contribution to the Single Resolution Fund from the Single Resolution Board (SRB).

iii. National Resolution Fund

In 2015, Royal Decree 1012/2015, of November 6, was published, which developed Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services companies, and by which Royal Decree 2606/1996, was modified, de December 20, on Deposit Guarantee Funds of Credit Institutions. The aforementioned Law 11/2015 regulates the creation of the National Resolution Fund, whose financial resources should reach, before December 31, 2024, 1% of the amount of secured deposits, through contributions from credit institutions and investment firms established in Spain. The details of the calculation of contributions to this Fund are regulated by Delegated Regulation (EU) 2015/63 of the October 21, 2014 Commission and calculated by the Fondo de Resolución Ordenada Bancaria ("FROB"), based on the information provided by each entity.

The expenditure incurred for the contribution made by the Bank to the National Resolution Fund in Spain in 2024 amounted to 118 thousand euros (488 thousand euros in 2023), it is recorded under the heading "Other operating expenses" of the accompanying income statement (see Note 37).

g) Environmental impact

In view of the business activities carried on by the Group entities, they do not have environmental liability, expenses, assets or provisions or contingencies to the Group's consolidated equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

h) Subsequent events

Since the end of the year ended 31 December 2024 and up to the date of preparation of these Consolidated Financial Statements for said fiscal year, no event has occurred that significantly affects or modifies the information contained therein.

2. Accounting principles and policies and valuation criteria applied

The following accounting principles and policies and valuation criteria have been applied in the preparation of the accompanying consolidated annual accounts.

a) Foreign currency transactions

i. Presentation currency

The Bank's functional and presentation currency, as well as the Group's presentation currency, is the Euro.
Criteria for the conversion of balances into foreign currency.

ii. Translation of foreign currency balances

The conversion of foreign currency balances into euros takes place in two consecutive phases:

- Conversion of the foreign currency to the presentation currency (currency of the main economic environment in which the entity operates); and

- Conversion into euros of balances held in the functional currencies of entities whose functional currency is not the euro.

iii. Translation of foreign currency to presentation currency

Foreign currency transactions carried out by consolidated entities (or valued by the equity method) not based in countries of the Monetary Union are initially recorded in their respective currencies. Subsequently, the monetary balances in foreign currency are converted to their respective functional currencies using the year-end exchange rate.

Furthermore:

– Non-monetary items measured at historical cost are translated to the presentation currency at the exchange rate of the date of acquisition.

– Non-monetary items measured at fair value are translated at the exchange rate at the date when the fair value was determined.

– Income and expenses are translated at the average exchange rates for the year for all operations within the period. In applying this criterion, the Group considers whether there have been significant changes in exchange rates during the financial year which, due to their relevance to the accounts as a whole, make it necessary to apply exchange rates at the date of the transaction instead of such average exchange rates.

– Forward trading transactions of currencies against currencies and currencies against euros that do not cover equity positions are converted at the exchange rates established on the closing date of the financial year by the forward currency market for the corresponding maturity.

iv. Translation of functional currencies to euros

The balances in the annual accounts of consolidated institutions (or measured by the equity method) whose functional currency is other than the euro are converted into euros as follows:

– Assets and liabilities, by application of the exchange rate at year-end.

– Income and expenses, applying the average exchange rates of the year.

– Net worth, at historical exchange rates.

v. Recognition of exchange differences

Exchange differences arising from the exchange of foreign currency-denominated balances into the reporting currency are generally recorded at their net amount in the exchange differences chapter of the consolidated income statement, net, with the exception of exchange differences in financial instruments classified at fair value through profit and loss, which are recorded in the consolidated income statements without differentiating them from other changes that may occur at fair value, and exchange differences in non-monetary items whose fair value is adjusted in equity, recorded under other cumulative comprehensive income – items that may be reclassified to profit or loss – currency conversion, except for differences in exchange for equity instruments, in which the option of irrevocably being measured at fair value through other cumulative comprehensive income has been chosen, that other cumulative comprehensive income – items not to be reclassified into profit or loss – changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized in the chapter (see Note 26).

The exchange differences that occur when converting financial statements denominated in the functional currencies of entities whose functional currency is other than the euro into euros are recorded under the equity heading Other cumulative overall income – elements that can be reclassified into profit or loss – conversion of consolidated balance sheet currencies, while those that originate in the conversion into euros of the financial statements of entities valued by the equity method are recorded as part of the balance of the equity heading other cumulative overall income – elements that will not be reclassified into results and elements that they can be reclassified into profit or loss – participation in other recognized income and expenses from investments in joint and associated ventures up to the balance sheet of the item to which they correspond, at which time they will be recorded in profit or loss.

Exchange differences arising from actuarial gains or losses when converting to euros the financial statements denominated in the functional currencies of entities whose functional currency is other than the euro are recorded under equity. Other cumulative comprehensive income - items that do not they will be reclassified to profit or actuarial losses in defined benefit pension plans (see Note 21 and Note 26).

vi. Entities located in hyperinflationary economies

As at 31 December 2024 and 2023, none of the functional currencies of consolidated and associated entities, located abroad, were held in economies considered highly inflationary according to the criteria established in this regard by the International Financial Reporting Standards adopted by the European Union. Consequently, at the close of the accounts of the last two financial years, there has been no need to adjust the financial statements of any consolidated or associated entity to correct them for the effects of inflation.

vii. Exposure to foreign

The equivalent Euro of the total assets and liabilities in foreign currency held by the Group held by at December 31, 2024 and 2023 amounts to 18,290 million euros and 11,646 million euros respectively (18,201 million euros and 11,645 million euros respectively). at the end of financial year 2023) – see Note 44.b, 12.29% of the assets corresponds to foreign currency, of which Norwegian kroner accounts for 10.09%. In the liabilities, foreign currencies represent an 8.73%, where the Norwegian kroner is approximately 8.50%). The rest are, in their entirety, other currencies quoted in the Spanish market. The effect that would occur on the consolidated income statements and on consolidated net equity by percentage changes of 1% of the different foreign currencies in which the Group holds relevant balances, considering the exchange rate hedges established by the Group in this regard would not be significant.

b) Definitions and classification of financial instruments

i. *Definitions*

A "financial instrument" is a contract that gives rise to a financial asset in one entity and simultaneously to a financial liability or capital instrument in another entity.

A "Capital or equity instrument" is a contract that evidences a residual interest in the assets of the issuing entity after all its liabilities are deducted.

A "financial derivative" is a financial instrument whose value changes in response to changes in an observable market variable (such as an interest rate, exchange rate, the price of a financial instrument or a market index, including credit ratings), the initial investment of which is very small relative to that which would have to be made in other financial instruments with a similar response to changes in market conditions, and which is generally settled at a future date.

"Hybrid financial instruments" are contracts that simultaneously include a master contract other than a derivative together with a financial derivative, called an implied derivative, that it is not individually transferable and that it has the effect that some of the cash flows of the hybrid contract vary in the same way as would the implicit derivative considered in isolation.

Compound financial instruments are contracts that for their issuer generate both a financial liability and an own capital instrument (such as convertible bonds that grant their holder the right to convert them into equity instruments of the issuing entity).

The preference shares contingently convertible into ordinary shares eligible as Additional Tier 1 capital ("CCPSs") - perpetual preference shares, which may be repurchased by the issuer in certain circumstances, the interest on which is discretionary, and would convert into a variable number of newly issued ordinary shares if the capital ratio of the Bank or its consolidated group falls below a given percentage (trigger event), as those two terms are defined in the related issue prospectuses- are recognised for accounting purposes by the Group as compound instruments. The liability component reflects the issuer's obligation to deliver a variable number of shares and the equity component reflects the issuer's discretion in relation to the payment of the related coupons. In order to effect the initial allocation, the Group estimates the fair value of the liability as the amount that would have to be delivered if the trigger event were to occur immediately and, accordingly, the equity component, calculated as the residual amount, is zero. In view of the aforementioned discretionary nature of the payment of the coupons, they are deducted directly from equity.

Also, the contingently redeemable perpetual debentures, which may be purchased by the issuer under certain circumstances, whose remuneration is discretionary, and which will be redeemed, in whole or in part, on a permanent basis if the Bank or its consolidated group has a capital ratio below a certain percentage (trigger event), as defined in the related prospectuses, are accounted for by the Group as equity instruments. As at December 2024 and 2023 Group do not hold PPC.

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

– Investments in joint ventures and associates in joint ventures and associated entities (see Note 12).

– Rights and obligations arising from employee benefit plans (see Note 21).

ii. *Classification of financial assets for measurement purposes*

Financial assets are presented under the different categories in which they are classified for management and valuation purposes, unless they are to be presented as "non-current assets and disposal groups that have been classified as held for sale", or correspond to "cash, cash," or "cash," or "cash," or "cash," or "cash,". cash balances in central banks and other demand deposits", "Derivatives – hedge accounting" or "Investments in joint ventures and associates", in which case, are displayed independently.

The classification criterion of financial assets depends both on the business model for their management and on the characteristics of their contractual flows.

The Group's business models refer to how the Group manages its financial assets to generate cash flows. In defining them, the Group takes into account the following factors:

– How key management staff are evaluated and reported on the performance of the business model and the financial assets held in the business model.

– The risks that affect the performance of the business model (and the financial assets held in the business model) and, in particular, the way in which those risks are managed.

– How business managers are remunerated.

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

The analysis of the characteristics of contractual flows of financial assets requires an assessment of the consistency of these flows with a basic loan agreement. The Group determines whether the contractual cash flows of its financial assets are only payments of principal and interest on the principal amount outstanding at the beginning of the transaction. This analysis takes into account four factors (performance, clauses, contractually linked products and foreign exchange). In this regard, among the most significant trials employed by the Group in carrying out this analysis, are the following:

– The return on financial assets, in particular in cases of periodic interest rate adjustment where the term of the reference interest rate does not coincide with the frequency of adjustment. In these cases, an assessment is carried out to determine whether contractual cash flows differ significantly from flows without this change in the time value of money, establishing a tolerance level of 2%.

– Financial assets whose cash flows have different payment priority due to contractual linkage to underlying assets (such as securitizations) require a look-through analysis by the Group to review that both the financial assets and the underlying assets are payments of principal and interest only, and that the credit risk exposure of the pool of underlying assets belonging to the analyzed tranche is less than or equal to the credit risk exposure of the underlying asset pool of the instrument.

On this basis, the asset can be measured at amortized cost, at fair value through other comprehensive income, or at fair value through changes in profit or loss for the period. The IFRS9 also provides for the option of designating an instrument at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "accounting asymmetry") that would otherwise arise from the measurement of assets or liabilities or from the recognition of gains and losses on different bases. The Group uses the following criteria for the classification of debt instruments:

– Amortized cost: Financial instruments under a business model whose objective is to collect principal and interest flows, for which there are no significant unjustified sales and fair value is not a key element in the management of these assets and contractual conditions result in cash flows at specific dates, which are only principal and interest payments on the outstanding principal amount. In this sense, unjustified sales are considered those other than those related to increased asset credit risk, unforeseen financing needs (liquidity stress scenarios). In addition, the characteristics of their contractual flows represent substantially a "basic financing agreement".

- Fair value with changes in other comprehensive income: Financial instruments included in a business model whose objective is achieved through the collection of principal and interest flows and the sale of such assets, fair value being a key element in the management of these assets. In addition, the characteristics of their contractual flows represent substantially a “basic financing agreement”.

- Fair value with changes in profit or loss: financial instruments included in a business model whose objective is not achieved through the aforementioned ones, fair value being a key element in the management of these assets, and financial instruments whose characteristics of their contractual flows do not substantially represent a “basic financing agreement”. This would include portfolios classified under the headings “Financial assets held for trading”, “Non-trading financial assets obligatorily measured at fair value through profit or loss” and “Financial assets designated at fair value through profit or loss”.

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

iii. *Classification of financial assets for presentation purposes*

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

- Cash and balances at central banks and other demand deposits: Cash balances and immediately available debtor balances originating from deposits held in central banks and credit institutions.

- Loans and advances: Debit balances of all credits or loans granted by the Group except securities, receivables of financial leasing transactions and other financial debtor balances in favor of the Group, such as checks by credit institutions, balances outstanding from liquidating chambers and bodies for exchange transactions and organized markets, cash bonds, passive dividends required, fees for financial guarantees pending collection and debtor balances for transactions that do not originate from banking operations and services such as the collection of rents and the like. They are classified according to the institutional sector to which the debtor belongs in:

  - Central Banks: Credits of any nature, including deposits and money market operations, in the name of the Bank of Spain or other central banks.

  - Credit institutions: Credit of any nature, including deposits and money market operations, on behalf of credit institutions.

  - Customers: Collects the remaining credits, including money market operations carried out through central counterparties.

- Debt instruments: Bonds and other securities which recognize a debt for its issuer, which accrue remuneration in the form of interest, and which are set in securities or account notes.

- Equity instruments: Financial instruments issued by other entities, such as shares, which have the nature of equity instruments for the issuer, except for interests in dependent entities, associates and joint ventures. This item includes investment fund holdings.

- Derivatives: Includes the fair value in favor of the Group of financial derivatives that are not part of accounting hedges, including segregated implicit derivatives of hybrid financial instruments.

- Temporary asset acquisitions: purchases of financial instruments with the commitment of their non-optional retrocession at a given price (repos) are recorded in the consolidated balance sheet as a financing granted according to the nature of the corresponding debtors, under the heading 'Loans and advances' ('central banks', 'credit institutions' or 'clientele'). The difference between purchase and sale prices is recorded as financial interest over the life of the contract.

- Changes of the fair value of hedged items in an interest rate risk hedging portfolio: counterparty chapter of amounts charged to the consolidated income statements resulting from the valuation of portfolios of financial instruments that are effectively covered by interest rate risk through fair value hedging derivatives.

- Derivatives – Hedge Accounting: Includes the fair value in favor of the Group of derivatives, including embedded derivatives of hybrid financial instruments, designated as hedging instruments in accounting hedges.

iv. *Classification of financial liabilities for valuation purposes*

Financial liabilities are initially classified into the various categories used for management and measurement purposes, unless they are presented as liabilities associated with non-current assets for sale, or correspond to derivatives – Hedge Accounting, changes of the fair value of hedged items in an interest rate risk hedging portfolio, which are shown independently.

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

– Financial liabilities held for trading (at fair value through profit or loss): financial liabilities issued with the aim of benefiting in the short term from price changes, financial derivatives not considered to be accounting hedges, and financial liabilities arising from the firm sale of financial assets acquired temporarily or borrowed (short positions).

– Financial liabilities designated at fair value through profit or loss: Financial liabilities are included in this category when more relevant information is obtained either because this eliminates or significantly reduces inconsistencies in recognition or measurement (also called accounting asymmetries) that would arise in the valuation of assets or liabilities or from the recognition of their gains or losses with different criteria, either because there is a group of financial liabilities or financial assets and liabilities, and they are managed and their performance is assessed on the basis of their fair value, in accordance with a documented risk management or investment strategy and information from that group is also provided on the basis of fair value to key Group management personnel. Liabilities may only be included in this portfolio on the date of issue or origination.

– Financial liabilities at amortized cost: Financial liabilities that are not included in any of the above categories and that correspond to the typical fundraising activities of financial institutions, regardless of their form of instrumentalization and their maturity period.

v. *Classification of financial liabilities for presentation purposes*

Financial liabilities are included, for the purpose of presentation by nature, in the consolidated balance sheet, under the following items:

– Deposits: Includes amounts of repayable balances received in cash by the entity, including those of subordinated liabilities nature (amount of financing received that, for credit priority purposes, is behind common creditors), except for debt securities. It also includes bonds and cash appropriations received whose amount can be freely invested. Deposits are classified according to the institutional sector to which the creditor belongs in:

  • Central banks: Deposits of any nature including loans received and money market operations received from Banco de España or other central banks.

  • Credit institutions: Deposits of any nature, including loans received and money market operations in the name of credit institutions.

– Customers: Collects the remaining deposits, including the amount of money market transactions carried out through central counterparties.

  As of December 31, 2024 there is no outstanding balance under the TLTRO III program (the European Central Bank's program for longer-term financing operations with special conditions subject to compliance with a certain volume of computable loans) due to full maturity of outstanding balances during the financial year 2024 (see note 17).

– Debt securities issued: Includes the amount of bonds and other debts represented by marketable securities, including those having the nature of subordinated liabilities (the amount of financing received which, for the purpose of credit priority, lie behind common creditors. It also includes the amount of financial instruments issued by the Group that, having the legal nature of capital, do not meet the requirements to qualify as equity, such as certain preferred shares issued). This item includes the financial liability component of issued securities that are composite financial instruments.

– Derivatives: Includes the fair value with unfavorable balance for the Group of derivatives, including implicit derivatives that have been segregated from the main contract, which are not part of accounting hedges.

– Short Positions: The amount of financial liabilities arising from the firm sale of financial assets temporarily acquired or borrowed.

– Other financial liabilities: Includes the amount of obligations payable in the nature of financial liabilities not included elsewhere and liabilities for financial collateral contracts, unless classified as non-performing.

– Temporary assignments of assets: sales of financial instruments with the commitment of their non-optional retrocession at a given price (repos) are recorded in the consolidated balance sheet as a financing received according to the nature of the corresponding creditor, under the heading 'Deposits' ('Central banks', 'Credit institutions' or 'Clientele'). The difference between purchase and sale prices is recorded as financial interest over the life of the contract.

– Changes of the fair value of hedged items in an interest rate risk hedging portfolio: counterparty chapter of amounts charged to the consolidated income statements resulting from the valuation of portfolios of financial instruments that are effectively covered by interest rate risk through fair value hedging derivatives.

– Derivatives – Hedge Accounting: Includes the fair value against the Group of derivatives, including segregated implicit derivatives of hybrid financial instruments, designated as hedging instruments in accounting hedges.

c) Measurement and recognition of financial assets and liabilities

Generally, financial assets and liabilities are initially recognised at their fair value, which, unless evidence to the contrary, is the price of the transaction. For instruments not measured at fair value through profit and loss changes it is adjusted to transaction costs.

In this regard, IFRS 9 provides that conventional purchases or sales of financial assets will be recognized and discharged according to the trading date or the settlement date. The Group has chosen to record such a record on the trading date or settlement date in accordance with the convention of each of the markets in which the transactions are made. For example, in relation to the purchase or sale of debt securities or equity instruments traded on the Spanish market, the securities market regulations establish their effective transfer at the time of settlement, therefore, the same time has been established for the accounting record.

The fair value of instruments not measured at fair value through profit and loss is adjusted to transaction costs. Subsequently, and at the time of each accounting closure, they are valued according to the following criteria:

i. Measurement of financial assets

Financial assets are valued primarily at fair value without deducting any transaction costs for their sale.

The fair value of a financial instrument, at a given date, is understood to be the price that would be received for the sale of an asset or paid to transfer a liability through an orderly transaction between market participants. The most objective and common reference to fair value of a financial instrument is the price that would be paid for it in an active, transparent and deep market (trading price or market price). At 31 December 2024, there is no significant investment in listed financial instruments that has ceased to be recorded for its trading value as a result of the fact that its market cannot be considered as active.

If there is no market price for a given financial instrument, the fair value of a financial instrument is estimated to be that established in recent transactions of similar instruments and, failing that, to valuation models sufficiently contrasted by the international financial community, taking into account the specific peculiarities of the instrument to be assessed and, in particular, the different types of risk associated with the instrument.

All derivatives are recognised on the balance sheet at fair value from the trade date. If their fair value is positive they will be recorded as an asset and if it is negative they will be recorded as a liability. At the date of procurement, it is understood that, unless evidence to the contrary, its fair value is equal to the price of the transaction. Changes in the fair value of derivatives designated as accounting hedging from the date of procurement are recorded in return in the income statement consolidated under the heading Gains or losses from hedging accounting, net. In particular, the fair value of financial derivatives traded on organized markets included in trading portfolios is assimilated to their daily trading and if, for exceptional reasons, their trading cannot be established on a given date, methods similar to those used to value derivatives contracted in non-organized markets are used to value them.

The fair value of these derivatives is assimilated to the sum of future cash flows originating in the instrument, discounted at the valuation date (present value or theoretical closing), using methods recognized by the financial markets in the valuation process: net present value, options pricing models, among other methods.

Balances of securities representing debt and loans and advances under a business model whose objective is to collect principal and interest flows are valued at their amortized cost, provided they meet the SPPI test (solely Payments of Principal and Interest) using the effective interest rate method in its determination. Amortized cost means the acquisition cost of a corrected financial asset or liability (in more or less, as the case may be) for principal repayments and the systematically charged portion of the difference between the initial cost and the corresponding maturity repayment value to the consolidated income statements. In the case of financial assets, the amortized cost also includes impairment-related corrections to their value. Loans and advances covered in fair value hedging transactions record changes in fair value related to the risk or the risks covered in such hedging operations.

The effective interest rate is the refresh rate that exactly equates the initial value of a financial instrument to the totality of its cash flows estimated by all concepts throughout its remaining life. For financial instruments at fixed interest rates, the effective interest rate coincides with the contractual interest rate established at the time of their acquisition plus, where appropriate, the transaction fees and costs which, by their nature, are part of their financial performance. In variable interest rate financial instruments, the effective interest rate coincides with the rate of return in effect for all items until the first revision of the benchmark interest rate to take place.

Equity instruments and contracts related to those instruments should be measured at fair value. However, in certain specific circumstances, the Group considers that the cost is an adequate estimate of fair value. This may be the case if the newly available information is insufficient to measure such fair value, or if there is a wide range of possible fair value measurements and the cost represents the best estimate of fair value within that range. The amounts for which financial assets are recorded represent, in all significant respects, the Group's highest level of credit risk exposure at each reporting date. The Group has collateral taken and other credit improvements to mitigate its exposure to credit risk, consisting mainly of mortgage, cash, and other credit guarantees. of equity and personal instruments, assets transferred in *leasing* and *renting, assets acquired with repurchase agreement, securities loans and credit derivatives.*

ii. Measurement of financial liabilities

Financial liabilities are generally measured at their amortized cost, as defined above, except those included in the Financial liabilities held for trading chapters, financial liabilities designated at fair value through profit or loss and financial liabilities designated as items covered in fair value hedges (or as hedging instruments) the book value of which is modified by changes in fair value related to the risk or the risks covered in such hedging operations. Changes in credit risk arising from financial liabilities designated at fair value through profit or loss shall be recorded in other cumulative comprehensive income, unless they generate or increase accounting asymmetry, in which case, changes in the fair value of the financial liability in all its concepts shall be recorded in the income statement.

Valuation techniques

Financial instruments at fair value and determined by published quotes on active markets (Level 1), include public debt, private debt and derivatives traded on organized markets, securitized assets, shares and issued fixed income.

In cases where the fair value of a financial instrument cannot be obtained from its market quotes, the Group makes its best fair value estimate using its own internal models. In most cases, these internal models use data based on observable market parameters as significant *inputs* (Level 2) and, in limited cases, use significant unobservable *inputs* in market data (Level 3). To make this estimate, various techniques are used, including extrapolation of observable market data. The best evidence of the fair value of a financial instrument at the initial time is the price of the transaction, unless the value of that instrument can be obtained from other transactions made on the market with the same or similar instrument, or value it using a valuation technique where the variables used include only observable data in the market, mainly interest rates (see note 43).

iii. Results recognision

As a general rule, changes in the carrying value of financial assets and liabilities are recorded in return in the consolidated income statements, differentiating between those originating in the accrual of interest and similar concepts (which are recorded in the chapters Interest income or interest expense, as appropriate), and those for other causes. The latter are recorded, at their net amount, in the chapter Gains or losses on financial assets or liabilities.

Adjustments for changes in fair value resulting from:

- Financial assets at fair value through other cumulative comprehensive income are recorded on a transitory basis, for debt instruments in other cumulative comprehensive income – items that may be reclassified into profit or loss – financial assets at fair value through other comprehensive income, whereas equity instruments are recorded in other cumulative comprehensive income – items that will not be reclassified into profit or loss – changes in the fair value of equity instruments measured at fair value through changes in other comprehensive income. The exchange differences of debt instruments measured at fair value through other cumulative comprehensive income are recognized in the chapter Exchange differences, net of the consolidated income statements. Differences in exchange for equity instruments, in which the option of irrevocably has been chosen, if measured at fair value through other cumulative comprehensive income, the chapter recognizes other cumulative comprehensive income – Elements not to be reclassified into profit or loss – Changes in the fair value of equity instruments measured at fair value through other comprehensive income.

– Items charged or paid to equity headings Other cumulative comprehensive income – items that can be reclassified into profit or loss – financial assets at fair value through other comprehensive income and other cumulative comprehensive income – items that can be reclassified into profit or loss – currency conversion remain as part of the Group's consolidated net equity until the consolidated balance sheet deteriorates or declines the assets from which they originate, at which point they are canceled against the consolidated income statements.

– Unrealized gains from financial assets at fair value through other comprehensive income classified as non-current assets held for sale as part of a disposal group or a discontinued transaction are recorded in return under equity other income cumulative global – items that can be reclassified into profit or loss – non-current assets and disposal groups of items that have been classified as held for sale.

iv. Hedging transactions

The consolidated entities use financial derivatives to manage the risks of the Group's own positions and their assets and liabilities ("derivatives – hedge accounting") or to benefit from the changes these derivatives experience in their value.

Any financial derivative that does not meet the conditions that allow it to be considered as hedging is treated, for accounting purposes, as a "trading derivative".

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

1. The derivative hedges one of the following three types of risk, and therefore they can be categorized into one of the following categories:

   – Changes in the fair value of assets and liabilities due to fluctuations, inter alia, in the interest rate and/or exchange rate at which the position or balance to be hedged is subject ("fair securities hedging");

   – Alterations in estimated cash flows originating in the financial assets and liabilities covered by the hedge, commitments and highly probable transactions to be carried out ("cash flow hedging");

   – Net investment in a foreign business ("hedge of a net investment in a foreign operation").

2. It is effectively offsetting exposure inherent in the hedged position throughout the intended term of coverage, implying that:

   – At the time of arrangement, it is expected that, under normal conditions, it will act with a high degree of effectiveness ("prospective effectiveness");

   – There is sufficient evidence that coverage was actually effective throughout the life of the covered item or position ("retrospective effectiveness"). To this end, the Group verifies that the results of the coverage have varied within a range of 80% to 125%, with respect to the hedged item.

3. The hedging operation has been properly documented, so that there is evidence that the contracting of the financial derivative took place specifically to cover certain balances or transactions and the way in which it was intended to be achieved, measuring this coverage provided that this form is consistent with the risk management carried out by the Group.

Differences in the valuation of accounting hedges are recorded according to the following criteria:

– In fair value hedges, differences in both hedging elements and covered items (as regards the type of risk covered) are recognized directly in the consolidated income statements.

– In fair value hedges of the interest rate risk of a portfolio of financial instruments, the gains or losses arising from the valuation of hedging instruments are recognized directly in the consolidated income statements; while gains or losses due to changes in fair value of hedged amount (attributable to hedged risk) they are recognized in the consolidated income statements using as a counterpart the heading "Changes in fair value of covered items in a portfolio covered by interest rate risk (asset or liability), as appropriate.

– In cash flow hedges, the effective part of the change in the value of the hedging instrument is temporarily recorded under the equity heading "Other cumulative overall income – elements that can be reclassified into profit or loss – hedging derivatives. Cash flow hedges (effective portion)" until the time the planned transactions occur, then recorded in the consolidated income statements, unless included in the cost of the non-financial asset or liability, in the event that the planned transactions end in the recognition of non-financial assets or liabilities.

– In hedges of net investments in foreign businesses, the differences in valuation arising in the effective coverage part of the hedging elements are temporarily recorded under the equity heading "Other cumulative overall income – items that can be reclassified into profit or loss – hedges of net investments in foreign businesses" until they are recorded at results the gains or losses of the covered item.

– Differences in the valuation of the hedging instrument corresponding to the ineffective part of the hedging operations of cash flows and net investments in foreign business are carried directly to the consolidated income statements, under the heading "Gains or losses from hedge accounting, net".

Any adjustment to the carrying amount of a covered financial instrument to which the effective interest rate method applies (or, in the case of a portfolio covered by interest rate risk, under the item under the separate heading) it will be amortized against the result of the exercise. Depreciation may commence as soon as the adjustment is made, and shall commence no later than the time the hedged item ceases to be adjusted for changes in fair value attributable to the hedged risk. The adjustment shall be based on the effective interest rate, recalculated on the date on which the amortization begins. However, in the case of fair value coverage of the interest rate exposure of a portfolio of financial assets or financial liabilities (and only for this form of hedging), provided that amortization using a recalculated effective interest rate is impracticable, the adjustment will be amortized using the linear method. In any event, the adjustments shall be amortized in full at the maturity of the financial instrument or, in the case of a portfolio covered by interest rate risk, at the expiry of the period of time corresponding to the revision.

If a derivative assigned as hedge, either by its termination, ineffectiveness or any other cause, does not meet the requirements indicated above, for accounting purposes, said derivative is considered as a trading derivative.

When fair value coverage is discontinued, adjustments previously recorded on the covered item are charged to profit or loss using the effective interest rate method recalculated on the date it ceases to be covered, and must be fully amortized upon maturity.

When cash flow hedges are discontinued, the cumulative result of the hedging instrument recognized in the equity chapter "Other cumulative comprehensive income" (while hedging was effective) will continue to be recognized in that chapter until the hedging transaction occurs, when it will be recorded in results, unless it is foreseen that the transaction will not be carried out, in which case they are immediately recorded in results.

v. Derivatives embedded in hybrid financial instruments

Derivatives embedded in financial liabilities or in other host contracts are separately recorded as derivatives where their risks and characteristics are not closely related to those of the main contracts and provided that those major contracts are not classified in the categories of financial liabilities designated at value reasonable with changes in results.

d) Derecognition of financial assets and liabilities

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

- If the risks and profits are transferred substantially to third parties - in the case of unconditional sales, repurchase sales at fair value on the date of repurchase, sales of financial assets with an acquired or deeply out-of-money purchase option, of asset securitizations, where the assignor does not retain subordinated financing or grant any credit enhancement to new holders and other similar cases-, the transferred financial asset is derogated from the consolidated balance sheet, recognizing, simultaneously, any rights or obligations retained or created as a result of the transfer.

- If the risks and profits associated with the transferred financial asset are substantially retained - in the case of sales of repurchase financial assets at a fixed price or at the sale price plus interest, securities lending contracts in which the borrower is obliged to return the same or similar assets, in the case of securitizations of assets where the assignor maintains some form of subordinated financing or provides some form of credit enhancement to the new holders that entails substantially assuming the credit risk of the transferred assets and similar cases-, the transferred financial asset is not derecognized from the consolidated balance sheet and continues to be valued with the same criteria used before the transfer. On the contrary, it is recognized by accounting:

  - An associated financial liability of an amount equal to the consideration received, which is generally measured thereafter at its amortized cost, unless it qualifies to be classified as other liabilities at fair value through profit or loss.

  - Both the income of the transferred (but not derecognized) financial asset and the expenses of the new financial liability.

- If the risks and benefits associated with the transferred financial asset are neither transferred nor substantially retained - the case of sales of financial assets with an acquired or issued purchase option that are not deep in or out of money, securitizations in which the assignor assumes subordinated financing or other credit enhancements for part of the transferred asset and other similar cases - a distinction is made between:

  - If the transferor does not retain control of the transferred financial asset: It is deregisted from the balance sheet and any rights or obligations retained or created as a result of the transfer are recognized.

  - If the transferring entity retains control of the transferred financial asset: It continues to recognize the transferred financial asset in the balance sheet for an amount equal to its exposure to any changes in value it may experience and recognize a financial liability associated with the transferred financial asset. The net amount of the transferred asset and the associated liability shall be the amortized cost of the retained rights and obligations, if the transferred asset is measured by its amortized cost, or the fair value of the retained rights and obligations, if the transferred asset is measured at its fair value.

Accordingly, financial assets are only derecognized from the balance sheet when the rights to the cash flows they generate have been expired or when the risks and benefits they carry have been substantially transferred to third parties. Similarly, financial liabilities are only derecognized from the balance sheet when the obligations they generate have been extinguished or when they are acquired with the intention of cancelling or replacing them.

As regards contractual modifications of financial assets, the Group has differentiated them into two main categories in relation to the conditions under which a modification leads to a lack of recognition or depreciation of the financial asset (and the recognition of a new financial asset). and those under which the accounting of the original financial instrument is maintained with the modified terms:

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

- Modifications due to refinancing or restructuring, in which payment terms are amended to allow a customer experiencing financial difficulties (current or foreseeable) to meet his payment obligations and, if no such modification has occurred, there would be reasonable certainty that such payment obligations could not be met. In this case, the modification does not result in the downgrade of the financial asset but rather retains the original financial asset and does not require a reassessment of its classification and measurement. When assessing credit impairment, the current credit risk (considering modified cash flows) should be compared with the credit risk in the initial recognition. Finally, the gross carrying amount of the financial asset (the present value of renegotiated or modified contractual cash flows that are discounted at the original effective interest rate of the financial asset) should be recalculated, recognizing by the difference a gain or loss in profit or loss.

The Group carries out securitization operations for financial assets in which it retains substantially the risks and benefits associated with those financial assets. The details of the securitized assets held in the consolidated balance sheet to 31 December 2024 and 2023, distributed by consolidated entity, are included in Note 10 to the accompanying consolidated financial statements.

e) Offsetting of financial instruments

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

No material financial assets and liabilities were offset in the consolidated balance sheets as at 31 December 2024 and 2023.

f) Impairment of financial assets

i. Definition

The Group associates an impairment correction to financial assets measured at amortized cost, debt instruments measured at fair value with other comprehensive income, lease receivables, and commitments and guarantees granted not measured at fair value.

The impairment for expected credit losses is recorded from the consolidated income statements for the period in which the impairment arises. In the event of occurrence, recoveries of previously recorded impairment credit losses are recognized in the consolidated income statements for the period in which the impairment ceases to exist or is reduced.

In the case of purchased or originated credit-impaired assets, the Group only recognizes at the reporting date cumulative changes in expected credit losses over the life of the asset since the initial recognition as a loss value correction. For assets measured at fair value through other comprehensive income, the share of the changes in fair value due to expected credit losses is reflected in the income statement for the period in which the change occurs; reflecting the rest of the valuation in another overall result.

As a rule, expected credit loss is estimated as the difference between all contractual cash flows to be recovered under the contract and all cash flows expected to be received discounted at the original effective interest rate. In the case of financial assets purchased or originated with credit impairment, such difference is deducted using the effective interest rate adjusted for their credit quality.

Depending on the classification of financial instruments referred to in the following paragraphs, the expected credit losses may be 12 months or over the lifetime of the financial instrument:

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

- Expected credit losses throughout the life of the financial instrument: These are expected credit losses arising from potential default events that are estimated to occur throughout the life of the transaction. These losses are associated with financial assets classified as “normal risk under watchlist” or “doubtful risk”.

For the purpose of estimating the expected life of a financial instrument, all contractual terms (e.g. advance payments, duration, purchase options, etc.) have been taken into account, with the contractual period (including extension options) being the maximum period to be considered to measure expected credit losses. In the case of financial instruments with undefined contractual maturity and with available balance component (e.g. credit cards), the expected life is estimated by quantitative analyzes to determine the period during which the institution is exposed to credit risk considering also the effectiveness of management practices that mitigate such exposure (e.g. the ability to unilaterally cancel such financial instruments, etc.).

The following constitute effective guarantees:

a) Mortgage guarantees on housing, as long as they are first duly constituted and registered in favour of the entity . Real estate includes:

   i) Buildings and elements of finished buildings distinguishing between:

   – Housing;
   – Offices and commercial premises and multi-purpose buildings;
   – Other buildings such as non-multipurpose buildings and hotels.

   ii) Urban and urbanizable land ordered.

   iii) Rest of properties that classify as , among others, buildings and elements of buildings under construction, such as ongoing promotions and stopped promotions, and the rest of land, such as rustic farms, would be classified.

b) Collateral on financial instruments such as cash deposits, debt securities of recognized creditworthiness issuers or equity instruments.

c) Other types of collateral, including movable property received as collateral and second and successive mortgages on real estate, provided that the entity proves its effectiveness. In order to evaluate the effectiveness of second and successive mortgages on real estate, the institution will apply particularly restrictive criteria. It will take into account, among others, whether or not the above charges are in favor of the entity itself and the relationship between the risk guaranteed by them and the value of the property.

d) Personal guarantees, as well as the incorporation of new holders, that cover the entire amount of the transaction and that imply direct and several liabilities to the entity of persons or entities whose financial solvency is sufficiently proven to ensure the repayment of the transaction in the agreed terms.

ii. Classification of financial instruments

For the purpose of calculating the impairment correction, and in accordance with its internal policies, the Group classifies its financial instruments (financial asset, risk or contingent commitment) measured at amortized cost or at fair value through other comprehensive income into one of the following categories:

– Normal risk (“Stage 1”): Includes all instruments that do not meet the requirements to be classified in the other categories.

– Normal risk under watchlist (“Stage 2”): Includes all instruments that, without meeting the criteria for classification as non-performing or non-performing risk, present significant increases in credit risk since initial recognition.

For the purpose of determining whether a financial instrument has increased its credit risk since initial recognition by classifying it in stage 2, the Group considers the following criteria:

Quantitative criteria	Changes in the risk of default occurring over the expected life of the financial instrument relative to its credit level on its initial recognition are analyzed and quantified. In order to determine whether this change is considered significant, within the framework of Stage 2, each unit of the Group has defined the quantitative thresholds to be considered in each of its portfolios, taking into account corporate guides and ensuring a consistent interpretation between different geographies. Within the aforementioned quantitative thresholds, two types are considered: The relative threshold is understood to be one that compares the current credit quality with the credit quality at the time of origination in percentage terms of variation. In addition, an absolute threshold compares both references in total terms, calculating the difference between the two. These absolute/relative concepts are used homogeneously (with different values) across all geographies. The use of this type of threshold or another (or both) is determined according to the rational process explained in note 47, and is marked by the type of portfolio and characteristics such as the starting point of the average credit quality of the portfolio.
Qualitative criteria	In addition to the quantitative criteria indicated, various indicators are used that are aligned with those employed by the Group in the ordinary management of credit risk. Irregular positions of more than 30 days and redirections are common criteria in all units of the Group. In addition, each unit can define other qualitative indicators, for each of its portfolios, according to the particularities and ordinary management practices in line with current policies (e.g. use of management alerts, etc.). The use of these qualitative criteria is complemented by the use of an experienced expert judgment, submitted in his case to the appropriate government.

In the case of reversals, instruments classified as “normal risk under watchlist ” may generally be reclassified to “normal risk” when the following circumstances occur: A minimum period of two years has elapsed from the date of reclassification to that category or from the date of reclassification, that the client has paid the accrued principal and interest accounts, and that the client has no other instrument with overdue amounts of more than 30 days.

- Doubtful risk (“Stage 3”): Includes financial instruments, whether overdue or not, in which, without the circumstances to classify them in the category of failed risk, there are reasonable doubts as to their full reimbursement (principal and interest) by the client under the terms contractually agreed. Similarly, off-balance-sheet exposures likely to be paid and their recovery doubtful are considered at Stage 3. Within this category, two situations are differentiated:

    - Doubtful risk for non-performing loans: Financial instruments, whatever their holder and guarantee, that have some amount due by principal, interest or contractually agreed expenses, with more than 90 days of seniority. Also, the amounts of all transactions of a client are considered in this category where transactions with amounts due more than 90 days old are more than 20 % of the amounts outstanding.

    These instruments may be reclassified to other categories if, as a result of the recovery of part of the overdue amounts, the reasons for their classification in this category disappear and the client has no overdue amounts more than 90 days old in other transactions.

    - Doubtful risk for other than non-performing loans: This category includes doubtful recovery operations that do not present any amount due more than 90 days old.

The Group considers that a transaction is doubtful for reasons other than late payment where an event, or several events combined, has occurred with a negative impact on the estimated future cash flows of the transaction. To this end, the following indicators are considered, among others:

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

b) Continued losses or significant decline in the customer's turnover or, in general, recurring cash flows.

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

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

e) Existence of credit rating, internal or external, which shows that the client is in a situation of default.

f) Existence of overdue commitments of the client of significant amount toward public bodies or employees.

These transactions may be reclassified to other categories if, as a result of an individualized study, reasonable doubts about their full reimbursement in the terms contractually agreed and there are no amounts due more than 90 days old.

In the case of reversals, instruments classified as doubtful risk may be reclassified to the category of "normal risk under special surveillance" where the following circumstances occur: a minimum period of one year has elapsed from the date of referral, that the customer has paid the accrued principal and interest accounts, and that the customer has no other instrument with overdue amounts of more than 90 days.

– Default Risk: Includes all financial assets, or the part thereof, for which after an individualized analysis their recovery is considered remote due to a noticeable and irrecoverable deterioration of their solvency.

In any event, except for transactions with collateral that cover more than 10% of the transaction amount, the Group generally considers as remote recovery: transactions of holders at the liquidation stage of the insolvency proceedings are non-performing transactions due to late payment which have a seniority in this category exceeding 2 years minimum depending on the country.

The balances for a financial asset are kept on balance sheet until they are considered as a "default risk", either the whole or a portion of that financial asset, and the write-off is registered against the balance sheet .

In the case of transactions which have only been partially derecognized, on the grounds of removal or by the fact that a part of the total amount is considered irrecoverable, the remaining amount shall be classified in full in the category of "doubtful risk", except for duly justified exceptions.

The classification of a financial asset, or a portion thereof, as a "default risk" does not imply the interruption of negotiations and legal proceedings to recover its amount.

iii. Impairment valuation assessment

The Group has policies, methods and procedures in place to cover its credit risk, both for the insolvency attributable to counterparties and for its residence in a given country. These policies, methods and procedures are applied in the granting, study and documentation of financial assets, risks and contingent commitments, as well as in the identification of their impairment and in the calculation of the amounts necessary to cover their credit risk.

The impairment model of IFRS 9 applies to financial assets measured at amortized cost, to debt instruments measured at fair value through other comprehensive income, to lease charges, as well as commitments and guarantees granted not measured at fair value.

The impairment correction represents the best estimate of the expected credit losses of the financial instrument at balance sheet date, both individually and collectively:

– Individually: For the purpose of carrying out estimates of credit risk provisions for insolvencies of a financial instrument, the Group carries out an individualized estimate of the expected credit losses of those financial instruments that are considered significant and with sufficient information to make such calculation.

  The individualized estimate of the impairment correction of the financial asset is equal to the difference between the gross carrying amount of the operation and the value of the estimate of the cash flows expected to be collected discounted using the original effective interest rate of the operation. The estimation of such cash flows takes into account all available information on the financial asset as well as the effective guarantees associated with that asset.

– Collectively: The Group estimates the expected credit losses collectively in cases where they are not estimated on an individual basis. This includes, for example, risks to individuals, individual entrepreneurs or retail banking companies subject to standardized management.

  For the purpose of collectively calculating expected credit losses, the Group has robust and reliable internal models. For the development of such models, instruments that have similar credit risk characteristics that are indicative of the capacity to pay of the debtors are considered.

The credit risk characteristics that are considered for grouping instruments include: type of instrument, sector of activity of the debtor, geographical area of activity, type of guarantee, age of amounts due and any other factor that is relevant to the estimation of future cash flows.

The Group conducts retrospective and monitoring tests on these estimates to assess the reasonableness of the collective estimation.

On the other hand, the methodology required for the quantification of the expected loss by credit events is based on an unbiased and weighted consideration by probability of occurrence of a series of scenarios, considering a range of three to five possible future scenarios, depending on the characteristics of each unit, which could impact on the collection of contractual cash flows, always taking into account both the time value of the money, as well as all available and relevant information on past events, current conditions and predictions of the evolution of the macroeconomic factors that prove relevant for the estimation of this amount (for example: GDP (gross domestic product), housing price, unemployment rate, etc.).

Estimating expected losses requires expert judgment and the support of historical, current and future information. The probability of loss is measured considering past events, the present situation and future trends of macroeconomic factors. Grupo Santander uses forward-looking information in internal and regulatory management processes, incorporating various scenarios leveraging the experience with such information to ensure the consistency of processes.

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

As a result of the complex geopolitical situation, as well as the increasing level of inflation and interest rates, this has generated some uncertainty in the economic evolution.

Grupo Santander Consumer Finance has internally ensured the criteria to be followed on the guarantees received by the State Administrations, both through credit lines and through other public guarantees, so that when they are adequately reflected in each of the contracts, they are counted as mitigating factors of the potential expected losses, and therefore of the provisions to be provided, based on the provisions of the applicable rule. Furthermore, where appropriate, such guarantees are adequately reflected in mitigating the significant increase in risk, considering their nature as personal guarantees.

For the estimation of the parameters used in the estimation of impairment provisions (EAD (Exposure at Default), PD (Probability of Default), LGD (Loss Given Default), the Group has based on its experience in developing internal models for the calculation of parameters both in the regulatory field and for management purposes, adapting the development of the models of impairment provisions under IFRS9.

  – Exposure at default: The amount of risk incurred estimated at the time of the counterparty analysis.

- Probability of default: Is the estimated probability that the counterparty will default on its capital and/or interest payment obligations.

- Loss given default: Is the estimate of the severity of the loss produced in the event of a default. It depends mainly on the updating of the guarantees associated with the operation and the future flows expected to be recovered.

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

The definition of default implemented in the other units of the Group for the purpose of calculating the impairment provisions models is based on the definition in Article 178 of Regulation 575/2013 of the European Union (CRR), which is fully aligned with the requirements of the IFRS9, which considers that there is a "default" in relation to a certain client / contract when at least one of the following circumstances occurs: the institution considers that there are reasonable doubts about the payment of all its credit obligations or that the client/contract is in an irregularity situation for more than 90 consecutive material arrears with respect to any significant credit obligation.

Grupo Santander Consumer Finance has partially and voluntarily aligned during the 2022 financial year, both the accounting definition of stage 3, and the calculation of the impairment provisions models, to Default's New Definition incorporating the criteria defined by the EBA in its implementation guide of the default definition, capturing the economic deterioration of operations (days in default - on a daily basis - and materiality thresholds - minimum amount in arrears). The alignment of criteria has been carried out taking into account the criteria of IFRS 9, as well as the accounting principles of fair financial reporting.

Santander Consumer Finance Group has recorded an expected increase in its NPL ratio, estimated at around 47 basis points, with no material impact on its loan loss provisioning figures.

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

IFRS9 includes a series of practical solutions that can be implemented by entities, with the aim of facilitating their implementation. However, in order to achieve a full and high-level implementation of the standard, and following industry best practices, the Group does not apply these practical solutions in a generalized manner:

- Rebuttable presumption of significant increase in risk from 30 days of default: This threshold is used as an additional indicator, but not as a primary indicator in determining the significant increase in risk. In addition, there are some cases in the Group, in which its use has been refuted through studies that show a low correlation of the significant increase in risk with this threshold of delay. The refuted volume does not exceed 0.1% of the Group's total exposure.

- Assets with low credit risk as of the reporting date: The Group analyzes the existence of a significant increase in risk in all its financial instruments.

This information is further broken down in Note 47.II (credit risk).

g) Detail of the individualized estimate of impairment

For the individualised estimation of the impairment of the financial asset, the Group has a specific methodology to estimate the value of the cash flows expected to be collected. Generally, such recovery may be estimated on the basis of:

- Recovery via debt repayment for cash flows generated by the debtor's ordinary activities (Going Concern approach).

- Recovery via repayment of the debt for the execution and subsequent sale of collateral that guarantee the operations (Gone Concern approach).

In case of estimating the recovery using a "Gone Concern" approach, each of the Group's units has developed its own methodology which is based on the following methodological principles:

a. Evaluation of the effectiveness of guarantees

The Group makes an assessment of the effectiveness of all guarantees associated with the financial asset subject to an individual impairment assessment. The following aspects are considered for this assessment:

- The time required to enforce such guarantees;
- The ability of the Group to enforce or enforce these guarantees in its favor;
- Existence of limitations imposed by the local regulation of each unit on the foreclosure of guarantees.

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

- Promises of shares or other securities of the debtor itself when its valuation may be significantly affected by a debtor's default.
- Cross-personal guarantees: When the guarantor of a transaction is, at the same time, guaranteed by the holder of that transaction.

On the basis of the foregoing, the Group considers the following types of guarantees to be effective:

– Mortgage guarantees on properties, which are first charge, provided that they are duly constituted and registered in favour of the Group. Real estate includes:
    - Buildings and elements of finished buildings distinguishing between: Homes; offices and commercial premises and multipurpose warehouses; rest of buildings such as non-polyvalent warehouses and hotels.
    - Urban land and land for development.
    - Rest of real estate where, among others, buildings and elements of buildings under construction, such as ongoing promotions and stopped promotions, and the rest of land, such as rustic estates would be classified.

– Pledges on financial instruments such as cash deposits, debt securities of reputable issuers or equity instruments.

– Other types of collateral, including movable property received as collateral and second and successive mortgages on immovable property, provided that the entity demonstrates its effectiveness. In assessing the effectiveness of second and successive mortgages on real estate, the Group will apply particularly restrictive criteria. It will take into account, among others, whether or not the above charges are in favor of the Group itself and the relationship between the risk guaranteed by them and the value of the property.

– Personal guarantees, as well as the incorporation of new holders, that cover the entire amount of the transaction and that imply direct and joint and several liability to the entity of persons or entities whose equity solvency is sufficiently verified to ensure the reimbursement of the operation in the agreed terms.

b. Valuation of guarantees

In this regard, the Group will assess the guarantees associated with financial instruments according to the nature of the guarantees in accordance with the following:

– Mortgage guarantees on properties associated with financial instruments taking into account all available information, using complete individual valuations made by independent valuation experts and under generally accepted valuation regulations. If it is not possible to obtain a complete individual valuation, alternative assessments may be used provided that they have been carried out by duly documented and approved internal valuation models.

– Personal guarantees shall be assessed individually on the basis of updated information from the guarantor.

– All other guarantees will be valued based on current market values if available or based on other management information.

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

The Group applies a number of adjustments to the value of guarantees which may be positive or negative with the aim of adjusting the benchmarks:

– Adjustments based on the historical sales experience of local units for certain asset typologies. Such adjustments will be made in the same way if the current valuations are not up to date.

– Individual expert adjustments based on additional management information (for example, if there is a binding offer to acquire that asset or the asset is severely impaired).

In addition, the Group for adjusting the value of collateral shall take into account the time value of the money. Basically for this and based on the historical experience of each of the units, it is estimated:

- Period of adjudication.

- Estimated time of sale of the asset

- In addition, the Group must take into account those cash inflows and outflows that such guarantee would generate until its sale. To this end, the Group considers in estimating the present value of future cash flows of this guarantee:

- Possible future incomes committed to the borrower which can be accessed after the award of assets.

- Estimated award costs.

- Asset maintenance costs, taxes and community costs.

- Estimated marketing or sales costs.

Finally, in considering that the guarantee will be sold in the future, the Group applies an additional index forward adjustment to adjust the value of the guarantees to future valuation expectations. This adjustment is made on the basis of estimated future price indices or external information.

d. Scope of application of the individualized impairment estimation

Grupo Santander Consumer Finance determines the perimeter on which it makes an estimation of the correction for deterioration in an individualized way based on a threshold of relevance set by each of the geographies and the stage in which the operations are located. In general, the Group applies the individualized calculation to those relevant exposures classified in Stage 3.

It should be noted that, in any case and regardless of the stage in which their operations are located, for clients who do not receive standardized treatment, a relational risk management model is applied, with treatment and individualized follow-up by the assigned risk analyst. Within this relational management model, in addition to large companies, other segments of smaller companies are also included for which there is information and capacity to perform a more personalized and expert analysis and follow-up. As indicated in the Group's credit model, the individualized and personalized treatment of the client facilitates the continuous updating of information. The risk assumed must be monitored and monitored throughout its life cycle, allowing anticipation and action in case of possible deterioration. In this way, the client's credit quality is analyzed individually, considering the aspects that are specific to him such as his competitive position, financial performance, management, etc. In the wholesale risk management model, every client with a credit risk position has an assigned rating, which carries an associated probability of customer default. Thus, the individualized analysis of the debtor triggers a specific rating for each client, which determines the appropriate parameters for the calculation of the expected loss, so that it is the rating itself that initially modulates the necessary coverages, adjusting the severity of the possible loss to the warranties and other mitigants that the client may have. Additionally, if as a result of this individualized monitoring of the client, the analyst finally considers that his coverage is not sufficient, he has the necessary mechanisms to adjust it under his expert judgment, always under the appropriate government.

h) Repurchase agreements and reverse repurchase agreements

Purchases (sales) of financial instruments with the commitment of their non-optional retrocession at a given price (repos) are recorded in the consolidated balance sheet as financing granted (received) according to the nature of the corresponding debtor (creditor), under the headings "Loans and advances" (central banks, credit institutions or customers) and "deposits" (central banks, credit institutions or customers), if they exist.

The difference between purchase and sale prices is recorded as financial interest over the life of the contract using the effective interest rate method.

i) Assets and liabilities included in disposal groups classified as held for sale

The chapter Non-current assets and disposal groups classified as held for sale reflects the carrying value of items that are individual or integrated into a set (disposition group) or that are part of a business unit to be disposed of (operations in discontinuance) the sale of which is highly likely to take place, under the conditions under which such assets are currently located, within one year of the date to which the annual accounts refer. Therefore, the recovery of the carrying value of these items (which may be financial and non-financial in nature) is expected to take place through the price obtained from their disposal.

Symmetrically, the chapter "Liabilities included in disposal groups that have been classified as held for sale" includes the credit balances associated with assets or disposition groups and discontinued transactions.

Non-current assets sold, whether individual or integrated, if any, in a disposal group, are generally valued for the smallest amount between their fair value minus selling costs and their carrying value calculated at the date of their assignment to this category. Non-current assets for sale are not amortized while they remain in this category. Without prejudice to the foregoing, financial instruments, employee remuneration assets, deferred tax assets and reinsurance contract assets that may exist and are classified, in their case as "non-current assets and disposal groups of items that have been classified as held for sale", they continue to be valued by the same valuation criteria detailed in this Note, without modification due to the fact that they have been classified as non-current for sale. In the case of awarded real estate assets located in Spain, the Group determines their value taking into account the valuation of the time of adjudication and the period of permanence of each asset in consolidated balance sheet.

The Group has a corporate policy that guarantees the professional competence and the independence and objectivity of external valuation agencies, in accordance with the provisions of the regulations, which require valuation agencies to comply with the requirements of independence, neutrality and credibility so that the use of their estimates does not impair the reliability of their valuations. This policy establishes that all companies and valuation and appraisal agencies with which the Group works in Spain are registered in the Official Register of the Bank of Spain and that their valuations are carried out according to the methodology established in the OM (Ministerial Order) ECO/805/2003, by 27 March. The main companies and agencies with which the Company has worked in 2024 are: CBRE Valuation Advisory, S.A., Gloval Valuation, S.A., Tasaciones Inmobiliarias, S.A. (TINSA), Valoraciones Mediterraneo, S.A, (VALMESA).

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

Impairment losses on an asset or disposal group resulting from the write-down of its carrying amount to its fair value (less costs to sell) and gains or losses on the sale thereof are recognised under “Gains (Losses) on Non-Current Assets Held for Sale Not Classified as Discontinued Operations” in the consolidated income statement. Any gains on a non-current asset held for sale resulting from increases in fair value (less costs to sell) subsequent to impairment increase its carrying amount and are recognised with a credit to the consolidated income statement up to an amount equal to the impairment losses previously recognised.

Assets and liabilities relating to discontinued operations are presented and measured in accordance with the criteria indicated for disposal groups. Revenue and expenses arising from these assets and liabilities are presented net of the related tax effect under “Profit or loss after tax from discontinued operations” in the consolidated income statement.

j) Tangible assets

This heading of the consolidated balance sheet includes, where appropriate, real estate, land, furniture, vehicles, computer equipment and other facilities owned by the consolidated entities or acquired, where appropriate, under financial lease, for their own use. Tangible assets are classified, according to their destination, into:

i. Property, plant and equipment for own use

Property and equipment for own use (including, but not limited to and where appropriate, tangible assets received by consolidated entities for liquidation, in whole or in part, financial assets representing receivables against third parties and which are expected to be used continuously and on their own, as well as those acquired under a financial lease) are presented at their acquisition cost, less their corresponding cumulative depreciation and, where applicable, estimated losses resulting from comparing the net value of each item with its corresponding recoverable amount.

The depreciation is calculated using the linear method on the acquisition cost of assets minus their residual value, understanding that the land on which buildings and other constructions are based has an indefinite life and that, therefore, they are not subject to depreciation.

The annual depreciation allowances are made against a counterpart under the heading “Amortisation” of the consolidated income statements and are basically equivalent to the following depreciation rates (determined on the basis of the years of the estimated useful life, on average, of the different elements):

	Annual Average Rate
Buildings of own use	1.5% - 2%
Furniture	10 %
Vehicles	21.3 %
Computer equipment	25 %
Others	12 %
Right of use of lease	10 %

The consolidated entities assess at the reporting date whether there is any indication the net value of the items of their tangible assets exceeds their corresponding recoverable amount, in which case, reduce the carrying value of the asset concerned to its recoverable amount from the consolidated income statements and adjust future amortization charges in proportion to its adjusted carrying value and remaining new useful life; in the case of a reestimation of the same is necessary.

Similarly, where there is evidence that the value of a previously impaired tangible asset has been recovered, consolidated entities record the reversal of impairment loss recorded in previous periods with credit to the consolidated income statements and adjust accordingly, future depreciation charges. In no event can a reversal of the impairment loss on an asset increase it carrying value beyond that which would have had impairment losses not been recognized in previous years.

Likewise, at least at the end of each year, the estimated useful life of the elements of the property, equipment for own use, is reviewed, in order to detect possible significant changes in them. If they occur, the amortization allowances for new useful lives are adjusted by a corresponding correction of the charge to be charged to the consolidated income statements for future periods.

Upkeep and maintenance expenses for tangible assets for own use are charged to the consolidated income statements for the period in which they are incurred.

ii. Investment property

The heading “Tangible Assets – Investment property” includes, if any, the net values of the land, buildings and other constructions that are maintained, for use on a rental basis, to obtain a surplus value in its sale as a result of the increases that occur in the future in their respective market prices.

The criteria applied for the recognition of the acquisition cost of real estate investments, their amortization and the estimation of their respective useful lives and for the recording of their possible impairment losses coincide with those described in relation to tangible assets for own use.

iii. Assets leased under operating lease

“Tangible assets – Property, plant and equipment – Leased out under an Operating Lease” in the consolidated balance sheets includes the amount of assets, other than land and buildings, which are leased on operating leases. These assets are mostly vehicles.

The criteria applied for the recognition of the acquisition cost of assets transferred under operating lease coincide with those described in relation to tangible assets of own use. Regarding the amortization of the same, for the estimation of their respective useful lives the average life of the lease contract is considered.

The period depreciation charge is recognised under ¨Other operating income¨ in the consolidated income statement.

k) Leases

The main aspects contained in the standards (IFRS 16) adopted by the Group are included below: when the Group acts as a lessee, a right-of-use asset is recognized, representing its right to use the leased asset and the related lease liability on the date the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the financial expense. The financial expense is charged to profit or loss over the lease term in such a way as to produce a constant recurring interest rate on the remaining balance of the liability for each year. The right-of-use asset is amortized over the useful life of the asset or the lease term, the smallest of the two, on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset. Assets and liabilities arising from a lease are initially measured on the basis of present value. Lease liabilities include the net present value of the following lease payments:

– Fixed payments (including inflation-linked payments), less any lease incentive to be collected.

– Variable lease payments that depend on an index or type.

– The amounts expected to be paid by the lessee as residual value guarantees.

– The exercise price of a purchase option if the lessee has reasonable certainty that he will exercise that option.

– Lease termination penalty payments, if the term of the lease reflects the exercise by the lessee of that option. Lease payments are deducted using the interest rate implied in the lease. Since in certain situations this interest rate cannot be earned, the discount rate used in such cases is the lessee's incremental borrowing interest rate to date. For these purposes, the entity has calculated this incremental interest rate based on the listed debt instruments issued by the Group; in this regard, the Group has estimated different rate curves depending on the currency and the economic environment in which the contracts are located.

Specifically, to build the incremental interest rate, a methodology has been developed at the corporate level; this methodology starts from the need for each entity to consider its economic and financial situation, for which the following factors must be considered:

– Economic and political situation (country risk).

– Entity´s credit risk.

– Monetary policy.

– Volume and seniority of the issuance of debt instruments of the entity.

The incremental interest rate is defined as the interest rate that a lessee would have to pay to borrow, for a term similar to the duration of the lease and with similar security, the funds required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Group entities have a large stock and variety of financing instruments issued in different currencies to the euro (pound, dollar, etc.) that provide sufficient information to determine an all-in rate (reference rate plus adjustment for credit spread at different terms and in different currencies). In cases where the lessee has its own financing, it has been used as a starting point for the determination of the incremental interest rate. On the contrary, for those Group entities that do not have their own funding, information from the financing of the consolidated subgroup to which they belong has been used as a starting point to estimate the entity's curve, analyzing other factors to assess whether it is necessary to make any kind of negative or positive adjustment to the initially estimated credit spread. Right-of-use assets are valued at cost, which includes the following:

– The amount of the initial valuation of the lease liability.

– Any lease payment made on or before the start date minus any lease incentive received.

– Any initial direct cost.

– Restoration costs.

Payments associated with short-term leases and low-value asset leases are recognized on a linear basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than or equal to 12 months (a purchase-option lease does not constitute a short-term lease).

l) Intangible assets

This heading includes identifiable non-monetary assets (likely to be separated from other assets), but without physical appearance, that arise as a result of a legal business or have been developed by consolidated entities and goodwill other than that which may exist in the acquisition of entities valued by the equity method. Only those intangible assets whose cost can be reliably estimated and from which consolidated entities consider it likely to obtain future economic benefits are recognised in the accounts.

Intangible assets other than goodwill are initially recognised at the cost of acquisition or production and are subsequently valued at their cost minus, as appropriate, their corresponding accumulated amortization and/or impairment losses.

i. Goodwill

The positive differences between the cost of shares in the capital of the consolidated entities and those measured by the equity method with respect to the corresponding acquired theoretical and accounting values, adjusted at the date of first consolidation, are imputed as follows:

– If they are assignable to specific assets of the acquired companies, increasing the value of assets (or reducing that of liabilities) whose fair values were higher (lower) than the net accounting values with which they appear on the balance sheets of the acquired entities

– Whether they are assignable to specific intangible assets, explicitly recognizing them on the consolidated balance sheet provided that their fair value within 12 months of the date of acquisition can be reliably determined.

– The remaining differences are recorded as a goodwill, which is allocated to one or more cash generating units (these are the smallest identifiable group of assets that, as a result of their continued operation, generate cash flows in favor of the Group, regardless of those from other assets or group of assets). The cash generating units represent the geographical and/or business segments of the Group.

Goodwill (which is recorded only when acquired for payment) therefore represents advance payments made by the acquirer of future economic benefits derived from the assets of the acquired entity that are not individually and separately identifiable and recognizable.

At the end of each annual reporting period or where there are signs of impairment, it is estimated whether there has been any impairment that reduces their recoverable value to an amount below the net cost recorded and, if so, appropriate reorganization is made; the heading impairment losses on other assets - Goodwill and other intangible assets of the consolidated income statements is used as a counterpart.

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

In the event of the sale or abandonment of an activity that forms part of a CGU, the part of the goodwill allocated to that activity would be removed, taking as a reference the relative value of the same on the total of the CGU at the time of sale or abandonment. In the case of applying the currency distribution of the remaining goodwill, it shall be based on the relative values of the activity

ii. Other intangible asset

Intangible assets can have an indefinite useful life (when, based on analyzes of all relevant factors, it is concluded that there is no foreseeable limit for the period during which they are expected to generate net cash flows in favor of consolidated entities) or “defined life” (in the other cases).

Intangible assets of “indefinite useful life” are not amortized, although, at each accounting closure, consolidated entities review their respective remaining useful lives to ensure that they remain indefinite or otherwise proceed accordingly.

Intangible assets classified as “defined useful life” are amortized according to the same, applying criteria similar to those adopted for the amortization of tangible assets. Charges to the consolidated income statementss for the amortization of these assets are recorded in the chapter “Amortisation”.

In both cases, the consolidated entities recognize in accounting any loss that may have occurred in the recorded value of these impairment assets, using the impairment losses on other assets (net) in the consolidated income statements as a counterpart. The criteria for the recognition of impairment losses on these assets and, where applicable, of impairment losses recoveries recorded in prior years are similar to those applied for tangible assets (see Note 2.j).

iii. Internally developed computer software

Internally developed software is recognized as intangible assets when, among other requirements (basically, the ability to use or sell them), such assets can be identified and their ability to generate economic benefits in the future can be demonstrated.

Any expenses incurred during the research phase are recognised directly in the consolidated income statement for the year in which they are incurred and cannot subsequently be included in the carrying amount of the intangible asset.

m. Other assets and other liabilities

The "Other assets" chapter of the consolidated balance sheets includes, where appropriate, the amount of assets not recorded in other items, the breakdown being as follows:

- Inventory: Includes the amount of assets, other than financial instruments, that are held for sale in the ordinary course of business, are in the process of production, construction or development for that purpose, or they will be consumed in the production process or in the provision of services. This chapter includes the assets that have been acquired in order to lease them to third parties, and at the date of the consolidated balance sheets, their corresponding operating lease agreements are pending.

  Inventories are measured at the lower of cost and net realisable value, which is the amount expected to be obtained from lease or sale thereof in the ordinary course of business, less the estimated costs of completion and the estimated costs required for operation.

  The amount of any write-down of inventories -such as that due to damage, obsolescence or reduction of selling price- to net realisable value and all other losses of inventories are recognised as an expense in the year in which the write-down or loss occurs. Subsequent reversals are recognised in the consolidated income statement for the year in which they occur.

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

– Other: Includes, where applicable, the balance of all asset deferred accounts, except those relating to interest and financial commissions, the net amount of the difference between pension plan obligations and the value of plan assets with favorable balance for the Group, when it is due to be presented for the net amount in the consolidated balance sheet, as well as the amount of the remaining assets not included in other items.

The "Other liabilities" chapter of the consolidated balance sheets includes the balance of the liability deferred accounts, other than those relating to interest, and the amount of the remaining liabilities not included in other chapters of the consolidated balance sheet.

n) Provisions and contingent assets and liabilities

Provisions are present obligations at the reporting date arising from past events which could give rise to a loss for the consolidated entities, which is considered to be likely to occur and certain as to its nature but uncertain as to its amount and/or timing, and the consolidated entities expect that an outflow of resources embodying economic benefits will be required to settle such obligations.

Contingent liabilities are potential liabilities that arise from past events, the materialization of which is conditional on the occurrence or otherwise of one or more future events independent of the will of consolidated entities. They include the current obligations of consolidated entities, the materialization of which, although possible, has not been considered likely to lead to a decrease in resources that incorporate economic benefits and the amount of which cannot be quantified with sufficient reliability. The Group should not proceed to recognize an accounting obligation of a contingent nature. On the contrary, it should report the obligation in the financial statements, unless the outflow of resources incorporating economic benefits is unlikely.

Contingent assets are potential assets, arising as a result of past events, the existence of which is conditioned and must be confirmed when events that are beyond the control of the Group occur or not. Contingent assets, if they exist, are not recognized in the consolidated balance sheet or the consolidated income statements, but are reported in the consolidated report provided that increased resources incorporating economic benefits from this cause are likely.

The Group's consolidated financial statements reflect all significant provisions for which the likelihood of the obligation being met is estimated to be greater than otherwise. In accordance with current regulations, contingent liabilities are not recognized in the consolidated annual accounts, but, if they exist, are reported in the consolidated report.

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

Provisions are classified according to the obligations covered in:

– Pensions and other defined post-employment benefit obligations: Includes the amount of provisions made for the coverage of post-employment pay defined benefit, as well as commitments made to pre-retired staff and similar obligations (see Note 21).

– Other long-term employee benefits: Includes other commitments to pre-retired staff (see Notes 2.r. and 21).

– Taxes and other legal contingencies: Includes the amount of provisions created to cover contingencies of a tax, legal and litigation nature (see Note 21). This item includes provisions for restructuring and environmental actions, if any (see Note 21).

– Commitments and guarantees granted: Includes the amount of provisions made for contingent risk coverage, understood as operations in which the Group guarantees obligations of a third party arising as a result of financial guarantees granted or other contracts, and contingent commitments, understood as irrevocable commitments that may give rise to the recognition of financial assets (see Note 21).

– Other provisions: Includes the amount of the remaining provisions made by the Group (see Note 21).

The accounting, or release, if any, of provisions deemed necessary in accordance with the above criteria is recorded under or credited respectively to the “Provisions or reversal of provisions” chapter of the consolidated income statements. The criteria applied for accounting for pensions and other post-employment defined benefit obligations are described in Notes 2-r and 2-s.

o) Court proceedings and/or claims in process

At the end of 2024 and 2023, various legal proceedings and claims were under way against consolidated entities arising from the normal conduct of their activities. Both the legal advisers of the Group and the Bank Administrators, as the Group's parent company, consider that the final economic loss that may arise from these procedures and claims, if any, is adequately provisioned (see Note 21), so it will not have a significant effect on these consolidated annual accounts.

p) Recognition of income and expenses

The most significant criteria used by the Group for the recognition of its income and expenditure are summarized below:

i. ***Income and expenses from interest and similar items***

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

ii. ***Commissions, fees and assimilated items***

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

– Those linked to financial assets and liabilities measured at fair value through profit and loss are recognized at the time of disbursement.

– Those eligible to be part of the initial acquisition cost of financial instruments, other than those measured at fair value through profit and loss, are charged to the consolidated income statements; applying the effective interest rate method or at the time of its sale, taking into account its nature.

– Those that originate from transactions or services that last over time, differ during the life of such transactions or services.

– Those who respond to a singular act, when the act that originates them occurs.

iii. ***Non-financial income and expenses***

They are recognized on an accrual basis. To determine the amount and time of recognition, a five-step model is followed: identification of the contract with the customer, identification of the obligations separate from the contract, determination of the transaction price, distribution of the transaction price between the identified obligations and finally recording the income as the obligations are satisfied.

iv. ***Deferred collections and payments***

They are recognized accountably for the amount that results from financially updating the anticipated cash flows at market rates.

v. ***Loan arrangement fees***

The financial commissions originating in the formalization of loans, mainly the opening fees and study and information, are paid to the consolidated income statements, following a financial criterion, during the life of the loan.

q) Financial guarantees

"Financial guarantees" are the contracts by which an entity is obliged to pay specific amounts on behalf of a third party in the event that it does not do so, regardless of the legal form in which the obligation is implemented: Bond, financial guarantee, insurance or derivative of credit.

At the time of its initial registration, the Group accounts for the financial guarantees provided in the consolidated balance sheet liability at fair value, which, in general, is equivalent to the present value of the commissions and income to be received on such contracts over the course of their duration, taking as a counterpart, in the assets of the consolidated balance sheet, the amount of commissions and similar income collected at the beginning of operations and a credit for the accounts receivable for the present value of the commissions and income outstanding.

Financial guarantees, regardless of their holder, instrumentation or other circumstances, are periodically analyzed in order to determine the credit risk to which they are exposed and, where appropriate, to estimate the needs to provide for them, that is determined by applying criteria similar to those established to quantify impairment losses experienced by debt instruments valued at their amortized cost explained in subparagraph (f) above.

The provisions made by these transactions are accounted for under the heading "Provisions – commitments and guarantees granted" of the consolidated balance sheet liability (see Note 21). The endowment and recovery of such provisions is recorded in return under the section "Provisions or reversal of provisions" of the consolidated income statements.

In the event that it is necessary to make a provision for these financial guarantees, the outstanding accrual commissions, which are recorded in the chapter "Financial liabilities at amortized cost – Other financial liabilities" of the consolidated balance sheet, are reclassified to the corresponding provision.

r) Post-employment benefits

In accordance with the Collective Labour Agreements in force, the financial institutions integrated in the Group and some of the other consolidated entities (national and foreign) are committed to complementing the benefits of the public systems corresponding to certain employees, and their beneficiaries, in cases of retirement, permanent disability or death, as well as other post-employment social care.

Post-employment commitments maintained by the Group with its employees are considered "defined contribution plans" when contributions of a predetermined nature are made to a separate entity, it has no legal or effective obligation to make additional contributions if the separate entity is unable to meet the remuneration to employees related to the services rendered in the current and prior financial years. Post-employment commitments that do not meet the above conditions are considered "defined benefit plans" (see Note 21).

i. ***Defined contribution plans***

The Group records the contributions to the plans accrued for the year under the heading "Administration expenses – staff costs" of the consolidated income statements. In the event that, at the end of the financial year, there is any amount to be contributed to the external plans in which the commitments are materialized, this is recorded at its present value, under the heading "Provisions – Pensions and other post-employment defined benefit obligations" of the consolidated balance sheet liability (see Note 21).

ii. ***Defined benefit plans***

The Group records under the heading "Provisions – Pensions and Other Defined Post-Employment Benefits Obligations" of the liabilities in the consolidated balance sheet (or in the asset, in the chapter "Other Assets", depending on the sign of the difference) the present value of the post-employment commitments of defined benefit, net of fair value of "plan assets" (see Note 21).

"Plan assets" are those with which the obligations will be directly liquidated and meet the following conditions:

– They are not owned by the consolidated entities, but by a legally separate third party and without the character of a party linked to the Group.

– They are only available to pay or finance post-employment remuneration and cannot return to consolidated entities; except where the assets remaining in such a plan are sufficient to meet all the obligations of the plan or entity related to the benefits of current or past employees or to reimburse employee benefits already paid by the Group.

If the Group may require insurance companies to pay part or all of the disbursement required to cancel a defined benefit obligation, it is virtually true that the insurer will reimburse any or all of the disbursements required to cancel that obligation, but the insurance policy does not meet the conditions to be an asset of the plan, the Group registers its right to reimbursement in the asset of the consolidated balance sheet, if any, in the chapter "Insurance contracts linked to pensions" which, in the other aspects, it is treated as an asset of the plan.

Post-employment pay is recognized as follows:

– The cost of services is recognized in the consolidated income statements and includes the following components:

  – The cost of services in the current period (understood as the increase in the present value of obligations arising as a result of services rendered by employees in the financial year) is recognized under the heading "Administrative expenses - staff costs " (see Notes 21 and 39).

  – The cost of past services, which originates from changes made to existing post-employment remuneration or the introduction of new benefits and includes the cost of reductions, is recognized, if any, in the chapter "Provisions or reversal of provisions" (see Note 21).

  – Any gain or loss arising from a settlement, the plan is recorded in the chapter "Provisions or Reversals of Provisions " of the consolidated income statements (see Note 21).

  – The net interest on the net liability (asset) of defined benefit commitments (understood as the change during the period in the net defined benefit liability (asset) arising over time), is recognized in the chapter "Interest expense" ("interest income" if income is earned) from the consolidated income statements (see Notes 21 and 31).

The revaluation of the net defined benefit liability (assets) recognized in chapter "Other aggregate income accrued. Elements that will not be reclassified into results. Actuarial gains or (–) losses on defined benefit pension plans" of the consolidated balance sheet includes:

– Actuarial gains and losses generated in the period, which are derived from the differences between previous actuarial assumptions and reality and from changes in the actuarial assumptions used.
– The return on plan assets, excluding amounts included in net interest on defined benefit liabilities (assets).
– Any change in the effects of the asset limit, excluding the amounts included in the net interest on the defined benefit liability (asset).

s) *Other long-term remuneration and other commitments*

The other long-term remuneration, understood as the commitments made to pre-retired staff (those who have ceased to serve in the entity, but who, without being legally retired, continue to have economic rights against it until it becomes the legal status of retiree), seniority awards, pre-retirement widowhood and disability commitments that depend on the employee's seniority in the entity and other similar concepts are treated accountably, where applicable, as set out above for post-employment defined benefit schemes; except that actuarial gains and losses are recognized in the chapter 'Provisions or reversal of provisions' of the consolidated income statements (see Note 21).

The commitments made by certain Spanish entities of the Group for the coverage of the death and disability contingencies of their employees, during the period in which they remain active and until their retirement age, are kept in an internal fund with a renewable annual temporary coverage, therefore, no contributions are made to plans.

t) *Termination benefits*

Severance payments are recorded when a formal and detailed plan identifying the fundamental changes to be made is available, and provided that the plan has begun to be implemented or its main characteristics have been publicly announced, or objective facts about its implementation are revealed.

u) *Income tax*

The expense for Spanish Corporate Tax and for taxes of a similar nature applicable to consolidated foreign entities is recognized in the consolidated income statements, except when they are the result of a transaction whose results are recorded directly in equity, in which case, its corresponding tax effect is recorded in equity.

The profit tax expenditure for the year is calculated by the sum of the current tax resulting from the application of the corresponding tax rate on the tax base for the year (after applying the tax deductions that are tax admissible) and the change in deferred tax assets and liabilities recognized in the consolidated income statements.

Deferred tax assets and liabilities include temporary differences that are identified as amounts that are expected to be payable or recoverable by differences between the carrying value of assets and their corresponding tax bases (tax value), as well as the negative tax bases pending compensation and credits for tax deductions not applied fiscally. These amounts are recorded by applying to the temporary difference corresponding to the type of levy at which they are expected to be recovered or settled.

The tax assets chapter includes the amount of all assets of a tax nature, differentiating between: current (amounts to be recovered for taxes in the next twelve months) and deferred (includes the amounts of taxes to be recovered in future years, including those derived from negative tax bases or credits for tax deductions or bonuses to be compensated).

The tax liabilities chapter includes the amount of all liabilities of a tax nature, except tax provisions, which are broken down into: current (includes the amount to be paid for income tax related to the fiscal gain for the year and other taxes in the next twelve months) and deferred (includes the amount of income tax payable in future years).

Deferred tax liabilities in the case of temporary taxable differences associated with investments in dependent entities, associates or joint venture holdings are recognized except when the Group is able to control the time of reversal of the temporary difference and, in addition, it is likely that it will not reverse in the foreseeable future.

Deferred tax assets, identified as temporary differences, are recognized only if it is considered likely that consolidated entities will in the future have sufficient tax gains against which they can be effected and are not originally recognized (except in a business combination) of other assets and liabilities in a transaction that does not affect either tax or accounting income. The remaining deferred tax assets (negative tax bases and deductions to be cleared) are only recognized if it is considered likely that consolidated entities will have sufficient tax gains against which they can be paid in the future.

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

Deferred taxes, both assets and liabilities, are reviewed at the time of the accounting closure in order to check whether modifications are necessary in accordance with the results of the analyzes carried out.

v) Residual timeframes of operations and average interest rates

Note 44 to this consolidated report provides details of the maturities of the items that make up the balances of certain headings of the consolidated balance sheets to 31 December 2024 and 2023 and their average annual interest rates for those years.

w) Statement of consolidated recognised income and expenditure

The income and expenses generated by the Group as a result of its activity during the year are presented, distinguishing between those recorded as results in the consolidated income statements for the year and other income and expenses recognized directly in the consolidated net equity.

The statement presents separately the items by nature, grouping them into those which, in accordance with the implementing accounting rules, they shall not subsequently be reclassified to the consolidated income statements and those subsequently reclassified to that consolidated income statements upon compliance with the requirements of the relevant accounting standards.

Therefore, in this state is presented:

a. The consolidated result of the year.

b. The net amount of income and expenses recognized as 'other cumulative comprehensive income' in equity that will not be reclassified into profit or loss.

c. The net amount of income and expenses recognized in equity that can be reclassified into profit or loss.

d. The income tax accrued on the items referred to in points b and c above, except for adjustments to other comprehensive income originating in shares in associated undertakings or joint ventures valued by the equity method, which are presented in net terms.

e. The total consolidated revenue and expenditure recognized, calculated as the sum of the preceding letters, showing separately the amount attributed to the dominant entity and that corresponding to minority interests.

The statement presents separately items by nature, grouping them into those that, in accordance with the implementing accounting rules, will not be subsequently reclassified to profit or loss and those that will subsequently be reclassified to profit or loss when the requirements laid down in the corresponding accounting rules are met.

x) Total statement of changes in consolidated equity

It presents the movements that have occurred in the consolidated net equity, including those that have their origin in changes in accounting criteria and corrections of errors, if any. This statement therefore shows a reconciliation of the carrying value at the beginning and end of the financial year of all items forming the consolidated net worth, grouping the movements, depending on their nature, into the following items:

a. Adjustments for changes in accounting criteria and correction of errors: it includes changes in consolidated equity that arise as a result of retroactive reexpression of balances in financial statements resulting from changes in accounting criteria or correction of errors, if any.

b. Income and expenses recognized in the financial year: Includes, in an aggregate manner, the total of the items recorded in the statement of consolidated income and expenses recognized above.

c. Other changes in equity: It includes the rest of the changes recorded in consolidated net equity, such as, where appropriate, increases or decreases in the capital of the Bank, distribution of profits, transactions with equity instruments, payments with equity instruments, etc. transfers between consolidated net equity item and any other increase or decrease in consolidated net equity.

y) Consolidated cash flows statement

In consolidated cash flow statements, the following expressions are used in the following directions:

– Cash flows: Inflows and outflows of cash and their equivalents; these equivalents mean short-term investments of high liquidity and low risk of alterations in their value.

– Operating activities: Typical activities of credit institutions, as well as other activities which cannot be classified as investment or financing.

– Investment activities: Those of acquisition, disposal or disposal by other means of long-term assets and other investments not included in cash and their equivalents.

– Financing activities: Activities that result in changes in the size and composition of consolidated net equity and liabilities that are not part of operating activities.

Furthermore, the dividends received and delivered by the Group are detailed in Notes 4 and 27, including dividends paid to minority interests (non-controlling shares).

In addition, dividends received and delivered by the Group are detailed in Notes 4 and 27, including dividends paid to minority interests (non-controlling interests).

In relation to the cash flows corresponding to the interest received and paid, it should be noted that there are no significant differences between those and those recorded in the income statement, reason why they are not broken down separately in the consolidated cash flow statements, except for cash flow liabilities for financing activities which, although not significant, have been broken down in Note 17.

For the purpose of preparing the consolidated cash flow statement, short-term investments of high liquidity and low risk to change in value have been considered as "cash and cash equivalents". Thus, the Group considers “cash or cash equivalents” the following financial assets and liabilities:

The net balances held in cash and with central banks, which are recorded under the heading "Cash, central bank cash balances and other demand deposits" of the consolidated balance sheets to 31 December 2024 and 2023 accompanying, according to their nature and currency, it is indicated below:

	EUR Thousands	
	2024	2023
Type:		
Cash	61,109	40,160
Current accounts	6,822,551	6,974,338
Reciprocal accounts	1,677,664	1,444,566
Other accounts at credit institutions and central banks	3,302,106	2,819,469
	11,863,430	**11,278,533**
Currency:		
Euro	11,403,887	11,009,456
Foreign currency	459,543	269,077
	11,863,430	**11,278,533**

z) Own equity instruments

Own equity instruments are those that meet the following conditions:

– They do not include any obligation for the issuing entity that involves: (i) delivering cash or other financial asset to a third party; or (ii) exchanging financial assets or financial liabilities with third parties on conditions potentially unfavorable to the entity.

