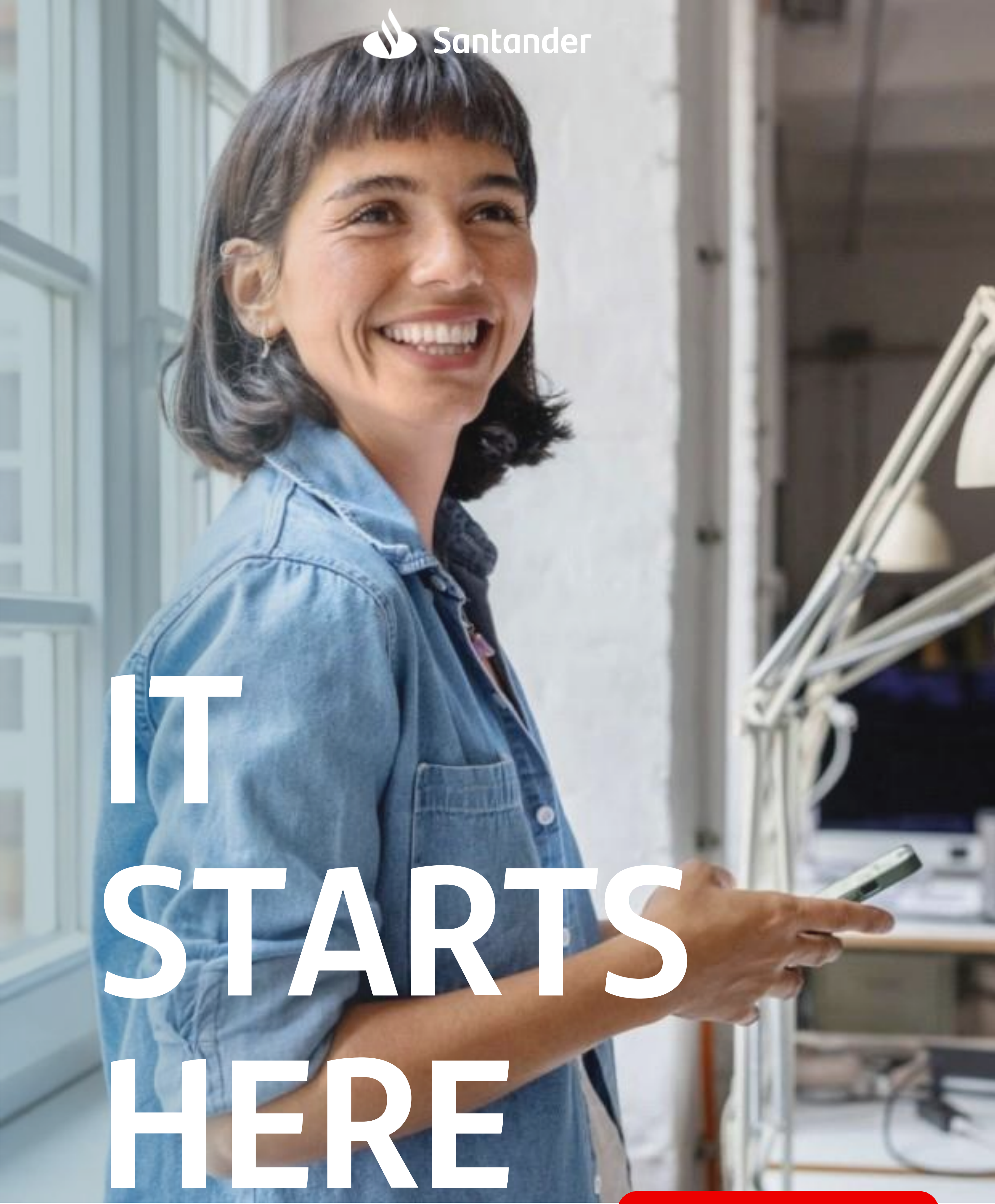
Santander



IT STARTS HERE

Annual Report 2024

Proposal

Banco Santander Totta, S.A.