– If they can be, or will be, settled with the issuing entity's own equity instruments: (i) where it is a non-derivative financial instrument, it will not entail an obligation to deliver a variable number of its own equity instruments; or (ii) when it is a derivative, provided that it is settled for a fixed amount of cash, or other financial asset, in exchange for a fixed number of its own equity instruments.

Business carried out with equity instruments, including their issuance and amortization, are registered directly against equity.

Changes in the value of instruments classified as equity shall not be recorded in the financial statements; consideration received or given in exchange for such instruments shall be added to or deducted directly from equity, including coupons associated with preferred shares contingently convertible into common shares.

(aa) Assets covered by insurance or reinsurance contracts and liabilities covered by insurance or reinsurance contracts

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

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

For contracts that are considered to be non-onerous, a profit margin is recognized in the income statement (called 'Contractual Service Margin' or 'MSC') over the period in which the entity performs the service. However, if at the time of initial recognition, or during the period in which the entity performs the service, the contract is onerous, the entity acknowledges the loss in the income statement.

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

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

The Group has conducted a separate analysis of the limits of insurance and reinsurance contracts under IFRS 17, applying the General Building Block Approach to all contracts, except those eligible to be valued by the simplified model (Premium Allocation Approach), or the variable commission approach ('ECV' or variable Fee Approach).

The general model measures a group of contracts as the sum of Compliance Cash Flows and Contractual Service Margin. The MSC represents the unrecorded benefits that the entity will recognize as if it provides services under the insurance contract.

Insurance contracts with direct participation apply the CVD as a modified version of the General Model. This should reduce the volatility of results due to the asymmetry between the accounting treatment of gains and losses of underlying elements attributable to insured persons and the accounting treatment of liabilities against insured persons.

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

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

Grupo Santander Consumer Finance has concluded the analysis on the effects of this new standard without having identified material impacts on its consolidated financial statements.

3. Santander Consumer Finance Group

a) *Santander Consumer Finance, S.A.*

The Bank is the parent company of the Santander Consumer Finance Group (see Note 1). The Bank's summary balance sheet, summary income statement, summary statement of changes in equity and summary statement of cash flows for the years 2024 and 2023 are presented below for information purposes:

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2024 AND 2023

(EUR Thousands)

ASSETS	2024	2023	LIABILITIES AND EQUITY	2024	2023
Cash, cash balances and others at central banks	2,888,562	1,804,454	LIABILITIES		
Financial assets held for trading	47,571	91,585	Financial liabilities held for trading	49,375	99,626
Non-trading financial assets mandatorily at fair value through profit or loss	754	658	Financial liabilities at amortised cost	46,941,069	46,429,704
Financial assets through other comprehensive income	1,102,883	2,052,062	Derivatives – hedge accounting	56,422	206,186
Financial assets at amortised cost	41,381,839	41,185,022	Provisions	99,216	90,741
Derivatives – hedge accounting	151,489	110,354	Tax liabilities	401,538	383,631
Changes of the fair value of hedged items in an interest rate risk hedging portfolio	(50.348)	(103.053)	Other liabilities	158,699	223,864
Investments in subsidiaries, joint ventures and associates	11,207,277	11,293,800			
Tangible assets	20,975	24,569	**TOTAL LIABILITIES**	47,706,319	47,433,752
Intangible assets	149,527	146,996			
Tax assets	414,131	439,866	Equity	9,710,289	9,745,235
Other assets	87,319	87,749	Other comprehensive income	(12,825)	(42,430)
Assets included in disposal groups classified as held for sale	1,804	2,495			
			TOTAL EQUITY	9,697,464	9,702,805
TOTAL ASSETS	57,403,783	57,136,557	**TOTAL LIABILITIES AND EQUITY**	57,403,783	57,136,557
Memorandum items: off balance sheet items					
Loans commitment granted	1,311,283	752,699			
Financial guarantees granted	4,933,707	4,088,678			

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(EUR Thousands)

	Income / (expenses)	
	2024	2023
Interest income	2,086,424	1,650,772
Interest expenses	(1,573,778)	(1,149,379)
NET INTEREST INCOME	512,646	501,393
Dividend income	501,515	889,086
Income from companies accounted for using the equity method	—	—
Commissions income	120,283	88,169
Commissions expense	(69.418)	(65.846)
Gains or losses on financial instruments not at fair value through profit or loss, net	(23,458)	47,128
Gains or losses on financial instruments held for trading, net	(3,740)	(1,724)
Gains or losses from hedge accounting, net	948	5,170
Exchange differences, net	4,088	(3,794)
Gains or losses on derecognition of investments in subsidiaries, joint ventures or associates, net	42,514	30,522
Other operating income	14,741	10,135
Other operating expenses	(23,916)	(41,253)
OPERATING INCOME	1,076,203	1,458,986
Administration and general expenses	(307,397)	(332,941)
Depreciation and amortisation cost	(49,624)	(31,949)
Provisions or reversal from provisions, net	(60,577)	(31,925)
Impairment charges and reversals from financial assets not measured at fair value through profit or loss	(179,483)	(108,835)
NET OPERATING PROFIT	479,122	953,336
Impairment charges or reversals on investments in joint ventures and associates	29,991	—
Impairment charges or reversals on non-financial assets	(2,643)	(2,541)
Gains or losses on assets and liabilities included in disposal groups classified as held for sale from discontinued operations	(1,587)	(4,773)
PROFIT OR LOSS BEFORE TAX IN RESPECT OF CONTINUING OPERATIONS	504,883	946,022
Taxation	53,170	(28,799)
Gains or losses after tax in respect of continuing operations	558,053	917,223
PROFIT/(LOSS) AFTER TAX	558,053	917,223

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(EUR Thousands)

	2024	2023
PROFIT OR LOSS AFTER TAX	558,053	917,223
OTHER COMPREHENSIVE INCOME	29,605	(35.092)
Items not reclassified to profit or loss	(586)	(630)
Actuarial gains or losses on defined benefit pension plan	(1,144)	(916)
Assets included in disposal groups classified as held for sale	—	—
Changes in the fair value of equity instruments at fair value through other comprehensive income	457	(27)
Income tax in respect of items not reclassified to profit or loss	101	313
Items that may be reclassified to profit or loss	30,191	(34,462)
Exchange differences	—	—
Hedging of net investments in joint ventures and associates (effective portion)	—	—
Cash flow hedges (effective portion)	(11,006)	(46,416)
Financial assets available-for-sale	54,137	(2,816)
Assets included in disposal groups classified as held for sale	—	—
Share of other recognised income	—	—
Income tax from items that may be reclassified to profit or loss	(12,940)	14,770
TOTAL RECOGNISED INCOME AND EXPENSE	**587,658**	**882,131**

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(EUR Thousands)

	Capital	Share premium	Equity instruments issued other than capital	Other equity instruments	Retained earnings	Profit/(loss) after tax	Dividends paid	Other comprehensive income	TOTAL
Final balance as of 31 December 2023	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**949,375**	**917,223**	**(99,992)**	**(42,430)**	**9,702,805**
Fusion effect	—	—	—	—	—	—	—	—	—
Balance as of 01 January 2024	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**949,375**	**917,223**	**(99,992)**	**(42,430)**	**9,702,805**
Effects of error correction	—	—	—	—	—	—	—	—	—
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
Adjusted opening balance	**5,638,639**	**1,139,990**	**1,200,000**	—	**949,375**	**917,223**	**(99,992)**	**(42,430)**	**9,702,805**
Total total result for the year	**—**	**—**	**—**	**—**	**—**	**558,053**	**—**	**29,605**	**587,658**
Other changes in equity	**—**	**—**	**—**	**—**	**224,232**	**(917,223)**	**99,992**	**—**	**(592,999)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	**—**
Issuance of preferred shares	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	**—**
Dividends (or remuneration to partners)	—	—	—	—	(499,959)	—	—	—	**(499,959)**
Transferred between components of equity	—	—	—	—	817,231	(917.223)	99,992	—	**—**
Other increases or (-) decreases in equity	—	—	—	—	(93.040)	—	—	—	**(93.040)**
Final balance as of 31 December 2024	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**1,173,607**	**558,053**	**—**	**(12,825)**	**9,697,464**

	Capital	Share premium	Equity instruments issued other than capital	Other equity instruments	Retained earnings	Profit/(loss) after tax	Dividends paid	Other comprehensive income	TOTAL
Final balance as of 31 December 2022	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**1,356,261**	**851,793**	**(652,203)**	**(7,338)**	**9,527,142**
Fusion effect	—	—	—	—	—	—	—	—	—
Balance as of 01 January 2023	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**1,356,261**	**851,793**	**(652,203)**	**(7,338)**	**9,527,142**
Effects of error correction	—	—	—	—	—	—	—	—	—
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
Adjusted opening balance	**5,638,639**	**1,139,990**	**1,200,000**	—	**1,356,261**	**851,793**	**(652,203)**	**(7,338)**	**9,527,142**
Total total result for the year	**—**	**—**	**—**	**—**	**—**	**917,223**	**—**	**(35,092)**	**882,131**
Other changes in net worth	**—**	**—**	**—**	**—**	**(406,886)**	**(851,793)**	**552,211**	**—**	**(706,468)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	**—**
Issuance of preferred shares	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	**—**
Dividends (or remuneration to partners)	—	—	—	—	(507,477)	—	(99,992)	—	**(607,469)**
Transferred between components of equity	—	—	—	—	199,590	(851,793)	652,203	—	**—**
Other increases or (-) decreases in equity	—	—	—	—	(98,999)	—	—	—	**(98,999)**
Final balance as of 31 December 2023	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**949,375**	**917,223**	**(99,992)**	**(42,430)**	**9,702,805**

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(EUR Thousands)

	2024	2023
A. CASH FLOWS FROM OPERATING ACTIVITIES:	**1,628,275**	**1,885,361**
Profit or loss after tax	**558,053**	**917,223**
Adjustments made to obtain the cash flows from operating activities	**(69,732)**	**532,232**
Net change in operating assets	(744,005)	9,010,161
Net change in operating liabilities	395,949	9,446,067
B. CASH FLOWS FROM INVESTING ACTIVITIES:	**48,831**	**(168,581)**
Payments	103,788	249,166
Proceeds	152,620	80,585
C. CASH FLOWS FROM FINANCING ACTIVITIES	**(592,999)**	**(401,572)**
Payments	592,999	701,572
Proceeds	—	300,000
E. NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C):	**1,084,110**	**1,315,208**
F. Cash and equivalents at beginning of period	**1,804,454**	**489,246**
G. Cash and equivalents at end of period	**2,888,562**	**1,804,454**

b) Acquisitions and sales

The most significant acquisitions, constitutions and sales of shares in the capital of Group entities during the financial years 2024 and 2023, as well as other relevant corporate transactions that have changed the Group's consolidation perimeter during these periods, have been the following:

b.1) **Financial year 2024**

Santander Leasing AB

On December 20, 2023, the Group, through the norwegian subsidiary Santander Consumer Mobility AS, signed the acquisition agreement for 100% of the shares representing the share capital of Athlon Sweden AB, owned by Athlon Beheer International B.V. (Dutch company). Athlon Sweden AB is located in Sweden, its main objective being the multi-brand provision of operating lease and associated services as well as fleet management, for private vehicles and commercial vehicles.

After obtaining the corresponding authorizations, especially from the Swedish competition authorities, the acquisition of SEK 255,731,823 (equivalent to EUR 22.4 million) materialized at February 29, 2024 date, subject to review. As a result of the revision, in June 2024, Santander Consumer Mobility AS disbursed an additional amount of SEK 3,014,591 (equivalent to EUR 0.3 million), bringing the final price paid to SEK 258,746,414 (equivalent to EUR 22.7 million).

Athlon Sweden AB's share capital consists of 1,000 shares of 100 Swedish kroner of par value.
In this way the details of the acquired business are as follows:

Business acquired	Main activity	Acquisition date	Ownership interest (voting rights) acquired	Purchase consideration (million euro)
Athlon Sweden AB	Operating leasing and fleet management services	29/02/2024	100%	22.7

The details of the net assets of the acquired business were as follows:

	Book value (millions of euros)
Cash	3.6
Vehicles	125.4
Non-current assets	0.0
Current assets	13.3
Financial liabilities at amortized cost	(122.4)
Non-current and current liabilities	(10.5)
Net assets	**9.4**
Purchase consideration	22.7
Goodwill	13.3

Net cash flow in acquisition:

	Millions of Euros
Cash paid	22.7
Less: Cash and cash equivalents	(3.6)
Total	19.1

At the date of issuance of these consolidated financial statements, the accounting for the business combination has been closed without the Group Management having identified significant adjustments.

The Directors of the parent company have considered that at the date of acquisition there was no indication that the accounts receivable acquired would not be collected in full.

The amount contributed by this business to the Group's net attributable profit from the date of acquisition is inmaterial. Similarly, the result that this business would have brought to the group if the transaction had been made on January 1, 2024 is also immaterial.

On March 14, 2024 the company name changed to Santander Leasing AB.

Auto-Interleasing AG

On June 30, 2024, the Group, through the swiss subsidiary Santander Consumer Finance Schweiz AG, signed the acquisition agreement for 100% of the shares representing the share capital of Auto-Interleasing AG, owned by AIL Holding, AG (swiss company). Auto-Interleasing AG is located in Switzerland, and its main purpose is the multi-brand provision of operational leasing and associated services, as well as fleet management, for private and commercial vehicles.

On July 26, 2024 the acquisition was materialized for an initial total amount of 21,849,363 Swiss francs (equivalent to EUR 23.2 million) subject to subsequent review. As a result of the review, on November 25, 2024, the seller has paid Santander Consumer Finance Schewiz AG an amount of 1,631,285 Swiss francs (equivalent to EUR 1.7 million euros), bringing the final price to 20,218,078 Swiss francs (equivalent to EUR 21.5 million).

The share capital of Auto-Interleasing AG consists of 7,500 shares with a par value of 1,000 Swiss francs.

The details of the net assets of the acquired business were as follows:

Business acquired	Main activity	Acquisition date	Ownership interest (voting rights) acquired	Purchase consideration (million euro)
Auto-Interleasing AG	Operating leasing and fleet management services	26/07/2024 (*)	100%	22.2 (**)

(*) The acquisition was made retroactively on June 30, 2024, so the results of the company belong entirely to Santander Consumer Finance since the aforementioned date.

(**) Includes the cash disbursement of the purchase price of the shares plus other transaction costs.

The details of the net assets of the acquired business were as follows:

	Book value (millions of euros)
Cash	1.7
Vehicles	143.6
Non-current assets	5.4
Current assets	9.6
Financial liabilities at amortized cost	(119.7)
Non-current and current liabilities	(19.9)
Net assets	**20.7**
Purchase consideration	22.2
Goodwill	1.5

Net cash flow in acquisition:

	Millions of Euros
Cash paid	22.2
Less: Cash and cash equivalents	(1.7)
Total	20.5

At the date of issuance of these consolidated financial statements, a provisional accounting of the business combination has been carried out in accordance with a preliminary study; since according to the IFRS3 one year from the date of acquisition is available to carry out the study of the allocation of the price to the net assets acquired. Any adjustments arising from the Group Management's final assessment of the price allocation to net assets acquired are not expected to be significant.

The Managers of the parent company have not considered that at the date of acquisition there was no indication that the accounts receivable acquired would not be collected in full.

The amount contributed by this business to the net attributable profit of the Group for the financial year 2024 from the date of acquisition is inmaterial. Similarly, the result that this business would have brought to the Group if the transaction had been made January 1, 2024 is also inmaterial.

CLM Fleet Management, Ltd.

On September 26, 2024, Santander Consumer Finance, S.A., acquired 100% of the shares representing the share capital of CLM Fleet Management Ltd., owned by CLM Holdco (a British company). CLM Fleet Management, Ltd. It is located in the United Kingdom, its main objective being the provision of services associated with the operating leasing of private vehicles and commercial vehicles. The price paid amounted to GBP 6,000,000 (equivalent to EUR 7.2 million).

The share capital of CLM Fleet Management, Ltd. consists of 97,850 shares with a par value of 1 pound sterling.

In this way the details of the acquired business are as follows:

Business acquired	Main activity	Acquisition date	Ownership interest (voting rights) acquired	Purchase consideration (million euro)
CLM Fleet Management, Ltd.	Services associated with operating leasing	26/09/2024 (*)	100%	7.2

(*) The acquisition was made with retroactive effects 30 September 2023, so the results of the company belong entirely to Santander Consumer Finance since the aforementioned date.

The detail of the net assets of the acquired business is as follows, considering also fair value adjustments identified after a preliminary study of the process of allocating the price of the net assets acquired:

	Book value (millions of euros)
Cash	1.9
Non-current assets	1.7
Current assets	3.9
Financial liabilities at amortized cost	(1.1)
Non-current and current liabilities	(5.5)
Net assets	**1.0**
Purchase consideration	7.2
Goodwill	6.2 (*)

(*) At 31 December 2024, the amount of goodwill is 6.6 MM as a result of the exchange rate

Net cash flow in acquisition:

	Millions of Euros
Cash paid	7.2
Less: Cash and cash equivalents	(1.9)
Total	5.3

At the date of issuance of these consolidated annual accounts, a provisional accounting of the business combination has been carried out, since according to the IFRS3 one year from the date of acquisition is available to carry out the study of the allocation of the price to the net assets acquired. Any adjustments arising from the Group Management's final assessment of the price allocation to net assets acquired are not expected to be significant.

The Managers of the parent company have not considered that at the date of acquisition there was no indication that the accounts receivable acquired would not be collected in full.

The amount contributed by this business to the net attributable profit of the Group for the financial year 2024 from the date of acquisition is inmaterial. Similarly, the result that this business would have brought to the Group if the transaction had been made 1 January 2024 is also inmaterial.

There have been no other significant changes in the consolidation perimeter of the Group during the 2024 financial year.

Autodescuento, S.L.

On December 31, 2023, Andaluza de Inversiones, S.A. held 93.9% of Autodescuento, S.L..

On April 15, 2024, Andaluza de Inversiones, SL acquired 1,210 shares held by the partner Gerardo Cabañas Lejárraga for an amount of 215,861.58 euros.

On November 20, 2024, Andaluza de Inversiones, SL acquired 606 shares held by the partner Gerardo Cabañas Lejárraga for an amount of 108,109.19 euros and 2,223 shares held by the partner Fernando Nuño Lopez-Coronado for an amount of 396,578.75 euros. After this acquisition Andaluza de Inversiones, S.A. owns 100% of the capital of Autodescuento, S.L.

Stellantis Life Insurance Europe Limited and Stellantis Insurance Europe Limited

On December 23, 2024, Santander Consumer Finance, S.A. sold its shares in Stellantis Life Insurance Europe Limited and Stellantis Insurance Europe Limited to the company of the Santander Group Santander Insurance SL. Both companies sold are located in Malta, their main object being the insurance business (life and non-life respectively).

At the date of the transaction, Santander Consumer Finance SA held 50% of the shares of each of the companies.

Once the capital reduction was recorded, the details of the sold business were as follows:

Company acquired	Main activity	Acquisition date	% shareholding (voting rights) acquired	Purchase consideration (million euro)
Stellantis Life Insurance Europe Limited and Stellantis Insurance Europe Limited	Insurance provider	23/12/2024	50%	97.3

The result from sale is as follows:

	Millions of Euros
Consideration received	97.3
Less: net assets as at date acquisition	(54.80)
Result from sale	42.5

b.1) **Financial year 2023**

Santander Consumer Leasing Belgium Branch

On July 20, 2023, Santander Consumer Leasing, B.V *(formerly Riemersma Leasing, B.V) has established a branch in* Belgium, called Santander Consumer Leasing Belgium Branch for the development of the operating leasing activity in Belgium. The branch began its activity in July 2023.

Ethias Lease N.V.

On June 19, 2023, Santander Consumer Leasing B.V. *(formerly Riemersma Leasing, B.V) it signed a Memorandun of* Understanding with Ethias Lease Corporation N.V. a company dedicated to the insurance business in Belgium to set up a Joint Venture in Belgium to develop the business of operational leasing of electric cars in Belgium.

After obtaining the corresponding regulatory authorizations, on September 13, 2023, Santander Consumer Leasing B.V. (through its branch in Belgium constituted on July 20, 2023) and Ethias Lease Corporation N.V. constituted Ethias Lease, a company that was incorporated into the company Ethias Lease. N.V. By issuing 4,500,000 fully subscribed and disbursed shares that make up a capital of 4,500,000 euros:

- Santander Consumer Leasing B.V., through its Belgian branch, subscribed 2,250,000 shares disbursing 2,250,000 euros holding a share of 50%.
- Ethias Lease Corporation N.V. subscribed 2,250,000 shares disbursing 2,250,000 euros holding a share of 50%.

The company began its activity in the same month of September 2023.

Drive Revel, S.L

In June 2022, Andaluza de Inversiones, S.A. entered to participate in the share capital of Drive Revel, S.L., through a capital increase of 386 shares made by the aforementioned company, through the acquisition of 192 shares of 1 euro of par value each and an assumption premium of 5,196.51 euros per share, disbursing a total of 997,921 euros and going to hold 2.98% of the aforementioned company.

The main corporate purpose of this company is the leasing and subleasing of cars and light motor vehicles.

In August 2023, Andaluza de Inversiones, S.A. signed the second capital increase already agreed in 2022 by Drive Revel, S.L. 770 shares with a par value of 1 euro each and a share premium of 5,196.51 euros per share, having paid a total of 4,002,079 euros, held after this extension a total of 962 shares representing 10.76% of the share capital of the aforementioned company.

On July 29, 2024, Andaluza de Inversiones, S.A. signed two capital increases made by Drive Revel, S.L.. In the first of these, it subscribed 193 shares (Class C) with a par value of 1 euro each and a share premium of 5,196.51 euros per share, having disbursed a total of 1,003,118.5 euros. In the second of these, it subscribed 1,026 shares (Class D) of 1 euro of par value each and an share premium of 7,501.68 euros per share, having disbursed a total of 7,697,749.2 euros. After these extensions, Andaluza de Inversiones holds a total of 2,181 shares, representing 19.82% of the share capital of Drive Revel, S.L.

Carmine D-Services, Unipessoal, Lda. (Originally PDC Digital, Lda.)

On January 4, 2023, Santander Consumer Services, S.A, a Portuguese subsidiary of Santander Consumer Finance, S.A, acquired 100% of the shares of PDC Digital, Lda., a Portuguese company. The share capital of PDC Digital, Lda. it was composed of 3 shares, 1 of them with a par value of 3,400 euros each and 2 of them with a par value of 3,300 euros each. The amount corresponding to the acquisition amounts to 2.2 million euros, of which 2.0 million euros had been paid at the closing of the transaction, deferring the payment of the remaining amount for 4 years payable every January 1 of each year with the last payment being January 1, 2027. The acquisition has been carried out as follows:

- Acquisition of 1 share to José Ferreira Lopes and Maria Alice Ferreira Lopes for a total amount of 0.7 million euros, having disbursed 0.6 million euros on the day of the transaction, remaining the rest postponed as mentioned.

- Acquisition of 1 share to Maria Alice da Costa Faria for a total amount of 0.7 million euros, having disbursed 0.6 million euros on the day of the transaction, the rest remaining postponed as mentioned.

- Acquisition of 1 share to Miguel José Lopes and Patrice Leite Dias de Oliveira Rosas Lopes for a total amount of 0.7 million euros, having disbursed 0.6 million euros on the day of the transaction, remaining the rest postponed as mentioned.

Thus, the details of the acquired business were as follows:

Business acquired	Main activity	Acquisition date	Ownership interest (voting rights) acquired	Purchase consideration (million euro)
PDC Digital, Lda.	Provision of internet, computer and multimedia services	04/01/2023	100%	2.2 (*)

(*) As already noted above, the disbursement of the price has been made and will be made at different times of time.

The details of the net assets of the acquired business were as follows:

	Book value (EUR Thousands)
Cash	2.4
Customers	53.6
Non-current assets	21.1
Current assets	56.5
Financial liabilities at amortized cost	(165.7)
Non-current and current liabilities	(418.0)
Net assets	**(450.1)**
Purchase consideration (*)	2,230.9
Goodwill	2,681.0

(*) As already indicated above, the disbursement of the price was made and will be made at different times of time.

The fair value of the acquired receivables amounts to 53.6 thousand euros and does not differ from their gross contractual amounts. The parent company´s directors consider that there were no indications that they would not be fully collected at the acquisition date.

Net cash flow on acquisition:

	Million of Euros
Cash paid	2,230.9
Less: Cash and cash equivalents	(2.4)
Total	**2,228.5**

(*) As already indicated above, the disbursement of the price was made and will be made at different dates.

The amount contributed by this business to the Group's net attributable profit from the date of acquisition is intmaterial. Similarly, the result that this business would have brought to the group if the transaction had been made on January 1, 2023 is also immaterial.

On September 21, 2023, the company name was changed to Carmine D-Services, Unipessoal, Lda.

In 2023, the partners provided a participative loan to the company of 550,000 euros without a fixed repayment deadline.

Santander Consumer Mobility AS and Santander Consumer Mobility AB

On August 14, 2023, Santander Consumer Finance, S.A has acquired 100% of the shares of NFH 230521 AS from Nytt Foretak AS for NOK 47,500 (equivalent to 4,000 euros), in Norway, in order to develop the operating leasing activity in Nordics.

The company's share capital consisted of 3,000 shares with a par value of 10 Norwegian kroner each, representing a capital of 30,000 Norwegian kroner (equivalent to 2,600 euros).

On September 9, 2023, the company name changed to Santander Consumer Mobility AS.

On October 6, 2023, Santander Consumer Finance, S.A transferred 10 million euros to the aforementioned company, which was finally contributed as a capital increase on December 19, 2023. This EUR 10 million is equivalent to NOK 113,655,000. The capital increase did not involve the issuance of new shares, as it has been recorded as follows:

– Capital increase by NOK 60,000 by increasing the par value of the shares from NOK 10 to NOK 30 each.

– Share premium of NOK 37,865 per share forming a total of NOK 113,595,000.

Likewise, and on October 6, 2023, Santander Consumer Mobility AS has acquired 100% of the shares of Goldcup 33672 AB in Sweden from Between Bolagsrätt Sundsvall AB for 25,000 Swedish kroner (equivalent to 2,000 euros), for the purpose of developing the operating leasing activity in Sweden.

On October 20, 2023, the company name changed to Santander Consumer Mobility AB.

As of December 31, 2023, the share capital of this company consisted of 25,000 shares with a par value of 1 Swedish krona each, representing a capital of 25,000 Swedish krona (equivalent to 2,000 euros).

In February in 2024, Santander Consumer Mobility AS carried out a capital increase of 267,503,670 Norwegian kroner (equivalent to 23.3 million euros) fully subscribed and disbursed by Santander Consumer Finance, S.A. The capital increase did not involve the issuance of new shares, having been materialized as follows:

- Capital increase by NOK 60,000 by increasing the par value of shares from NOK 30 to NOK 50 each.

- Share premium of NOK 89,147.89 per share for a total of NOK 267,443,670.

Following the capital increases, the company's share capital consists of 3,000 shares with a par value of 50 Norwegian kroner each, representing a share capital of 150,000 Swedish kroner (€0.13 million). Each share carries a share premium of 127,012.89 Swedish kroner, for a total share premium of 381,038,670 Swedish kroner (€33 million).

At the date of issuance of these consolidated annual accounts, the company has not started its activity.

Reorganization of the global agreement with Stellantis

On March 31, 2022, Santander Consumer Finance, S.A reached an agreement to strengthen its global cooperation with Stellantis, N.V. and Stellantis Financial Services, S.A. (Formerly PSA Finance, S.A Banque.) which was originally signed in 2014. This agreement was revised mainly due to changes in Stellantis' corporate structure since the initial firm.

After obtaining the corresponding regulatory and competition authorizations, on April 3, 2023, the signed agreements were implemented. Below is a summary of the different transactions that this agreement has involved for Santander Consumer Finance Group:

Acquisition of new business origination rights for financing products (loans, financial leasing and operational leasing to end customers) of all Stellantis brands: Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS, Fiat, Fiat Professional, Jeep, Lancia, Maserati, Opel, Peugeot, Ram and Vauxhall in seven European countries: Belgium, France, Italy, Netherlands, Poland, Portugal and Spain.

This acquisition has been based on legal agreements signed by each joint venture with the respective Opel and Fiat Chrysler Automobiles (FCA) companies in each country. The acquisition has been accompanied by the transfer of certain employees in contracts signed with Opel companies and, in the case of FCA companies, only in Italy. In addition, the transaction has involved the transfer of contracts, assets and associated liabilities, mainly, to employees at the time of the transaction.

The acquisition of the rights of origination involved the recognition of an intangible asset in the consolidated balance sheet as of June 30, 2023 for an initial amount of 134.7 million euros (as at December 31, 2023 the amount finally recognised was 140.7 million euros), which are depreciated in the duration of the agreement (8.5 years) counted since April 3, 2023. The amount provided as amortization to June 30, 2023 amounted to 3.9 million euros (amounted 12.3 million euros as at December 31, 2023).

The set of assets and liabilities that have been transferred to the joint ventures of the Santander Consumer Finance Group represented a payment by the corresponding companies of Opel and FCA to the joint ventures of 0.3 million euros and 6 million euros, respectively, on the closing day of the transaction, April 3, 2023, having been calculated on estimated amounts and subject to review.

As of the date of the consolidated condensed interim financial statements as of June 30, 2023, only the transfers from the Netherlands, Belgium, Portugal, and Poland corresponding to Opel had been closed, resulting in an additional payment from Opel companies of 0.2 million euros.

On the second half of 2023, all transfers of assets and liabilities have been closed which have resulted in an additional payment by the joint ventures to the corresponding Opel companies of 0.1 million euros and an additional payment by FCA to the Italian joint venture of 0.2 million euros.

All the above amounts incorporate transactions made by Stellantis Consumer Finance Services Polska Sp.z.o.o., which is an associated entity of the Santander Consumer Finance Group.

Sale of the origination rights of the Operational Lease B2B (Vision Client) business carried out by Belgium, France, Italy, the Netherlands, Poland and Spain to Leasys companies

As part of the aforementioned reorganization, joint ventures from Belgium, France, Italy, the Netherlands, Poland and Spain sold, on April 3, 2023, the origination rights of the operational lease business (Vision Client) B2B to the corresponding companies of Leasys in each country for a total amount of 64.5 million euros, which have been recorded as profit on sale in the consolidated income statement as of December 31, 2023.

The sale of these origination rights has been accompanied, in the case of Spain and France, by the transfer of employees and their corresponding assets and liabilities associated with the aforementioned employees. This transfer involved the payment by the joint ventures of the Santander Consumer Finance Group of a total amount of 3.8 million euros to the corresponding companies of Leasys on the day of the closing of the transaction, on April 3, 2023. Since the aforementioned payment based on estimated amounts was made, after obtaining the final amounts, the company of Leasys paid the French joint venture an amount of 0.4 million euros.

All the above amounts incorporate transactions made by Stellantis Consumer Finance Services Polska Sp.z.o.o., which is an associated entity of the Santander Consumer Finance Group.

Acquisition of Opel portfolios by joint ventures in Italy and Spain

In addition, and as part of the aforementioned reorganization, the joint ventures of Italy and Spain have proceeded to acquire Opel's portfolios in the aforementioned countries as of July 3, 2023 and May 31, 2023, respectively. Likewise, this purchase of portfolios has been accompanied by the acquisition of assets and liabilities associated with the portfolio at the aforementioned dates. In the case of the purchase of Italy, part of the financing of the aforementioned portfolio has also been acquired.

Below is a breakdown of the portfolio acquired by Spain, considering the fair value adjustments identified, once the process of allocating the price of the net assets acquired has been completed:

Spain	Millions of euros
	Final
Portfolio	258.8
Net of assets and liabilities	(0.6)
Funding	-
Total amount paid	258.2

Below is the detail of the portfolio acquired by Italy considering the adjustments to fair value identified, after the process of allocating the price of the net assets acquired is completed:

Italy	Millions of euros
	Final
Portfolio	896.3
Net of assets and liabilities	(4.3)
Financing	(770.4)
Total amount paid	121.6

Sale of shares in German and UK joint ventures to Opel companies

Finally, and as part of the aforementioned restructuring, dated 3 April 2023, Stellantis Financial Services España, E.F.C., S.A. (formerly PSA Financial Services Spain, E.F.C., S.A.) sold its stake in 100% of the capital of PSA Finance UK Limited to an Opel company. In addition, Stellantis Financial Services, S.A. (Formerly Banque Psa Finance S.A.) and Santander Consumer Bank Aktiengesellschaft sold their shares (each 50%) in the share capital of PSA Bank Deutschland GmbH to another Opel company.

The share capital of PSA Finance UK Limited consisted of 437,280 shares of 1 pound sterling of face value each. The estimated selling price at the closing date of the transaction was GBP 368,614,513.41 equivalent to EUR 419,261,275.48. Following the revision of the final data at the transaction date, carried out in the first half of 2024, the final selling price has risen to GBP 372,908,000 equivalent to EUR 424,288,483.01.

The share capital of PSA Bank Deutschland GmbH consisted of 1,464,448 shares each with a par value of 1 euro. The estimated selling price at the closing date of the operation amounted to 613,896,021.62 euros. Following the revision of the final data at the transaction date, carried out in the first half of 2024, the final selling price has risen to 606.782.000.

The gains recorded by both operations in the consolidated income statements as of December 31, 2023, just as the recording of the effects of the final closing adjustments made in the first half of 2024 in the consolidated income statements as of December 31, 2024 is not significant.

Santander Consumer Finance, Inc.

On March 17, 2023, Santander Consumer Finance, S.A. acquired from Banco Santander, S.A., 100% of the shares of Santander Consumer Finance, Inc., a Canadian company. Santander Consumer Finance, Inc. It also shares 100% of the share capital of Santander Consumer, Inc. The share capital of Santander Consumer Finance, Inc. it consisted of 30,451,553 shares.

The acquisition was made for 215,747,722 Canadian dollars equivalent to 148,758,054.32 euros.

Thus, the details of the acquired business were as follows:

Business acquired	Main activity	Acquisition date	Ownership interest (voting rights) acquired	Purchase consideration (million euro)
Grupo Santander Consumer Finance, Inc.	Consumer financing	17/03/2023 (*)	100%	148.7

(*) The acquisition was made retroactively on March 1, 2023, so the company's results as of March 1, 2023 belong entirely to Santander Consumer Finance.

The details of the net assets of the acquired business were as follows:

	Book value (Millions of euros)
Cash	4.8
Clients	639.0
Non-current assets	1.6
Current assets	47.9
Financial liabilities at amortized cost	(512.5)
Non-current and current liabilities	(43.0)
Net assets	137.8
Purchase consideration	148.7
Goodwill	10.9

The fair value of the acquired receivables amounted to 639 million and does not differ from their gross contractual amounts. The Managers of the parent company do not consider that at the date of acquisition there were indications that they would not be collected in full.

Net cash flow on acquisition:

	Millions of Euros
Cash paid	148.7
Less: Treasury and other equivalent liquid assets	(4,8)
Total	143.9

The amount contributed by this business to the Group's net attributable profit from the date of acquisition is intangible. Similarly, the result that this business would have brought to the group if the transaction had been made on January 1, 2023 was also immaterial.

On December 27, 2024 date, Santander Consumer Finance, Inc. carried out a capital increase of 35,000 thousand Canadian dollars (equivalent to 23,714 thousand euros) fully subscribed and disbursed by Santander Consumer Finance, S.A, which holds a 100% stake in that entity. The capital increase meant the issuance of 2,715,284 new shares.

On December 31, 2024 the share capital of Santander Consumer Finance, Inc. consists of 30,451,553 shares, equivalent to a share capital of 342,579,971 euros.

MCE Bank Group

In November 2022, Santander Consumer Bank AG reached an agreement to acquire 100% of the shares of MCE Bank, GmbH effective March 31, 2023. The company's share capital consists of 40,903,360 shares with a total value of 40,903,360 euros, with a par value of 1 euros each.

MCE Bank GmbH was the captive financial institution of Mitsubishi in Germany with a bank license and dedicated to the provision of financial services mainly related to the automotive sector and the activity of deposit-raising, being its shareholders several companies of the Mitsubishi Group. MCE Bank GmbH in turn had the following subsidiaries with a direct or indirect participation rate of 100%:

- MCE Verwaltung GmbH dedicated to the management of Real Estate for the Group in Germany.
- Midata Service GmbH is dedicated to the provision of IT services especially to dealers.
- AMS Auto Mark am Schieferstein GmbH dedicated to remarketing activities.
- TVG-Trappgroup Versicherungsvermittlungs GmbH is dedicated to the insurance intermediation of retail customers and dealers.

After obtaining the corresponding authorizations from the regulatory authorities, on May 31, 2023 the acquisition took place for a total amount of 94,768,237 euros.

The acquisition was made as follows, with retroactive accounting effect April 1, 2023:

- Acquisition of MC-V Beteiligung Verwaltungsgesellschaft mbH of its total equity stake (45%) consisting of 18,406,512 shares with a par value of 18,406,512 euros for an amount of 40,243,434 euros.
- Acquisition of MC Automobile (Europe) N.V. of its total share capital (45%) consisting of 18,406,512 shares with a par value of 18,406,512 euros for an amount of 40,243,434 euros.
- Acquisition from Mitsubishi International GmbH of its total share capital (10%) consisting of 4,090,336 shares with a par value of 4,090,336 euros for an amount of 8,942,985 euros.

Thus the details of the acquired business are as follows:

Business acquired	Main activity	Acquisition date	Ownership interest (voting rights) acquired	Purchase consideration (million euro)
MCE Bank Group	Financial services associated with automotive and deposit collection	31/05/2023 (*)	100%	95.4 (**)

(*) The acquisition was made retroactively on April 1, 2023, so the company's results belong entirely to Santander Consumer Finance since the aforementioned date.
(**) Includes cash disbursement of the purchase price of the shares plus other transaction costs.

Below is the detail of the net assets of the acquired business considering the adjustments to fair value identified, once the process of allocating the price of the net assets acquired was completed:

	Book Value (Millions of euros)
Cash	61.6
Customers	881.4
Non-current assets	56.3
Current assets	22.2
Financial liabilities at amortized cost	(856.5)
Non-current and current liabilities	(31.1)
Net assets	133.9
Purchase consideration (*)	95.4
Difference in purchase	38.5

(*) Includes cash disbursement of the purchase price of the shares plus other transaction costs.

During the second half of 2023, the accounting for the business combination was closed. The adjustments identified in the Group Management study of the price allocation to net assets acquired were not considered significant and consequently, the Group Management considered recording a purchase difference as a negative consolidation difference in the consolidated income statement as at December 31, 2023.

The Managers of the parent company did not consider that at the date of acquisition there was no indication that the accounts receivable acquired would not be collected in full.

The amount contributed by this business to the Group's net attributable profit for the financial year 2023 from the date of acquisition was inmaterial. Similarly, the result that this business would have brought to the Group if the transaction had taken place January 1, 2023 was also inmaterial.

Likewise, in November 2022, Santander Consumer Bank AG entered into an agreement with Emil Frey Automobil Holding Deutschland GmbH to sell 9.99% of its stake in MCE Bank GmbH. On August 11, 2023, the aforementioned sale was made effective for a price amounting to 14.5 million euros.

Stellantis Financial Services Belux, S.A. (Former PSA Finance Belux, S.A) and Stellantis Financial Services Nederland, B.V. (Former PSA Financial Services Nederland, B.V.)

On May 30, 2023, a corporate reorganization was carried out in the Group by which Banque Stellantis France, S.A. (Former PSA Banque France, S.A. and owned 50% by Santander Consumer Banque, S.A. and 50% by Stellantis Financial Services, S.A.) acquired 100% of the stake of Stellantis Financial Services Belux, S.A. and Stellantis Financial Services Nederland, B.V.

Prior to the acquisition, both were already controlled entities, 100% owned by Stellantis Financial Services España, E.F.C., S.A. (formerly PSA Financial Services Spain, E.F.C., S.A.), which in turn is 50% owned by Santander Consumer Finance S.A. and 50% owned by Stellantis Financial Services, S.A. Both transactions were carried out at consolidated accounting values after obtaining the corresponding authorizations from the European and local authorities.

As a result of this reorganization, dated April 4, 2024, a capital reduction was made in Stellantis Financial Services España, E.F.C. Of 185,000,000 euros by amortizing 18,500,000 shares of 10 euros of par value each, having received each of the shareholders 92,500,000 euros equivalent to their corresponding shareholding percentages.

Vizolution

As of December 31, 2022, Santander Consumer Finance, S.A held a 10.99% share (3,239,956 shares) in the share capital of Vizolution Limited, a British company whose corporate purpose was to create software products that would facilitate the closure of online financing operations. This share was acquired at the end of 2018 for a value of £6,500 thousand.

During the first half of 2023, Lightico, Ltd. (Based in Israel) submitted an offer to the shareholders of Vizolution for the acquisition of all shares of the company Vizolution in exchange for shares of the company Lightico, Ltd.

As a result of the agreements reached on June 12, 2023, during the month of July 2023, Santander Consumer Finance, S.A has assumed 2.28% (29,070 shares) of the company Lightico worth 2,380 thousand US dollars, in exchange for participation in Vizolution Limited. At the time of the transaction, Santander Consumer Finance, S.A adjusted the value of the stake in Vizolution Limited, having recorded a loss of a non-significant amount for the purposes of the 2023 consolidated annual accounts.

On November 18, 2024, Santander Consumer Finance has participated in an investment agreement made by Lightico, Ltd. By which various shareholders of the company have made contributions to it, having contributed Santander Consumer Finance, S.A, 500,000 US dollars.
This contribution will be converted into based on a series of possible future scenarios that include future scenarios of financing, mergers, sales or IPO of the company, in which, in general, the contribution will be converted into shares at the original conversion price with a discount of 30%.

As of December 31, 2024, Santander Consumer Finance, SA's stake in Lightico, Ltd. is 2.20%.

Drive, S.r.l. and Santander Consumer Renting, S.r.l.

On May 31, 2023, Santander Consumer Bank, S.p.A reached an agreement with the companies Agba, S.p.A, and AutoTorino S.p.A. to allow these companies to participate in the share capital of Drive, Srl. To do this, it was agreed to carry out a capital increase of 7 million euros that was subscribed and disbursed as follows, without issuing new shares:

- Santander Consumer Bank, SpA contributed €5 million, of which €4 million was contributed through the conversion of the aforementioned capital increase carried out in 2022 into share capital and a disbursement of €1 million.
- Agba, S.p.A disbursed 1 million euros.
- AutoTorino S.p.A disbursed 1 million euros.

After the capital increase, the share capital of Drive, S.r.l. is 8 million euros, holding Santander Consumer Bank, S.p.A 75% of the share capital and Agba, S.p.A and AutoTorino S.p.a, each hold 12.5% of the share capital.

Likewise, in December 2023, in the company Santander Consumer Renting, S.r.l, a capital increase was carried out directly under the category Reserves and without issuing any shares amounting to 4.5 million euros.
There were no other significant changes in the consolidation perimeter of the Group during the 2023 financial year.

4. Bank´s profit distribution and earnings per share

a) Bank´s profit distribution

The distribution of the Bank's net profit for 2024 that the Board of Directors will propose to the General Shareholders' Meeting for approval and the proposal approved for the financial year 2023 by the Bank's General Shareholders' Meeting is as follows:

	EUR Thousands	
	2024	2023
Distributable profit:		
Balance per the income statement	558,053	917,223
Appropriation:		
To dividends paid	—	99,992
To legal reserve	55,805	91,722
To voluntary reserve	502,248	725,509
Total	**558,053**	**917,223**

On May 22, 2024, the Extraordinary General Shareholders Meeting agreed, on a proposal from the Board of Directors, agreed to pay a dividend from unrestricted reserves of 499,959 thousand euros. This dividend was paid on June 27, 2024.

On March 14, 2023, the Extraordinary General Shareholders Meeting agreed, on a proposal from the Board of Directors, agreed to pay a dividend from unrestricted reserves of 507,477 thousand euros. This dividend was paid on March 29, 2023.

On October 9, 2023, in light of the Company's liquidity situation, the Board of Directors agreed to a dividend distribution of 99,992 thousand euros against 2023 profit. This dividend was paid on November 13, 2023.

The provisional financial statement, which, in accordance with the provisions of Article 277 of the Consolidated Text of the Capital Companies Act, was prepared by the Bank's Directors, demonstrating the existence of sufficient resources for the distribution of the interim dividend, was as follows:

	EUR Thousands
	31/8/2023
Estimated profit before tax	570,973
Less:	
Estimated income tax	(20,475)
Appropriation to legal reserve	(55,050)
Distributable profit	—
Interim dividend to be distributed	495,448
Gross dividend per share (euros) (*)	0.05

(*) Estimated with the number of Bank shares existing at the date of approval of the dividend on account.

b) *Basic and diluted earnings per action*

Basic earnings per share are determined by dividing the net profit for the year attributable to the parent company, adjusted by the after-tax amount corresponding to the remuneration recorded in equity for contingently convertible preferred shares (see Note 23), by the weighted average number of the Bank's shares outstanding in that year, excluding, where applicable, the average number of treasury shares held in the same.

Accordingly:

	EUR Thousands	
	2024	2023
Consolidated profit attributable to the parent	803,624	1,003,933
Remuneration of contingently convertible preferred equity (Note 23)	(93,040)	(94,103)
	710,584	909,830
Dilutive effect of changes in profit for the year arising from potential conversion of ordinary shares	—	—
Of which:		
Profit or loss from discontinuing operations (net of noncontrolling interests) (thousands of euros)	—	—
Profit or loss from continuing operations (net of noncontrolling interests) (thousands of euros)	710,584	909,830
Weighted average number of shares outstanding	1,879,546,172	1,879,546,172
Adjusted number of shares	1,879,546,172	1,879,546,172
Basic and diluted EPS (Euro)	0.3781	0.4841
Of which:		
Consolidated profit attributable to the parent	0.3781	0.4841

5. Remuneration and other benefits to the Board of Directors and the Senior Management of Santander Consumer Finance S.A.

The following sections of this note contain information, both qualitative and quantitative, of the remuneration of the members of the Board of Directors – both executive and non-executive – and of the senior management for the years 2024 and 2023:

5.1 Remuneration and other benefits to the Board of Directors

a) Bylaw-stipulated emoluments and other fees

In accordance with the current Remuneration Policy, approved by the General Shareholders Meeting of Santander Consumer Finance, S.A., the directors linked to Banco Santander S.A., Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr. Sebastian Gunningham, Mr. Petri Nikkilä, Mr. Daniel Barriuso Rojo, Mr. José Luis de Mora Gil-Gallardo, Ms. Cristina Ruíz Ortega and Mr. Mahesh Aditya, in accordance with the criteria established therein and in accordance with the internal decisions of the Santander Group, they have not received any amount during the financial year 2024 from Santander Consumer Finance, S.A., nor the companies of their group, nor in general for the performance of their positions as directors of Santander Consumer Finance, S.A.

External and independent directors receive a fixed annual remuneration from Santander Consumer Finance S.A. in consideration of the responsibilities, functions and dedication of each director (including their membership and position within the various committees of the board of directors, as well as their face-to-face attendance to them).

In 2024 the members of the Board of Directors of Santander Consumer Finance S.A. earned 1,139 thousand euros in statutory fees (1,326 thousand euros in 2023), all of which correspond to eight directors as of December 31, 2024 and 2023, respectively.

(b) Salary remuneration

The CEO of the entity has a remuneration scheme that consists of a fixed remuneration (annual salary) and a variable, which is granted annually and is linked to the fulfillment of certain annual objectives set out by the Board. In the case of variable remuneration, the following scheme is established:

- The 50% of the variable remuneration amount, which is determined at the end of the financial year based on the achievement of established objectives, is paid immediately.
- The remaining 50% is deferred for five years, to be paid, where applicable, in fifths provided that the conditions of permanence in the Santander Group and the non-occurrence of malus clauses are met, subject to long-term objectives. The accrual of the first two parts is subject to the non-occurrence of malus clauses and the third, fourth and fifth parts (payment, where applicable, in 2028, 2029 and 2030) are also linked to the fulfillment of certain objectives related to the period 2024-2026 and the metrics and scales associated with such objectives.

Each payment of the immediate (or short-term) and deferred portion, whether linked to long-term objectives, is made a 50% in cash and the remaining 50% in instruments, consisting of Banco Santander, S.A shares.

Likewise, in accordance with current remuneration regulations, the amounts already paid will be subject to possible recovery (clawback) by Santander Consumer Finance S.A. in the cases and during the period provided for in the current policy at any time.

(c) Post-employment benefits and other long-term benefits

The Santander Group's supplementary pension obligations for all its employees, both active and retired, include those corresponding to current and former Directors of Santander Consumer Finance SA, who hold (or have held) executive positions within the Santander Consumer Finance Group. Directors who hold such positions in any of the Santander Group companies will not receive any post-employment benefits or other benefits as remuneration for their duties at Santander Consumer Finance, SA.

The contributions made by Santander Consumer Finance, S.A in favor of the CEO in 2024 amounted to 34 thousand euros.

In 2024, pension payments to those who have been members of the Board of Directors of Santander Consumer Finance S.A. amounted to 314 thousand euros in the financial year 2024 (314 thousand euros in the financial year 2023) and that were mainly made, by other entities of the Santander Group not belonging to the Santander Consumer Finance Group.

d) Individual breakdown

The individual breakdown of the amounts paid by the Bank in the financial year 2024 to each of the members of the Board, by their membership and positions therein and in their commissions throughout the year, as well as the salary and other remunerations accrued by the CEO, is the following:

EUR Thousands

		Statutory fees						
Audit Committee	**Membership**	**Board of Directors**	**Executive committee**	**Audit Committee**	**Commission of Risk monitoring, Regulation and compliance**	**Commission of Appointments, Corporate Governance And Responsible Banking**	**Remuneration Commission**	**Daily subsistence fee**
Ms. Ana Patricia Botín-Sanz de Sautuola and O'Shea	Proprietary	—	—	—	—	—	—	—
Mr. Sebastian Gunningham	Proprietary	—	—	—	—	—	—	—
Mr. Francisco Javier Monzón de Cáceres[1]	External	300	146	—	15	10	10	—
Mr. Petri Nikkilä[2]	Proprietary	—	—	—	—	—	—	—
Ms. Victoria Roig Soler[3]	Executive	—	—	—	—	—	—	—
Mr. Daniel Barriuso Rojo	Proprietary	—	—	—	—	—	—	—
Mr. José Luis de Mora Gil-Gallardo	Proprietary	—	—	—	—	—	—	—
Mr. Mahesh Aditya[4]	Proprietary	—	—	—	—	—	—	—
Ms. Cristina Ruíz Ortega[5]	Proprietary	—	—	—	—	—	—	—
Mr. Antonio Escámez Torres	External	50	50	—	15	—	10	—
Ms. Marta Elorza Trueba[6]	Independent	63	44	15	19	10	—	—
Ms. Emma Fernández Alonso	Independent	50	—	15	15	12	10	—
Mr. Michael David Rhodin[7]	Independent	80	—	—	—	—	14	—
Mr. José Manuel Robles Fernández	Independent	50	—	19	15	—	10	—
Mr Jean Pierre Landau[8]	Independent	46	—	—	—	—	—	—
Mr. Luis Alberto Salazar-Simpson Bos[8]	Independent	46	—	—	—	—	—	—
TOTAL								

EUR Thousands

Audit Committee	Membership	Salary remuneration and bonus of the executive directors Board of Directors	Executive committee	Audit Committee	Commission of Risk monitoring, Regulation and compliance	Commission of Appointments, Corporate Governance And Responsible Banking	Remuneration Commission	Daily subsistence fee	Membership	Board of Directors	Executive committee
Ms. Ana Patricia Botín-Sanz de Sautuola and O'Shea	Proprietary	—	—	—	—	—	—	—	—	—	—
Mr. Sebastian Gunningham	Proprietary	—	—	—	—	—	—	—	—	—	—
Mr. Francisco Javier Monzón de Cáceres[1]	External	—	—	—	—	—	—	—	481	—	429 (**)
Mr. Petri Nikkilä[2]	Proprietary	—	—	—	—	—	—	—	—	—	—
Ms. Victoria Roig Soler[3]	Executive	150	94	94	338	—	34	6	378	—	—
Mr. Daniel Barriuso Rojo	Proprietary	—	—	—	—	—	—	—	—	—	—
Mr. José Luis de Mora Gil-Gallardo	Proprietary	—	—	—	—	—	—	—	—	—	—
Mr. Mahesh Aditya[4]	Proprietary	—	—	—	—	—	—	—	—	—	—
Ms. Cristina Ruíz Ortega[5]	Proprietary	—	—	—	—	—	—	—	—	—	—
Mr. Antonio Escámez Torres	External	—	—	—	—	—	—	—	125	—	301 (**)
Ms. Marta Elorza Trueba[6]	Independent	—	—	—	—	—	—	—	150	—	62
Ms. Emma Fernández Alonso	Independent	—	—	—	—	—	—	—	102	—	60
Mr. Michael David Rhodin[7]	Independent	—	—	—	—	—	—	—	94	—	58
Mr. José Manuel Robles Fernández	Independent	—	—	—	—	—	—	—	94	—	192 (**)
Mr Jean Pierre Landau[8]	Independent	—	—	—	—	—	—	—	46	—	112
Mr. Luis Alberto Salazar-Simpson Bos[8]	Independent	—	—	—	—	—	—	—	46	—	112
TOTAL									**1,516**	**—**	**1,326**

(1) Counsellor and Vice-Chairman of the Board of Directors
(2) Counselor from May 22, 2024
(3) Director from July 31, 2024. Until October 31, 2024, the remuneration of Executive Director Dª Victoria Roig Soler was paid by another entity of the Santander Group other than the Santander Consumer Finance Group. As of November 1, 2024, the remuneration began to be paid by Santander Consumer Finance, S.A.
(4) Counselor from September 2, 2024
(5) She resigned as June 1, 2024 counselor
(6) Independent Coordinating Counselor since May 22, 2023
(7) The amount was increased by 65% in the case of face-to-face attendance of the counselor when residing in another continent, until August 1, 2024, and since that date the increase is 50% for that concept
(8) They resigned as directors with effect from May 22, 2023. The amount paid in 2024 corresponds to the remunerations accrued from January 1, 2023 until the date of their resignation. The amount paid in 2023 corresponds to the exercise of his duties in the financial year 2022
(*) Remuneration in kind
(**) In 2023 the method of payment to the Board of Directors was modified, going from annual to expired year, to monthly. The amounts accrued in the financial year 2022, as well as the corresponding amounts for the financial year 2023, have been settled for the directors appointed May 22, 2023

(e) Credits and deposits

The Group´s direct risks with the directors of Santander Consumer Finance S.A. together with the guarantees provided to them are indicated in Note 47.The conditions of these transactions are equivalent to those that occur in transactions made under market conditions or the corresponding remuneration in kind has been allocated.

(f) Variable remuneration in instruments

The variable remuneration of the CEO amounted in 2024 to 189 thousand euros, which is paid as follows:

- 94 thousand euros immediately, of which 47 thousand euros are delivered in shares, equivalent to 10,317 securities
- 94 thousand euros with deferred delivery, of which 47 thousand euros converted into 10,317 securities to be delivered in 5 years in equal parts of 2,063 shares between 2026 and 2030.

5.2 Remuneration and other benefits to senior management [1]

The total remuneration received by members (non-Directors) of the Senior Management of Santander Consumer Finance S.A. (6 persons in the financial year 2024 and 6 persons in the financial year 2023, respectively) they amounted to 6,489 thousand euros in 2024 and 4,666 thousand euros in 2023. These remunerations have been fully paid by entities of the Santander Group other than Santander Consumer Finance SA:

- The fixed and variable remuneration granted to members of the Senior Management in 2024 amounted to 5,878 thousand euros (including compensation received by a senior manager who had been dismissed at the end of the year) and 4,100 thousand euros in 2023.
- The in-kind remuneration amounted to 155 thousand euros, in the financial year 2024 (148 thousand euros in the financial year 2023).
- In 2024, contributions were made to defined-contribution pension plans amounting to 456 thousand euros (419 thousand euros in 2023). In 2024, payments were made for this item amounting to 358 thousand euros and in 2023 totaling 461 thousand.

The amount of payment in shares of Banco Santander S.A. to the members of the Senior Management of Santander Consumer Finance S.A. during the financial year 2024 amounted to 251 thousand shares (immediate and deferred delivery) corresponding to 1,147 thousand euros and no options were granted. The total shares during the 2023 financial year were 268 thousand (immediate and deferred delivery) corresponding to 1,015 thousand euros. Also in 2023, 71 thousand options were granted for (immediate and deferred delivery) corresponding to 72 thousand euros.

In all cases, the transactions with the Santander Consumer Finance Group have been carried out under market conditions or the corresponding in-kind remuneration has been charged.

5.3 Termination of contract compensation

The contracts of executive directors and senior managers with entities of the Santander Group are of indefinite duration. The termination of the relationship due to breach of its obligations by the director or manager or by his free will not give right to any financial compensation. In the event of termination of the contract for any other reason, they will be entitled only to the legal compensation that, if applicable, corresponds.

5.4 Information on directors' shares in other companies and conflicts of interest

None of the members of the Board of Directors has stated that they are in a situation of conflict of interest of those established in article 229 of the Law of Capital Company, direct or indirect, that they or people linked to them could have with the interest of Santander Consumer Finance, S.A.

[1] The directors registered in the Register of Senior Officials of the Banco de España are considered members of the Senior Management.

6. Loans and advances – central banks and credit institutions

The breakdown of the balance under the heading "Loans and advances – central banks and credit institutions" of the consolidated balance sheets as of 31 December 2024 and 2023 annexed, according to their nature and currency, is as follows:

	EUR Thousands	
	2024	2023
Nature:		
Central banks	**204,842**	**—**
Time deposits	*204,842*	—
Credit institutions	**370,141**	**1,428,325**
Time deposits	*41,979*	*1,080,763*
Reverse repurchase agreements	*229,175*	*60,531*
Other accounts	*98,987*	*287,031*
Currency:		
Euro	183,781	1,350,852
Foreign currency	391,202	77,473
	574,983	**1,428,325**

As of December 31, 2024, the balances held under this heading correspond mainly to Santander Consumer Finance, S.A (Spain) and Santander Consumer Bank A.S. (Nordics) for an amount of 72,299 thousand euros and 435,559 thousand euros respectively (As of December 2023, 1,254,706 thousand euros corresponding to Santander Consumer Finance, S.A (Spain) and 74,560 thousand euros corresponding to Santander Consumer Bank A.S. (Nordics).

Note 44 to this Consolidated Report shows a detail of the maturities of these assets at the end of financial years 2024 and 2023 and their estimated fair value as of December 31, 2024 and 2023.

The breakdown as of December 31, 2024 of the exposure by impairment Stage of the assets accounted for under IFRS9 is 577,149 thousand euros, all of which were registered in Stage 1 (1,431,021 thousand euros in Stage 1 in 2023) and the provision fund by impairment Stage is 2,166 thousand euros, all of which are registered in Stage 1 (2,696 thousand euros in Stage 1 in 2023).

This section also includes: irrevocable payment commitments to the Single Resolution Fund made in accordance with Article 70.3 of Regulation 806/2014 laying down uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms within the framework of a single resolution mechanism and a Single Resolution Fund, for which, according to the rule, no provision has been recorded, these commitments being not significant in relation to the consolidated annual accounts.

7. Debt securities

The breakdown of the balance of “debt securities” in the consolidated balance sheets as of 31 December 2024 and 2023 annexed, according to their classification, nature and currency, is as follows:

	EUR Thousands	
	2024	2023
Classification:		
Financial assets at fair value through other comprehensive income	364,202	151,337
Non-trading financial assets mandatorily measured at fair value through profit or loss	590	844
Financial assets at amortised cost	4,760,787	4,189,837
	5,125,579	**4,342,018**
Nature:		
Spanish sovereign debt	1,740,346	786,697
Foreign sovereign debt	3,091,539	3,180,400
Issued by financial institutions	243,216	128,337
Other fixed income securities	50,538	246,653
Impairment losses	(60)	(69)
	5,125,579	**4,342,018**
Currency:		
Euro	4,546,644	3,640,332
Foreign currency	578,995	701,755
Gross total	**5,125,639**	**4,342,087**
Less - Impairment losses	(60)	(69)
	5,125,579	**4,342,018**

As of December 31, 2024 and 2023 the entire impairment exposure balance for “debt securities” and the impairment provision fund were in stage 1.

The balance as of December 31, 2024 and 2023 of the “Spanish Public Debt” account in the table above corresponds, mainly, to obligations of the Spanish Treasury, acquired by Santander Consumer Finance, S.A.

The balance as at December 31, 2024 of the “Foreign Public Debt” account in the table above corresponds mainly to Italian bonds acquired by Santander Consumer Finance, S.A for 1,176,401 thousand euros, by Santander Consumer Bank AG for 982,118 thousand euros, by Santander Consumer Bank S.p.A. for 301,496 thousand euros and by Santander Consumer Bank GmbH for 194,705 thousand euros. In addition, Swedish, Finnish and Danish bonds acquired by Santander Consumer Bank AS for 244,218 thousand euros, 79,739 thousand euros, and 66,614 thousand euros, respectively.

The balance as at December 31, 2023 of the “Foreign Public Debt ” account in the table above corresponds mainly to Italian bonds acquired by Santander Consumer Finance, S.A, for 1,179,112 thousand euros by Santander Consumer Bank AG for 732,030 thousand euros, by Santander Consumer Bank S.p.A. for 350,542 thousand euros and by Stellantis Financial Services Italia S.p.A. for 101,671 thousand euros. In addition, Danish and Swedish bonds acquired by Santander Consumer Bank AS for 110,062 thousand euros and 414,237 thousand euros, respectively.

Note 44 of this Consolidated Report shows a detail of the maturity periods of these financial assets at the end of 2024 and 2023.

8. Equity instruments

The corresponding balance "Equity instruments" of the consolidated balance sheets as of December 31, 2024 and 2023 annexed, according to their classification and nature, is indicated below:

	EUR Thousands	
	2024	2023
Classification:		
Financial assets at fair value through other comprehensive income	36,661	23,526
Mandatory to VR with results changes	38	41
	36,699	**23,567**
Type:		
Spanish companies	13,701	5,000
Foreign companies	22,998	18,567
	36,699	**23,567**
TOTAL	**36,699**	**23,567**

The movement under the heading "Financial assets at fair value through other comprehensive income – Equity instruments" as of December 31, 2024 and 2023 of the accompanying consolidated balance sheet is as follows:

	EUR Thousands	
	2024	2023
Balance at beginning of period	23,526	21,961
Net additions (disposals)	8,275	3,919
Valuation adjustments	4,860	(2,354)
Exchange differences and other differences	—	—
Balance at year-end	**36,661**	**23,526**

9. Financial assets and liabilities held for trading

a) Derivatives held for trading

The following is a breakdown of the fair value of derivatives contracted by the Group, as of December 31, 2024 and 2023, classified according to the inherent risks:

	EUR Thousands			
	2024		2023	
	Debit Balance	Credit Balance Creditor	Debit Balance	Credit Balance Creditor
Interest rate risk	245,108	248,958	322,498	335,101
Exchange rate risk	1,272	3,679	1,400	8,493
	246,380	**252,637**	**323,898**	**343,594**

The table above shows the maximum level of credit risk exposure for debit balances.

b) Notional and market value of trading derivatives

The following is a breakdown of the notional and market value of trading derivatives contracted by the Group. As of December 31, 2024 and 2023, classified according to the inherent risks:

	EUR Thousands			
	2024		2023	
	Notional value	Market value	Notional value	Market value
Trading derivatives:				
Inherent rate risk-				
Forward rate agreements	—	—	—	—
Interest rate swaps	35,783,424	(3,996)	23,739,116	(12,582)
Options and futures and other	1,576,384	146	2,396,571	(21)
Credit risk				
Credit Default Swap	—	—	—	—
Exchange risk			—	—
Buy foreign exchange	400,872	(1,107)	519,695	(7,093)
Currency options	—	—	—	—
Foreign exchange swaps	518,552	(1,300)	76,425	—
Derivatives on securities and commodities	—	—	—	—
	38,279,232	**(6,257)**	**26,731,807**	**(19,696)**

10. Loans and advances - customers

a) Composition of balance

The composition of the balance under this heading of the consolidated balance sheets, according to its classification is:

	EUR Thousands	
	2024	2023
Financial assets at amortized cost	116,954,490	115,507,725
Non-trading financial assets mandatorily measured at fair value through profit or loss	754	658
Financial assets at fair value through other comprehensive income	2,029,722	—
Which:		
Impairment losses	*(2,496,831)*	*(2,133,317)*
Loans and advances to customers without considering losses	**121,481,797**	**117,641,700**

The balance corresponding to "Financial Assets at Fair Value through Other Comprehensive Income - Customers" in the consolidated balance sheet as of December 31, 2024, is entirely composed of credit operations to the customers of Stellantis Financial Services Italia SpA and, more specifically, loans granted under the "stock finance" product (vehicle stock credit).

During 2024, the entity changed the way it manages the generation of cash flows of this product, moving from a business model based mainly on the collection of contractual flows of principal and interest, to a business model based on the collection of contractual flows of principal and interest as well as on making sales on them. Consequently, because of the change in the business model, new loans granted for this product typology have been classified in the portfolio of "Financial assets at fair value through other comprehensive income". The fair value of these loans is close to their amortized cost, given the short duration of the loans.

Note 44 shows the details of the maturities of financial assets at amortized cost, as well as their average interest rates.

Note 47 shows the Group's total exposure, depending on the geographical origin of the issuer. There are no credits to customers of indefinite duration for significant amounts.

b) Detail

The following is the breakdown of loans and advances granted to the Group's clients, which reflect the Group's credit risk exposure in its core business, without taking into account the balance of the impairment adjustments, based on the type and location of the operations, the geographical area of their residence and the interest rate of the operations:

	EUR Thousands	
	2024	2023
Loan type and status:		
Commercial credit	592,831	489,498
Secured loans	24,964,020	24,921,345
Other terms loans	65,179,764	62,641,060
Finance leases	25,034,177	23,608,177
Receivables on demand and other	846,477	1,453,272
Credit card receivables	1,695,386	2,015,430
Impaired assets	3,169,142	2,512,918
	121,481,797	**117,641,700**
Geographical area:		
Spain and Portugal	16,196,466	16,158,921
Italy	17,994,212	15,541,847
France	19,714,799	19,411,560
Germany and Austria	45,912,039	44,171,926
Scandinavia	15,954,241	17,390,189
United Kingdom	—	—
Other	5,710,040	4,967,257
	121,481,797	**117,641,700**
Interest rate formula:		
Fixed rate	92,595,092	87,335,953
Floating rate	28,886,705	30,305,747
	121,481,797	**117,641,700**
Currency:		
Euros	106,287,279	101,748,489
Foreign currency	15,194,518	15,893,211
	121,481,797	**117,641,700**
Less:		
Impairment changes	*(2,496,831)*	*(2,133,317)*
TOTAL	**118,984,966**	**115,508,383**

As of December 31, 2024 and 2023, the Group had 5,301 and 860 thousand euros, respectively, of loans and advances granted to Spanish public administrations with a rating of A and with 190,238 and 204,713 thousand euros, respectively, granted to the public sector of other countries (as of December 31, 2024 this amount was composed, depending on the rating of the issuer as follows: 68% AAA, 28% AA, 0% A Y, 4% BBB and 0% no rating).

Without considering the Public Administrations, the amount of loans and advances as of December 31, 2024 and 2023 amounts to 121,286,258 and 117,436,472 thousand euros.

On May 22, 2014, the Bank subscribed 4,152 mortgage shares issued by Banco Santander, S.A., for an amount of 424,397 thousand euros, that were recorded under the heading "Loans and receivables – customers" of the balance sheet and are included under the heading "collateral debtors" in the table above. These mortgage shares correspond to loans with maturity between 3 and 39 years and accrue an annual interest between 0.20% and 4.929%.

On April 26, 2012, the Bank subscribed 3,425 mortgage shares, issued by Banco Santander, S.A., for an amount of 416,625 thousand euros, that were recorded under the heading “Loans and receivables – customers” of the balance sheet and are included under the heading “collateral debtors” in the table above. These mortgage shares correspond to loans with maturity between 1 and 38 years and accrue an annual interest between 0.002% and 4,619%.

The outstanding balance of these shares amounts to 203,136 thousand euros as of December 31, 2024 (244,518 thousand euros as of December 31, 2023).

As of December 31, 2024 and 2023, there were no credit to customers of indefinite duration for significant amounts.

Note 47 includes certain information regarding the restructured/refinanced portfolio, as well as the distribution of the loan to customers by activity, net of impairment, as of December 31, 2024 and 2023.

The movement of gross exposure by impairment stage of loans and customer advances recorded under the headings “Financial assets at amortized cost” and “Financial assets at fair value through other comprehensive income” for the financial year 2024 and 2023 is broken down below:

2024	EUR Thousands			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	111,082,642	4,045,482	2,512,918	117,641,042
Movements				
Transfers:				
Transfer to Stage 2 from Stage 1	(4,334,701)	4,334,701	—	—
Transfer to Stage 3 from Stage 1	(1,340,480)	—	1,340,480	—
Transfer to Stage 3 from Stage 2	—	(604.370)	604,370	—
Transfer to Stage 1 from Stage 2	931,897	(931.897)	—	—
Transfer to Stage 2 from Stage 3	—	138,708	(138.708)	—
Transfer to Stage 1 from Stage 3	31,838	—	(31.838)	—
Net changes in financial assets	6,165,130	(504.216)	(340.763)	5,320,151
Write-offs	—	—	(761.361)	(761,361)
Exchange differences and other	(674,733)	(28,100)	(15,956)	(718,789)
Balance at year-end	**111,861,593**	**6,450,308**	**3,169,142**	**121,481,043**

In addition, the group has recorded 25,449,921 thousand euros of commitments and financial guarantees granted subject to impairment of which 24,824,802 thousand euros are in stage 1, 599,655 thousand euros in stage 2 and 25,464 thousand euros in stage 3.

2023	EUR Thousands			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	102,230,428	4,045,023	2,180,048	108,455,499
Movements				
Transfers:				
Transfer to Stage 2 from Stage 1	(2,210,312)	2,210,312	—	—
Transfer to Stage 3 from Stage 1	(908,358)	—	908,358	—
Transfer to Stage 3 from Stage 2	—	(571,731)	571,731	—
Transfer to Stage 1 from Stage 2	1,265,864	(1,265,864)	—	—
Transfer to Stage 2 from Stage 3	—	149,575	(149,575)	—
Transfer to Stage 1 from Stage 3	47,154	—	(47,154)	—
Net changes in financial assets	17,070,169	(236,639)	(266,392)	16,567,138
Write-offs	—	—	(629,361)	(629,361)
Exchange differences and other	(6,412,303)	(285,194)	(54,737)	(6,752,234)
Balance at year-end	**111,082,642**	**4,045,482**	**2,512,918**	**117,641,042**

As of December 31, 2023, the group had recorded 25,642,721 thousand euros of commitments and financial guarantees granted subject to impairment of which 25,528,907 thousand euros were in Stage 1, 85,960 thousand euros in Stage 2 and 27,854 thousand euros in Stage 3.

During the second quarter of 2024, the Group has updated its operations classification system to Stage 2, based on the accumulated experience and backtesting exercises that have been carried out in recent years, lowering the threshold for identifying a significant increase in risk related to an increase in PD from the time of concession to 200%. This update has meant a significant increase in Stage 2 exposure, without this implying the recognition of a greater risk in the portfolio as a whole, not implying, therefore, an increase in the coverage of the portfolio classified in Stage 2, which translates into an improvement in the profile of the portfolio, since the new entries in Stage 2 have lower PD than those presented in the exposures that were in Stage 2 before this update.

c) Impairment losses on loans and advances to customers at amortized cost and at fair value through other comprehensive income

The following shows the movement that has occurred in the balance of provisions covering impairment losses on assets that make up the balance of the financial assets headings at amortized cost and at fair value through changes in other comprehensive income in the customer line:

	EUR Thousands	
	2024	2023
Balance at beginning of period	2,133,317	1,956,054
Impairment losses through profit or loss	1,153,253	840,662
Of which:		
Impairment charges to profit or loss	*4,174,944*	*2,258,845*
Reversal of impairment charges to profit or loss	*(3,021,691)*	*(1,418,183)*
Change of perimeter	—	*(37,452)*
Write-off impaired balances against recorded impairment allowance	*(761,361)*	*(629,361)*
Exchange differences and other changes	(28,378)	3,414
Balance at the end of the period	**2,496,831**	**2,133,317**
Of which:		
By asset class:		
Impaired assets	*1,743,242*	*1,413,375*
Other assets	*753,589*	*719,942*
By calculation method:		
Calculated individually	*156,097*	*149,221*
Calculated collectively	*2,340,734*	*1,984,096*

The movement of the gross amount of the fund due to insolvencies of loans and advances of the customers recorded under the heading "Financial assets at amortized cost and at fair value through other comprehensive income" under IFRS9 of the financial year 2024 and 2023 is broken down below:

2024				
	EUR Thousands			
	Stage 1	Stage 2	Stage 3	Total
Gross balance at the beginning of the year	453,705	266,237	1,413,375	2,133,317
Transfers:				
Transfer to Stage 2 from Stage 1	(51.499)	283,350	—	231,851
Transfer to Stage 3 from Stage 1	(31.682)	—	606,624	574,942
Transfer to Stage 3 from Stage 2	—	(104,540)	285,191	180,651
Transfer to Stage 1 from Stage 2	7,911	(58,588)	—	(50,677)
Transfer to Stage 2 from Stage 3	—	12,286	(57,033)	(44,747)
Transfer to Stage 1 from Stage 3	520	—	(20,868)	(20,348)
Net changes in financial assets and changes in credit risk	1,258	(20,564)	300,887	281,581
Write-offs	—	—	(761,361)	(761.361)
Exchange differences and other	(5,189)	384	(23,573)	(28,378)
Gross balance at year-end	375,024	378,565	1,743,242	2,496,831

2023				
	Millions of euros			
	Stage 1	Stage 2	Stage 3	Total
Gross balance at the beginning of the year	476,717	250,728	1,228,609	1,956,054
Transfers:				—
Transfer to Stage 2 from Stage 1	(64,839)	373,723	—	308,884
Transfer to Stage 3 from Stage 1	(18,592)	—	270,096	251,504
Transfer to Stage 3 from Stage 2	—	(195,080)	406,693	211,613
Transfer to Stage 1 from Stage 2	43,479	(195,500)	—	(152,021)
Transfer to Stage 2 from Stage 3	—	21,633	(86,968)	(65,335)
Transfer to Stage 1 from Stage 3	1,119	—	(19,454)	(18,335)
Net changes in financial assets and changes in credit risk	1,565	(15,315)	318,102	304,352
Write-offs	—	—	(629,361)	(629,361)
Exchange differences and other	14,256	26,048	(74,342)	(34,038)
Gross balance at year-end	453,705	266,237	1,413,375	2,133,317

As of December 31, 2024 and 2023, the Group does not present significant amounts of impaired assets purchased with impairment.

In 2024 there was a reversal of 34 thousand euros (reversal of 56 thousand euros in 2023) and results for suspended assets recovered amounting to 119,035 thousand euros (156,733 thousand euros in 2023). In addition, no amounts have been recognized for renegotiation or contractual modification during the years 2024 and 2023. the amount recorded under impairment or reversal of impairment of financial assets not measured at fair value through profit or loss and net loss or gain on change in: financial assets at fair value through other comprehensive income and financial assets at amortized cost (IFRS9) and, in loans and receivables (NIC39); amounts to EUR 1,034,184 thousand (EUR 683,873 thousand in 2023).

In 2024 and 2023, the Group sold the following portfolios of bad loans:

Entity	EUR Thousands	
	31/12/2024	31/12/2023
	Nominals	Nominals
Santander Consumer Bank AG (Germany)	80,000	85,000
Santander Consumer Bank S.p.A. (Italy)	67,000	40,000
Santander Consumer Bank A.S. (Norway)	72,000	105,000
Santander Consumer Finance OY (Finland)	18,000	23,000
Santander Consumer Bank GmbH (Austria)	40,000	44,000
Financiera El Corte Inglés, E.F.C., S.A. (Spain)	—	68,000
Santander Consumer Finance Inc. (Canada)	25,000	19,000
Transolver Finance EFC, S.A.	—	1,407
Santander Consumer Finance, S.A. (Spain)	192,000	144,593
Of which:		
Spain branch in Portugal (*)	14,000	17,000
Spain branch in Netherlands (*)	8,000	8,000
	494,000	**530,000**

(*) See note 1.A.

The sale price of the failed loan portfolios made in 2024 was 102,000 thousand euros (127,000 thousand euros as of December 31, 2023). The result of such sales (profit) has been recorded by credit to the heading “Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss – Financial assets at amortized cost” of the accompanying consolidated income statements.

Home purchase loans granted to those households by the main business in Spain

The quantitative information regarding the credit granted by the Group to households for the acquisition of homes by the main businesses in Spain. As of December 31, 2024 and 2023, is as follows:

	31-12-2024		31-12-2023	
	EUR Thousands		EUR Thousands	
	Gross amount	Of which: Doubtful	Gross amount	Of which: Doubtful
Loans for housing acquisition				
- No mortgage guarantee	—	—	—	—
- With mortgage guarantee	202,969	3,458	1,056,134	50,420
	202,969	3,458	1,056,134	50,420

On November 5, 2024, the Company agreed to sell loans with mortgage guarantee whose nominal amount amounted to 766,021 thousand euros. The negative result on deregistering these financial assets was 23,450 thousand euros recorded under the heading “Gains or losses on derecognition from accounts of financial assets and liabilities not measured at fair value through profit or loss, net" from the accompanying income statement for the financial year 2024 (see note 35).

The breakdowns of the Group's loans with mortgage guarantee to households for the acquisition of homes in Spain, according to the percentage that represents the total risk on the amount of the last available loan to value, as of December 31, 2024 and 2023, are as follows:

In millions of euros	2024					
	Risk on last available valuation amount (value of debt)					
	Not more than 40 per cent	More than 40 per cent and less than or equal to 60 per cent	More than 60 per cent and less than or equal to 80 per cent	More than 80 per cent and less than or equal to 100 per cent	Above 100%	TOTAL
Gross amount	78	70	43	10	2	**203**
- Of which: Non-performing	1	1	1	—	—	**3**

In millions of euros	2023					
	Risk on last available valuation amount (value of debt)					
	Not more than 40 per cent	More than 40 per cent and less than or equal to 60 per cent	More than 60 per cent and less than or equal to 80 per cent	More than 80 per cent and less than or equal to 100 per cent	Above 100%	TOTAL
Gross amount	278	268	182	148	180	**1,056**
- Of which: Non-performing	4	8	8	9	21	**50**

Securitisations

The balance of financial assets classified as Financial assets at amortized cost - Customers in the accompanying consolidated balance sheets as of December 31, 2024 and 2023, includes, among others, those loans transferred to third parties through securitization on which risk remains, even partially, which is why, in accordance with current regulations, they cannot be derecognized from the consolidated balance sheet. The details of the securitized amounts as of December 31, 2024 and 2023, classified according to the dependent entity that originated the securitized portfolio, and whether or not they have met the requirements to be derecognized from the consolidated balance sheet, as described in Note 2-d of these consolidated financial statements, are indicated below:

	EUR Thousands	
	2024	2023
Derecognized	—	—
Held on the balance sheet:	**30,399,489**	**28,138,864**
Of which:		
Santander Consumer Bank AG	*8,209,884*	*8,694,299*
Compagnie Generale de Credit Aux particuliers - Credipar S.A.	*7,612,971*	*6,938,694*
Santander Consumer Bank S.p.A.	*3,221,913*	*2,878,783*
Stellantis Financial Services Italia S.p.A.	*2,918,318*	*1,711,197*
Santander Consumer Finance, S.A.	*2,297,414*	*2,253,650*
Allane SE	*1,191,945*	*410,133*
Hyundai Capital Bank Europe GmbH	*1,165,837*	*861,190*
Santander Consumer Bank GmbH	*1,133,346*	*1,290,471*
Santander Consumer Finance Oy	*1,054,679*	*1,079,807*
Stellantis Financial Services España, E.F.C., S.A.	*924,287*	*645,536*
Santander Consumer Leasing GmbH	*668,895*	—
Financiera El Corte Inglés, E.F.C., S.A.	—	*1,375,104*
Total	**30,399,489**	**28,138,864**

The nature of the securitised assets corresponds mainly to vehicle financing and consumer financing.

In the financial years 2024 and 2023, the subsidiaries indicated in the table above have securitized rights on credits amounting to 12,512,000 thousand euros and 8,827,500 thousand euros, respectively. Since the risks and benefits associated with these credit rights have not been substantially transferred, they have not been deregisted from the consolidated balance sheet.

Note 19 to this consolidated report discloses liabilities associated with securitization transactions.

Impaired assets

The movement that has occurred in the balance of financial assets classified as financial assets at amortized cost – customers and considered as impaired due to their credit risk (non-performing assets) is as follows:

	EUR Thousands	
	2024	2023
Balance at the beginning of the year	2,512,918	2,180,048
Additions net of recoveries	1,429,315	1,016,968
Written-off assets	(761,361)	(629,361)
Perimeter changes	4,226	(41,499)
Exchange differences and other movements (net)	(15,956)	(13,238)
Balance at year-end	**3,169,142**	**2,512,918**

This amount, after deducting its corresponding provisions, represents the Group's best estimate of the discounted value of the flows expected to be recovered from impaired assets.

The default rate calculated as the result of dividing financial assets at amortized cost (customers) in stage 3 and contingent risks recorded in the December 31, 2024, consolidated balance sheets for this year by the total balance of financial assets at amortized cost (customers and contingent risks), it amounted to 2.62% to 31 December 2024 (2.15% to 31 December 2023).

11. Assets and liabilities in disposal groups classified as held for sale

The balance of the chapter "Non-current assets and disposal groups that have been classified as held for sale" of the consolidated balance sheets as of December 31, 2024 and 2023 attached, it includes the amount of assets foreclosed and recovered by consolidated entities from non-performing loans, net of impairment losses, as well as the assets of those dependent entities that have been classified as discontinued operations, as detailed below:

	EUR Thousands	
	31/12/2024	31/12/2023
Enclosed tangible assets	5,899	5,199
Of which Foreclosed tangible assets in Spain	*1,669*	*2,399*
Other tangible assets held for sale	102,318	60,082
	108,217	**65,281**

The movement in "Other tangible assets held for sale" corresponds to 47,732 thousand euros to Hyundai Capital Bank Europe GmbH due to an increase in vehicles classified as held for sale.