Table of Indicators 3
Messages from the Chairman of the Board and from the CEO 4
Corporate Culture, Awards, Distinctions, and Other Relevant Facts in 2024 6
Customers and the Bank’s Distribution Network 9

Business and Results

Business environment 11
Major Risks and Uncertainties for 2025 18
Outlook for 2025 19
Business Areas 20
Business Support Areas 23
Economic and Financial Information 26
Relevant Facts After the End of the Fiscal Year 33

Risk Management

Risk Management and Monitoring Model 34
Risk Management in 2024 39

Complementary Information 47

Corporate Governance Report 54

Consolidated Financial Statements 102

Notes to the Consolidated Financial Statements 108

Reports and Opinions on the Consolidated Business 226

This document constitutes an non official and non audited translated version of the Consolidated Annual Report of Banco Santander Totta, S.A. for the financial year 2024, published on the CMVM website in ESEF format on 30 April of 2025.
Being a copy of said financial information, it is intended for disclosure through the Santander Portugal website. In the event of a discrepancy, the information published on the CMVM website in ESEF format shall prevail.

Santander Totta, S. A.
Rua do Ouro, 88 — 1100-063 Lisbon
Share Capital: € 1,391,779,674
Registered with the Lisbon Commercial Registry under single registration and VAT No. 500 844 321
LEI: 549300URJH9VSI58CS32

This report has been approved by the Bank's Board of Directors on April 29, 2025

Table of Indicators

BALANCE SHEET AND RESULTS (million euro)	Dec-24	Dec-23	Var.
Total Net Assets	56,080	54,587	+2.7%
Loans and advances to customers (net)	49,596	43,796	+13.2%
Customers' Resources	46,799	43,709	+7.1%
Total shareholders' equity	4,157	4,116	+1.0%
Net Interest Income	1,574.6	1,481.3	+6.3%
Net Fees and Other Income	459.9	463.5	-0.8%
Operating Income	2,063.7	2,018.2	+2.3%
Net operating Income	1,528.3	1,475.5	+3.6%
Income before taxes and non-controlling interests*	1,457.4	1,350.3	+7.9%
Consolidated net income attributable to the shareholders of BST	971.3	931.4	+4.3%

RATIOS	Dec-24	Dec-23	Var.
ROE	23.6%	25.8%	-2.2 p.p.
ROA	1.7%	1.7%	+0.0 p.p.
Efficiency ratio	25.66%	26.01%	-0.36 p.p.
CET I ratio*	15.5%	16.1%	-0.6 p.p.
Tier I ratio*	18.0%	18.7%	-0.7 p.p.
Capital ratio*	20.4%	21.3%	-0.9 p.p.
Non-Performing Exposure Ratio	1.6%	1.7%	-0.1 p.p.
Non-Performing Exposure coverage ratio	84.1%	89.2%	-5.1 p.p.
Cost of credit	0.03%	0.17%	-0.14 p.p.
Loans-to-deposits ratio (transformation ratio)	130.3%	122.9%	+7.4 p.p.

RATING	Dec-24	Dec-23
FitchRatings	A-	A-
Moody´s	Baa1	Baa1
Standard & Poor´s	A-	BBB+
DBRS	A	A

Other Data	Dec-24	Dec-23	Var.
Employees**	4,614	4,619	-5
Employees in Portugal**	4,610	4,615	-5
Branches	374	376	-2
Total Branches and Corporate Centers in Portugal	373	375	-2

* Fully implemented with results net of payout

** Headcount criteria

Message from The Chairman of the Board of Directors

In 2024, the world economy continued to grow, despite having faced several short-term risks such as a slowdown in manufacturing, geopolitical tensions, and financial market volatility. At national level, the Portuguese economy also continued to grow, driven by domestic consumption. Inflation slowed down and interest rates fell, favouring an increase in private consumption.

In this scenario, Santander Portugal remained firm in its purpose of remaining close to people and companies, helping them prosper and, consequently, contributing to the country's economic growth.

It also consolidated its leading position, both within the Group and in the sector, obtaining a net profit of 971 million euros. This result, achieved with the ambition of always being the best bank for our customers, employees, shareholders, and society in mind, gives us the confidence and solidity required to face the challenges of 2025.

The work carried out by our teams in 2024, the variety of solutions we offer, both to individuals and companies, the credibility we have achieved with our customers, and our contribution to a more prosperous and sustainable society have earned us several distinctions from prestigious international publications in the financial sector:

- We were considered the “**Best Bank in Portugal**,” and the “**Best SME Bank**” by *Global Finance*;
- We were also distinguished as the “**Best Retail Bank**” by *World Finance;*
- We were also considered the "**Best Bank in Corporate Social Responsibility**" by *Euromoney*, and the **No. 1 ESG Bank** by Merco**.**

More than a source of pride, these distinctions indicate that we are on the right path to fulfilling our mission of contributing to the development of people and companies, while helping build a more prosperous, fairer, and inclusive society.

We are therefore fully committed to the sustainable development goals, facilitating families’ access to housing and unequivocally supporting the digital and energy transition of companies. And we continue to support education, through the Santander Foundation, as a critical instrument for transforming society.

We must now carry on with the **digital and commercial transformation process** that we have been developing in recent years, and keep **cultivating relationships of proximity, commitment and trust with our customers, employees and society**, as this is what is expected of a leading banking institution like Santander.

I would like to end off with a word of appreciation to all Santander employees, whose commitment, dedication, and energy were key to the success we have achieved in 2024, and will continue to be absolutely critical in 2025.

The Challenge Starts Here!

José Carlos Sítima

Message from the Chief Executive Officer

At the beginning of 2025, which is yet another year of opportunities, we can say that 2024 was marked by global economic growth, despite some strong short-term risks, such as the slowdown in manufacturing, geopolitical tensions, and financial market volatility.

At national level, the Portuguese economy has maintained a growth trajectory, driven by domestic consumption. Consumer confidence has been on the rise, and households have been receiving a higher net salary due to the new income tax tables. Inflation has slowed down, and interest rates have fallen, favouring an increase in private consumption.

It is a fact that Portugal has benefited from a more favourable macroeconomic context than its European partners, growing above its potential, with full employment, balanced fiscal accounts, and public debt on a healthy trajectory. Households are less indebted, as are companies, which are also better capitalised and profitable.

Portugal is clearly not an autarchic island, and the state of the nation must be analysed in the context of the European Union. We should remember the three European reports that were published in 2024 — Letta, Draghi, and Manuel Heitor —, which are authentic navigation guides for 2025 and for the next decade, not only for their diagnosis of the current situation, but also for the lines of action they propose to relaunch economic growth. Portugal must be especially prepared for change.

I would like to highlight one proposal: to be able to leverage the European Union's main competitive advantage, the Single Market, with over 440 million people, served by over 23 million companies. The watchword is to simplify, doing away with unnecessary regulation, while encouraging investment in innovation and in the capabilities of companies, especially SMEs. This is exactly what Portugal needs. Now looking inwards, throughout the year, Santander has reinforced its positioning as an increasingly simple bank that is closer to its customers, while also remaining solid and profitable, with the ability to keep financing the economy and contributing to the country's development.

I would highlight our action in three main aspects:

1. Mortgage loans, a segment in which we have adapted our offer to be highly competitive in the new interest rate context, generating around 1 in every 4 new mortgage loans.
2. We have been strategic partners to our customers, supporting the digital and climate transformation of companies through sustainable financing. In addition, we play a critical role in supporting internationalization.
3. And the trust of our customers, whose new customer base grew by 78 thousand active customers, and 84 thousand digital customers, compared to the previous year.

For all these reasons, we can happily say that our mission of people and businesses prosper is reflected in our daily work. At the same time, we promote good HR and people management practices. In 2024, we were distinguished as a *Top Employer*, which distinction was renewed in 2025. This certification — and the name says it all, we are a *Top Employer* — proves that we are building a better bank for our employees. Another aspect that I am very proud of is Santander's contribution to society, namely through investment in Education.

In 2024, the Santander Portugal Foundation impacted more than 100,000 Portuguese people with free courses through the *Santander Open Academy* platform; brought the LEGO Foundation's innovative "Learning Through Play" methodology to 10 public schools; and promoted *Beyond Profit Talks*, where experts discussed topics such as the role of love in management, innovation in the education system, and the power of arts in society.

The results achieved and the fact that we know that the banking sector is starting from a healthy economic and financial situation, supported by good levels of profitability, solid balance sheets and capital, as well as high-quality assets, does not mean that we are exempt from challenges. The biggest one is to carry on with the digital and commercial transformation process that we have been consolidating in recent years, without ever losing sight of the relationship of trust with our customers. It is this balance that will allow us to improve their experience and bring down costs, reinforcing our ability to adapt.