The balance of provisions as of December 31, 2024 is 8,542 thousand euros (15,491 thousand euros in December 2023). The allocations made during 2024 and 2023 amounted to 8,716 and 3,210 thousand euros respectively and the recoveries made during those periods amounted to 9,716 and 2,622 thousand euros respectively" (see Note 42).

Disclosures on assets received by the businesses in Spain in payment of debts

The breakdown of the origin of the foreclosed assets from the Group's Spanish businesses based on the purpose of the loan or credit initially granted in which they originate, as of December 31, 2024 and 2023, is as follows:

EUR Thousands	31/12/2024				31/12/2023			
	Gross book value	Impairment losses	Of which: impaired since acquisition	Carrying value	Gross book value	Impairment losses	Of which: impaired since acquisition	Carrying value
Property assets arising from financing granted for construction and property development	—	—	—	—	—	—	—	—
Of which:	—	—	—	—	—	—	—	—
Completed buildings	—	—	—	—	—	—	—	—
Residential	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
Land	—	—	—	—	—	—	—	—
Developed land	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
Property assets arising from home purchase mortgage financing granted to households	8,873	7,254	5,273	1,619	14,214	12,025	8,874	2,189
Other property assets received in payment of debts	322	272	255	50	1,287	1,077	1,060	210
Total property assets	**9,195**	**7,526**	**5,528**	**1,669**	**15,501**	**13,102**	**9,934**	**2,399**

12. Investments in joint ventures and associates

The details of the balance of this heading of the consolidated balance sheets as of December 31, 2024 and 2023, considering the company that originates it, are as follows:

	EUR Thousands	
	2024	2023
Associates:		
Santander Consumer Bank S.A. (Poland)	466,143	454,754
Bank of Beijing Consumer Finance Company	32,806	—
Santander Consumer Multirent, SP, Zoo	13,667	29,765
Stellantis Financial Services Polska Sp. Z o.o.	14,323	12,194
Ethias Lease N.V.	1,419	1,989
Payever GmbH	1,631	1,548
Stellantis Consumer Financial Services Polska Sp. z o.o.	1,037	807
Santander Consumer Financial Solutions S.P. Z O.O.	(1,117)	(237)
Other associated entities	—	—
	529,909	500,819
Of which goodwill:		
Payever GmbH	*1,238*	*1,238*
Santander Consumer Bank S.A. (Poland)	*106,337*	*104,674*
	107,575	*105,912*
Joint ventures:		
Fortune Auto Finance Co. Ltd. (China)	260,587	254,178
Stellantis Insurance Europe Ltd (Malta)	—	52,582
Stellantis Life Insurance Europe, Ltd (Malta)	—	18,072
Other joint ventures	348	319
	260,935	325,151
	790,844	**825,970**

In 2024, a reversal of the impairment of "Bank of Beijing Consumer Finance Company" amounted to €29,991 thousand was carried out based on the evidence observed during the 2020-2023 financial years. It was determined that the evidence that led to the impairment allowance no longer exists.

Additionally, during the year, Santander Consumer Finance, S.A has derecognised investments in the associated entities Stellantis Life Insurance Ltd and Stellantis Insurance Ltd (see Note 3) that have been sold to an entity of the Santander Group.

The movement in the balance under this heading in the accompanying consolidated balance sheets during the years 2024 and 2023 is shown below:

	EUR Thousands	
	2024	2023
Balance at beginning of period	825,970	724,777
Purchases and capital increases	78,905	1,989
Sales	(147,300)	—
Dividends paid	(29,614)	(38,468)
Effect of equity method accounting (Note 32)		
Changes in the consolidation perimeter	66,923	77,075
Value impairment adjustments (Note 3.b)	—	—
Exchange rate differences and others	—	—
Balance at end of period	(4,040)	60,597
Balance at year-end	**790,844**	**825,970**

Impairment adjustments

In 2024 and 2023 there is no evidence of significant impairment in the Group´s shares.

A summary of the financial information of the associated entities and joint ventures is given below:

	Millions of euros	
	2024	2023
Data as of December 31, 2024		
Total assets	11,624	10,981
Total liabilities	(9,861)	(9,154)
Equity	(1,771)	(1,827)
Group's share of the net assets of associates	681	720
Goodwill	108	106
Total Group share	**791**	**826**
Data for the year		
Total income	1,705	1,712
Total profit	98	129
Group's share of the profit of associates	67	77

(*) This information has been obtained from the annual accounts of each of the entities, which were pending approval, by their respective Supervisory Bodies at the date of formulation of these consolidated annual accounts. However, the Bank's directors believe that they will be approved without modification.

Other information

A summary of the local financial information as of December 31, 2024, of the main associated entities and joint ventures (obtained from the information available at the date of preparation of the consolidated annual accounts) is indicated below:

	Joint ventures	Associated entities
EUR Thousands	SANTANDER CONSUMER BANK SPÓLKA AKCYJNA	FORTUNE AUTO FINANCE CO., LTD.
Current assets	288,410	174,008
Non-current assets	4,970,656	2,195,501
Total assets	5,259,066	2,369,509
Current liabilities	454,763	35,917
Non-current liabilities	3,852,611	1,812,420
Total liabilities	4,307,374	1,848,337
Net Attributable profit for the period	10,441	20,953
Other cumulative comprehensive income	(12,048)	(954)
Other	953,299	501,174
Total Equity	951,692	521,173
Total liabilities and equity	5,259,066	2,369,510

Income from ordinary activities	601,954	187,906
Profit for the period from continuing operations	10,439	20,952
Income after taxes from discontinued operations	—	—

13. Tangible assets

The movement in the balance of this chapter in the consolidated balance sheets to December 31, 2024 and 2023 annexed, during the years 2024 and 2023, was as follows:

	Tangible assets				Of which: Right of use for the operating lease			
EUR Thousands	Of own use	Other assets transferred under operating lease	Real estate investments	Total	Of own use	Other assets transferred under operating lease	Real estate investments	Total
Cost:								
Balances as of December 31, 2022	**739,403**	**3,278,330**	**—**	**4,017,733**	432,803	—	—	432,803
Additions/Disposals(net)	**50,282**	**1,436,388**	**—**	**1,486,670**	35,695	—	—	35,695
Additions	**72,304**	**2,089,156**	**—**	**2,161,460**	46,660	—	—	46,660
Disposals	(22,022)	(652,768)	—	(674,790)	(10,965)	—	—	(10,965)
Net Additions/disposals due to changes in the consolidation perimeter	4,636	47,554	5,940	58,130	(13,224)	—	—	(13,224)
Exchange rate differences	(1,389)	6,186	—	4,797	(1,103)	—	—	(1,103)
Transfers and other	6,783	105,497	—	112,280	7,557	—	—	7,557
Balances as of December 31, 2023	**799,715**	**4,873,955**	**5,940**	5,679,610	**461,728**	**—**	**—**	**461,728**
Additions/Disposals (net)	26,131	1,072,537	—	1,098,668	7,658	—	—	7,658
Additions	*57,743*	*2,548,151*	—	*2,605,894*	*24,675*	—	—	24,675
Disposals	*(31,612)*	*(1,475,614)*	—	*(1,507,226*	*(17,017)*	—	—	(17,017)
Net Additions/disposals due to changes in the consolidation perimeter	—	*237,235*	—	237,235	—	—	—	—
Exchange rate differences	*(1,911)*	*(2,326)*	—	(4,237)	*(1,621)*	—	—	(1,621)
Transfers and other	*6,532*	*133,378*	—	139,910	*100*	—	—	100
Balances to 31 December 2024	**830,467**	**6,314,779**	**5,940**	**7,151,186**	**467,865**	**—**	**—**	**467,865**
Accumulated amortization:								
Balances to 31 December 2022	**(370,514)**	**(479,369)**	**—**	**(849,883)**	**(167,769)**	**—**	**—**	**(167,769)**
Net Additions/disposals due to changes in the consolidation perimeter	(5,660)	(10,621)	—	(16,281)	6,853	—	—	6,853
Charges	(72,609)	—	—	(72,609)	(45,682)	—	—	(45,682)
Disposals and retirements	11,492	150,931	—	162,423	4,314	—	—	4,314
Exchange rate differences	826	(1,944)	—	(1,118)	631	—	—	631
Transfers and others	7,466	(605,667)	—	(598,201)	1,785	—	—	1,785
Balances as of December 31, 2023	**(428,999)**	**(946,670)**	**—**	(1,375,669	**(199,868)**	**—**	**—**	**(199,868)**
Net Additions/disposals due to changes in the consolidation perimeter	—	—	—	—	—	—	—	—
Charges	(68,480)	—	—	(68,480)	(40,087)	—	—	(40,087)
Disposals and retirements	24,434	446,020	—	470,454	14,496	—	—	14,496
Exchange rate differences	1,507	(671)	—	836	1,229	—	—	1,229
Transfers and others	12,321	(845,786)	—	(833,465)	1,393	—	—	1,393
Balances as of December 31, 2024	**(459,217)**	**(1,347,107)**	**—**	**(1,806,324**	**(222,837)**	**—**	**—**	**(222,837)**
Impairment losses								
Balances as of December 31, 2022	**(931)**	**(3,310)**	**—**	**(4,241)**	**(930)**	**—**	**—**	**(930)**
Net Additions/disposals due to changes in the consolidation perimeter	422	—	—	422	422	—	—	422
Charges	(552)	(1,874)	—	(2,426)	(156)	—	—	(156)
Releases	104	2,491	—	2,595	104	—	—	104
Disposals and retirements	855	105	—	960	443	—	—	443
Transfers and other	(23)	(132)	—	(155)	(7)	—	—	(7)
Balances as of December 31, 2023	**(125)**	**(2,720)**	**—**	(2,845)	**(124)**	**—**	**—**	**(124)**
Net Additions/disposals due to changes in the consolidation perimeter	—	—	—	—	—	—	—	—
Charges	(772)	(34,511)	—	(35,283)	(380)	—	—	(380)
Releases	2	2,751	—	2,753	2	—	—	2
Disposals and retirements	560	11	—	571	175	—	—	175
Transfers and other	7	(82)	—	(75)	—	—	—	—
Balances as of December 31, 2024	**(328)**	**(34,551)**	**—**	**(34,879)**	**(327)**	**—**	**—**	**(327)**
Tangible asset:								
Balances as of December 31, 2023	**370,591**	**3,924,565**	**5,940**	**4,301,096**	**261,736**	**—**	**—**	**261,736**
Balances as of December 31, 2024	**370,922**	**4,933,121**	**5,940**	**5,309,983**	**244,701**	**—**	**—**	**244,701**

(1) The depreciation appropriations are made under the heading “depreciation” of the consolidated income statement.

The balance of tangible assets acquired through lease agreements amounts to 244,701 thousand euros as of December 31, 2024 (261,736 thousand euros as of December 31, 2023). The Group’s policy is to arrange insurance policies to cover the potential risks to which the various elements of its property and equipment are subject.

The Group has obtained net profits amounting to 728 thousand euros in the financial year 2024 (143 thousand euros of profits in the financial year 2023) from the sale of tangible fixed assets (Note 41).

The breakdown, according to their nature, of the items comprising the balance under the heading “Tangible assets – property, equipment and equipment – for own use” to as of December 31, 2024 and 2023 is as follows:

	EUR Thousands				
	Cost	Accumulated depreciation	Fund	Carrying amount	Of which: Right-of-use for operating lease
Buildings	485,639	(211,392)	—	274,247	259,649
Furniture	203,918	(129,306)	—	74,612	2,186
Computer equipment	92,296	(75,880)	—	16,416	—
Others	17,862	(12,421)	(125)	5,316	(99)
Balances as of December, 31 2023	**799,715**	**(428,999)**	**(125)**	**370,591**	**261,736**
Buildings	488,637	(233,257)	—	255,380	241,133
Furniture	217,289	(133,809)	—	83,480	717
Computer equipment	96,773	(78,464)	—	18,309	—
Others	27,768	(13,687)	(328)	13,753	2,851
Balances as of December, 31 2024	**830,467**	**(459,217)**	**(328)**	**370,922**	**244,701**

The net balance of the tangible assets of own use as of December 31, 2024 includes 342,879 thousand euros, approximately (342,114 thousand euros as of December 31, 2023) corresponding to Tangible fixed assets owned by the Group's foreign subsidiaries.

14. Goodwill

The detail of the balance of this heading in the accompanying consolidated balance sheets as of December 31, 2024, and 2023, based on the cash-generating units that originate it, is as follows:

	EUR Thousands	
	2024	2023
Germany	1,297,469	1,297,469
Austria	98,074	98,074
Nordic countries (*)	211,345	205,561
Netherlands	13,897	13,897
Spain	86,703	87,123
Portugal	2,681	2,681
Canada	10,909	10,909
Switzerland (*)	1,537	—
United Kingdom (*)	6,642	—
Total	**1,729,257**	**1,715,714**

(*) corresponds to the goodwill originated from the acquisition of Auto-Interleasing AG (Switzerland), Santander Leasing AB (Sweden - Nordic countries) and CLM fleet management LTD in the United Kingdom (see note 3).

The Group, at least annually (and whenever there are indications of impairment), performs an analysis of the potential loss of value of goodwill recorded in respect of its recoverable value. The first step in conducting this analysis requires the identification of cash-generating units, which are the identifiable groups of the Group’s smallest assets that generate cash inflows that are largely independent of cash flows from other assets or groups of assets.

The carrying value of each cash-generating unit is determined by considering the book value (including any fair value adjustments arising from the business combination) of all assets and liabilities, of the set of independent legal entities that make up the cash-generating unit, together with the corresponding goodwill.

This carrying value to be recovered from the cash-generating unit is compared with its recoverable amount to determine whether there is impairment.

The Group's managers evaluate the existence of any evidence that could be considered as evidence of deterioration of the cash generating unit by reviewing certain information, including: (i) various macro-economic variables that may affect your investment (including, among others, population data, data, and data). political situation and economic situation – including the degree of banking –) and (ii) various micro-economic variables that compare the Group's investment with the financial sector of the country where the cash generating unit mainly carries out its activities (balance sheet composition, total managed resources, results, efficiency ratio, etc.) ratio of solvency and return on own resources, among others).

Irrespective of the existence or otherwise of signs of impairment, the Group annually calculates the recoverable amount of each cash generating unit that it has allocated goodwill for which it uses quotations, if available, market references (multiples), internal estimates, o assessments made by independent experts other than external auditors.

First, the Group determines the recoverable amount by calculating the fair value of each cash generating unit from the quotation of the cash generating units, if available, and the Price Earnings Ratio of comparable local entities.

In addition, the Group makes estimates of the recoverable amount of certain cash generating units by calculating their value in use by discounting cash flows. The main assumptions used in this calculation are: (i) Projections of results based on the financial budgets approved by the Administrators that usually cover a period of between 3 and 5 years (unless there is a justification for the use of a longer time horizon), (ii) discount rates determined as the cost of capital taking into account the risk-free rate plus a risk premium according to the market and business in which they operate; and (iii) constant growth rates in order to estimate the results in perpetuity, which do not exceed the long-term average growth rate for the market in which the cash-generating unit in question operates.

The cash flow projections used by the Group Management in obtaining the values in use are based on the financial budgets approved by both the local directorates of the respective units and the Group administrators. The Group's budget estimation process is common for all cash-generating units. Local bureaus prepare their budgets based on the following key assumptions:

a) Micro-economic variables of the cash generating unit: The existing balance sheet structure, the mix of products offered and the business decisions taken by local directorates in this regard are taken into account.

b) Macroeconomic variables: The estimated growth is based on the evolution of the environment considering the expected evolutions in the gross domestic product of the geographical location of the unit and the forecasts of the behavior of interest rates and exchange rates. Such data is provided by the Group's Research Service, which is based on external information sources.

c) Variables of past behavior: Additionally, the projection considers the past differential behavior (both positive and negative) of the cash generating unit with respect to the market.

During the 2024 period, the Group has recorded no impairment losses.

The main assumptions used to determine the recoverable amount, at the end of the 2024 and 2023 financial years, of the most significant cash-generating units that have been valued using discounted cash flows are shown below:

	2024		
	Projected period	Discount rate (*)	Nominal Perpetuity Growth Rate
Austria	3 years	9.1 %	2.3 %
Germany	5 years	9.1 %	2.0 %
Nordics (Scandinavia)	5 years	10.9 %	2.5 %

(*) After-tax discount rate to be consistent with the earnings projections used.

	2023		
	Projected period	Discount rate (*)	Nominal Perpetuity Growth Rate
Austria	3 years	9.8 %	2.3 %
Germany	5 years	9.7 %	2.3 %
Nordics (Scandinavia)	5 years	11.2 %	2.5 %

(*) After-tax discount rate to be consistent with the earnings projections used.

The changes reflected in the assumptions used in 2024 are mainly a result of the current macroeconomic scenario, as well as the rising level of inflation and difficulties in supply chains, which have led to a rapid increase in central bank benchmark interest rates in the main countries where the Group's CGUs are located.

Given the degree of uncertainty of the main assumptions mentioned above on which the recoverable amount of cash-generating units is based, the Group conducts a sensitivity analysis which has consisted of adjusting +/- 50 basis points to the discount rate, adjust +/-50 basis points the growth rate in perpetuity. These changes in the key assumptions in isolation mean that the recoverable amount of all cash-generating units continues to exceed their book value and have been considered by the Group as reasonably possible in a stable and unaware economic environment they contemplate non-recurring events and unrelated to the operations of the business of the cash-generating units.

The movement in the balance under this heading of the consolidated balance sheets as of December 31, 2024 and 2023 annexed, during the years 2024 and 2023, was as follows:

	EUR Thousands	
	2024	2023
Balance at beginning of period	1,715,714	1,712,426
Acquisitions	21,385	13,590
Additions	—	—
Impairment value (Note 40)	—	—
Exchange rate differences and others	(7,842)	(10,302)
Balance at year-end	**1,729,257**	**1,715,714**

Grupo Santander Consumer Finance has goodwill generated by cash generating units located in countries with currencies other than the euro (mainly in Nordics) and consequently generate exchange differences when converting to euros, at the closing exchange rate, the amount of such goodwill expressed in foreign currency. Thus, during the financial year 2024 there was a decrease in exchange differences and other items amounting to 7,842 thousand euros (decrease of 10,302 million euros in 2023), which, in accordance with current regulations, they have been recorded under the heading 'Other cumulative comprehensive income - items that can be reclassified into profit or loss - Exchange differences of equity', through the accompanying consolidated statement of recognized income and expenses.

15. Other intangible assets

The detail of the balance of this heading of the consolidated balance sheets as of December 31, 2024 and 2023 attached, is as follows:

	Useful life Estimated	EUR Thousands	
		2024	2023
With defined useful life:			
Client portfolio	2 years	16,509	19,929
Computer developments	4 years	373,720	391,384
Others	8.5 years	109,816	125,974
		500,045	**537,287**

The balance included under "Other" primarily includes the proceeds from the acquisition of new business origination rights for financing products across all Stellantis brands. This acquisition occurred on April 3, 2023 in the context of the reorganization of the global agreement with Stellantis (see Note 3).

The movement in the balance under this heading of the consolidated balance sheets as of December 31, 2024 and 2023, was as follows:

	EUR Thousands	
	2024	2023
Balance at the beginning of the year	537,287	385,515
Net additions and others	127,648	292,871
Depreciation charges (1)	(160,903)	(135,762)
Impairment losses (Note 40)	(3,987)	(5,337)
Balance at end of year	**500,045**	**537,287**

(1) Amortisation envelopes are accounted for under the heading “Amortisation” of the consolidated income statements.

Most of the additions in 2024 and 2023 relate to the implementation of computer applications in certain Group companies in Germany, Spain, Italy and Norway.

During the 2024 financial year, the Group has derecognised elements of intangible assets for obsolescence that have generated losses of 3,987 thousand euros (5,337 thousand euros in the 2023 financial year) which are recorded under the heading “Impairment or reversal of impairment of non-financial assets” of the consolidated income statement (see Note 40).

16. Other assets and other liabilities

The balance of these chapters of the accompanying consolidated balance sheets as of December 31, 2024 and 2023, is as follows:

	EUR Thousands			
	Assets		*Liabilities*	
	2024	*2023*	*2024*	*2023*
Inventories	5,317	5,437	—	—
Prepaid expenses	229,720	190,133	—	—
Accrued expenses	—	—	1,147,575	1,120,997
Transactions in transit	11,341	8,216	66,886	92,975
Other	635,090	943,582	1,015,386	1,000,400
	881,468	**1,147,368**	**2,229,847**	**2,214,372**

17. Deposits of central banks and credit institutions

The composition of the balance of the heading "Financial liabilities at amortized cost – deposits – credit institutions" of the consolidated balance sheets to 31 December 2024 and 2023 accompanying, according to their nature and currency, is as follows:

	EUR Thousands	
	2024	2023
Central banks		
Type:		
Term deposits	—	5,465,555
	—	**5,465,555**
Credit institutions		
Nature:		
Demand deposits	4,675,728	527,637
Term deposits	14,481,635	14,388,006
Reverse repurchase agreements	—	83,910
Subordinated deposits	670,981	675,666
	19,828,344	**15,675,219**
Currency:		
Euro	19,793,790	20,838,668
Foreign currency	34,554	302,106
	19,828,344	**21,140,774**

As of December 31, 2023 The conditional long-term financing balance of the European Central Bank TLTRO (Targeted Longer-Term Refinancing Operation) amounted to EUR 5,329 million, with the total balance of the TLTRO III program. During the 2024 financial year, these operations matured in full.

As of December 31, 2024 The expenditure recognized in the consolidated income and loss account for TLTROs III amounts to 98,130 thousand euros (395,714 thousand euros as of December 31, 2023).

A significant part of these deposits as of December 31, 2024 and 2023 in credit institutions corresponds to transactions carried out with Santander Group entities (see Note 46).

Note 44 to this Consolidated Report shows a detail of the maturity of these financial liabilities at amortized cost at the end of the financial years 2024 and 2023 and their estimated fair value for those years.

As of December 31, 2024 and 2023, the consolidated entities had outstanding credit lines amounting to €756,125 thousand and €568,017 thousand, respectively.

The details of the subordinated liabilities as of December 31, 2024 and 2023 according to their issuance currency are as follows:

	EUR Thousands		2024		2023	
Currency of issue	2024	2023	Outstanding amount (millions)	Annual interest rate (12/31/2023)	Outstanding amount (millions)	Annual interest rate (12/31/2022)
Euros	670,981	675,666	671	5.12 %	676	5.73 %
Balance at year-end	**670,981**	**675,666**				

The details of the balance of subordinated liabilities denominated in euros per company as of December 31, 2024 and 2023 are as follows:

Financial year 2024				
Society	EUR Thousands	Counterparty	Date of Early Cancellation	Maturity date
Santander Consumer Finance S.A.	200,000	Banco Santander, S.A.	(2)	06/06/2034
Santander Consumer Finance S.A.	200,000	Banco Santander, S.A.	(2)	05/08/2029
Stellantis Financial Services S.P.A.	11,000	Stellantis Financial Services	(2)	22/11/2029
Stellantis Financial Services S.P.A.	45,000	Stellantis Financial Services	(2)	27/7/2033
Stellantis Financial Services Spain EFC SA	20,000	Stellantis Financial Services	(2)	19/12/2027
Banque Stellantis France	105,000	Stellantis Financial Services	(2)	28/2/2033
Banque Stellantis France	45,000	Stellantis Financial Services	(2)	20/12/2033
Banque Stellantis France	25,000	Stellantis Financial Services	(2)	19/12/2034
Add- Valuation Adjustments	19,981			
Total	**670,981**			

(1) It cannot be canceled in advance.
(2) It can be canceled in advance.

Financial year 2023				
Society	EUR Thousands	Counterparty	Date of Early Cancellationn	Expiration date
Santander Consumer Finance S.A.	200,000	Banco Santander, S.A.	(2)	06/06/2029
Santander Consumer Finance S.A.	200,000	Banco Santander, S.A.	(2)	08/05/2029
Stellantis Financial Services S.P.A.	11,000	Stellantis Financial Services	(2)	22/11/2029
Stellantis Financial Services S.P.A.	22,500	Stellantis Financial Services	(2)	13/12/2027
Stellantis Financial Services S.P.A.	45,000	Stellantis Financial Services	(2)	27/07/2033
Stellantis Financial Services Spain EFC SA	20,000	Stellantis Financial Services	(2)	19/12/2027
Banque Stellantis France	105,000	Stellantis Financial Services	(2)	28/02/2033
Banque Stellantis France	45,000	Stellantis Financial Services	(2)	20/12/2033
Add- Valuation Adjustments	27,166			
Total	**675,666**			

(1) It cannot be canceled in advance.
(2) It can be canceled in advance.

The movement that has occurred in the balance of this heading of the consolidated balance sheets as of December 31, 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Balance at the beginning of the year	675,666	456,179
Additions	225,000	195,000
Of which:		
Banque Stellantis France	25,000	150,000
Santander Consumer Finance S.A.	200,000	—
Stellantis Financial Services S.P.A.	—	45,000
Amortizations	(222,500)	—
Of which:		
Santander Consumer Finance S.A.	(200,000)	—
Stellantis Financial Services S.P.A.	(22,500)	—
Net additions/withdrawals due to modifications of the consolidation perimeter.	—	(89)
Differences of change and others	(7,185)	24,576
Balance at year-end	**670,981**	**675,666**

(*) Hyundai Capital Bank Europe GmbH

During the 2024 financial year, EUR Thousands (222.500) were produced in amortization. Interest paid in remuneration for these issues is 37,934 thousand euros (31,132 thousand euros in 2023). The balance relating to depreciations and interest paid is reflected in the cash flow of financing activities.

18. Customer deposits

The composition of the balance under this heading of the consolidated balance sheets to December 31, 2024 and 2023 annexed, considering the classification criteria, geographical area and their nature, is as follows:

	EUR Thousands	
	2024	2023
Classification:		
Financial liabilities held for trading	—	—
Financial liabilities designated at fair value through profit or loss	—	—
Financial liabilities at amortized cost	56,752,399	48,844,340
	56,752,399	**48,844,340**
Geographical area		
Spain and Portugal (*)	7,480,556	4,285,564
Germany	29,296,610	28,071,751
Italy	1,650,605	1,505,041
France	6,621,533	4,282,987
Scandinavia	8,463,736	7,898,486
Austria	3,199,738	2,741,311
Rest	39,621	59,200
	56,752,399	**48,844,340**
Type		
Demand deposits	42,076,625	34,575,015
Time deposits	13,153,175	12,487,355
Deposits redeemable at notice	1,522,599	1,781,970
Repurchase agreements	—	—
	56,752,399	**48,844,340**

(*) The balance of Spain and Portugal includes 7,218 million euros of deposits from the branch in Belgium.

Note 44 to this Consolidated Report shows a detail of the maturity of these financial liabilities at amortized cost at the end of the financial years 2024 and 2023, as well as their average annual interest rates for those years as well as the estimate of their fair value as of 31 December 31, 2024 and 2023.

19. Debt securities issued

The composition of the balance under this heading of the consolidated balance sheets to 31 December 2024 and 2023 annexed, by their nature, is as follows:

.	EUR Thousands	
	2024	2023
Bonds and debentures outstanding circulation	41,017,381	37,145,196
Promissory notes and other securities	7,420,426	13,228,238
Subordinates	1,231,874	1,231,789
	49,669,681	**51,605,223**

Bonds and obligations in circulation

The balance of the "Bonds and Debentures outstanding" account in the table above includes, among other things, the outstanding balance of bonds and bonds issued by the Group's subsidiaries – Banque Stellantis France, S.A (France), Santander Consumer Bank AG (Germany) and Santander Consumer Bank AS (Norway) –, for an amount of EUR 6,067 million to the 31 December 2024 (EUR 6,643 million to the 31 December 2023) and the balance, as of that date, of the financing obtained by the Group in the securitization operations carried out by the Group's subsidiaries, for an amount of 21,393 million euros (15,037 million euros to 31 December 2023). This amount includes the following issuances made during 2024 and 2023:

– On December 14, 2023, Santander Consumer Finance SA issued Credit link notes (CLNs) in the amount of DKK 1,262,612 thousand (169,379 thousand euros). These notes are referenced to a portfolio of vehicle financing loans originated by Santander Consumer Bank AS (Danish branch) of DKK 13,649,857 thousand. The annual interest rate on the notes issued is a variable interest rate of Cibor at 3 months plus a spread of 8.50% as of December 31, 2024, the outstanding balance of outstanding notes issued by third parties outside the Group amounts to DKK 887,017 thousand (EUR 118,937 thousand). This issue was authorized by the Executive Committee of the Bank at its meeting held 15 November 2023.

– On November 27, 2024, Santander Consumer Finance SA issued a credit link note (CLNs) for SEK 744,000 thousand (64,521 thousand euros). These notes refer to a portfolio of vehicle financing loans originated by Santander Consumer Bank AS (Swedish branch) of SEK 12,000,000 thousand. The annual interest rate on the notes issued is a 3-month Stibor variable interest rate plus a 6.65%-month spread. As of December 31, 2024, the outstanding balance of outstanding notes issued by third parties outside the Group amounts to SEK 744,000 thousand (EUR 64,932 thousand). This issue was authorized by the Executive Committee of the Bank at its meeting held 28 October 2024.

– On December 5, 2024, Santander Consumer Bank GmbH (Austria) issued a credit link note (CLNs) amounting to 71,600 thousand euros. These notes refer to a portfolio of vehicle financing loans originated by Santander Consumer Bank GmbH of 634,100 thousand euros. The annual interest rate of the notes issued is a variable interest rate of Euribor at one month plus a spread of 3.25% and 11%. As of December 31, 2024, the outstanding balance of outstanding notes issued by third parties outside the Group amounts to 71,600 thousand euros. This issue was authorized by the Executive Committee of the Bank at its meeting held November 11, 2024.

– On December 19, 2024, Santander Consumer Bank AG (Germany) issued a credit link note (CLNs) amounting to 179,900 thousand euros. These notes refer to a portfolio of corporate loans and framelines originated by Santander Consumer Bank, AG of 1,293,900 thousand euros. The annual interest rate on the notes issued is a 3-month Euribor variable interest rate plus a 6.9% spread. At of December 31, 2024, the outstanding balance of outstanding notes issued by third parties outside the Group amounts to 179,900 thousand euros. This issue was authorized by the Executive Committee of the Bank at its meeting held November 11, 2024.

The Bank's General Shareholders' Meeting, at its meeting held on March 20, 2024 Day, agreed to empower the Bank's Board of Directors to issue multi-currency fixed-income securities up to 45,000 million euros. For its part, the Board of Directors, at its meeting held 22 May 2024, delegated these powers to the Executive Committee of the Bank. The Executive Committee, at its meeting held in 6 June 2024, agreed to issue a "Euro Medium Term Notes" Issuance Program, replacing the one described above, with a nominal maximum outstanding balance that could not exceed 25,000 million euros. This program was listed on the Ireland Stock Exchange 13 June 2024.

As of December 31, 2024, the outstanding balance of these notes amounted to 13,556 million euros (16,019 million euros as of December 31, 2023), with a maturity date of January 17, 2025 and March 29, 2033. The annual interest rate on these financial liabilities ranged from 0% to 6.080% (0% to 6.080% to December 31, 2023).

Promissory notes and other values

The balance of the "Notes and Effects" account in the table above corresponds to issues made by the Bank, admitted to trading, which have accrued an average annual interest of 3.91% in the financial year 2024 (3.55% in the financial year 2023), as follows:

– During 2024, the Bank's Executive Committee, at its meeting held 6 June 2024, agreed to issue a "Euro Commercial Paper" Issuance Program, replacing the current one, with a nominal maximum outstanding balance that may not exceed 10,000 million euros. These fixed income securities have a maturity of between a minimum of one day and a maximum of 364, which was listed on the Ireland Stock Exchange 13 June 2024.

As at December 31, 2024, the outstanding balance of these promissory notes amounted to 2,534 million euros (6,890 million euros as of 31 December 2023).

- During 2024, the Executive Committee of the Bank, at its meeting held on September 26, 2024, agreed to issue a “Notes Program”, replacing the current one, with a nominal maximum outstanding balance that may not exceed 5,000 million euros. These promissory notes, whose nominal unit value amounts to 100,000 euros, have a maturity between a minimum of 3 working days and a maximum of 364 calendar days. This program was verified and admitted to trading in AIAF Mercado de Renta Fija October 30, 2024.

The balance of promissory notes traded on the AIAF market amounted to 749 million euros as at 31 December 2024 (1,751.2 million euros as of December 31, 2023).

Likewise, as of December 31, 2024, the company Santander Consumer Bank, A.G. And Banque Stellantis France maintained issuances in promissory notes and in negotiable securities amounting to 4,137 million euros (4,744 million euros to December 31, 2023).

Subordinated securities

Within the framework of the "Euro Medium Term Notes" programe. Includes three subordinated notes whose outstanding balance amounts to 1,200,000 thousand euros with maturity between 25 February 2025 and 29 March 2033, and an annual interest rate between 1.827% and 3.653%.

Other information

As of December 31, 2024 and 2023, none of the aforementioned issues are convertible into shares of the Bank, nor do they grant privileges or rights that may, in any event, make them convertible into shares.

Note 44 to this Consolidated Report shows a detail of the maturity of these financial liabilities at amortized cost at the end of the financial years 2024 and 2023, as well as their average annual interest rates for those years as well as the estimate of their fair value to December 31, 2024 and 2023.

Information on issues, repurchases or repayments of debt securities

The following is a detail, as at December 31, 2024 and 2023, of the outstanding balance of the debt securities issued by the Bank or any other entity of the Group, at those dates, depending on the market in which they are traded, if any. A detailed account of the movement in this balance during the years 2024 and 2023 is also shown:

Santander Consumer Finance	EUR Thousands					
	Financial year 2024					
	Initial outstanding balance 01/01/2024	Perimeter	Issuances	Repurchases or refunds	Exchange rate and other adjustments	Final outstanding balance 31/12/2024
Bonds and obligations in circulation	37,145,196	—	13,503,982	(9,884,654)	252,857	**41,017,381**
Subordinate	1,231,789	—	—	—	85	**1,231,874**

Santander Consumer Finance	EUR Thousands					
	Financial year 2023					
	Initial outstanding balance 01/01/2023	Perimeter	Issuances	Repurchases or refunds	Exchange rate and other adjustments	Final outstanding balance 31/12/2023
Bonds and obligations in circulation	31,242,461	(1,467,263)	13,842,012	(6,588,276)	116,262	37,145,196
Subordinate	917,978	—	300,000	—	13,811	**1,231,789**

Other issues guaranteed by the Group

As of December 31, 2024 and 2023, the Group guarantees certain debt securities issued by Group companies.

20. Other financial liabilities

The composition of the balance under this heading "'Financial liabilities at amortized cost – Other financial liabilities" of the consolidated balance sheets to December 31, 2024 and 2023 accompanying, is as follows:

	EUR Thousands	
	2024	2023
Declared dividends payable	—	—
Trade payables	161,409	195,565
Collection accounts	54,497	45,216
Financial transactions to be liquidated	22	—
Other financial liabilities (*)	1,322,767	1,560,010
	1,538,695	1,800,791

(*) To 31 December 2024 the balance includes 11,667 thousand euros, corresponding to credit balances due to fiscal consolidation with the Banco Santander, S.A., The amount recorded for this concept being 37,954 thousand euros to the 31 December 2023.

Note 44 to this Consolidated Report shows a detail of the maturity of these financial liabilities at the end of the financial years 2024 and 2023 and the estimate of their fair value at 31 December 2024 and 2023.

Lease liabilities

The lease cash outflow in 2024 was 44,193 thousand euros (45,357 thousand euros in 2023).

The analysis of maturities for lease liabilities. As of December 31,2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Maturity Analysis – Discounted payments		
Within 1 year	31,130	32,483
Between 1 year and 3 years	76,987	78,374
Between 3 years and 5 years	50,823	49,435
More than 5 years	92,146	98,916
Recognised lease liabilities as of December 31	**251,086**	**259,208**

No significant variable payments not included in the valuation of lease liabilities have been made during 2024 and 2023.

Information about the average payment period to suppliers. Additional Provision Third "Duty of Information" of Law 15/2010, of 5 July

The Third Additional Provision of Law 15/2010, of July 5, amending Law 3/2004, of December 29, establishing measures to address late payment of commercial transactions. As amended by the Second Final Provision of Law 31/2014, of December 3, it establishes the information requirement to commercial companies to include their average payment period to suppliers in the report of their financial statements and that the Institute of Accounting and Audit of Accounts ("ICAC"). This resolution will establish the necessary adaptations, in accordance with the provisions of this Law, for commercial companies not covered not framed in article 2.1 of Organic Law 2/2012, of April 27, on budgetary stability and financial sustainability, properly apply the methodology for calculating the average payment period to suppliers determined by the Ministry of Finance and Public Administrations. In the case of companies that present consolidated financial statements, this information requirement is also extended to consolidated annual accounts, for companies based in Spain that are consolidated by the method of global integration.

The ICAC resolution referred to in the previous paragraph (resolution of 29 January 2016 on the information to be incorporated in the annual accounts report in relation to the average payment period to suppliers in commercial transactions), which was published in the Official State Gazette of February 4, 2016, develops, among other aspects, the methodology to be applied for the calculation of the average payment period to suppliers, which has been applied, therefore, by the Bank for the purpose of preparing the information on this subject included in these consolidated annual accounts.

For the purpose of the proper understanding of the information contained in this Note, in accordance with the provisions of the applicable regulations indicated above, note that "suppliers" are understood exclusively to be those suppliers of goods and services to the Spanish companies of the Group whose expenditure is accounted for, mainly, under the heading "Administrative expenses – other administrative expenses" of the consolidated income statements, not including in this Note, therefore, information on payments in financial transactions that constitute the object and main activity of the Group or to fixed assets suppliers, that, where appropriate, may exist, which have been carried out in any case, in accordance with the deadlines established in the corresponding contracts and in the current legislation.

In addition, note that, in application of the provisions of the aforementioned ICAC Resolution, only transactions for goods or services received accrued since the entry into force of Law 31/2014 have been taken into account and that, given the nature of the services received by the Spanish entities of the Group consolidated, the period between the date of receipt of invoices and the date of payment has been considered as "payment days" for the purpose of the preparation of this information.

The information required by the regulations indicated above is presented below for the financial years 2024 and 2023, in the format required by the ICAC resolution, which has been mentioned in the preceding paragraphs for the Spanish companies of the Consolidated Group in these consolidated annual accounts:

	Financial year 2024	Financial year 2023
	Days	Days
Average period of payment to suppliers	14.85	24.37
Ratio of transactions settled	14.88	24.30
Ratio of transactions not yet settled	12.95	27.89
	EUR Thousands	EUR Thousands
Total payments made	560,101	523,082
Total payments outstanding	7,639	10,144

Indicate that although according to Law 3/2014, of December 29, the maximum payment term to suppliers is 60 days, Law 11/2013, of July 26, established the maximum payment term in 30 days, expandable, by agreement between the parties, a maximum of 60 days.

The average period and ratios of paid and unpaid transactions included in the table above have been calculated according to the definitions and methodology defined in the resolution of 29 January 2016 of the ICAC mentioned above.

In addition, in accordance with Law 18/2022 of September 28, listed companies must inform in the average payment period to suppliers, in addition, the monetary volume and number of invoices paid in a period less than the maximum established in the late payment regulations and the percentage it assumes on the total number of invoices and on the total monetary payments to its suppliers.

	EUR Thousands	EUR Thousands
	2024	2023
Paid Invoices	43,803	39,693
Invoices paid in a period less than the maximum over the total number of invoices paid	98.23 %	98.97 %
Total payments made	638,090	400,925
Invoices paid in a period less than the maximum on the total amount of invoices paid	97.14 %	96.71 %

Commercial creditors for debts to suppliers of goods or services are considered suppliers for the exclusive purpose of giving the information provided for in this resolution.

"Average period of payment to suppliers" means the period that elapses from the delivery of the goods or the provision of the services at the expense of the supplier and the material payment of the transaction.

21. Provisions

The composition of the balance of this chapter of the consolidated balance sheets to 31 December 2024 and 2023 accompanying, is as follows:

	EUR Thousands	
	2024	2023
Provision for pensions and other employment defined benefit obligations	448,114	453,105
Provisions for other long-term employee benefits	34,090	30,282
Provisions for taxes and other legal contingencies	38,827	37,066
Provisions for commitments and guarantees given	19,888	21,058
Provision for pensions and other employment defined benefit obligations	134,710	125,947
	675,629	**667,458**

The following shows the movement in the balance of these headings in the accompanying consolidated balance sheets during the years 2024 and 2023:

	2024					
	Pensions and similar obligations	Other long term employee benefits	Taxes and other legal contingencies	Commitments and guarantees granted	Other provisions (****)	Total
Balances at beginning of period	**453,105**	**30,282**	**37,066**	**21,058**	**125,947**	**667,458**
Net inclusion (exclusion) of Entities in (from) the Group	—	—	—	—	—	—
Additions/(Reversals) charged (credited) to income:	22,626	11,218	18,170	(616)	120,098	171,496
Interest expense (Note 31)	15,529	**921**	—	—	—	16,450
Other Interest	—	—	—	—	—	—
Staff costs (Note 39)	7,315	1,168	—	—	—	8,483
Net additions to provisions (amounts used) (*) (***)	(218)	9,129	18,170	(616)	120,098	146,563
	475,731	41,500	55,236	20,442	246,045	838,954
Changes in value recognised in equity	(1,331)	—	—	—	—	(1,331)
Payments to retired employees and pre-retirees with a charge to internal provisions (**)	(18,623)	(7,913)	—	—	—	(26,536)
Insurance premiums paid, return premiums received and payments to external funds	(2,482)	—	—	—	—	(2,482)
Amounts used	—	—	(18,705)	—	(113,273)	(131,978)
Transfers, exchange differences and other changes	(5,181)	503	2,296	(554)	1,938	(998)
	(27,617)	(7,410)	(16,409)	(554)	(111,335)	(163,325)
Balances at end of year	448,114	34,090	38,827	19,888	134,710	675,629

(*) The balance of net allowances(applications) to pension provisions and other post-employment defined benefit obligations, as well as long-term employee remuneration, related to the financial years 2024 and 2023, is broken down as follows:
(**) The balance of payments to pensioners and pre-retired staff from internal funds is broken down as follows:
(***) This amount is recorded under the heading “Provisions or reversal of provisions” of the consolidated income statements.
(****) includes provisions provided in the different companies of the Group, derived from their usual operations.

	2023					
	Pensions and similar obligations	Other long term employee benefits	Taxes and other legal contingencies	Commitments and guarantees granted	Other provisions (****)	Total
Balances at beginning of period	**414,385**	**31,488**	**10,089**	**28,010**	**126,903**	**610,875**
Net inclusion (exclusion) of Entities in (from) the Group	(4,140)	(93)	1,041	—	1,048	(2,144)
Additions/(Reversals) charged (credited) to income:	22,986	7,237	13,010	(6,350)	43,322	80,205
Interest expense (Note 31)	16,534	1,011	—	—	—	17,545
Other Interest	—	—	—	—	—	—
Staff costs (Note 39)	6,435	1,117	—	—	—	7,552
Net additions to provisions (amounts used) (*) (***)	17	5,109	13,010	(6,350)	43,322	55,108
	433,231	38,632	24,140	21,660	171,273	688,936
Changes in value recognised in equity	34,383	—	—	—	—	34,383
Payments to retired employees and pre-retirees with a charge to internal provisions (**)	(16,372)	(8,313)	—	—	—	(24,685)
Insurance premiums paid, return premiums received and payments to external funds	(1,983)	—	—	—	—	(1,983)
Amounts used	—	—	(3,124)	—	(54,184)	(57,308)
Transfers, exchange differences and other changes	3,846	(37)	16,050	(602)	8,858	28,115
	19,874	(8,350)	12,926	(602)	(45,326)	(21,478)
Balances at end of year	453,105	30,282	37,066	21,058	125,947	667,458

(*) The balance of net envelopes (applications) to pension provisions and other post-employment defined benefit obligations, as well as long-term employee remuneration, related to the financial years 2024 and 2023, is broken down as follows:
(**) The balance of payments to pensioners and pre-retired staff from internal funds is broken down as follows:
(***) This amount is recorded under the heading “Provisions or reversal of provisions” of the consolidated income statements.
(****) includes provisions provided in the different companies of the Group, derived from their usual operations.

(*) The following shows the movement of the provisions for pensions and other post-employment remuneration, including long term remuneration as of December 31, 2024 and 2023:

	EUR Thousands	
	2024	2023
	Expenses / (income)	
Post-employment remuneration – Spanish entities:		
Past service cost	—	—
Pre-retirements	—	—
Curtailments/settlements	—	—
Return premiums received on defined contribution pension plans	—	—
	—	—
Other long-term remuneration – Spanish entities:		—
Recognised actuarial losses/(gains) (obligations and assets)	(261)	(181)
Pre-retirements	10,164	5,298
Past service cost	—	490
Curtailments/settlements	—	—
	9,903	5,607
Foreign entities:		
Recognised actuarial losses/(gains) (obligations and assets)	88	(43)
Past service cost	480	97
Pre-retirements	—	—
Curtailments/settlements	(1,560)	(536)
	(992)	(482)
	8,911	**5,125**

(**) The balance of payments to pensioners and pre-retired staff from internal funds is broken down as follows:

	EUR Thousands	
	2024	2023
Post-employment remuneration – Spanish entities	1,978	1,998
Other long-term remuneration – Spanish entities	7,004	7,626
Foreign entities	17,554	15,061
	26,536	24,686

a) Provisions for pensions and similar obligations

i. *Post-employment remuneration: Defined contribution plans – Spanish entities*

The Group guarantees the following post-employment defined contribution commitments:

Santander Consumer Finance, S.A.

Commitments guaranteed from effective retirement after May 1996, which are insured in an externalization policy signed with an unrelated entity (Generali España, Sociedad Anónima de Seguros y Reaseguros). At present, the entire insured group is already collecting the retirement benefit. No premiums have been paid to the insurance company in 2024 and 2023 (see Note 2-r).

Spanish entities

The Collective Agreement of the Spanish entities of the Group, signed 2 February 2012, has established a supplementary social security system for active personnel who meet certain conditions, which has been implemented through a Defined Contribution Pension Plan. This Pension Plan covers the following contingencies: Retirement, death, and permanent disability (total, absolute or large disability). The Spanish entities of the Group have assumed the commitment to make an annual contribution of 900 euros for each of the active participants. In the financial year 2024, contributions amounting to 643 thousand euros (707 thousand euros in the financial year 2023) were made. that have been recorded under the heading "Administrative expenses – Staff costs" in the attached consolidated income statements (see Note 38).

In addition, some entities have forecasting plans with their managers and foreign branches have defined contribution plans (mainly Santander Consumer Holanda, Santander Consumer Benelux. Contributions made to these plans, in the years 2024 and 2023, amounted to 3,279 and 3,099 thousand euros, respectively, which are recorded under the heading "Administrative expenses – Staff expenses" of the consolidated income statements for both years (see Note 38).

ii. Post-employment remuneration: Defined benefit plans – Spanish entities

The Group guarantees the following commitments of the Spanish entities as defined service:

Santander Consumer Finance, S.A.

- Pension commitments arising from the Collective Banking Agreement with active, pre-retired staff (including future active life insurance premiums) and passive staff, in addition to other commitments made to pre-retired and liabilities staff prior to May 1996, fully covered, by internal fund.

- Life insurance guaranteed to passive personnel from Banco de Fomento, S.A., insured in a policy that does not meet the requirements of externalization, subscribed with an unrelated entity (Axa España, S.A.). The present value of future premiums is covered by internal fund.

- Commissary and coal gas guaranteed to pensioners under the Regulations of the Internal Regime of the Banking Employment Commissary, covered in internal funds.

In addition, there are post-employment commitments of defined benefit in the branches abroad: Belgium, France and Greece.

Autodescuento, S.L.

- Commitment consisting of a retirement gratification included in the Collective Agreement of Offices and Offices.

The current value of the commitments assumed by Spanish consolidated entities in the field of post-employment remuneration, Al 31 December 2024 and 2023, is shown below:

	EUR Thousands	
	2024	2023
Present value of the obligations: To current employees		
Active employees	—	—
Vested obligations to retired employees and pre-retirees	20,105	20,535
Other obligations to retired employees	—	—
Present value of assets	(5,177)	(5,436)
Provisions - Pensions and other post-employment defined benefit obligations (Note 2-r)	14,928	15,099
Of which:	15,688	16,411
Internal Pension Funds		
Net assets of the Plan	(760)	(1,312)

The present value of liabilities has been determined by independent actuaries, who have applied the following criteria to quantify them:

Method of calculation: "Of the projected unit of credit", which considers each year of service as generator of an additional unit of entitlement to benefits and values each unit separately.

Actuarial assumptions used: Unbiased and compatible. Specifically, the most significant actuarial assumptions they considered in their calculations were:

	2024	2023
Annual discount rate	3.00 %	3.35 %
Mortality tables	PERM/F-2020	PERM/F-2020
Cumulative annual CPI growth	2 %	2 %
Annual salary increase rate	N/A.	N/A.
Annual social security pension increase rate (*)	2 %	2 %

(*) Growth base of maximum quotation 2025: 4% / 3% according to exit agreement; rest of years IPC + 1.2% / 3%

The interest rate used to update flows has been determined by reference to high-quality corporate bonds.

The estimated retirement age of each employee is the first to which they are entitled to retire or the agreed upon, if applicable.

The amounts recognized in the consolidated income statementss in respect of these pension commitments during the years 2024 and 2023 are shown below:

	EUR Thousands	
	2024	2023
	Expenses / (income)	
Current period service cost (Notes 2-r and 38)	259	242
Interest cost (Note 31)	689	752
Expected performance of plan assets (Note 31)	(213)	(188)
Extraordinary endowments	—	—
Cost of past services/pre-retirement	—	—
Other interests	—	(174)
Amount recognized in the financial year	735	632

In addition, during the financial year 2024, the heading "Other cumulative comprehensive income – Actuarial gains or losses in defined benefit pension plans" recorded a charge of 1,144 thousand euros in respect of defined benefit commitments (net charge of 875 thousand euros in 2023).

The movement that occurred during the years 2024 and 2023 in the present value of the obligation accrued by defined provision commitments of the Spanish entities of the Group was as follows:

	EUR Thousands	
	2024	2023
Present value of the obligations at beginning of year	20,535	21,323
Increase or decrease by acquisition	—	—
Current service cost (Notes 39 and 2-r)	259	242
Interest cost (Note 31)	689	752
Pre-retirements	—	—
Effect of curtailments/settlements	—	—
Benefits paid	(2,127)	(2,261)
Past service cost	—	—
Actuarial (gains)/losses (Note 2-r) (*)	766	731
Other	(17)	(252)
Present value of year-end obligations	**20,105**	**20,535**

(*) In 2024, it includes demographic actuarial losses of 243 thousand and actuarial losses by financial assumptions of 523 thousand (demographic actuarial losses of 377 thousand and actuarial losses by financial assumptions of 354 thousand in post-employment plans in 2023).

The movement in the fair value of the assets affected by defined provision commitments of the Group's Spanish entities during the financial years 2024 and 2023 was as follows:

	EUR Thousands	
	2024	2023
Present value of the obligations at beginning of year	5,436	5,424
Increase or decrease by acquisition	—	—
Actuarial (gains)/losses	213	188
Contributions	(379)	(185)
Benefits paid	158	272
Other	(149)	(263)
Present value of the obligations at beginning of year	(102)	—
Fair value of plan assets at year-end	5,177	5,436

iii. Other long-term remuneration – Spanish entities

The long-term commitments, different from post-employment remuneration, guaranteed by the Spanish subsidiaries of the Group and classified as defined benefit are as follows:

Santander Consumer Finance, S.A.

– Commitments to pre-retired staff until the effective date of retirement, covered by an internal fund.

– Life insurance guaranteed to pre-retired personnel, under the Group's Collective Agreement, signed with an unrelated entity (Generali España, Sociedad Anónima de Seguros y Reaseguros). The present value of future premiums is covered by an internal fund.

– Health care insurance guaranteed to pre-retired personnel under the Group's Collective Agreement. The present value of future premiums is covered by an internal fund.

– Seniority award guaranteed to active staff, under the Group's Collective Agreement, covered by an internal fund.

Santander Consumer Renting, S.L.

– Commitments to pre-retired staff until the effective date of retirement, covered by an internal internal fund.

– Life insurance guaranteed to pre-retired personnel, under the Group's Collective Agreement, signed with unrelated entity (Generali España, Sociedad Anónima de Seguros y Reaseguros). The present value of future premiums is covered by an internal fund.

– Health care insurance guaranteed to pre-retired personnel under the Group's Collective Agreement. The present value of future premiums is covered by an internal fund.

Transolver Finance, E.F.C.

– Commitments to pre-retired staff until the effective date of retirement, covered by an internal fund.

– Life insurance guaranteed to pre-retired personnel, under the Group's Collective Agreement, signed with an unrelated entity (Generali España, Sociedad Anónima de Seguros y Reaseguros). The present value of future premiums is covered by an internal fund.

– Health care insurance guaranteed to pre-retired personnel under the Group's Collective Agreement. The present value of future premiums is covered by an internal fund.

Santander Consumer Finance Global Services, S.L.

– Commitments to pre-retired staff to the effective date of retirement, covered by an internal fund.

The present value of the above-mentioned 31 December 2024 and 2023 obligations is shown below:

	EUR Thousands	
	2024	2023
Present value of the obligations:		
To pre-retirees	23,027	19,574
Long-service	153	144
Provisions - Pensions and other post-employment defined benefit obligations (Note 2-r)	**23,180**	**19,718**

The present value of liabilities has been determined by independent qualified actuaries, who have applied the following criteria to quantify them:

Method of calculation: "Of the projected credit unit".

Actuarial assumptions used: Unbiased and compatible. Specifically, the most significant actuarial assumptions they considered in their calculations were:

	2024	2023
Annual technical interest rate	3.00 %	3.35 %
Mortality tables	PERM/F-2020	PERM/F-2020
Cumulative annual C.P.I.	2 %	2 %
Annual rate of wage growth	N/A.	N/A.
Growth Bases Social Security contribution (*)	2 %	2 %

(*) Growth base of maximum quotation 2024: 5% / 3% according to exit agreement; rest of years IPC + 1.2% / 3%

The interest rate used to update flows has been determined by reference to high-quality corporate bonds.

The estimated retirement age of each employee is the first to which he or she is entitled to retire or the agreed upon, if applicable.

The amounts recognized in the consolidated income statements for the years 2024 and 2023 in respect of these long-term commitments are shown below:

	EUR Thousands	
	2024	2023
	Expenses /(Income)	
Current service cost (Note 38)	8	8
Net interest cost (Note 31)	554	663
Expected return on insurance contracts linked to pensions	—	—
Extraordinary charges	(261)	(181)
Actuarial (gains)/losses recognised in the year	—	490
Past service cost	10,164	5,298
Curtailments/settlements	—	—
Amount recognized in the financial year	10,465	6,278

The movement that occurred during the years 2024 and 2023 in the present value of the obligation accrued for other long-term remuneration in the Spanish entities of the Group was as follows:

	EUR Thousands	
	2024	2023
Present value of the obligations at beginning of year	19,718	21,066
Current service cost (Note 38)	8	8
Interest cost (Note 31)	554	663
Pre-retirement cost	10,164	5,298
Effect of curtailments/settlements	—	(79)
Benefits paid	(7,004)	(7,626)
Past service cost	—	239
Actuarial (gains)/losses recognised in the year	(261)	151
Other concepts	1	(2)
Present value of year-end obligations	**23,180**	**19,718**

The following table shows the estimated benefits payable to 31 December 2024 for the next ten years:

	EUR Thousands
2025	9,610
2026	9,113
2027	6,357
2028	5,890
2029	3,713
2029-2033	9,411

iv. Post-employment remuneration - Other foreign dependent entities

Some of the consolidated foreign entities have made commitments with their staff similar to post-employment remuneration and other long-term defined benefit remuneration. The technical bases applied by these entities (interest rates, mortality tables, and cumulative annual CPI) in their actuarial estimates of these commitments are consistent with the existing economic and social conditions in the countries in which they are based.

The present value of these commitments to 31 December 2024 and 2023, net of the assets that meet the requirements established in the applicable regulations to be considered as plan assets, is presented below:

	EUR Thousands	
	2024	2023
Present value of obligations:	503,454	494,122
Of which:		
Germany	413,138	420,481
Nordics (Scandinavia)	34,332	24,601
Less-		
Plan assets	(61,498)	(53,614)
Provisions - Pensions and other post-employment defined benefit obligations (Note 2-r)	442,156	440,508
Of which:		
Internal Pension Funds	442,156	446,198
Net assets of the Plan	—	(5,690)

The main categories of plan assets as a total percentage of the plan assets of foreign entities are as follows:

	2024	2023
Equity instruments	10 %	16 %
Debt instruments	25 %	27 %
Properties	11 %	13 %
Others	54 %	43 %

The most significant actuarial assumptions, used by the Group companies based in Germany in estimating the value of their commitments, are detailed below:

	2024	2023
Annual technical interest rate	3.56 %	3.57 %
Mortality tables	Heubeck Rt 2018	Heubeck Rt 2018
Cumulative annual C.P.I.	2.00 %	1.90 %
Annual rate of wage growth	2.75%	2.75%
Annual rate of review of pensions in payment	2.00 %	2.00 %
Estimated retirement age	60/63(M/F)	60/63(M/F)

The interest rate used to update flows has been determined by reference to high-quality corporate bonds.

The amounts recognized in the consolidated income statements in respect of these defined benefit pension commitments held by foreign entities in Germany during the years 2024 and 2023 are shown below:

	EUR Thousands	
	2024	2023
	Expenses / (income)	
Current service cost (Note 38)	5,971	5,356
Net interest cost (Note 31)	14,668	15,608
Extraordinary charges	—	—
Actuarial gains or losses recognised	—	—
Past service cost	—	—
Early retirements	—	—
Effect of curtailments/settlements	(1,142)	(450)
Expected return on plan assets (Note 31)	—	—
Other interests	—	—
Amount recognised in the year	19,497	20,514

The movement in the present value of the accrued obligation for defined benefit commitments of foreign entities in Germany during the years 2024 and 2023:

	EUR Thousands	
	2024	2023
Present value of obligations at the beginning of the year	420,481	404,410
Net high/(low) of companies to the Group	—	(25.198)
Current period service cost (Note 38)	5,971	5,356
Cost per interest	14,668	15,608
Effect of curtailments/settlements	(1,142)	(450)
Benefits paid	(14,354)	(13,268)
(Gains)/actuarial losses (*)	(12,044)	34,104
Differences in change, transfers and other concepts	(442)	(82)
Present value of year-end obligations	413,138	420,481

(*) In 2024 it includes demographic and experience losses amounting to 2,279 thousand euros (demographic and experience losses amounting to 2,209 thousand euros in 2023) and financial actuarial gains of 14,323 thousand euros (financial actuarial losses of eur 31,895 thousand in 2023).

The following table shows the estimated benefits payable to 31 December 2024 for the next ten years:

	EUR Thousands
2025	15,395
2026	16,213
2027	17,031
2028	17,648
2029	18,217
2030-2034	99,353

The amounts recognized in the consolidated income statements in respect of these defined benefit pension commitments held by the Group's foreign entities, excluding Germany, during the financial years 2024 and 2023, are shown below:

	EUR Thousands	
	2024	2023
	Expenses / (income)	
Current period service cost (Note 38)	2,245	1,945
Interest cost (*) (Note 31)	2,712	1,562
(Gains)/ Actuarial losses in the year	88	(43)
Costs for past services	480	97
Effect of reductions/liquidations	(418)	(86)
Expected return on plan assets (*) (Note 31)	(1,960)	(679)
Other interests	—	—
Amount recognized in the financial year	**3,147**	**2,796**

(*) These items are recorded for their net amount (752 thousand euros in 2024 and 883 thousand euros in 2023) under the heading "Interest expenses" of the consolidated income statementss for those years (see Note 31).

The movement in the present value of the debt accrued by defined benefit commitments of foreign companies excluding Germany, and in the plan assets, during the years 2024 and 2023 was as follows:

	EUR Thousands	
	2024	2023
Present value of obligations at the beginning of the year	73,642	98,330
Net high/(low) of companies to the Group	—	(23,810)
Current period service cost (Note 38)	2,245	1,945
Cost per interest	2,712	1,562
Pre-retirement	—	86
Effect of curtailments/settlements	(418)	—
Benefits paid	(4,881)	(2,911)
Benefits paid in case of liquidation	(94)	(471)
Cost for past services	480	—
(Gains)/actuarial losses (*)	13,195	(4,162)
Differences in change, transfers and other concepts	3,635	3,245
Present value of year-end obligations	90,516	73,642

(*) In 2024 it includes demographic actuarial losses of 2,252 thousand euros (demographic actuarial losses of 1,477 thousand euros) and financial actuarial losses of 10,943 thousand euros (financial actuarial gains of 5,639 thousand euros in 2023).

The movement in the fair value of plan assets associated with these defined benefit commitments of foreign entities excluding Germany during the years 2024 and 2023 was as follows:

	EUR Thousands	
	2024	2023
Fair value of plan assets at beginning of year	53,614	90,799
Net additions / (disposals) of Group's companies	—	(36,752)
Expected return on plan assets	1,960	679
Actuarial gains/(losses) arising in the year	3,627	(3,526)
Contributions	2,324	1,687
Benefits paid	(1,775)	(1,590)
Exchange differences and other items	1,748	2,136
Fair value of plan assets at end of year	**61,498**	**53,614**

The following table shows the estimated benefits payable to 31 December 2024 for the next ten years:

	EUR Thousands
2025	3,192
2026	3,114
2027	3,977
2028	4,206
2029	10,267
2030-2034	24,081

In addition, some foreign entities have defined contribution plans (Santander Consumer Bank, AG , Santander Consumer Bank, S.p.A., Santander Consumer Bank AS, Compagnie Generale de Credit Aux PAR). Contributions made to these plans, in the years 2024 and 2023, amounted to 40,765 and 38,553 thousand euros respectively, which are recorded under the heading “Administrative expenses – Staff expenses” of the consolidated income statements for both years (see Note 38).

In addition, during the financial year 2024, the heading “Other cumulative comprehensive income – items not reclassified into profit or loss – actuarial gains or losses in defined benefit pension plans” has been recorded a change for a payment of 2,476 thousand euros in respect of commitments of defined benefit of the Group’s foreign companies (charge of 32,908 thousand euros in 2023).

v. Sensitivity analysis

Changes in the main assumptions used in the valuation may affect the calculation of commitments. At 31 December 2024, if the discount interest rate had been decreased or increased by 50 bps, there would have been an increase or decrease in the present value of the post-employment obligations of +6.66% and -7.42%, respectively.

vi. Status of the pension fund for the current and four preceding years

The status of the defined benefit commitments for the financial year 2024 and the four preceding years, at the end of each financial year, is shown below:

1. Spanish entities

	EUR Thousands									
	Post-Employment Remuneration					Other Long-Term Remuneration				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Present value of the obligation:										
To current employees	—	—	—	—	—	—	—	—	—	—
Vested obligations to retired employees	20,105	20,535	21,006	27,512	25,023	23,027	19,574	20,921	31,527	37,542
To pre-retirees	—	—	—	—	—	—	—	—	—	—
Long-service bonuses and other obligations	—	—	—	—	—	153	144	145	130	139
Other	—	—	—	—	—	—	—	—	—	—
Fair value of plan assets	5,177	5,436	5,424	6,341	—	—	—	—	—	—
Provisions for pensions	14,928	15,099	15,582	21,171	25,023	23,180	19,718	21,066	31,657	37,681
Of which:										
Internal pension funds	15,688	16,411	16,997	22,360	—	23,180	19,718	21,066	—	—
Net pension assets	(760)	(1,312)	(1,415)	(1,188)	—	—	—	—	—	—

2. Foreign entities-

	EUR Thousands				
	2024	2023	2022	2021	2020
Present value of obligations less-	503,654	494,122	502,741	734,375	725,050
Fair value of plan assets	(61,498)	(53,614)	(111,764)	(168,735)	(98,721)
Provisions – Pension funds	442,156	440,508	390,977	565,640	626,329
Of which:					
Internal pension funds	442,156	446,198	406,972	588,520	—
Net pension assets	—	(5,690)	(15,995)	(22,880)	—

b) Other provisions

The balance under the headings “Taxes and other legal contingencies” and “Other provisions” in the chapter “Provisions”, which, inter alia, include those relating to restructuring provisions and tax and legal disputes, have been estimated using prudent calculation procedures consistent with the uncertainty conditions inherent in the obligations they cover, determining the final time of the departure of resources that incorporate economic benefits for the Group for each of the obligations in some cases without a fixed cancelation period, and in other cases, depending on the ongoing disputes.

The balance of these headings by geographical area is broken down below:

	EUR Thousands	
	2024	2023
Recognised in Spanish companies	72,072	66,015
Recognised in other foreign companies	101,465	96,998
	173,537	**163,013**

The following is the breakdown of the balance as of 31 December 2024 and 2023, under the headings "Provisions for taxes and other legal contingencies" and "Other provisions" for each type of provision. The types of provisions have been determined by grouping those items of a similar nature:

	EUR Thousands	
	2024	2023
Tax provisions	12,866	20,506
Provision for other legal processes	25,961	16,560
Provision for operational risks	43,419	49,559
Provision for restructuring	39,917	32,038
Other risks	51,373	44,351
	173,537	**163,013**

Provisions for other operational risks include mainly provisions for risks arising from the business operations of Group companies, corresponding the most significant amounts as of December 31, 2024 to those registered in Santander Consumer Finance S.A. for the amount of 29,820 thousand euros (30,604 thousand euros to the 31 December 2023) and Santander Consumer Bank, A.G. (Germany) for the amount of 6,116 thousand euros (8,079 thousand euros to 31 December 2023).

Provisions for restructuring include only expenses arising from restructuring processes carried out by various entities of the Group. During 2023 and 2024, the Group has carried out different restructuring processes in some companies to adapt the business to the current market conditions in those geographies. In these cases, the Group companies offer their employees the possibility of leaving through offers of early retirement and incentivized leave. In 31 December 2024, the outstanding balance for this item corresponds mainly to the companies Santander Consumer Bank, A.G. (Germany), for the amount of 30,475 thousand euros (9,600 thousand euros as of December 2023), Santander Consumer Bank S.P.A. (Italy), for an amount of 6,554 thousand euros (9,371 thousand euros to the 31 December 2023); and Compagnie generale de credit aux particuliers – Credipar S.A. (France), which amounts to 1,532 thousand euros (1,745 thousand euros to the 31 December 2023).

Likewise, below, relevant information is broken down for each of the types of provision shown in the previous table:

– Tax provisions include provisions for tax processes.

– Provisions for other legal proceedings include provisions for judicial, arbitration or administrative proceedings (other than those included in other categories or types of provision separately) initiated against Santander Consumer Finance companies.

The general policy of the Group is to record provisions for tax and legal processes in which the risk of loss is likely and no provisions are recorded when the risk of loss is possible or remote. The amounts to be provisioned are calculated according to the best estimate of the amount necessary to settle the claim concerned, based on, inter alia, in an individualized analysis of the facts and legal opinions of internal and external advisers or considering the historical average number of losses arising from such claims. The final date of the outflow of resources incorporating economic benefits to the Group depends on each of the obligations. In some cases, obligations do not have a fixed settlement period and in other cases depend on ongoing legal processes.

In addition, as of December 31, 2024, the Group is exposed to risks of a legal nature related to the Swiss Francs Mortgage Portfolio (CHF) by its stake in Santander Consumer Bank, S.A (Poland) by the equity method, their percentage of participation in the same was 40% to the December 31, 2024 and 2023 (see Note 12).

On October 3, 2019, the CJEU, resolved a question for a preliminary ruling in relation to a court proceeding against a bank not linked to the Santander Group, concerning the consequences of the potential declaration of abusiveness of certain clauses in loan contracts indexed to CHF. The CJEU left the decision to the national courts, stating that it is possible to declare a contract invalid if it cannot survive and there are no expressly agreed supplementary provisions with which it can be incorporated and replaced.

On June 15, 2023, the CJEU delivered judgment in Case C-520/21, confirming that national law must apply in the light of the principles derived from Directive 93/13/EEC to determine the effects of a declaration of invalidity of a contract. In addition, the CJEU ruled that, in the event of termination of a loan agreement for the cancelation of an unfair term, the bank's claims exceeding the repayment of the nominal amount of the loan principal and, where appropriate, the payment of late payment interest, they are contrary to the objectives of Directive 93/13/EEC as they would make it possible to obtain a profit similar to that which was intended to be obtained from the normal execution of the contract and thus to eliminate the deterrent effect.

On April 25, 2024, a judgment was handed down by the Civil Division of the Supreme Court, according to which: (I) in the event that a clause concerning the manner of fixing the exchange rate of a foreign currency is declared unfair and non-binding, based on current case law, it cannot be replaced by another clause determining an alternative form of exchange rate fixation; (ii) if it is not possible to set a binding exchange rate for the parties, the contract will not be binding. In addition, in relation to matters relating to the cancelation of the contract, the Supreme Court notes that: (i) as a result of the invalidity of the contract, if the bank has paid all or part of the loan amount to the borrower and the borrower has made repayments of the credit, separate claims arise for the reimbursement of the respective payments in favor of each party (the so-called theory of the two conditions); (ii) the limitation period for the bank's claim action for the repayment of amounts paid under the contract begins on the day following the day on which the borrower challenged the validity of the terms of the contract; (iii) there is no legal basis for either party to claim interest or other items for the use of its funds in the period between the improper payment and the date on which the repayment is due. The criteria set by the Supreme Court in this last judgment could qualify the previous pronouncements described above. Nine Supreme Court judges did not participate in the decision because they raised constitutional issues and six judges submitted individual opinions mainly on issues related to the maintenance of the agreement after the elimination of unfair terms. Santander Bank Polska S.A. and Santander Consumer Bank S.A. estimate the legal risk using a model that considers different possible outcomes and regularly review the rulings on this matter in order to verify changes in jurisprudence, including the impact of the above-mentioned Supreme Court ruling. The Bank is reaching agreements both with clients who have already initiated legal action and with clients who have not yet initiated legal proceedings in front of the Bank. The model used to calculate provisions for legal risks considers the evolution and projections of such agreements.

As of December 31, 2024, Santander Consumer Bank S.A. (Poland) presents a portfolio of mortgages denominated in or indexed to CHF amounting to approximately PLN 1,168 million (273 million euros). On the same date, there is a provision of PLN 1,408 million (329 million euros) to cover the mortgage portfolio in CHF.

As of December 31, 2023, Santander Consumer Bank S.A. (Poland) presented a portfolio of mortgages denominated in or indexed to CHF amounting to approximately PLN 1,521 million (350 million euros). On the same date, there is a provision of PLN 991 million (228 million euros) to cover the mortgage portfolio in CHF.

22. Tax matters

a) Current tax receivables and payables

The balance of the heading "Assets for taxes – Assets for current taxes" of the consolidated balance sheets to 31 December 2024 and 2023 includes, basically, payments on account of the Tax on Profit made by the consolidated entities to the Public Administrations of the countries where they are located. The balance of the heading "Tax liabilities – Current tax liabilities" in that consolidated balance sheet includes the liability for the different taxes applicable to the Group.

b) Reconciliation between accounting result and expense/income recorded in the consolidated income statements.

The reconciliation between the consolidated accounting result and the income tax expense in the corresponding consolidated income statement for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
	Continuing operations	Continuing operations
Consolidated income before tax	1,310,140	1,800,746
Accounting result by corporate tax rate (*)	393,042	540,224
Differences, permanent adjustments (**)	(120,014)	(60,628)
Consolidated Corporate Tax Expenditure	**273,028**	**479,596**
Effective tax rate	**20.84%**	**26.63%**

(*) Calculated by applying the nominal rate applicable to the Bank (30%)

(**) Includes the net tax effect of permanent differences in consolidated entities as well as differences arising from the existence of different tax rates in the countries in which the Group operates, the effects of consolidation, tax adjustments from prior years, and the effect of considering the existing exemptions, deductions, bonuses according to the corresponding tax jurisdictions where the Group companies operate.

c) Years open for review by the Tax Authorities

The Bank is part of the Tax Group whose head office is Banco Santander, S.A. According to current legislation, taxes cannot be considered definitively liquidated until the filed returns have been inspected by the tax authorities or the statute of limitations of four years has elapsed.

In January 2024, the Spanish Tax Administration formalized minutes with agreement, conformity and disagreement, relating to the corporate tax of the Consolidated Tax Group for the years 2017 to 2019, having recorded in results the impact of the party accepted in conformity. With respect to the party signed in disagreement both for these years and for the previous years ((Corporate Tax for the years 2003 to 2019), Banco Santander, S.A., as the dominant entity of the Consolidated Tax Group, considers, in accordance with the advice of its external lawyers, that the regularizations practiced should not have a significant impact on the consolidated annual accounts, with solid defense arguments in the appeals filed against them before the National High Court (financial years 2003 to 2011) and before the Central Economic Administrative Court (financial years 2012 to 2015 and 2017 to 2019). Consequently, no provision has been recorded for this concept. As of the date of preparation of these annual accounts, subsequent fiscal years remain subject to review up to and including 2024.

The rest of the entities are subject to inspection the corresponding exercises in accordance with the tax regulations applicable to them in each country.

Other relevant information regarding tax aspects affecting these companies is included in the individual annual accounts of the consolidated companies in the Group.

Due to the possible different interpretations of tax rules, the results of inspections by the tax authorities for the remaining fiscal years subject to verification may give rise to contingent tax liabilities, the amount of which cannot be quantified in an objective manner. However, in the opinion of the Group's tax advisers, the possibility of such tax liabilities materializing is remote and, in any event, the tax debt derived from them would not significantly affect the Group's consolidated annual accounts.

d) Regulatory changes

In 2022, Act No. 38/2022 was adopted, establishing a temporary charge on credit institutions and financial credit establishments for the years 2023 and 2024. the amount of which amounts to 4.8% of the sum of the net interest margin and commissions of the previous year derived from the activity carried out in Spain. The obligation to pay arises on the first day of each financial year. The expenditure recorded by this temporary charge amounted to 20 million euros in 2023 and 16 million euros in 2024, although the Tax Administration has checked the 2023 financial year and considers that an additional amount is due as a result of the discrepancies in the criteria applied in the determination of the tax base that are being discussed by the group.

On December 20, 2024 passed Law 7/2024, which, among other tax measures, establishes a tax on the margin of interest and commissions of certain financial institutions obtained in Spanish territory, payable 1 January for the years 2025, 2026 and 2027. the tax base, with some modifications from the temporary tax, is now calculated at the individual level for each financial institution and the contribution is determined on the basis of a scale of tax rates between 1% and 7%, applying certain deductions. The 24 December 2024 was published in the Official State Gazette Royal Decree-Law 9/2024 modifying certain technical aspects of the tax, delaying its accrual to the 31 January of these years. This Royal Decree-Law has been repealed 22 January 2025.No expenditure for this new tax has been recorded in these annual accounts in accordance with the legislation in force.

The additional provision 19th of the Corporate Tax Law, established for the financial year 2023, that in order to determine the tax base of the Tax Group, the positive tax bases and the 50% of the negative individual tax bases corresponding to each and every one of the entities belonging to the tax group will be added. The amount of the remaining 50% of the negative tax bases shall be integrated into the tax bases in equal parts in each of the first ten subsequent tax periods. In addition, Law 7/2024, again establishes for the financial years 2024 and 2025 the limitation in 50% to the integration of negative individual tax bases in the tax base of the Consolidated Tax Group, also setting a period of 10 years for the reversal of this positive adjustment.

e) Other information

On January 18, 2024 The Spanish Constitutional Court has annulled the compulsory reversal of impairments deducted in previous years and the application of additional limits on the compensation of negative tax bases and deductions for double taxation, that were introduced in the Corporate Tax Law by Royal Decree-Law 3/2016. The application of the judgment in previous years has no impact on the results, and furthermore, no significant impact is expected on the Corporate Income Tax return to be filed in 2024 by the tax group.

On December 20, 2024, Law 7/2024 was approved, establishing a Complementary Tax to ensure a minimum global level of taxation for multinational groups and large national groups, effective January 1, 2024. This law transposes Directive 2022/2523, and also establishes a national complementary tax aligned with the Pillar Two rules. Santander Consumer Finance S.A. is part of the group, as a constituent entity, whose ultimate parent entity is Banco Santander, S.A., to which this new regulation applies.

f) Deferred taxes

The details of tax deferred to 31 December 2024 and 2023 are as follows:

	EUR Thousands					
	2024			2023		
	Monetisable	Other	Total	Monetisable	Other	Total
Tax assets (*)	**224,622**	**456,762**	**681,384**	**241,866**	**433,728**	**675,594**
Tax losses and tax credits	—	1,864	1,864	—	9,898	9,898
Temporary differences	224,622	454,898	679,520	241,866	423,830	665,696
Of which:						
Non-deductible provisions	—	*86,780*	*86,780*	—	*45,798*	*45,798*
Valuation of financial instruments	—	*62,043*	*62,043*	—	*85,224*	*85,224*
Credit losses	*174,007*	*28,076*	*202,083*	*195,194*	*32,312*	*227,506*
Pensions	*38,599*	*81,747*	*120,346*	*34,655*	*99,918*	*134,573*
Valuation of tangible and intangible assets	*12,016*	*76,098*	*88,114*	*12,017*	*82,352*	*94,369*
Tax liabilities	**—**	**1,748,106**	**1,748,106**	**—**	**1,626,479**	**1,626,479**
Temporary differences	—	1,748,106	1,748,106	—	1,626,479	1,626,479
Of which:						
Valuation of financial instruments	—	*215,084*	*215,084*	—	*224,589*	*224,589*
Valuation of tangible and intangible assets	—	*1,078,528*	*1,078,528*	—	*876,815*	*876,815*
Gains on disposal of investments	—	*147,136*	*147,136*	—	*140,752*	*140,752*

(*) Al 31 December 2024 and 2023, 148 million euros in both years are considered monetizable tax assets corresponding to spanish companies and 77 million euros and 93 million euros is considered monetizable tax assets corresponding to an italian entity al 31 December 2024 and 2023, respectively.

The movement in the balance of deferred tax assets and liabilities over the past two years is as follows:

	Balance at 31-12-2023	(debit)/ credit to the income statement	Conversion differences on foreign currency balances and other items	(debit) / credit to asset and liability valuation reserve	Acquisitions (net) for the year	Balance at 31-12-24
Active deferred taxes	675,594	22,015	1,712	(19,202)	1,265	681,384
BIN's and deductions	9,898	(7,591)	(443)	—	—	1,864
Temporary differences	665,696	29,606	2,155	(19,202)	1,265	679,520
of which monetizable	241,867	(17,245)	—	—	—	224,622
Liability deferred taxes	(1,626,479)	(135,092)	(450)	17,171	(3,256)	(1,748,106)
Temporary differences	(1,626,479)	(135,092)	(450)	17,171	(3,256)	(1,748,106)
Total	(950,885)	(113,077)	1,262	(2,031)	(1,991)	(1,066,722)

	Balance at 31-12-2022	(debit)/ credit to the income statement	Conversion differences on foreign currency balances and other items	(debit) / credit to asset and liability valuation reserve	Acquisitions (net) for the year	**Balance at 31-12-23**
Active deferred taxes	558,534	185,619	8,381	11,110	(88,050)	675,594
BIN's and deductions	8,569	1,338	(9)	—	—	9,898
Temporary differences	549,965	184,281	8,390	11,110	(88,050)	665,696
of which monetizable	263,740	(22,481)	—	608	—	241,867
Liability deferred taxes	(1,283,474)	(386,562)	4,398	2,318	36,841	(1,626,479)
Temporary differences	(1,283,474)	(386,562)	4,398	2,318	36,841	(1,626,479)
Total	**(724,940)**	**(200,943)**	**12,779**	**13,428**	**(51,209)**	**(950,885)**

The balance under the heading "Tax Assets – Deferred Tax Assets" in the consolidated balance sheets includes the debtor balances to the Treasury for taxes on anticipated profits; in turn, the balance of the heading "Tax liabilities" of these consolidated balance sheets includes the liability corresponding to the different deferred taxes of the Group.

On June 26, 2013 incorporated the Basel III legal framework into European law through Directive 2013/36 (CRD IV) and Regulation 575/2013 on prudential requirements for credit institutions and investment firms (CRR) directly applicable in the Member states from 1 January 2014, while establishing a gradual timetable for the implementation and fulfillment of the various requirements.

This regulation establishes that deferred tax assets that depend on their use to obtain future profits must be deducted from the regulatory capital.

In this regard, in recent years various countries under Basel III, they have modified their tax regimes with respect to certain deferred tax assets so that they could continue to count as regulatory capital because their use does not depend on the future profits of the entities that generate them (hereinafter referred to as monetizable tax assets). Thus, Italy has a regime in this regard introduced by Decree Legge No. 225 of 29 December 2010 as amended by Legge No. 10 of 26 February 2011.

Likewise, during 2013 in Spain, through Royal Decree-Law 14/2013, of November, 29, and confirmed by Law 27/2014 of 27 November, a tax regime was established by which certain deferred tax assets –derived from insolvency provisions, provisions for awarded goods, etc. commitments for pensions and pre-retirements, may, under certain circumstances, become loans against the Public Treasury, not depending on their use of the future benefits of the entities and therefore be exempt from their deduction from the regulatory capital.

During 2015 Spain completed its regulation on monetizable tax taxes by introducing a capital benefit that will involve the payment of an annual amount of 1.5% per year to maintain the right to monetization and will be applied on part of deferred tax assets that meet those legal requirements to be considered monetizables generated before 2016.

Similarly, Italy, on 3 May 2016 Decree, has introduced an annual 1.5% commission to maintain monetization of part of deferred tax assets.

The Group only recognizes deferred tax assets arising from temporary differences or negative tax bases and uncompensated deductions, when it considers it likely that the consolidated entities that generated them will in the future have sufficient tax gains against which they can be paid.

Deferred taxes, both assets and liabilities, are reviewed at the time of the accounting closure in order to check whether modifications are necessary in accordance with the results of the analyzes carried out.

These analyzes take into account, among others, (i) the results generated by the different entities in previous years, (ii) the projections of the results of each tax entity or group, (iii) the estimation of the reversal of the different temporary differences according to their nature and (iv) the period and limits established in the legislation of each country for the recovery of the different deferred tax assets, concluding in this way on the ability of each tax entity or group to recover its assets for deferred taxes recorded.

The performance projections used in this analysis are based on the financial budgets approved by both the local directorates of the respective units and the Group managers. The Group's budget estimation process is common to all units. The Group management draws up its financial budgets based on the following key assumptions:

a) Microeconomic variables of the entities that make up the tax group in each location: it considers the existing balance sheet structure, the mix of products offered and the commercial strategy defined by local directorates in this sense based on the competitive, regulatory and market environment.

b) Macroeconomic variables: The estimated growth is based on the evolution of the economic environment considering the expected evolution in the Gross Domestic Product of each location and the forecasts of behavior of interest rates, inflation and exchange rates. Such data are provided by the Group's Research Service, which is based on external sources of information.