I know I can count on a team of highly skilled, dedicated professionals. Together we can meet all challenges and build an increasingly better Santander!

The Future Starts Here!

Pedro Castro e Almeida

Corporate Culture, Awards, Distinctions and Other Relevant Facts in 2024

Santander Portugal

Santander Portugal is a reference bank in the Portuguese financial system, whose mission is to help people and businesses prosper. Serving about 3 million customers, Santander's Vision is to be the best open financial services platform, by acting responsibly and earning lasting loyalty of our people, customers, shareholders and communities.

The Bank has invested in digitalization, process simplification, and innovation, providing a closer and more personalized service to its customers, aiming for their best possible experience. As a result, there has been a strong investment in technology, with a major impact on process improvement. More than 1.3 million documents are being digitally signed every year, and 85 automation solutions are in place, generating more than 115,000 items executed daily. New, completely paperless support processes and increased capabilities for remote management with customers have been implemented.

Investment in Self-banking machines has continued, in order to offer our customers a 24/7 self-service cashier service. Altogether, more than 90% branches already offer this service.

This transformation has increased the number of digital customers, which now exceeds 1.2 million, representing 65% of total customers. OneApp users reached 782 thousand (+15.3% compared to December 2023), and more than one million daily logins were recorded on the private website and on the App.

On the other hand, the Bank is committed to building a greener economy and, to this end, it is helping its customers make sustainable choices, and make their transition to a Net Zero business model.

In terms of sustainable financing, in 2024, the Bank maintained a relevant presence in financing projects to support the climate transition of individuals customers and companies.

At social level, the capacity to impact Society was largely reinforced through the Santander Portugal Foundation, with the mission of transforming the lives of people and companies.

In recent years, investment in training for Portuguese people has been increased, with the aim of contributing to lifelong learning, so that anyone can make the transition to new skills in line with the challenges of 'new' jobs. In 2024, 100,000 Portuguese people accessed this training free of charge, through courses, scholarships or other types of content, made available on the *Santander Open Academy* platform

The Bank also invested € 1.2 million in 2024 in financial support grants for young university students, benefiting 1,700 students.

In 2024, the Santander Portugal Foundation established an important partnership with the LEGO Foundation, aimed at transforming education in our country, through the implementation of a new teaching methodology in schools — *Learning Through Play*.

Santander Brand | "Começa Agora"

In June, Santander's new global signature was presented in Portugal. The creative concept is based on the assumption that life is made up of changes, and that each one decides what, when, and how to go about it. Santander will be there to make these desires and projects come true, even when they seem difficult to achieve.

The campaign highlights two critical issues facing society, and highlights the role it can play in each of them: Housing, by helping people own their own homes, and Education, by unlocking the social lift. Other topics covered include entrepreneurship, energy transition, financial empowerment, and financial literacy.

Marketing Campaign — "It Starts Here – Começa Agora"

Awards, Distinctions and Other Relevant Facts in 2024

Best Bank in Portugal

The North American **Global Finance** magazine distinguished Santander Portugal as the "***Best Bank in Portugal***", within the scope of the "*World's Best Banks 2024*". The winners stood out for the results achieved, for the variety of services offered, and for their credibility with customers, with the magazine reviewing criteria such as profitability, asset growth, geographic dimension, strategic relationships, and development of new businesses and products.

Santander was distinguished as the **Best Retail Bank in Portugal**, by ***World Finance***, within the scope of the "*World Finance Banking Awards 2024*". These awards aim to distinguish the best performing banks around the world which, according to the magazine, "*are those best placed to set an example and take the lead during the uncertain macroeconomic period we are going through.*"".

Best Retail Bank in Portugal

Best International Bank in Portugal

Santander was distinguished as the **"Best International Bank in Portugal"** by ***Euromoney***, as part of the *Euromoney Awards for Excellence 2024*. This magazine highlights the Bank's performance in 2023.

Santander received the award "***Best SME Bank***" in Portugal **from Global Finance** for the fourth consecutive year, as part of the *SME Bank Awards 2025*."

Best SME Bank in Portugal

Best International Private Banking in Portugal

Santander's Private Banking was once again distinguished by ***Euromoney*** as the "***Best International Private Banking*** " in Portugal. It is the 13th consecutive time that this magazine has distinguished this segment of Santander.