In addition, the Group performs retrospective contrasts (backtesting) on the variables projected in the past. The differential behavior of these variables with respect to the real market data is considered in the projections estimated in each financial year. Thus, in relation to Spain, the deviations identified by the Management in recent past years are due to non-recurring events that are not related to the operation of the business, such as the impacts due to the first application of new applicable regulations, the costs incurred for accelerating restructuring plans and the changing effect of the current macroeconomic environment.

Finally, and given the degree of uncertainty of these assumptions, the Group conducts a sensitivity analysis of the most significant ones considered in the recoverability analysis of deferred tax assets, considering reasonable changes in the key assumptions on which the profit and loss projections of each tax entity or group are based and the estimation of the reversal of the different temporary differences.

Regardless of the income taxes passed on in the consolidated profit and loss statements, in the years 2024 and 2023, the Group has passed on to its consolidated net assets the following amounts for the following items:

	EUR Thousands	
	Credits (charges) in consolidated net equity	
	2024	2023
Actuarial gains and losses on pension plans	(1,648)	9,951
Cash flow coverage	6,466	15,846
Debt instruments measured at fair value through other comprehensive income	(4,126)	(523)
Others	(57)	(1,948)
Total	**635**	**23,326**

23. Registered share capital and equity instruments other than capital

a) Paid-up capital

As of December, 31 2024 y 2023, the Bank's capital stock consisted of 1,879,546,172 registered shares, each with a par fair value of 3 euros, fully subscribed and paid up, with identical political and economic rights.

On December 20, 2019, Holneth, B.V. sold the shares it held in the Bank, of which 469,886,523 shares were acquired by Banco Santander, S.A. And 20 by Cántabro Catalana de Inversiones, S.A.. Thus, as of December 31, 2023 and 2022 Banco Santander, S.A. Owned 1,879,546,152 shares and Cántabro Catalana de Inversiones, S.A. 20 shares.

b) Equity instruments other than capital

On December 3, 2020, the Bank's Shareholders' Meeting approved the issuance of preferred shares contingently convertible into ordinary shares of the newly issued Bank (the "PPCC"), for a nominal amount of 150,000 thousand euros. The remuneration of the CFPs, whose payment is subject to the fulfillment of certain conditions for their distribution, linked mainly to the availability of the necessary funds, as well as the decision by the Bank, was set at 5% per year for the first five years, revised thereafter by applying a margin of 5.551% per year plus the five-year mid-swap rate (5 year mid-swap rate).

On December 14, 2018, the Bank's Shareholders' Meeting approved the issuance of preferred shares contingently convertible into ordinary shares of the newly issued Bank (the "PPCC"), for a nominal amount of 200,000 thousand euros. The remuneration of the CFPs, whose payment is subject to the fulfillment of certain conditions for their distribution, linked mainly to the availability of the necessary funds, as well as the decision by the Bank, was set at 8.25% per year for the first five years, revised thereafter by applying a margin of 8.22% per year plus the five-year mid-swap rate (5 year mid-swap rate).

On February 6, 2019, the European Central Bank approved the computerability of these CFPs as Tier 1 capital (additional tier 1) under the new European own resources regulation of the European Regulation 575/2013. PPCCs are perpetual, although they may be amortized in advance if the Bank or its consolidated group had a ratio lower than the common equity tier 1 ratio of 5.125% (common equity tier 1 ratio) calculated in accordance with the applicable regulations. In this case and subject to the fulfillment of certain requirements, the shares would be converted into newly issued ordinary shares of Santander Consumer Finance, S.A, in accordance with the value established in the issuance prospectus of the shares. In addition, such shares may be rescued by decision of the Bank, provided that there is a change in the rules for the computation of regulatory capital or the tax framework applicable to preferred shares, subject to the approval of the European Central Bank.

On December 14, 2017, the Bank's Shareholders' Meeting approved the issuance of preferred shares contingently convertible into ordinary shares of the newly issued Bank (the "PPCC"), for a nominal amount of 850,000 thousand euros. The remuneration of the CFPs, whose payment is subject to the fulfillment of certain conditions for their distribution, linked mainly to the availability of the necessary funds, as well as the decision by the Bank, was set at 5.75% per year for the first five years, revised thereafter applying a margin of 5.545% per year plus the five-year mid-swap rate (5 year mid-swap rate), which has been set at 8.2474% in December 2022.

On February 7, 2018, the European Central Bank approved the computerability of these CFPs as Tier 1 capital (additional tier 1) under the new European own resources regulation of the European Regulation 575/2013. PPCCs are perpetual, although they may be amortized in advance if the Bank or its consolidated group had a ratio lower than the common equity tier 1 ratio of 5.125% (common equity tier 1 ratio) calculated in accordance with the applicable regulations. In this case and subject to the fulfillment of certain requirements, the shares would be converted into newly issued ordinary shares of Santander Consumer Finance, S.A, in accordance with the value established in the issuance prospectus of the shares. In addition, such shares may be rescued by decision of the Bank, provided that there is a change in the rules for the computation of regulatory capital or the tax framework applicable to preferred shares, subject to the approval of the European Central Bank. The PPCCs are traded on the Frankfurt Stock Exchange. All preferred shares have been fully subscribed by Banco Santander, S.A, as of December 31, 2018 and 2017.

The income accrued from the shares issued, as of December 31, 2024 and 2023, amounts to 512,518 and 419,478 thousand euros respectively, which are recorded under the heading of "Accumulated retained earnings", 93,040 and 94,103 thousand euros have been accrued in the financial years 2024 and 2023, respectively.

24. Share premium

The balance of this heading of the consolidated balance sheets to 31 December 2024 and 2023 accompanying includes the amount paid out by the Bank's shareholders in capital issuances made above the nominal one. The Consolidated Text of the Capital Companies Act expressly allows the use of the balance of the share premium to increase the share capital of the entities in which it is registered and does not establish any specific restriction on its availability.

25. Retained earnings and other reserves

The balance of "Shareholders' Equity - Reserves - Retained Earnings" of the accompanying consolidated balance sheets includes the net amount of the accumulated income attributed to the Group recognized in prior years through the consolidated income statements which, in the distribution of profit, they were used for consolidated net worth, as well as, where appropriate, the costs of issuing own equity instruments and the differences between the amount for which own securities are sold and their acquisition price, in the event of such operations and distributions of profits to Bank shareholders made from reserves.

The balance of the heading "Shareholder's equity – Other reserves – Reserves or cumulative losses on investments in joint ventures and associated ventures" in the accompanying consolidated balance sheets includes the net amount of accumulated results in previous years generated by entities measured by the equity method and corresponding to the Group, recognized through the consolidated income statements, which has not been distributed.

The composition of the balance under both headings of the consolidated balance sheets, Al 31 December 2024 and 2023, is shown below:

	EUR Thousands	
	2024	2023
Retained earnings:		
Legal reserve of the Bank	900,352	804,803
Unrestricted, voluntary and other reserves	773,503	536,899
Consolidation reserves attributable to the Bank	(237,520)	(194,085)
Reserves of subsidiaries	2,595,885	2,501,779
	4,032,220	**3,649,396**
Other reserves		
Others	(612,884)	(519,446)
Reserves or accumulated losses from investments in:		
Joint ventures and associates	541,611	524,365
	(71,273)	**4,919**

Legal reserve

According to the consolidated text of the Capital Companies Act, Spanish entities that obtain profits in the financial year must provide 10% of the net profit for the financial year to the legal reserve. These endowments must be made until the reserve reaches 20% of the share capital. The legal reserve may be used to increase the share capital in the part of its balance that exceeds 10% of the share capital already increased. Except for this purpose, and if it does not exceed 20% of the share capital, this reserve may only be used for loss compensation, provided that there are no other reserves available sufficient for this purpose.

Reserves of subsidiaries

The breakdown by companies of this balance, based on the contribution of the companies to the Group (considering the effect of the consolidation adjustments), is as follows:

	EUR Thousands	
	2024	2023
Santander Consumer Holding GmbH	(1,431,114)	(1,332,792)
Santander Consumer Bank S.p.A.	100,382	57,518
Santander Consumer Bank GmbH	361,188	281,488
Compagnie Generale de Credit Aux particuliers - Credipar S.A.	582,486	470,063
Stellantis Financial Services España, E.F.C., S.A.	(2,470)	42,647
Santander Consumer Finance OY	345,837	304,131
Santander Consumer Leasing GmbH	41,339	17,195
Santander Consumer Bank AS	1,286,522	1,411,970
Santander Consumer Bank AG	804,763	776,815
Banque Stellantis France	128,767	136,084
Financiera El Corte Inglés, E.F.C., S.A.	45,825	63,208
Stellantis Financial Services Italia S.p.A.	107,217	76,839
Santander Consumer Finance Inc.	105,215	104,965
Santander Consumer Finance Schweiz AG	40,074	29,793
Santander Consumer Technology Services GmbH	25,600	27,655
Stellantis Financial Services Nederland B.V.	20,382	16,951
Other companies	33,872	17,249
	2,595,885	**2,501,779**

26. Other comprehensive income

The balances in the other comprehensive accumulated income chapter include the amounts, net of tax effect, of adjustments made to assets and liabilities recorded in equity through the statement of consolidated recognized income and expenses. The amounts from the dependent entities are presented, line by line, in the corresponding items according to their nature.

With respect to items that may be reclassified to profit or loss, the Statement of Recognized Consolidated Revenue and Expenditure includes variations in the Valuation Adjustments, as follows:

- Valuation gains (losses): This includes the amount of income, net of expenses incurred in the financial year, recognized directly in equity. The amounts recognized in equity for the year are maintained under this heading, although in the same period they are either transferred to the income statement or to the initial value of assets or liabilities or reclassified to another item.

- Amounts transferred to the income statement: This includes the amount of valuation gains (losses) previously recognized in equity, even in the same financial year, which are recognized in the income statement.

- Amounts transferred to the initial value of hedged items: This includes the amount of valuation gains (losses) previously recognized in equity, even in the same financial year, recognized in the initial value of assets and liabilities as a result of cash flow hedges.

- Other reclassifications: Includes the amount of transfers made in the year between the different items of other cumulative overall income.

The amounts of these items are recorded in their gross amount and include the amount of other aggregate income accumulated for minority interest (non-controlling interests), with their corresponding tax effect shown in a separate item, except for those for entities valued by the equity method, that are presented net of the tax effect.

a) Breakdown of other comprehensive income - items that will not be reclassified in results and items that can be reclassified in results

	EUR Thousands	
	31-12-2024	31-12-2023
Other comprehensive income	(724,823)	(678,242)
Items that will not be reclassified to profit or loss	(46,176)	(50,982)
Actuarial gains or losses on defined benefit pension plans	**(60,854)**	**(61,399)**
Assets included in disposal groups classified as held for sale	—	—
Other recognised income and expense in investments in joint ventures and associates	328	199
Changes in the fair value of equity instruments at fair value through other comprehensive income	14,350	10,218
Other valuation adjustments	—	—
Items that may be reclassified to profit or loss	(678,647)	(627,260)
Hedges of net investments in foreign operations (effective portion)	72,914	37,543
Exchange differences	(739,540)	(634,720)
Derivatives – hedge accounting. Cash flow hedges (effective portion)	(17,619)	(2,512)
Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income	10,593	(60)
Hedging instruments (items not designated)	—	—
Assets included in disposal groups classified as held for sale	—	—
Share in other recognised income and expenses in investments in joint ventures and associates	(4,995)	(27,511)

b) Other cumulative comprehensive income - items that will not be reclassified into profit or loss - actuarial gains or (-) losses on defined benefit pension plans

The balance under the heading “Other cumulative comprehensive income – items not reclassified into profit or loss – Actuarial gains or losses in defined benefit pension plans” includes actuarial gains and losses and performance on plan assets, less administration costs and plan taxes, and any change in the effects of the asset limit, excluding the amounts included in net interest on the net liability (asset) for post-employment defined benefit commitments of the consolidated companies.

Its variation is shown in the statement of consolidated recognized income and expenses. The most significant variations during the 2024 financial year correspond, mainly, a The evolution experienced by the main actuarial assumptions of German dependent entities – Actuarial gains on adjustment in inflation assumptions offset by actuarial losses on interest rate decrease from 3.57% to 3.56% - , as well as actuarial losses mainly financial in Nordics (Scandinavia) – decrease in the interest rate from 4.10% to 3 % in Sweden - and actuarial losses in Spanish institutions - decrease in the interest rate from 3.35% to 3% (in the financial year 2023, mainly, due to the evolution of the main actuarial assumptions of German dependent entities actuarial losses due to interest rate decrease from 4.21% to 3.57%, as well as actuarial gains mainly financial in Nordics (Scandinavia) – interest rate increase from 3.50% to 4.10% in Sweden) and actuarial losses in spanish entities due to decrease in the interest rate from 3.70% to 3.35%).

c) Elements that can be reclassified into results

c.1 Coverage of net investments in foreign business (effective portion)

The balance under the heading “Other cumulative comprehensive income – items that can be reclassified into profit or loss – Net investment coverage in foreign business (effective portion)” of the consolidated net equity includes the net amount in the variation in derivatives contracted by the Group and designated as hedging instruments considered effective in hedges of this type. His movement during exercises 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Balance at beginning of period	(37,543)	46,397
Valuation gains/(losses)	(35,371)	(83,940)
Transferred to the income statement	—	—
Balance at year-end	**(72,914)**	**(37,543)**

c.2 Currency conversion

The balance under the heading reflects the amount of exchange differences arising from non-monetary items whose fair value is adjusted against equity and those arising from the conversion into euros of the balances of consolidated entities whose currency is different than the euro (see note 2-a).

c.3 Hedging Derivatives. Cash flow hedges (effective portion)

The balance under this heading reflects the net amount of changes in the value of financial derivatives designated as cash flow hedging instruments, in the portion of such changes considered as “effective hedging”.

Its movement, during the exercises 2024 and 2023, is presented below:

	EUR Thousands	
	2024	2023
Balance at the beginning of the year	(2,511)	62,112
Gains / (losses) per valuation	(9,148)	(70,512)
Amounts transferred to the income statement	(10,758)	(14,946)
Taxes on benefits	4,798	20,835
Year-end balance (Note 29)	**(17,619)**	**(2,511)**

c. 4) Changes in fair value of debt instruments measured at fair value through other comprehensive income

The balance under this heading reflects the net amount of unrealized changes in fair value of financial assets classified as items that can be reclassified to profit or loss – changes in fair value of debt instruments measured at fair value through other comprehensive income.

Its movement, without considering valuation adjustments attributed to minority interests, during the years 2024 and 2023, is presented below:

	EUR Thousands	
	2024	2023
Balance at the beginning of the year	(60)	(1,149)
Gains / (losses) per valuation	14,249	1,672
Amounts transferred to the consolidated income statements	530	(60)
Taxes on benefits	(4,126)	(523)
Balance at year-end	10,593	(60)

27. Non-controlling interests

This chapter of the accompanying consolidated balance sheets as of December 31, 2024 and 2023 includes the net amount of the net equity of dependent entities attributable to equity instruments not directly or indirectly belonging to the Group, including the share attributed to them of the consolidated income for the financial year.

The details, by company of the Group, of the balance of this chapter of the consolidated balance sheets as of December 31, 2024 and 2023 annexed, are presented below:

	EUR Thousands	
	2024	2023
Suzuki Servicios Financieros, S.L.	7,214	6,671
Banque Stellantis France	1,117,198	994,824
Financiera El Corte Inglés, E.F.C., S.A.	121,966	131,346
Stellantis Financial Services España, E.F.C., S.A.	184,603	235,886
Stellantis Financial Services Belux SA	4,702	(1,214)
Stellantis Financial Services Nederland B.V.	612	(2,764)
Stellantis Bank Deutschland GmbH	—	—
Stellantis Financial Services Italia S.p.A.	376,516	343,743
Transolver Finance E.F.C., S.A.	36,601	36,459
Stellantis Renting Italia S.p.A.	9,533	6,443
Hyundai Capital Bank Europe GmbH	626,332	458,998
Allane SE	(36,003)	(40,406)
TIMFin S.p.A.	30,348	30,343
STELLANTIS FINANCE UK LIMITED	—	—
MCE BANK GMBH	13,554	13,740
Santander Consumer Bank AG	—	(12,890)
Other companies	1,622	1,641
	2,494,798	2,202,820
Result of the exercise attributed to the minority:	—	—
Suzuki Servicios Financieros, S.L.	740	543
Banque Stellantis France	133,894	173,470
Financiera El Corte Inglés, E.F.C., S.A.	24,587	20,020
Stellantis Financial Services España, E.F.C., S.A.	23,374	40,559
Stellantis Financial Services Belux SA	4,626	9,769
Stellantis Financial Services Nederland B.V.	6,680	7,889
Stellantis Bank Deutschland GmbH	—	—
Stellantis Financial Services Italia S.p.A.	40,249	27,256
Transolver Finance EFC, S.A.	3,280	2,592
Stellantis Renting Italia S.p.A.	2,316	8,590
Hyundai Capital Bank Europe GmbH	(7,757)	9,696
Allane SE	1,944	4,252
TIMFin S.p.A.	528	5
Stellantis Finance UK Limited	—	—
MCE BANK GMBH	44	(186)
Santander Consumer Bank AG	—	12,890
Other companies	(1,017)	(128)
	233,488	317,217
	2,728,286	2,520,037

The movement in the balance of this chapter of the consolidated balance sheets during the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Balance at the beginning of the year	2,520,037	2,554,826
Dividends	(90,361)	(295,290)
Exchange and other differences (*)	65,121	(56.716)
Result of the exercise attributed to the minority	233,489	317,217
Balance at year-end	2,728,286	2,520,037

(*) The 2023 variation mainly corresponds to the output of the perimeter of PSA Bank Deutschland GmbH (see note 3).

28. Memorandum items

The details of the balances recorded under the "Memorandum items" headings of the consolidated balance sheets to 31 December 2024 and 2023 are as follows:

	EUR Thousands	
	31/12/2024	31/12/2023
Loan commitments granted	**23,947,398**	**24,299,144**
Memorandum item: of which, doubtful	*24,906*	*26,138*
Financial guarantees granted	**87,564**	**90,030**
Memorandum item: of which,	—	—
Financial guarantees	87,564	90,030
Credit derivatives sold	—	—
Other commitments granted	**1,414,959**	**1,253,547**
Memorandum item: of which,	*558*	*1,716*
Technical guarantees	713,388	597,501
Other commitments	701,571	656,046

The breakdown as of December 31, 2024 of exposures and the provision fund (see note 10) off-balance sheet by impairment stage under IFRS 9 is EUR 24,824,802 thousand and EUR 16,716 thousand in stage 1, 599,655 thousand euros and 2,090 thousand euros in stage 2 and 25,464 thousand euros and 1,083 thousand euros in stage 3, respectively as of December 31, 2024 (25,528,907 thousand euros and 17,299 thousand euros in stage 1, 85,960 thousand euros and 1,270 thousand euros in stage 2 and 27,854 thousand euros and 2,489 thousand euros in stage 3, respectively to the 31 December 2023).

A significant portion of these amounts shall come to maturity without any obligation to pay the consolidated companies; therefore, the combined balance of these commitments cannot be considered as a real future need for financing or liquidity to be granted to third parties by the Group.

The income from guarantee instruments is recorded in the commission income chapter of the consolidated profit and loss accounts and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee.

i. Loan commitments granted

Firm credit commitments under pre-established conditions and terms, except those that meet the definition of derivatives because they can be settled in cash or through the delivery or issuance of another financial instrument. They include those available in credit lines and future deposits.

II. Financial guarantees granted

It includes financial collateral contracts such as financial guarantees, credit derivatives sold, derivative risks contracted on behalf of third parties and others.

iii. Other commitments granted

They include all commitments that could give rise to the recognition of financial assets not included in the above items, such as technical guarantees and those for the import and export of goods and services.

29. Derivatives - Hedge Accounting

The Group, within its financial risk management strategy and in order to reduce asymmetries in the accounting treatment of its operations, contracts derivatives of hedges on interest risk, exchange rate or equity, depending on the nature of the risk covered.

Based on its objective, the Group classifies its coverages into the following categories:

- Cash flow hedges: These cover exposure to the change in cash flows associated with an asset, liability or a highly probable expected transaction. This covers variable-rate issues in foreign currencies, fixed-rate issues in non-local currencies, interbank financing at variable rates and variable-rate assets (bonds, trade credits, etc.).

- Fair value hedges: Cover exposure to change in the fair value of assets or liabilities, attributable to an identified and covered risk. This covers the interest risk of assets or liabilities (bonds, loans, bills, issues, deposits, etc.). (etc.) with coupons or fixed interest rates, interests in entities, foreign currency issues and deposits or other fixed-rate liabilities.
- Hedging of net investments abroad: Cover the exchange rate risk of investments in dependent entities with a functional currency other than the Euro

	EUR Thousands				
	2024				
	NOMINAL VALUE	MARKET VALUE		Changes in fair value used for calculating hedge ineffectiveness	Balance sheet line items
		ASSET	LIABILITIES		
Fair value hedges	**22,763,192**	**140,856**	**282,547**	**(217,481)**	
Interest rate risk	**20,856,410**	**93,703**	**275,267**	**(115,037)**	
Interest Rate Swap	**20,856,410**	**93,703**	**275,267**	**(115,037)**	Hedge derivatives
Exchange rate risk	**728,555**	**3,094**	**3,948**	**—**	
FX Forward	**728,555**	**3,094**	**3,948**	**—**	Hedge derivatives
Interest rate and exchange risk	**1,178,227**	**44,059**	**3,332**	**(102,444)**	
Currency Swap	**1,178,227**	**44,059**	**3,332**	**(102,444)**	Hedge derivatives
Hedges cash flow	**5,249,023**	**79,819**	**58,623**	**(20,027)**	
Interest rate risk	**1,971,839**	**11,648**	**14,747**	**(18,370)**	
Interest Rate Swap	**1,971,839**	**11,648**	**14,747**	**(18,370)**	Hedge derivatives
Exchange rate risk	**1,965,146**	**34,080**	**38,704**	**(4,861)**	
Currency swap	**1,965,146**	**34,080**	**38,704**	**(4,861)**	Hedge derivatives
Interest rate and exchange risk	**1,312,038**	**34,091**	**5,172**	**3,204**	
Currency swap	**1,312,038**	**34,091**	**5,172**	**3,204**	Hedge derivatives
Hedges of net investments in foreign operations	**1,971,172**	**14,864**	**8,385**	**(124)**	
Exchange rate risk	**1,971,172**	**14,864**	**8,385**	**(124)**	
FX Forward	**1,971,172**	**14,864**	**8,385**	**(2,505)**	Hedge derivatives
Deposits taken	**—**	**—**	**—**	**2,381**	Deposits
	29,983,387	**235,539**	**349,555**	**(237,632)**	

	EUR Thousands				
	2023				
	NOMINAL VALUE	MARKET VALUE		Changes in fair value used for calculating hedge ineffectiveness	Balance sheet line items
		ASSET	LIABILITIES		
Fair value hedges	**20,674,973**	**280,270**	**242,220**	**(560,695)**	
Interest rate risk	**18,978,957**	**264,393**	**204,415**	**(448,671)**	
Interest Rate Swap	**18,978,957**	**264,393**	**204,415**	**(448,671)**	Hedge derivatives
Exchange rate risk	**339,788**	**247**	**13,259**	**—**	
FX Forward	**339,788**	**247**	**13,259**	**—**	Hedge derivatives
Interest rate and exchange risk	**1,356,228**	**15,630**	**24,546**	**(112,024)**	
Currency Swap	**1,356,228**	**15,630**	**24,546**	**(112,024)**	Hedge derivatives
Hedges cash flow	**5,224,393**	**108,189**	**127,466**	**(80,098)**	
Interest rate risk	**1,230,360**	**19,346**	**7,554**	**(83,589)**	
Interest Rate Swap	**1,230,360**	**19,346**	**7,554**	**(83,589)**	Hedge derivatives
Exchange rate risk	**1,516,937**	**27,939**	**67,037**	**(2,505)**	
Currency swap	**1,516,937**	**27,939**	**67,037**	**(2,505)**	Hedge derivatives
Interest rate and exchange risk	**2,477,096**	**60,904**	**52,875**	**5,996**	
Currency swap	**2,477,096**	**60,904**	**52,875**	**5,996**	Hedge derivatives
Hedges of net investments in foreign operations	**2,104,843**	**2,038**	**70,581**	**(2,669)**	
Exchange rate risk	**2,104,843**	**2,038**	**70,581**	**(2,669)**	
FX Forward	**2,104,843**	**2,038**	**70,581**	**—**	Hedge derivatives
Deposits taken	**—**	**—**	**—**	**(2,669)**	Deposits
	28,004,209	**390,497**	**440,267**	**(643,462)**	

Group entities mainly have long-term loan portfolios at fixed interest rates and are therefore exposed to changes in fair value due to movements in market interest rates. Entities manage this risk by contracting Interest Rate Swaps in which they pay fixed rate and receive variable rate. Only interest rate risk is covered and therefore other risks, such as credit risk, are managed but not covered by institutions. The interest rate risk component is determined as the change in the fair value of fixed-rate loans arising only from changes in a benchmark rate. This strategy is designated as fair value hedging and its effectiveness is assessed by comparing changes in the fair value of loans attributable to changes in benchmark interest rates with changes in the fair value of interest rate swaps.

In addition, some Group entity, to access international markets in order to obtain sources of financing, issues debt at fixed rates in its own currency and in currencies other than its functional currency. Therefore, it is exposed to changes in interest rates and exchange rates, which mitigate with derivatives (Interest Rate Swaps, Fx Forward and Cross Currency Swaps). in which they receive fixed interest rate and pay variable interest rate and which they instrumentalize with a fair value hedge.

The cash flow hedges of Consumer Group entities cover exchange rate risk of loans and financing. These hedges are mainly done through Interest Rate Swaps and Cross Currency Swaps.

In any case, in the event of inefficiency in fair value or cash flow hedges, the entity considers mainly the following causes:

- Possible economic events affecting the entity (e.g: default).
- By movements and possible market-related differences in the collateralized and non-collateralized curves used in the valuation of derivatives and covered items, respectively.
- Possible differences between the par value, settlement/reprice dates and credit risk of the hedged item and the hedging element.

Finally, it has net investment hedges abroad, to cover the exchange risk of the interest in the currencies NOK, CNY, CAD, CHF and PLN.

In the case of this type of coverage, the inefficiency scenarios are considered low probability, since the coverage instrument is designated considering the determined position and the spot rate at which it is located.

Below, we show a table with the maturity profile of the nominees of the Group's hedging instruments:

	EUR Thousands					
	2024					
	Up to 1 month	Between 1 and 3 months	Between 3 and 12	Between 1 and 5 years	More than 5 years	Total
<u>Fair value hedges</u>	1,678,784	1,777,044	5,448,589	13,048,381	810,394	22,763,192
Type of interest risk	1,392,135	1,516,490	5,267,237	11,870,154	810,394	20,856,410
Interest Rate Swap	1,392,135	1,516,490	5,267,237	11,870,154	810,394	20,856,410
Exchange rate risk						
FX Forward	286,649	260,554	181,352	—	—	728,555
Interest rate and exchange risk	286,649	260,554	181,352	—	—	728,555
Currency Swap	—	—	—	1,178,227	—	1,178,227
	—	—	—	1,178,227	—	1,178,227
<u>Hedges Cash flows</u>	216,336	437,120	2,016,584	2,522,549	56,434	5,249,023
Type of interest risk	100,620	92,017	421,308	1,301,460	56,434	1,971,839
Interest Rate Swap	100,620	92,017	421,308	1,301,460	56,434	1,971,839
Exchange rate risk	24,085	42,516	677,456	1,221,089	—	1,965,146
Currency swap	24,085	42,516	677,456	1,221,089	—	1,965,146
Interest rate and exchange risk	91,631	302,587	917,820	—	—	1,312,038
Currency swap	91,631	302,587	917,820	—	—	1,312,038
<u>Hedges of net investments in foreign operations</u>	220,785	573,753	1,176,634	—	—	1,971,172
Exchange rate risk	220,785	573,753	1,176,634	—	—	1,971,172
FX Forward	220,785	573,753	1,176,634	—	—	1,971,172
	2,115,905	2,787,917	8,641,807	15,570,930	866,828	29,983,387

	EUR Thousands					
	2023					
	Up to 1 month	Between 1 and 3 months	Between 3 and 12	Between 1 and 5 years	More than 5 years	Total
<u>Fair value hedges</u>	645,705	1,095,935	4,546,656	13,686,998	699,678	20,674,972
Interest rate risk	445,767	1,051,026	4,301,668	12,480,817	699,678	18,978,956
Interest rate swap	445,767	1,051,026	4,301,668	12,480,817	699,678	18,978,956
Exchange rate risk	199,938	44,909	94,941	—	—	339,788
FX forward	199,938	44,909	94,941	—	—	339,788
Interest rate and exchange risk	—	—	150,047	1,206,181	—	1,356,228
Currency swap	—	—	150,047	1,206,181	—	1,356,228
<u>Hedges Cash flows</u>	360,513	616,113	2,017,914	2,204,917	24,936	5,224,393
Interest rate risk	51,846	93,243	447,769	612,566	24,936	1,230,360
Interest rate swap	51,846	93,243	447,769	612,566	24,936	1,230,360
Exchange rate risk	30,071	54,768	289,539	1,142,559	—	1,516,937
Currency swap	30,071	54,768	289,539	1,142,559	—	1,516,937
Interest rate and exchange risk	278,596	468,102	1,280,606	449,792	—	2,477,096
Currency swap	278,596	468,102	1,280,606	449,792	—	2,477,096
<u>Hedges of net investments in foreign operations</u>	265,664	408,592	1,430,587	—	—	2,104,843
Exchange rate risk	265,664	408,592	1,430,587	—	—	2,104,843
FX forward	265,664	408,592	1,430,587	—	—	2,104,843
	1,271,882	2,120,640	7,995,157	15,891,915	724,614	28,004,208

Additionally, we show both the maturity profile and the average interest and exchange rates of the hedging instruments by maturity buckets:

	2024					
	EUR Thousands					
	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years old	More than 5 years	Total
Fair value hedges						
Interest rate risk						
Instruments of type of interest						
Nominal	**1,392,135**	**1,516,490**	**5,267,237**	**11,870,154**	**810,394**	**20,856,410**
Nominal in EUR.	**1,382,569**	**1,478,506**	**5,116,089**	**11,518,630**	**807,718**	**20,303,512**
Nominal in CHF	**9,566**	**21,258**	**82,906**	**148,806**	**—**	**262,536**
Nominal in CAD	**—**	**16,726**	**68,242**	**202,718**	**2,676**	**290,362**
Fixed average interest rate (%) EUR.	3.270	**2.820**	**2.110**	2.770	**1.050**	
Fixed average interest rate (%) CHF	1.450	**1.530**	**1.510**	1.640	**0.000**	
Exchange rate risk						
Exchange rate instruments						
Nominal	**286,649**	**260,554**	**181,352**	**—**	**—**	**728,555**
Average exchange rate DKK/EUR	**—**	**7.447**	—	**—**	**—**	
Average exchange rate PLN/EUR	**—**	**—**	4.415	**—**	**—**	
Average exchange rate NOK/EUR	**11.890**	11.677	—	**—**	**—**	
Average exchange rate CHF/EUR	0.941	0.930	0.915	—	—	
Average exchange rate SEK/EUR	—	11.493	11.663	—	—	
Average CAD/EUR exchange rate	—	—	1.489	—	—	
Average exchange rate CNH/EUR	—	—	7.793	—	—	
Exchange rate risk and interest						
Interest type instruments						
Nominal	**—**	**—**	**—**	**1,178,227**	**—**	**1,178,227**
Average exchange rate SEK/EUR	—	**—**	**—**	7.458	**—**	
Average exchange rate DKK/EUR	—	**—**	**—**	3.050	**—**	
Cash flow hedges						
Interest rate risk						
Interest type instruments						
	100,620	**92,017**	**421,308**	**1,301,460**	**56,434**	**1,971,839**
Nominal EUR.	**100,620**	**81,564**	**386,508**	**1,195,710**	**47,537**	**1,811,939**
Nominal CAD	**—**	**10,453**	**34,800**	**105,750**	**8,897**	**159,900**
Exchange rate risk						
Exchange rate instruments						
Nominal	**24,085**	**42,516**	**677,456**	**1,221,089**	**—**	**1,965,146**
Average exchange rate NOK/EUR	—	**—**	**—**	10.590	**—**	
Average exchange rate CHF/EUR	—	**0.997**	**0.973**	0.962	**—**	
Average CAD/EUR exchange rate	1.471	**—**	**1.387**	1.478	**—**	
Average exchange rate JPY/EUR	—	**—**	**157.282**	157.276	**—**	
Exchange rate risk and interest						
Exchange rate instruments						
Nominal	**91,631**	**302,587**	**917,820**	**—**	**—**	**1,312,038**
Average exchange rate SEK/EUR	11.570	11.540	11.200	—	**—**	
Average exchange rate NOK/EUR	4.400	11.790	10.870	—	**—**	
Net Investment Coverages in foreign operations						
Exchange rate risk						
Exchange rate instruments						
Nominal	**220,785**	**573,753**	**1,176,634**	**—**	**—**	**1,971,172**
Average exchange rate NOK/EUR	**11.693**	**11.745**	**11.805**	**—**	**—**	
Average CAD/EUR exchange rate	1.500	—	—	**—**	**—**	
Average exchange rate CHF/EUR	0.935	—	—	**—**		
Average exchange rate PLN/EUR	—	—	4.392	**—**	**—**	

	2023					
	EUR Thousands					
	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years old	More than 5 years	Total
Fair value hedges						
Interest rate risk						
Instruments of type of interest						
Nominal	**445,767**	**1,051,026**	**4,301,668**	**12,480,817**	**699,678**	**18,978,956**
Fixed average interest rate (%) EUR.	0.76	0.570	0.650	2.300	1.020	
Fixed average interest rate (%) CHF	1.470	1.380	1.500	1.580	—	
Fixed average interest rate (%) CAD	—	—	3.870	3.710	4.000	
Exchange rate risk						
Exchange rate instruments						
Nominal	**199,938**	**44,909**	**94,941**	—	—	**339,788**
Average exchange rate NOK/EUR	**11.842**	**11.81**	—	—	—	
Average CAD/EUR exchange rate	—	—	1.487	—	—	
Average exchange rate PLN/ EUR.	—	—	4.439	—	—	
Average exchange rate CNH/ EUR.	—	—	7.793	—	—	
Exchange rate risk and interest						
Interest type instruments						
Nominal	—	—	**150,047**	**1,206,181**	—	**1,356,228**
Average exchange rate DKK/EUR	—	—	**7.451**	7.451	—	
Fixed average interest rate (%) DKK	—	—	**2.880**	2.880	—	
Fixed average interest rate (%) SEK	—	—	—	4.880	—	
Cash flow hedges						
Interest rate risk						
Interest type instruments						
Nominal	**51,846**	**93,243**	**447,769**	**612,566**	**24,936**	**1,230,360**
Fixed average interest rate (%) EUR.	8.543	7.170 %	5.691 %	4.682 %	— %	
Fixed average interest rate (%) CAD	— %	— %	— %	4.370 %	4.660 %	
Exchange rate risk						
Exchange rate instruments						
Nominal	**30,071**	**54,768**	**289,539**	**1,142,559**	—	**1,516,937**
Average exchange rate NOK/EUR	—	—	—	10.590	—	
Average exchange rate CHF/EUR	1.047	1.075	1.080	0.977	—	
Average CAD/EUR exchange rate	1.440	**1.421**	1.458	1.412	—	
Average exchange rate JPY/EUR	—	—	121.570	157.278	—	
Exchange rate risk and interest						
Exchange rate instruments						
Nominal	**278,596**	**468,102**	**1,280,606**	**449,792**	—	**2,477,096**
Average exchange rate SEK/EUR	11.130	11.680	11.270	10.690	—	
Average exchange rate NOK/EUR	11.580	11.470	11.100	10.230	—	
Average exchange rate DKK/EUR	**7.450**	**7.450**	7.460	—	—	
Fixed average interest rate (%) SEK	—	—	1.660	1.940	—	
Net Investment Coverages in foreign operations						
Exchange rate risk						
Exchange rate instruments						
Nominal	**265,664**	**408,592**	**1,430,587**	—	—	**2,104,843**
Average exchange rate NOK/EUR	**11.465**	**11.715**	**11.651**	—	—	
Average exchange rate CNY/EUR	—	—	7.704	—	—	
Average CAD/EUR exchange rate	1.461	—	—	—	—	
Average exchange rate CHF/EUR	0.940	—	—	—	—	
Average exchange rate PLN/EUR	—	—	4.659	—	—	

For the part of the items covered, in the following table we have the detail of the type of coverage, the risk that is covered and which products are being covered by the 31 December 2024:

	EUR Thousands							
	2024							
	Amount in books of the covered item		Cumulative amount of fair value adjustments on the covered line		Line of Balance	Change in fair value of the item covered for the assessment of ineffectiveness	Hedges of cash flows to conversion reserves	
	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	Assets
Fair value hedges	17,007,432	4,692,669	110,959	33,017	Loans and advances	221,102	—	—
Interest rate risk	16,265,688	3,543,102	110,959	43,102		112,415	—	—
Exchange rate risk	741,744	—	—	—		—	—	—
Interest rate risk and Exchange rate risk	—	1,149,567	—	(10,085)	Variable Income Portfolio	108,687	—	—
Cash flow hedges	—	—	—	—	Financial liabilities at amortized cost	(8,856)	(23,691)	4,974
Interest rate risk	—	—	—	—		12,118	(12,221)	4,962
Exchange rate risk	—	—	—	—		6,057	(6,057)	—
Interest rate risk and Exchange rate risk	—	—	—	—		(27,031)	(5,413)	12
Hedges of net investments in foreign operations	2,478,176	—	—	—	Equity instruments	—	2,381	—
Exchange rate risk	2,478,176	—	—	—		—	2,381	—
	19,485,608	4,692,669	110,959	33,017		212,246	(21,310)	4,974

	EUR Thousands							
	2023							
	Amount in books of the covered item		Amount accumulated from adjustments to fair value in la linea covered		Line of Balance	Change in fair value of the item covered for the assessment of ineffectiveness	Hedges of cash flows to conversion reserves	
	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	Assets
Fair value hedges	18,662,557	2,425,182	(120,782)	75,182	Loans and advances	653,865	—	—
Interest rate risk	18,310,467	1,071,138	(120,782)	71,138		544,469	—	—
Exchange rate risk	352,090	—	—	—		—	—	—
Interest rate risk and Exchange rate risk	—	1,354,044	—	4,044	Variable Income Portfolio	109,396	—	—
Cash flow hedges	—	—	—	—	Financial liabilities at amortized cost	13,708	(13,265)	14,454
Interest rate risk	—	—	—	—		7,826	(3,591)	14,377
Exchange rate risk	—	—	—	—		1,195	(1,195)	—
Interest rate risk and Exchange rate risk	—	—	—	—		4,687	(8,477)	77
Hedges of net investments in foreign operations	2,423,022	—	—	—	Equity instruments	—	2,505	—
Exchange rate risk	2,423,022	—	—	—		—	2,505	—
	21,085,579	2,425,182	(120,782)	75,182		667,573	(10,760)	14,454

The cumulative amount of adjustments to fair value hedging instruments remaining on the balance sheet for hedged items that are no longer adjusted for hedging gains and losses to 31 December 2024 is (67) million.

The net impacts of the hedges are shown in the following table:

	EUR Thousands				
	2024				
	Gains/(losses) recognised in other comprehensive income	Ineffective coverage recognised in the income statement	Income statement line item that includes the ineffectiveness of cash flows	Amount reclassified to profit or loss due to: Covered transaction affecting the income statement	Amount reclassified to profit or loss due to: Income statement line that includes reclassified items
Fair value hedges	—	3,621	Assets/financial liabilities gains or losses	—	Interest margin/asset gains or losses/financial liabilities
Interest rate risk	—	(2,622)		—	
Interest rate and exchange risk	—	6,243		—	
Hedges Cash flows	(19,906)	(121)	Assets/financial liabilities gains or losses	10,758	Interest margin/asset gains or losses/financial liabilities
Interest rate risk	(18,045)	(325)		25,030	
Exchange rate risk	(4,861)	—		(7,297)	
Interest rate and exchange risk	3,000	204		(6,975)	
Hedges of net investments in foreign operations	(124)	—	Assets/financial liabilities gains or losses	—	Interest margin/asset gains or losses/financial liabilities
Exchange rate risk	(124)	—		—	
	(20,030)	3,500		10,758	

	2023				
	EUR Thousands				
	Gains/(losses) recognised in other comprehensive income	Ineffective coverage recognised in the income statement	Income statement line item that includes the ineffectiveness of cash flows	Amount reclassified to profit or loss due to: Covered transaction affecting the income statement	Amount reclassified to profit or loss due to: Line of the income statement including reclassified items
Fair value hedges	—	93,170	Assets/financial liabilities gains or losses	—	Interest margin/asset gains or losses/financial liabilities
Interest rate risk	—	95,798		—	
Interest rate and exchange risk	—	(2,628)		—	
Hedges Cash flows	(85,458)	2,690	Assets/financial liabilities gains or losses	14,872	Interest margin/asset gains or losses/financial liabilities
Interest rate risk	(83,723)	134		36,449	
Exchange rate risk	(5,175)	—		(9,092)	
Interest rate and exchange risk	3,440	2,556		(12,485)	
Hedges of net investments in foreign operations	2,505	—	Assets/financial liabilities gains or losses	—	Interest margin/asset gains or losses/financial liabilities
Exchange rate risk	2,505	—		—	
	(82,953)	95,860		14,872	

The movement of the impact of the equity of the year 2024, is shown in the following table:

	EUR Thousands
Balance at the beginning of the 2023 financial year	62,112
Cash flow hedges	(85,458)
Interest rate risk	(83,723)
Transferred to Results	(36,523)
Other reclassifications	(47,200)
Exchange rate risk	(5,175)
Transferred to Results	9,092
Other reclassifications	(14,267)
Interest rate and exchange rate risk	3,440
Transferred to Results	12,485
Other reclassifications	(9,045)
Non-controlling interests	4,989
Taxes	15,846
Balance at year-end 2023	(2,511)
Hedges Cash flows	(19,906)
Interest rate risk	(18,045)
Transferred to Results	(25,030)
Other reclassifications	6,985
Exchange rate risk	(4,861)
Transferred to Results	7,297
Other reclassifications	(12,158)
Interest rate and exchange rate risk	3,000
Transferred to Results	6,975
Other reclassifications	(3,975)
Non-controlling interests	(1,667)
Taxes	6,465
Balance at year-end 2024	(17,619)

30. Interest income

The balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 includes interest earned in the period on all financial assets whose return, implicit or explicit, is derived from the effective interest rate method, regardless of whether they are valued at fair value, with the exception of trading derivatives; as well as rectifications of products as a result of accounting hedges. Interest is recorded on the gross amount, without deducting, where appropriate, withholding taxes made at source.

The following breakdown is the origin of the most significant interest income accrued by the Group in 2024 and 2023:

	EUR Thousands	
	2024	2023
Loans and advances, central banks	—	—
Loans and advances, credit institutions	116,623	220,153
Debt securities	152,307	67,436
Loans and advances, customers	6,579,761	5,443,476
Non-performing assets	8,313	4,778
Rectification of income from hedging operations and other interests	644,785	695,690
	7,501,789	**6,431,533**

Most interest income has been generated by the Group's financial assets measured at amortized cost.

31. Interest expenses

The balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 includes interest earned in the year on all financial liabilities with return, implicit or explicit, including remuneration in kind, they are derived from the effective interest rate method, irrespective of whether they are valued at fair value, with the exception of trading derivatives; as well as the corrections of cost as a result of accounting hedges, and the cost of interest attributable to the pension funds constituted.

The origin of the most significant interest expenses accrued by the Group in the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Banco de España and other central banks	95,138	395,714
Credit institutions	625,747	561,755
Customer deposits	1,322,337	734,131
Debits represented by negotiable securities	1,745,023	1,171,557
Subordinated liabilities	84,151	77,244
Pension Funds (Notes 2-r, 2-s and 21) (*)	16,450	17,545
Rectification of expenses for operations coverage	46,055	(5,633)
Other interests	48,847	54,067
	3,983,748	**3,006,380**

(*) Includes interest on post-employment remuneration and other long-term remuneration of Spanish entities in the amount of 476 and 554 thousand euros, respectively, in the financial year 2024 (390 and 663 thousand euros, respectively, in the financial year 2023) and foreign entities for 15,420 thousand euros (16,492 thousand euros in 2023) - see Note 21-.

Most interest expenses have been generated by the Group's financial liabilities that are valued at amortized cost.

32. Result of entities valued by the method of participation Income from entities accounted for using the equity method

The balance in this chapter of the consolidated profit and loss statements for the years 2024 and 2023 includes the amount of profits or losses generated in the year by the associated entities and joint ventures, attributable to the Group.

The breakdown of the balance of this chapter, December 31, 2024 and 2023, is as follows (see Note 12):

	EUR Thousands	
	2024	2023
Bank of Beijing Consumer Finance Company	31,909	—
Santander Consumer Bank S.A. (Poland)	(12,576)	5,886
Fortune Auto Finance Co., Ltd.	10,476	25,478
Stellantis Insurance Europe Ltd.	23,234	29,623
Stellantis Life Insurance Europe Ltd.	12,773	11,643
Santander Consumer Multirent, S.A.	2,155	3,434
Stellantis Financial Services Polska	1,921	1,926
Other companies	(2,969)	(915)
	66,923	**77,075**

33. Commission income

The balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 includes the amount of commissions accrued in the year, except those that form an integral part of the effective interest rate on the financial instruments included in the “Interest income” chapter of the attached consolidated profit and loss accounts.

The breakdown of the balance of this chapter in the consolidated income and loss account for 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Collection and payment services:		
Bills	2,510	4,333
Demand accounts	17,597	17,454
Cards	79,987	77,450
Cheques and orders	32,828	28,334
	132,922	127,571
Marketing of non-banking financial products:	1,005,318	845,220
	1,005,318	845,220
Securities services:		
Securities trading	36,969	32,571
Administration and custody	882	1,018
Equity management	10,188	8,669
	48,039	42,258
Other:		
Financial guarantees	8,952	7,572
Commitment fees	7,874	7,115
Other fees and commissions	101,730	94,391
	118,556	109,078
	1,304,835	**1,124,127**

34. Commission expenses

The balance in this chapter of the consolidated income statementss for the years 2024 and 2023 includes the amount of commissions paid or payable accrued in the year, except those that form an integral part of the effective interest rate of financial instruments, included in the "Interest expense" chapter of the attached consolidated profit and loss accounts.

The breakdown of the balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Brokerage fees on lending and deposit transactions	824	948
Fees and commissions assigned in respect of off-balance-	38,608	24,544
Fees and commissions assigned for collection and return of effects	10,346	8,432
Fees and commissions assigned in other concepts	14,717	15,646
Cards commisions	12,627	13,135
Fees and commissions assigned for securities	33,266	26,009
Fees and commissions assigned to intermediaries	65,879	67,690
Other fees and commissions for placement of insurance	252,394	192,653
Other concept commisions	49,644	45,746
	478,305	**394,803**

35. Gains and losses associated with financial assets and liabilities

The breakdown of the balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023, according to the origin of the items comprising it, is as follows:

	EUR Thousands	
	2024	2023
	Income/(expenditure)	
Gains or (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(75,728)	47,259
Financial assets at amortized cost	*(75,870)*	—
Remaining financial assets and liabilities	*142*	*47,259*
Gains or (losses) on financial assets and liabilities held for trading, net	(4,123)	(2,265)
Gains or losses on non-trading financial assets mandatorily measured at fair value through profit or loss, net	—	—
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	—	—
Gains or (losses) arising from hedge accounting, net (Note 29)	3,500	95,860
	(76,351)	**140,854**

The heading “Gains or losses on derecognition from accounts of financial assets and liabilities not measured at fair value through profit or loss, net- financial assets at amortized cost” reflects the loss on sale of loan portfolios made in the year.

As of November 5, 2024, Santander Consumer Finance S.A. agreed to sell loans with mortgage guarantee whose nominal amount amounted to 766,021 thousand euros. The negative result amounted to 25,423 thousand euros. Likewise, 31 December 2024, Santander Consumer Bank AS executed the sale of credit card assets with a nominal amount of NOK 4,012,000 thousand (equivalent to about 343,817 thousand euros). The negative result amounted to 421,000 thousand Norwegian kroner (equivalent to about 50,304 thousand euros).

In 2023, it recorded the positive result of the cancelation of a financing operation with Banco Santander and its corresponding adjustments for valuation that were included in the heading ''Other Accumulated Global Income'', after the cancelation in 2022 of a hedging of cash flows on interest rate.

36. Exchange differences (net)

The balance of this chapter of the consolidated income statements for the years 2024 and 2023 basically includes the results obtained in the sale of foreign exchange, differences arising from converting foreign currency items into functional currency and from non-monetary assets into foreign currency at the time of disposal.

37. Other operating income and other operating expenses

The breakdown of the balance of these chapters in the consolidated income and loss accounts for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Other operating income	**663,846**	**578,502**
Income from non-financial services	427,098	342,293
Other exploitation products, others	236,748	236,209
Other operating expenses	**(459,440)**	**(419,380)**
Expenses for non-financial services	**(255,837)**	**(219,422)**
Deposit Guarantee Fund and Single Resolution Fund	**(26,133)**	**(64,982)**
Other operating charges, others	**(177,470)**	**(134,976)**
Other operating charges	—	—
	204,406	**159,122**

38. Staff costs

The balance under this heading of the consolidated income and loss accounts for the years 2024 and 2023 includes the salaries of staff in payroll, fixed or contingent, regardless of their function or activity, accrued in the period whatever their concept.

The composition of staff costs for 31 December 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Wages and salaries	714,424	704,265
Social Security	117,906	112,271
Allocations to pension funds (Note 21) (*)	8,483	7,552
Contributions to defined-contribution pension funds (Note 21)	44,687	42,359
Contributions of plans - Spanish entities	*3,922*	*3,806*
Contributions from plans - foreign entities	*40,765*	*38,553*
Expenses arising from share-based remuneration	—	—
Other staff costs	79,428	85,553
Compensation	3,486	3,293
	968,414	**955,293**

(*) of which:

– 259 thousand euros in 2024 (242 thousand euros in 2023) correspond to the "cost of services of the current period of post-employment pay of defined benefit – Spanish entities" (see Notes 2-r and 21).

– 5,971 thousand euros in 2024 (5,356 thousand euros in 2023) correspond to the "Service Cost of the current period of long-term remuneration and post-employment defined-benefit remuneration – Germany" (see Notes 2-r and 21).

– 2,245 thousand euros in 2024 (1,945 thousand euros in 2023) correspond to the "cost of services of the current period of long-term remuneration and post-employment remuneration of defined benefit – rest of foreign entities" (see Notes 2-r and 21).

– 8 thousand euros in 2024 (8 thousand euros in 2023), correspond to the "cost of services of the current period of other long-term remuneration of defined services – Spanish entities" (see Notes 2-s and 21).

The average number of employees of the Group in 2024 and 2023, distributed by professional category, was as follows:

	Average number of employees	
	2024	2023
Bank:		
Senior executives	41	41
Middle management	237	234
Administrative	834	867
	1,112	**1,142**
Other companies	10,740	10,831
	11,852	**11,973**

In 31 December 2024, the average number of employees of the Group with Disabilities is 327 employees (292 employees at the 31 December 2023), with this disability equal to or greater than 33% in Spain.

The functional and gender distribution of the number of employees of the Group Al 31 December 2024 and 2023 is as follows:

	2024			2023		
	Total	Men	Women	Total	Men	Women
Senior positions	89	65	24	98	74	24
Middle management	2,161	1,364	797	2,005	1,283	722
Administrative and others	9,347	4,464	4,883	9,948	4,723	5,225
	11,597	**5,893**	**5,704**	**12,051**	**6,080**	**5,971**

As of December 31, 2024 The Board of Directors of the Bank consisted of 13 Directors, of whom 4 were women (10 Directors to the 31 December 2023, of whom 4 were women).

The employment relations between employees and the different companies of the Group are regulated in the corresponding collective agreements or related rules.

As of December 31, 2024 and 2023, certain employees of Group subsidiaries are beneficiaries of the compensation plans described in Note 5.

39. Other administrative expenses

The breakdown of the balance under this heading of the consolidated income statement for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Property, fixtures and supplies	59,094	49,426
Other administrative expenses	42,754	47,427
Communications	29,593	35,296
Taxes other than income tax	60,858	58,732
Technology and systems	307,500	329,949
Public relations, advertising and publicity	62,978	76,941
Per diems and travel expenses	16,029	17,005
External services	223,595	223,334
Technical reports	63,456	80,032
Insurance premiums	7,363	7,617
Other	3,125	3,513
	876,345	**929,272**

Included in the balance of technical reports, fees for the services provided by auditors to the different companies of the Santander Consumer Finance Group (detailed in the attached annexes), as follows:

	Millions of euros	
	2024	2023
Audit	18.3	16.3
Audit-related services	0.7	0.8
Tax services	—	—
Other services	0.5	0.1
Total	**19.5**	**17.2**

The following are the audit services and major non-audit services included, where appropriate, in each of the items in the table above:

- Audit services: Audit of the individual and consolidated annual accounts of Santander Consumer Finance and of the companies that form part of the Group in which Coopers Auditores, S.L or another firm in the PwC network, is an external auditor; audit of the consolidated interim financial statements of Santander Consumer Finance; reporting for the purposes of the integrated audit of the consolidated financial statements and of the internal control on financial reporting (SOx) of Banco Santander, S.A; for those entities of the Group that are obliged to do so; limited reviews of financial statements; e Regulatory reports required from the auditor corresponding to different entities of the Group.

- Audit-related services: Issuance of comfort letters, financial and non-financial information verification services required by regulators or other documentation reviews to be submitted to supervisory bodies, both domestic and foreign, which by their very nature are normally provided by the external auditor.

- Tax services: Tax advisory and compliance services permitted in accordance with the applicable independence regulations and which have no direct impact on the audited financial statements, provided to Group companies outside Spain.

- Other services: Issuance of agreed procedures reports, assurance reports and special reports, made under accepted standards of the profession; as well as other reports required by the regulator.

The concept 'Audit' includes the fees corresponding to the audit of the year, regardless of its end date. In the event of subsequent adjustments, which are not significant in any event, to facilitate comparison, they are presented in this note in the year to which the audit relates. The rest of the services are included depending on the time of their approval by the Audit Committee.

The services contracted to the auditors comply with the independence requirements established in the applicable European and Spanish regulations, as well as the rules of the SEC and the Public Accounting Oversight Board (PCAOB) that apply to the Group and, in no case, they include performing work incompatible with the auditor's function.

40. Impairment or reversal of impairment of non-financial assets

The breakdown of the balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
Tangible assets (*)	32,530	(169)
Intangible assets (Note 15)	3,987	5,337
Others	(8,351)	8,486
	28,166	**13,654**

The amount recorded in the heading "Impairment or reversal of impairment of non-financial assets – tangible assets" to 31 December 2024 corresponds mainly to impairment due to obsolescence of tangible assets – leased under operating lease – (see note 13).

The amount recorded in the heading "Impairment or reversal of impairment of non-financial assets – intangible assets" to 31 December 2024 corresponds mainly to impairments due to obsolescence of intangible assets – (see note 15).

41. Gains or (losses) on deregistration from non-financial assets and equity, net

The breakdown of the balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
	Income/(expenditure)	
Gains:	**52,383**	**82,827**
Property, tangible and intangible (Note 13)	1,059	837
Participations	51,324	81,990
Losses:	**(3,947)**	**(694)**
Property, tangible and intangible (Note 13)	(390)	(694)
Participations	(3,557)	—
	48,436	82,133

The amount recorded under the heading "Gains or (losses) on derecognition from non-financial assets and equity net" to the 31 December 2024 reflects the results on derecognition of investments in associated entities Stellantis Life Insurance Ltd and Stellantis Insurance Ltd. (see Note 3) that have been sold to an entity of the Santander Group. In 2023 it corresponds mainly to the result obtained in the sale of the rights of origination of the Operational Lease business by the joint ventures of Belgium, France, Italy, the Netherlands, Poland and Spain in the context of the reorganization of the Stellantis - (see note 3). It also includes the result obtained in the sale of the shares of the joint ventures of Germany and the United Kingdom under the aforementioned agreement.

42. Gains or (losses) from non-current assets and disposal groups classified as held for sale not eligible as discontinued activities

The breakdown of the balance in this chapter of the consolidated income and loss accounts for the years 2024 and 2023 is as follows:

	EUR Thousands	
	2024	2023
	Income/(expenditure)	
Net sales gains (losses)	(50)	(1,089)
Allowance for impairment losses (net) (Note 11)	1,000	(588)
	950	**(1,677)**

43. Fair value of financial instruments

The following table summarizes the fair values, as 31 December 2024 and 2023, of the financial instruments (assets and liabilities) that, according to the criteria indicated above, are presented measured in these consolidated annual statements at their fair value, classified according to the different valuation methodologies followed by the Group to determine their fair value:

	EUR Thousands					
	31/12/2024			31/12/2023		
	Quoted prices in active markets (Level 1)	Internal models (*)	Total	Quoted prices in active markets (Level 1)	Internal models (*)	Total
Financial assets held for trading	—	246,380	246,380	—	323,898	323,898
Non-trading financial assets obligatorily measured at fair value through profit or loss	4	1,378	1,382	4	1,539	1,543
Financial assets designated at fair value through other comprehensive income	392,714	2,037,871	2,430,585	165,936	8,927	174,863
Derivatives – Coverage Accounting (Assets)	—	235,539	235,539	—	390,497	390,497
Financial liabilities held for trading	—	252,637	252,637	—	343,594	343,594
Financial liabilities designated at fair value through profit or loss	—	—	—	—	—	—
Derivatives – Hedge Accounting (Liabilities)	—	349,555	349,555	—	440,267	440,267

(*) In their entirety, the main variables (inputs) used by the models are obtained from observable market data (Level 2, according to IFRS 7 – Financial Instruments: Disclosure).

The balance of "Financial assets at fair value through other comprehensive income-customers" on the 31 December 2024 consolidated balance sheet consists entirely of credit operations to the customers of Stellantis Financial Services Italia S.p.A. and, more specifically, loans granted from the stock finance product. (see Note 10). The fair value of these loans is close to their amortized cost, given the short duration of the loans.

During the years 2024 and 2023, the Group has not made significant transfers of financial instruments between the different valuation methodologies, in addition to the one mentioned above. Nor have there been any changes in the valuation techniques of financial instruments. Also, the movement of Tier 3 financial assets was not significant during the years 2024 and 2023.

General valuation criteria

The Santander Group, of which the Group is part, has developed a formal process for the systematic valuation and management of financial instruments, implemented globally in all units, including the Group's units. The governance scheme of this process The Group distributes responsibilities between two independent divisions: Financial Management (responsible for the daily management of financial products) and Risk (which assumes the periodic validation of valuation models and market data, the process of calculating risk metrics, approving policies for new operations, managing market risk and implementing valuation adjustment policies).

The approval of a new product involves a sequence of several steps (application, development, validation, integration into corporate systems and quality review) before its commissioning into production. This process ensures that the valuation systems have been properly reviewed and are stable before they can be used.

The following sections detail the most important products and instrument families, together with their respective valuation techniques and inputs by asset type. In the case of the Group, the main positions are derived from simple (simple) instruments, mainly interest rate *swaps* and *cross currency swaps.*

Interest rate and fixed income

The type of interest rate assets includes simple instruments, such as interest rate *forwards*, interest rate *swaps* and *cross currency swaps, valued at the net present value of estimated future flows discounted on spreads basis* (swap and *cross currency)*. *determined according to the frequency of payments and the currency of each leg of the derivative. In general, in Grupo Santander, simple options (vanilla), including caps* and *floors* and *swaptions, are valued using the Black-Scholes model, which is one of the reference models in the industry. For the valuation of more exotic derivatives, more complex models generally accepted as standard among institutions are used, although in Grupo Santander Consumer derivatives are generally simple (plain vanilla).*

These valuation models are fed with observable market data such as deposit interest rates, futures rates, cross *currency swaps* and *constant maturity swaps, as well as spreads basis, from which different interest rate curves are calculated, as well as the exchange rates. depending on the frequency of payments, and discount curves for each currency. In the case of options, implicit volatilities are also inputs to the model. These volatilities are observable in the market, both for caps* and *floors options* and for *swaptions, making interpolations and extrapolations of volatilities from the quoted ranges using models generally accepted in the industry. The valuation of more exotic derivatives may require the use of unobservable data or parameters, such as correlation (between interest rates and between asset classes), reversal rates to the average and prepayment rates, which are generally defined from historical data or by calibration.*

Inflation-related assets include bonds and swaps linked to zero or annual coupon inflation, valued using the present value method through forward estimation and discount. Inflation index derivatives are valued with standard models or more complex models as appropriate. The valuation inputs of these models consider the swap spreads linked to observable inflation in the market and estimates of seasonality in inflation, from which a forward inflation curve is calculated. Likewise, the implicit volatilities extracted from zero and annual coupon inflation options are also inputs for the valuation of more complex derivatives.

Fixed income instruments include products such as bonds, bills or promissory notes whose valuation, as described above, can be done by observing their price in listed markets, models constructed from observable data or other techniques in cases where neither of the above two alternatives is possible.

Equities and exchange rate

The most important products in these asset classes are *forward* and futures contracts, as well as simple derivatives (vanilla), listings and OTC (Over-The-Counter), on individual underlying and asset baskets. Simple options (vanilla) are valued using the standard *Black-Scholes* model, while more exotic derivatives, involving future yields, average performance or digital characteristics, barrier or repurchase possibility (callable) are valued using generally accepted industry models or custom models, as appropriate. For derivatives on illiquid shares, the hedging is done considering the liquidity restrictions in the models.

Equity model inputs generally consider interest rate curves, spot prices, dividends, repo margin spreads, implicit volatilities, stock-index correlation, and cross-asset correlation. The implicit volatilities are obtained from market quotes of simple options (vanilla) *call* and *put* of European and American type. Through various interpolation and extrapolation techniques, continuous volatility surfaces for illiquid stocks are obtained. Dividends are generally estimated in the medium and long term. As for correlations, they are obtained, where possible, implicitly from market quotes of products dependent on the correlation, in other cases, proxies are made to correlations between reference underlying or obtained from historical data.

As for the inputs of the exchange rate models include the interest rate curve of each currency, the spot exchange rate and the implied volatilities and the correlation between assets of this class. Volatilities are obtained from European call and put options that are listed on the markets such as *at-the-money, risk reversal or butterfly* options*. Illiquid currency pairs are usually treated using liquid pair data from which the illiquid currency can be broken down.*

Credit

The most common instrument of this class is the *Credit Default Swap* (CDS), which is used to cover credit exposure against a third game. In addition, models are also available for *First-to-Default* (FTD), *N-to-Default* (NTD) and *Single-tranche Collateralized Debt Obligation* (CDO) products. These products are valued with industry standard models, which estimate the probability of default of an individual issuer (for CDS) or the probability of joint default of more than one issuer for FTDs, NTDs and CDOs.

The valuation *inputs* are the interest rate curve, the CDS *spread* curve and the recovery rate. The CDS *spread* curve is obtained in the market for major individual indices and issuers. For less liquid issuers, the *spread* curve is estimated using *proxies* or other credit-linked instruments. Recovery rates are usually set to standard values. For CDO listings of individual *tranches*, the joint default correlation of several issuers is implicitly obtained from the market. For custom FTD, NTD and CDO, the correlation is estimated by *proxies* (quoted instruments similar to the instruments to be valued) or historical data when there is no other possible alternative.

Adjustment to the counterparty risk or non-compliance valuation

Credit Valuation Adjustment (CVA) is an adjustment to the valuation of OTC (Over The Counter) derivatives as a consequence of the risk associated with the credit exposure assumed with each counterparty.

The calculation of AVC is made taking into account the potential exposure with each counterparty in each future term. The AVC for a given counterpart is equal to the sum of AVC for all deadlines. For its calculation the following *inputs* are taken into account*:*

- Expected exposure: Including, for each trade, the current market value (MTM) as well as the potential future risk (ADD-ON) to each term. Mitigants such as collateral and netting contracts are taken into account, as well as a temporary decay factor for derivatives with intermediate payments.

- Severity: Percentage of final loss assumed in case of credit/default event of the counterparty.

- Probability of default/default: For cases where there is no market information (spread curve quoted by CDS, etc.) probabilities are used from ratings, preferably internal.

- Discount factor curve.

The *Debt Valuation Adjustment* (DVA) is an adjustment to the valuation similar to AVC, but in this case as a result of the Group's own risk assumed by its counterparties in OTC derivatives.

At the end of December 2023 and 2022, no CVA and DVA adjustments have been recorded for significant amounts.

In addition, in the Santander Group the Financing Fair Value Adjustment (FFVA) is calculated by applying the market's future financing margins to the expected future financing exposure of any unsecured component of the OTC derivatives portfolio. This includes the unsecured component of guaranteed derivatives, in addition to derivatives that are not fully guaranteed. The expected future financing exposure is calculated using a simulation methodology, when available. The impact of the FFVA on the Group is not significant for the consolidated financial statements as of December 31, 2023 and 2022.

Valuation adjustments for model risk

The fair value of financial instruments derived from previous internal models takes into account, inter alia, the terms of contracts and observable market data, including interest rates, credit risk, exchange rates and prepayments.

The valuation models described above do not incorporate significant subjectivity, since such methodologies can be adjusted and calibrated, where appropriate, by internal calculation of fair value and subsequent comparison with the corresponding actively traded price, however, valuation adjustments may be necessary when quoted market prices are not available for comparison purposes.

The sources of risk to consider are generally associated with uncertain model parameters, illiquid underlying issuers, low-quality market data or unavailable risk factors (sometimes the best possible alternative is to use limited models with controllable risk). In these situations, the Group calculates and applies valuation adjustments in accordance with general industry practice. The following are the main sources of model risk that could exist:

- In fixed income markets, model risks include correlation between fixed income indices, *basis* modeling*, model parameter calibration risk, and treatment of near-zero or negative interest rates. Other sources of risk stem from the estimation of market data, such as volatilities or interest rate curves, both estimation and flow discount. The price disparity depending on different market contributors, or the concentration of the asset in it, could also be sources of risk to consider in the fixed income market.*

- Currency markets are exposed to model risk by modeling *forward skew, and the impact of stochastic interest rate modeling and correlation for multi-asset instruments. Market data risk may also arise, from the illiquidity of specific currency pairs or different price contributors in the composition of the curve.*

- The most important source of model risk in credit derivatives comes from estimating the correlation between odds of default of different underlying issuers. For illiquid underlying issuers, the CDS *spread* may not be well defined.

The following are the fair value financial instruments valued on the basis of internal models (Level 2 and Level 3) to 31 December 2024 and 2023:

	EUR Thousands			
	Reasonable values calculated using Internal Models at 31/12/2024	Reasonable values calculated using Internal Models at 31/12/2024	Valuation techniques	Main assumptions
ASSETS:				
Financial assets held for trading	246,380	—		
Derivatives	246,380	—		
Swaps	*224,236*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Interest rate options	*21,292*	—	*Black Sholes SLN*	*Interest rate curves, volatilities*
Others	*852*	—	*Method of the present value*	*Interest rate curves, volatility surface*
Non-trading financial assets obligatorily measured at fair value through profit or loss	**—**	**1,378**		
Heritage Instruments	—	*35*	Method of the present value	*Interest rate curves, market prices Fx, Basis*
Debt securities	—	590	Method of the present value	*Interest rate curves, market prices Fx, Basis*
Loans and advances	—	753	Method of the present value	*Interest rate curves, market prices Fx, Basis*
Derivatives - hedge accounting	**235,539**	**—**		
Swaps	*169,761*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Others	*65,778*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Financial assets designated at fair value through other comprehensive income	**1,354**	**2,036,517**		
Heritage Instruments	*1,354*	*6,795*	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Loans and advances (*)	—	*2,029,722*	*Accrual criterion*	*Interest rate curves,*
TOTAL ASSETS	**483,273**	**2,037,895**		
LIABILITIES:				
Financial liabilities held for trading	**252,637**	**—**		
Derivatives	252,637	—		
Swaps	*229,532*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Exchange rate options	—	—	*Black Sholes SLN*	*Interest rate curves, volatilities*
Interest rate options	*21,146*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Others	*1,959*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Derivatives - hedge accounting	**349,555**			
Swaps	*326,876*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
Others	*22,679*	—	*Method of the present value*	*Interest rate curves, market prices Fx, Basis*
TOTAL LIABILITIES	**602,192**	**—**		

	EUR Thousands			
	Reasonable values calculated using Internal Models 31/12/2023 (Level 2)	Reasonable values calculated using Internal Models 31/12/2023 (Level 3)	Valuation techniques	Main assumptions
ASSETS:				
Financial assets held for trading	**323,898**	**—**		
Derivatives	323,898	—		
Swaps	*274,279*	—	Method of the present value	Interest rate curves, market prices Fx, Basis
Interest rate options	*48,219*	—		
Others	*1,400*	—	Method of the present value	Interest rate curves, volatility surface
Non-trading financial assets obligatorily measured at fair value through profit or loss	**—**	**1,539**		
Heritage Instruments	—	*36*	Method of the present value	Interest rate curves, FX and EQ market prices, dividends, others
Debt securities	—	**845**		
Loans and advances	—	**658**		
Derivatives - hedge accounting	**390,497**	**—**		
Swaps	*363,717*	—	Method of the present value	Interest rate curves, market prices Fx, Basis
Others	*26,780*	—	Method of the present value	Interest rate curves, volatility surface, market prices Fx
Financial assets designated at fair value through other comprehensive income	**1,772**	**7,155**	Method of the present value	Interest rate curves, FX and EQ market prices, dividends, credit, others
Heritage Instruments	*1,772*	*7,155*		
TOTAL ASSETS	**716,167**	**8,694**		
LIABILITIES:				
Financial liabilities held for trading	**343,594**	**—**		
Derivatives	343,594	—		
Swaps	*286,862*	—	Method of the present value	Interest rate curves, market prices Fx, Basis
Exchange rate options	—	—		
Interest rate options	*48,240*	—		
Others	*8,492*	—		
Derivatives - hedge accounting	**440,267**			
Swaps	*331,881*	—	Method of the present value	Interest rate curves, market prices Fx, Basis
Others	*108,386*	—	Method of the present value	Interest rate curves, volatility surface, market prices Fx
TOTAL LIABILITIES	**783,861**	**—**		

(*) The increase in this balance corresponds to credit operations to the customers of Stellantis Financial Services Italia S.p.A. and, more specifically, loans granted from the stock finance product (see Note 10).

44. Other information

a) Residual maturities

The following is a breakdown, by maturity, of the balances under certain headings of the consolidated balance sheets to 31 December 2024 and 2023:

	2024						
	EUR Thousands						
	On demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5+ Years	Total
Assets:							
Cash and balances at central banks	11,863,430	—	—	—	—	—	11,863,430
Financial assets at fair value through other comprehensive income	—	—	2,029,722	24,711	—	339,491	2,393,924
Debt securities (Note 7)	—	—	—	24,711	—	339,491	364,202
Loans and advances	—	—	2,029,722	—	—	—	2,029,722
Central banks	—	—	—	—	—	—	—
Credit institutions	—	—	—	—	—	—	—
Customers (Note 10)	—	—	2,029,722	—	—	—	2,029,722
Financial assets at amortized cost	2,865,241	8,228,909	8,364,760	24,031,325	67,318,021	11,482,004	122,290,260
Debt securities (Note 7)	—	269,741	523,016	1,120,941	2,436,631	410,458	4,760,787
Loans and advances	2,865,241	7,959,168	7,841,744	22,910,384	64,881,390	11,071,546	117,529,473
Central banks	—	204,842	—	—	—	—	204,842
Credit institutions (Note 6)	32,241	226,263	27,731	12,865	71,037	4	370,141
Customers (Note 10)	2,833,000	7,528,063	7,814,013	22,897,519	64,810,353	11,071,542	116,954,490
	14,728,671	8,228,909	10,394,482	24,056,036	67,318,021	11,821,495	136,547,614
Liabilities:							
Financial liabilities at amortized cost-							
Deposits	47,900,595	1,903,173	3,682,887	10,918,233	11,029,439	1,146,416	76,580,743
Central Banks (Note 17)	—	—	—	—	—	—	—
Credit institutions (Note 17)	4,715,473	392,878	733,150	4,261,132	8,731,662	994,049	19,828,344
Customers (Note 10)	43,185,122	1,510,295	2,949,737	6,657,101	2,297,777	152,367	56,752,399
Debt securities issued (Note 19)	—	2,976,744	3,828,057	7,927,139	22,784,897	12,152,844	49,669,681
Other financial liabilities (Note 20)	739,936	572,122	3,437	42,011	106,643	74,546	1,538,695
	48,640,531	5,452,039	7,514,381	18,887,383	33,920,979	13,373,806	127,789,119
Difference (assets – liabilities)	(33/911/860)	2,776,870	2,880,101	5,168,653	33,397,042	(1,552,311)	8,758,495

	2023						
	EUR Thousands						
	On demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5+ Years	Total
Assets:							
Cash and balances at central banks	11,278,533	—	—	—	—	—	11,278,533
Financial assets at fair value through other comprehensive income	—	49,983	50,828	49,525	—	1,001	151,337
Debt instruments (Note 7)	—	49,983	50,828	49,525	—	1,001	151,337
Financial assets at amortised cost	4,923,370	6,217,335	9,171,609	26,004,145	65,666,609	9,142,819	121,125,887
Debt instruments (Note 7)	—	583,658	850,126	1,086,388	1,669,665	—	4,189,837
Loans and advances	4,923,370	5,633,677	8,321,483	24,917,757	63,996,944	9,142,819	116,936,050
Central banks	—	—	—	—	—	—	—
Credit institutions (Note 6)	147,235	232,768	210,788	637,865	199,663	6	1,428,325
Customers (Note 10)	4,776,135	5,400,909	8,110,695	24,279,892	63,797,281	9,142,813	115,507,725
	16,201,903	6,267,318	9,222,437	26,053,670	65,666,609	9,143,820	132,555,757
Liabilities:							
Financial assets at amortised cost-Deposits							
Deposits	35,731,940	2,178,794	4,828,020	10,956,154	14,557,349	1,732,857	69,985,114
Central banks (Note 17)	—	4	2,007,603	3,365,682	89,287	2,979	5,465,555
Credit institutions (Note 17)	261,352	556,110	568,297	2,049,167	10,910,182	1,330,111	15,675,219
Customers (Note 18)	35,470,588	1,622,680	2,252,120	5,541,305	3,557,880	399,767	48,844,340
Debt instruments in issue (Note 19)	—	2,444,016	3,940,929	13,251,301	20,258,188	11,710,789	51,605,223
Other financial liabilities (Note 20)	988,808	592,178	15,530	21,937	101,687	80,651	1,800,791
	36,720,748	5,214,988	8,784,479	24,229,392	34,917,224	13,524,297	123,391,128
Difference (assets – liabilities)	(20/518/845)	1,052,330	437,958	1,824,278	30,749,385	(4,380,477)	9,164,629

For the purpose of an adequate understanding of the information shown in the above tables, note that they have been constructed considering the contractual maturity periods of the financial instruments included therein, and that they do not take into account, therefore, the stability of certain liabilities such as customer current accounts and the renewal capacity historically shown by the Group's financial liabilities. By including only financial instruments at the balance sheet date, they do not include equity shares, cash flows generated by them, or cash flows from the results generated by the Bank.

b) Euro value of assets and liabilities

The breakdown of the equivalent in euros of the main balances of the consolidated balance sheets to 31 December 2024 and 2023 annexes held in foreign currency, taking into account the nature of the items comprising it, is as follows:

	Equivalent value in EUR millions			
	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Cash and balances at central banks	460	—	269	—
Financial instruments held for trading	2	2	—	—
Financial assets at fair value through other comprehensive income	1	—	1	—
Derivatives - hedge accounting	44	19	18	33
Assets included in disposal groups	9	—	8	—
Investments in joint ventures and associates	787	—	751	—
Tangible assets	550	—	208	—
Intangible assets	242	—	226	—
Tax assets and liabilities	113	303	140	278
Financial instruments at amortised cost	15,895	11,003	16,494	11,016
Liabilities included in disposal groups classified as held for sale	—	—	—	—
Provisions	—	4	—	6
Others	98	314	78	242
	18,201	**11,645**	**18,193**	**11,575**

c) Fair value of unrecorded financial assets and liabilities at fair value

The financial assets owned by the Group are recorded in the accompanying consolidated balance sheets at fair value, except for items included in cash, cash balances in central banks and other demand deposits, financial assets at amortized cost - loans and advances - customers, equity instruments whose market value, if any, cannot be reliably estimated and financial derivatives which have these instruments as an underlying asset and are settled by delivery of them, if any.

Similarly, except for financial liabilities included in the trading book and financial derivatives, the Group's financial liabilities are recorded in the consolidated balance sheets accompanying their amortized cost.

i. Financial assets measured on a non-fair value basis

The following is a comparison between the value at which 31 December 2024 is recorded and 2023 of the Group's financial assets that are measured on a non-fair basis and their corresponding fair value at the end of those years:

Assets	EUR Thousands									
	Dec. 2024					Dec. 2023				
	Carrying amount	Fair Value	Level 1	Level 2	Level 3	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets at amortized cost:										
Loans and advances	117,529,473	118,391,030	—	96,710	118,294,320	116,936,050	115,589,091	—	1,294,702	114,294,389
Debt securities	4,760,787	4,828,015	4,828,015	—	—	4,189,837	4,154,302	4,154,302	—	—
	122,290,260	**123,219,045**	**4,828,015**	**96,710**	**118,294,320**	**121,125,887**	**119,743,393**	**4,154,302**	**1,294,702**	**114,294,389**

ii. Financial liabilities measured other than fair value

A comparison between the value of the Group's liabilities measured on a non-fair basis and their corresponding fair value at year-end is presented below:

Liabilities	EUR Thousands									
	Dec. 2024					Dec. 2023				
	Carrying amount	Fair Value	Level 1	Level 2	Level 3	Amount Carrying	Fair Value	Level 1	Level 2	Level 3
Financial liabilities at amortized cost:										
Deposits	76,580,743	76,926,643	—	25,143,275	51,783,369	69,985,114	69,993,948	—	30,769,147	39,224,801
Debt securities issued (*)	49,669,681	50,083,786	5,307,586	43,688,802	1,087,398	51,605,223	51,579,484	4,845,601	43,743,689	2,990,194
	126,250,424	**127,010,429**	**5,307,586**	**68,832,077**	**52,870,767**	**121,590,337**	**121,573,432**	**4,845,601**	**74,512,836**	**42,214,995**

(*) Additionally, other financial liabilities amounting to 1,538,695 and 1,800,791 thousand euros are recorded in December de 2024 and December de 2023 respectively

iii. Valuation methods and inputs used

The main measurement and *input* methods used in the fair value estimate of financial assets and liabilities in the above tables to 31 December 2024 and 2023 are as follows:

– Financial assets at amortized cost - Loans and advances: Fair value has been estimated using the present value technique. In the estimation, factors such as expected portfolio maturity, market interest rates, new trade concession *spreads*, or market *spreads* – if available – have been considered.

– Financial liabilities at amortized cost:

  i) The fair value of central bank deposits has been assimilated to their book value as they are mainly short-term balances.

  ii) Deposits of credit institutions: Fair value has been obtained by means of the present value technique applying interest rates and market *spreads*.

iii) Customer deposits: Fair value has been estimated using the present value technique. Factors such as the expected maturity of operations and the Group's current financing cost in similar operations have been considered in the estimate.

iv) Debt securities issued: Fair value has been determined on the basis of market quotations for such instruments, when available, or by the present value technique, using interest rates and market *spreads*.

45. Information segmented by geographical areas and by business

a) Geographical areas

In the main segmentation level, derived from the Group’s management, six segments are presented, corresponding to five operational areas, each of which includes all the businesses that the Group carries out in them: Spain, Italy, Germany, Nordics (Scandinavia), France and others.

The preparation of the financial statements of each operational segment is carried out from the aggregation of the units that exist in the Group. The baseline information corresponds to the accounting data of the legal units that are integrated into each segment and to that available from the management information systems. In all cases, the financial statements are standardized with the accounting criteria used in the Group. Consequently, the sum of the income statements for the different segments coincide with the consolidated profit and loss statements. As for the balance sheet, the necessary process of opening the different units is carried out by legal opening, which are integrated into a single consolidated balance sheet, implies reflecting the different amounts borrowed and taken between them as a greater volume of the assets and liabilities of each business. These amounts, corresponding to intra-group liquidity, are eliminated in the Intergroup Eliminations column of the table below, in order to reconcile the amounts contributed by each business unit to the balance sheet of the Consolidated Group.

In addition, and for presentation purposes, each geographical unit is kept as own resources those corresponding to its individual financial statements, compensating them as a capital endowment made by the Spain area that acts as holding of the rest of business; reflecting, therefore, the Group's total own resources.

The balance sheet and income statement, summarized, for the different geographical areas are as follows:

Consolidated balance sheet (Condensed)	EUR Thousands															
	2024								2023							
	Spain (*)	Italy	Germany	Nordics	France	Rest	Intra-group eliminations	Total	Spain (*)	Italy	Germany	Nordics	France	Rest	Intra-group eliminations	Total
Financial assets at amortized cost - customers	29,642,730	15,893,582	47,566,489	17,079,492	19,525,569	21,377,656	(34,131,028)	116,954,490	29,092,539	15,409,421	45,897,181	18,643,312	18,913,021	21,703,111	(34,150,860)	115,507,725
Financial assets held for trading	54,049	72,671	85,838	9,047	17,188	7,586	1	246,380	105,746	65,756	97,049	3,500	21,280	30,568	(1)	323,898
Debt securities	4,790,349	301,496	4,482,889	674,618	4,892,919	253,884	(10,270,576)	5,125,579	4,771,162	452,212	6,160,791	947,556	4,664,444	1,000	(12,655,147)	4,342,018
Financial assets at amortized cost - central banks and credit institutions	14,405,331	87,910	10,715,590	479,692	10,374,545	1,125,683	(36,613,768)	574,983	15,710,622	91,259	10,843,405	107,837	9,471,122	1,050,885	(35,846,805)	1,428,325
Tangible and intangible	359,968	298,984	4,132,859	423,187	109,282	531,086	1,683,919	7,539,285	320,110	208,429	3,736,548	247,302	106,185	271,606	1,663,917	6,554,097
Cash and other asset accounts	14,945,601	4,264,114	12,417,452	930,479	3,798,865	2,736,017	(21,457,102)	17,635,426	14,532,744	1,939,891	11,678,094	742,937	4,564,959	2,997,479	(21,264,679)	15,191,425
Total assets	64,198,028	20,918,757	79,401,117	19,596,515	38,718,368	26,031,912	(100,788,554)	148,076,143	64,532,923	18,166,968	78,413,068	20,692,444	37,741,011	26,054,649	(102,253,575)	143,347,488
Customer deposits	7,502,918	1,654,928	44,388,428	9,548,428	6,621,533	4,709,758	(17,673,594)	56,752,399	5,112,359	1,507,115	42,911,768	8,978,293	4,282,987	4,442,503	(18,390,685)	48,844,340
Debt securities issued	21,711,551	6,179,992	4,292,592	2,395,425	12,120,496	13,246,987	(10,277,362)	49,669,681	27,601,048	3,218,110	5,487,778	2,931,184	11,974,532	13,693,973	(13,301,402)	51,605,223
Deposits of central banks and credit institutions	23,186,073	9,989,779	16,191,134	4,263,023	13,296,030	4,650,450	(51,748,145)	19,828,344	19,504,388	10,429,607	15,993,283	5,403,084	14,994,066	4,708,483	(49,892,137)	21,140,774
Other liability and equity accounts	935,155	1,101,675	3,010,177	(6,203)	3,218,264	1,813,611	(990.160)	9,082,519	1,272,925	1,136,119	3,014,656	63,865	3,220,030	1,685,159	(1,172,488)	9,220,266
Shareholder's equity	10,862,331	1,992,383	11,518,786	3,395,842	3,462,045	1,611,106	(20,099,293)	12,743,200	11,042,203	1,876,017	11,005,583	3,316,018	3,269,396	1,524,531	(19,496,863)	12,536,885
Total funds managed	64,198,028	20,918,757	79,401,117	19,596,515	38,718,368	26,031,912	(100,788,554)	148,076,143	64,532,923	18,166,968	78,413,068	20,692,444	37,741,011	26,054,649	(102,253,575)	143,347,488

(*) Spain integrates the balances corresponding to branches, as well as corporate activities.

Consolidated balance sheet (Condensed)	2024							2023						
	Spain	Italy	Germany	Nordics	France	Rest (**)	Total	Spain	Italy	Germany	Nordics	France	Rest (**)	Total
INTEREST MARGIN	517,360	409,331	858,066	662,001	506,363	564,920	3,518,041	521,664	361,279	781,217	674,063	553,671	533,259	3,425,153
Result in entities valued by the method of participation	14,563	5,311	32,136	891	13,263	759	66,923	14,368	4,300	32,119	855	13,160	12,273	77,075
Net commissions	82,895	119,566	420,391	15,615	129,080	58,983	826,530	71,146	91,816	381,122	26,918	104,368	53,954	729,324
Financial performance (net)	(990)	(3,175)	(339)	(22.952)	(393)	(44.080)	(71.929)	(2,290)	10,371	17,669	(362)	5,759	105,341	136,488
Other operating results	5,133	(7,049)	170,385	6,874	(3,403)	32,725	204,665	7,094	1,016	159,139	15,385	(7,839)	(15.430)	159,365
GROSS MARGIN	618,961	523,984	1,480,639	662,429	644,910	613,307	4,544,230	611,982	468,782	1,371,266	716,859	669,119	689,397	4,527,405
Administrative costs	(226.642)	(187.152)	(702.188)	(256.769)	(222.565)	(249.443)	(1,844,759)	(233.372)	(188.151)	(709.259)	(278.317)	(209.944)	(265.522)	(1,884,565)
Staff costs	(96.681)	(96.392)	(427.293)	(142.478)	(94.272)	(111.298)	(968.414)	(99.233)	(97.533)	(424.992)	(138.968)	(89.885)	(104.682)	(955.293)
Other general administrative expenses	(129.961)	(90.760)	(274.895)	(114.291)	(128.293)	(138.145)	(876.345)	(134.139)	(90.618)	(284.267)	(139.349)	(120.059)	(160.840)	(929.272)
Amortization	(23.682)	(33.452)	(89.771)	(27.847)	(12.498)	(42.554)	(229.804)	(19.157)	(28.916)	(91.340)	(29.388)	(11.361)	(28.629)	(208.791)
Provisions, other results and impairment losses	(241.465)	(137.217)	(374.257)	(127.159)	(68.457)	(210.972)	(1,159,527)	(186.763)	(62.371)	(206.325)	(93.343)	(6,951)	(77.549)	(633.303)
RESULT BEFORE TAXES	127,172	166,163	314,423	250,654	341,390	110,338	1,310,140	172,690	189,344	364,342	315,811	440,863	317,696	1,800,746
RESULT OF THE EXERCISE FROM CONTINUING OPERATIONS	90,486	118,321	217,037	202,225	247,529	161,514	1,037,112	157,245	130,729	257,135	241,183	318,413	216,445	1,321,150
Result of discontinued operations (net)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CONSOLIDATED RESULT OF THE YEAR	90,486	118,321	217,037	202,225	247,529	161,514	1,037,112	157,245	130,729	257,135	241,183	318,413	216,445	1,321,150
Result attributed to the parent entity	41,718	72,446	229,673	202,225	113,202	144,360	803,624	109,042	93,191	234,676	241,183	144,618	181,223	1,003,933

(**) Includes reconciliation between segmented information and consolidated financial statements of the Group, as well as corporate activities.

Also, in accordance with the requirements of the regulations the following is broken down:

1. By the geographical areas indicated in the aforementioned regulations, the balance of "interest income" recorded in the consolidated income statementss for the years 2024 and 2023:

	EUR Thousands	
	2024	2023
Internal market	1,475,690	1,332,389
Export:	—	—
European Union	4,816,816	3,931,165
OECD countries	1,209,283	1,167,979
Other countries		
	6,026,099	5,099,144
Total	**7,501,789**	**6,431,533**

2. A distribution of revenue (interest income, dividend income, commission income, gains or (-) losses on derecognition of financial assets and liabilities, gains or losses on financial assets held for trading, gains or losses on non-trading financial assets obligatorily measured at fair value through changes in profit or loss, profit or (-) losses resulting from hedge accounting and other operating income) for the geographical segments used by the Group. For the purposes of the following table, 2024 and 2023:

	Revenue (EUR Thousands)					
	Revenue from external customers		Inter-segment revenue		Total regular income	
	2024	2023	2024	2023	2024	2023
Spain and Portugal	1,684,838	1,600,435	1,135,890	806,354	2,820,728	2,406,789
Italy	1,409,345	1,020,597	41,749	33,923	1,451,094	1,054,520
Germany	2,945,326	2,452,549	782,416	565,810	3,727,742	3,018,359
Scandinavia	1,215,392	1,252,932	40,074	35,700	1,255,466	1,288,632
France	1,303,459	1,177,556	768,064	590,707	2,071,523	1,768,263
Rest	836,018	771,191	484,556	322,004	1,320,574	1,093,195
Adjustments and eliminations of ordinary revenue between segments	—	—	*(3,252,749)*	*(2,354,498)*	(3,252,749)	(2,354,498)
Total	**9,394,378**	**8,275,260**	**—**	—	**9,394,378**	**8,275,260**

a) Business segments

At the secondary level of segmented information, the Group is organized into 2 main business lines and a grouping of other smaller businesses.

The "Automotive" Area contains all businesses associated with the financing of both new and used vehicles including operating and financial leasing , as well as the contribution to the consolidated resulting of all the activities carried out by the Group related to the financing granted with collateral received as well as stock credit of vehicles sold by the distributors.

The "Consumer Finance" Area reflects the returns derived from the business of financing consumer products, the results derived from direct financing to consumers, through any of the distribution channels, whether physical or on-line and including all the products marketed for it: fixed-term loans, credit cards, etc.

The “Other Businesses” Area includes operations that are not included in any of the above categories, mainly mortgages and corporate loans.

The summary consolidated profit and loss accounts, distributed by business, for the years 2023 and 2022 are presented below:

Consolidated income statement (Condensed)	EUR Thousands			
	2024			
	Automotive	Consumer	Other (*)	Total
NET INTEREST INCOME	**2,213,492**	**927,539**	**377,010**	**3,518,041**
Income from entities accounted for using the equity method	**64,523**	**15,142**	**(12,742)**	**66,923**
Net commissions	**516,416**	**249,831**	**60,283**	**826,530**
Profit/(loss) from financial operations	**1,387**	**(26,428)**	**(46,888)**	**(71,929)**
Other operating income	**251,163**	**(3,082)**	**(43,416)**	**204,665**
OPERATING INCOME	**3,046,981**	**1,163,002**	**334,247**	**4,544,230**
Administrative and general expenses	**(1,072,827)**	**(393,381)**	**(378,551)**	**(1,844,759)**
Staff cost	**(569,117)**	**(202,880)**	**(196,417)**	**(968,414)**
Other	**(503,710)**	**(190,501)**	**(182,134)**	**(876,345)**
Depreciation	**(97,566)**	**(51,765)**	**(80,473)**	**(229,804)**
Provisions, Impairment losses on financial assets	**(544,190)**	**(486,219)**	**(129,118)**	**(1,159,527)**
PROFIT/(LOSS) BEFORE TAX	**1,332,398**	**231,637**	**(253,895)**	**1,310,140**
PROFIT/(LOSS) IN RESPECT OF CONTINUING OPERATIONS	**956,779**	**158,246**	**(77,913)**	**1,037,112**
Profit(/loss) in respect of discontinued operations	—	—	—	—
CONSOLIDATED PROFIT/(LOSS)	**956,779**	**158,246**	**(77,913)**	**1,037,112**

Consolidated income statement (Condensed)	EUR Thousands			
	2023			
	Automotive	Consumer	Other (*)	Total
NET INTEREST INCOME	**2,266,995**	**923,330**	**234,828**	**3,425,153**
Income from entities accounted for using the equity method	**82,869**	**14,352**	**(20,146)**	**77,075**
Net commissions	**439,709**	**234,995**	**54,620**	**729,324**
Profit/(loss) from financial operations	**4,639**	**3**	**131,846**	**136,488**
Other operating income	**252,561**	**15,343**	**(108,539)**	**159,365**
OPERATING INCOME	**3,046,773**	**1,188,023**	**292,609**	**4,527,405**
Administrative and general expenses	**(1,089,706)**	**(438,106)**	**(356,753)**	**(1,884,565)**
Staff cost	**(562,469)**	**(219,889)**	**(172,935)**	**(955,293)**
Other	**(527,237)**	**(218,217)**	**(183,818)**	**(929,272)**
Depreciation	**(81,421)**	**(44,692)**	**(82,678)**	**(208,791)**
Provisions, Impairment losses on financial assets	**(179,469)**	**(404,560)**	**(49,274)**	**(633,303)**
PROFIT/(LOSS) BEFORE TAX	**1,696,176**	**300,666**	**(196,096)**	**1,800,746**
PROFIT/(LOSS) IN RESPECT OF CONTINUING OPERATIONS	**1,232,646**	**212,251**	**(123,747)**	**1,321,150**
Profit(/loss) in respect of discontinued operations	—	—	—	—
CONSOLIDATED PROFIT/(LOSS)	**1,232,646**	**212,251**	**(123,747)**	**1,321,150**

(*) It mainly includes the results of the deposits and asset management business, which are not individually significant in the Group context, as well as those derived from the Group’s financial management activity.

46. Related parties

The following are the transactions made by the Group with the parties linked to it, distinguishing between associated entities, entities of the Santander Group, members of the Board of Directors of the Bank and members of the Bank's senior management, as of December 31, 2024 and 2023, as well as the income and expenses derived from the transactions made with those related parties in the years 2024 and 2023. The terms of related party transactions are equivalent to those of market-based transactions.

	EUR Thousands							
	2024				2023			
	Associates	Santander group entities	Board Members (*)	Senior management (**)	Associates	Santander Group Entities	Board Members (**)	Senior Management (**)
Assets:								
Cash, cash balances at central banks and other deposits on demand	—	615,513	—	—	—	666,386	—	—
Debt instruments	—	—	—	—	—	—	—	—
Loans and advances:	260,845	178,342	11	—	181,615	1,206,895	13	5
Customers	237,263	124,659	11	—	158,415	10,659	13	5
Credit institutions	23,582	53,683	—	—	23,200	1,196,236	—	—
Trading Derivatives (Note 9)	—	160,603	—	—	—	223,678	—	—
Hedging derivatives	—	104,198	—	—	—	154,742	—	—
Other assets	12	30,516	—	—	8,533	6,817	—	—
Liabilities:								
Financial liabilities at amortized cost	6,667	16,737,069	—	—	37,873	12,264,841	—	213
Deposits from credit institutions (Note 17)	6,000	16,634,683	—	—	10,003	12,188,919	—	—
Customer deposits	667	102,386	—	—	27,870	75,922	—	213
Marketable debt securities	—	8,984,958	—	—	—	9,447,056	—	—
Other financial liabilities	117	52,284	—	—	24,643	64,653	—	—
Trading Derivatives (Note 9)	—	167,659	—	—	—	241,094	—	—
Hedging Derivatives	—	282,510	—	—	—	296,706	—	—
Other liabilities	797	40,764	—	—	16	50,041	—	—
Income statement								
Interest income	8,249	148,541	1	—	3,053	245,480	1	—
Interest expenses	(335)	(837,116)	—	—	(38)	(595,366)	—	4
Commission income	—	187,576	—	—	133,575	39,015	—	—
Commission expense	—	(9,737)	—	—	—	(10,202)	—	—
Gains or losses on financial assets and liabilities no measured at fair value through profit or loss, net	—	—	—	—	—	5,285	—	—
Gains or losses of financial assets and liabilities held for trading, net	—	(2,852)	—	—	—	(6,868)	—	—
Gains or losses from hedge accounting, net	—	(34,266)	—	—	—	(237,240)	—	—
Exchange differences	—	71,763	—	—	—	124,838	—	—
Other operating income	572	10,876	—	—	590	7,434	—	—
Other operating expenses	—	(91)	—	—	—	(78)	—	—
Administrative expenses	(3,994)	(176,354)	—	—	(3,939)	(170,292)	—	—
Other gains/losses	—	42,503	—	—	—	—	—	—
Memorandum items								
Contingent commitments	—	41,671	—	—	—	38,197	—	—
Contingent liabilities	—	—	—	—	—	—	—	—
Other commitments	—	749,369	—	—	—	749,846	—	—
Dividends paid	—	499,959	—	—	—	607,469	—	—

(*) Excluding those entities belonging to the Santander Group that have been considered as associates in this consolidated report.

(**) See Notes 5-b and 5-c.

47. Risk management

I. Risk management

Corporate principles

Grupo Santander, of which Santander Consumer Finance is a part, has set itself as a strategic objective to achieve excellence in risk management, it has always been a priority axis of action throughout its more than 150 years of experience.

In recent years, it has accelerated its evolution to anticipate and respond to the great challenges of an ever-changing economic, social and regulatory environment.

Consequently, the risk function is more important than ever for Santander Group to remain a solid, safe and sustainable bank, an example for the entire financial sector and a benchmark for all those who aspire to turn leadership into risks into a competitive advantage.

Santander Consumer Finance aims to build the future through early management of all risks and to protect the present through a robust control environment. Thus, it has determined that the risk function is based on the following pillars, which are aligned with the strategy and business model of the Santander Group and take into account the recommendations of the supervisory bodies, regulators and best market practices:

1. The business strategy is defined within the risk appetite. The Board of Santander Consumer Finance determines the amount and typology of the risks it considers reasonable to assume in the execution of its business strategy and its development in objective limits, verifiable and consistent with the risk appetite for each relevant activity.

2. All risks must be managed by the units that generate them through advanced models and tools integrated into the different businesses. Santander Consumer Finance is promoting advanced risk management with innovative models and metrics, in addition to a control, reporting and scaling framework, which allow to identify and manage risks from different perspectives.

3. Anticipatory vision for all types of risks must be integrated into the processes of risk identification, assessment and management.

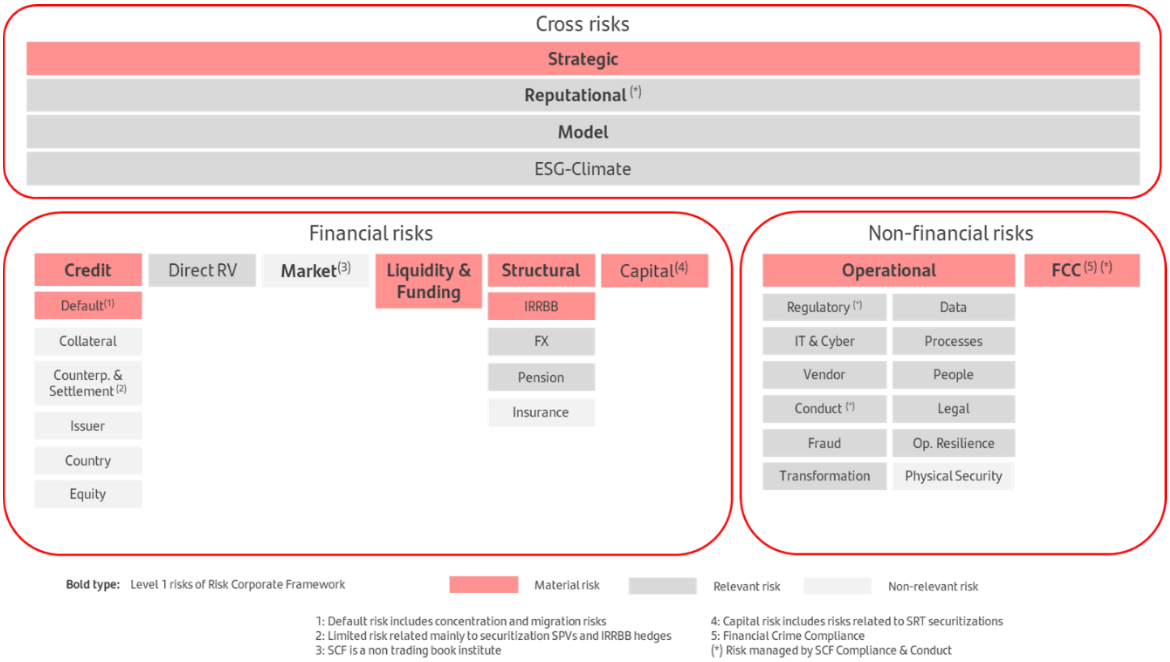
4. The independence of the risk function encompasses all risks and provides an adequate separation between the risk generating units and those responsible for their control. It implies that it has sufficient authority and direct access to the management and governance bodies responsible for setting and overseeing risk strategy and policies.

5. Risk management needs to have the best processes and infrastructures. Santander Consumer Finance aims to be the reference model in the development of infrastructures and processes to support risk management.

6. A risk culture integrated throughout the organization, comprising a series of attitudes, values, skills and guidelines for action against all risks. Santander Consumer Finance understands that advanced risk management cannot be achieved without a strong and constant risk culture that is present in each and every one of its activities.

Risk map

Santander Consumer Finance S.A. has a recurring process for identifying the material risks to which it is or may be exposed, which is reflected in the risk map. Material risks should be incorporated into risk appetite, risk strategy, risk profile assessment exercise and ICAAP/ILAAP. Below is the latest update of the risk map of Santander Consumer Finance S.A.



In its first level the risk map includes the following (General Risk Framework):

- **Credit risk** is the risk of financial loss caused by the default or impairment of the credit quality of a customer or other third party, to which Santander Consumer Finance has financed or for which a contractual obligation has been assumed.

- **Market risk** is the risk incurred as a result of changes in market factors that affect the value of positions in trading portfolios. This risk is not relevant in Santander Consumer Finance because it is not a trading institution.

- **Liquidity risk** is the risk that Santander Consumer Finance does not have the liquid financial assets necessary to meet its obligations at maturity or can only obtain them at a high cost.

- **Structural risk** is the risk arising from the management of the various balance sheet items, both in the bank portfolio and in relation to insurance and pension activities.

- **Capital Risk** is the risk that Santander Consumer Finance does not have sufficient capital, in quantity or quality, to meet its internal business objectives, regulatory requirements, or market expectations.

- **Operational risk** is defined as the risk of loss due to inadequacy or failure of internal processes, personnel and systems or external events. This definition includes legal risk.

- **Financial crime risk** is the risk that arises from actions or the use of means, products and services of the group in criminal or illegal activities. These activities include, interalia, money-laundering, terrorist financing, violation of international sanctions programs, corruption, bribery and tax evasion.

- **Strategic Risk** is the risk of loss or harm arising from strategic decisions, or their poor implementation, that affect the long-term interests of our main stakeholders, or an inability to adapt to the evolution of the environment.

- **Reputational risk** is defined as the risk of a negative economic impact, current or potential, due to an impairment in the perception of the bank by employees, customers, shareholders/investors and society in general.

- **Model Risk** is the risk of loss arising from inaccurate predictions, which may result in the bank making sub-optimal decisions, or improper use of a model.

The material risks at Santander Consumer Finance are: Credit, default (including concentration and migration), liquidity and funding, structural, structural interest rate, capital, operational, strategic, financial crime and direct residual value.

The relevant risks in Santander Consumer Finance are: Structural exchange rate, pension, legal, fraud, technological and cyber risk, suppliers, business continuity, transformation, people, data, processes, regulatory compliance, conduct, reputational, model and ESG risks (related to environmental and climate, social and governance factors).

There are two types of risk whose relevance is rising in recent times and for which Santander Consumer Finance is strengthening its management and control: Residual value risk and ESG/climate risks.

Residual Value Risk is defined as the Risk of Loss an Entity may have if at any time during the life of a car contract (loan, lease, etc.) the Customer has the option or obligation to return the Vehicle as full and final settlement, due to uncertainty about the sale price of the vehicle made at that time.

ESG factors (environmental and climate, social and governance) can influence traditional types of risk (credit, liquidity, operational, reputational, etc.) derived from the physical effects of climate change, generated by specific events as well as chronic changes in the environment, or the process of transition to a model of development of lower emissions, including legislative, technological or behavioral changes of economic agents, as well as the failure to fulfill the expectations and commitments acquired.

Corporate Risk Governance

The objective of the governance of the risk function is to establish adequate and efficient risk decision-making as well as effective risk control and to ensure that risks are managed according to the level of risk appetite approved by the Board of administration of Santander Consumer Finance

To this end, the following principles are established:

- Segregation of decision-making and risk control.
- Strengthening the responsibility of risk-generating functions in decision-making.
- Ensure that all risk decisions have a formal approval process.
- Ensure an aggregate view of all types of risks.
- Strengthen risk control committees.
- Maintain an agile and efficient structure of committees, ensuring:
  - Participation and involvement in risk decisions, as well as in their supervision and control, of management bodies and senior management.
  - Coordination between the different lines of defense that configure the functions of risk management and control.
  - Alignment of objectives, monitoring compliance and implementing corrective measures when necessary.
  - Existence of an adequate environment for managing and controlling all risks.

In order to achieve these objectives, the committees scheme of the governance model must ensure an adequate:

- Structure, which implies at least stratification according to levels of relevance, balanced delegation capacity and incident elevation protocols.
- Composition, with members of sufficient level of dialog and sufficient representation of the business and support areas.
- Operabilitythat is, frequency, minimum attendance level and appropriate procedures.

The governance of risk activity should establish and facilitate coordination channels between the units and Santander Consumer Finance , as well as the alignment of risk management and control models.

The governing bodies of Santander Consumer Finance units will be structured according to local regulatory and legal requirements and the size and complexity of each unit.

There are Special Situations Committees (Gold, Silver and Bronze) that will be activated to monitor any event that may affect the business and activity of the entity.

Roles and responsibilities

The risk function is structured in three lines of defense, according to corporate policy, to manage and control risks effectively:

- First line of defense: Business functions that take or generate exposure to risks are the first line of defense. The first line of defense identifies, measures, controls, monitors and reports the risks that originate and applies the internal regulations that regulate risk management. Risk generation must be adjusted to the approved risk appetite and associated limits.

- Second line of defense: Formed by the risk functions, which independently supervise and question the risk management activities carried out by the first line of defense. This second line of defense should ensure, within their respective areas of responsibility, that risks are managed according to the risk appetite defined by senior management and promote a strong risk culture throughout the organization.

- Third line of defense: The Internal Audit function is independent to assure the board of Directors, and senior management, the quality and effectiveness of internal controls, government and risk management systems, helping to safeguard our value, solvency and reputation.

Structure of Risk Committees

Responsibility for risk control and management lies ultimately with the Board of Directors, from which the powers delegated to committees and committees emanate. At Santander Consumer Finance, the Board relies on the Commission for Risk Supervision, Regulation and Compliance, as an independent risk control and oversight committee. In addition, the Executive Committee devotes special attention to risk management. These statutory bodies form the highest level of risk governance.

<u>Bodies for independent control</u>

- *Risk, Regulation and Compliance Supervision Commission (CSRRC):*

  This collegiate body is responsible for the supervision and global risk control of Santander Consumer Finance in accordance with the powers assigned to it by the Board of Directors of Santander Consumer Finance, S.A.

  It is composed of external or non-executive directors, with a majority representation of independent directors and chaired by an independent director.

  The functions of the Risk Supervision, Regulation and Compliance Commission include:

  - Support and advise the Board of Directors in the definition and evaluation of risk policies affecting Santander Consumer Finance and in the determination of appetite, strategy and risk culture.

  - Know and assess management tools, improvement initiatives, project evolution and any other relevant activity related to risk control.

  - Determine, together with the Board of Directors, the nature, quantity, format and frequency of risk information to be received by the Commission and the Board of Directors.

  - Collaborate to establish sound remuneration policies and practices. For this purpose, the Risk Supervision, Regulation and Compliance Commission shall examine, without prejudice to the functions of the Remuneration Commission, whether the incentive policy provided for in the remuneration system takes into account risk, capital, liquidity and the probability and timeliness of profits.

– *Risk Control Committee (CCR):*

This collegiate body is responsible for the overall supervision and control of risks of Santander Consumer Finance in accordance with the powers assigned to it by the Board of Directors of Santander Consumer Finance, S.A.

Its objectives are:

- To be the instrument for effective risk control, ensuring that risks are managed according to the level of risk appetite of the Bank approved by the Board of Directors of Santander Consumer Finance, S.A. and allowing a comprehensive view of all risks identified in the risk map of the general risk framework, which includes the identification and monitoring of current and emerging risks and their impact on the risk profile of Santander Consumer Finance Group.

- Ensure the best estimate of the provision and its proper recording.

This committee is chaired by the Chief Risk Officer (CRO) of Santander Consumer Finance and is composed of executives from Santander Consumer Finance. They are represented, at least, among others, the risk function, exercised by the presidency, and the functions of compliance, financial and management control, as well as representatives of the business areas. The CROs of local entities may participate periodically in order to report, among others, the risk profile of the different entities.

The Risk Control Committee reports to the Risk Supervision, Regulation and Compliance Committee and assists it in its role of supporting the Board of Directors.

– *Provisions Committee:*

The Provisions Committee is the collegiate decision-making body responsible for the overall management of provisions in accordance with the powers delegated by the Risk Executive Committee of Santander Consumer Finance S.A. and will supervise, within its area of action and decision, all topics related to Santander Consumer Finance provisions. Its objective is to be the instrument for decision-making, ensuring that they are within the government of provisions established in Santander Consumer Finance, as well as to inform the Board of Directors or their committees of their activity when necessary.

Decision-making bodies

– *Executive Risk Committee (ERC):*

The Risk Executive Committee is the collegiate decision-making body responsible for global risk management in accordance with the powers assigned to it by the Board of Directors of Santander Consumer Finance, S.A., and will continue, in its scope of action and decision, to all risks identified by the Bank.

Its objective is to be the instrument for taking risk decisions at the highest level, ensuring that they are within the limits set in the risk appetite of Santander Consumer Finance Group, as well as inform of the activity to the Council or the commissions when required.

This committee is chaired by the Head of Santander Consumer Finance and is composed of executive directors and other executives of Santander Consumer Finance, with representation, among others, the functions of risk, financial, management control and compliance. The CRO of Santander Consumer Finance has the right of veto over the decisions of this committee.

In October 2024, the Sub-Committee on Risk Proposals whose exclusive scope was to make decisions on market risk transactions and intra-group limits (taking delegations from the Risk Executive Committee (REC) for market risk issues) was eliminated. In order not to lose decision-making capacities, especially regarding increases in intra-group limits to units within the global limit approved at SCF S.A. level, it was proposed to cover it in the Risk Control Committee, under heading 3.1.3. Of its Terms of Reference, provided that it is objectively an act of control over that management decision within the global limits already authorized by the Risk Executive Committee in the areas of market, structural and liquidity risk. If determined by a member of the Risk Control Committee, proposals will be submitted to the Risk Executive Committee to strengthen the decision-making process.

The Risk Committee structure of the Western Hub branches:

Under the merger agreements and for the purpose of ensuring adequate governance and continuity of the risk function of the Western Hub branches by Santander Consumer Finance, S.A (absorbing company):

- As many powers and attributions regarding risks granted individually or collectively in the branches shall remain in force under the same terms and conditions.

- What is particularly established in their risk approval and control committees will remain in force with the same functions, unless one or more powers are expressly claimed for itself by a higher-ranking body.

- Any discrepancy in the understanding of the powers and competence of the committees shall be interpreted as favoring the governance functions of the company as a whole and, in any event, subject to the practices and uses of the higher-ranking bodies of the entity Santander Consumer Finance S.A.

Organizational structure of the risk function

The Group Chief Risk Officer (GCRO) is responsible for the risk function in Santander Consumer Finance and reports to the Head of Santander Consumer Finance, who is a member of the Board.

The GCRO, which provides advice and challenges to the executive line, reports independently to the Risk Supervision, Regulation and Compliance Committee as well as to the Board of Directors.

Advanced risk management is based on a holistic, forward-looking approach to risks, based on intensive use of models, to foster a robust control environment that meets the requirements of the regulator and the supervisor.

Santander Consumer Finance's risk management and control model shares certain core principles via its corporate frameworks. These frameworks are established by the Group and Santander Consumer Finance adheres to them through its management bodies. They shape the relationship between the subsidiaries and Santander Consumer Finance, including the role played by the latter in validity.

The Group-Subsidiaries Governance Model and good governance practices for subsidiaries recommend that each subsidiary should have a bylaw-mandated risk committee and an executive risk committee chaired by the Chief Executive Officer (CEO). This is in line with best corporate governance practices and consistent with those already in place in the Group, as set out in the corporate framework, to which Santander Consumer Finance has signed up

Under the Group's internal governance framework, the management bodies of Santander Consumer Finance have their own model of risk powers (both quantitative and qualitative), which must follow the principles set out in the benchmark models and frameworks developed at the corporate level.

Given its capacity to provide comprehensive and aggregate vision of all risks, the corporation reserves the powers to validate and challenge operations and management policies in the different units, insofar as they affect the Group’s risk profile.

Identifying and evaluating risks is a cornerstone for controlling and managing risk. The main risk types to which the Group is exposed are credit risk, market risk, operational risk and compliance and conduct risk.

Santander Consumer Finance has undertaken several initiatives to improve the relationship between Santander Consumer Finance and its subsidiaries, and to improve the advanced risk management model.

II. Credit risk

Credit risk arises from the possibility of losses arising from the total or partial non-fulfillment of financial obligations to the Group by its clients or counterparties.

The risk function in Santander Consumer Finance is organised by customer type, distinguishing between individualised and standard customers throughout the risk-management process:

– **Individualised customers** are those assigned to a risk analyst, mainly because of the risk they entail. This category includes Wholesale Banking companies and some Retail Banking companies. Risk management involves expert analysis, complemented by decision-making support tools based on internal risk assessment models.

– **Standard risks** are those customers to whom no risk analyst is expressly assigned. They generally include risk with individuals, individual businesspeople and non-individualised retail banking companies. Management of these risks is based on internal-assessment and automatic-decision models, complemented by teams of analysts specialized in specific risk types when the model does not cover the risk or is not sufficiently accurate.

Key figures in 2024

The trend in non-performing assets and the cost of credit reflect the impact of the deterioration of the economic environment mitigated by prudent risk management, which has generally kept these figures lower than those of our competitors in recent years. As a result, Santander Consumer Finance maintains an adequate level of coverage to meet the expected loss from the credit risk portfolios managed.

As of December 2024, the NPL rate was 2.62%, based on a controlled risk, the measures applied in the units and the Santander Consumer Finance risk appetite. Non-performing loans (3,195 million euros) are distributed by units as follows: Nordics represents 16% of the total, Spain and Portugal 22%, Germany and Austria 41%, France 7% and Italy 9%. As for portfolio type, Auto represents 49% of the total, Direct 34%, Cards 6%, Stock Finance 2%, Mortgages 1%, Durables 3% and others 5%.

Despite the economic prospects of slight growth in Europe, supported by a process of reducing inflation and interest rates from mid-year onwards, the default ratio closed above the December figure of 2023 (47 basis points) because of persistent pressure on household purchasing power and geopolitical uncertainty.

In terms of cost of credit, this ratio has a low risk profile thanks to the granularity and predictability of Santander Consumer Finance portfolios. The 12-month cost of credit at the end of December in 2024 was 0.87%.

Highlights and trends

The profile of Santander Consumer Finance's credit risk portfolio is characterised by a diversified geographic distribution and the predominance of retail banking.

a) Global Credit Risk Map 2024

The following table details the global map of gross credit risk exposure by geographical area:

Group- Gross exposure to credit risk			
	2024 (million euros)	Variation December 2023	% Portfolio
Spain and Portugal (*)	16,196	0.23 %	13.33 %
Italy	17,994	15.78 %	14.81 %
France	19,715	1.56 %	16.23 %
Germany and Austria	45,912	3.94 %	37.79 %
Nordics (Scandinavia)	15,954	(8.26) %	13.13 %
Rest	5,710	14.95 %	4.70 %
Total	121,481	3.26 %	100.00 %

In terms of vision by products at the end of December 2024, vehicles represents 64% of total gross exposure, direct 12%, mortgages 2%, durables 2%, stock finance 13%, cards 2% and others 6%. Germany concentrates the largest percentage of the portfolio with a 38% together with Austria. On the other hand, Nordics (Scandinavia) represents the 13%, and includes the units of Norway, Denmark, Sweden and Finland. France, including the Stellantis Joint Ventures, represents 16% of the total. Spain, Portugal and their respective units resulting from the cooperation with Stellantis, represent 13% of the total.

Estimation of impairment losses

Calculation of expected credit losses:

Grupo Santander Consumer Finance calculates expected credit losses using parameters (mainly PD and LGD) based on internal models according to specific requirements of IFRS 9 and other guidelines by regulators, supervisors and other international organizations (EBA, NCAs, BIS, GPPC). Models are built using internal information with sufficiently representative historical depth and granularity, regulatory and management experience, as well as forward-looking information based on macroeconomic scenarios, and allow estimating losses throughout the life of the operation. They follow a defined life cycle that includes, among others, a process of internal validation, monitoring and governance models to ensure their robustness and suitability for use.

Determination of significant increase in credit risk:

In order to determine the classification in stage 2, the Group assesses whether there has been a significant increase in credit risk (SICR) since the initial recognition of the transactions, considering a series of common principles throughout the Group that guarantee that all financial instruments are subject to this assessment, which considers the particularities of each portfolio and type of product on the basis of various quantitative and qualitative indicators. Furthermore, transactions are subject to the expert judgement of the analysts, who set the thresholds under an effective integration in management and implemented according to the approved governance. The criteria thresholds used by the Group are based on a series of principles, and develop a set of techniques. The principles are as follows:

- Universality: All financial instruments under a credit rating must be evaluated for their possible SICR.
- Proportionality: The definition of the SICR must take into account the particularities of each portfolio.
- Materiality: Its implementation must also be consistent with the relevance of each portfolio so as not to incur an unnecessary cost or effort.
- Holistic vision: The approach selected should be a combination of the most relevant aspects of credit risk (i.e. quantitative and qualitative).
- Application of IFRS 9: The approach should consider the characteristics of IFRS 9, focusing on a comparison with credit risk in initial recognition, as well as considering forward-looking information.
- Risk management integration: The criteria must be consistent with those metrics considered in the day-to-day risk management.

c) Documentation: Adequate documentation must be prepared. The techniques are summarized below:

- Stability of stage 2: in the absence of significant changes in the portfolios credit quality, the volume of assets in stage 2 should maintain a certain stability as a whole.
- Economic reasonableness: at transaction level, stage 2 is expected to be a transitional rating for exposures that could eventually move to a deteriorating credit status at some point or stage 3, as 160 well as for exposures that have suffered credit deterioration and whose credit quality is improving and returns to stage 1.
- Predictive power: It is expected that the definition of the SICR will avoid as much as possible direct migrations from Stage 1 to Stage 3 without having been previously classified in Stage 2.
- Time in stage 2: it is expected that the exposures do not remain categorized as stage 2 for an excessive time.

The application of several of the above techniques results in the setting of one or more thresholds for each portfolio in each geography. In addition, these thresholds are subject to periodic review by calibration tests, which may lead to the updating of threshold types or their values. To classify financial instruments in stage 2, we consider the following criteria:

- Quantitative Criteria: Changes in the risk of default occurring over the expected life of the financial instrument are analyzed and quantified in relation to its level of credit risk at the initial time. In order to consider significant changes when financial instruments are classified in Stage 2, each subsidiary has defined the quantitative thresholds of its portfolios in accordance with the guidelines of the group, ensuring a consistent interpretation across our geographies. These thresholds can be expressed as an absolute or relative increase in the probability of default.

  Within the aforementioned quantitative thresholds, we consider two types: The relative threshold is understood to be one that compares the current credit quality with the credit quality at the time of the concession of the transaction in percentage terms of variation. In addition, an absolute threshold compares both references in total terms, calculating the difference between the two. These absolute/relative concepts are used homogeneously (with different values) across all geographies. The use of one type of threshold or another is determined according to the type of portfolio and characteristics such as the starting point of the average credit quality of the portfolio.

- Qualitative criteria: Various indicators are used that are aligned with those employed in the ordinary management of credit risk and in accordance with current regulations (e.g. irregular with more than 30 days, refinancing, etc.). Each subsidiary has defined these indicators for its portfolios, with special attention to reinforce these qualitative criteria through expert judgment. When the presumption of significant impairment of credit risk is eliminated, due to a sufficient improvement of the credit rating, the debtor can be re-classified in Stage 1, without any trial period in Stage 2. Quantitative Threefold criterion: According to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" must be applied mandatorily under the CRS. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin. That is, if your reporting RLTPD has more than tripled relative to your source RLTPD, then the transaction should be classified as Stage 2.

- Definition of default; it is maintained in accordance with the EBA Guidelines for Calculation of Provisions, while considering its application to the prudential field; and it is also aligned with the default and stage 3 definitions, which leads to the following criteria for classifying exposures as stage 3: one or more unpaid payments for 90 consecutive days, representing at least 1% of the customer’s total exposure or the identification of other criteria that demonstrate, even in the absence of defaults, that the counterparty is unlikely to be able to meet all of its financial obligations. The Group applies the principle of contagion of impairment to all exposures of the customer marked in arrears. Where a debtor belongs to a group, the principle of contagion of impairment may also apply to all Group exposures. The default rating is maintained for the 3-month trial period following the disappearance of all default indicators described above, and this period is extended to one year for restructured loans that have been classified as default.

- Expected life of the financial instrument: The expected life of a financial instrument is estimated taking into account all contractual terms (e.g., advance payments, duration, purchase options, among others). The contractual period (including extension options) is the maximum period to measure expected credit losses. In the case of financial instruments with undefined contractual maturity and with available balance component (e.g. credit cards), the expected life will be estimated considering the period during which the institution is exposed to credit risk and the effectiveness of management practices that mitigate such exposure.

1. Forward looking vision

To estimate expected losses, Grupo Santander requires a great deal of expert analysis as well as past, present and future data. Santander quantifies expected losses from credit events using an unbiased, weighted consideration of up to five future scenarios that could affect our ability to collect contractual cash flows. These scenarios take into account the time value of money, the relevant information available about past events and current conditions, and projections of macroeconomic factors that are considered important to estimate this amount (e.g. GDP, house prices, rate of unemployment, among others).

The use of forward-looking information through macroeconomic scenarios is common to various internal management processes and regulatory requirements. The guidelines and governance of the Group ensure synergy and coherence between the different processes.

During 2024, the Group has updated the macroeconomic scenarios included in the provisions models with the most up-to-date information on the current environment. Consequently, the Group uses a prospective vision to estimate the expected losses.

2. Additional elements

Additional elements such an analysis of sectors or other pilars of credit risk analysis are included when necessary if they have not been captured by the two elements explained in the paragraph above, and their impacts has not been captured sufficiently by the macroeconomic scenarios. Collective analysis techniques are also used, when the potential impairment in a group of clients cannot be identified individually.

Based on the elements described above, Grupo Santander Consumer Finance has evaluated the performance of the credit quality of its customers in each of the geographical areas, for the purposes of their staging classification and consequently, the expected credit loss calculation.

Quantification of additional provisions:

The detail of the exposure and the impairment losses associated with each of the phases as of December 31, 2023 is shown below. In addition, based on the current credit quality of the operations, the exposure is divided in three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 *(Millions of euros)*				
Credit quality (*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	122,177	—	—	122,177
Degree of speculation	12,560	6,973	—	19,533
Non-payment	—	—	3,191	3,191
Total risk (**)	134,737	6,973	3,191	144,901
Impairment losses	374	379	1,743	2,496

Exposure and impairment losses by stage 2023 *(Millions of euros)*				
Credit quality (*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	123,604	—	—	123,604
Degree of speculation	13,008	4,131	—	17,139
Non-payment	—	—	2,541	2,541
Total risk (**)	136,612	4,131	2,541	143,284
Impairment losses	454	266	1,413	2,133

(*) Detail of credit quality grades calculated for Group management purposes.

(**) Assets at amortized cost, loans and advances, customers + credit commitments granted.

At 31 December 2024 and 2023, the Group does not present significant amounts of impaired assets purchased with impairment.

Provision sensitivity test

Regarding the evolution of losses due to credit risk, the Group carries out a sensitivity analysis through simulations in which immediate variations (shocks) of +/- 100 bps take place in the main macroeconomic variables, assuming constant distribution phases of each portfolio of financial assets. In this way, a set of specific and complete scenarios is used, where different impacts that affect both the reference variable and the rest of the macroeconomic variables are simulated. These impacts may originate from productivity factors, taxes, wages or exchange rates and interest rates. Sensitivity is measured as the average variation of the expected loss corresponding to the aforementioned scenarios. Following a conservative approach, negative movements take into account an additional standard deviation to reflect the possible greater variability of losses. Finally, in order to provide a measure of comparable sensitivity between portfolios, when using the statistical models for scenario analysis, the advances and lags of the model are eliminated, thus avoiding capturing only part of the simulated shock.

Additionally, the Group performs stress test exercises and sensitivity analysis on a recurring basis in exercises such as ICAAP, strategic plans, budgets and recovery and resolution plans. In these exercises, a prospective vision of the sensitivity of each of the Group's portfolios is created in the event of a possible deviation from the baseline scenario, considering both the macroeconomic evolution materialized in different scenarios, and the three-year business evolution. These exercises include potentially more adverse scenarios as well as more plausible scenarios.

Detail of main geographical areas

Following is the risk information related to the most relevant geographies in exposure and credit risk allowances

- **Germany**

Information on the estimation of impairment losses

Below is the details of the exposure and impairment losses associated with each of the stages as of December 31, 2024 of Santander Consumer Bank AG and Santander Consumer Leasing, GmbH. In addition, depending on the current credit quality of the transactions, the exposure is divided into three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 *(Millions of euros)*				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	39,531	115	—	39,646
Degree of speculation	—	2,061	—	2,061
Non-payment	—	—	1,094	1,094
Total exposure (**)	39,531	2,176	1,094	42,801
Impairment losses	68	112	554	734

Exposure and impairment losses by stage 2023 *(Millions of euros)*				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	39,935	79	—	40,014
Degree of speculation	—	834	—	834
Non-payment	—	—	722	722
Total exposure (**)	39,935	913	722	41,570
Impairment losses	104	56	374	534

(*) Detail of credit quality grades calculated for Group management purposes.

(**) Assets at amortized cost, loans and advances, customers + credit commitments granted.

The default rate for Germany (includes all perimeter companies in Germany) was 2.68% at the close of December 2024 (1.85% at the end of 2023).

Forward/looking information should be taken into account when estimating expected losses. In particular, for the most significant German units (Santander Consumer Bank AG and Santander Consumer Leasing, GmbH), five prospective macroeconomic scenarios are considered, which are regularly updated, over a time horizon of 5 years.

The following is the projected evolution in 2024 of the main macroeconomic indicators, from which derives those used to estimate expected losses at Santander Consumer Bank AG and Santander Consumer Leasing, GmbH:

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate (interbank 12)	3.65%	3.24%	2.70%	2.44%	2.20%
Unemployment rate	7.62%	6.27%	5.70%	5.44%	5.13%
GDP growth	(0.58%)	0.11%	1.06%	1.56%	2.15%
Growth of housing price	(4.96%)	(2.69%)	1.84%	1.85%	2.70%

The following is the projected evolution in 2023 of the main macroeconomic indicators, from which derives those used to estimate expected losses at Santander Consumer Bank AG and Santander Consumer Leasing, GmbH:

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate (interbank 12)	4.33%	3.86%	3.11%	2.84%	2.70%
Unemployment rate	7.00%	6.08%	5.18%	4.83%	4.46%
GDP growth	(0.18%)	0.31%	1.29%	2.22%	2.69%
Growth of housing price	(2.66%)	(0.99%)	2.35%	4.52%	5.61%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. In terms of their allocation, Santander Consumer AG and Santander Consumer Leasing, GmbH associate the highest weighting to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5%
Worse-case scenario	20%
Base-case scenario	50%
Better-case scenario	20%
Best-case scenario	5%

Following, based on the details of the *Exercise on Sensitivity of Provisions* section, shows the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Germany:

	Change in expected loss (IFRS9)			
	New car	Used car	Leasing New	Direct
GDP growth:				
(100) p.b.	0.79%	0.74%	6.03%	2.88%
100 p.b.	1.51%	1.60%	(1.04%)	(1.30%)
Unemployment rate:				
(100) p.b.	0.95%	1.09%	0.32%	(1.88%)
100 p.b.	5.60%	5.51%	20.36%	6.96%

In relation to the determination of the classification in stage 2, the quantitative criteria applied in the entity are based on identifying whether any increase in PD for the entire expected life of the operation exceeds a series of absolute and relative thresholds. Each portfolio has a set of thresholds according to the characteristics and credit risk profile of the products that compose it.

This year, according to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" has been applied within the framework of the SICR. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin.

In addition, for each portfolio, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. The entity, among other criteria, considers that a transaction presents a significant increase in risk when it presents irregular positions > of 30 days. These criteria depend on the risk management practices of each portfolio.

- **Nordics (Scandinavia)**

Information on the estimate of impairment losses

Below, the details of the exposure and impairment losses associated with each of the 31 December 2024 stages of the most significant Nordics unit (SANTANDER CONSUMER BANK AS) are presented. In addition, depending on the current credit quality of the transactions, the exposure is divided into three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 *(Millions of euros)*				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	11,658	—	—	11,658
Degree of speculation	1,314	657	—	1,971
Non-payment	—	—	410	410
Total exposure (**)	12,972	657	410	14,039
Impairment losses	59	39	230	328

Exposure and impairment losses by stage 2023 *(Millions of euros)*				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	14,175	—	—	14,176
Degree of speculation	1,492	408	—	1,900
Non-payment	—	—	419	419
Total exposure (**)	15,667	408	419	16,494
Impairment losses	78	40	236	355

(*) Detail of credit quality grade calculated for Group management purposes.

(**) Assets at amortized cost, loans and advances, customers + credit commitments granted.

Nordics (Scandinavia) default rate (including all perimeter companies in Scandinavia) was 3.26% at the end of December 2024 (2.94% at the end of 2023).

Forward-looking information should be taken into account in estimating expected losses. In particular, Santander Consumer Bank AS considers five prospective macroeconomic scenarios, which are updated periodically, over a time horizon of 5 years.

- **Norway**

The following is the projected evolution in 2024 for the next five years of the main macroeconomic indicators used to estimate the expected losses in Santander Consumer Bank AS:

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.46%	4.05%	3.47%	3.01%	3.25%
Unemployment rate	4.75%	4.45%	4.07%	3.77%	3.61%
Growth in housing price	0.80%	1.83%	2.64%	3.73%	4.55%
GDP growth	0.65%	1.31%	2.11%	2.66%	3.21%

The following is the projected evolution in 2023 for the next five years of the main macroeconomic indicators used to estimate the expected losses in Santander Consumer Bank AS:

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.24%	3.75%	3.15%	2.63%	2.34%
Unemployment rate	4.33%	4.09%	3.90%	3.55%	3.40%
Growth in housing price	(0.49%)	0.12%	1.24%	2.07%	3.22%
GDP growth	0.29%	0.98%	1.80%	2.42%	2.97%

Each of the macroeconomic scenarios is associated with a given probability of occurrence. As for its allocation, Santander Consumer Bank AS associates the highest weighting to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5%
Worse-case scenario	20%
Base-case scenario	50%
Better-case scenario	20%
Best-case scenario	5%

The following, based on the details in the Provisions Sensitivity Exercise, shows the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Norway:

	Variation Expected loss IFRS9
	Auto physical persons
GDP growth:	
(100) p.b.	2.03%
100 p.b.	(1.58%)
Housing price growth:	
(100) p.b.	4.65%
100 p.b.	(2.31%)

- **Denmark**

The following is the projected evolution in 2024 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.50%	3.09%	2.55%	2.23%	2.05%
Unemployment rate	5.96%	5.51%	4.93%	4.74%	4.55%
Growth in housing price	(0.51%)	1.46%	3.99%	4.97%	5.92%
GDP growth	0.02%	0.68%	1.52%	2.05%	2.54%

Following, based on the details in the Provisions Sensitivity Exercise section, the estimated sensitivity of expected losses at the end of 2023 for the most relevant portfolios in Denmark is shown:

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.53%	3.95%	3.48%	3.10%	2.81%
Unemployment rate	6.57%	5.66%	4.52%	4.13%	3.75%
Growth in housing price	(2.50%)	(0.03%)	3.19%	5.16%	7.08%
GDP growth	(0.14%)	0.50%	1.32%	1.86%	2.40%

Each of the macroeconomic scenarios is associated with a given probability of occurrence. Regarding its allocation, Santander Consumer Bank AS associates the highest weighting to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5 %
Worse-case scenario	20 %
Base-case scenario	50 %
Better-case scenario	20 %
Best-case scenario	5%

The following is the estimated sensitivity *of* expected losses at the end of 2024 for the most relevant portfolios in Denmark:

	Variation Expected loss IFRS9
	Auto physical persons
GDP growth:	
(100) p.b.	2.78%
100 p.b.	(2.31%)

- **Sweden**

The following is the projected evolution in 2024 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.73%	3.30%	2.76%	2.45%	2.24%
Unemployment rate	7.97%	7.60%	7.07%	6.91%	6.75%
Growth in housing price	2.42%	4.09%	6.37%	7.07%	7.76%
GDP growth	0.56%	1.26%	2.19%	2.75%	3.30%

The following is the projected evolution in 2023 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.94%	3.61%	2.98%	2.69%	2.41%
Unemployment rate	7.80%	7.46%	7.01%	6.81%	6.61%
Growth in housing price	(1.18%)	0.60%	4.52%	5.40%	8.16%
GDP growth	0.35%	1.04%	1.97%	2.56%	3.19%

Each of the macroeconomic scenarios is associated with a given probability of occurrence. Regarding its allocation, Santander Consumer AS associates the highest weight to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5 %
Worse-case scenario	20 %
Base-case scenario	50 %
Better-case scenario	20 %
Best-case scenario	5%

The following is the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Sweden:

	Variation Expected loss IFRS9	
	Auto physical persons	Direct
GDP growth:		
(100) p.b.	3.04%	1.17%
100 p.b.	(0.82%)	(0.58%)

In relation to the determination of the classification in stage 2, the quantitative criteria applied in the entity are based on identifying whether any increase in PD for the entire expected life of the operation exceeds a series of relative thresholds. Each portfolio has a set of thresholds according to the characteristics and credit risk profile of the products that compose it.

This year, according to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" has been applied within the framework of the SICR. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin.

In addition, for each portfolio, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. The entity, among other criteria, considers that a transaction presents a significant increase in risk when it presents irregular positions more than 30 days. These criteria depend on the risk management practices of each portfolio.

- **Spain**

Information on the estimation of impairment losses

Below, the details of the exposure and impairment losses associated with each of the stages to 31 December 2024 of the most significant units in Spain (SANTANDER CONSUMER FINANCE S.A.) are presented. In addition, depending on the current credit quality of the transactions, the exposure is divided into three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	14,274	46	—	14,320
Degree of speculation	1,611	955	—	2,566
Non-payment	—	—	524	524
Total exposure (**)	15,885	1,001	524	17,410
Impairment losses	66	78	321	466

(*) Detail of credit quality grades calculated for Group management purposes.
(**) Assets at amortized cost, loans and advances - customers + credit commitments granted.

Exposure and impairment losses by stage 2023 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	4,316	—	—	4,316
Degree of speculation	11,017	268	—	11,285
Non-payment	—	—	509	509
Total exposure (**)	15,333	268	509	16,110
Impairment losses	97	45	303	445

(*) Detail of credit quality grades calculated for Group management purposes.
(**) Assets at amortized cost, loans and advances - customers + credit commitments granted.

The default rate in the case of the geography of Spain (includes all perimeter companies in Spain) stood at 3.68% at the close of December 2024 (3.54% at the end of 2023).

For the estimation of expected losses, forward-looking information should be taken into account. Specifically, for the Spanish portfolio of Santander Consumer Finance, S.A, five prospective macroeconomic scenarios are considered, which are updated periodically, over a time horizon of 5 years.

The following is the projected evolution of the main macroeconomic indicators in the coming years. Specifically for the financial year 2024, GDP growth and unemployment rate have been used to estimate the expected losses in the portfolios in Spain of Santander Consumer Finance, S.A.

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.65%	3.24%	2.70%	2.44%	2.19%
Unemployment rate	14.92%	12.53%	10.15%	8.88%	8.25%
Growth in housing price	(1.79%)	(0.87%)	2.91%	3.89%	4.76%
GDP growth	(0.85%)	0.32%	1.67%	2.77%	3.74%

The following is the projected evolution of the main macroeconomic indicators in the coming years. Specifically for the financial year 2023, GDP growth and unemployment rate have been used to estimate the expected losses in the portfolios in Spain of Santander Consumer Finance, S.A::

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.54%	4.00%	3.48%	3.34%	3.11%
Unemployment rate	16.40%	14.28%	10.97%	9.52%	7.96%
Growth in housing price	(0.20%)	0.54%	2.09%	2.64%	3.38%
GDP growth	(0.88%)	(0.04%)	1.54%	2.71%	3.56%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. In terms of their allocation, the portfolios of the businesses in Spain of Santander Consumer Finance, S.A. associate the base scenario with the highest weighting, while associating the lower weights with the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5 %
Worse-case scenario	20 %
Base-case scenario	50 %
Better-case scenario	20 %
Best-case scenario	5%

Following the details in the section Provisions Sensitivity Exercise shows the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Spain:

	Variation Expected loss IFRS9		
	New Car	Used car	Cards
GDP growth:			
(100) p.b.	3.50%	1.92%	3.33%
100 p.b.	(2.68%)	(1.53%)	(2.64%)

In relation to the determination of the classification in stage 2, the quantitative criteria applied in the entity are based on identifying whether any increase in PD for the entire expected life of the operation exceeds a series of absolute and relative thresholds. Each portfolio has a set of thresholds according to the characteristics and credit risk profile of the products that compose it.

As an example in the case of Santander Consumer Finance S.A., for its main portfolios, a transaction shall be considered to be classified in stage 2 when the PD of the entire expected life of the operation at any given time exceeds that it had at the time of initial recognition in absolute and relative terms, depending on the sub-segment.

This year, according to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" has been applied within the framework of the SICR. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin.

In addition, for each portfolio, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. The entity, among other criteria, considers that a transaction presents a significant increase in risk when it presents irregular positions more than 30 days. These criteria depend on the risk management practices of each portfolio.

II. Credit risk

a. Evolution of magnitudes in 2024

The evolution of arrears and the cost of credit reflect the impact of the deterioration of the economic environment mitigated by prudent risk management, which has, in general, allowed us to maintain such data at levels below that of our competitors in recent years. As a result, Santander Consumer Finance maintains an adequate hedge level to address the expected loss of the credit risk portfolios it manages

The following is the distribution of the loan to customers by activity to the 31 December 2024(*):

	EUR Thousands								
		Credit with collateral							
		Net exposure		*Loan to Value (***)*					
	No collateral	Property Collateral	Other collateral	Less than or Equal to 40%	40% and less than or Equal to 60%	60% and Less than or Equal to 80%	80% and Less than or Equal to 100%	More than 100%	Total
Public sector	107,048	—	22,172	86	100	710	4,622	16,654	129,220
Other financial institutions	415,214	1,827	166,673	1,815	4,352	11,035	36,973	114,325	583,714
Non-financial companies and individual traders	18,246,367	42,212	20,171,994	169,141	409,715	972,675	11,444,384	7,218,291	38,460,573
Of which:									
Construction and property development	—	—	*102,333*	—	—	—	*102,333*	—	*102,333*
Civil engineering construction	—	—	*5,980*	—	—	—	*5,980*	—	*5,980*
Large companies	*8,386,730*	*23,831*	*7,374,614*	*84,138*	*202,714*	*473,365*	*3,803,696*	*2,834,532*	*15,785,175*
SMEs and individual traders	*9,859,637*	*18,381*	*12,689,067*	*85,003*	*207,001*	*499,310*	*7,532,375*	*4,383,759*	*22,567,085*
Other households and non-profit institutions serving households	46,067,008	2,493,428	29,563,796	1,623,641	1,444,957	2,237,521	14,123,942	12,627,163	78,124,232
Of which:									
Residential	*372,199*	*2,439,588*	—	*1,182,770*	*577,869*	*434,441*	*202,715*	*41,793*	*2,811,787*
Consumer loans	*45,431,832*	*47,941*	*29,394,306*	*435,124*	*860,911*	*1,781,311*	*13,821,431*	*12,543,470*	*74,874,079*
Other purposes	*262,977*	*5,899*	*169,490*	*5,747*	*6,177*	*21,769*	*99,796*	*41,900*	*438,366*
Total (*)	64,835,637	2,537,467	49,924,635	1,794,683	1,859,124	3,221,941	25,609,921	19,976,433	117,297,739
Memorandum item									
Refinancing, refinanced and restructured transactions (**)	*354,521*	*574*	*101,192*	*4,416*	*5,588*	*8,988*	*29,357*	*53,417*	*456,287*

(*) The credit distribution does not include an amount of 1,687,227 thousand euros corresponding to advances to customers.
(**) Includes the net balance of accumulated impairment or accumulated fair value losses due to credit risk.
(***) Ratio resulting from dividing the carrying value of 31 December 2024 transactions on the amount of the last available valuation or valuation of the guarantee.

The following is the distribution of the loan to the customers by activity to the 31 December 2023(*):

	EUR Thousands								
		Secured credit							
		Net exposure		*Loan to Value (***)*					
	Unsecured loans	Property Collateral	Other collateral	Less than or Equal to 40%	40% and less than or Equal to 60%	60% and Less than or Equal to 80%	80% and Less than or Equal to 100%	More than 100%	Total
Public sector	122,426	—	20,791	70	289	961	6,464	13,007	143,217
Other financial institutions	578,406	2,164	170,271	4,351	4,882	14,624	45,465	103,113	750,841
Non-financial companies and individual traders	18,378,937	61,106	21,013,088	160,740	461,534	1,220,743	12,625,794	6,605,383	39,453,131
Of which:									
Construction and property development	*88,025*	—	*164,289*	*180*	*940*	*3,998*	*155,723*	*3,448*	*252,314*
Civil engineering construction	—	—	*7,797*	—	—	—	*7,797*	—	*7,797*
Large companies	*8,381,720*	*32,954*	*7,944,459*	*76,223*	*225,889*	*601,618*	*4,447,121*	*2,626,562*	*16,359,133*
SMEs and individual traders	*9,909,192*	*28,152*	*12,896,543*	*84,337*	*234,705*	*615,127*	*8,015,153*	*3,975,373*	*22,833,887*
Other households and non-profit institutions serving households	45,346,923	3,444,475	25,571,024	2,010,447	2,305,166	2,483,399	12,222,343	9,994,144	74,362,422
Of which:									
Residential	*374,477*	*3,319,727*	*1,638*	*1,457,749*	*793,289*	*508,492*	*337,038*	*224,797*	*3,695,842*
Consumer loans	*44,872,031*	*36,326*	*25,131,415*	*465,936*	*1,501,212*	*1,945,527*	*11,518,443*	*9,736,623*	*70,039,772*
Other purposes	*100,415*	*88,422*	*437,971*	*86,762*	*10,665*	*29,380*	*366,862*	*32,724*	*626,808*
Total (*)	64,426,692	3,507,745	46,775,174	2,175,608	2,771,871	3,719,727	24,900,066	16,715,647	114,709,611
Memorandum item									
Refinancing, refinanced and restructured transactions (**)	*283,675*	*21,570*	*82,181*	*3,540*	*7,478*	*13,631*	*36,654*	*42,448*	*387,426*

(*) The credit distribution does not include an amount of 583,959 thousand euros corresponding to advances to customers.
(**) Includes the net balance of accumulated impairment or accumulated fair value losses due to credit risk.
(***) Ratio resulting from dividing the carrying value of 31 December 2023 transactions on the amount of the last available valuation or valuation of the guarantee.

***Forborne* loan portfolio**

The term “forborne loan portfolio” refers, for the purposes of the Group's risk management, to those transactions in which the customer has, or might foreseeably have, financial difficulty in meeting its payment obligations under the terms and conditions of the current agreement with Santander Consumer Finance and, accordingly, the agreement has been modified or cancelled or even a new transaction has been entered into.

The Santander Group, which Santander Consumer Finance Group belongs to, has a detailed customer debt forbearance policy that serves as a reference for the various local adaptations made for all the financial institutions forming part of the Group. This policy is adapted to the bank regulation establish by the EBA, like it is said in the "Guidelines relating to the management of non-performing and restructured or refinanced exposures" (EBA/GL/2018/06) of October, 31 2018. It is also adapted the Bank of Spain Circular 6/2021 that modifies 4/2017.

This policy establishes rigorous criteria of prudence in the assessment of these risks:

– A restricted use of this practice should be made, avoiding actions that entail postponing the recognition of the deterioration.

– The main objective should be the recovery of the amounts due, recognizing as soon as possible the amounts that are considered irrecoverable.

– Consideration should always be given to maintaining existing guarantees and, if possible, improving them. Effective safeguards can not only serve as severity mitigators but may reduce the likelihood of non-compliance.

– This practice should not involve additional financing, refinance of debt from other entities, or use as a cross-selling instrument.

– It is necessary to evaluate all alternatives to reconduction and their impacts, ensuring that the results of it exceed those that would be expected if not performed.

– For the classification of the redirected transactions, more severe criteria are applied, which, as a prudential measure, ensure the restoration of the customer’s capacity to pay, from the moment of the redirection and for an adequate period of time.

– Additionally, in the case of those clients who have assigned a risk analyst, the individualized analysis of each case is of special relevance, both for its correct identification and for its subsequent classification, monitoring and adequate provision.

It also establishes various criteria related to the determination of the perimeter of operations considered as reconduction, by defining a detailed series of objective indicators to identify situations of financial difficulty.

Thus, transactions that are not classified as doubtful at the date of the redirection are generally considered to be financially difficult if they exceeded one month of default at that date. If there is no default or if it does not exceed one month of age, other indicators are taken into account, among which the following are:

– Operations of customers who already have difficulties with other operations.

– When the modification becomes necessary prematurely without a previous and satisfactory experience with the customer.

– In the event that the necessary modifications involve the granting of special conditions such as the need to establish a temporary deficiency in payment or when these new conditions are considered more favorable for the client than would have been granted in an ordinary admission.

– Request for successive modifications at unreasonable time intervals. In the case of Consumer Finance, a maximum of 1 restructuring agreement is established in a year or 3 in a period of 5 years.

– In any case, once the modification has been made, if any irregularity arises in the payment during a certain period of observation, even if there are no other symptoms, the operation will be considered within the perimeter of the reconductions (‘backtesting’).

Once it has been determined that the reasons for the modification of the client´s debt conditions are due to financial difficulties of the client, regardless of whether or not the client has overdue payments and the number of days of payment arrears present, the client will be considered a customer redirected for all purposes and as such will be managed based on the criteria established in this policy.

Where the referral has been carried out, where such operations must remain classified as a doubtful risk because they do not meet the regulatory requirements for reclassification to another category at the time of redirection, they must comply with a prudential continuous payment schedule to ensure a reasonable certainty of the recovery of the capacity to pay, called the Cure Period (in this case, it will be 12 months).

Once this period has passed, conditioned by the client's situation and the characteristics of the transaction (term and guarantees provided), the transaction is no longer considered doubtful, although it remains subject to a trial period in which special monitoring is carried out.

This monitoring is maintained as long as a number of requirements are not met, including: A minimum observation period of 24 months, in case of restructured operations in Stage 2 and 12 months in Stage 3; amortization of a substantial percentage of the outstanding amounts and satisfy the unpaid amounts at the time of the redirection. If it is justified that, while a transaction is in the 24-month Cure Period of Stage 2, there is no longer a significant increase in its credit risk, that transaction can be reclassified into Stage 1 and Non-Default risk, no need to complete the aforementioned Cure Period. However, it is important to note that restructuring at the time of origination can only be classified as stage 2 or stage 3, never as stage 1.

In the re-conduct of a non-performing transaction, the original default dates are still considered for all purposes, irrespective of whether, as a consequence of the transaction, the transaction is up to date with payment. Likewise, the re-conduct of a doubtful operation does not result in any release of the corresponding provisions.

Reconductions can be long or short term (less than two years). Redirections with periods not exceeding two years should be taken into account when the borrower meets the following criteria:

– Experiencing temporary liquidity restrictions, for which the client's recovery will be evidenced in the short term.

– The application of long-term recertification measures was not effective given the temporary financial uncertainty of a general or specific nature of the client.

– That it has been fulfilling the contractual obligations before the recertification

– Demonstrate a clear willingness to cooperate with the entity.

As a result of the analysis to be carried out, both of the client's situation and of the characteristics of the forwarding operation used, it must be ensured that the forwarding will facilitate the reduction of the client's debt, and therefore will be viable. In this regard, the feasibility of the operation will be assessed by:

a. That can be demonstrated with evidence that the proposed redirection is within the reach of the customer, that is, that a full refund is expected.

b. The payment by the customer of the outstanding amounts, in full or for the most part, and the considerable reduction of exposure in the medium to long term.

c. The absence of repeated non-compliance with payment plans led to successive rebates (more than three rebates over a three-year period).

d. In the temporary application of short-term relief measures, it can be proved by evidence that the client has sufficient capacity to pay to face the debt, principal and interest, once the term of application of the temporary reduction has expired.

e. The measure does not result in the successive application of several refinancing or restructuring measures for the same exposure.

In the event that operations are carried out that do not comply with the above, they will be considered non-viable operations and will be part of the category of Non-performing redirections.

The quantitative information required by Bank of Spain is shown below, in relation to the restructured operations in force as of December 31, 2023 and 2022, taking into account the above criteria:

Current balances of restructuring to 31 December 2024:

	TOTAL							Of which: DOUBTFUL						
	No collateral		With collateral				Impairment of accumulated value or accumulated losses in fair value due to credit risk.	No collateral		With collateral				Accumulated impairment or accumulated fair value losses due to credit risk
	Number of transactions	Gross amount	Maximum amount of the actual collateral that can be considered.	Gross carrying amount	Number of transactions			Maximum amount of the actual collateral that can be considered.	Gross carrying amount	Number of transactions	Gross amount	Maximum amount of the actual collateral that can be considered.		
					Property guarantee	Other collateral						Property guarantee	Other collateral	
REFINANCING AND RESTRUCTURING														
1. Credit entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Public sector	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Other financial institutions and: individual shareholder	34	315	46	732	—	359	235	24	219	25	301	—	121	210
4. Non-financial institutions and individual shareholder	14,680	78,302	3,188	54,324	—	45,735	28,620	4,216	41,792	1,418	13,670	—	8,523	25,952
Of which: Financing for constructions and property development	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Other warehouses	62,740	497,988	4,745	57,446	197	45,272	203,965	37,923	297,536	2,066	21,720	197	16,316	181,260
6. Total	**77,454**	**576,605**	**7,979**	**112,502**	**197**	**91,366**	232,820	**42,163**	**339,547**	**3,509**	**35,691**	**197**	**24,960**	**207,422**
ADDITIONAL INFORMATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financing classified as non-current assets and disposable groups of items that have been classified as held for sale	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Off balance sheet: value of other guarantees														

	TOTAL				Of which: DOUBTFUL			
	Number of transactions	Gross amount	Maximum amount of the actual collateral that can be considered.	Carrying value (net)	Gross carrying amount	TOTAL GUARANTEES	Accumulated impairment or accumulated fair value losses due to credit risk	Carrying value (net)
REFINANCING AND RESTRUCTURING								
1. Credit entities	—	—	—	—	—	—	—	—
2. Public sector	—	—	—	—	—	—	—	—
3. Other financial institutions and: individual shareholder	1,047	359	235	812	520	121	210	310
4. Non-financial institutions and individual shareholder	132,626	45,735	28,620	104,006	55,462	8,523	25,952	29,510
Of which: Financing for constructions and property development	—	—	—	—	—	—	—	—
5. Other warehouses	555,434	45,469	203,965	351,469	319,256	16,513	181,260	137,996
6. Total	**689,107**	**91,563**	**232,820**	**456,287**	**375,238**	**25,157**	**207,422**	**167,816**
ADDITIONAL INFORMATION	—	—	—	—	—	—	—	—
Financing classified as non-current assets and disposable groups of items that have been classified as held for sale	—	—	—	—	—	—	—	—
Off balance sheet: value of other guarantees								

Current balances of restructuring to 31 December 2023

	TOTAL							Of which: DOUBTFUL							TOTAL				Of which: DOUBTFUL			
	No collateral		With collateral					No collateral		With collateral												
	Number of transactions	Gross amount	Maximum amount of the actual collateral that can be considered.	**Gross carrying amount**	Number of transactions: **Property guarantee**	Number of transactions: **Other collateral**	Impairment of accumulated value or accumulated losses in fair value due to credit risk	Maximum amount of the actual collateral that can be considered.	**Gross carrying amount**	Number of transactions	Gross amount	Maximum amount of the actual collateral that can be considered.: **Property guarantee**	Maximum amount of the actual collateral that can be considered.: **Other collateral**	**Accumulated impairment or accumulated fair value losses due to credit risk**	Number of transactions	Gross amount	Maximum amount of the actual collateral that can be considered.	**Carrying value (net)**	**Gross carrying amount**	**TOTAL GUARANTEES**	**Accumulated impairment or accumulated fair value losses due to credit risk**	**Carrying value (net)**
REFINANCING AND RESTRUCTURING																						
1. Credit entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Public sector	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Other financial institutions and: individual shareholder	23	267	19	227	—	183	197	19	216	12	165	—	126	194	494	183	197	297	381	126	194	187
4. Non-financial institutions and individual shareholder	3,784	42,470	3,525	55,673	3,238	32,909	22,186	2,301	20,573	1,677	14,955	1,897	5,026	20,377	98,143	36,147	22,186	75,957	35,528	6,923	20,377	15,151
Of which: Financing for constructions and property development	32	293	4	26	—	7	131	17	130	3	12	—	7	119	319	7	131	188	142	7	119	23
5. Other warehouses	57,258	413,742	4,858	74,729	17,621	36,839	177,299	32,960	228,412	2,293	39,802	6,908	14,297	153,766	488,471	54,460	177,299	311,172	268,214	21,205	153,766	114,448
6. Total	**61,065**	**456,479**	**8,402**	**130,629**	**20,859**	**69,932**	**199,681**	**35,280**	**249,201**	**3,982**	**54,922**	**8,805**	**19,449**	**174,337**	**587,108**	**90,791**	**199,681**	**387,427**	**304,123**	**28,254**	**174,337**	**129,786**
ADDITIONAL INFORMATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financing classified as non-current assets and disposable groups of items that have been classified as held for sale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

The operations presented in the table above are classified, A 31 December 2024 and 2023, according to their characteristics as follows:

- Non-performing: Transactions are based on an inadequate payment plan, include contractual clauses that delay the repayment of the transaction through regular payments or have amounts derecognized from the balance sheet as irrecoverable.

- Normal: Transactions that are not classified as non-performing or because they have been reclassified from the category of non-performing risk shall be classified as normal risk by meeting the following specific criteria:

    a) A period of one year has elapsed since the date of refinancing or restructuring.

    b) The incumbent has paid the accrued principal and interest contributions, reducing the renegotiated principal, from the date on which the restructuring or refinancing operation was formalized.

    c) The holder does not have any other transactions with amounts due more than 90 days on the date of reclassification to the normal risk category.

c) Metrics and measurement tools

Credit rating tools

In keeping with the Santander Group tradition, which has witnessed the use of proprietary rating models since 1993, at Santander Consumer Finance Group the credit quality of customers and transactions is also measured by internal scoring and rating systems. Each credit rating assigned by models relates to a certain probability of default or non-payment, based on the Group's historical experience.

Since the Group focuses mainly on the retail business, assessments are based primarily on scoring models or tables which, combined with other credit policy rules, issue an automatic decision on the loan applications received. These tools have the dual advantage of allocating an objective appraisal of the level of risk and speeding up the response time that would be required for a purely manual analysis.

Apart from the scoring models used in the admission and portfolio management stages (rating of the operations that make up them for the assessment of their credit quality and estimation of their potential losses), there are also tools for evaluating existing accounts or clients that are used in the recovery or recovery stage of defaults. In this way, we try to provide coverage on the entire "credit cycle" (admission, follow-up and recovery) through statistical rating models based on the Group's internal historical information.

For the segments of Companies and Institutions that, in the Group, mainly include prescribers, the assessment of the level of credit risk is based on expert rating models that combine in the form of variables the most relevant aspects to take into account when evaluating, so that the allocation process generates consistent valuations, comparable between customers and summarizing all relevant information. Throughout 2023 all units have carried out reviews of these portfolios where all areas of the Group have participated. These meetings included the largest exposures, special surveillance firms and the main credit indicators of this portfolio.

The ratings given to the client are reviewed periodically, incorporating the new financial information available and the experience in the development of the banking relationship. The frequency of reviews is increased in the case of clients who reach certain levels in automatic alert systems and in those qualified as special monitoring. Similarly, the qualification tools themselves are also reviewed to adjust the accuracy of the rating they grant.

In a more residual way, the global rating tools that cover the Global Wholesale Banking segment are also applied to certain exposures, whose management is carried out centrally in the Risks Division of the Santander Group, both in determining your rating and in monitoring risk. These tools assign a rating to each client resulting from a quantitative or automatic module, based on balance sheet ratios or macroeconomic variables, which is complemented by the expert judgment provided by the analyst.

d) Credit risk parameters

The valuation of the client or the transaction, by rating or scoring, constitutes a judgment of its credit quality, which is quantified through the probability of default (PD in Basel terminology).

In addition to the client's assessment, the quantification of credit risk requires the estimation of other parameters such as exposure at default (EAD) and the percentage of the EAD that cannot be recovered (LGD). Other relevant aspects of the risk of the operations are included, such as the quantification of the off-balance sheet exposures, which depends on the type of product or the analysis of the expected recoveries related to the existing guarantees and other properties of the operation: type of product, term, etc.

These factors make up the main parameters of credit risk. Its combination allows the calculation of the probable loss or expected loss (PE). This loss is considered as an additional cost of the activity, which reflects the risk premium and must be passed on to the price of the transactions.

The risk parameters also allow the calculation of regulatory capital according to the rules arising from the new Basel Capital Agreement (BIS II). Regulatory capital is determined as the difference between the unexpected loss and the expected loss.

Unexpected loss is the basis of capital calculation and refers to a very high but unlikely level of loss which is not considered recurring and must be met with own resources.

Observed loss: Credit cost measurements

In addition to the predictivity provided by the advanced models described above, other common metrics are used that allow prudent and effective management of credit risk based on the observed loss.

In terms of loss recognition, the cost of credit risk in Santander Consumer Finance is measured through different approaches: VMG - Variation of the Management Debt (entries in arrears - cures - recovery of failures), DNI – net envelope for insolvencies (gross provisions - recovery of failures), net failures (passes to failures - recovery of failures) and expected loss. In order to obtain a monitoring ratio, the first two indicators (in 12 months) are divided by the average of 12 months of the total portfolio to obtain the risk premium and the credit cost. These allow the manager to get a complete idea of the evolution and future prospects of the portfolio.

It should be noted that, unlike late payment, the VMG (Final doubtful – Initial doubtful + failed – Recovery of failed) refers to the total portfolio deteriorated in a period, regardless of the situation in which it is (doubtful and failed). This makes the metric a primary driver when it comes to establishing measures for portfolio management.

The two approaches measure the same reality and consequently approach in the long term although they represent successive moments in the measurement of the cost of credit risk: Delinquency flows (VMG) and coverage of the doubtful (DNIs), respectively. Although they converge in the long term within the same economic cycle, at certain times they may present differences such as that observed in this period. These differences are explained by the different time of calculation of losses, which is basically determined by accounting regulations (for example, mortgages have a coverage schedule and go to failure more "slower" than consumer portfolios). Additionally, the analysis can be complicated by changes in the hedging policy and go to failures, portfolio composition, changes in accounting regulations (IFRS9), portfolio sale and parameter adjustments for calculating the expected loss etc.

e) Credit risk cycle

The risk management process consists of identifying, measuring, analyzing, controlling, negotiating and deciding, where appropriate, the risks incurred by the Group's operations. During the process, both risk-taking areas and senior management are involved, as well as the risk function.

As the Santander Group member, the process starts from Senior Management, through the Board of Directors and the Risks Executive Committee, which establishes risk policies and procedures, limits and delegations of powers, and approves and monitors the framework for action of the risk function.

In the risk cycle three stages are differentiated: Pre-sales, sales and after-sales. The process is constantly referred, incorporating the results and conclusions of the after-sales stage into the risk study and pre-sale planning.

e.1) *Pre-sale*

– **Study of risk and credit rating process**

Generally speaking, risk study consists of analysing a customer’s capacity to meet their contractual commitments with the Group and other creditors. This entails analysing the customer’s credit quality, risk operations, solvency and profitability on the basis of the risk assumed.

With this objective, the Group has used rating models for classifying customer solvency since 1993. These mechanisms are applied in the wholesale segment (sovereign, financial entities, corporate banking) and to SMEs and individuals.

The rating results from a quantitative model based on balance sheet ratios or macroeconomic variables, complemented by the expert judgement of analysts.

The ratings given to customers are regularly reviewed, incorporating the latest available financial information and experience in the development of the banking relationship. The regularity of the reviews increases in the case of customers who trigger certain levels in the automatic warning systems and who are classified as special watch. The rating tools are also reviewed in order to adjust the accuracy of the rating.

While ratings are used in the wholesale sector and for companies and institutions, scoring techniques predominate for individuals and smaller companies. In general, these techniques automatically assign a score to the customer for decision-making purposes, as explained in the Decisions on operations section.

– **Planning and setting limits**

The purpose of this phase is to limit the levels of risk assumed by the Group, efficiently and comprehensively. The credit risk planning process serves to set the budgets and limits at the portfolio level for subsidiaries. Planning is carried out through a dashboard that ensures that the business plan and lending policy are achieved, and that the resources needed to achieve these are available. This arose as a joint initiative between the Sales area and the Risk function, providing a management tool and a way of working as a team.

Incorporating the volatility of macroeconomic variables that affect portfolio performance is a key aspect in planning. The Group simulates this performance under a range of adverse and stressed scenarios (stress testing), enabling assessment of the Group's solvency in specific situations.

Scenario analysis enables senior management to understand the portfolio's evolution in the face of market conditions and changes in the environment. It is a key tool for assessing the sufficiency of provisions in stress scenarios.

Limits are planned and established using documents agreed between the Business and Risk areas and approved by the Group, setting out the expected business results in terms of risk and return, the limits to which this activity is subject and management of the associated risks, by group or customer.

e.2) *Sale*

– **Decision of operations**

The sales phase consists of the decision-making process, analysing and deciding on operations. Approval by the risk area is a prior requirement before the contracting of any risk. This process must take into account the policies defined for approving operations, the risk appetite and the elements of the operation that are relevant to the search for the right balance between risk and profitability.

In the sphere of standardised customers (individuals and businesses and SMEs with low turnover), large volumes of credit operations can be managed more easily by using automatic decision models for classifying the customer/transaction pair. The ratings these models give to transactions enable lending to be classified consistently into homogeneous risk groups, based on information on the characteristics of the transaction and its owner.

e.3) ***After-sales***

– **Monitoring**

The Monitoring function is based on a continuous process of ongoing observation, enabling early detection of changes that could affect the credit quality of customers, in order to take measures to correct deviations with a negative impact.

This monitoring is based on customer segmentation, and is carried out by dedicated local and global risk teams, supplemented by internal audit.

The function includes, among other tasks, the identification, monitoring and assignment of policies at customer level to anticipate surprises and manage them in the most appropriate way for their situation, credit policies, rating reviews and continuous monitoring of indicators.

The system called Santander Customer Assessment Notes (SCAN) distinguishes between four levels depending on the level of concern of the circumstances observed (Specialized Follow-up, Intensive Follow-up, Ordinary Follow-up, Do Not Attend). The inclusion of a position in SCAN does not imply that non-compliance has been recorded, but rather the convenience of adopting a specific policy with the same, determining the person responsible and the time frame in which it must be carried out. SCAN qualified clients are reviewed at least semi-annually, being such review quarterly and/or monthly for the most serious grades. The ways in which a firm qualifies in SCAN are the monitoring work itself, the review carried out by the internal audit, the decision of the commercial manager who oversees the firm or the entry into operation of the established system of automatic alarms.

Ratings are reviewed at least every year, but this may be more frequent if weaknesses are detected or based on the rating itself.

The main risk indicators for individual customers, businesses and SMEs with low turnover are monitored to detect changes in the performance of the loan portfolio with respect to the projections in the commercial strategic plans (CSPs).

f) Measurement and control

In addition to monitoring the credit quality of customers, the Group establishes the necessary control procedures to analyze the current credit risk portfolio and its evolution, through the different phases of credit risk.

The function is developed by assessing the risks from different complementary perspectives, establishing as main axes the control by geographies, business areas, management models, products, etc., facilitating the early detection of specific focus areas, as well as the development of action plans to correct any deterioration.

Each control axis supports two types of analysis:

1.- Quantitative and qualitative analysis of the portfolio

In the portfolio analysis, the evolution of risk with respect to budgets, limits and reference standards is monitored permanently and systematically, evaluating the effects on future situations, both exogenous and those arising from strategic decisions, in order to establish measures that place the profile and volume of the risk portfolio within the parameters set by the Group.