It received a similar award from ***Global Finance***, which, for the tenth consecutive time, distinguished the advantages of the specialized advisory model and the unique value proposition that the Bank offers its customers.

Other Awards and Distinctions

Top Employer 2024 — Top Employers Institute

Santander was distinguished as **Top Employer** 2024 in Portugal, by the ***Top Employers Institute***. This certification, which the Bank has received for the second consecutive year, is awarded to organizations for their dedication and commitment to implementing excellent HR policies and people management practices, with the aim of improving the labour world.

Merco University Talent

University students considered Santander as the **Best Bank to work for in Portugal**, according to the **Merco University Talent 2024** ranking, developed for the first time in Portugal. Santander also appears in 9th position in the global ranking, which groups together the 100 best companies according to the students evaluation.

Best Settlement & Custody — Euronext *Lisbon Awards*

Santander was distinguished, for the 5th consecutive year, at the Euronext Lisbon Awards, in which it won in the ***Settlement & Custody*** category.

Customers and Distribution Network

Evolution of the Branch Network

In 2024, the Bank implemented a consolidation and modernization of processes, plus the implementation of new service and customer service models for the branch network was completed.

During the year, 6 mergers were carried out in the Individual & Business network. The branch network closed 2024 with 328 branches and 15 extensions, totalling 343 points of sale. The 11 remote service centres (Santander Próximo) remain in operation, including Próximo International, dedicated to non-resident and foreign customers.

Teller and Self-banking Models

Cash transactions kept declining, with digital instruments and cards becoming the most widely used means of payment.

In 2024, the Bank's branches were classified into four types:

- ✓ 24 branches with Traditional Tellers;
- ✓ 136 branches with an Advanced Teller (cash station at a commercial service point);
- ✓ 27 branches with a Corporate Teller; and
- ✓ 141 branches with only Self-banking Service.

This evolution of the Bank's transactional models was accompanied by a strong investment in self-banking (automatic self-service areas), allowing customers to make deposits 24/7, which led to the reorganization of our service models.

In 2024, 13 new VTMs were installed, ending the year with 224 branches with this type of equipment. VTMs allow customers to make deposits and withdrawals, in banknotes and coins, at a time that suits them best. In 2025, the Bank will carry on with the installation of new equipment of this type, allowing customers to use typical over-the-counter cash services for an extended period and at their convenience.

Face-to-face Customer Service

With the aim of improving customer experience when they visit our branches, a decision was made in order to install an innovative customer service, by using service tickets. Currently, all Points of Sale are equipped with this system.

Remote Customer Service

On the other hand, the Santander Próximo and Remote Sales models were continued, where the Bank has dedicated teams for 100% remote support to customers, focused on helping with self-service contracting, standing out through digital agility, while making processes simpler and more efficient.

The Remote Sales teams are specialized in supporting the contracting of Mortgage Loans, Personal Loans, and Protection Insurance. The Bank intends to maximize synergies and extend this concept to customers in the Business segment.

Classic
Is it a novel with too many pages?

University
Does it help at exam time?

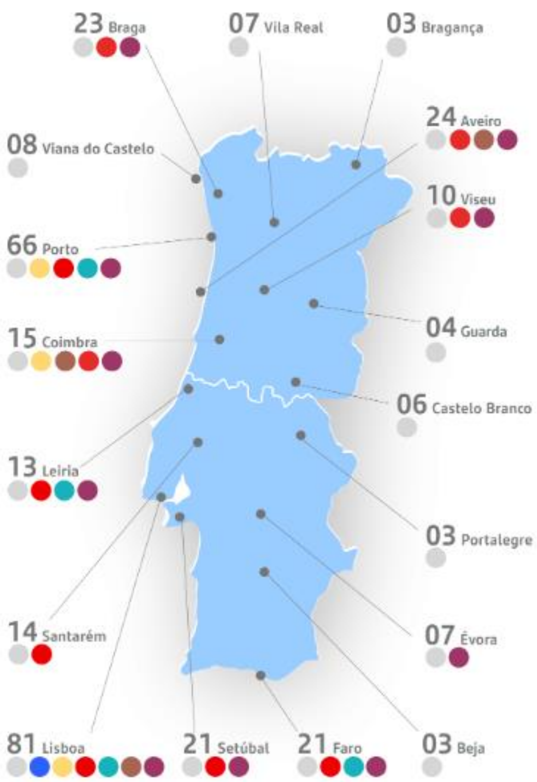
Money Club
Is it only for gentlemen wearing top hats and monocles?