In the credit risk control stage, the following are used, among others and in addition to traditional metrics:

– **MDV (variation in management arrears)**

The VMG measures how arrears vary over a period, discounting failures and taking into account recoveries. It is an aggregate measure at the portfolio level that allows to react to deterioration observed in the evolution of late payment.

– **EL (expected loss) and capital**

The expected loss is the estimate of the economic loss that will occur during the next year of the existing portfolio at any given time. It is one more cost of the activity, and it must be reflected in the price of the operations.

2.- Evaluation of control processes

It includes the systematic and periodic review of procedures and methodology, developed throughout the entire credit risk cycle, to ensure their effectiveness and validity.

In 2006, within the corporate framework established in the Group for compliance with the Sarbanes Oxley Law, a corporate methodology was established for the documentation and certification of the Control Model, defined in tasks, operational risks and controls. The risk division assesses annually the efficiency of internal control of its activities.

Moreover, the internal validation function, within its mission of overseeing the quality of the Group's risk management, it ensures that the models used in the admission and management of different risks meet the most demanding criteria and best practices observed in the industry and/or required by regulators. In addition, internal audit is responsible for ensuring that policies, methods and procedures are adequate, effectively implemented and regularly reviewed.

g) Recovery Management

Recovery activity is a relevant function within the Group's risk management area. This function is developed by the area of recovery and recoveries that defines a global strategy and a comprehensive approach to recovery management.

The Group combines a global model with a local execution considering the peculiarities of the business in each area.

The main objective of the recovery activity is the recovery of outstanding obligations by managing our clients, contributing to reduce the need for provisions and reduce the cost of risk.

This is how the specific objectives of the recovery process are oriented:

– To obtain the collection or regularization of the outstanding balances, so that an account returns to its normal state; if this is not possible the objective is the total or partial recovery of the debts, in any of the accounting or management situations in which they may be found.

– Maintain and strengthen our relationship with the client taking care of their behavior of and with an offer of management levers such as refinancing products according to their needs and in accordance with the careful corporate policies of admission and control, established from the risk areas.

In the recovery activity, Standardised customers and Individually Managed customers are segmented or differentiated with specific and comprehensive management models in each case, according to basic specialisation criteria.

The management is articulated through a multichannel strategy of relationship with customers. customers and follow-up of payment agreements, prioritizing and adapting the arrangements based on the status of progress of their situation of delay, doubtful or delinquent, their balance sheet, and their payment commitments.

The commercial network of recovery management, is a complementary channel to the telephone, which is oriented as a way of proximity relationship to selected customers, and is composed of teams of agents with high commercial orientation, specific training and high negotiation capabilities, performing personalized management of their own high impact customer portfolios (high balance sheets, special products, special management clients).

Recovery activities in advanced stages of the non-payment situation are guided by dual judicial and non-judicial management, maintaining commercial and follow-up activities through telephone channels and networks of agents, applying strategies and practices specific to the state of progress.

The management model encourages proactivity, and oriented management, through continuous recovery campaigns with specific designs to customer groups and states of default, acting with predefined objectives through specific strategies and intensive activities through the appropriate channels in limited time periods.

An adequate local production and analysis of daily and monthly management information, aligned with corporate models, have been defined as the basis of business intelligence for continuous decision-making in the management orientation and for the monitoring of its results.

h) *Concentration Risk*

Concentration risk, within the scope of credit risk, is an essential element of management. The Santander Group, of which Grupo Santander Consumer Finance is part, continuously monitors the degree of concentration of credit risk portfolios under different relevant dimensions: Geographical areas and countries, economic sectors, products and customer groups.

The board of Directors, through risk appetite, determines maximum concentration levels, the Executive Risk committee establishes risk policies and reviews appropriate exposure levels for the proper management of the degree of concentration of credit risk portfolios.

Santander Consumer Finance is subject to the regulation on ‘big risks’ contained in Part Four of the CRR (EU Regulation No.575/2013), according to which the exposure incurred by an entity to a client or a group of related customers shall be considered ‘large exposure’ when its value is equal to or greater than 10% of its computable capital. In addition, to limit large exposures, no entity may assume an exposure to a client or group of related clients whose value exceeds 25% of its eligible capital, after taking into account the effect of the credit risk reduction contained in the standard.

At the end of December 2024, after applying risk mitigation techniques, no group reaches the above-mentioned thresholds.

The Santander Consumer Finance Group’s Risk Division collaborates closely with the Financial Division in the active management of credit portfolios, which, among its axes of action, includes the reduction of the concentration of exposures through various techniques, such as: such as the contracting of hedge credit derivatives or securitization operations, with the ultimate purpose of optimizing the return-to-risk ratio of the total portfolio.

The breakdown as at 31 December 2024 and 2023 of the Group’s risk concentration (*) by activity and geographical area of counterparties is as follows:

2024					
	EUR Thousands				
	Spain	The rest of the European Union	America	Rest of the world	Total
Central banks and credit institutions	3,372,876	10,135,077	—	447,377	13,955,330
Public administrations	1,741,640	3,255,117	—	39,231	5,035,988
Of which:					
Central Administration	*1,740,579*	*2,018,286*	—	—	*3,758,865*
Other Public Administrations	*1,061*	*1,236,831*	—	*39,231*	*1,277,123*
Other financial institutions	55,043	663,160	19,340	301,633	1,039,176
Non-financial corporations and individual enterpreneurs	4,591,993	33,995,088	—	1,720,206	40,307,287
Of which:					
Construction and real estate promotion	—	*102,333*	—	—	*102,333*
Construction of civil works	—	*5,983*	—	—	*5,983*
Large companies	*2,241,594*	*14,366,944*	—	*399,237*	*17,007,775*
SMEs and individual entrepreneurs	*2,350,399*	*19,519,828*	—	*1,320,969*	*23,191,196*
Other households and non-profit institutions serving households	9,373,650	63,731,924	718,171	4,480,370	78,304,115
Of which:					
Housing	*383,248*	*2,430,603*	—	—	*2,813,851*
Consumer loans	*8,950,955*	*60,901,843*	*718,171*	*4,480,370*	*75,051,339*
Other purposes	*39,447*	*399,478*	—	—	*438,925*
				Total	138,641,896

(*) The definition of risk for the purposes of this table includes the following items in the consolidated public balance sheet: 'Loans and advances: In credit institutions', 'Loans and advances: Central banks', 'Loans and advances: to the customers', 'Debt securities', 'Equity instruments', 'Derivatives', 'Derivatives - Coverage accounting', 'Participations and guarantees granted'.

2023					
	EUR Thousands				
	Spain	The rest of the European Union	America	Rest of world	Total
Central banks and credit institutions	4,813,326	9,350,967	—	153,241	14,317,534
Public administrations	789,243	3,346,864	—	44,007	4,180,114
Of which:					
Central Administration	*787,327*	*2,095,936*	—	—	*2,883,263*
Other Public Administrations	*1,916*	*1,250,928*	—	*44,007*	*1,296,851*
Other financial institutions	40,028	993,739	15,074	386,172	1,435,013
Non-financial corporations and individual enterpreneurs	4,012,908	34,601,493	—	1,802,545	40,416,946
Of which:					
Construction and real estate promotion	—	*252,314*	—	—	*252,314*
Construction of civil works	—	*7,800*	—	—	*7,800*
Large companies	*1,435,847*	*14,869,913*	—	*436,022*	*16,741,782*
SMEs and individual entrepreneurs	2,577,061	19,471,466	—	1,366,523	23,415,050
Other households and non-profit institutions serving households	*10,023,439*	*58,983,648*	*734,671*	*4,722,813*	*74,464,571*
Of which:					
Housing	*1,190,283*	*2,506,878*	—	—	*3,697,161*
Consumer loans	*8,785,337*	*55,894,838*	*734,671*	*4,722,813*	*70,137,659*
Other purposes	*47,819*	*581,932*	—	—	*629,751*
				Total	134,814,178

(*) The definition of risk for the purposes of this table includes the following items on the consolidated public balance sheet: cash balances in central banks and other demand deposits, deposits in credit institutions, credit to customers, debt securities, trading derivatives, hedge derivatives, investments in joint ventures and associates, equity instruments - and guarantees granted.

III. Market, structural and liquidity risk

a. Scope and definitions

The measurement, control and monitoring perimeter of the market risk function covers those operations where capital risk is assumed, as a consequence of changes in market factors.

These risks are generated through two types of key activities:

- The trading activity, which includes both the provision of financial services in markets for clients, in which the entity is the counterparty, as well as the activity of buying and selling own positioning in fixed income products, equities and currency mainly.

  Santander Consumer Finance does not conduct trading activities, limiting its treasury activity to managing the structural risk of its balance sheet and hedging, as well as managing the liquidity necessary to finance its business.

- The balance sheet management activity or ALM, which involves the management of risks inherent in the bank's balance sheet, excluding the trading book.

The risks generated in these activities are:

- Market: Risk incurred as a result of the possibility of changes in market factors affecting the value of the positions that the entity holds in its trading books.

- Structural: Risk caused by the management of the different items in the balance sheet. This risk includes both losses due to price changes affecting the portfolios available for sale and at maturity (banking book), as well as losses arising from the management of the assets and liabilities valued at amortized cost of the Group.

- Liquidity: Risk of not meeting payment obligations on time or doing so at excessive cost, as well as the ability to finance the growth of your asset volume. Among the typologies of losses caused by this risk are losses due to forced sales of assets or impacts in margin due to the mismatch between outflows and cash inflows forecasts.

Trading and structural market risks, depending on the market variable that generates them, can be classified into:

- Interest rate risk: Identifies the possibility that interest rate variations may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Credit spread risk: Identifies the possibility that changes in credit spread curves associated with issuers and specific types of debt may adversely affect the value of a financial instrument, a portfolio or the Group as a whole. The spread is a differential between financial instruments that are traded on a margin over other benchmark instruments, mainly IRR (Internal Rate of Return) of government securities and interbank interest rates.

- Exchange rate risk: Identifies the possibility that changes in the value of a position in currency other than the base currency may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Inflation risk: Identifies the possibility that changes in inflation rates may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Volatility risk: Identifies the possibility that changes in the quoted volatility of market variables could adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Liquidity risk: Identifies the possibility that an entity or the Group as a whole may not be able to undo or close a position on time without impacting the market price or transaction cost.

- Prepayment or cancelation risk: Identifies the possibility that early cancelation without negotiation, in transactions whose contractual relationship allows it explicitly or implicitly, generates cash flows that must be reinvested at a potentially lower interest rate.

There are other variables that exclusively affect market risk (and not structural), so that this can be further classified into:

- Equity risk: Identifies the possibility that changes in the price value or dividend expectations of equity instruments may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Commodity Risk: Identifies the possibility that changes in the value of the prices of goods may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Correlation risk: Identifies the possibility that changes in the correlation between variables, whether of the same type or of a different nature, quoted by the market, could adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Insurance risk: Identifies the possibility that securities placement objectives or other type of debt are not met when the entity participates in the insurance of them.

Likewise, liquidity risk can be classified into the following categories:

- Financing risk: Identifies the possibility that the entity will be unable to meet its obligations as a result of the inability to sell assets or obtain financing.

- Mismatching risk: Identifies the possibility that differences between the maturity structures of assets and liabilities generate an overrun to the entity.

- Contingency risk: Identifies the possibility of not having adequate management elements for obtaining liquidity as a result of an extreme event that involves greater financing or collateral needs to obtain it.

b. Measurement and methodologies

1. Structural interest rate risk

The Group conducts sensitivity analyzes of financial margin and equity to interest rate variations. This sensitivity is conditioned by the mismatches in the maturity dates and revision of the interest rates of the different items in the balance sheet.

Depending on the position of interest rate of the balance sheet, and considering the situation and prospects of the market, the financial measures are agreed to adapt this positioning to the desired by the Group. These measures can range from taking market positions to defining the interest rate characteristics of commercial products.

The measures used to control interest risk in these activities are the interest rate gap, the sensitivity of financial margin and equity to changes in interest rate levels.

– Interest rate gap

The analysis of interest rate gap deals with the mismatches between the revaluation periods of equity masses within the items, both of the balance sheet (assets and liabilities) and of the standby accounts (off-balance sheet). It facilitates a basic representation of the balance sheet structure and allows for the detection of interest risk concentrations over the different timeframes. It is also a useful tool for the estimation of possible impacts of possible movements in interest rates on the financial margin and on the equity value of the entity.

All balance sheet and off-balance sheet masses must be spread out in their flows and placed at the repricing/maturity point. In the case of those masses that do not have a contractual maturity, the internal model of Santander Group of analysis and estimation of the durations and sensitivities of the same is used.

– Financial Margin Sensitivity (NII)

The sensitivity of the financial margin measures the change in expected accruals for a given term (12 months) in the face of a shift in the interest rate curve.

– Equity Value Sensitivity (EVE)

Measures the interest rate risk implied in equity, which for interest rate risk purposes is defined as the difference between the net present value of assets minus the net present value of liabilities due; based on the impact of interest rate changes on these current values.

– Regulatory reporting

Santander Consumer Finance performs the measurement of interest rates following the European Banking Authority (EBA) Guidelines on Interest Risk Management (IRRBB) and the evaluation and monitoring of credit spread risk (CSRBB) of non-trading activities (EBA/GL/2022/14) for the Group consolidated.

2. Liquidity risk

Structural liquidity management aims to finance the recurring activity of Santander Consumer Finance Group under optimal terms of time and cost, avoiding unwanted liquidity risks.

The measures used to control liquidity risk are the liquidity gap, liquidity ratios, the structural liquidity table, liquidity stress tests, the financial plan, the liquidity contingency plan and regulatory reporting.

– Liquidity gap

The liquidity gap provides information on contractual and expected cash inflows and outflows for a given period, in each of the currencies in which the Santander Consumer Finance Group operates. It measures the net need or excess of funds on a date and reflects the level of liquidity held under normal market conditions.

In the Contractual Liquidity Gap, all the masses that provide cash flows are analysed, placed at their contractual maturity point. For those assets and liabilities without contractual maturity, the Santander Group's internal model of analysis is used, based on the statistical study of the historical series of products, and what is called stable and unstable balance for liquidity purposes is determined.

– Liquidity ratios

The Minimum Liquidity Ratio compares liquid assets available for sale or assignment (once relevant discounts and adjustments have been applied) and assets less than 12 months with liabilities up to 12 months.

The Structural Finance Ratio measures the extent to which assets requiring structural financing are being financed with structural liabilities.

– Structural liquidity table

The purpose of this analysis is to determine the structural liquidity position according to the liquidity profile (greater or lower stability) of the different instruments of the asset and the liability.

– Liquidity stress tests

The liquidity stress tests developed by the Santander Consumer Finance Group aim to determine the impact of a severe, but plausible, liquidity crisis. In these stressful scenarios, internal factors that may affect the Group's liquidity are simulated, such as the fall in the institutional credit rating, the value of assets on the balance sheet, banking crises, regulatory factors, change in consumption trends and/or loss of confidence of depositors, among others.

Through the stress of these factors, four scenarios of liquidity stress are simulated, on a monthly basis, (banking crisis in Spain, idiosyncratic crisis of the Santander Consumer Finance Group, Global Crisis, as well as a combined scenario) establishing, on their outcome, a minimum level of liquid assets.

– Financial Plan

The liquidity plan is prepared annually, based on the financing needs derived from the business budgets of all the Group's subsidiaries. Based on these liquidity needs, the limitations of appeal to new securitizations are analyzed based on the possible eligible assets available, as well as the possible growth of client deposits. On the basis of this information, the emissions and securitizations plan for the financial year is established. The actual evolution of funding requirements is regularly monitored throughout the year, resulting in subsequent updates to the plan.

- Liquidity contingency plan.

The Liquidity Contingency Plan aims to foresee the processes (governance structure) that should be followed in the event of a liquidity crisis, either potential or real, as well as the analysis of contingency actions or levers available for the management of the entity in such a situation.

The Liquidity Contingency Plan builds on, and should be designed in line with, two key elements: Liquidity Stress Testing and the Early Warning Indicator System (EWI). Stress tests and their different scenarios serve as a basis to analyze the available contingency actions as well as to determine their sufficiency. The EWIs system serves to monitor and potentially trigger the scaling mechanism to activate the plan and monitor the evolution of the situation once activated

– Regulatory reporting

Santander Consumer Finance performs the Liquidity Coverage Ratio (LCR) of the European Banking Authority (EBA) for the Consolidated Group, as well as the Net Stable Funding Ratio (NSFR).

In addition, Santander Consumer Finance annually produces the report corresponding to the ILAAP (Internal Liquidity Adequacy and Assessment Process) to be integrated into the consolidated document of the Santander Group, despite not being required by the Supervisor at the level of Liquidity Management Subgroup.

3. Structural change risk

Structural change risk is managed within the general corporate procedures, with the aim of maintaining the CET1 ratio constant, both at Grupo Santander and Grupo Santander Consumer Finance.

c. Control environment

The structural risk control and liquidity environment in the Santander Consumer Finance group is based on the framework of the annual limit plan, which establishes the limits for these risks, responding to the level of risk appetite of the Group.

The limit structure involves a process that considers:

– Identify and delimit, in an efficient and comprehensive way, the main types of market risks incurred, so that Identify and delimit, efficiently and comprehensively, the main types of market risks incurred, so that they are consistent with business management and defined strategy.

– Quantify and communicate to business areas the levels and risk profile that senior management considers to be acceptable, to avoid incurring unwanted risks.

– Give flexibility to business areas in taking financial risks efficiently and timely according to changes in the market, and in business strategies, and always within the levels of risk that are considered acceptable by the entity.

– Allow business generators to take prudent but sufficient risk to achieve the budgeted results.

– Define the range of products and underlying in which each Treasury unit can operate, taking into account characteristics such as the model and valuation systems, the liquidity of the instruments involved, etc.

In the event of an excess over one of these limits, the market risk, structural risk and liquidity function shall notify the excess, requesting the reasons and an action plan from the risk managers.

In terms of structural risk, the main management limits at Santander Consumer Finance Consolidated level are:

– Limit of sensitivity of the financial margin to one year.

– Equity value sensitivity limit.

The limits are compared with the sensitivity of a greater loss among those calculated for different parallel rise and fall scenarios of the interest rate curve. During 2024, these limits applied to eight scenarios of interest rates of parallel difficulties of up to 100 basis points. In addition, other parallel and non-parallel scenarios are calculated, including those defined by European Banking Authority (EBA). Using several scenarios allows for better interest rate risk control. Negative interest rates are contemplated in the downward scenarios.

During 2024, the level of exposure at the consolidated level in Grupo SCF, both in terms of financial margin and economic value, is low in relation to the budget and the amount of own resources respectively, being in both cases less than 3% throughout the year, and within the established limits and regulatory reference levels.

Regarding liquidity risk, the main limits at the Santander Consumer Finance Group level include regulatory liquidity metrics such as the LCR and the NSFR, as well as liquidity stress tests under different adverse scenarios discussed above.

At the end of December 2024, all liquidity metrics are above current internal limits as well as regulatory requirements. For both the LCR and the NSFR at the Consolidated Group level, it has been at levels above 115% and 105% throughout the year.

d. Management

Balance sheet management involves the analysis, projection and simulation of structural risks along with the design, proposal and execution of transactions and strategies for their management. Finance Management is responsible for this process, and it takes a projection-based approach where and when this is applicable or feasible

A high-level description of the main processes and/or responsibilities in managing structural risks is as follows: Analysis of the balance sheet and its structural risks.

- Monitoring the evolution of the most relevant markets for asset and liability management (ALM) in the Group.
- Planning. Design, maintenance and monitoring of certain planning instruments. Finance Management is responsible for preparing, following and maintaining the financial plan, the funding plan and the liquidity contingency plan.

- Strategy proposals. Design of strategies aimed at funding the SCF sub-group's business by securing the best available market conditions or by managing the balance sheet and its exposure to structural risks, thereby avoiding unnecessary risks, preserving net interest income and safeguarding the market value of equity and capital.

- Execution. To achieve appropriate ALM positioning, Finance Management uses different tools. Chief among these are issues in debt or capital markets, securitisation, deposits and interest rate and/or currency hedges, and management of ALCO portfolios and the minimum liquidity buffer

- Compliance with limits and risk appetite.

IV. Operational risk

a. Definition and objectives

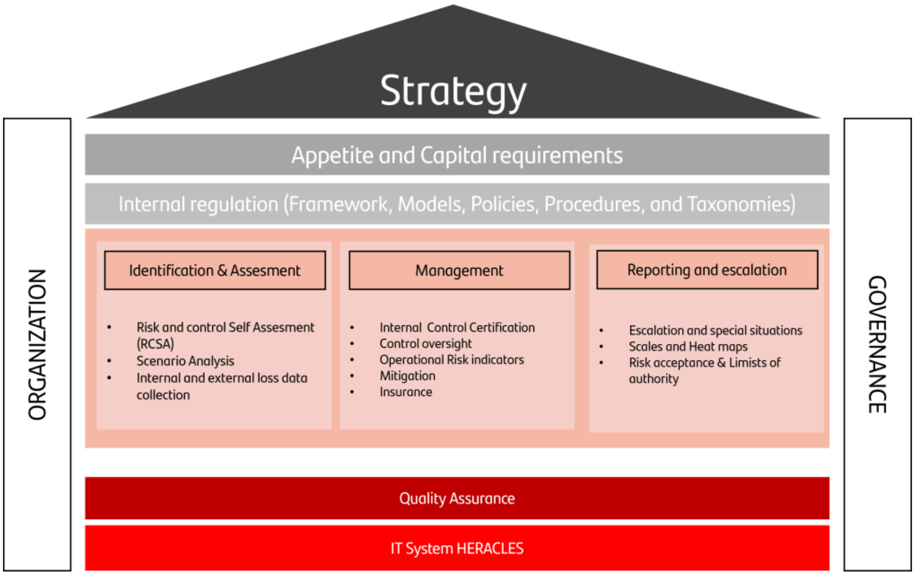
The Bank defines operational risk (RO) as the risk of loss due to inadequacy or failure of internal procedures, people, and systems, or external events.

Operational risk is inherent in all products, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their field of operation.

The Bank's objective in the control and management of operational risk is to identify, measure/evaluate, monitor, control, mitigate and communicate this risk.

The Bank's priority, therefore, is to identify and mitigate focal points of risk, irrespective of whether they have given rise to any losses. Measurement also contributes to the establishment of priorities in the management of operational risk.

To improve and promote adequate operational risk management, Santander Consumer Finance has developed an advanced loss distribution model (LDA) based on internal event database such as the external loss database of our banking peers (ORX consortium database) and scenario analysis. This approach is accepted by t he industry and regulators



b. Operational risk management and control model

Operational risk management cycle

The different stages of the operational risk management and control model involve:

- Identify the operational risk inherent in all Bank activities, products, processes and systems. This process is done by exercising Risk and Control Self-assesment (RCSA)
- Define the objective profile of operational risk, specifying the strategies by unit and time horizon, by establishing the appetite and tolerance of OR, the budget and its monitoring.
- Promote the involvement of all employees with the culture of operational risk, through appropriate training in all areas and levels of the organization.
- Measure and evaluate operational risk in an objective, continuous and consistent manner with regulatory standards (Basel, Banco de España, etc) and the sector.

- Continuously track operational risk exposures, implement control procedures, improve internal knowledge and mitigate losses.
- Establish mitigation measures that eliminate or minimize operational risk.
- Generate periodic reports on exposure to operational risk and its level of control for senior management and areas/units of the Bank, as well as inform the market and regulatory bodies.
- Define and implement the methodology necessary to estimate the capital calculation in terms of expected and unexpected loss.

Each of the key processes listed above is based on:

- The existence of a system that allows reporting and controlling exposures to operational risk, integrated into the day-to-day management of the Bank.

To this end, in 2016 the Bank implemented a unique tool for managing and controlling operational, compliance and internal control risk, called Heracles. Heracles is considered the Golden Source for Risk Data Aggregation (RDA).

The internal regulations that incorporate the principles for the management and control of operational risk, in accordance with the regulations and best practices, have been defined and approved according to the established government.

In 2015, the Bank adhered to the corresponding corporate framework and subsequently approved and implemented the model, policies and procedures, as well as the rules of procedure of the Operational Risk Committee.

Titlle	Type of document
Management and Control of operational risk	Model
Cyber Security Risk	Policy
Fraud management and control	Policy
Operational Resilience - Business Continuity Management	Policy
IT risk oversight	Policy
Operational Risk Scenario Analysis	Procedure
Internal Control Model Assurance	Procedure
Risk Control Self-Assessment (RCSA)	Procedure
Booking the operational risk financial impacts	Procedure
Communication and escalation of relevant operational risk events	Procedure
Control oversight and Cross check of outputs between OR instruments	Procedure
Definition and management of Operational Risk Indicators (ORI)	Procedure
Taxonomy definition and maintenance	Procedure
Establishment of the operational risk perimeter	Procedure
Identification and management of mitigation measures	Procedure
Management of Operational Risk Arising from Transformation	Procedure
Relation Between own Insurance and Operational Risk	Procedure
SCIIF and S-OX Compliance	Procedure
Suppliers Risk Oversight	Procedure
Management of external data	Procedure
Management of Internal Events	Procedure

The operational risk management and control model implemented by the Group provides the following advantages:

- Promotes the development of a culture of operational risk.
- It enables comprehensive and effective management of operational risk (identification, measurement/evaluation, control/mitigation, and information).
- Improves knowledge of operational risks, both effective and potential, and their allocation to business and support lines.
- Operational risk information helps improve processes and controls, reduce losses and revenue volatility.
- Facilitates the establishment of operational risk appetite limits.

c. Risk identification, measurement and assessment model

Since November in 2014, the Group adopted the new management system of the Santander Group, having defined three lines of defense:

- 1st line of defense: Integrated in the areas of business or support. Its tasks are to identify, measure or evaluate, control (primary control), mitigate and communicate the risks inherent in the activity or function for which it is responsible.

Given the complexity and heterogeneous nature of operational risk within a large-scale organization with diverse lines of business, adequate risk management is carried out in two axes:

(1) Operational Risk Management: Each business unit and support function of the Santander Group is responsible for the operational risks that arise in its scope, as well as for its management. This particularly affects the heads of business units and support functions, but also the coordinator (or OR team) on the 1.

(2) Management of Specialized Operational Risk Controls: There are some functions that usually manage specialized controls for certain risks where they have greater visibility and expertise. These functions have a global view of exposure specific operational risks in all areas. We can also refer to them as Subject Matter Experts or SME.

OR Managers:

Operational risk management is the responsibility of all staff in their respective areas of activity. Consequently, the Head of each division or area has ultimate responsibility for the operational risk in its scope.

OR Coordinators:

OR coordinators are actively involved in operational risk management and support RO managers in their own areas of OR management and control. Each coordinator has a certain scope for action, which does not necessarily coincide with the organizational units or areas and has a deep knowledge of the activities within their scope. Their roles and responsibilities include:

- Interaction Undertake interaction with the second line of defense in daily operations and communication to the Operational Risk Management in its scope.
- Facilitate integration into the management of the RO in each area.
- Support the implementation of qualitative and quantitative methodologies and tools for the management and control of operations.
- Provide support and advice on operational risk within its scope.
- Maintain an overview of risk exposure in its scope.
- Ensure the quality and consistency of data and information reported to 2, identifying and monitoring the implementation of relevant controls.
- Review and monitor the results provided by business units and support functions related to control testing.
- Support in the signing and certification of controls (control testing).
- Monitor mitigation plans in your area.
- Coordinate the definition of business continuity plans in your area.

- 2nd line of defense: Exercised by the Department of Non-Financial Risks and reporting to the CRO. Its functions are the design, maintenance and development of the local adaptation of the Operational Risk Management Framework (BIS), and control and challenge on the first line of defense of operational risk. His main responsibilities include:

- Design, maintain and develop the operational risk management and control model, promoting the development of a culture of operational risk throughout the Group.

- Safeguard the proper design, maintenance and implementation of operational risk regulations.

- Drive business units to effectively monitor identified risks.

- Ensure that each key risk affecting the entity is identified and effectively managed by the relevant units.

- Ensure that the Group has implemented effective RO management processes.

- Prepare proposals for tolerance of operational risk appetite and monitor risk limits in the Group and in the different local units.

- Ensure that Top Management receives a global overview of all relevant risks, ensuring adequate communication and reporting to Senior Management and the Board of Directors, through established governing bodies.

In addition, 2LoD will provide the necessary information for consolidation, along with the remaining risks, to the risk monitoring and consolidation function.

To ensure proper supervision, a solid knowledge of the activities of the Business Units / Support Functions is required, as well as a specific understanding of the categories of risk events (IT, Compliance, etc.) and a Local Capacity and Capability Plan. In that context, the RO control function (2LOD function) needs to take advantage of specific profiles that can support the implementation of the RO framework in the 1LOD, but also provide specific risk exposure and business information, to ensure that the RO profile related is well managed and reported. Business Risk Managers (BRM) as business insight specialists (e.g. Global Corporate Banking) and Specialized Risk Managers (SRM) as OR control specialists (e.g. IT and cyber risks) perform these functions within OR 2LOD and are positioned as key contact points for 1LOD business units and operations management support functions.

- 3rd line of defense: Exercised by Internal Audit, which evaluates the compliance of all activities and units of the entity with its policies and procedures. His main responsibilities include:

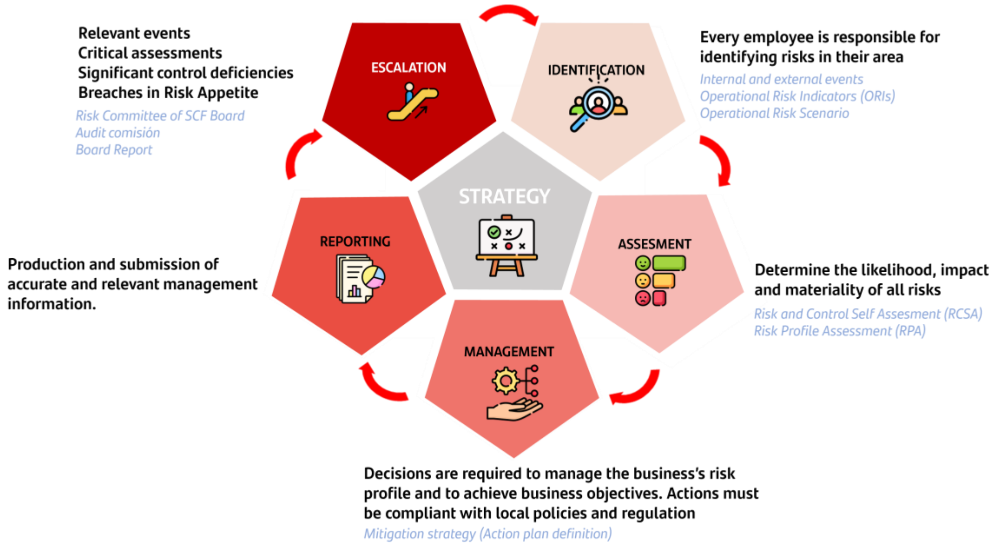
- Verify that the risks inherent in the Group's activity are sufficiently covered, complying with the policies established by Senior Management and the internal and external procedures and regulations that are applicable.

- Monitor the compliance, effectiveness and efficiency of the Group's internal control systems of operations, as well as the quality of accounting information.

- Perform an independent review and challenge OR controls as well as operational risk management processes and systems.

- Evaluate the implementation status of the RO management and control model in the Group.
- Recommend continuous improvement for all functions involved in operations management.

The management of the Bank is carried out according to the following elements:



To carry out the identification, measurement and evaluation of operational risk, a set of corporate, quantitative and qualitative techniques / tools have been defined, they are combined to make a diagnosis from the identified risks and obtain an assessment through the measurement / evaluation of the area / unit.

The quantitative analysis of this risk is mainly carried out using tools that record and quantify the level of losses associated with operational risk events.

- Internal event database, which aims to capture all the operational risk events of the Bank. The capture of events related to operational risk is not restricted by setting thresholds, i.e. no exclusions are made on the basis of amount, and contains both events with accounting impact (including positive impacts) and non-accounting

There are accounting reconciliation processes that guarantee the quality of the information collected in the database. The most relevant events of the Bank and of each operational risk unit of the same are specially documented and reviewed.

– External event database, as the Bank, through the Santander Group, participates in international consortia, such as ORX (or*perational risk exchange*). In 2016, the use of external databases that provide quantitative and qualitative information and allow a more detailed and structured analysis of relevant events in the sector was strengthened.

– Analysis of RO scenarios. Expert opinion is obtained from the lines of business and risk and control managers, which aims to identify potential events of very low probability of occurrence, but which, in turn, can mean a remarkably high loss for an institution. Its possible effect on the entity is evaluated and additional controls and mitigating measures are identified that reduce the possibility of a high economic impact. In addition, the results of this exercise (which has also been integrated within the HERACLES tool), will be used as one of the *inputs* for the calculation of economic capital for operational risk based on the advanced model (LDA).

The tools defined for qualitative analysis try to evaluate aspects (coverage / exposure) linked to the risk profile, thus allowing to capture the existing control environment. These tools are basically:

– RCSA: Methodology for the evaluation of operational risks, based on the expert criteria of the managers, serves to obtain a qualitative view of the main sources of risk of the Bank, regardless of whether they have materialized previously.

Advantages of RCSA:

- Encourage the responsibility of the first lines of defense: The figures of risk owner and control owner in the first line are determined.
- Favor the identification of the most relevant risks: Risks that are not pre-defined, but arise from the areas that generate risk.
- Improve the integration of RO tools: Root cause analysis is incorporated.
- Improve exercise validation. It is developed through workshops or workshops, instead of questionnaires.
- Make the exercises have a more forward-looking approach: The financial impact of risk exposure is evaluated.

– Corporate system of operational risk indicators, in continuous evolution and in coordination with the corresponding corporate area. These are statistics or parameters of various nature that provide information on an entity's risk exposure. These indicators are reviewed periodically to alert about changes that may reveal problems with risk.

– Recommendations from Regulators, Internal Audit and External Auditor. It provides relevant information on inherent risk due to internal and external factors and allows the identification of weaknesses in controls.

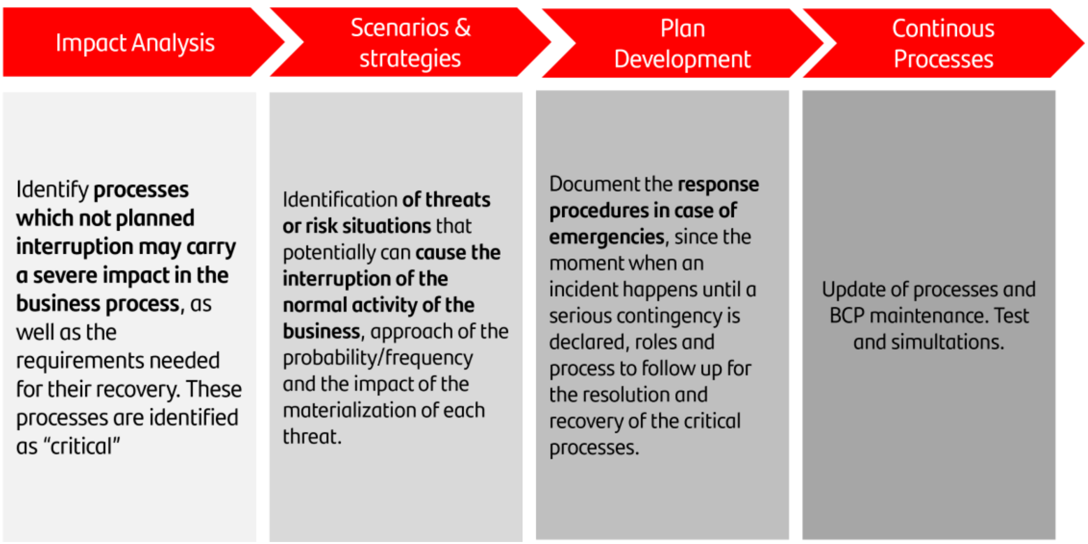
– Other specific instruments that allow a more detailed analysis of technological risk, such as the control of critical incidents in cyber security systems and events.

d. Operational risk information system

HERACLES is the corporate operational risk information system. This system has modules for self-assessment of risks, event registration, risk map and evaluation, indicators of both operational risk and internal control, mitigation and *reporting* systems and scenario analysis being applicable to all entities of the Consumer Group, including the Bank.

e. Business Continuity Plan

The Santander Group and, therefore, Santander Consumer Finance, has a Business Continuity Management System (BCMS), to guarantee the continuity of the business processes of its entities in the event of a disaster or serious incident.



This basic objective is to:

– Minimize potential damage to people and adverse financial and business impacts for the Bank, resulting from a disruption of normal business operations.

– Reduce the operational impact of a disaster by providing a set of predefined and flexible guidelines and procedures for use in the resumption and recovery of processes.

– Resume business operations and associated support functions, time-sensitive, in order to achieve business continuity, profit stability and planned growth.

– Re-establish technological operations and support to business operations, sensitive to time, in case of non-operability of existing technologies.

– Protect public image and trust in the Bank.

– Fulfil the obligations of the Bank toward its employees, customers, shareholders and other interested third parties.

f. Corporate information

The corporate operational risk control area of Santander Group, of which Santander Group is a part, has an operational risk management information system that provides data on the Bank's main risk elements. The information available from each country/unit in the field of operational risk is consolidated so that a global vision is obtained with the following characteristics:

– Two levels of information: One corporate with consolidated information and one individualized for each country/unit.

– Dissemination of best practices among Santander Group countries/units, obtained through the combined study of results derived from qualitative and quantitative analysis of operational risk.

Specifically, information is prepared on the following aspects:

– Operational risk management model in the Bank and the main units and geographies of the Group.

– Operational risk management perimeter.

– Tracking appetite metrics.

– Analysis of the internal database of events and relevant external events.

– Analysis of the most relevant risks, detected through different sources of information, such as the self-assessment exercises of operational and technological risks.

– Evaluation and analysis of risk indicators.

– Mitigating measures/active management.

– Business Continuity Plans and Contingency Plans.

This information serves as a basis to meet the needs of *reporting* to the Risk Delegate Committee, Risk Supervision Committee, Regulation and Compliance, Operational Risk Committee, senior management, regulators, r*ating* agencies, etc.

g. Insurance in operational risk management

Grupo Santander Consumer Finance considers insurance a key element in operational risk management. Since 2014, common guidelines for coordination between the various functions involved in the insurance management cycle that mitigate operational risk have been established; mainly the areas of own insurance and operational risk control but also the different areas of risk management on the front line.

These guidelines incorporate the following activities:

- Identification of all risks in the Group that may be subject to insurance coverage, including the identification of new insurance coverage for risks already identified in the market.

- Establishment and implementation of criteria to quantify insurable risk, based on loss analysis and loss scenarios that allow determining the Group's exposure level to each risk.

- Analysis of the coverage available in the insurance market, as well as preliminary design of the conditions that best fit the needs previously identified and evaluated.

- Technical assessment of the level of protection provided by the policy, cost and retention levels that the Group will assume (franchises and other elements charged by the insured) in order to decide on its hiring.

- Negotiation with suppliers and award according to the procedures established for this purpose by the Bank.

- Follow-up of incidents reported in the policies, as well as those unreported or not recovered by an incorrect statement.

- Analysis of the adequacy of the group's policies to the risks covered, taking the appropriate corrective measures to the deficiencies detected.

- Close collaboration of local operational risk managers with local insurance coordinators to strengthen operational risk mitigation.

- Regular meetings to report on specific activities, state of affairs and projects in both areas.

- Active participation of both areas in the global insurance *sourcing* table, the highest technical body in the Group for the definition of insurance coverage and contracting strategies.

Cyber Risk

Cybersecurity risk (also known as cyberrisk) is defined as any risk that results in financial loss, business interruption, or reputation damage to Santander Consumer arising from the destruction, misuse, theft, or abuse of systems or information. This risk comes from inside and outside the corporation.
In the event of a cyber incident, the main cyber risks for the Bank are composed of three elements:

- Unauthorized access to or misuse of information or systems (e.g., theft of commercial or personal information).

- Theft and financial fraud.

- Business service interruption (e.g., sabotage, extortion, denial of service).

As in previous years, the Bank has continued to maintain full attention to cybersecurity-related risks. This situation, which generates concern in entities and regulators, prompts the adoption of preventive measures to be prepared for attacks of this nature.

The Bank has evolved its cyber regulations with the approval of a new cybersecurity framework and the cyberrisk supervision model, as well as different policies related to this issue.

A new organizational structure has also been defined, and the government has been strengthened to manage and control this risk. Specific committees have been established for this purpose and cybersecurity metrics have been incorporated into the Bank's risk appetite.

The main instruments and processes established for controlling cybersecurity risk are:

- Compliance with the cyberrisk appetite being the objective of this process to ensure that the cyberrisk profile is in line with the risk appetite. Cyberrisk appetite is defined by a series of metrics, risk statements and indicators with their corresponding tolerance thresholds and where existing governance structures are used to monitor and scale up, including risk committees as well as cybersecurity committees.

- Cybersecurity risk identification and assessment: The cyberrisk identification and assessment process is a key process to anticipate and determine risk factors that could estimate their probability and impact. Cyber risks are identified and classified in line with the control categories defined in the latest relevant industry security standards (such as ISO 27k, the NIST Cybersecurity Framework, etc.). The methodology includes the methods used to identify, qualify and quantify cyber risks, as well as to evaluate the controls and corrective measures that the first line of defense function develops. Cyber risk assessment exercises are the fundamental tool for identifying and evaluating cyber security risks in the Bank. The cybersecurity and technological risk assessment will be updated when reasonably necessary taking into account changes in information systems, confidential or business information, as well as the entity's business operations.

- Cyberrisk control and mitigation: Processes related to the evaluation of the effectiveness of controls and risk mitigation. Once cyber risks have been assessed and mitigation measures have been defined, these measures are included in a cybersecurity risk mitigation plan of Santander Consumer Finance and residual risks are formally accepted. Due to the nature of cyberrisks, a periodic assessment of risk mitigation plans is carried out. A key process in the face of a successful cybersecurity attack is the business continuity plan. The Bank has mitigation strategies and measures related to business continuity management and disaster recovery plans. These measures are also linked to cyber-attacks, based on defined policies, methodologies and procedures.

- Monitoring, supervision and communication of cyber risk: Santander Consumer Finance carries out control and monitoring of cyber risk in order to periodically analyze the information available on the risks assumed in the development of the Bank's activities. For this, the key risk indicators (KRI) and the key performance indicators (KPI) are controlled and supervised to assess whether the risk exposure is in accordance with the agreed risk appetite. Escalation and reporting: The proper escalation and communication of cyber threats and cyber attacks is another key process. Santander Consumer Finance has tools and processes to detect internal threat signals and potential compromises in its infrastructure, servers, applications and databases. Communication includes the preparation of reports and the presentation to the relevant committees of the information necessary to assess the exposure to cyber risk and the profile of cyber risk and take the necessary decisions and measures. For this, they prepare reports on the cyber risk situation for the management committees. Also, there are mechanisms for internal escalation independent of the bank's management team of technological and cybersecurity incidents and, if necessary, the corresponding regulator.

Other emerging risks

In addition to the cited Cyber risk, Santander Consumer Group is increasingly strengthening the supervision of other operational risks arising from 1) supplier management and 2) transformation projects.

- With regard to supplier management risks, the focus is on the quality and continuity of services provided to SCF, but also in ensuring compliance with the new EBA Guidelines and Regulations such as DORA through the implementation of specific risk instruments throughout the different stages of the supplier’s life cycle

- The operational risk of transformation is that derived from material changes in the organization, launching of new products, services, systems or processes derived from imperfect design, construction, testing, deployment of projects and initiatives, as well as the transition to day-to-day (BAU). Transformation is a root cause, which can manifest itself in a variety of risks and impacts, not restricted to operational risk, (e.g. credit, market, financial crime…)

Risk of compliance and conduct

The enforcement function covers all matters related to regulatory compliance, the prevention of money laundering and terrorist financing, product governance and consumer protection, and reputational risk according to the provisions of the General Corporate Framework of Compliance and Conduct.

The compliance function promotes the adhesion of Santander Consumer Finance, S.A. ("SCF") to standards, supervisory requirements, and the principles and values of good conduct by setting standards, debating, advising and reporting, in the interest of employees, customers, shareholders and the wider community. In accordance with the current corporate configuration of the Santander Group's three lines of defence, the compliance function is a second-line independent control function that reports directly to the Board of Directors and its committees through the CCO. This configuration is aligned with the requirements of banking regulation and with the expectations of supervisors.

Santander Consumer Finance's objective in terms of compliance risk and conduct is to minimize the likelihood of non-compliance and irregularities occurring, and in the event that they occur, they are identified, assessed, reported and resolved quickly.

Santander Consumer Finance aims to continue working on maintaining maximum alignment with Santander Group standards in terms of policies, procedures and management methodologies in all its units.

The tools available to the compliance function to identify and manage the risks under its responsibility are:

a. Annual Risk Assessment exercises on conduct, regulation, prevention of money laundering and reputational risk.

b. Implementation by each entity of an annual compliance plan reflecting the corporate initiatives of Grupo Santander, the local initiatives necessary to comply with local regulation and good sectoral practices, weaknesses identified in Risk Assessment exercises and potential internal audit recommendations as a third line of defense and any other requirements for local supervisors.

c. Regular follow-up meetings with units and periodic reporting process on compliance risks.

Climate and Environmental Risk

Santander Consumer Finance's ESG (environmental and climate, social and governance factors) strategy consists of doing business in a responsible and sustainable way, supporting the green transition, building a more inclusive society and doing business correctly, following the most rigorous governance standards

On the other hand, ESG factors can lead to traditional types of risk (e.g. credit, liquidity, operational or reputational) due to the physical impacts of a changing climate, the risks associated with the transition to a new, more sustainable economy and the failure to meet the expectations and commitments made. Therefore, they are included in the risk map of Santander Consumer Finance as relevant risk factors.

In recent times, climatic risks (physical risks and transition risks) are becoming very important, and for this reason Santander Consumer Finance S.A. is strengthening its management and control in coordination with the corporate teams of the Santander Group within the framework of the Clima, some of the priorities are as follows:

a. EWRM (Enterprise-Wide Risk Management) approach, which gives a holistic and anticipative view of climate aspects as a basis for proper management.
b. Availability of relevant data (e.g. CO2 emissions from financed assets, green asset financing ratio, sector classification and location of companies, energy efficiency certificates and collateral location, etc.).
c. Integration of climate risks into the day-to-day management and control of risks.

The relevance of data and its quality is even higher in this area than in the rest. since some data that until recently had little relevance and perhaps not collected have become essential for issues such as aligning portfolios with environmental objectives, disclosure of information or managing climate risks. Therefore, one of the pillars of the Clima project is to collect such data with the required quality.

Regarding the EWRM approach, first, a qualitative evaluation has been conducted on the implications and materiality of climate aspects for Santander Consumer Finance S.A., with special focus on the auto portfolio, which is summarized in the following paragraphs.

As mentioned above, for Banking in general the climate is a cross-cutting issue with multiple angles, but with two main dimensions related to each other:

1. Banks play a key role in mitigating climate change and transitioning to a new green economy.
2. Climate aspects can cause losses to banks through different transmission mechanisms.

Regarding Santander Consumer Finance S.A. in particular, our vision is as follows:

1. Our role in sustainable finance: Alignment of our portfolios to the ambition of net zero emissions will occur naturally and gradually, driven mainly by external factors such as policy, technology and consumer demand. In 2024, a target range for 2030 was published from 75 to 89 gCO2e/km, considering 13 units of FCS and we will incorporate monitoring and management of this risk in the framework of risk appetite.
2. Potential impacts of climate risks in Santander Consumer Finance: The materiality analysis conducted concludes that the most affected types of risk for SCF are credit, residual value, reputational and strategic (business model). The potential impacts are greatly mitigated by the context (gradual transformation of the automotive industry) and the business model of Santander Consumer Finance (whose portfolios are mainly retail, good quality, short term and diversified). On the other hand, climate issues could be the trigger of a general economic crisis, for example, due to a disorderly transition to the new green economy. We are already managing these risks, but we will continue to strengthen their management and control.

Climate risks have been progressively incorporated into the different EWRM processes:

- "Top Risks": framed within the event of evolution of the automotive sector, which has historically been identified as one of the main ones in the matrix,
- Risk map: as a transversal risk, included as such since 2021,
- Assessment of the risk profile: with a qualitative assessment based on concentration and exposure,
- Risk appetite: through stress metrics, as well as the opening of the residual value by the type of engine,
- Risk strategy,
- Strategic risk, as a driver of changes in market trends,
- Capital risk and stress tests. The stress tests included in the strategic plans and in the ICAAP of Santander Consumer Finance take into account climate risks through idiosyncratic events, in addition to a specific scenario included in this exercise to reflect the potential impact of a disorderly transition towards an economically low emissions. The results of these stress tests form part of the entity's risk appetite.

Finally, with regard to the integration of risk management and control into the day-to-day life, the EWRM team of Santander Consumer Finance produces a quarterly internal report to monitor climate risks. in which will also be incorporated from its publication the results of the exercise of Pillar III ESG. In parallel, climate risks have been integrated into all stages of the risk cycle, ensuring compliance with the commitments made and supervisory expectations through the Target Operating Model.

g) Adaptation to the new regulatory framework

In 2024, at a consolidated level, the Santander Consumer Finance Group must maintain a minimum capital ratio of 8.52% of CET1 phase-in (4.5% being the requirement for Pilar I, 1.5% being the requirement for Pilar II, a 2.5% requirement per capital conservation buffer and 0.68% countercyclical buffer). This requirement includes: (i) Minimum requirement of Common Equity Tier 1 to be maintained at all times under Article 92(1)(a) of Regulation (EU) No 575/2013 (ii) Common Equity Tier 1 required to overmaintain at all times in accordance with Article 16(2)(a) of Regulation (EU) No. 1024/2013; and (iii) the capital conservation buffer under Article 129 of Directive 2013/36/EU. In addition, Santander Consumer Finance Group must maintain a minimum capital ratio of 10.31% of T1 phase-in as well as a minimum total ratio of 12.68% phase-in.

As at December 31, 2024, the Bank meets the minimum capital requirements required in current regulations.

Reconciliation of accounting capital with regulatory capital (millions of Euros)

	2024	2023
Subscribed capital	5,639	5,639
Share premium account	1,140	1,140
Reserves	3,960	3,654
Other equity instruments	1,200	1,200
Attributable profit	804	1,004
Approved dividend	—	—
Interim dividend	—	(100)
Shareholders' equity on public balance sheet	**12,743**	**12,537**
Valuation adjustments	(725)	(678)
Non- controlling interests	2,728	2,520
Total Equity on public balance sheet	**14,747**	**14,379**
Goodwill and intangible assets	(1,861)	(1,889)
Accrued dividend	(804)	(1,004)
Eligible preference shares and participating securities	—	—
Other adjustments (*)	(934)	(118)
Tier 1 (Phase-in)	**11,148**	**11,368**

(*) Basically, for non-computable minority interest and other deductions and prudential filters under CRR.

The following are the capital ratios and a detail of the Group's computable own resources:

	2024	2023
Capital ratios		
Level 1 ordinary eligible capital (millions of euros)	9,687	9,903
Level 1 additional eligible capital (millions of euros)	1,461	1,465
Level 2 eligible capital (millions of euros)	1,945	2,005
Risk-weighted assets (millions of euros)	76,654	78,958
Level 1 ordinary capital coefficient (CET 1)	12.64%	12.54%
Level 1 additional capital coefficient (AT1)	1.91%	1.86%
Level 1 capital coefficient (TIER1)	14.54%	14.40%
Level 2 capital coefficient (TIER 2)	2.54%	2.54%
Total capital ratio	**17.08%**	**16.94%**

Eligible capital (millions of euros)

	2024	2023
Eligible capital		
Common Equity Tier I	**9,687**	**9,903**
Capital	5,639	5,639
Share Premium	1,140	1,140
Reserves	3,961	3,654
Other retained earnings	(706)	(655)
Minority interests	1,809	1,631
Profit net of dividends	275	904
Deductions	(570)	(521)
Goodwill and intangible assets	(1,861)	(1,889)
Others		—
Additional Tier I	**1,461**	**1,465**
Eligible instruments AT1	1,200	1,200
T1- excesses-subsidiaries	261	265
Residual value of dividends	—	—
Others	—	—
Tier II	**1,945**	**2,005**
Eligible instruments T2	1,901	1,913
Gen. funds and surplus loans loss prov. IRB	—	—
T2-excesses- subsidiaries	44	92
Others		—
Total eligible capital	**13,093**	**13,373**

On credit risk, the Bank is continuing its plan to implement Basel's Advanced Internal Model Approach (AIRB). This progress is also conditioned by the acquisitions of new entities, as well as by the need for coordination among supervisors of the validation processes of internal models.

Santander Consumer Finance Group is present mainly in geographies where the legal framework between supervisors is the same, as happens in Europe through the Capital Requirements Directive and Regulation.

Currently, Santander Consumer Finance Group has the supervisory authorization for the use of advanced approaches to the calculation of regulatory capital requirements for credit risk for its main portfolios in Spain, certain portfolios in Germany, Nordics and France.

In terms of operational risk, the Santander Consumer Finance Group currently uses the standard regulatory capital calculation approach provided for in the European Capital Directive.

In relation to the rest of the risks explicitly contemplated in Pillar I of Basel, market risk is not significant in Santander Consumer Finance since it is not the object of the business, using the standard approach.

Leverage ratio

The leverage ratio has been established within the Basel III regulatory framework as a non-risk-sensitive measure of the capital required of financial institutions. The Group performs the calculation in accordance with CRD IV and its subsequent amendment to Regulation (EU) No. 575/2013 as of 17 January 2015, the aim of which was to harmonize the calculation criteria with those specified in the document *Basel III leverage ratio framework and disclosure* Basel Committee *requirements*.

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

- Accounting asset, without derivatives and without elements considered as deductions in *Tier* 1 (for example, the balance of loans is included but not funds of commerce).

- Memorandum accounts (guarantees, unused credit limits granted, documentary credits, mainly) weighted by credit conversion factors.

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

- A surcharge for the potential risk of securities financing transactions.

- Finally, a surcharge for credit derivatives (CDS) risk is included.Below is the breakdown of the leverage ratio at sub consolidated level 'fully loaded':

Millions of euros	2024	2023
Leverage		
Tier 1 capital	11,148	11,368
Leverage Exposure	133,147	133,370
Leverage ratio	**8.37%**	**8.52%**

Economic Capital

From a solvency perspective, the Santander Consumer Finance Group uses its economic model for the capital self-assessment process (CAAP) within the context of Basel Pillar II. To achieve this, it plans business performance and capital needs under a baseline scenario and alternative stress scenarios. Through this planning, the Group ensures that it maintains its solvency targets even in adverse economic scenarios.

Economic capital is the capital required, according to an internally developed model, to support all the risks of our business with a given solvency level. In our case, the solvency level is determined by the long-term target rating of 'A' (two notches above Spain's), which involves applying a confidence level of 99.95% (higher than the regulatory 99.90%) to calculate the required capital.

The Group's economic capital model includes in its measurement all the significant risks incurred by the Group in its operations, so it considers risks such as concentration, structural interest, business, pensions and others that are outside the scope of the so-called Regulatory Pillar 1. In addition, economic capital incorporates the diversification effect, which in the case of the Group is key, due to the multinational and multi-business nature of its activity, to determine the overall risk and solvency profile.

Santander Consumer Finance Group uses RORAC methodology in its risk management to calculate the consumption of economic capital and return on it of the Group's business units, as well as segments, portfolios or customers, as well as the company's business units. in order to periodically analyze value creation and to facilitate an optimal allocation of capital.

The RORAC methodology allows for a homogeneous comparison of the performance of operations, clients, portfolios, and businesses, identifying those that achieve a risk-adjusted return higher than the Group's cost of capital. This aligns risk and business management with the goal of maximizing value creation, the ultimate objective of Santander Consumer Finance's senior management.

Annex I

Subsidiaries

Entity	Domicile	Country	Bank's ownership interest (%)		Voting rights (%) (c)		Line of business	EUR Millions		
			Direct	Indirect	2022	2021		Capital and reserves (a)	Net results (a)	Profit / (loss)
Allane Leasing GmbH	Ortsstraße 18 – Vösendorf – Austria	Austria	—	47 %	47 %	47 %	Renting	(2)	—	—
Allane Location Longue Durée S.a.r.l.	1 Rue Francois Jacob - France	France	—	47 %	47 %	47 %	Renting	20	5	—
Allane Mobility Consulting AG	Grossmattstrasse 9-Urdorf – Switzerland	Switzerland	—	47 %	47 %	47 %	Consultancy	—	(1)	—
Allane Mobility Consulting B.V.	Kruisweg 791 - Netherlands	Netherlands	—	47 %	47 %	47 %	Consultancy	(3)	—	—
Allane Mobility Consulting GmbH	Dr.-Carl-von-Linde-Str. 2, Pullach i. Isartal – Germany	Germany	—	47 %	47 %	47 %	Consultancy	10	5	11
Allane Mobility Consulting Österreich GmbH	Tuchlauben 7th – Austria	Austria	—	47 %	47 %	47 %	Consultancy	(1)	—	—
Allane Mobility Consulting S.a.r.l	Rue Francois Jacob – France	France	—	47 %	47 %	47 %	Consultancy	(2)	—	—
Allane Schweiz AG	Grossmattstrasse 9-Urdorf – Switzerland	Switzerland	—	47 %	47 %	47 %	Renting	12	(4)	—
Allane SE	Dr.-Carl-von-Linde-Str. 2, Pullach i. Isartal – Germany	Germany	—	47 %	47 %	47 %	Leasing	216	—	343
Allane Services GmbH & co. KG	Grubenstrasse, 27 - Germany	Germany	—	47 %	47 %	47 %	Services	2	—	—
	Grubenstraße, 27 - Germany	Germany	—	47 %	47 %	47 %	Portfolio management	—	—	—
AMS Auto Markt am Schieferstein GmbH	Schieferstein,9, Flörsheim	Germany	—	90 %	90 %	90 %	Automotive	—	—	—
Andaluza de Inversiones, S.A. Unipersonal	Ciudad Financiera Grupo Santander, Av. Cantabria, 28660, Boadilla del Monte - Madrid	Spain	100 %	— %	100 %	100 %	Holding company	37	—	27
Auto ABS Belgium Loans 2019 SA/NV (d)	-	Belgium	—	(d)	—	—	Securitisation	—	—	—
Auto ABS DFP Master Compartment France 2013 (d)	-	France	—	(d)	—	—	Securitisation	1	—	—
Auto ABS French Leases 2021 (d)	-	France	—	(d)	—	—	Securitisation	—	—	—
Auto ABS French Leases 2023 (d)	-	France	—	(d)	—	—	Securitisation	—	—	—
Auto ABS French Leases Master Compartment 2016 (d)	-	France	—	(d)	—	—	Securitisation	1	—	—
Auto ABS French Loans 2024 (d)	-	France	—	(d)	—	—	Securitisation	—	—	—
Auto ABS French Loans Master (d)	-	France	—	(d)	—	—	Securitisation	2	—	—
Auto ABS French LT Leases Master (d)	-	France	—	(d)	—	—	Securitisation	—	—	—
Auto ABS Italian Rainbow Loans S.r.l. (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Auto ABS Italian Stella Loans 2023-1 S.r.l. (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Auto ABS Italian Stella Loans S.r.l. (series 2024-1) (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—

Entity	Domicile	Country	Bank's ownership interest (%)		Voting rights (%) (c)		Line of business	EUR Millions		
			Direct	Indirect	2022	2021		Capital and reserves (a)	Net results (a)	Profit / (loss)
Auto ABS Italian Stella Loans S.r.l. (series 2024-2) (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Auto ABS Spanish Loans 2020-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Auto ABS Spanish Loans 2022-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Auto ABS Spanish Loans 2024-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
AUTODESCUENTO, S.L.	c/ santa engracia 6, Planta 1ª 28003 Madrid, Spain	Spain	—	100 %	100 %	94 %	Financial	3	(2)	19
Autohaus24 GmbH	Dr.-Carl-von-Linde-Str. 2, Pullach – Germany	Germany	—	47 %	47 %	47 %	Renting	(2)	—	—
AUTO-INTERLEASING AG	St. Jakob-strasse 72	Switzerland	—	100 %	100 %	— %	Renting	21	1	22
Banque Stellantis France	2-10 Boulevard de l'Europe	France	—	50 %	50 %	50 %	Banking	1,077	67	881
Carmine D - Services, Unipessoal Lda.	Rua Urbanização Bracara Augusta, sn - freguesia de Nogueira, Fraião e Lamações	Portugal	—	100 %	100 %	100 %	Services	—	—	3
CLM FLEET MANAGEMENT LTD.	House Jenna Way, Interchange Park, Newport Pagnell	United Kingdom	100 %	—	100 %	—	Leasing	3	—	7
Compagnie Generale de Credit Aux particuliers - Credipar S.A.	2-10 Boulevard de l'Europe	France	—	50 %	50 %	50 %	Banking	1,984	270	855
Compagnie Pour La Location de Vehicules - CLV	2-10 Boulevard de l'Europe	France	—	50 %	50 %	50 %	Financial	37	3	52
Drive S.r.l.	Via Giovanni Caproni 1, Bolzano	Italy	—	75 %	75 %	100 %	Leasing	6	(4)	6
Financeira El Corte Inglés, Portugal, S.F.C., S.A.	Av. António Augusto Aguiar, 31 1069-413 Lisboa	Portugal	—	51 %	51 %	51 %	Financial	8	—	8
Financiera El Corte Inglés, E.F.C., S.A.	C/ Hermosilla 112, 28009, Madrid	Spain	51 %	— %	51 %	51 %	Financial	248	50	140
Fondation Holding Auto ABS Belgium Loans (d)	-	Belgium	—	(d)	—	—	Securitisation	—	—	—
Golden Bar (Securitisation) S.r.l. (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2020-1 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2020-2 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2021-1 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2022-1 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2023-1 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2023-2 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Golden Bar Stand Alone 2024-1 (d)	-	Italy	—	(d)	—	—	Securitisation	—	—	—
Guaranty Car, S.A.	Nacional II, km 16.500 – 28830 San Fernando de Henares (Madrid)	Spain	—	100 %	100 %	100 %	Automotive	3	—	2
Hyundai Capital Bank Europe GmbH	Friedrich-Ebert-Anlage 35-37 · 60327 Frankfurt am Main	Germany	—	51 %	51 %	51 %	Financial	1,223	(28)	656

Entity	Domicile	Country	Bank's ownership interest (%)		Voting rights (%) (c)		Line of business	EUR Millions		
			Direct	Indirect	2022	2021		Capital and reserves (a)	Net results (a)	Profit / (loss)
ISAR Valley S.A. (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
MCE Bank GmbH	Schieferstein,9, Flörsheim	Germany	—	90 %	90 %	90 %	Banking	136	—	86
MCE Verwaltung GmbH	Schieferstein,9, Flörsheim	Germany	—	90 %	90 %	90 %	Property rental	12	—	10
Midata Service GmbH	Schieferstein,9, Flörsheim	Germany	—	90 %	90 %	90 %	Other services	—	—	—
One Mobility Management GmbH	Dr.-Carl-von-Linde-Straße,2 - Pullach i.Isartal	Germany	—	47 %	—	—	Management services	—	—	—
Pony S.A. (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
Pony S.A., Compartment German Auto Loans 2023-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
Pony S.A., Compartment German Auto Loans 2024-1 (d)	-	Luxembourg	— %	(d)	—	—	Securitisation	—	—	—
Santander Consumer Bank AS	Strandveien 18, 1366 Lysaker, 0219 (Baerum)	Norway	100 %	—	100 %	100 %	Financial	2,700	158	1,980
Santander Consumer Bank AG	Santander Platz I, 41061 (Mönchengladbach)	Germany	—	100 %	100 %	100 %	Banking	3,817	224	5,345
Santander Consumer Bank GmbH	Wagramer Straße 19	Austria	—	100 %	100 %	100 %	Banking	619	65	363
Santander Consumer Bank S.p.A.	Via Nizza 262, I-10126 (Turin)	Italy	100 %	—	100 %	100 %	Banking	969	29	603
Santander Consumer Finance Global Services, S.L.	Ciudad Grupo Santander, Av Cantabria, 28660, Boadilla del Monte - Madrid	Spain	100 %	—	99 %	99 %	Other services	6	2	5
Santander Consumer Finance Inc.	855-2 STREET SW, SUITE 3500. CALGARY	Canada	—	100 %	100 %	100 %	Automotive	137	—	172
Santander Consumer Finance Oy	Risto Rytin tie 33	Finland	—	100 %	100 %	100 %	Financial	458	30	159
Santander Consumer Finance Schweiz AG	Brandstrasse 24, 8952 Schlieren	Switzerland	100 %	—	100 %	100 %	Leasing	86	3	60
Santander Consumer Holding Austria GmbH	Wagramer Straße 19	Austria	100 %	—	100 %	100 %	Holding company	364.00	—	518.00
Santander Consumer Holding GmbH	Santander Platz I, 41061 (Mönchengladbach)	Germany	100 %	—	100 %	100 %	Holding company	5,580.00	129	6,077.00
Santander Consumer Inc.	855-2 STREET SW, SUITE 3500. CALGARY	Canada	100 %	—	100 %	100 %	Banking	99.00	(8)	46.00
Santander Consumer Leasing B.V.	Waterman 7th, 's-Hertogenbosch	Netherlands	100 %	—	100 %	100 %	Leasing	12.00	—	21.00
Santander Consumer Leasing GmbH	Santander Platz I, 41061 (Mönchengladbach)	Germany	—	100 %	100 %	100 %	Leasing	132.00	32	151.00
Santander Consumer Leasing S.A.	Quai Charles Pasqua, 26	France	100 %	—	100 %	100 %	Leasing	3.00	—	3.00
Santander Consumer Mobility Services, S.A.	Ciudad Financiera Grupo Santander Av. Cantabria s/n, 28660 Boadilla del Monte	Spain	—	100 %	100 %	100 %	Renting	12.00	(4)	20.00
Santander Consumer Operations Services GmbH	Madrider Strabe, 1 – 41069, Monchengladbach (Germany)	Germany	—	100 %	—	—	Other services	23.00	—	18.00
Santander Consumer Renting S.R.L.	Via Caproni 1, Bolzano	Italy	—	100 %	100 %	100 %	Renting	6.00	(3)	9.00
Santander Consumer Renting, S.L.	Santa Bárbara 1, 28180, Torrelaguna - Madrid	Spain	—	—	100 %	100 %	Leasing	43.00	2	38.00
Santander Consumer Services GmbH	Thomas Alva Edison Str. I, Eisendstadt	Austria	—	100 %	100 %	100 %	Services	—	—	—

Entity	Domicile	Country	Bank's ownership interest (%)		Voting rights (%) (c)		Line of business	EUR Millions		
			Direct	Indirect	2022	2021		Capital and reserves (a)	Net results (a)	Profit / (loss)
Santander Consumer Services, S.A.	Rua Gregorio Lopez Lote 1596 B-1400 195 Lisbon – Portugal	Portugal	100 %	— %	100 %	100 %	Financial	14.00	(1)	10.00
Santander Consumer Spain Auto 2019-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Santander Consumer Spain Auto 2020-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Santander Consumer Spain Auto 2021-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Santander Consumer Spain Auto 2022-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Santander Consumer Spain Auto 2023-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Santander Consumer Spain Auto 2024-1, Securitisation Fund (d)	-	Spain	—	(d)	—	—	Securitisation	—	—	—
Santander Consumer Technology Services GmbH	Kaiserstr 74, 41061, Monchengladbach (Germany)	Germany	—	100 %	100 %	100 %	Other services	21.00	4	22.00
SANTANDER LEASING AB	Box 18078, 200 32 Malmö, Sweden	Sweden	—	100 %	100 %	100 %	Leasing	9.00	3	22.00
SC Austria Auto Finance 2020-1 Designated Activity Company (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SC Austria Consumer Loan 2021 Designated Activity Company (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SC Canada Asset Securitization Trust	-	Canada	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A. (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer 2020-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer 2021-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer 2022-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer 2023-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer 2024-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer 2024-2 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Consumer Private 2023-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Germany S.A., Compartment Leasing 2023-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—

Entity	Domicile	Country	Bank's ownership interest (%)		Voting rights (%) (c)		Line of business	EUR Millions		
			Direct	Indirect	2022	2021		Capital and reserves (a)	Net results (a)	Profit / (loss)
SC Germany S.A., Compartment Mobility 2020-1 (d)	-	Luxembourg	—	(d)	—	—	Securitisation	—	—	—
SC Mobility AB	Hemvärnsgatan ,9 – Solna	Sweden	—	100 %	100 %	100 %	Renting	—	—	—
SC Mobility AS	Strandveien 18	Norway	—	100 %	100 %	100 %	Renting	33	(1)	33
SCF Ajoneuvohallinto IX Limited (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Ajoneuvohallinto X Limited (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Ajoneuvohallinto XI Limited (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Ajoneuvohallinto XII Limited (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Ajoneuvohallinto XIII Limited (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Rahoituspalvelut IX DAC (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Rahoituspalvelut X DAC (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Rahoituspalvelut XI DAC (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Rahoituspalvelut XII DAC (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
SCF Rahoituspalvelut XIII DAC (d)	-	Ireland	—	(d)	—	—	Securitisation	—	—	—
Silk Finance No. 5 (d)	-	Portugal	—	(d)	—	—	Securitisation	—	—	—
Stellantis Financial Services Belux SA	Parc L'Alliance Avenue Finlande 4-8 1420 Braine Làlleud Belgium	Belgium	—	50 %	50 %	50 %	Financial	102	9	113
Stellantis Financial Services España, E.F.C., S.A.	C/ Eduardo Barreiros Nº 110. 28041, Madrid	Spain	50 %	—	50 %	50 %	Financial	381	45	190
Stellantis Financial Services Italia S.p.A.	Via Plava, 80, Italy	Italy	—	50 %	50 %	50 %	Banking	801	90	293
Stellantis Financial Services Nederland B.V.	Hoofdweg 256, 3067 GJ Rotterdam	The	—	50 %	50 %	50 %	Financial	73	13	77
Stellantis Renting Italia S.p.A.	Via Nizza 262, I-10126 - Turin	Italy	—	50 %	50 %	50 %	Renting	10	5	6
Suzuki Servicios Financieros, S.L.	C/Carlos Sainz 35, Pol. Ciudad del Automovil, Leganés - Madrid	Spain	—	51 %	51 %	51 %	Intermediation	15	2	—
TIMFin S.p.A.	Corso Massimo D'Azeglio n. 33/E – 20126 Turin	Italy	—	51 %	51 %	51 %	Financial	62	1	38
Transolver Finance EFC, S.A.	Av. Aragón 402, Madrid	Spain	51 %	—	51 %	51 %	Leasing	75	7	17
TVG-Trappgroup Versicherungsvermittlungs-GmbH	Schieferstein,9, Flörsheim	Germany	—	90 %	90 %	90 %	Insurance	—	—	2

(a) Data obtained from the financial statements of each dependent entity for the financial year 2023.These annual accounts are pending approval by their respective Control Bodies. The Bank's Administrators believe that they will be ratified without modification.
(b) The amount for which the shares of each dependent entity are recorded in the books of the holding company, net, where appropriate, of its corresponding provision for depreciation.
(c) In accordance with article 3 of Royal Decree 1159/2010, of 17 September, which approves the rules for the formulation of the consolidated annual accounts, to determine the voting rights have been added to those directly owned by the parent company, those that correspond to the companies dominated by it or to other persons acting in their own name but on behalf of a company of the Group. For this purpose, the number of votes that corresponds to the parent company, in relation to the companies in which it participates indirectly, is that of the dependent company that participates directly in the share capital of the parent company.
(d) Vehicles over which effective control is maintained.

Annex II

Associated entities and joint-ventures entities

Name	Entity	Country	Bank's ownership interest (%)		Voting rights (%) (b)		Line of business	EUR Million(a)		
			Direct	Indirect	2022	2021		Asset	Capital and Reservatio	Profit / (loss)
Bank of Beijing Consumer Finance Company	Associated	China	20 %	—	20 %	20 %	Financial	1,947	103	58
Ethias Lease N.V.	Associated	The Netherlands	50 %	—	50 %	50 %	Leasing	18	4	(1)
Fortune Auto Finance Co., Ltd.	Multi-group	China	50 %	—	50 %	50 %	Financial	2,370	501	21
Santander Consumer Bank Spólka Akcyjna	Associated	Poland	40 %	—	40 %	40 %	Banking	5,258	953	10
Santander Consumer Financial Solutions Sp. Z O.O.	Associated	Poland	—	40 %	40 %	40 %	Leasing	72	4	(7)
Santander Consumer Multirent Sp. z o.o.	Associated	Poland	—	40 %	40 %	40 %	Leasing	1,016	35	5
Stellantis Consumer Financial Services Polska Sp. z	Associated	Poland	—	20 %	20 %	20 %	Financial	79	4	1
Stellantis Financial Services Polska Sp. Z o.o.	Associated	Poland	—	20 %	20 %	20 %	Financial	857	61	10
Payever GmbH	Associated	Germany	10 %	—	10 %	10 %	Other services	5	3	1
VCFS Germany GmbH	Multi-group	Germany	—	50 %	50 %	50 %	Marketing	1	1	—

(a) Data obtained from the annual accounts of each associated entity and/or joint ventures corresponding to the financial year 2024.These annual accounts are pending approval by their respective Supervisory Bodies. The Bank's directors believe that they will be ratified without modification.

(b) In accordance with article 3 of Royal Decree 1159/2010, of September 17, which approves the rules for the formulation of the consolidated annual accounts, to determine the voting rights have been added to those directly owned by the parent company, those that correspond to the companies dominated by this or to other persons acting in their own name but on behalf of a company of the Group. For this purpose, the number of votes that corresponds to the parent company, in relation to the companies in which it participates indirectly, is that of the company that participates directly in the share capital of the parent company.

Annex III

Changes and notifications on the acquisition and sale of equity shares in the financial year 2024

(art. 155 of the Consolidated Text of the Law of Companies of Capital and Art. 125 of Royal Legislative Decree 4/2015, of October,23 approving the Consolidated Text of the Securities Market Law).

Investee	Line of business	Net ownership interest (%)		Effective date of the transaction (or date of notification if appropriate)
		Acquired/(Sold) In the exercise	At the end of the financial year	
Acquisitions in 2024:				
Santander Leasing AB	Operating lease	100 %	100 %	February 29, 2024
AG Auto-Interleasing AG	Operating lease	100 %	100 %	July 26, 2024 (1)
CLM FLEET MANAGEMENT LTD.	Operating lease	100 %	100 %	September 26, 2024 (2)
Sales in 2024:				
Stellantis Life Insurance Europe Limited	Insurance provider	50 %	0 %	December 23, 2024
Stellantis Insurance Europe Limited	Insurance provider	50 %	0 %	December 23, 2024

(1) The acquisition was made retroactively on June, 30 2024, so the company's results belong entirely to the Group from that date.

(2) The acquisition was made retroactively on September, 30 2023, so the results of the company belong entirely to the Group from that date.