Smart Red
Is it inside a small red car?

Work Café
Do they serve a new blend with extra caffeine?

Santander Próximo
Is it always in the neighbourhood?

Business
Is it only for gentlemen with ties and cufflinks?



Business Environment

International Economy

In 2024, the global economy maintained a sustained growth rate, in line with that observed in 2023, thus reflecting signs of resilience, despite several latent risks, with the ongoing military conflicts, disruptions in global value chains, and difficulties in the manufacturing sector in Europe.

The initial expectations that growth in 2024 could be weaker, in reaction to the fast, sharp rise in interest rates implemented until the summer of 2023, were not validated, especially in developed economies. However, business activity continued to evolve differently, with Europe — despite the slight recovery — recording very different dynamics between the "core" countries and "peripheral countries."

In emerging economies, however, growth has not yet recovered, especially in China, which is still affected by domestic economic problems, as well as in Latin America, where the rise in US dollar interest rates has also had an impact.

Inflation, after a faster initial slowdown in 2023, in reaction to the tighter monetary policy, showed greater resistance to final convergence towards the 2% target, with particular volatility in the last quarter of the year, when it accelerated slightly. This did not prevent the main central banks from starting a cycle of reference rate cuts, but it actually happened more slowly when compared to the expectations at the beginning of the year.

Several factors contributed to this more complex "last mile" of the disinflation process, such as (i) the dynamics of the labour market, going through a situation of almost general full employment in developed economies, which continues to contribute to wage increases and, as a result, greater resistance against lower service prices; and (ii) some volatility in energy prices, associated with geopolitical uncertainty, which has affected Europe, the Middle East, and also Asia.

These dynamics of the labour market, with unemployment rates remaining at historically low levels and, in many cases, consistent with full employment, was critical in helping mitigate part of the impact of inflation on purchasing power, by helping to maintain a sustained level of private consumption.

This context is evident in the most recent assessment by the International Monetary Fund. The January 2025 update of the "*World Economic Outlook*" maintained the projection of 3.2% for global economic growth in 2024, below the historical average of 3.7%, reflecting the disruptions still caused by the post-pandemic inflationary process, as well as by changes in global value chains. As a result, the balance of risks, according to the IMF, remained biased downwards.

On the other hand, the IMF also recognizes the slower convergence of inflation towards the reference level, as a result of greater rigidity in service prices.

World Economic Growth

	2023	2024E	2025P
World	3.3	3.2	3.3
Advanced Economies	1.7	1.7	1.9
USA	2.9	2.8	2.7
Euro Area	0.4	0.8	1.0
United Kingdom	0.3	0.9	1.6
Japan	1.5	-0.2	1.1
Developing Countries	4.4	4.2	4.2
Africa	3.6	3.8	4.2
Asia	5.7	5.2	5.1
China	5.2	4.8	4.6
Central and Eastern Europe	3.3	3.2	2.2
Middle East	2.0	2.4	3.6
Latin America	2.4	2.4	2.5
Brazil	3.2	3.7	2.2

Source: IMF (January 2025)

In the US, GDP grew by 2.8% on an annual average, with sustained growth rates that accelerated throughout the year.

Private consumption continued to make the greatest contribution to economic growth, with a good momentum in all its components, also supported by the labour market and wage increases.

Job creation remained quite solid, despite some volatility and upwards data revisions. In 2024, an average of about 190,000 jobs were created every month — below the 2023 average — so the unemployment rate rose slightly to 4.1%, which contributed to the slowdown in the pace of wage adjustments, which were still growing at around 4.0% last December.

Inflation also slowed down, but more moderately, as service prices continued to rise quite rapidly, driven by the situation in the labour market, and also by housing costs, while base effects related to energy prices dissipated. Core inflation, which excludes food and energy, slowed down to 3.2% in December 2024.