Annex IV

List of agents in accordance with the provisions of article 21 of Royal Decree 84/2015, of February 13, which implements Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions as of December 31, 2024

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
Palma del Río Finance, S.L.	POGL. IND EL GARROTAL EDF SARA BENITEZ C/ JARA 17 -1 (14700) Palma del Río	14700	B09987843	13-07-2022	Almodóvar del Rio, Fuente Palmera, Palma del Rio, Posadas, Lora del Rio, Peñaflor, Carmona, La Campana, La Puebla de los Infantes, Mairena del Alcor, El Viso del Alcor	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Gestión Financiera Villalba, S.L.U.	C/ Consuelo Vega, 23 A - A(11600) Ubrique	11600	B011517620	15-12-2020	Ubrique, Alcalá del Valle, Algodonales, Arcos de la Frontera, Benaocaz, Bornos, El Bosque, El Gastor, Espera, Grazalema, Olivera, Prado del Rey, Setenil, Torre Alhaquine, Villanueva del Rosario, Villa Martín, Puerto Serrano	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Juan Jiménez Gestión Financiera, S.L.	C/ BARTOLOME DE MEDINA , local 18 (41004) Sevilla	41004	B91167973	01-02-2002	Bormujos, Coria del Río, Gelves, Gines, Pilas, Sanlucar la Mayor, Umbrete, Villamanrique de la Condesa, Villanueva del Ariscal.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
EFINCAR FLEET SERVICES , S.L.	RONDA DE LOS MOLINOS, 35 LOCAL, ECIJA (SEVILLA)	41400	B91958363	01-01-2012	Écija, Fuentes de Andalucía, La Luisina, Cañada Rosal, La Carlota.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Financiaciones Costa del Sol Oriental, SCA	C/ Del Mar, 27 1º-C, Edificio Jaime, 29740 Torre del Mar	29740	F093385102	15-12-2020	Alcaucin, Alfarnate, Algarrobo, Almachar, Archez, Arenas, Benamargosa, El Boger, Canillas de Aceituno, Canillas de Albaida, Comares, Competa, Macharaviaya, Moclinejo, Frigiliana, Nerja, Periana, Riogordo, Salares, Sayalonga, Torre del Mar, Torrox, Velez Málaga, Viñuela.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
INSEMA INVERSIONES, S.L.	Av. de Andalucía, 11 (14500) Puente Genil	14500	B14840896	19-12-2008	Aguilar de la Frontera, Benameji, Castro del Río, Espejo, Fernan Nuñez, Montalbal de Córdoba, Montemayor, Montilla, Monturque, Moriles, Palenciana, Puente Genil, La Rambla y Santaella	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Carrasco Agentes, S.L.	C/ BETULA Nº 9 PISO 1º A (23400)ÚBEDA	23400	B023478704	02-01-2004	Alblanchez de übeda, Almenara, Arquillos, Baeza, Beas de Segura, Bedmar y Garciez, Begijar, Belmez de la Moraleda, Benatae, Cabra de Santo Cristo, Cambil, Canena, Castellar, Cazorla, Chiclana de Segura, Chilluevar, Escañuela, Genave,	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Ramsa Serv. Fin. y Empresariales, S.L.	C/ Blas Infante, 7A (21440) Lepe	21440	B021347190	15-12-2020	Punta Umbría, Cartaya, Lepe, Isla Cristina y Ayamonte	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Martín & Castilla Servicios Financieros, S.L.	C/ Fray Diego de Cádiz, 163 (41530) Morón de la Frontera	41530	B091369231	15-12-2020	Algamitas, Arahal, Caripe, El Coronil, Marchena, Montellano, Morón de la Frontera, Paradas, Pruna, La Puebla de Cazalla, Villanueva de San Juan	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
Fromán Consultores, S.L.U.	Av. Del Mantecado, 21 (41560) Estepa	41560	B041969767	15-12-2020	Aguadulce, Badolatosa, Casariche, Los Corrales, Estepa, Gilena, Herrera, La Lentejuela, Lora de Estepa, Marinaleda, Martin de la Jara, Osuna, Pedrea, La Roda de Andalucía, El Rubio, El Saucejo.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Geyba Servicios Financieros, S.L.	Avda. La Libertad nº 2 Local (41980) La Algaba	41980	B091385377	15-12-2020	Arevalillo de Cega, Alacala del Rio, Alcolea del Rio, La Algaba, Almaden de la Plata, Brenes, Burguillos, Cantillana, Castilblanco de los Arroyos, El Castillo de las Guardas, Cazalla de la Sierra, Constantina, El Garrobo, Gerena, El Madroño, Las Navas de la Concepción, El Pedroso, La Roda de Andalucía, La Rinconada	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Fincar Gestiones Financieras, S.L.	Avda. Buenos Aires, 32 18500 Guadix	18500	B21507751	01-02-2012	Guadix, Baza, Huescar, Cullar, Cuevas del Campo, Iznalloz y Guadahortuna.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Hermanos P.Q. Servicios Financieros, S.L.	Pasaje Neptuno, local 7 (Junto a BBVA) Vera (04620).	04620	B004678348	15-12-2020	Vera	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
FINANCIACEUTA, S.L.U.	C/ Cervantes, galería "La Riojana", 2ª planta, local nº 26 (51001) Ceuta	51001	B051017101	15-12-2020	Ceuta	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Gª y Trinidad Asesoramiento y Financiación S.L.	C/ Rosario Nº 46(04800) Albox	04800	B004577383	15-12-2020	Albox, Alcontar, Almanzorra, Armuña de Almanzorra, Bacares, Bayarque, Benitagla, Bezalon, Cantoria, Cobrar, Fines, Laroya, Lijar, Lubrin, Lucar, Macael, Olula del Rio, Partaloa, Purchena, Seron, Sierro, Somontin, Tahall, Tijola, Uleila del Campo, Urracal y Zurgena.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Antonio Gª Fdez. Servicios Financieros S.L.	C/ Jara, nº1 local, esquina doctor Antonio Cabrera (14400) Pozoblanco	14400	B014771554	15-12-2020	Alcaracejos, Añora, Belalcazar, Belmez, Los Blázquez, Cardenas, Conquista, Dos Torres, Espiel, Fuente La Lancha, Fuente Obejuna, El Guijo, Hinojosa del Duque, Pedroche, Peñarroya-Pueblonuevo, Pozoblanco,.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
DONAT FINANCE SERVICE, S.L.	Pza. Velazquez, 11 - Bajo (52004) Melilla	52004	B052015435	01-02-2007	Melilla	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
ASEDIME SERVICIOS FINANCIEROS, S.L.	C/ Doctor Dorronsoro, 2 (21600) Valverde del Camino	21600	B021380746	01-04-2008	Alajar, Almonaster la Real, Aracena, Aroche, Arroyo Molinos de León, Beas, Berrocal, Cala, Calañas, El Campillo, Campofrío, Cañaveral de León, Castaño de Robledo, Corteconcepción, Cortegana, Cortelazor, Cumbre de En Medio, Cumbres de San Bartolomé, Cumbres Mayores, Encinasola, Fuenteheridos, Galaroza, La Granada de Ríotinto, La Nava, Nerva, Puerto del Moral, Rosal de la Frontera, Santa Ana la Real, Santa Olalla del Cala, Trigueros, Valdelarco, Valverde del Camino, Zalamea la Real y Zufre.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
SERVICIOS FINANCIEROS JIENENSES, SL.	c/plaza del camping 4 local 10 23740 andujar	23740	B86340767	01-12-2011	Aldeaquemada, Andújar, Arjona, Arjonilla, Bailén, Baños de Quemada, Carboneros, La Carolina, Cazalilla, Espeluy, Higuera de Arjona, Lopera, Marmolejo, Santa Elena, Villanueva de la Reina, Villardonpardo y Villa del Río,	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
FINANRONDA SERVICIOS FINANCIEROS, S.L.	C/ Molino, 82 (29400) Ronda	29400	B92963388	02-01-2009	Agatocin, Alpendeire, Arriate, Atajate, Benalid, Benalauria, Benaojan, Benarraba, El Burgo, Cañete La Real, Cartajima, Cortes de la Frontera, Cuevas del Becerro,Faraja, Gaucin, Genalquacil, Igualeja, Jimera de Libas, Jubrique, Juzcar, Montecorto, Montejaque, Parauta, Pujerra, Ronda y Yunquera.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
128INNOVA24H, S.L.	c/Oasis, 17 ElEjido Almería	04700	B92999846	01-03-2011	El Ejido, Adta y Berja	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Finangi Cat	Av. de la Rápita, 33 1º (43870) Amposta	43870	B043571660	15-12-2020	Alcanar, Aldover, Alfara de Carles, Amposta, Arbolí, Arnes, Ascó, Falset, Fix, Freginals, Gandesa, Garcia, Ginestar, Godall, Masdenverge, Miravent, Móra dÉbre, Morá la Nova, Pauls, Poboleda, Porrera, Batea, Bellmunt de Falset, Benicarló, Benifallet, Benissanet, Bot, Cabassers, Camarles, Capcanes, Caseres, Corbera dÉbre, Cormudella del Montsant, Deltebre, El Lloar, El Masroig, El Molar, El Perelló, El Pinell de Bray, Els Guiaments, Gratallops, Horta de Sant Joan, LÁldea, Lámetlla de Mar, LAmpolla, La Fatarella, La Figuera, La Galera, La Morera de Montsant, La Palma dÉbre, La Pobla de Massaluca, La Sénia, La Torre de Fontanbella, La Torre de Léspanyol, La Vilella Alta, La Vilella Baixa, Marca, Margalef de Montsant, Mas de Barberans, Pradell de la Teixeta, Prat de Compte, Rasquera, Riba Roja D´Ebre, Roquetes, Sant Carles Rápita, Sant Jaime Enveja, Santa Barbara, tivissa, Torroja del Priorat, Tortosa, Ulldecona, Ulldemolins, Vilalba dels Arcs, Vinaroz, Vinebre, Xerta.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Indastec Asociados, S.L.	C/ Madrid, 20 - bajo (07800) Ibiza	07800	B057150310	15-12-2020	Eivissa, Sant Antoni de Portmany, Santa Eulalia del Rio San Jose Formentera	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Noguer Bau, S.L.	C/ Sant Fidel, 5 - 1º (08500) Vic	08500	B064018179	15-12-2020	Aiguafreda, Alpens, El Brull, Calldetenes, Centelles, Collsuspina, Espinelves, Folgueroles, Gurb, Els Hostalets De Balenya, Lluça, Perafita, Prats De Lluçanes, Roda De Ter, Rupit-Pruit, Santa Cecilia De Voltrega, Santa Eugenia De Berga Santa Eulalia De Riuprimer, Sant Agusti Del Lluçanes, Santa Maria De Corco L'asquirol, Sant Bartomeu Del Grau, Sant Boi De Lluçanes, Sant Hipolit De Voltrega	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
Gestió de Finançament i Inversions de Ponent, S.L.	Avda. Pau, 49 (25230) Mollerusa	25230	B025539123	01-10-2006	Comarcas del Pla D´urgel, la Noguera, L´urgell y La Segarra	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Gestió de Finançament i Inversions de Ponent, S.L.	Avda. Alcalde Porqueras, 10 (25008) Lérida	25008	B025539123	01-10-2006	Lérida, Balafia; Les Basses D'Alpicat, La Bordeta, Camps D'Escorts, Cap Pont, Castel De Gardeny, Clot_Princep de Viana, Gualda; Llivia, Magraners, Mariola, Pardinyes, Raimat, Seca Sant Pere, Sucs, Suquets; Les Torres de Sanui, Abella de la Conca Les Alamus, L'Albages, Albatarrec, L'Albi, Alanco, Alcarras, Alcoletge, Alfes, Alguaire, Almatret, Almenar, Alpicat, Artessa de Lleida, Aspa, Aitona, Benavent de Segria, Bovera, Les Borges, Blanquets, Castelldans, Cervia de Garrigues, Corbins, L'Espluga Calba, La Floresta, Fulleda, La Granja D'Escarp, Gimenells i Pla de la Font, Granyera de les Garrigues, Juncosa, Juneda, Llardecans, Masalcoreig, Maials de Lleida, Els Omellons, La Pobla de Cervoles, Bellaguarda, La Portella, Puiggros, Puigverd,de Lleida; Roselló, Seros, El Soleras, Soses, Tarres, Els TOrms, Torrebesses, Torrefarrera, Torres de Segre, Torre Serona, Vilanova de Segria, El Vilosell, Vilanova de la Barca y Vinaixa.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
BERGA GESTIÒ, S.L.	C/ Gran Vía, 46 (08600) Berga	08600	B064396476	15-12-2020	Berga,Navas, Cardona y Nou de La Bergueda.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
M&G figueres Associats, S.L.	c/Col. Legi nº 54 bajos (17600) Figueres	17600	B17673823	01-01-2011	Agullana, Albanya, Arrentera, Bascara, Biure, Boadella i les Escaudes, Cebanes, Cantallaps, Capmany, Cistella, Escada, Empolla,Figueres, Garniguelia, Jenguera, Lladó, Masarac, Mollet de Peralado, Pont de Mollins y Crespia.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Orges-Fin Gestiones 2018, s.l. Unipersonal	SA ROVELLADA DE DALT 38 bajos izq (07702) MAHON-MENORCA (Illes Balears)	07702	B55733471	25-12-2020	Isla de Menorca	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Consultoría Financiera de la Mancha, S.L.	C/ Ramiro Ledesma, s/n bloque 5 Local 3 (13630) Socuéllamos	13630	B013354303	15-12-2003	Socuéllamos, Tomelloso, Argamasilla de Alba, Pedro Muñoz, Campo de Criptana, Alcázar de San Juan, Las Pedroñeras, Monta del Cuervo, Villanueva de los Infantes	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Estudios y Análisis de Riesgos, S.L.	Plaza de los carros, 2, 16001 Cuenca.	16001	B016156598	30-06-2007	Cuenca	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
Intermediación y Servicios Junval, S.L.	C/ BEBRICIO , 39, Pasaje Local nº 7 (26500) Calahorra	26500	B026319178	15-12-2020	Calahorra	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Servicios Financieros Quintanar, S.L.	C/ Vicente Gálvez Villarejo, 12. (45800) Quintanar de la Orden	45800	B045545167	15-12-2020	Quintanar de la Orden, Madridejos	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Medifirent, S.L.	C/Carretil, 2, 3ºD 26007. Logroño (La Rioja)	26007	B009410572	15-12-2020	Miranda de Ebro y Logroño	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Soluciones Financieras del Este, S.L.	C/ Mariano Barbacid, 5 - 2ª - 3 (28521) Rivas Vaciamadrid	28521	B084418904	15-12-2020	Arganda del Rey, Rivas – Vaciamadrid	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Servicios Financieros Sorianos	C/Del Ferial , 4 Oficina 3 B2 4200 Soria	4200	B042180927	15-12-2020	Soria	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Finanduero 2007, S.L.U.	CALLE EL CARRO, 9, 3ºB -09400 ARANDA DE DUERO (BURGOS)	09400	B009480013	02-11-2007	Aranda de Duero, Lerma, Huerta del Rey, Salas de los Infantes y Roa.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
GASTEIZ FINANCE, SLU	Avda. de los Huetos, 79 Ed. Azucarera. Vitoria 01010 (Álava)	01010	B10818698	02-03-2021	Álava	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
FINANCESTHER S.L.	AVENIDA CENTRAL NUMERO 1 OFICINA 1 (31500) TUDELA NAVARRA .	31500	B71392179	15-12-2020	Tudela	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Inversiones Financieras Bilegi, S.L.	Plaza Aita Arrupe 3 Oficina Nº 2 (48100) Mungia_Bizkaia	48100	B95659579	01-10-2012	Eibar, Mondragón, Genika - Lumo	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
PRAGA SERVICES 64, S.L.	C/ Patrimonio Mundial, 7 1ª planta Oficina 13, 28300 Aranjuez	28300	B85464402	01-03-2014	Aranjuez	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
ALANA CONSUMER SERVICES,SL	C/ SOL, 32-2ºC (45600) Talavera de la Reina	45600	B72754914	24-04-2024	TALAVERA DE LA REINA Y ZONA INFLUENCIA	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
VEHERLO, SL	C/ PADRE COLLADO 11 TELDE LAS PALMAS	35211	B56965890	12-09-2024	Agüimes, Santa Lucía de Tirajana, San Bartolomé de Tirajana	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
TENERIFELAPALMA INVERSIONES 2023, S.L.	Edificio Mayatingo. Planta 1 nº 5 c/ Alvarez de Abreu 70 La Palma 38700 SANTA CRUZ DE TENERIFE	38700	B13639406	24-04-2024	Isla de La Palma	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
L´Eliana Finance, S.L.	Av. Cortes Valencianas, 35 L A2 (46183) L´Eliana	46183	B097639462	01-10-2005	Riba - Roja de Turia, Lliria, Betera, Buñol, Requena, Utiel, L'Eliana, La Pobla de Vallbona	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
CENTRO ASESOR DE TERUEL FINANCIERA, S.L.	La calle es Ronda Ambeles n. 52 (44004) Teruel	44004	B44224947	02-06-2008	Teruel.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
AVILA CONSUMER SERVICES SL	CENTRO DE NEGOCIOS ANDAMUR, POL.IND SAPRELORCA, C/MANUEL JÓDAR MARTÍNEZ (30817) LORCA/MURCIA	30817	B05265764	15-12-2020	Hellin, Jumilla, Albacete	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Alvarez y Garrúes, S.L.U.	Av. A Coruña, 439 Bajo (27003) Lugo	27003	B027274216	15-12-2020	Lugo.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
AMP FINANSERVIC S.L.	C/ RIO TERA 30, OFICINA 7 (05004) Ávila	05004	B-44584761	24-04-2024	Avila	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Name	Domicile	Post Code	Employer/National identification	Date of granting powers	Geographical area of activity	Scope of representation
Asesoramiento Financiero Zafra, S.L.	Avenida Antonio Chacón nº 17 local. C.P. 06300 Zafra (Badajoz)	06300	B006433973	15-12-2020	Zafra, Villanueva del Fresno, Higuera de Vargas, Zahinos, Oliva de la Frontera, Barcarrota, Valle de Matamoros, Frejenal de la Sierra, Higuera la Real, Burgullos del Cerro, Salvatierra de los Barros, Feria, Santa Marta, Villalba de los Barros, Aceuchal, Fuente del Maestre, Valencia del Ventoso, Segura del León, Calera de León, Monesterlo, Fuente de Cantos, Los Santos de Malmona, Villafranca de los Barros, Ribera del Fresno, Hornachos, Llera, Valencia de las Torres, Usagre, Bienvenida, Llerena, Berlanga, Azuaga, Granja de Torrehermosa, Peraleda de Zauecejo, Campillo de Llerena, Higuera de la Serena, Zalamea de la Serena, Monterrubio de la Serena.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Alvarez y Garrúes Dos, S.L.U.	Av. de Vigo, 65 (36003) Pontevedra	36003	B027380799	01-08-2008	Pontevedra, Villagarcía de Arosa, O Grove, Sanxenxo, Cambados, Lalín, La Estrada, Silleda y Caldas de Rey	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
SOLUCIONES FINANCIERAS GRIGEM S.L.	Cámara de Comercio Gijon-Vivero de Empresas Carretera de Somio 652 Despacho 3.1(33203) GIJON	33203	B05256375	01-04-2017	Gijón, Cabrales, Cangas de Onis, Caravia, Caso, Colunga, Llanes, Nava, Onis, Parres, Peñamellera Alta, Peñamellera Baja, Pesoz, Piloña, Ponga, Ribadedeva, Rivadesella, Villaviciosa.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Asfinza Badajoz, S.L.	Av. Sinforiano Madroñero, nº 15 edificio Paraíso 3 entreplanta 4 locales A-B 06011 Badajoz – Badajoz.	06011	B06580708	01-06-2010	Badajoz.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
Álvarez y garrúes Tres, S.L.U.	c/Salvador Dalí, 12 (32002) Orense	32002	B27412816	01-11-2010	Ourense, Barco de Valdeorras y Rua.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
European Finantial Consumer, S.L	Parc.ET-8 Complejo Quitapesares, Carretera CL-601 Km 7 Edificio Vicam 40194 Palazuelos de Eresma (	40194	B86080280	03-01-2011	Segovia.	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.
FINZAMORA SERVICES, SL.	C\ Juan II, 23. 1° Dcha. 49011. Zamora.	49011	B49282403	01-01-2015	Zamora/Palencia	Automotive finance, automotive leasing, automotive renting, consumer loan policies, cobranded cards, general cards.

Annex V

Annual Banking Report

This Annual Banking Report has been prepared in compliance with the provisions of Article 87 of Law 10/2014, of June, 26 on the Regulation, Supervision and Solvency of Credit Institutions.

Pursuant to the aforementioned article, from January 1, 2015, credit institutions must submit to the Bank of Spain and publish annually, as an annexed report of the audited financial statements in accordance with the regulations governing the audit of accounts, specifying by countries where they are established, the following information on a consolidated basis for each year:

a) Designation, nature and geographical location of the activity.

b) Turnover.

c) Number of full-time equivalent employees.

d) Gross result before tax.

e) Income Taxes.

f) Subsidies or public aid received.

The criteria used for the preparation of the annual bank report for the financial year 2024 are detailed below:

a) Name, nature and geographical location of the activity

The above information is available in Annexes I and II of the Group's consolidated annual accounts, which detail the companies operating in each jurisdiction, including among other information their name, geographical location and nature of their activity.

As can be seen in these Annexes, the main activity conducted by the Group in the different jurisdictions in which it operates is commercial banking. The Group operates mainly in 16 markets through a model of autonomous subsidiaries in equity and liquidity, which has clear strategic and regulatory advantages, as it limits the risk of contagion between Group units, it imposes a double layer of global and local supervision and facilitates crisis management and resolution. The total number of Group offices is 286, which provide our clients with all their basic financial requirements.

b) Turnover

For the purposes of this report, gross margin turnover is considered as defined and presented in the consolidated income statements which is part of the Group's present consolidated annual statements.

The turnover data by country have been obtained from the statutory accounting records of the Group companies with the corresponding geographical location and have been converted to euros. This is therefore aggregated information of the individual financial statements of the entities operating in each jurisdiction, the reconciliation with the information in the Group's consolidated annual accounts requires a series of adjustments to standardize and eliminate transactions between the Group's various companies, such as those relating to the distribution of dividends from the subsidiaries to their respective parent companies.

c) Number of full-time equivalent employees

Full-time equivalent employee data have been obtained from the average workforce of each jurisdiction.

d) Income Taxes

In the absence of any specific criterion, the amount actually paid for taxes whose effect is recorded under the income tax heading of the consolidated income statements has been included.

Taxes actually paid in the year by each entity in each jurisdiction include:

- Supplementary payments relating to profit or loss tax settlements, usually from previous years.

- Advances, payments on account and withholdings paid or borne in relation to the tax on profit or loss of the year itself. In the case of taxes incurred abroad, given their limited amount, the decision was made to include them in the jurisdiction of the entity that incurred them.

- Refunds collected in the year relating to prior-period settlements that were returned.

- Where applicable, settlements for inspection reports and disputes related to these taxes.

The above amounts are part of the cash flow statement (365,269 thousand euros in 2024 which represents an effective rate of 43%) and therefore differ from the income tax expense recorded in the consolidated income statements (359,434 thousand euros in 2023 which means an effective rate of 20%) This is the case because the tax regulations of each country state:

The date on which taxes are due. Payment dates are typically offset from the date the taxable income is generated.

Its own criteria for the calculation of the tax, establishing temporary or permanent restrictions on the deduction of expenses, exemptions, bonuses or deferrals of certain income, etc., generating the corresponding differences between the accounting result and the tax result that is finally taxed, to which should be added the compensation of tax losses of previous years, deductions and / or bonuses of the quota, etc. Likewise, in some cases special regimes are established, such as the tax consolidation of companies of the same jurisdiction, etc.

e) Public subsidies received

In the context of the information requested by current legislation, this term has been interpreted as any aid or grant in line with the provisions of the European Commission State Aid Guide and, in that context, the companies comprising the Group have not received subsidies or public aid in 2024.

The details of the information for the financial year 2024 (in million euros) are as follows:

Jurisdiction (MM €)	Turnover	Number of full-time equivalent employees	Gross profit/(loss) before tax	Income Tax
Germany	1,452	4,731	253	210
Austria	224	318	84	20
Belgium	66	194	17	7
Canada	69	254	(14)	1
Spain	766	3,136	217	73
Denmark	163	242	65	18
Finland	96	163	37	11
France	637	870	334	145
Greece	11	34	2	—
Ireland	3	—	—	—
Italy	519	1,191	166	43
Luxembourg	(10)	—	(13)	—
Norway	219	573	95	6
Netherlands	83	270	30	5
Portugal	49	266	(4)	3
United Kingdom	1	872	1	—
Sweden	157	343	40	21
Switzerland	39	86	—	2
Total	**4,544**	**13,540**	**1,310**	**565**

As of December 2024,31 the Group’s return on assets (ROA) has been estimated at 0.70%.

Santander Consumer Finance, S.A. And companies that make up the Santander Consumer Finance Group (consolidated)

Consolidated Management Report for the financial year 2024

General external framework

Economic, regulatory and competitive context

In 2024, Santander operated in an environment characterized by gradual reductions in interest rates by central banks, as a result of the decline in inflation and in a context with continuing geopolitical tensions. In general, the world's major economies are successfully completing the soft landing promoted by central banks' monetary policies and, while activity levels cooled, they did so slowly.

Our core regions' economies performed as follows:

- **Eurozone** (GDP in 2024: +0.7%). GDP growth improved slightly during the year. The reactivation of household consumption, still affected by inflation, was less than the increase in wages would have allowed. Moreover, the decline in gross fixed capital formation continued. External demand was the main driver of economic activity. The labour market remained resilient, with the unemployment rate at record lows (6.3% at year end). Inflation fell to around 2%, allowing the European Central Bank (ECB) to start a cycle of interest rate cuts, ending the year at 3%.

- **Spain** (GDP in 2024: +3.2%). Spain's economy was one of the most dynamic among the advanced economies. GDP was driven by services exports and consumption (both public and private). However, investment is not yet reflecting the expansionary cycle. Immigration supported this economic growth, with this population increase leading to some tensions in the housing market. Inflation continued to decline and remains around the euro area average.

- **Germany** (2024 GDP: +1.1%). The German economy was weakening throughout the year. In the average of 2024, we estimate the GDP would have contracted by 0.2% compared to the previous year. Private consumption grew compared to the previous year, supported by the improvement of real income and lower interest rates. On the contrary, investment continued to contract, especially in equipment, coupled with the deterioration of the external sector in the face of chinese competition and the loss of competitiveness of its industry. The labor market remained relatively strong, although deteriorating throughout the year, so that the unemployment rate stood at the end of the year at 6.1%. The tightening of monetary policy in previous years succeeded in moderating inflation (2.3% on average in 2024 compared to 6% the previous year).

– **France** (GDP: +1.1% estimated in 2024) with part of the momentum coming from the Olympic Games. While private consumption remained at moderate growth (0.8%) similar to that of the previous year, investment fell while public consumption subjected part of the economy's growth. The tightening of monetary policy has succeeded in reducing inflation, which averaged in 2.4% compared to 5.5% in 2023.The labor market remained in line with the very stable economy, with the unemployment rate in 7.2%. similar to 7.1% of the previous year.

– **Norway** (Continental GDP: 1.0% estimated in 2024). Activity growth has remained low but progressively improved until 2Q24. Consumption, especially the public, has been underpinning the improvement, and investment has progressed throughout the year. The labor market remained firm, with employment growing at an average rate of 0.3% and registered unemployment remained low (2% of the active population) and while some indicators such as vacancies point to a certain relaxation of the labor market, it is due more to lower recruitment intentions than to higher redundancies. Prices have experienced a progressive disinflation process, despite which inflation remains high and above the Central Bank target (2%), especially the core inflation that ended the year in 2.7%, while overall inflation stood at 2.4%. Falling energy prices and imported prices have contributed to moderation. However, the effect of a weak crown, high wage growth (5.3% in 3Q24) and low productivity growth underpins production costs and therefore latent pressures on final prices. Therefore, Norges bank has maintained the official interest rate all year in 4.5%, which has meant a tight monetary policy.

- **Finland** (GDP: -0.5% estimated annual average for 2024). Activity in Finland began to recover slowly from the recession. However, it still registers a contraction for the year 2024 due to the drag effect. Inflation has fallen considerably during 2024, since the peak reached in December of 2022 (9.5% year-on-year), closing in December at 0.7%, thanks, above all, to the fall in energy prices. The labor market has continued to deteriorate in 2024, with an estimated increase in the unemployment rate until 8.3% (closed 2023 in 7.2%). The weakness of the Finnish economy is widespread, and has led to declines in private consumption, private investment and the foreign sector.

- **Italy**: (GDP: 0.5% estimated in 2024). Moderate economic activity in the first half of 2024 stopped in 3Q24 and the indicators of 4Q24 indicate that the weakness continued. The weak growth is supported by domestic demand with private consumption, especially that of households, showing progressive growth; investment did not help with quarterly contractions every quarter, as did the evolution of exports. The tensioned labor market, with employment expansion (2% in 3Q24) and a decrease in unemployment, which have kept the unemployment rate low (5.7% in October) is what is supporting consumption, with wage growth (6% year-on-year in 3Q24) coupled with contained inflation (overall inflation ended the year in 1.3% and underlying inflation in 1.8%) allow for higher household spending. The commitment to fiscal consolidation remains, but the consolidation path is very gradual: We estimate that the fiscal deficit in 2024 will have reached 3.9% of GDP after 7.2% in 2023 and the debt will be above 135% of GDP.

- **Poland:** (GDP 2024: +2.8% estimated for 2024). The economy recovered sharply in 2024 after weak growth in 2023 (+0.1%). Domestic demand has been making up for the lack of tone in foreign demand. The labor market remained strained due to the shortage of labor, with an unemployment rate at full employment, which sustained wage growth in double digits. Inflation moderated in the first half of 2024 but rebounded in the second quarter to close the year in 4.7%, prompting the central bank to maintain the official interest rate at 5.75%.

- **Portugal** (2024 GDP: +1.9%). The economy experienced a slowdown in growth, due to the loss of momentum in investment and exports, the latter caused by weak external demand from the European Union (EU). The labor market remained strong, at full employment rates (6.6% to November 2024). Inflation has maintained a stable profile due to rigidity in the more volatile components. Both general (3%) and core (2.8%) inflation ended the year above the ECB target. It is worth noting the reduction in the debt ratios of the economy, especially public debt, which, as a result of the containment of the public deficit, remains below 100% in 2024.

- **Austria**: (GDP: -0.6% estimated annual average for 2024). After two quarters of contraction, the Austrian economy remains in recession. The reasons have been a fall in exports and investment, as well as weak private consumption. This situation also affects the labor market, and 2024 is expected to close with an unemployment rate two tenths (5.3%) above the previous year. Overall inflation has fallen in 2024 to 1.8%, mainly due to the fall in energy prices.

- **Switzerland**: (GDP: 1.3% estimated in 2024). Economic growth has slowed since Q2 and Q4, especially due to the worse performance of the export sector. The labor market remains extraordinarily strong despite the fact that the unemployment rate (2.8% in December) has risen as a result of the slowdown in activity. Inflation continues to fall (0.6% in December) in the target range of the Central Bank (0%-2%), so the Swiss National Bank has cut rates throughout the year ending the benchmark interest rate in 0.5%.

- **Belgium** (GDP: Estimated average annual 1% for 2024). The economy has recovered dynamism with an average pace of 0.3% quarterly, (the first three quarters of the year) supported by the demand of families. The labor market has evolved slightly favorably given the considerable increase in the working-age population and not so much due to an increase in the activity rate. The rise in energy prices (due to the disappearance of government measures to curb the rise in prices) has pushed inflation up to over 4%. Core inflation has declined, closing at 2024 in 3.2%.

- **Netherlands** (GDP: 0.9% estimated average annual for 2024). The Dutch economy has been strengthened by private consumption and investment. The labor market, on the other hand, has remained robust and the unemployment rate has remained more or less stable (unemployment rate 3.6%) throughout the year. The main problem of the labor market is the difficulty of filling vacancies in some sectors. Inflation, both core and general, stood at 3.2% due to a tight labor market (strong growth in nominal wages).

- **Greece**: (GDP: 2.1% average annual estimated for 2024) The Greek economy is expected to end 2024 showing growth in 2.1% thanks to strong domestic demand and despite an external sector that has weighed negatively. Overall inflation has grown compared to the previous year, standing, on an annual average, around 3%. This growth has been partly due to the acceleration in service prices and the rebound in electricity. In terms of the labor market, the unemployment rate had declined to 9.5%, although vacancies, particularly in the skilled sectors and tourism, had increased.

– **Canada**. (GDP: 1.3% average annual estimated for 2024). GDP growth slowed down throughout the year, with weaker growth in investment and public spending in the second half of the year. The unemployment rate increased by almost one point (up to 6.7% in December), as employment grew at more moderate rates than the working population, which continued to expand in line with strong population growth. Inflation converged toward the 2% environment, allowing the Bank of Canada to reduce the official rate by 175 basis points to 3.25% at the end of the year.

Information on expected developments in 2025

The management report contains certain forward-looking information reflecting plans, forecasts or estimates of the administrators, which are based on assumptions that are considered reasonable by them. However, the user of this report should be aware that forward-looking information is not to be considered as a guarantee of the future performance of the entity, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the future performance of the entity does not have to coincide with the initially expected performance. Such risks and uncertainties are described in the chapter on 'Risk Management and Compliance' of this management report and in note 47 of the consolidated annual accounts.

The prospects for 2025 are for a moderate economic slowdown, in an environment that will continue to be of relative uncertainty, due to global geopolitical tensions. Inflation will continue to slow down gradually, converging toward the central bank target, although it will do so at different rates between regions. Central banks such as the Fed or the ECB are expected to complete their rate-cutting cycle in 2025, with a rate-ending point either higher or lower, depending on the strength of the economies. We do not expect this economic slowdown to have a marked impact in terms of rising unemployment, due to the strength most of the labor markets have shown.

Eurozone

The eurozone is expected to face many challenges in 2025. Economic growth could show some improvement, particularly in household consumption, supported by increased real income, high savings rates and lower interest rates. However, the year will be marked by uncertainty arising from a complex geopolitical situation, the potential protectionist shift in US trade policy, elections in Germany and France’s difficulties in reducing its public deficit. Inflation is expected to reach the ECB’s 2% target, which is expected to allow the ECB to reduce interest rates to levels which have a neutral effect on the economy.

Spain

We expect a remarkable dynamism in economic growth, although at a slightly lower rate than in 2024, household consumption will consolidate as the main engine of growth, and we expect business investment to play a growing role (for the reconstruction of the damage caused by the floods in Valencia and the implementation of the EU Recovery and Resilience Plan). The unemployment rate is expected to continue to fall, and to fall below 11%. Inflation is expected to consolidate around 2%, as wage increases are moderating.

Germany

In an environment of high uncertainty (US tariff policy and elections in February), we expect a slight recovery of the economy throughout 2025, with growth forecast in 0.7%, based on a greater pull in private consumption (wage growth, lower inflation and accumulated savings). and slight recovery of investment in the face of lower interest rates. The evolution of the foreign sector has the US tariff policy as the greatest risk, in addition to the necessary modernization of its industry to gain competitiveness. Inflation should not be a problem, hoping to remain on average at 2% in 2025. In a scenario of higher growth, we expect the unemplyment rate to fall below 6% again.

France

The French economy is expected to continue to grow very moderately in 2025, with domestic political uncertainty and the external geopolitical scenario weighing on the economic climate. We expect GDP growth of 0.8% with private consumption behaving again cautiously and less contribution from the public sector and a less dynamic external sector in a very uncertain scenario. Inflation will no longer be the protagonist, at levels expected by below of 2%. The unemployment rate could grow moderately until around 7.5%.

Norway

Activity will improve from 25, and we expect to end the year doubling the growth of 2024, i.e. continental GDP to grow by 2%. The expansionary budget, more stable (albeit risky) inflation and resilient labor market will compensate for still contractive monetary policy despite expected interest rate cuts. This scenario will help boost consumption based on the firm labor market that will remain with a low unemployment rate due to the continued shortage of labor, and on the growth of purchasing power with real increase in wages. Interest rate cuts coupled with high valuation of housing properties will provide additional support to families. We also expect a reduction in interest rates in 0.25pp - as core inflation will moderate - which will help to encourage investment. The risk associated with the easing of monetary policy lies in the potential delay of rate cuts if the Norwegian krone continues to weaken or if core inflation remains stubbornly high. If this is not the case, we expect the official rate to end 2025 at 3.50%.

Finland

The activity will gain dynamism throughout 2025, but it will do so slowly, closing the year at rates close to 1% favored by increased real incomes, lower interest rates and an improvement in external demand. The labor market will have fewer vacancies, but labor shortages in some sectors will be slightly eased and we will see a slightly lower unemployment rate. Inflation, average for next year, will be close to 1.6% with a slight upside risk for the following, although, on average, it will still be at levels below 2%.

Italy

We expect the economy to grow by 0.9% in 2025 based on increased consumption dynamism, which will continue to be underpinned by improved household purchasing power - we expect average inflation of 1.9% and more modest job creation than in 2024, but positive that it maintains the unemployment rate in 6.6%, and the reduction of interest rates. This reduction in interest rates coupled with the implementation of the EU's Next Generation Recovery Funds will encourage investment, although the risk is that it will be weighed down by the elimination of tax incentives for construction. We expect an improvement in external demand that could be hampered by US tariff policies. In relation to the public accounts, we expect a reduction of the deficit to -3.5% of GDP and a gradual reduction of the debt that will continue close to 135%.

Poland

The economy in 2025 should accelerate its growth, supported by the investment boom that will be largely financed from EU funds. While investment will take the lead, private consumption will continue to support domestic demand, leaving the economy partly immune to the weak growth expected in the euro area. The labor market will remain strong, with full employment, which will continue to fuel significant wage increases, but more moderate than in 2024, and inflation will remain at levels around 5%. The National Bank of Poland will not begin studying an interest rate cut until it sees a change in inflation trend, which is not expected before the second part of the year.

Portugal

We estimate that in 2025 the economy could grow GDP by 1.8%, based on consumption, supported by the greater purchasing power, thanks to the strong labor market. Investment will also take off underpinned by European NGEU funding. Exports will improve again, within which tourism will continue to play an important role. We estimate an average inflation of 2.5% due to the dissipation of the price of energy and the stronger contribution of the price of transport. However, the effect of the introduction of VAT on certain foods in 2024 will be in favor of lower inflation. The labor market will continue to be healthy with employment growth, although more modest than last year, but the unemployment rate with 6.6% will remain below the natural rate. We expect the fiscal deficit to remain at equilibrium, and the debt-to-GDP ratio will continue to decline until 88%.

Austria

After two years in recession, the Austrian economy is expected to resume growth in 2025 (1.0%), recovering investment and growing exports. In this coming year inflation is expected to continue to fall (reaching 2.1%), with a decrease in services. However, unemployment does not seem to improve in 2025, the rate is expected to remain in 5.3%.

Switzerland:

We expect a slowdown in economic growth for 2025 with a 1% GDP increase. In the labor market the economic slowdown will be noticeable so that the unemployment rate, despite being reduced, could remain in 2.8%. Inflation will remain low (0.4% on the average of the year) due to factors such as the appreciation of the Swiss franc, which reduces imported inflation, in addition to lower electricity prices and the expected reduction in the rental benchmark. We do not expect further interest rate cuts from the Swiss National Bank so the rate will remain at 0.5%. The Swiss franc could remain below 0.9 per dollar.

Belgium

The dynamism observed during 2024 will be shifted to next year, and similar growth is estimated (1.5% on average in the year) sustained by strong consumption; the budget deficit will increase significantly in the coming years. Household consumption behavior will remain robust. The labor market will continue to evolve favorably with growth of 0.5% by 2025 and unemployment rates below 6%. Inflation will remain in control, albeit above 2024, (a rebound will be seen in 2027 by the elimination of government measures and the introduction of the European Union Emissions Trading System).

Netherlands:

We estimate that after 2024 growth, the Netherlands will accelerate its growth in 2025 to 1.5%, with higher private consumption due to higher wages and lower prices. Inflation will continue to decline until around 2.5% during 2025, with pressure on services persisting. The labor market will remain tight and labor shortages, especially in some sectors. The unemployment rate will increase slightly in 2025, and the budget deficit will increase until 1.9%.

Greece:

Forecasts for the Greek economy estimate growth of 2% for 2025, supported by domestic demand (both private and investment consumption). The foreign sector, after a 2024 without positive contributions to the economy, will rebound slightly during the next year. Employment growth is estimated to continue, albeit at a slow pace, with an estimated unemployment rate for 2025 of 9%. Inflation will slow in 2025 (2.4%), approaching the 2% target in the coming years. The pressure in food will be lower than that exerted by energy by the base effects.

Canada:

We estimate that activity will grow around 1.5% in 2025, driven by lower interest rates (looser financial conditions) and transitional fiscal stimulus policies. Inflation will remain contained, beyond the transitional swings of policies. The unemployment rate is expected to moderate in the second half of the year, as a result of modest employment creation rates and a fall in labor supply due to the increased restriction on immigration. There are several hotpots of uncertainty for 2025: From trade and tariff policy with the United States after the change of government of this country, to the impact on the labor market, consumption and housing demand of the drastic reduction in immigrant quotas. All this in a year of electoral advancement.

Economic outlook

Financial markets

Our outlook for 2025 points to cautious optimism: A macroeconomic environment characterized by lower interest rates and positive economic growth will support risk appetite.

While the United States and the Eurozone will move forward in the monetary easing cycle, we believe that long-term yields on sovereign bonds have little room to fall from their current levels. The Fed and ECB rate cuts are widely discounted, while the new administration’s agenda raises upward pressures on U.S. Treasury yields.

Macroeconomic and geopolitical uncertainty will continue to sustain demand for precious metals.

In emerging economies, a major hotspot of uncertainty remains the chinese economy and the effect of the Chinese government's reaction to the new US tariffs. In Latin America, markets are expected to remain vulnerable to global uncertainty. In any event, domestic factors will continue to play a significant role in market behavior, which will pay close attention to how countries in the region face their main challenges, in particular, fiscal consolidation and the anchoring of inflation expectations to central bank targets.

The financial sector will be marked by normalization in monetary policies, which will have an impact on interest margin. However, we expect it to be partially compensated for by an improvement in business volumes in an environment of stable portfolio credit quality.

Risks are slightly skewed downwards and may come from non-bank financial institutions, with the risk of disorderly adjustments in asset prices and disruptions to market liquidity. Even so, at the moment, most entities are in a solid solvency position to face such a scenario.

In addition to the economic environment, banks must cope with the acceleration of the business digitalization process and knowledge and management of the risks associated with climate change.

Financial regulation

Elections held across our footprint (the US, Mexico, UK, the EU) in 2024, will usher a new political cycle that will define the regulatory agenda. The first 100 days of the European Commission will be key, focusing on boosting competitiveness and growth through simplification, and with digital and green transitions, and defense as the axes of the strategy.

Competitiveness and Capital Markets Union 2.0

The recently published reports of references such as Enrico Letta, Christian Noyer and Mario Draghi agree on the diagnosis of a lack of competitiveness and innovation in the EU. The new Savings and Investment Union (SIU) will be critical to channeling the trillions of euros of European savings to capital markets, but this will require less fragmented, more liquid and transparent markets. The debate on how to move forward with the Banking Union, through the creation of a deposit guarantee fund, is expected to resume.

Prudential and resolution

During 2025, the European Banking Authority (EBA) is expected to continue to develop technical standards to move forward with the implementation of Basel III in Europe. Some legislative development is expected in the field of non-bank financial intermediaries (NBFIs) and in the macroprudential framework in Europe. The European Commission will work on the revision of the securitization framework, on which a legislative proposal is expected in 2025, and the revision of the crisis management and deposit guarantee framework (CMDI) in Europe is expected to resume.

Sustainability

In 2025, a review of the sustainability policy agenda is expected, focusing on implementation. As of January 2025, the Corporate Sustainability Reporting Directive (CSRD) will come into force. Although transposition is delayed in some European countries, companies will have to comply with this standard and collect sustainability data for 2024. Under the CSRD, general reporting standards will continue to be implemented, and industry-specific standards developed (ESRS).

To encourage simplification, the European Commission has announced an omnibus proposal that will reduce the burden on companies by simultaneously revising and simplifying sustainability regulations, including taxonomy, reporting and due diligence rules. In addition, a proposal to revise the Sustainable Finance Disclosure Regulation (SFDR) is expected, which could include a new categorization system for products financial like funds.

In prudential matters, during 2025 the EBA will continue to assess the need for an adjustment under Pillar I so that climate and environmental risks are adequately integrated into it. In addition, it will continue to analyze whether emerging systemic risks, such as ESG, should be covered using macroprudential tools.

The Basel Committee is expected to publish the final international standards on Pillar III climate disclosure requirements during 2025. Progress will be made in countries that have begun their work in this area, such as Mexico, Chile and Brazil, while the agenda is expected to be paralyzed in the US.

Digital

Discussions will continue to focus on innovation, data use and artificial intelligence. Regulators have broadened their focus on fraud beyond the financial sector, as much of the fraud is generated on different digital platforms. Central banks will continue to explore the opportunities of wholesale-focused central bank digital currencies (CBDCs), with the exception of some jurisdictions such as the EU, which continues to design the digital euro. By the end of 2025, the ECB will have to decide whether to make further progress in the development of the digital euro, what requires a regulatory framework that has been under discussion since 2023, the focus will continue on the implementation of the standard that aims to regulate the competence in digital markets (Digital Markets Act).

Retail banking

In line with projects such as the SIU and the Retail Investment Strategy (RIS), access to capital markets and the protection of retail investors will continue to be high on the EU agenda. In 2025, the new consumer credit directive should be transposed.

Business evolution

The stock of loans and advances to customers reaches 118,985 million euros, 3% more than in 2023, and the portfolios continue to be monitored to prevent the impact of deterioration on activity. In addition, the balance of assets transferred under operating lease reaches 4,933 million euros, increasing by 25.70% compared to the previous year.

In line with our strategy to increase retail financing, customer deposits increase by 16.2% euros to 56,752 million euros. Access to wholesale finance markets remains strong and diversified. The new operations are being actively revalued to compensate for higher financing costs.

After a 2023 in which new market registrations in Europe grew by +14% compared to 2022, in 2024 such increased by only 0.7% compared to the previous year . Despite this, new business volumes increased mainly in new cars (5%) and 1% in used cars , both year-on-year. The new business is also being actively revalued to compensate for the higher financing costs resulting from the rise in interest rates in recent quarters.

Results

Santander Consumer Finance obtained in 2024 an attributable profit of 803.6 million €, 20% lower than 2024, highlighting the growth of financial margin (2.7%) and net commissions (+13%), almost flat costs (and clearly lower than inflation) and a 1.5% growth in operating income, which offset the negative impact of the normalization of the cost of credit and higher restructuring costs.

By heading of the income statement, the following impacts are highlighted:

Net interest income is 2.7% higher than 2023 supported by the proactive loan repricing activity started the previous years and deposits and outstanding growth.

The liquidity position has remained strong at all times and liquidity tensions have not been generated, thanks to the evolution of deposits and the provisions of wholesale lines. Liquidity metrics have remained above their internal limits and in compliance with regulatory levels. At the end of the financial year, the consolidated LCR (Liquidity Coverage Ratio) of SCF Subgroup was 263% and the NSFR (Net Stable Funding Ratio) for the same perimeter was 116% maintaining comfortable levels throughout the year.

- **Commissions increased** 13.3% compared to the previous year due to higher insurance penetration, with improvements in almost all countries, especially in Germany and Italy.

- **Results from financial operations** are lower due to positive results from hedging operations in 2023 and the negative impact of the sale of the mortgage and card portfolio in Spain and Norway respectively.

- **Other operating results** increased by 28.5% due to the non-application of the payment to the Single Resolution Fund (SRF) in 2024 as well as the recurring results of the operational leasing activity.

Operating costs (including depreciation) stand at 2,074 million euros, 0.9% lower than in 2023, absorbing the effects of inflation and business growth (renewal of the agreement with Stellantis and the acquisition of MCE Bank in 2023 and acquisitions made in 2024). The efficiency ratio stands at 45,65%, improving 58 bps compared to 2023.

- **Loan Loss provisions** were 51% higher than the previous year due to the expected normalization of credit quality and a very low comparison base, as well as some regulatory impacts and lower results in portfolio sales than in 2023. The cost of risk remained at low levels (0.88%) and in line with expectations.

- **Other results** vary significantly, especially due to higher restructuring costs across different geographies. In addition, 2023 included the positive impact of the capital gains generated by the renewal of the agreement with Stellantis.

Strategy

SCF is a European leader in consumer finance, is present in 16 countries (14 in Europe plus China and Canada) and works through more than 130,000 associated points of sale. It offers its customers and partners a value proposition to improve their sales capabilities by financing products and developing advanced technologies that give them a competitive advantage. SCF aims to become the best provider of automotive finance and digital mobility services in Europe.

Our strategy in Europe is aligned with that of consumer global business. Our vision is to become the preferred choice of our partners and our end customers, and to offer greater profitability and value creation to our shareholders, being the most competitive in cost of the market.

To do this, we are transforming our operating model:

- Offering global and integrated solutions in the processes of our partners (manufacturers, importers or retailers) accompanying them as their increasingly digital business models evolve.

- Simplifying and automating our processes, to improve the customer experience and gain scalability.

- Building and deploying global platforms. In 2024, we reinforced our operational leasing solution.

Alternative performance measures (APMs)

In addition to financial reporting prepared under International Financial Reporting Standards (IFRS), this report includes certain Alternative Performance Measures (APMs) to comply with the guidelines on alternative performance measures published by the European Securities and Markets Authority (ESMA) 5 October 2015, as well as non-IFRS measures.

These MAR and non-IFRS measures have been used to plan, monitor and assess our evolution. We consider that these MAR and non-IFRS measures are useful for management and investors since they facilitate the comparison of operating performance between periods. Although we believe that these (APMs) and non-IFRS measures allow a better assessment of the evolution of our business, this information should be considered only as additional information, and in no case does it replace the financial information prepared in accordance with IFRS. In addition, the way Santander Group defines and calculates these (APMs) and non-IFRS measures may differ from how they are calculated by other companies using similar measures and therefore may not be comparable.

The (APMs) and non-IFRS measures used in this document can be categorized as follows:

Indicators of profitability and efficiency

The efficiency ratio allows us to measure how many general administrative expenses (staff and other), and amortization expenses are needed to generate revenue.

Roa ratios have been incorporated, considering that they better reflect the evolution of the underlying business.

Ratio	Formula	Relevance of use
RoA (return on assets)	Profit /loss of the year / Average of total assets	This metric measures the return on the Bank's total assets. It is an indicator that reflects the efficiency in managing the company's total assets to generate profit
Efficiency ratio (cost to income)	Operating expense (*) / Gross margin	One of the most used indicators when comparing the productivity of different financial institutions. It measures the level of resources used to generate the Group's operating income.

(*) Operating costs: General administrative expenses + amortizations

Profitability and efficiency (EUR Thousands and %)	2024	2023
Roa	**0.70 %**	**0.92 %**
Profit / loss for the year	1,037,112	1,321,150
Total assets	148,076,143	143,347,488
Efficiency ratio (cost to income)	**(45.65) %**	**(46.24) %**
Operating expenses	(2,074,563)	(2,093,356)
Administrative expenses	(1,844,759)	(1,884,565)
Amortization	(229,804)	(208,791)
Gross margin	4,544,230	4,527,405

Credit risk indicators

Credit risk indicators measure the quality of the credit portfolio and the percentage of the delinquent portfolio that is covered by insolvency provisions.

Ratio	Formula	Relevance of use
NPL ratio	Doubtful balances of loans and advances to customers, guarantees to customers and commitments granted to customers / Total risk (1)	The NPL ratio is a very important variable in the activity of financial institutions, as it provides information on the level of credit risk assumed by financial institutions. It relates the risks classified for accounting purposes as doubtful to the total balance of loans granted, for customers and contingent risks.

Ratio	Formula	Relevance of use
Coverage ratio	Loan loss provisions (2) / Doubtful balances of loans and advances to customers, guarantees to customers and commitments granted to customers	One of the most widely used indicators when comparing the productivity of different financial institutions. It measures the level of resources used to generate the Group's operating income
Cost of credit	Impairment (3) / Financial assets at amortised cost – Loans and advances - Customers	This ratio relates the level of accounting impairments due to credit risk in a given period of time that are necessary depending on the loan portfolio granted to customers, so it serves to measure the credit quality of the Group.

(*1) Total risk = normal and doubtful balances of loans and advances to customers and guarantees from customers + normal and doubtful balances of contingent commitments from customers.

(*2) Provisions for hedging losses for impairment of the risk of loans and advances to the customers, guarantees to the customers and commitments granted to the customers.

(*3) Impairment or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss or (-) net change gains.

Credit risk (EUR Thousands and %)	2024	2023
Delinquency rate	2.62 %	2.15 %
Impaired assets	3,194,606	2,540,772
Gross balances of loans and advances to customers recorded under the headings of 'Financial assets at amortized cost' and 'Financial assets at fair value through other comprehensive income' classified as stage 3.	3,169,142	2,512,918
Guarantees and balances available to customers classified in Stage 3	25,464	27,854
Total risk	121,965,677	118,003,944
Gross balances of loans and advances to customers impaired and not impaired	121,481,797	117,641,700
Impaired and non-impaired customer guarantees and available balances to impaired customers	483,880	362,244
Coverage ratio	78.78 %	84.79 %
Impairment losses on loans and advances to customers at amortized cost and at fair value through other comprehensive income	2,516,719	2,154,375
Gross balances of loans and advances to customers recorded under the headings of 'Financial assets at amortized cost' and 'Financial assets at fair value through other comprehensive income' classified as stage 3.	3,169,142	2,512,918
Guarantees and balances available to customers classified in Stage 3	25,464	27,854
Cost of credit	0.87 %	0.59 %
Impairment	(1,034,184)	(683,873)
Loans and advances - Customers	118,984,966	115,508,383

Corporate principles

Grupo Santander, of which Santander Consumer Finance is part, has set itself as a strategic objective to achieve excellence in risk management. It has always been a priority axis of action throughout its more than 150 years of experience.

In recent years, it has accelerated its evolution to anticipate and respond to the great challenges of an ever-changing economic, social, and regulatory environment.

Consequently, the risk function is more important than ever for Grupo Santander to remain a solid, secure, and sustainable bank, an example for the entire financial sector and a benchmark for all those who aspire to turn leadership into risk into a competitive advantage.

Santander Consumer Finance aims to build the future through anticipated management of all risks and protect the present through a robust control environment. Thus, it has determined that the risk function is based on the following pillars, which are aligned with the strategy and business model of the Santander Group and take into account the recommendations of supervisory bodies, regulators, and best practices of the market:

1. The business strategy is defined within the risk appetite. The Board of Santander Consumer Finance determines the amount and typology of the risks that it considers reasonable to assume in the execution of its business strategy and its development within objective limits, verifiable and consistent with the risk appetite for each relevant activity.

2. All risks must be managed by the units that generate them through advanced models and tools integrated in the different businesses. Santander Consumer Finance is promoting advanced risk management with innovative models and metrics, in addition to a control, reporting and scaling framework, which allow identifying and managing risks from different perspectives.

3. Anticipatory vision for all types of risks must be integrated into risk identification, assessment and management processes.

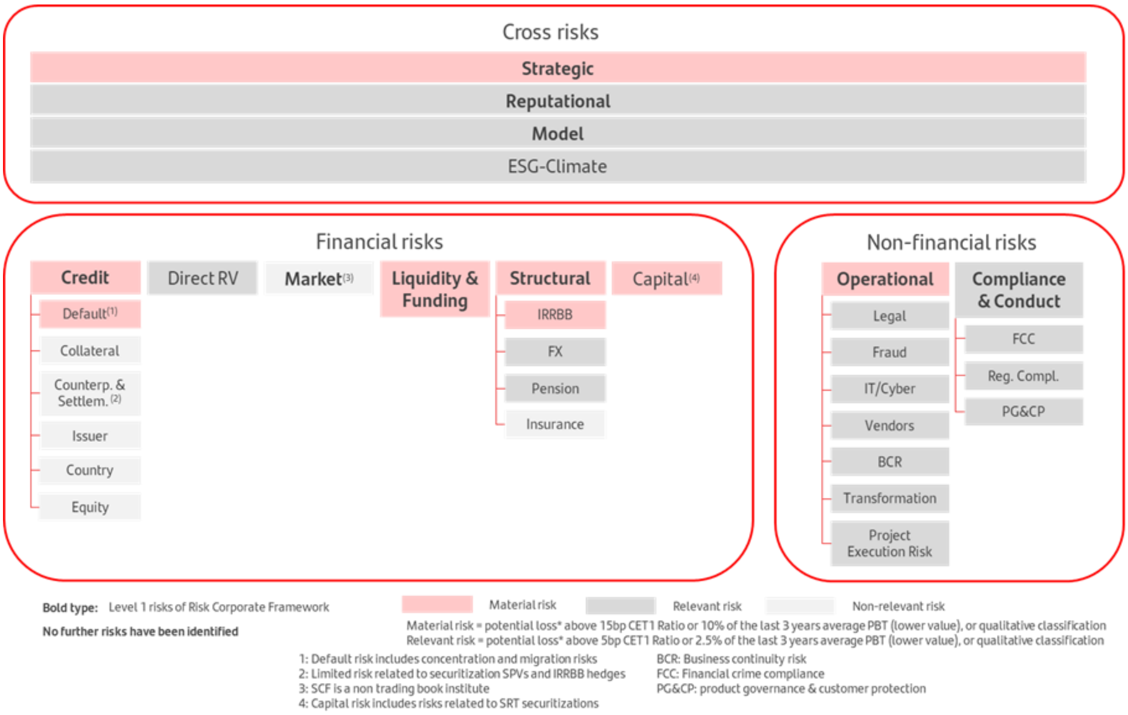
4. The independence of the risk function covers all risks and provides an adequate separation between risk-generating units and those responsible for their control. It implies that it has sufficient authority and direct access to the management and governance bodies that have responsibility for setting and supervising risk strategy and policies.

5. Risk management must have the best processes and infrastructures. Santander Consumer Finance aims to be the reference model in the development of infrastructures and processes to support risk management.

6. An integrated risk culture across the organization, comprising a range of attitudes, values, skills and action patterns for all risks. Santander Consumer Finance understands that advanced risk management cannot be achieved without a strong and constant risk culture that is present in each and every one of its activities.

Risk map

Santander Consumer Finance S.A. has a recurring process for identifying the material risks to which it is or may be exposed, which is reflected in the risk map. Material risks should be incorporated into risk appetite, risk strategy, risk profile assessment exercise and ICAAP/ILAAP. Below is the latest update of the risk map of Santander Consumer Finance S.A.



In its first level the risk map includes the following (General Risk Framework):

- **Credit risk** is the risk of financial loss caused by the default or impairment of the credit quality of a customer or other third party, to which Santander Consumer Finance has financed or for which a contractual obligation has been assumed.

- **Market risk** is the risk incurred as a result of changes in market factors that affect the value of positions in trading portfolios. This risk is not relevant in Santander Consumer Finance because it is not a trading institution.

- **Liquidity risk** is the risk that Santander Consumer Finance does not have the liquid financial assets necessary to meet its obligations at maturity or can only obtain them at a high cost.

- **Structural risk** is the risk arising from the management of the various balance sheet items, both in the bank portfolio and in relation to insurance and pension activities.

- **Capital Risk** is the risk that Santander Consumer Finance does not have sufficient capital, in quantity or quality, to meet its internal business objectives, regulatory requirements, or market expectations.

- **Operational risk** is defined as the risk of loss due to inadequacy or failure of internal processes, personnel and systems or external events. This definition includes legal risk.

- **Risk of financial crime** is the risk that arises from actions or the use of means, products and services of the group in criminal or illegal activities. These activities include, inter alia, money-laundering, terrorist financing, violation of international sanctions programs, corruption, bribery and tax evasion.

- **Strategic Risk** is the risk of loss or harm arising from strategic decisions, or their poor implementation, which affect the long-term interests of our main stakeholders, or an inability to adapt to the evolution of the environment.

- **Reputational risk** is defined as the risk of a negative economic impact, current or potential, due to an impairment in the perception of the bank by employees, customers, shareholders/investors and society in general.

- **Model Risk** is the risk of loss arising from inaccurate predictions, which may result in the bank making sub-optimal decisions, or improper use of a model.

The material risks at Santander Consumer Finance are Credit, default (including concentration and migration), liquidity and funding, structural, structural interest rate, capital, operational, strategic, financial crime and direct residual value.

The relevant risks in Santander Consumer Finance are: Structural exchange rate, pension, legal, fraud, technological and cyber risk, suppliers, business continuity, transformation, people, data, processes, regulatory compliance, conduct, reputational, model and ESG risks (related to environmental and climate, social and governance factors).

There are two types of risk whose relevance is rising in recent times and for which Santander Consumer Finance is strengthening its management and control: Residual value risk and ESG/climate risks.

Residual Value Risk is defined as the Risk of Loss an Entity may have if at any time during the life of a car contract (loan, lease, etc.) the Customer has the option or obligation to return the Vehicle as full and final settlement, due to uncertainty about the sale price of the vehicle made at that time.

ESG factors (environmental and climate, social and governance) can influence traditional types of risk (credit, liquidity, operational, reputational, etc.) derived from the physical effects of climate change, generated by specific events as well as chronic changes in the environment, or the process of transition to a model of development of lower emissions, including legislative, technological or behavioral changes of economic agents, as well as the failure to meet the expectations and commitments acquired.

Corporate Risk Governance

The governance of the risk function aims to establish an adequate and efficient risk decision-making as well as the effective control of risks and to ensure that they are managed according to the level of risk appetite approved by the Board of Directors administration of Santander Consumer Finance.

For this purpose, the following principles are established:

- Separation of decision-making and risk control.
- Strengthening the responsibility of risk-generating functions in decision-making.
- Ensure that all risk decisions have a formal approval process.
- Ensure an aggregate view of all types of risks.
- Strengthen risk control committees.
- Maintain an agile and efficient structure of committees, ensuring:
  - Participation and involvement in risk decisions, as well as in their supervision and control, of management bodies and senior management.
  - Coordination between the different lines of defense that configure the functions of risk management and control.
  - Alignment of objectives, monitoring compliance and implementing corrective measures when necessary.
  - Existence of an adequate environment for managing and controlling all risks.

In order to achieve these objectives, the Model Governance Committees schememust ensure an adequate:

- Structure, which implies at least stratification according to levels of relevance, balanced delegation capacity and incident elevation protocols.
- Composition, with members of sufficient level of dialog and sufficient representation of the business and support areas.

- Operability, i.e. frequency, minimum level of attendance and timely procedures.

The governance of risk activity should establish and facilitate coordination channels between the units and Santander Consumer Finance , as well as the alignment of risk management and control models.

The governing bodies of Santander Consumer Finance units will be structured according to local regulatory and legal requirements and the size and complexity of each unit.

There are Special Situations Committees (Gold, Silver and Bronze) that will be activated to monitor any event that may affect the business and activity of the entity.

Roles and responsibilities

The risk function is structured in three lines of defense, according to corporate policy, to manage and control risks effectively:

- First line of defense: Business functions that take or generate exposure to risks are the first line of defense. The first line of defense identifies, measures, controls, monitors and reports the risks that originate and applies the internal regulations that regulate risk management. Risk generation must be adjusted to the approved risk appetite and associated limits.

- Second line of defense: Consisting of risk functions, which independently monitor, and question risk management activities carried out by the first line of defense. This second line of defense must ensure, within their respective areas of responsibility, that risks are managed according to the risk appetite defined by senior management and promote a strong risk culture throughout the organization.

- Third line of defense: The Internal Audit function is independent to assure the board of Directors, and senior management, the quality and effectiveness of internal controls, government and risk management systems, helping to safeguard our value, solvency and reputation.

Structure of Risk Committees

Responsibility for risk control and management rests ultimately with the Board of Directors, from which the powers delegated to committees and committees emanate. At Santander Consumer Finance, the Board relies on the Commission for Risk Supervision, Regulation and Compliance, as an independent risk control and oversight committee. In addition, the Executive Committee devotes special attention to risk management. These statutory bodies form the highest level of risk governance.

<u>Bodies for independent control</u>

– *Risk, Regulation and Compliance Supervision Commission (CSRRC):*

  The mission of this commission is to assist the Board of Directors in the supervision and control of risks, in the definition and evaluation of risk policies, as well as in the determination of risk propensity and risk strategy.

  It is composed of external or non-executive directors, with a majority representation of independent directors and chaired by an independent director.

  The functions of the Risk Supervision, Regulation and Compliance Commission include:

  – Support and advise the Board of Directors in the definition and evaluation of risk policies affecting Santander Consumer Finance and in the determination of appetite, strategy and risk culture.

  – Know and assess management tools, improvement initiatives, project evolution and any other relevant activity related to risk control.

  – Determine, together with the Board of Directors, the nature, quantity, format and frequency of risk information to be received by the Commission and the Board of Directors.

  – Collaborate to establish sound remuneration policies and practices. For this purpose, the Risk Supervision, Regulation and Compliance Commission shall examine, without prejudice to the functions of the Remuneration Commission, whether the incentive policy provided for in the remuneration system takes into account risk, capital, liquidity and the probability and timeliness of profits.

– *Risk Control Committee (RCC):*

  This collegiate body is responsible for the overall supervision and control of risks of Santander Consumer Finance in accordance with the powers assigned to it by the Board of Directors of Santander Consumer Finance, S.A.

  Its objectives are:

- To be the instrument for effective risk control, ensuring that risks are managed according to the level of risk appetite of the Bank approved by the Board of Directors of Santander Consumer Finance, S.A. and allowing a comprehensive view of all risks identified in the risk map of the general risk framework, which includes the identification and monitoring of current and emerging risks and their impact on the risk profile of Santander Consumer Finance Group.

- Ensure the best estimate of the provision and its proper recording.

This committee is chaired by the Chief Risk Officer (CRO) of Santander Consumer Finance and is composed of executives from Santander Consumer Finance. They are represented, at least, among others, the risk function, exercised by the presidency, and the functions of compliance, financial and management control, as well as representatives of the business areas. The CROs of local entities may participate periodically in order to report, among others, the risk profile of the different entities.

The Risk Control Committee reports to the Risk Supervision, Regulation and Compliance Committee and assists it in its role of supporting the Board of Directors.

– *Provisions Committee:*

The Provisions Committee is the collegiate decision-making body responsible for the overall management of the provisions in accordance with the powers delegated by the Risk Executive Committee of Santander Consumer Finance, S.A and will supervise, within its area of action and decision, all topics related to Santander Consumer Finance provisions. Its objective is to be the instrument for decision-making, ensuring that they are within the government of provisions established in Santander Consumer Finance, as well as to inform the Board of Directors or their committees of their activity when necessary

Decision-making bodies

– *Risk Executive Committee (ERC):*

The Risk Executive Committee is the collegiate decision-making body responsible for global risk management in accordance with the powers conferred on it by the Board of Directors of Santander Consumer Finance, S.A., and will continue, in its scope of action and decision, to all risks identified by the Bank.

Its objective is to be the instrument for taking risk decisions at the highest level, ensuring that they are within the limits set in the risk appetite of Santander Consumer Finance Group, as well as inform of its activity to the Council or its commissions when required.

This committee is chaired by the Head of Santander Consumer Finance and is composed of executive directors and other executives of Santander Consumer Finance, with representation, among others, the functions of risk, financial, management control and compliance. The CRO of Santander Consumer Finance has the right of veto over the decisions of this committee.

In October 2024, the Sub-Committee on Risk Proposals whose exclusive scope was to make decisions on market risk transactions and intra-group limits (taking delegations from the Risk Executive Committee (REC) for market risk issues) was eliminated. In order not to lose decision-making capacities, especially regarding increases in intra-group limits to units within the global limit approved at SCF S.A. level, it was proposed to cover it in the Risk Control Committee, under heading 3.1.3. Of its Terms of Reference, provided that it is objectively an act of control over that management decision within the global limits already authorized by the Risk Executive Committee in the areas of market, structural and liquidity risk. If determined by a member of the Risk Control Committee, proposals will be submitted to the Risk Executive Committee to strengthen the decision-making process

Organizational structure of the risk function

The Group Chief Risk Officer (GCRO) is responsible for the risk function at Santander Consumer Finance and reports to the Head of Santander Consumer Finance, which is a member of the Board of Directors.

The GCRO, which provides advice and challenges to the executive line, reports independently to the Risk Supervision, Regulation and Compliance Committee as well as to the Board of Directors.

Advanced risk management has a holistic and anticipatory view of risks, based on the intensive use of models, aimed at building a robust control environment while meeting the requirements of the regulator and supervisor.

The risk management and control model shares, in Santander Consumer Finance, some basic principles through corporate frameworks. These emanate from the Group itself and to them Santander Consumer Finance has joined through its respective management bodies, shaping the relations between the subsidiaries and Santander Consumer Finance, including its participation in the making of relevant decisions through its validation.

The Group-Subsidiary Governance Model and Good Governance Practices for Subsidiaries recommends that each subsidiary have a statutory risk committee and an executive risk committee, chaired by the Chief Executive Officer (CEO), in line with the best corporate governance standards, homogeneous to those existing in the Group and collected through the corporate framework, to which Santander Consumer Finance is adhered.

The management bodies of Santander Consumer Finance, in accordance with the internal governance framework established by the Group, have their own model of risk powers (quantitative and qualitative), it must follow the principles of action contained in the models and frameworks of reference that are developed at the corporate level.

Given its capacity to provide comprehensive and aggregate vision of all risks, the corporation reserves the powers to validate and challenge operations and management policies in the different units, as far as they affect the Group's risk profile.

Identifying and assessing all risks is a cornerstone for controlling and managing them. The Group's main types of risks are described below: Credit Risk, Market Risk, Operational Risk, and Compliance Risk and Conduct.

Santander Consumer Finance has undertaken several initiatives to improve the relationship between Santander Consumer Finance and its subsidiaries, and to improve the advanced risk management model.

II. Credit risk

Credit risk stems from the possibility of losses arising from the failure of clients or counterparties to meet their financial obligations with the Group, in full or in part.

The risk function in Santander Consumer Finance is organised by customer type, distinguishing between individualised and standard customers throughout the risk-management process:

- **Individualised customers** are those assigned to a risk analyst, mainly because of the risk they entail. This category includes Wholesale Banking companies and some Retail Banking companies. Risk management involves expert analysis, complemented by decision-making support tools based on internal risk assessment models.

- **Standard risks** are those customers to whom no risk analyst is expressly assigned. They generally include risk with individuals, individual businesspeople and non-individualised retail banking companies. Management of these risks is based on internal-assessment and automatic-decision models, complemented by teams of analysts specialized in specific risk types when the model does not cover the risk or is not sufficiently accurate.

Evolution of magnitudes in 2024

The evolution of non-performing assets and credit costs reflect the impact of the deterioration of the economic environment mitigated by prudent risk management, which has generally enabled these data to be kept below our competitors' levels in recent years. As a result, Santander Consumer Finance maintains an adequate level of coverage to address the expected loss of the credit risk portfolios it manages.

In December in 2024, the NPL rate was 2.62%, based on a controlled risk, the measures applied in the units and the risk appetite of SANTANDER CONSUMER FINANCE. Non-performing loans (3,195 million euros) are distributed by units as follows: Nordics represents 16% of the total, Spain and Portugal 22%, Germany and Austria 41%, France 7% and Italy 9%. As for portfolio type, Auto represents 49% of the total, Direct 34%, Cards 6%, Stock Finance 2%, Mortgages 1%, Durables 3% and others 5%.

Despite the economic prospects of slight growth in Europe, supported by a process of reducing inflation and interest rates from mid-year onwards, the default ratio closed above the December figure of 2023 (47 basis points) because of persistent pressure on household purchasing power and geopolitical uncertainty.

In terms of credit cost, this ratio has a low risk profile thanks to the granularity and predictability of Santander Consumer Finance portfolios. The 12-month credit cost at the close of December in 2024 was 0.87%.

Main magnitudes and evolution

Santander Consumer Finance's credit risk portfolio profile is characterized by a diversified geographical distribution and the predominance of retail banking activity.

Global Credit Risk Map 2024

The following table details the global map of gross credit risk exposure by geographical area:

SCF Group - Gross Credit risk exposure			
	2024 (million euros)	**Variation December 2023**	**% Portfolio**
Spain and Portugal (*)	16,196	0.23 %	13.33 %
Italy	17,994	15.78 %	14.81 %
France	19,715	1.56 %	16.23 %
Germany and Austria	45,912	3.94 %	37.79 %
Nordics (Scandinavia)	15,954	(8.26) %	13.13 %
Rest	5,710	14.95 %	4.70 %
Total	**121,482**	**3.26 %**	**100.00 %**

In terms of December's 2024 closing product vision, Auto represents 64% of total gross exposure, direct 12%, mortgages 2%, durables 2%, stock finance 13%, cards 2% and others 6%. Germany concentrates the largest percentage of the portfolio with a 38% together with Austria. On the other hand, Nordics (Scandinavia) represents the 13%, and includes the units of Norway, Denmark, Sweden and Finland. France, including the Stellantis Joint Ventures, represents 16% of the total. Spain, Portugal and their respective units resulting from the cooperation with Stellantis, represent 13% of the total.

Information on the estimation of impairment losses

Calculation of expected credit losses:

The expected credit losses are calculated in the Santander Consumer Finance group based on parameters (mainly PD and LGD) obtained from models developed internally following the specific requirements of the IFRS9, as well as other guidelines issued by regulators, supervisors and other international organizations (EBA, NCA, BIS, GPPC). The models are constructed using internal information with sufficiently representative historical depth and granularity, the experience gained in the regulatory and management field, as well as prospective information based on macroeconomic scenarios, and allow estimating losses throughout the life of the operation. The models follow a clearly defined life cycle that includes, among others, an internal validation process, monitoring and governance, to ensure their robustness and suitability to use.

Determination of significant increase in risk:

For the determination of the classification in stage 2, it is evaluated whether there is a significant increase in credit risk (SICR) since the initial recognition of the transactions, considering a set of common principles across the Group that ensure that all financial instruments are subject to this assessment, which considers the particularities of each portfolio and product type from various quantitative and qualitative indicators. All this, subject to the expert judgment of the analysts, who set the thresholds under an adequate integration in the management and implemented according to the approved government. The judgments and criteria used by the Group to establish the thresholds are based on a number of principles and develop a set of techniques. The principles are as follows:

- Universality: All financial instruments under a credit rating must be evaluated for their possible SICR.

- Proportionality: The definition of the SICR must take into account the particularities of each portfolio.

- Materiality: Its implementation must also be consistent with the relevance of each portfolio so as not to incur an unnecessary cost or effort.

- Holistic view: The approach selected should be a combination of the most relevant aspects of credit risk (i.e. quantitative and qualitative).

- Application of IFRS 9: The approach should consider the characteristics of IFRS 9, focusing on a comparison with credit risk in initial recognition, as well as considering forward-looking information.

- Integration of risk management: The criteria must be consistent with those metrics considered in the day-to-day risk management.

- Documentation: Adequate documentation must be prepared. The techniques are summarized below:

  – Stage 2 stability: In the absence of significant changes in the credit quality of portfolios, the volume of assets in stage 2 should maintain some stability as a whole.

  – Economic reasonableness: At the operational level, stage 2 is expected to be a transitional classification for exposures that could eventually move into a credit impairment statement at some point or stage 3, as well as exposures that have suffered credit impairment and whose credit quality is improving and return to stage 1.

  – Predictive power: It is expected that the definition of the SICR will avoid as much as possible direct migrations from Stage 1 to Stage 3 without having been previously classified in Stage 2.

  – Stage 2 time: Exposures are not expected to remain marked as Stage 2 for excessive time.

The application of several of the above techniques results in the setting of one or more thresholds for each portfolio in each geography. These thresholds are also subject to periodic review through calibration tests, which may result in the updating of threshold types or their values. To classify financial instruments in stage 2 we consider the following criteria:

- Quantitative Criteria: Changes in the risk of default occurring during the expected life of the financial instrument are analyzed and quantified with respect to its level of credit risk at the initial time. For the purpose of considering significant changes when financial instruments are classified in stage 2, each subsidiary has defined the quantitative thresholds of its portfolios in accordance with the group guidelines, ensuring a consistent interpretation across all our geographies. These thresholds can be expressed as an absolute or relative increase in the probability of default.

  Within these quantitative thresholds, we consider two types: A relative threshold is understood as one that compares the current credit quality with the credit quality at the time of the granting of the transaction in percentage terms of change. In addition, an absolute threshold compares both references in total terms, calculating the difference between the two. These absolute/relative concepts are used homogeneously (with different values) across all geographies. The use of one type of threshold or another is determined by the type of portfolio and characteristics such as the starting point of the average credit quality of the portfolio.

- Qualitative criteria: Various indicators are used that are aligned with employees in the ordinary management of credit risk and in accordance with current regulations (e.g. irregular ones with more than 30 days, refinancing, etc.). Each subsidiary has defined these indicators for its portfolios, with particular attention to strengthening these qualitative criteria through expert judgment. Where the presumption of significant impairment of credit risk is eliminated, due to a sufficient improvement in the credit rating, the debtor can be re-classified in Stage 1, without any probationary period in Stage 2.

- Quantitative Threefold criterion: According to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" must be applied mandatorily under the CRS. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin. That is, if your reporting RLTPD has more than tripled relative to your source RLTPD, then the transaction should be classified as Stage 2.

- Definition of default; it is maintained in accordance with the EBA Guidelines for Calculation of Provisions, while considering its application to the prudential field; and it is also aligned with the default and stage 3 definitions, which leads to the following criteria for classifying exposures as stage 3: one or more unpaid payments for 90 consecutive days, representing at least 1% of the customer’s total exposure or the identification of other criteria that demonstrate, even in the absence of defaults, that the counterparty is unlikely to be able to meet all of its financial obligations. The Group applies the principle of contagion of impairment to all exposures of the customer marked in arrears. Where a debtor belongs to a group, the principle of contagion of impairment may also apply to all Group exposures. The default rating is maintained for the 3-month trial period following the disappearance of all default indicators described above, and this period is extended to one year for restructured loans that have been classified as default.

- Expected life of the financial instrument: The expected life of a financial instrument is estimated taking into account all contractual terms (e.g., advance payments, duration, purchase options, among others). The contractual period (including extension options) is the maximum period to measure expected credit losses. In the case of financial instruments with undefined contractual maturity and with available balance component (e.g. credit cards), the expected life will be estimated considering the period during which the institution is exposed to credit risk and the effectiveness of management practices that mitigate such exposure.

1. Forward looking vision

To estimate expected losses, Grupo Santander requires a great deal of expert analysis as well as past, present and future data. Santander quantifies expected losses from credit events using an unbiased, weighted consideration of up to five future scenarios that could affect our ability to collect contractual cash flows. These scenarios take into account the time value of money, the relevant information available about past events and current conditions, and projections of macroeconomic factors that are considered important to estimate this amount (e.g. GDP, house prices, rate of unemployment, among others).

The use of forward-looking information through macroeconomic scenarios is common to various internal management processes and regulatory requirements. The guidelines and governance of the Group ensure synergy and coherence between the different processes.

During 2024, the Group updated the macroeconomic scenarios included in the provision's models with the most up-to-date information on the current environment. Accordingly, the Group uses a forward-looking view to estimate the expected losses.

2. Additional elements

Additional elements such an analysis of sectors or other pilars of credit risk analysis are included when necessary if they have not been captured by the two elements explained in the paragraph above, and their impacts has not been captured sufficiently by the macroeconomic scenarios. Collective analysis techniques are also used, when the potential impairment in a group of clients cannot be identified individually.

Based on the elements described above, Grupo Santander Consumer Finance has evaluated the performance of the credit quality of its customers in each of the geographical areas, for the purposes of their staging classification and consequently, the expected credit loss calculation.

Quantification of additional provisions:

At the end of 2023, additional provisions were included, where necessary, to cover potential impacts related to the scenario of persistent inflation and high interest rates. Adjustments have been continuously monitored through recalculation or reformulation throughout 2024. In total, at the end of 2024, the additional adjustments recorded by the Santander Consumer Finance Group, amount to 13.71 million euros and are due to potential impacts in relation to the flood that occurred in the region of Valencia (Spain) 29 October 2024 causing the death of 224 people and significant material damage, that do not respond to the historical casuistry included in the projection models. The geography of the Group affected by these additional adjustments is Spain.

The details of the exposure and impairment losses associated with each stage as of 31 December 2024 are shown below, and depending on the current credit quality of the transactions, the exposure is divided into three grades (investment, speculation and default):

Exposure and impairment losses by stage 2024 (Millions of euros)				
Credit quality (*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	122,177	—	—	122,177
Degree of speculation	12,560	6,973	—	19,533
Non-payment	—	—	3,191	3,191
Total risk (**)	134,737	6,973	3,191	144,901
Impairment losses	374	379	1,743	2,496,000

Exposure and impairment losses by stage 2023 (Millions of euros)				
Credit quality (*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	123,604	—	—	123,604
Degree of speculation	13,008	4,131	—	17,139
Non-payment	—	—	2,541	2,541
Total risk (**)	136,612	4,131	2,541	143,284
Impairment losses	454	266	1,413	2,133,000

(*) Detail of credit quality ratings calculated for Group management purposes.

(**) Assets at amortized cost, loans and advances, customers + credit commitments granted.

As of December 31, 2024 and 2023, the Group does not present significant amounts of impaired assets purchased with impairment.

Provisions sensitivity test

Regarding the evolution of losses due to credit risk, the Group carries out a sensitivity analysis through simulations in which immediate variations (shocks) of +/- 100 bps take place in the main macroeconomic variables, assuming constant distribution phases of each portfolio of financial assets. In this way, a set of specific and complete scenarios is used, where different impacts that affect both the reference variable and the rest of the macroeconomic variables are simulated. These impacts may originate from productivity factors, taxes, wages or exchange rates and interest rates. Sensitivity is measured as the average variation of the expected loss corresponding to the aforementioned scenarios. Following a conservative approach, negative movements take into account an additional standard deviation to reflect the possible greater variability of losses. Finally, in order to provide a measure of comparable sensitivity between portfolios, when using the statistical models for scenario analysis, the advances and lags of the model are eliminated, thus avoiding capturing only part of the simulated shock.

Additionally, the Group performs stress test exercises and sensitivity analysis on a recurring basis in exercises such as ICAAP, strategic plans, budgets and recovery and resolution plans. In these exercises, a prospective vision of the sensitivity of each of the Group's portfolios to the possible deviation from the base scenario is created, considering both the macroeconomic evolution materialized in different scenarios, as well as the evolution of the three-year business. These exercises include potentially more adverse scenarios as well as more plausible scenarios.

Detail of main geographies

Following is the risk information related to the most relevant geographies in exposure and credit risk allowances.

- **Germany**

Information on the estimation of impairment losses

The details of the exposure and impairment losses associated with each of the stages to 31 December 2024 de Santander Consumer Bank AG and Santander Consumer Leasing, GmbH are presented below. In addition, depending on the current credit quality of the transactions, the exposure is divided into three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Investment grade	39,531	115	—	39,646
Speculation grade	—	2,061	—	2,061
Non-payment	—	—	1,094	1,094
Total exposure (**)	39,531	2,176	1,094	42,801
Impairment losses	68	112	554	734

Exposure and impairment losses by stage 2023 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Investment grade	39,935	79	—	40,014
Speculation grade	—	834	—	834
Non-payment	—	—	722	722
Total exposure (**)	39,935	913	722	41,570
Impairment losses	104	56	374	534

(*) Detail of credit quality ratings calculated for Group management purposes.

(**) Assets at amortized cost, loans and advances, customers + credit commitments granted.

The default rate for Germany (includes all perimeter companies in Germany) was 2.68% at the end of December 2024 (1.85% at the end of 2023).

For the estimation of the expected losses, the prospective information is taken into account. Specifically, for the most significant units in Germany (Santander Consumer Bank AG and Santander Consumer Leasing GmbH) five prospective macroeconomic scenarios are considered, which are updated periodically, during a time horizon of 5 years.

The projected evolution in 2024 of the main macroeconomic indicators used to estimate expected losses at Santander Consumer Bank AG and Santander Consumer Leasing, GmbH is presented below:

Magnitudes	5-year scenario (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate (interbank 12)	3.65%	3.24%	2.70%	2.44%	2.20%
Unemployment rate	7.62%	6.27%	5.70%	5.44%	5.13%
GDP growth	(0.58%)	0.11%	1.06%	1.56%	2.15%
Growth of housing price	(4.96%)	(2.69%)	1.84%	1.85%	2.70%

The following is the projected evolution in 2023 of the main macroeconomic indicators, from which derives those used to estimate expected losses at Santander Consumer Bank AG and Santander Consumer Leasing, GmbH:

Magnitudes	5-year scenario (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate (interbank 12)	4.33%	3.86%	3.11%	2.84%	2.70%
Unemployment rate	7.00%	6.08%	5.18%	4.83%	4.46%
GDP growth	(0.18%)	0.31%	1.29%	2.22%	2.69%
Growth of housing price	(2.66%)	(0.99%)	2.35%	4.52%	5.61%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. In terms of their allocation, Santander Consumer AG and Santander Consumer Leasing, GmbH associate the highest weighting to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5%
Worse-case scenario	20%
Base-case scenario	50%
Better-case scenario	20%
Best-case scenario	5%

The following table shows the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Germany, based on the details of the *Exercise on Sensitivity of Provisions* section:

	Variation Expected loss IFRS9			
	New car	Used car	Leasing New	Direct
GDP growth:				
(100) b.p.s.	0.79%	0.74%	6.03%	2.88%
100 b.p.s.	1.51%	1.60%	(1.04%)	(1.30%)
Unemployment rate:				
(100) b.p.s.	0.95%	1.09%	0.32%	(1.88%)
100 b.p.s.	5.60%	5.51%	20.36%	6.96%

With regards to the determination of classification in stage 2, the quantitative criteria applied by the entity are based on identifying whether any increase in the probability of default (PD) for the entire expected life of the operation is greater than an absolute and relative threshold. This threshold is established for each portfolio and is different depending on the credit risk profile characteristics of the products that form the portfolio.

This year, according to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" has been applied within the framework of the SICR. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin.

In addition, for each portfolio, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. The entity, among other criteria, considers that a transaction presents a significant increase in risk when it presents irregular positions > of 30 days. These criteria depend on the risk management practices of each portfolio.

- **Nordics (Scandinavia)**

Information on the estimation of impairment losses

Below, the details of the exposure and impairment losses associated with each of the 31 December 2024 stages of the most significant Nordics (Santander Consumer Bank AS) are presented. In addition, depending on the current credit quality of the transactions, the exposure is divided into three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Investment grade	11,658	—	—	11,658
Speculation grade	1,314	657	—	1,971
Non-payment	—	—	410	410
Total exposure (**)	12,972	657	410	14,039
Impairment losses	59	39	230	328

Exposure and impairment losses by stage 2023 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Investment grade	14,175	—	—	14,176
Speculation grade	1,492	408	—	1,900
Non-payment	—	—	419	419
Total exposure (**)	15,667	408	419	16,494
Impairment losses	78	40	236	355

(*) Detail of credit quality ratings calculated for Group management purposes.

(**) Assets at amortized cost, loans and advances, customers + credit commitments granted.

Nordics (Scandinavia) NPL (including all perimeter companies in Scandinavia) was 3.26% at the end of December 2024 (2.94% at the end of 2023).

Forward-looking information should be taken into account in estimating expected losses. In particular, Santander Consumer Bank AS considers five prospective macroeconomic scenarios, which are updated periodically, over a time horizon of 5 years.

- **Norway**

The following table is the projected evolution in 2024 for the next five years of the main macroeconomic indicators used to estimate the expected losses in Santander Consumer Bank AS:

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.46%	4.05%	3.47%	3.01%	3.25%
Unemployment rate	4.75%	4.45%	4.07%	3.77%	3.61%
Growth of housing price	0.80%	1.83%	2.64%	3.73%	4.55%
GDP growth	0.65%	1.31%	2.11%	2.66%	3.21%

The following is the projected evolution in 2023 for the next five years of the main macroeconomic indicators used to estimate the expected losses in Santander Consumer Bank AS:

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.24%	3.75%	3.15%	2.63%	2.34%
Unemployment rate	4.33%	4.09%	3.90%	3.55%	3.40%
Growth of housing price	(0.49%)	0.12%	1.24%	2.07%	3.22%
GDP growth	0.29%	0.98%	1.80%	2.42%	2.97%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. Regarding its allocation, Santander Consumer Bank AS associates the highest weighting to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5%
Worse-case scenario	20%
Base-case scenario	50%
Better-case scenario	20%
Best-case scenario	5%

The following, based on the details in the *Exercise on Sensitivity of Provisions* section, shows the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Norway:

	Variation Expected loss IFRS9
	Auto physical persons
GDP growth:	
(100) b.p.s.	2.03%
100 b.p.s.	(1.58%)
Housing price growth:	
(100) b.p.s.	4.65%
100 b.p.s.	(2.31%)

- **Denmark**

The following is the projected evolution in 2024 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	5-years scenario (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.50%	3.09%	2.55%	2.23%	2.05%
Unemployment rate	5.96%	5.51%	4.93%	4.74%	4.55%
Growth of housing price	(0.51%)	1.46%	3.99%	4.97%	5.92%
GDP growth	0.02%	0.68%	1.52%	2.05%	2.54%

The following is the projected evolution in 2023 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	5-years scenario (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.53%	3.95%	3.48%	3.10%	2.81%
Unemployment rate	6.57%	5.66%	4.52%	4.13%	3.75%
Growth of housing price	(2.50%)	(0.03%)	3.19%	5.16%	7.08%
GDP growth	(0.14%)	0.50%	1.32%	1.86%	2.40%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. Regarding its allocation, Santander Consumer Bank AS associates the highest weighting to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5 %
Worse-case scenario	20 %
Base-case scenario	50 %
Better-case scenario	20 %
Best-case scenario	5%

The following is the estimated sensitivity *of* expected losses at the end of 2024 for the most relevant portfolios in Denmark:

	Variation Expected loss IFRS9
	Auto physical persons
GDP growth:	
(100) p.b.	2.78%
100 p.b.	(2.31%)

- **Sweden**

The following table is the projected evolution in 2024 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	5-years scenario (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.73%	3.30%	2.76%	2.45%	2.24%
Unemployment rate	7.97%	7.60%	7.07%	6.91%	6.75%
Growth of housing price	2.42%	4.09%	6.37%	7.07%	7.76%
GDP growth	0.56%	1.26%	2.19%	2.75%	3.30%

The following is the projected evolution in 2023 of the main macroeconomic indicators used to estimate expected losses:

Magnitudes	5-years scenario (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.94%	3.61%	2.98%	2.69%	2.41%
Unemployment rate	7.80%	7.46%	7.01%	6.81%	6.61%
Growth of housing price	(1.18%)	0.60%	4.52%	5.40%	8.16%
GDP growth	0.35%	1.04%	1.97%	2.56%	3.19%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. Regarding its allocation, Santander Consumer AS associates the highest weight to the base scenario, while associating the lower weights to the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5 %
Worse-case scenario	20 %
Base-case scenario	50 %
Better-case scenario	20 %
Best-case scenario	5%

The following is the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Sweden:

	Variation Expected loss IFRS9	
	Auto physical persons	Direct
GDP growth:		
(100) p.b.	3.04%	1.17%
100 p.b.	(0.82%)	(0.58%)

In relation to the determination of the classification in stage 2, the quantitative criteria applied in the entity are based on identifying whether any increase in PD for the entire expected life of the operation exceeds a series of relative thresholds. Each portfolio has a set of thresholds according to the characteristics and credit risk profile of the products that compose it.

This year, according to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" has been applied within the framework of the SICR. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin.

In addition, for each portfolio, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. The entity, among other criteria, considers that a transaction presents a significant increase in risk when it presents irregular positions more than 30 days. These criteria depend on the risk management practices of each portfolio.

- **Spain**

Information on the estimation of impairment losses

Below, the details of the exposure and impairment losses associated with each of the stages to 31 December 2024 of the most significant units in Spain (SANTANDER CONSUMER FINANCE S.A.) are presented. In addition, depending on the current credit quality of the transactions, the exposure is divided into three degrees (investment, speculation and default):

Exposure and impairment losses by stage 2024 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	14,274	46	—	14,320
Degree of speculation	1,611	955	—	2,566
Non-payment	—	—	524	524
Total exposure (**)	15,885	1,001	524	17,410
Impairment losses	66	78	321	466

(*) Detail of credit quality ratings calculated for Group management purposes.
(**) Assets at amortized cost, loans and advances - customers + credit commitments granted.

Exposure and impairment losses by stage 2023 (Millions of euros)				
Credit quality(*)	Stage 1	Stage 2	Stage 3	Total
Degree of investment	4,316	—	—	4,316
Degree of speculation	11,017	268	—	11,285
Non-payment	—	—	509	509
Total exposure (**)	15,333	268	509	16,110
Impairment losses	97	45	303	445

(*) Detail of credit quality ratings calculated for Group management purposes.
(**) Assets at amortized cost, loans and advances - customers + credit commitments granted.

The default rate in the case of the geography of Spain (includes all perimeter companies in Spain) stands at 3.68% at the close of December 2024 (3.54% at the end of 2023).

For the estimation of expected losses, forward-looking information should be taken into account. Specifically, for the Spanish portfolio of Santander Consumer Finance, S.A, five prospective macroeconomic scenarios are considered, which are updated periodically, over a time horizon of 5 years.

The following is the projected evolution of the main macroeconomic indicators in the coming years. Specifically for the financial year 2024, GDP growth and unemployment rate have been used to estimate the expected losses in the portfolios in Spain of Santander Consumer Finance, S.A.

Magnitudes	Scenario at 5 years (2025-2029)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	3.65%	3.24%	2.70%	2.44%	2.19%
Unemployment rate	14.92%	12.53%	10.15%	8.88%	8.25%
Growth of housing price	(1.79%)	(0.87%)	2.91%	3.89%	4.76%
GDP growth	(0.85%)	0.32%	1.67%	2.77%	3.74%

The following is the projected evolution of the main macroeconomic indicators in the coming years. Specifically for the financial year 2023, GDP growth and unemployment rate have been used to estimate the expected losses in the portfolios in Spain of Santander Consumer Finance, S.A:

Magnitudes	Scenario at 5 years (2024-2028)				
	Worst-case scenario	Worse-case scenario	Base-case scenario	Better-case scenario	Best-case scenario
Interest rate	4.54%	4.00%	3.48%	3.34%	3.11%
Unemployment rate	16.40%	14.28%	10.97%	9.52%	7.96%
Growth of housing price	(0.20%)	0.54%	2.09%	2.64%	3.38%
GDP growth	(0.88%)	(0.04%)	1.54%	2.71%	3.56%

Each of the macroeconomic scenarios is associated with a certain probability of occurrence. In terms of their allocation, the portfolios of the businesses in Spain of Santander Consumer Finance, S.A associate the base scenario with the highest weighting, while associating the lower weights with the most extreme scenarios. The weights used in both 2024 and 2023 were as follows:

Worst-case scenario	5 %
Worse-case scenario	20 %
Base-case scenario	50 %
Better-case scenario	20 %
Best-case scenario	5%

Following the details in the section *Exercise of sensitivity of provisions* shows the estimated sensitivity of expected losses at the end of 2024 for the most relevant portfolios in Spain:

	Variation Expected loss IFRS9		
	New Car	Used car	Cards
GDP growth:			
(100) p.b.	3.50%	1.92%	3.33%
100 p.b.	(2.68%)	(1.53%)	(2.64%)

Regarding Stage 2 classification, the quantitative criteria that have been applied in the entity are based in identifying if any increase in the PD for the whole operation life expectancy is greater than a series of absolute and relative thresholds. Each portfolio has its own thresholds depending on the characteristics and credit risk profile of the products that form this portfolio.

As an example in the case of Santander Consumer Finance S.A., for its main portfolios, a transaction shall be considered to be classified in stage 2 when the PD of the entire expected life of the operation at any given time exceeds the PD at the time of initial recognition in absolute and relative terms, depending on the sub-segment.

This year, according to the comments received from the supervisor in the follow-up letter to Questionnaire IFRS9, the quantitative criterion called "Threefold increase" has been applied within the framework of the SICR. This criterion is to analyze whether credits awarded have experienced an increase of more than 200% (measured in relative terms) in their probability rate of Default over time (annualized RLTPD) at the time of reporting, compared to their annualized RLTPD at the time of origin.

In addition, for each portfolio, a series of specific qualitative criteria are defined that indicate that the exposure has had a significant increase in credit risk, regardless of the evolution of its PD since the time of initial recognition. The entity, among other criteria, considers that a transaction presents a significant increase in risk when it presents irregular positions more than 30 days. These criteria depend on the risk management practices of each portfolio.

Credit risk

a. Evolution of magnitudes in 2024

The development of non-performing assets and the cost of credit reflect the impact of the worsening economic environment, mitigated by prudent risk management, which has generally kept these figures lower than those of our competitors in recent years. As a result, Santander Consumer Finance maintains an adequate level of coverage to fase the expected.

Portfolio redirected

The term “forborne loan portfolio” refers, for the purposes of the Group's risk management, to those transactions in which the customer has, or might foreseeably have, financial difficulty in meeting its payment obligations under the terms and conditions of the current agreement with Santander Consumer Finance and, accordingly, the agreement has been modified or cancelled or even a new transaction has been entered into.

The Santander Group, which Santander Consumer Finance Group belongs to, has a detailed customer debt forbearance policy that serves as a reference for the various local adaptations made for all the financial institutions forming part of the Group. This policy is adapted to the bank regulation establish by the EBA, like it is said in the "Guidelines relating to the management of non-performing and restructured or refinanced exposures" (EBA/GL/2018/06) of October, 31 2018. It is also adapted the Bank of Spain Circular 6/2021 that modifies 4/2017.

This policy establishes rigorous criteria of prudence in the assessment of these risks:

- The use of this practice is restricted, and any actions that might defer the recognition of impairment must be avoided.
- The main objective should be the recovery of the amounts due, recognizing as soon as possible the amounts that are considered irrecoverable.
- Maintaining existing guarantees should always be considered and, if possible, improving them. Effective safeguards can not only serve as severity mitigators but may reduce the likelihood of non-compliance.
- This practice should not involve additional financing, refinance of debt from other entities, or use as a cross-selling instrument.
- All the alternatives to forbearance and their impacts must be assessed, making sure that the results of this practice will exceed those which would foreseeably be obtained if it were not performed.
- Forborne transactions are classified using more stringent criteria which prudentially ensure that the customer's ability to pay is restored from the date of forbearance and for an adequate period of time thereafter.
- Additionally, in the case of those clients who have assigned a risk analyst, the individualized analysis of each case is of special relevance, both for its correct identification and for its subsequent classification, monitoring and adequate provision.

- The forbearance policy also sets out various criteria for determining the scope of transactions qualifying as forborne exposures by defining a detailed series of objective indicators that permit identification of situations of financial difficulty.

Thus, transactions that are not classified as doubtful at the date of the forbearance are generally considered to be financially difficult if they exceeded one month of default at that date. If there is no default or if it does not exceed one month of age, other indicators are taken into account, among which the following are:

– Operations of customers who already have difficulties with other operations.

– When the modification becomes necessary prematurely without a previous and satisfactory experience with the customer.

– In the event that the necessary modifications entail the granting of special conditions such as the need to establish a temporary deficiency in payment or when these new conditions are considered more favorable to the customer than would have been granted in an ordinary admission.

– Request for successive modifications at unreasonable time intervals. In the case of Consumer Finance, a maximum of 1 restructuring agreement is established in a year or 3 in a period of 5 years.

– In any case, once the modification has been made, if any irregularity arises in the payment during a certain period of observation, even if there are no other symptoms, the operation will be considered within the perimeter of the forborne exposure ('backtesting').

Once it has been determined that the reasons for the modification of the customer's debt conditions are due to financial difficulties of the customer, regardless of whether or not the customer has overdue payments and the number of days of payment arrears present, the client will be considered a customer redirected for all purposes and as such will be managed based on the criteria established in this policy.

Once forbearance measures have been adopted, transactions that have to remain classified as nonperforming because at the date of forbearance they do not meet the regulatory requirements to be reclassified to a different category must comply with a continuous prudential payment schedule in order to assure reasonable certainty as to the recovery of the ability to pay

Once this period has passed, conditioned by the client's situation and the characteristics of the transaction (term and guarantees provided), the transaction is no longer considered doubtful, although it remains subject to a trial period in which special monitoring is conducted.

This monitoring is maintained as long as a number of requirements are not met, including: A minimum observation period of 24 months, in case of restructured operations in Stage 2 and 12 months in Stage 3; amortization of a substantial percentage of the outstanding amounts and, satisfy the unpaid amounts at the time of the redirection. If it is justified that, while a transaction is in the 24-month Cure Period of Stage 2, there is no longer a significant increase in its credit risk, that transaction can be reclassified into Stage 1 and Non-Default risk, no need to complete the aforementioned Cure Period. However, it is important to note that restructuring at the time of origination can only be classified as stage 2 or stage 3, never as stage 1.

When forbearance is applied to a transaction classified as non-performing, the original default dates continue to be considered for all purposes, irrespective of whether as a result of forbearance the transaction becomes current in its payments. Also, the forbearance of a transaction classified as non-performing does not give rise to any release of the related provisions.

Forbearance can be long or short term (less than two years). Redirections with periods not exceeding two years shall be taken into account when the borrower meets the following criteria:

– That it experiences temporary liquidity restrictions, for which the recovery of the client will be evidenced in the short term.

– The application of long-term redirection measures was not effective given the temporary financial uncertainty of a general or specific nature of the client.

– That you have been fulfilling your contractual obligations prior to the reinstatement.

– Demonstrate a clear willingness to cooperate with the entity.

As a result of the analysis that is conducted, both of the situation of the client and of the characteristics of the redirection operation that is used, it must be ensured that the redirection will facilitate the reduction of the client's debt and therefore will be feasible. In this regard, in order to assess the feasibility of the operation, account shall be taken of:

a. That it can be demonstrated with evidence that the proposed redirection is within the reach of the customer, that is, that the full refund is expected.

b. The payment by the customer of the outstanding amounts, in full or for the most part, and the considerable reduction of exposure in the medium to long term.

c. The absence of repeated non-compliance with payment plans that led to successive renewals (more than three rebates in a three-year period).

d. In the temporary application of short-term redirection measures, it can be proved by evidence that the client has payment capacity to meet the debt, principal and interest, once the term of application of the temporary reduction has expired.

e. The measure does not result in the successive application of several refinancing or restructuring measures for the same exposure.

In the event that operations are conducted that do not comply with the above, they will be considered non-viable operations and will be part of the non-performing refinancing category.

The quantitative information required by Bank of Spain is shown below, in relation to the restructured operations in force on 31 December 2024 and 2023, taking into account the above criteria:

f) *Metrics and measurement tools*

Credit rating tools

In line with the Santander Group tradition, which has witnessed the use of proprietary rating models since 1993, at Santander Consumer Finance Group the credit quality of a client or a transaction is measured by internal scoring and rating systems. Each credit rating assigned by model corresponds to a probability of default, determined from the Group's historical experience.

Given the predominantly retail orientation of the Group's business, the evaluation is based primarily on scoring models or scorecards that, combined with other credit policy rules, automatically give an opinion to the received requests. These tools have the dual advantage of assigning an objective assessment of the level of risk and of improving response times that a manual analysis alone would entail.

Apart from the scoring models used in the admission and portfolio management stages (qualification of the operations comprising them for the assessment of their credit quality and estimation of their potential losses), there are also existing account or client evaluation tools that are used in the recovery stage of defaults. In this way, we try to provide coverage over the entire "credit cycle" (admission, monitoring and recovery) through statistical rating models based on the Group's internal historical information.

For individualised corporates and institutions, which at the Group include mainly dealers/retailers, the assessment of the level of credit risk is based on expert rating models that combine in the form of variables the most relevant factors to be taken into account in the assessment, in such a way that the rating process generates appraisals that are consistent and comparable among customers and summarise all the relevant information. In 2024 all the units conducted reviews of the aforementioned portfolios, involving the participation of all areas of the Group. The review meetings covered the largest exposures, companies under special surveillance and the main credit indicators of these portfolios.

Ratings assigned to customers are reviewed periodically to include any new financial information available and the experience in the banking relationship. The frequency of the reviews is increased in the case of customers that reach certain levels in the automatic warning systems and of customers classified as requiring special monitoring. The rating tools themselves are also reviewed in order to progressively fine-tune the ratings they provide.

To a lesser extent, certain exposures are also assessed using the global rating tools which cover the global wholesale banking segment. Management of this segment is centralised at the Risk Division of the Santander Group, for both rating calculation and risk monitoring purposes. These tools assign a rating to each customer, which is obtained from a quantitative or automatic module, based on balance sheet ratios or macroeconomic variables, supplemented by the analyst's expert judgement.

The Group's portfolio of individualised corporates is scarcely representative of the total risks

d) Credit risk parameters

The assessment of customers or transactions using rating or scoring systems constitutes a judgement of their credit quality, which is quantified through the probability of default (PD).

In addition to customer assessment, the quantification of credit risk requires the estimation of other parameters, such as exposure at default (EAD) and the percentage of EAD that will not be recovered (loss given default or LGD). Therefore, other relevant aspects are taken into account in estimating the risk involved in transactions, such as the quantification of off-balance-sheet exposures, which depends on the type of product, or the analysis of expected recoveries, which is related to the guarantees provided and other characteristics of the transaction: type of product, term, etc.

These factors make up the main credit risk parameters. Its combination allows the calculation of the probable loss or expected loss (PE). This loss is considered as an additional cost of the activity, which reflects the risk premium, and which must be passed on to the price of the operations.

The risk parameters also allow the calculation of regulatory capital according to the rules arising from the new Basel Capital Agreement (BIS II). Regulatory capital is determined as the difference between the unexpected loss and the expected loss.

Unexpected loss is the basis of capital calculation and refers to an extremely high but unlikely level of loss that is not considered recurring and must be met with own resources.

Observed loss: Credit cost measurements

In addition to the predictivity provided by the advanced models described above, other common metrics are used that allow prudent and effective management of credit risk based on the observed loss.

The assessment of customers or transactions using rating or scoring systems constitutes a judgement of their credit quality, which is quantified through the probability of default (PD). In addition to customer assessment, the quantification of credit risk requires the estimation of other parameters, such as exposure at default (EAD) and the percentage of EAD that will not be recovered (loss given default or LGD). Therefore, other relevant aspects are taken into account in estimating the risk involved in transactions, such as the quantification of off-balance-sheet exposures, which depends on the type of product, or the analysis of expected recoveries, which is related to the guarantees provided and other characteristics of the transaction: type of product, term, etc.

e) Credit risk cycle

The credit risk management process consists of identifying, measuring analysing, controlling, negotiating and deciding on the risks incurred in the Group's operations. This process involves the areas that take risks, senior management and the Risk function.

As the Group is a member of the Santander Group, the process starts with senior management, through the board of directors and the executive risk committee, which set the risk policies and procedures, the limits and delegation of powers, and approve and supervise the framework for action by the risk function.

The risk cycle has three phases: pre-sale, sale and post-sale. The process is constantly revised, incorporating the results and conclusions of the after-sale phase into the study of risk and pre-sale planning

e.1) Pre-sale

– **Risk study and credit rating process**

In general, the risk study consists of analyzing the client's ability to meet its contractual commitments to the Group and other creditors. This involves analyzing the credit quality of the client, its risk operations, its solvency and the profitability to obtain according to the risk assumed.

To this end, the Group has used since 1993 models to assign solvency ratings to customers, known as *ratings*. These mechanisms are used in the wholesale segment (sovereign, financial institutions and corporate banking), as well as in the rest of companies and institutions.

The rating results from a quantitative model based on balance sheet ratios or macroeconomic variables, complemented by the expert judgement of analysts.

The ratings given to customers are regularly reviewed, incorporating the latest available financial information and experience in the development of the banking relationship. The regularity of the reviews increases in the case of customers who trigger certain levels in the automatic warning systems and who are classified as special watch. The rating tools are also reviewed in order to adjust the accuracy of the rating.

While ratings are used in the wholesale sector and for companies and institutions, scoring techniques predominate for individuals and smaller companies. In general, these techniques automatically assign a score to the customer for decision-making purposes, as explained in the Decisions on operations section.

– **Planning and setting limits**

The purpose of this phase is to limit the levels of risk assumed by the Group, efficiently and comprehensively. The credit risk planning process serves to set the budgets and limits at the portfolio level for subsidiaries. Planning is carried out through a dashboard that ensures that the business plan and lending policy are achieved, and that the resources needed to achieve these are available. This arose as a joint initiative between the Sales area and the Risk function, providing a management tool and a way of working as a team.

Incorporating the volatility of macroeconomic variables that affect portfolio performance is a key aspect in planning. The Group simulates this performance under a range of adverse and stressed scenarios (stress testing), enabling assessment of the Group's solvency in specific situations.

Scenario analysis enables senior management to understand the portfolio's evolution in the face of market conditions and changes in the environment. It is a key tool for assessing the sufficiency of provisions in stress scenarios.

Limits are planned and established using documents agreed between the Business and Risk areas and approved by the Group, setting out the expected business results in terms of risk and return, the limits to which this activity is subject and management of the associated risks, by group or customer.

e.2) ***Sale***

– **Decisions and operations**

The sales phase consists of the decision-making process, analysing and deciding on operations. Approval by the risk area is a prior requirement before the contracting of any risk. This process must take into account the policies defined for approving operations, the risk appetite and the elements of the operation that are relevant to the search for the right balance between risk and profitability.

In the sphere of standardised customers (individuals and businesses and SMEs with low turnover), large volumes of credit operations can be managed more easily by using automatic decision models for classifying the customer/transaction pair. The ratings these models give to transactions enable lending to be classified consistently into homogeneous risk groups, based on information on the characteristics of the transaction and its owner.

e.3) ***After-sales***

- **Monitoring**

The monitoring function is based on a process of continuous observation, which allows to detect in advance the variations that may occur in the credit quality of the clients in order to take action to correct the deviations that have a negative impact.

Tracking is based on customer segmentation and is conducted through dedicated local and global risk teams, complemented by internal audit work.

The function includes, among other tasks, in the identification and monitoring of signatures under special surveillance, the reviews of ratings and the continuous monitoring of indicators.

Tracking is based on customer segmentation and is carried out through dedicated local and global risk teams, complemented by internal audit work.

The function includes, among other tasks, in the identification, monitoring and assignment of policies at the client level that allow anticipating surprises and managing them in the most appropriate ways to their situation, credit policies, ratings reviews and continuous monitoring of indicators.

The system called Santander Customer Assessment Notes (SCAN) distinguishes between four levels depending on the level of concern of the circumstances observed (Specialized Follow-up, Intensive Follow-up, Ordinary Follow-up, Do Not Attend). The inclusion of a position in SCAN does not imply that non-compliance has been recorded, but rather the convenience of adopting a specific policy with the same, determining the person responsible and the time frame in which it must be carried out. SCAN qualified clients are reviewed at least semi-annually, being such review quarterly and/or monthly for the most serious grades. The ways in which a firm qualifies in SCAN are the monitoring work itself, the review carried out by the internal audit, the decision of the commercial manager who oversees the firm or the entry into operation of the established system of automatic alarms.

The reviews of the assigned ratings are made, at least, annually, but if weaknesses are detected, or depending on the rating itself, they are carried out more regularly.

For the risks of individuals, businesses and SMEs with lower turnover, a task of monitoring the main indicators is carried out in order to detect deviations in the behavior of the credit portfolio with respect to the forecasts made in the Strategic Commercial Programs - PECs.

f) Measurement and control

In addition to monitoring the credit quality of customers, the Group establishes the necessary control procedures to analyze the current portfolio of credit risk and its evolution, through the different stages of credit risk.

The function is developed by assessing risks from different complementary perspectives, establishing as main axes the control by geographies, business areas, management models, products, etc., facilitating the early detection of specific foci of attention, as well as the development of action plans to correct any deterioration.

Each control axis supports two types of analysis:

1.- Quantitative and qualitative analysis of the portfolio

In the portfolio analysis, the evolution of risk with respect to budgets, limits and benchmarks is monitored permanently and systematically, evaluating the effects in future situations, both exogenous and those derived from strategic decisions, in order to establish measures that place the profile and volume of the risk portfolio within the parameters set by the Group.

In the credit risk control stage, the following are used, among others and in addition to traditional metrics:

a. MDV (management default variation)

MDV measures how NPLs change over a period, stripping out write-offs and including recoveries. It is an aggregate metric at the portfolio level that enables us to react to any impairments seen in the behaviour of non-performing loans.

b. EL (expected loss) and capital

The expected loss is the estimate of the economic loss that will occur during the next year of the existing portfolio at any given time. It is one more cost of the activity, and it must be reflected in the price of the operations.

2.- Evaluation of control processes

It includes the systematic and periodic review of procedures and methodology, developed throughout the credit risk cycle, to ensure its effectiveness and validity.

In 2006, within the corporate framework established in the Group for Compliance with the Sarbanes Oxley Law, a corporate methodology was established for the documentation and certification of the Control Model, defined in tasks, operational risks and controls. The Risks Division evaluates the efficiency of internal control of its activities annually.

Moreover, the internal validation function, within its mission of monitoring the quality of the Group’s risk management, ensures that the models used in the admission and management of different risks meet the most demanding criteria and best practices observed in the industry and/or required by regulators. In addition, internal audit is responsible for ensuring that policies, methods and procedures are adequate, effectively implemented and regularly reviewed.

g) Recovery Management

Recovery activity is an important function within the Group's risk management area. The area responsible is Collection and Recoveries, which frames a global strategy and a comprehensive approach to recovery management.

The Group combines a global model with local execution, taking account of the specific features of the business in each area.

The main objective of the recovery activity is to recover outstanding debts and obligations by managing our customers, thus contributing to a lesser need for provisions and a lower cost of risk.

The specific targets of the recovery process are guided as follows:

- Achieve collection or regularisation of outstanding balances, so that an account returns to its normal state; if this is not possible, the objective is total or partial recovery of debts, whatever their accounting or management status.
- Maintain and strengthen our relationship with the customer by addressing their behaviour with an offer of management tools, such as refinancing products according to their needs, consistently with careful corporate policies of approval and control, as established by the risk areas.

In the recovery activity, Standardised customers and Individually Managed customers are segmented or differentiated with specific and comprehensive management models in each case, according to basic specialisation criteria.

Management is articulated through a multichannel customer relationship strategy. The telephone channel is oriented towards standardised management, with a focus on achieving contact with customers and monitoring payment agreements, prioritising and adapting management actions based on the state of progress of their situation of "in arrears", "doubtful" or "in default", their balance sheet and their payment commitments.

The commercial network of recovery management operates alongside the telephone channel. It is a means of developing a closer relationship with selected customers, and is composed of teams of agents with a highly commercial focus, specific training and strong negotiation skills. They conduct personalised management of their own portfolios of high-impact customers (large balance sheets, special products, customers requiring special management).

Recovery activities at advanced stages of non-performance are guided by a dual judicial and extra judicial management approach. Commercial and follow-up activities by telephone and via agent networks are continued, applying strategies and practices specific to the state of progress.

The management model encourages proactivity and targeted management through continuous recovery campaigns with specific approaches for customer groups and non-performance states, acting with predefined goals through specific strategies and intensive activities via appropriate channels within limited time frames.

Suitable local production and analysis of daily and monthly management information, aligned with corporate models, have been defined as the basis of business intelligence for ongoing decision-making for management guidance and results monitoring.

h) Risk of concentration

Concentration risk is a key component of credit risk management. The Santander Group, which Santander Consumer Finance Group belongs, continuously monitors the degree of credit risk concentration, by geographical area/country, economic sector, product and customer group.

The Board of Directors, by reference to the risk appetite, determines the maximum levels of concentration, and the executive risk committee establishes the risk policies and reviews the appropriate exposure limits to ensure the adequate management of credit risk concentration.

Santander Consumer Finance is subject to Bank of Spain regulations on large exposures contained in the fourth part of the CRR (Regulation UE No.575 / 2013), according to which the exposure contracted by an entity with respect to a client or related group of clients will be considered 'great exposure' when its value is equal or greater than 10% of its computable capital. Additionally, to limit large exposures, no entity may asume against a client or group of clients linked to each other an exposure whose value exceeds 25% of its eligible capital, after taking into account the effect of credit risk reduction under rule.

At the end of December 2024, after applying risk mitigation techniques, no group reached the aforementioned thresholds.

The Santander Consumer Finance Group's Risk Division works closely with the Finance Division in the active management of credit portfolios, which includes reducing the concentration of exposures through several techniques, such as the arrangement of credit derivatives for hedging purposes or the performance of securitisation transactions, in order to optimise the risk/return ratio of the total portfolio.

The detail, by activity and geographical area of the counterparty, of the concentration of the Group's risk (*) at 31 December 2024 and 2023 is as follows:

2024					
	EUR Thousands				
	Spain	The rest of the European Union	America	Rest of the world	Total
Central banks and credit institutions	3,372,876	10,135,077	—	447,377	13,955,330
Public administrations	1,741,640	3,255,117	—	39,231	5,035,988
Of which:					
Central Administration	*1,740,579*	*2,018,286*	—	—	*3,758,865*
Other Public Administrations	*1,061*	*1,236,831*	—	*39,231*	*1,277,123*
Other financial institutions	55,043	663,160	19,340	301,633	1,039,176
Non-Financial corporations and individual traders	4,591,993	33,995,088	—	1,720,206	40,307,287
Of which:					
Construction and property development	—	*102,333*	—	—	*102,333*
Civil engineering construction	—	*5,983*	—	—	*5,983*
Large companies	*2,241,594*	*14,366,944*	—	*399,237*	*17,007,775*
SMEs and individual traders	*2,350,399*	*19,519,828*	—	*1,320,969*	*23,191,196*
Other households and non-profit institutions serving households	9,373,650	63,731,924	718,171	4,480,370	78,304,115
Of which:					
Housing	*383,248*	*2,430,603*	—	—	*2,813,851*
Consumption	*8,950,955*	*60,901,843*	*718,171*	*4,480,370*	*75,051,339*
Other purposes	*39,447*	*399,478*	—	—	*438,925*
				Total	138,641,896

(*) The definition of risk for the purposes of this table includes the following items in the public consolidated balance sheet: 'Loans and advances: In credit institutions', 'Loans and advances: Central banks', 'Loans and advances: to the customers', 'Debt securities', 'Equity instruments', 'Derivatives', 'Derivatives - Coverage accounting', 'Participations and guarantees granted'.

2023					
	EUR Thousands				
	Spain	The rest of the European	America	Rest of the world	Total
Central banks and credit institutions	4,813,326	9,350,967	—	153,241	14,317,534
Public administrations	789,243	3,346,864	—	44,007	4,180,114
Of which:					
Central Administration	787,327	2,095,936	—	—	2,883,263
Other Public Administrations	*1,916*	*1,250,928*	—	*44,007*	*1,296,851*
Other financial institutions	*40,028*	*993,739*	*15,074*	*386,172*	*1,435,013*
Non-Financial corporations and individual traders	4,012,908	34,601,493	—	1,802,545	40,416,946
Of which:					
Construction and property development	—	252,314	—	—	252,314
Civil engineering construction	—	7,800	—	—	7,800
Large companies	*1,435,847*	*14,869,913*	—	*436,022*	*16,741,782*
SMEs and individual traders	*2,577,061*	*19,471,466*	—	*1,366,523*	*23,415,050*
Other households and non-profit institutions serving households	*10,023,439*	*58,983,648*	*734,671*	*4,722,813*	*74,464,571*
Of which:					
Housing	1,190,283	2,506,878	—	—	3,697,161
Consumption	*8,785,337*	*55,894,838*	*734,671*	*4,722,813*	*70,137,659*
Other purposes	*47,819*	*581,932*	—	—	*629,751*
				Total	*134,814,178*

(*) The definition of risk for the purposes of this table includes the following items on the public consolidated balance sheet: cash balances in central banks and other demand deposits, deposits in credit institutions, credit to customers, debt securities, trading derivatives, hedge derivatives, investments in joint ventures and associates, equity instruments - and guarantees granted.

Market, structural and liquidity risk

a. Scope and definitions

The measurement, control and monitoring perimeter of the market risk function covers those operations where capital risk is assumed, as a result of changes in market factors.

These risks are generated through two types of key activities:

– The trading activity, which includes both the provision of financial services in markets for clients, in which the entity is the counterparty, as well as the activity of buying and selling own positioning in fixed income products, equities and currency mainly.

  Santander Consumer Finance does not carry out trading activities, limiting its treasury activity to managing the structural risk of its balance sheet and hedging, as well as managing the liquidity necessary to finance its business.

– The balance sheet management activity or ALM, which involves the management of risks inherent in the bank's balance sheet, excluding the trading book.

The risks generated in these activities are:

– Market: Risk incurred as a result of the possibility of changes in market factors affecting the value of the positions held by the entity in its trading books.

– Structural: Risk caused by the management of the different balance sheet items. This risk includes both the losses due to price changes affecting the portfolios available for sale and to maturity (banking book), as well as the losses arising from the management of the assets and liabilities measured at amortized cost of the Group.

– Liquidity: Risk of not fulfilling payment obligations on time or of doing so at an excessive cost, as well as the ability to finance the growth of its asset volume. Among the typologies of losses caused by this risk are losses due to forced sales of assets or margin impacts due to the mismatch between the forecasts of outflows and cash inflows.

Trading and structural market risks, depending on the market variable that generates them, can be classified into:

– Interest rate risk: Identifies the possibility that interest rate variations may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

– Credit spread risk: Identifies the possibility that changes in credit spread curves associated with issuers and specific types of debt may adversely affect the value of a financial instrument, a portfolio or the Group as a whole. The spread is a differential between financial instruments that are traded on a margin over other benchmark instruments, mainly TIR (Internal Rate of Return) of government securities and interbank interest rates.

– Exchange rate risk: Identifies the possibility that changes in the value of a position in currency other than the base currency may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

– Inflation risk: Identifies the possibility that changes in inflation rates may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

– Volatility risk: Identifies the possibility that changes in the quoted volatility of market variables could adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

– Market liquidity risk: Identifies the possibility that an entity or the Group as a whole may not be able to undo or close a position on time without impacting the market price or transaction cost.

– Prepayment or cancelation risk: Identifies the possibility that early cancelation without negotiation, in transactions whose contractual relationship allows it explicitly or implicitly, generates cash flows that must be reinvested at a potentially lower interest rate.

There are other variables that exclusively affect market risk (and not structural), so that this can be further classified into:

- Equity risk: Identifies the possibility that changes in the price value or dividend expectations of equity instruments may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Commodity Risk: Identifies the possibility that changes in the value of the prices of goods may adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Correlation risk: Identifies the possibility that changes in the correlation between variables, whether of the same type or of a different nature, quoted by the market, could adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Insurance risk: Identifies the possibility that securities placement objectives or other type of debt are not met when the entity participates in the insurance of them.

Likewise, liquidity risk can be classified into the following categories:

- Financing risk: Identifies the possibility that the entity will be unable to meet its obligations as a result of the inability to sell assets or obtain financing.

- Mismatching risk: Identifies the possibility that differences between the maturity structures of assets and liabilities generate an overrun to the entity.

- Contingency risk: Identifies the possibility of not having adequate management elements for obtaining liquidity as a result of an extreme event that involves greater financing or collateral needs to obtain it.

b. Measurement and methodologies

<u>1. Structural interest rate risk</u>

The Group conducts analysis of the sensitivity of financial margin and equity to changes in interest rates. This sensitivity is conditioned by the gaps in the maturity dates and the revision of interest rates for the various balance sheet items.

Depending on the interest rate positioning of the balance sheet, and considering the situation and market prospects, financial measures are agreed to adapt this positioning to the desired by the Group. These measures can range from taking positions in markets to defining the interest rate characteristics of commercial products.

The measures used to control interest risk in these activities are the interest rate gap, the sensitivity of financial margin and equity value to changes in interest rate levels.

- Interest rate gap

The interest rate gap analysis addresses the gaps between the revaluation periods of capital masses within the items, both the balance sheet (asset and liability) and the off-balance sheet (off-balance sheet) accounts. It facilitates a basic representation of the balance sheet structure and allows for the detection of concentrations of interest risk in the different timeframes. It is also a useful tool for estimating possible impacts of possible interest rate movements on the financial margin and on the capital value of the entity.

All balance sheet and off-balance sheet masses must be distributed in their flows and placed at the reprice/maturity point. In the case of those masses that do not have a contractual expiration, the Santander Group internal model of analysis and estimation of the durations and sensibilities of the same is used.

- Sensitivity of Net Interest Income (NII)

The sensitivity of the financial margin measures the change in expected accruals for a given period (12 months) in the face of a shift in the interest rate curve.

- Sensitivity of Economic Value(EVE)

Measures interest rate risk implied in equity value, which for interest rate risk purposes is defined as the difference between the net present value of assets minus the net present value of liabilities payable, based on the impact of a change in interest rates on these present securities.

– Regulatory reporting

Santander Consumer Finance performs the measurement of interest rates following the European Banking Authority (EBA) Guidelines on Interest Risk Management (IRRBB) and the evaluation and monitoring of credit spread risk (CSRBB) of non-trading activities (EBA/GL/2022/14) for the Group consolidated.

2. Liquidity risk

Structural liquidity management aims to finance the recurring activity of Santander Consumer Finance Group under optimal terms of time and cost, avoiding unwanted liquidity risks.

The measures used to control liquidity risk are the liquidity gap, liquidity ratios, the structural liquidity table, liquidity stress tests, the financial plan, the liquidity contingency plan and regulatory reporting.

– Liquidity gap

The liquidity gap provides information on contractual and expected cash inflows and outflows for a given period, in each of the currencies in which the Santander Consumer Finance Group operates. It measures the net need or excess of funds on a date and reflects the level of liquidity held under normal market conditions.

In the Contractual Liquidity Gap, all the masses that provide cash flows are analyzed, placed at their contractual maturity point. For those assets and liabilities without contractual maturity, the Santander Group's internal model of analysis is used, based on the statistical study of the historical series of products, and what is called stable and unstable balance for liquidity purposes is determined.

– Liquidity ratios

The Minimum Liquidity Ratio compares liquid assets available for sale or assignment (once relevant discounts and adjustments have been applied) and assets less than 12 months with liabilities up to 12 months.

The Structural Finance Ratio measures the extent to which assets requiring structural financing are being financed with structural liabilities.

– Structural liquidity table

The purpose of this analysis is to determine the structural liquidity position according to the liquidity profile (greater or lower stability) of the different instruments of the asset and the liability.

– Liquidity stress tests

The liquidity stress tests developed by the Santander Consumer Finance Group aim to determine the impact of a severe, but plausible, liquidity crisis. In these stressful scenarios, internal factors that may affect the Group's liquidity are simulated, such as the fall in the institutional credit rating, the value of assets on the balance sheet, banking crises, regulatory factors, change in consumption trends and/or loss of confidence of depositors, among others.

Through the stress of these factors, four scenarios of liquidity stress are simulated, on a monthly basis, (banking crisis in Spain, idiosyncratic crisis of the Santander Consumer Finance Group, Global Crisis, as well as a combined scenario) establishing, on their outcome, a minimum level of liquid assets.

– Financial Plan

The liquidity plan is drawn up annually, based on the financing needs arising from the business budgets of all the Group's subsidiaries. Based on these liquidity needs, the limitations of appealing to new securitizations are analyzed based on the possible eligible assets available, as well as the possible growth of client deposits. With this information, the emission and securitization plan for the year is established. Real developments in funding needs are regularly monitored throughout the year, resulting in subsequent updates to the plan.

- Liquidity contingency plan

The Liquidity Contingency Plan aims to foresee the processes (governance structure) that should be followed in the event of a liquidity crisis, either potential or real, as well as the analysis of contingency actions or levers available for the management of the entity in such a situation.

The Liquidity Contingency Plan builds on, and should be designed in line with, two key elements: Liquidity Stress Testing and the Early Warning Indicator System (EWI). Stress tests and their different scenarios serve as a basis to analyze the available contingency actions as well as to determine their sufficiency. The EWIs system serves to monitor and potentially trigger the scaling mechanism to activate the plan and monitor the evolution of the situation once activated

- Regulatory reporting

Santander Consumer Finance performs the Liquidity Coverage Ratio (LCR) of the European Banking Authority (EBA) for the Consolidated Group, as well as the Net Stable Funding Ratio (NSFR).

In addition, Santander Consumer Finance produces annually the report corresponding to the ILAAP (Internal Liquidity Adequacy and Assessment Process) to be integrated into the consolidated document of the Santander Group, despite not being required by the Supervisor at the Liquidity Management Subgroup level.

3. Risk of structural change.

The risk of structural change is managed within the general corporate procedures, with the aim of maintaining the CET1 ratio constant, both at Santander Group and Santander Consumer Finance Group level.

c. Control environment

The structural and liquidity risk control environment in Santander Consumer Finance Group is based on the framework of the annual limits plan, where the limits for said risks are established, responding to the Group's level of risk appetite.

The limit structure involves a process that considers:

- Efficient and comprehensive identification and delimitation of the main types of market risk incurred, consistently with the management of the business and the strategy defined.

- Quantification and communication of the risk levels and profile considered acceptable by senior management to the business areas, so that undesired risks are not incurred.

- Providing flexibility for the business areas in the acceptance of risks, responding efficiently and appropriately to developments in the market and changes in business strategies, within the risk limits considered acceptable by the entity.

- Enabling business generators to take sufficient prudent risks to achieve their budgeted results.

- Delimiting the range of products and underlying assets in which each Treasury unit can operate, considering characteristics such as the model and assessment systems, the liquidity of the instruments involved, etc.

In the event of an excess over one of these limits, the market risk, structural risk and liquidity function shall notify the excess, requesting the reasons and an action plan from the risk managers.

In terms of structural risk, the main management limits at Santander Consumer Finance Consolidated level are:

- One-year net interest income sensitivity limit.

- Equity value sensitivity limit.

The limits are compared with the sensitivity that implies a greater loss among those calculated for different scenarios of parallel rise and fall of the interest rate curve. During 2023 these limits applied to the most adverse loss among 8 scenarios of parallel increases and decreases up to 100 basic points. In addition, other parallel and non-parallel scenarios are calculated, including those defined by European Banking Authority (EBA). Using several scenarios allows for better interest rate risk control. Negative interest rates are contemplated in the downward scenarios.

During 2024, the level of exposure at the consolidated level in SCF Group, both in terms of financial margin and economic value, is low in relation to the budget and the amount of own resources respectively, being in both cases less than 3% throughout the year, and within the established limits.

Regarding liquidity risk, the main limits at the Santander Consumer Finance Group level include regulatory liquidity metrics such as the LCR and the NSFR, as well as liquidity stress tests under different adverse scenarios discussed above.

At the end of December 2024, all liquidity metrics are above current internal limits as well as regulatory requirements. For both the LCR and the NSFR at the Consolidated Group level, it has been at levels above 115% and 105% throughout the year.

d. Management

Balance sheet management involves the analysis, projection and simulation of structural risks along with the design, proposal and execution of transactions and strategies for their management. The Financial Management Area is responsible for this process and in the performance of this function follows a projective approach, as long as this is applicable or feasible.

A high-level description of the main processes and/or responsibilities in managing structural risks is as follows:

- Analysis of the balance sheet and its structural risks.

- Monitoring of movements in the most relevant markets for asset and liability management (ALM) for the Group.

- Planning. Design, maintenance and monitoring of certain planning instruments. Finance Management is responsible for preparing, following and maintaining the financial plan, the funding plan and the liquidity contingency plan.

- Strategy proposals. Design of strategies aimed at funding the SCF sub-group's business by securing the best available market conditions or by managing the balance sheet and its exposure to strustructural risks, thereby avoiding unnecessary risks, preserving net interest income and safeguarding the market value of equity and capital.

- Execution. To achieve appropriate ALM positioning, Finance Management uses different tools. Chief among these are issues in debt or capital markets, securitisation, deposits and interest rate and/or currency hedges, and management of ALCO portfolios and the minimum liquidity buffer.

- Compliance with risk limits and with risk appetite

Operational risk

a. Definition and objectives

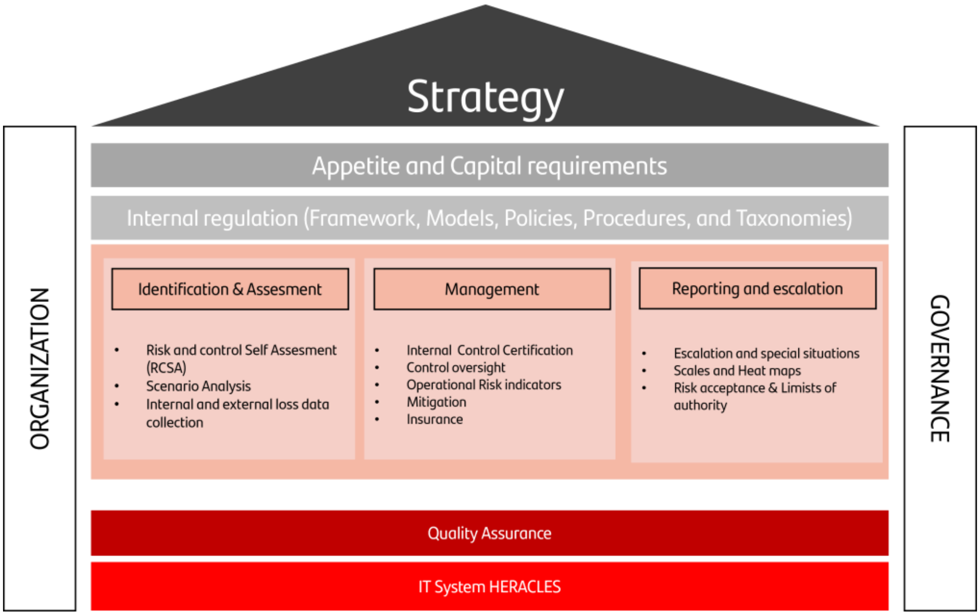
The Bank defines operational risk (OR) as the risk of loss due to inadequacy or failure of internal procedures, people, and systems, or external events.

Operational risk is inherent in all products, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their field of operation.

The Bank’s objective in the control and management of operational risk is to identify, measure/evaluate, monitor, control, mitigate and communicate this risk.

The Bank’s priority is therefore to identify and mitigate pockets of risk, regardless of whether they have caused losses or not. Measurement also contributes to prioritizing operational risk management.

To improve and promote proper operational risk management, Santander Consumer Finance has developed an advanced loss distribution model (LDA) based on the internal event database and other elements such as the external loss database of our bank peers (ORX Consortium Database) and Scenario Analysis. This approach is accepted by industry and regulators.



b. Operational risk management and control model

Operational risk management cycle

The different stages of the operational risk management and control model involve:

- Identify the operational risk inherent to all Bank activities, products, processes and systems. This process is done by exercising Risk and Control Self-assessment (RCSA)

- Define the objective profile of operational risk, specifying the strategies by unit and time horizon, by establishing the appetite and tolerance of OR, the budget and its monitoring.

- Promote the involvement of all employees with the culture of operational risk, through appropriate training in all areas and levels of the organization.

- Measure and evaluate operational risk in an objective, continuous and consistent manner with regulatory standards (Basel, Banco de España, etc) and the sector.

- Continuously track operational risk exposures, implement control procedures, improve internal knowledge and mitigate losses.

- Establish mitigation measures that eliminate or minimize operational risk.
- Generate periodic reports on exposure to operational risk and its level of control for senior management and areas/units of the Bank, as well as inform the market and regulatory bodies.

- Define and implement the methodology necessary to estimate the capital calculation in terms of expected and unexpected loss.

Each of the key processes listed above is based on:

- The existence of a system that allows reporting and controlling exposures to operational risk, integrated into the day-to-day management of the Bank.

To this end, in 2016 the Bank implemented a unique tool for managing and controlling operational, compliance and internal control risk, called Heracles. Heracles is considered the Golden Source for Risk Data Aggregation (RDA).

Internal rules and regulations based on principles for management and control of operational risk have been defined and approved pursuant to the established governance system and in line with prevailing regulation and best practices.

In 2015, the Group adhered to the relevant corporate framework and subsequently, the model, policies and procedures were approved and implemented, along with the Operational Risk Committee Regulation.

In 2015, the Bank adhered to the corresponding corporate framework and subsequently approved and implemented the model, policies and procedures, as well as the rules of procedure of the Operational Risk Committee.

Titlle	Type of document
Management and Control of operational risk	Model
Cyber Security Risk	Policy
Fraud management and control	Policy
Operational Resilience - Business Continuity Management	Policy
IT risk oversight	Policy
Operational Risk Scenario Analysis	Procedure
Internal Control Model Assurance	Procedure
Risk Control Self-Assessment (RCSA)	Procedure
Booking the operational risk financial impacts	Procedure
Communication and escalation of relevant operational risk events	Procedure
Control oversight and Cross check of outputs between OR instruments	Procedure
Definition and management of Operational Risk Indicators (ORI)	Procedure
Taxonomy definition and maintenance	Procedure
Establishment of the operational risk perimeter	Procedure
Identification and management of mitigation measures	Procedure
Management of Operational Risk Arising from Transformation	Procedure
Relation Between own Insurance and Operational Risk	Procedure
SCIIF and S-OX Compliance	Procedure
Suppliers Risk Oversight	Procedure
Management of external data	Procedure
Management of Internal Events	Procedure

The operational risk management and control model implemented by the Group provides the following advantages:

- Promotes the development of a culture of operational risk.

- It enables comprehensive and effective management of operational risk (identification, measurement/evaluation, control/mitigation, and information).

- Improves knowledge of operational risks, both effective and potential, and their allocation to business and support lines.

- Operational risk information helps improve processes and controls, reduce losses and revenue volatility.

- Facilitates the establishment of operational risk appetite limits.

c. Risk identification, measurement and assessment model

Since November in 2014, the Group adopted the new management system of the Santander Group, having defined three lines of defense:

– 1st line of defense: Integrated in the areas of business or support. Its tasks are to identify, measure or evaluate, control (primary control), mitigate and communicate the risks inherent in the activity or function for which it is responsible.

Given the complexity and heterogeneous nature of operational risk within a large-scale organization with diverse lines of business, adequate risk management is carried out in two axes:

(1) Operational Risk Management: Each business unit and support function of the Santander Group is responsible for the operational risks that arise in its scope, as well as for its management. This particularly affects the heads of business units and support functions, but also the coordinator (or OR team) on the 1.

(2) Management of Specialized Operational Risk Controls: There are some functions that usually manage specialized controls for certain risks where they have greater visibility and expertise. These functions have a global view of exposure specific operational risks in all areas. We can also refer to them as Subject Matter Experts or SME.

OR Managers:

Operational risk management is the responsibility of all staff in their respective areas of activity. Consequently, the Head of each division or area has ultimate responsibility for the operational risk in its scope.

OR Coordinators:

OR coordinators are actively involved in operational risk management and support OR managers in their own areas of OR management and control. Each coordinator has a certain scope for action, which does not necessarily coincide with the organizational units or areas, and has a deep knowledge of the activities within their scope. Their roles and responsibilities include:

- Interaction Undertake interaction with the second line of defense in day-to-day operations and communication to the Operational Risk Management in its scope.

- Facilitate integration into the management of the OR in each area.

- Support the implementation of qualitative and quantitative methodologies and tools for the management and control of operations.

- Provide support and advice on operational risk within its scope.

- Maintain an overview of risk exposure in its scope.

- Ensure the quality and consistency of data and information reported to 2, identifying and monitoring the implementation of relevant controls.

- Review and monitor the results provided by business units and support functions related to testing controls.

- Support in the signing and certification of controls (control testing).

- Monitor mitigation plans in your area.

- Coordinate the definition of business continuity plans in your area.

– 2nd line of defense: Exercised by the Department of Non-Financial Risks and reporting to the CRO. Its functions are the design, maintenance and development of the local adaptation of the Operational Risk Management Framework (BIS), and control and challenge on the first line of defense of operational risk. His main responsibilities include:

- Design, maintain and develop the operational risk management and control model, promoting the development of a culture of operational risk throughout the Group.

- Safeguard the proper design, maintenance and implementation of operational risk regulations.

- Drive business units to effectively monitor identified risks.

- Ensure that each key risk affecting the entity is identified and effectively managed by the relevant units.

- Ensure that the Group has implemented effective RO management processes.

- Prepare proposals for tolerance of operational risk appetite and monitor risk limits in the Group and in the different local units.

- Ensure that Top Management receives a global overview of all relevant risks, ensuring adequate communication and reporting to Senior Management and the Board of Directors, through established governing bodies.

In addition, the 2LoD will provide the information necessary for its consolidation, along with the remaining risks, to the risk consolidation and supervision function.

To ensure proper supervision, a solid knowledge of the activities of the Business Units / Support Functions is required, as well as a specific understanding of the categories of risk events (IT, Compliance, etc.) and a Local Capacity and Capability Plan. In that context, the RO control function (2LOD function) needs to take advantage of specific profiles that can support the implementation of the RO framework in the 1LOD, but also provide specific risk exposure and business information, to ensure that the RO profile related is well managed and reported. Business Risk Managers (BRM) as business insight specialists (eg Global Corporate Banking) and Specialized Risk Managers (SRM) as OR control specialists (eg IT and cyber risks) perform these functions within OR 2LOD and are positioned as key contact points for 1LOD business units and operations management support functions.

– 3rd line of defense: Exercised by Internal Audit, which evaluates the compliance of all activities and units of the entity with its policies and procedures. His main responsibilities include:

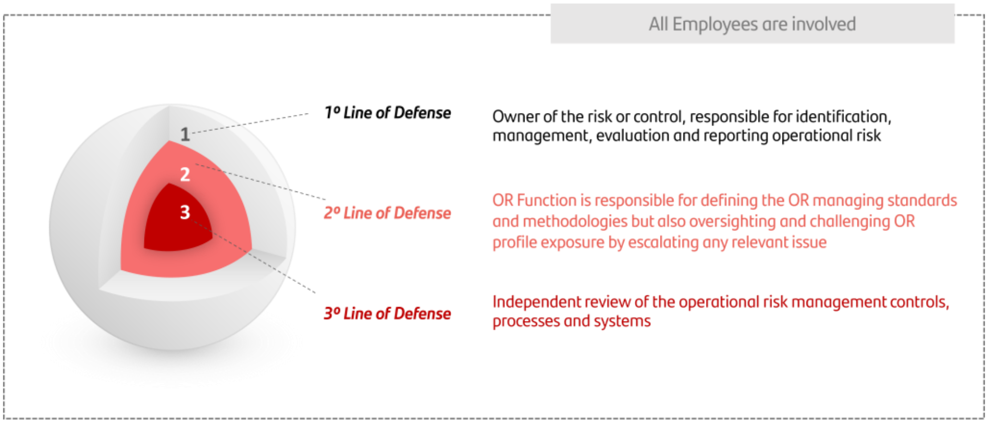
- Verify that the risks inherent in the Group's activity are sufficiently covered, complying with the policies established by Senior Management and the internal and external procedures and regulations that are applicable.

- Monitor the compliance, effectiveness and efficiency of the Group's internal control systems of operations, as well as the quality of accounting information.

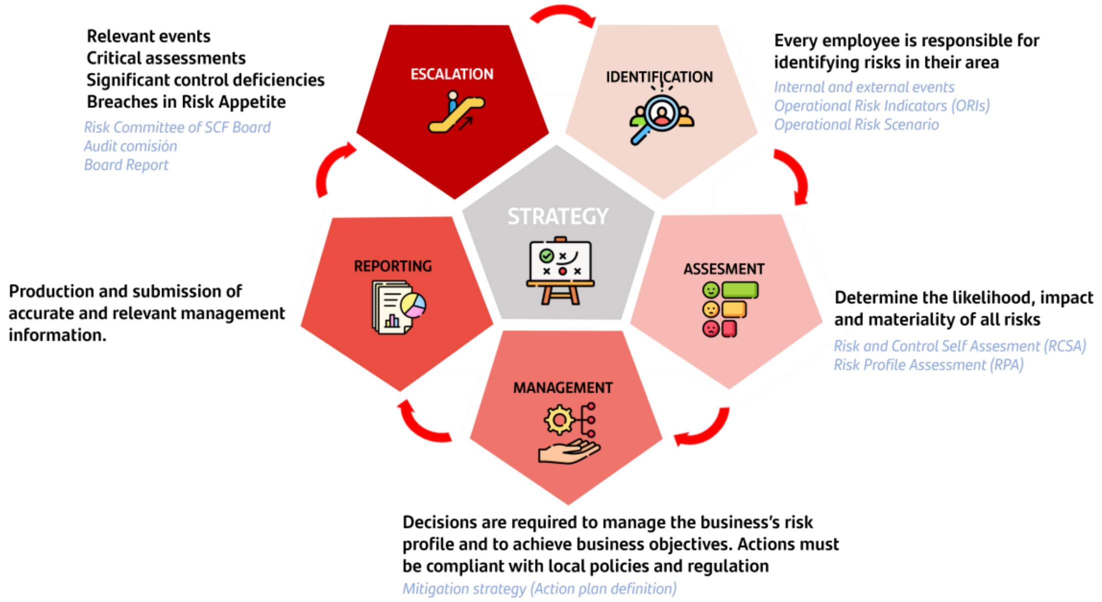
- Perform an independent review and challenge OR controls as well as operational risk management processes and systems.

- Evaluate the implementation status of the RO management and control model in the Group.

- Recommend continuous improvement for all functions involved in operations management.



Management at the Bank is carried out according to the following elements:



To carry out the identification, measurement and evaluation of operational risk, a set of corporate, quantitative and qualitative techniques / tools have been defined, they are combined to make a diagnosis from the identified risks and obtain an assessment through the measurement / evaluation of the area / unit.

The quantitative analysis of this risk is carried out mainly by means of tools that record and quantify the level of losses associated with operational risk events.

- Internal event database, whose objective is to capture all the Bank's operational risk events. The capture of operational risk-related events is not restricted by setting thresholds, that is, no exclusions are made because of the amount and contains both accounting (including positive impacts) and non-accounting events.

There are accounting reconciliation processes that guarantee the quality of the information collected in the database. The most relevant events of the Bank and of each operational risk unit thereof are specially documented and reviewed.

- External database of events, given that the Bank, through the Santander Group, participates in international consortiums, such as ORX (operational risk exchange).

- Analysis of OR scenarios. Expert opinion is obtained from the business lines and risk and control managers, whose objective is to identify potential events with a very low probability of occurrence, but which, in turn, may entail a very high loss for an institution. Its possible effect on the entity is evaluated and additional controls and mitigating measures are identified that reduce the possibility of a high economic impact. In addition, the results of this exercise (which has also been integrated into the HERACLES tool) will be used as one of the inputs for the calculation of economic capital for operational risk based on the advanced model (LDA).

The tools defined for qualitative analysis try to evaluate aspects (coverage / exposure) linked to the risk profile, thus allowing to capture the existing control environment. These tools are basically:

- RCSA: Methodology for the evaluation of operational risks, based on the expert criteria of the managers, serves to obtain a qualitative view of the main sources of risk of the Bank, regardless of whether they have materialized previously.

Advantages of RCSA:

i. Encourage the responsibility of the first lines of defense: The figures of *risk owner* and *control owner* are determined in the first line.

ii. Promote the identification of the most relevant risks: Risks that are not pre-defined, but arise from the areas that generate the risk.

iii. Improve the integration of RO tools: Root cause analysis is incorporated.

iv. Improve exercise validation. It is developed through workshops, instead of questionnaires.

v. Make exercises take a more *forward-looking* approach*:* The financial impact of risk exposure is assessed.

– Corporate system of operational risk indicators, in continuous evolution and in coordination with the corresponding corporate area. These are statistics or parameters of various nature that provide information on an entity's risk exposure. These indicators are reviewed periodically to alert about changes that may reveal problems with risk.

– Recommendations from Regulators, Internal Audit and External Auditor. It provides relevant information on inherent risk due to internal and external factors and allows the identification of weaknesses in controls.

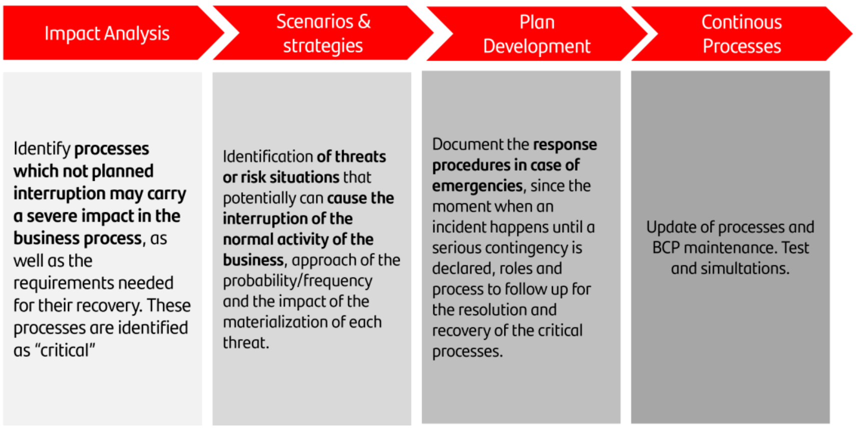
– Other specific instruments that allow a more detailed analysis of technological risk, such as the control of critical incidents in cyber security systems and events.

d. Operational risk information system

Heracles is the corporate operational risk information system. This system has modules for self-assessment of risks, event registration, risk map and evaluation, indicators of both operational risk and internal control, mitigation and reporting systems and scenario analysis being applicable to all entities of the Consumer Group, including the Bank.

e. Business Continuity Plan

The Santander Group and, therefore, Santander Consumer Finance, has a Business Continuity Management System (SGCN), to guarantee the continuity of the business processes of its entities in the event of a disaster or serious incident.



This basic objective is to:

– Minimize potential damage to people and adverse financial and business impacts for the Bank, resulting from a disruption of normal business operations.

– Reduce the operational impact of a disaster by providing a set of predefined and flexible guidelines and procedures for use in the resumption and recovery of processes.

- Resuming time-sensitive business operations and associated support functions, in order to achieve business continuity, stable earnings and planned growth.

- Re-establishing the time-sensitive technology and transaction-support operations of the business if existing technologies are not operational.

- Protect public image and trust in the Bank.

- Fulfil the obligations of the Bank toward its employees, customers, shareholders and other interested third parties.

f. Corporate information

The corporate operational risk control area of Santander Group, of which the Bank is a part, has an operational risk management information system that provides data on the Bank's main risk elements. The information available from each country/unit in the field of operational risk is consolidated so that a global vision is obtained with the following characteristics:

- Two levels of information: One corporate with consolidated information and one individualized for each country/unit.

- Dissemination of best practices among Santander Group countries/units, obtained through the combined study of results derived from qualitative and quantitative analysis of operational risk.

Specifically, information is prepared on the following aspects:

- Operational risk management model in the Bank and the main units and geographies of the Group.

- Operational risk management perimeter.

- Tracking appetite metrics.

- Analysis of the internal database of events and relevant external events.

- Analysis of the most relevant risks, detected through different sources of information, such as the self-assessment exercises of operational and technological risks.

- Evaluation and analysis of risk indicators.

- Mitigating measures/asset management.

- Business Continuity Plans and Contingency Plans.

This information serves as a basis to meet the needs of reporting to the Executive Risk Committee, Risk Supervision Committee, Regulations and Compliance Committee, Operational Risk Committee, senior management, regulators, r*ating* agencies, etc.

g. Insurance in operational risk management

Grupo Santander Consumer Finance considers insurance a key element in operational risk management. Since 2014, common guidelines for coordination between the various functions involved in the insurance management cycle that mitigate operational risk have been established, mainly the areas of own insurance and operational risk control but also the different areas of risk management on the front line.
These guidelines incorporate the following activities:

- Identification of all risks in the Group that may be subject to insurance coverage, including the identification of new insurance coverage for risks already identified in the market.

- Establishment and implementation of criteria to quantify insurable risk, based on loss analysis and loss scenarios that allow determining the Group's exposure level to each risk.

- Analysis of the coverage available in the insurance market, as well as preliminary design of the conditions that best fit the needs previously identified and evaluated.

- Technical assessment of the level of protection provided by the policy, cost and retention levels that the Group will assume (franchises and other elements charged by the insured) in order to decide on its hiring.

- Negotiation with suppliers and award according to the procedures established for this purpose by the Bank.

- Follow-up of incidents reported in the policies, as well as those unreported or not recovered by an incorrect statement.

- Analysis of the adequacy of the group's policies to the risks covered, taking the appropriate corrective measures to the deficiencies detected.

- Close collaboration of local operational risk managers with local insurance coordinators to strengthen operational risk mitigation.

- Regular meetings to report on specific activities, state of affairs and projects in both areas.

- Active participation of both areas in the global insurance *sourcing* table, the highest technical body in the Group for the definition of insurance coverage and contracting strategies.

<u>Cyber Risk</u>

Cybersecurity risk (also known as cyber risk) is defined as any risk that results in financial loss, business interruption, or reputation damage to Santander Consumer arising from the destruction, misuse, theft, or abuse of systems or information. This risk comes from inside and outside the corporation.
In the event of a cyber incident, the main cyber risks for the Bank are composed of three elements:

- Unauthorized access to or misuse of information or systems (e.g., theft of commercial or personal information).

- Theft and financial fraud.

- Business service interruption (e.g., sabotage, extortion, denial of service).

As in previous years, the Bank has continued to maintain full attention to cybersecurity-related risks. This situation, which generates concern in entities and regulators, prompts the adoption of preventive measures to be prepared for attacks of this nature.

The Bank has evolved its cyber regulations with the approval of a new cybersecurity framework and the cyberrisk supervision model, as well as different policies related to this issue.

A new organizational structure has also been defined, and the government has been strengthened to manage and control this risk. Specific committees have been established for this purpose and cybersecurity metrics have been incorporated into the Bank's risk appetite.

The main instruments and processes established for controlling cybersecurity risk are:

- Compliance with the cyberrisk appetite being the objective of this process to ensure that the cyberrisk profile is in line with the risk appetite. Cyberrisk appetite is defined by a series of metrics, risk statements and indicators with their corresponding tolerance thresholds and where existing governance structures are used to monitor and scale up, including risk committees as well as cybersecurity committees.

- Identification and assessment of cybersecurity risk: The process of identifying and assessing cyberrisk is a key process to anticipate and determine the risk factors that could estimate its probability and impact. Cyber risks are identified and classified aligned with the control categories defined in the latest industry-relevant security standards (such as ISO 27, NIST Cybersecurity Framework, etc.). The methodology includes the methods used to identify, qualify and quantify cyber risks, as well as to evaluate the controls and corrective measures developed by the first line of defense function. Cyberrisk assessment exercises are the fundamental tool for identifying and assessing cybersecurity risks at the Bank. The cybersecurity and technological risk assessment shall be updated when reasonably necessary taking into account changes in the entity's information systems, confidential or business information, as well as business operations.

– Cyberrisk control and mitigation: Processes related to the evaluation of the effectiveness of controls and risk mitigation. Once cyber risks have been assessed and mitigation measures have been defined, these measures are included in a cybersecurity risk mitigation plan of Santander Consumer Finance and residual risks are formally accepted. Due to the nature of cyberrisks, a periodic assessment of risk mitigation plans is carried out. A key process in the face of a successful cybersecurity attack is the business continuity plan. The Bank has mitigation strategies and measures related to business continuity management and disaster recovery plans. These measures are also linked to cyber-attacks, based on defined policies, methodologies and procedures.

– Cyberrisk monitoring, supervision and communication: Santander Consumer Finance monitors and monitors cyberrisk in order to periodically analyze the available information on the risks assumed in the development of the Bank's activities. To this end, key risk indicators (KRIs) and key performance indicators (KPIs) are monitored and monitored to assess whether risk exposure is in line with the agreed risk appetite. Scaling and reporting: The proper scaling and communication of cyber threats and cyber-attacks is another key process. Santander Consumer Finance has tools and processes to detect signals of internal threats and potential compromises on your infrastructure, servers, applications and databases. Communication includes reporting and submitting to relevant committees the information necessary to assess cyberrisk exposure and cyberrisk profile and take the necessary decisions and actions. To do this, they prepare reports of the cyberrisk situation for the management committees. There are also mechanisms for the internal escalation independent of the bank management team of technological and cybersecurity incidents and, if necessary, the corresponding regulator.

Other emerging risks

In addition to the cited Cyber risk, the Santander Consumer Group is increasingly strengthening the supervision of new emerging risks arising from 1) supplier management and 2) transformation projects.

– With regard to supplier management risks, the focus is on the quality and continuity of services provided to SCF, but also in ensuring compliance with the new EBA Guidelines and Regulations such as DORA through the implementation of specific risk instruments throughout the different stages of the supplier's life cycle

– The operational risk of transformation is that derived from material changes in the organization, launching of new products, services, systems or processes derived from imperfect design, construction, testing, deployment of projects and initiatives, as well as the transition to day-to-day (BAU). Transformation is a root cause, which can manifest itself in a variety of risks and impacts, not restricted to operational risk, (e.g. credit, market, financial crime…)

Risk of compliance and conduct

The enforcement function covers all matters related to regulatory compliance, the prevention of money laundering and terrorist financing, product governance and consumer protection, and reputational risk according to the provisions of the General Corporate Framework of Compliance and Conduct.

The compliance function promotes Santander Consumer Finance, S.A's adherence to the rules, supervisory requirements, and principles and values of good conduct by setting standards, discussing, advising and reporting, in the interest of employees, customers, and others. shareholders and the community in general. According to the current corporate configuration of the three lines of defense of the Santander Group, the compliance function is configured as an independent second-line control function and with direct reporting to the board of directors and its commissions through the Chief Compliance Officer (CCO). This configuration is aligned with the requirements of banking regulation and with the expectations of supervisors.

The objective of SCF in terms of compliance risk and conduct is to minimize the likelihood of non-compliance and irregularities occurring, and in the event that they occur, they are identified, assessed, reported and resolved promptly by reporting in appropriate government forums. The compliance and conduct function informs the relevant governing bodies, when necessary, of risks, risk appetite and excesses about it. It adopts and promotes a common risk culture, and, in addition, guides, advises and employs expert judgment in all relevant matters relating to the activity of the compliance and conduct function.

The main tools of the Compliance function to meet its objectives are (among other processes): Establish and coordinate with the units the Compliance Program, coordinate the Risk Assessment exercises of each of the Compliance and Conduct Areas, definition and monitoring of compliance metrics that participate in SCF's risk appetite, management of complaints received through the reporting channel and monitoring of mandatory training.

SCF's compliance function applies the regulatory body (corporate frameworks, models, policies and procedures) of Banco Santander and adapts it when necessary, according to the specificities of SCF's business, being approved in the business units.

Climate and Environmental Risk

The ESG strategy (Environmental and Climate Factors, Social and Governance) of Santander Consumer Finance S.A., as part of the Santander Group, is to do business in a responsible and sustainable way, supporting the green transition, building a more inclusive society and doing business correctly, following the most rigorous standards of government.

On the other hand, ESG factors can lead to traditional types of risk (e.g. credit, liquidity, operational or reputational) due to the physical impacts of a changing climate, the risks associated with the transition to a new, more sustainable economy and the failure to meet the expectations and commitments made. Therefore, they are included in the risk map of Santander Consumer Finance as relevant risk factors.

In recent times, climatic risks (physical risks and transition risks) are becoming very important, and for this reason Santander Consumer Finance S.A. is strengthening its management and control in coordination with the corporate teams of the Santander Group within the framework of the Climate Project, some of the priorities are as follows:

a. EWRM (Enterprise-Wide Risk Management) approach, which gives a holistic and anticipative view of climate aspects as a basis for proper management.
b. Availability of relevant data (e.g. CO2 emissions from financed assets, green asset financing ratio, sector classification and location of companies, energy efficiency certificates and collateral location, etc.).
c. Integration of climate risks into the day-to-day management and control of risks.

The relevance of data and its quality is even higher in this area than in the rest. since some data that until recently had little relevance and perhaps not collected have become essential for issues such as aligning portfolios with environmental objectives, disclosure of information or managing climate risks. Therefore, one of the pillars of the Clima project is to collect such data with the required quality.

Regarding the EWRM approach, first, a qualitative evaluation has been carried out on the implications and materiality of climate aspects for Santander Consumer Finance S.A., with special focus on the auto portfolio, which is summarized in the following paragraphs.

As discussed above, for Banking in general the climate is a cross-cutting issue with multiple angles, but with two main dimensions related to each other:

1. Banks play a key role in mitigating climate change and transitioning to a new green economy.
2. Climatic aspects can cause losses to banks through different transmission mechanisms.

Regarding Santander Consumer Finance S.A. in particular, our vision is as follows:

1. Our role in sustainable finance: Alignment of our portfolios to the ambition of net zero emissions will occur naturally and gradually, driven mainly by external factors such as policy, technology and consumer demand. In 2024, a target range for 2030 was published from 75 to 89 gCO2e/km, considering 13 units of FCS and we will incorporate monitoring and management of this risk in the framework of risk appetite.
2. Potential impacts of climate risks in Santander Consumer Finance: The materiality analysis carried out concludes that the most affected types of risk for SCF are credit, residual value, reputational and strategic (business model). The potential impacts are greatly mitigated by the context (gradual transformation of the automotive industry) and the business model of Santander Consumer Finance (whose portfolios are mainly retail, good quality, short term and diversified). On the other hand, climate issues could be the trigger of a general economic crisis, for example, due to a disorderly transition to the new green economy. We are already managing these risks, but we will continue to strengthen their management and control.

Climate risks have been progressively incorporated into the different EWRM processes:

- "Top & Emerging Risks": Framed within the automotive sector evolution event, which has historically been identified as one of the main ones in the parent industry,
- Risk map: As a cross-sectional risk due to its relevance and broad impact field,
- Assessment of the risk profile: Through a qualitative analysis,
- Risk appetite: We continue to improve the RAS framework, especially with regard to climate-related risks and residual value risk, with a particular focus on electric vehicles. As mentioned above, Santander Consumer Finance will incorporate a new metric in 2025 into the decarbonization target/range disclosed in 2030.
- Risk strategy,
- Strategic risk, as a driver of changes in market trends. Climate risk is taken into account in all assessment processes (SXX, PXX, budget, etc.).
- Capital risk and stress tests. The stress tests included in the strategic plans and ICAAP of Santander Consumer Finance take into account climate risks through idiosyncratic events, in addition to a specific scenario included in this exercise to reflect the potential impact of a disorderly transition to a low-emission economy. The results of these stress exercises are part of the entity's risk appetite.

Finally, with regard to the integration of risk management and control into the day-to-day life, the EWRM team of Santander Consumer Finance produces a quarterly internal report to monitor climate risks. in which will also be incorporated from its publication the results of the exercise of Pillar III ESG. In parallel, climate risks have been integrated into all stages of the risk cycle, ensuring compliance with the commitments made and supervisory expectations through the Target Operating Model.

Proposal for distribution of results

The distribution of the profit obtained by the Bank in 2024 for 558,053 thousand euros will be submitted to the General Shareholders Meeting for approval in accordance with the following proposal:

Voluntary reserve: 502,248 thousand euros.

Legal reserve: 55,805 thousand euros.

Capital and own shares

The Bank did not carry out any transactions with its own shares or with Banco Santander, S.A shares during the financial year 2024, and there is no autoportfolio balance in its balance sheet. As at 31 December 2024.

Research and Development

The Santander Group understands innovation and technological development as a key anchor point of corporate strategy and tries to take advantage of the opportunities offered by digitalization. Aligned with the technological and innovation strategy of the Santander Consumer Finance Group, it leverages global capabilities and incorporates local particularities to maximize the development of its business and remain at the forefront of its competitors.

It is crucial for Technology and Operations to support the needs of the business, with specific value-added proposals for the value offer of consumer finance, focusing on the point of sale, customer management and the design of specialized products, guaranteeing optimal management of the process to maintain good efficiency ratios and ensure control of technological and operational security.

On the other hand, like the rest of the Santander Group's units, Santander Consumer Finance is coming under increasing pressure from ever more demanding regulatory requirements that impact the systems model and underlying technology, and require additional investments to ensure compliance and legal security.

Relevant events that occurred after the end of the year

The relevant events after the end of the 2024 financial year are detailed in Note 1-i of the consolidated financial statements.

Compliance with regulatory framework

The Basel III regulations came into effect in 2014, setting new global standards for the capital, liquidity and leverage of financial entities.

From the capital perspective, Basel III redefines what is considered available capital for financial entities (including new deductions and increasing requirements for eligible capital instruments); increases minimum capital requirements; requires financial entities to always hold capital buffers; and adds new requirements for the risks considered.

These regulations were implemented in Europe through Directive 2013/36/EU, known as ‘CRD IV’, and its regulations, 575/2013 (CRR), which apply directly in all EU member states (Single Rule Book). These rules are currently subject to regulatory development by the European Banking Authority (EBA).

CRD IV was introduced into Spanish law through Act 10/2014, on the ordering, supervision and solvency of credit institutions, and its subsequent regulatory implementation through Royal Decree Act 84/2015. The CRR is directly applicable to member states from 1 January 2014 and repeals lower-ranking standards that entail additional capital requirements.

The CRR provides for a phase-in period that will allow institutions to adapt gradually to the new requirements in the European Union. The phase-in arrangements have been introduced into Spanish law through Bank of Spain Circular 2/2014. The phase-in affects both the new deductions from capital and the capital instruments and elements that cease to be eligible as capital under the new regulations. The capital conservation buffers provided for in CRD IV are also being phased in gradually, starting in 2016 and reaching full implementation in 2019.

In 2024, at a consolidated level, the Santander Consumer Finance Group must maintain a minimum capital ratio of 8.52% of CET1 phase-in (4.5% being the requirement for Pilar I, 1.5% being the requirement for Pilar II, a 2.5% requirement per capital conservation buffer and 0.68% countercyclical buffer). This requirement includes: (i) Minimum requirement of Common Equity Tier 1 to be maintained at all times under Article 92(1)(a) of Regulation (EU) No 575/2013 (ii) Common Equity Tier 1 required to overmaintain at all times in accordance with Article 16(2)(a) of Regulation (EU) No. 1024/2013; and (iii) the capital conservation buffer under Article 129 of Directive 2013/36/EU. In addition, Santander Consumer Finance Group must maintain a minimum capital ratio of 10.31% of T1 phase-in as well as a minimum total ratio of 12.68% phase-in.

At the end of 2024, the Bank exceeded the prudential requirement defined by the ECB, standing at a CET1 ratio (Fully Loaded) of 12.64% and a total capital ratio of 17.08% (Fully Loaded).

Regarding credit risk, the Bank continues its plan to implement the Basel Advanced Internal Modelling Approach (AIRB). This progress is also conditioned by the acquisition of new entities, as well as the need for coordination among supervisors of the validation processes of internal models.

Santander Consumer Finance Group is mainly present in geographies where the legal framework between supervisors is the same, as in Europe through the Capital Directive.

Currently, Santander Consumer Finance Group has supervisory authorization for the use of advanced approaches to calculate regulatory capital requirements for credit risk for its main portfolios in Spain, certain portfolios in Germany, the Nordic countries and France.

In terms of operational risk, Santander Consumer Finance Group currently uses the standard approach to calculating regulatory capital provided for in the European Capital Directive.

In relation to the rest of the risks explicitly contemplated in Pillar I of Basel, market risk is not significant in Santander Consumer Finance since it is not the subject of the business, using the standard approach.

Leverage ratio

The leverage ratio has been established within the Basel III regulatory framework as a non-risk sensitive measurement of the capital required of financial institutions. The Group performs the calculation in accordance with the provisions of CRD IV and its subsequent amendment of Regulation (EU) No. 575/2013 to date 17 January 2015 whose objective was to harmonize the calculation criteria with those specified in the Basel III leverage ratio framework and disclosure document requirements of the Basel Committee. This ratio is calculated as the quotient between Tier 1 divided by the leverage exposure.

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

- Accounting asset, without derivatives and without items considered as deductions in *Tier* 1 (for example, the balance of loans but not goodwill is included).
- Memorandum accounts (guarantees, unused credit limits, documentary credits, mainly) weighted by credit conversion factors.
- Inclusion of the net value of derivatives (capital gains and impairments are net with the same counterparty, less collateral if they meet criteria) plus a surcharge for potential future exposure.
- A surcharge for the potential risk of securities financing operations.
- Finally, a credit derivative risk surcharge (CDS) is included.

Santander Consumer Finance maintains a fully loaded sub-consolidated leverage ratio from 8.37% to 2024 on a benchmark ratio of 3%.

Economic Capital

From the point of view of solvency, in the context of Basel Pillar II Santander Consumer Finance Group uses its economic model for its internal capital adequacy assessment process (ICAAP). For this purpose, business performance and capital needs are planned under a base case scenario and under alternative stress scenarios.

In this scenario, the Group ensures that it maintains its solvency targets even in adverse economic scenarios.

Economic capital is the capital required, according to an internally developed model, to support all the risks of our business at a certain level of solvency. In our case, the solvency level is determined by the long-term objective rating of 'A' (two steps above Spain's rating), which means applying a confidence level of 99.95% (above the regulatory 99.90%) to calculate the necessary capital. The Group's economic capital model includes in its measurement all significant risks incurred by the Group in its operations, and therefore considers risks such as concentration, structural interest rate, business, pensions and others that are outside the scope of "regulatory" Pillar 1. Furthermore, economic capital incorporates the diversification effect, which in the case of the Group is crucial, due to the multinational and multi-business nature of its activity, in order to determine the overall risk and solvency profile.

The Santander Consumer Finance Group uses the RORAC method in its risk management to calculate the economic capital consumption and return on risk-adjusted capital of the Group's business units, segments, portfolios or customers, in order to periodically analyse value creation and facilitate optimal allocation of capital.

The RORAC methodology makes it possible to compare, on a uniform basis, the returns on transactions, customers, portfolios and businesses, identifying those that obtain a risk-adjusted return higher than the Group's cost of capital, and thus aligning risk and business management with the intention of maximising value creation, which is the ultimate objective of Santander Consumer Finance's senior management.

Annual Corporate Governance Report

The Bank, an entity domiciled in Spain, whose voting rights correspond, directly and/or indirectly, to Banco Santander, S.A., in compliance with the provisions of Article 9.4 of Order ECC/461/2013, of 20 March, of the Ministry of Economy and Competitiveness, does not prepare an Annual Corporate Governance Report. As it is prepared and presented to the CNMV by Banco Santander, S.A., in its capacity as the head company of the Santander Group.

Non-financial information

On 28 December 2018, the Council of Ministers approved Law 11/2018 amending the Commercial Code, the consolidated text of the Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on account auditing, non-financial reporting and diversity.

The statement of non-financial information shall contain the following aspects: A brief description of the group's business model, the group's policies on these issues and its implementation results, the main risks associated with its activities, as well as information on non-financial key performance indicators on environmental, personnel, human rights, anti-corruption and bribery and diversity issues.

Santander Consumer Finance, as a public interest entity, is not obliged to disclose the said non-financial information as it is included in the Consolidated Management Report of Banco Santander S.A.

In this regard, as a subsidiary of Banco Santander S.A, Santander Consumer Finance, S.A., and the companies that make up the Santander Consumer Finance Group (consolidated), it incorporates the content of this information in the Management Report of Banco Santander S.A. and companies dependent on the annual financial year ended 31 December 2024 that together with the consolidated annual accounts of the Banco Santander Group and subsidiaries, as indicated in note 1 of the attached report, they are deposited in the Mercantile Registry of Santander and are also available at www.santander.com

Capital Structure and Significant Participations

Banco Santander, S.A.	1,879,546,152.00 €	Percentage 99.99%
Cántabro Catalana de Inversiones, S.A.U.	20	Percentage 0.00000106%
Total number of shares	1,879,546,172.00 €	
Par value	3	
Shareholder´s equity	5,638,638,516.00 €	

As of December 31, 2024, the Bank's share capital was formalized in 1,879,546,172 nominal shares, each with a par value of 3 euros, fully subscribed and disbursed, with identical political and economic rights.

<u>Restrictions on the transferability of shares</u>

Not applicable

<u>Restrictions on voting rights</u>

Those attending the General Shareholders' Meeting will have one vote for each share they own or represent.
Only holders of twenty or more shares shall be entitled to attend the General Shareholders Meeting, provided that they are registered in their name in the Register of Shares.

<u>Side agreements</u>

Not applicable

<u>Appointment and replacement of the members of the Board of Directors and modification of the statutes</u>

The representation of the Bank is the responsibility of the Board of Directors, which will comprise no fewer than 5 and no more than 15 members, who will be appointed by the Annual General Meeting for a period of three years, although they may be re-elected, as many times as may be desired, for further three-year periods.

It is not necessary to be a shareholder of the Bank in order to be a director.

<u>Powers of the members of the Board of Directors</u>

On July 24, 2024, the Board of Directors of SCF, S.A. approved the appointment of Ms. Victoria Roig Soler as Chief Executive Officer of Santander Consumer Finance, S.A., replacing Mr. José Luis de Mora Gil-Gallardo, following the receipt of the necessary regulatory approvals.

On July 31, 2024, Ms. Victoria Roig Soler accepted the position of Chief Executive Officer after receiving the non-objection to her appointment from the European Central Bank.

In this regard, the Board of Directors simultaneously agreed to delegate to Ms. Victoria Roig Soler all the powers of the Board except those that cannot be delegated by legal, statutory, or regulatory provision.

<u>Significant agreements that are modified or terminated in case of change of control of the Company</u>

Not applicable.

<u>Agreements between the Company, administrators, managers or employees that provide for compensation upon termination of the relationship with the Company due to a takeover bid.</u>

Not applicable