The Federal Reserve has started its rate-cutting cycle, but later than investors had anticipated at the start of the year, due to the resilience of the labour market and slower convergence of inflation to the 2.0% target. The first rate cut, of 50 bps, happened in September 2024, in response to a weaker set of data in the summer, followed by two cuts of 25 bps each, namely in November and December, bringing the Fed funds rate down to the 4.25%-4.5% range.

Donald Trump won the presidential election, maintained the Republican majority in the House of Representatives, and regained the majority in the Senate. The proposals presented during the presidential campaign include the imposition of tariffs, all across the board, deregulation, in addition to extensive tax cuts, and changes in the immigration policy.

In China, economic activity did not pick up, still being penalised by the previously identified weaknesses, particularly the situation in the real estate market. The economy thus grew by about 4.8%, below the 5% benchmark set by the authorities, who consequently adopted a series of stimulus measures, including lower mortgage interest rates, support for car purchases, and increased public spending, among others.

In Japan, GDP should have contracted by 0.2% in 2024, reflecting both base effects, and the impact of rising inflation on household purchasing power. Over the course of the year, the Bank of Japan changed its monetary policy, adjusting to the new scenario of inflation above 2%. On the one hand, it reduced its quantitative easing policy, maintaining the acquisition of public debt, but no longer acquiring assets such as ETFs or REITs. On the other hand, it raised interest rates for the first time in 17 years, raising the reference rate to 0.25%.

In the UK, business activity accelerated only slightly, with GDP growing by 0.9% in 2024. Inflation continued to slow down, albeit irregularly throughout the year, which conditioned monetary policy management. The Bank of England began its downward cycle in August, with an initial cut of 25 bps, followed by another one in November, lowering the base rate to 4.75%. The unemployment rate fluctuated throughout the year, but ended at 4.3%, only slightly higher than at the end of 2023.

In the Euro Area, economic activity recovered, with GDP expanding by 0.8%, but with clear differences between countries, in addition to different dynamics between sectors.

Germany was the weakest economy, with GDP contracting for the second year in a row (-0.2%), as a result of several factors. On the one hand, the shocks from the Russian invasion of Ukraine still dominate energy prices, which require the business sector to adapt to this new context. On the other hand, disruptions in value chains and lower demand from China continued to weigh on the manufacturing sector.

Last but not least, the automotive sector is still lagging behind in adapting to the new context of electric vehicles, losing competitiveness to China and also to the US, which is affecting its largest manufacturer. The unemployment rate rose throughout the year but remained roughly around 6%.

In this complex environment, early general elections were called for February 23, 2025.

The political situation in **France** has also dominated public attention, particularly after the early elections in June, which resulted in a hung parliament. GDP grew by 1.1%, in line with the previous year, but the main focus is decreasing the budget deficit and bringing public debt back onto a sustainable path.

In contrast, economic activity in **Spain** has accelerated, with a 3.1% GDP growth, based on the dynamics of private consumption, in turn based on the strength of the labour market, which is characterized by a moderate reduction in the unemployment rate, but which still remained in double digits — around 11.6% — in 2024.

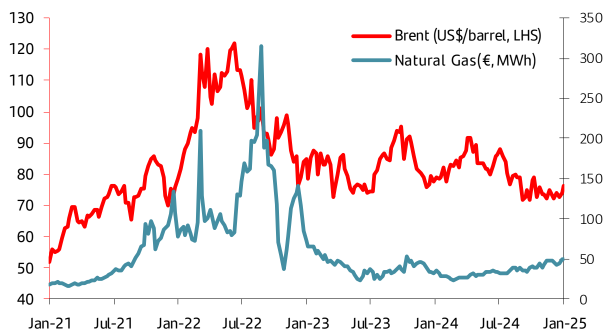
Despite greater volatility in the pace of growth, the European labour market remained quite dynamic, with the unemployment rate standing at 6.3% at the end of the year.

Inflation continued to slow down, but more moderately and with greater volatility throughout the year. In December, total inflation stood at 2.4%, and core inflation (which excludes food and energy) at 2.7%. This “final mile” in the process of converging the inflation rate towards the 2.0% target set by the ECB is mainly due to the evolution of service prices, which have risen systematically by around 4% during the year.

The dynamics of the labour market, with salary increases that are restoring the purchasing power lost in 2022-23, during the inflationary shock, is one of the main factors in this dynamic.

In response to the deceleration of inflation, the European Central Bank maintained a strategy of gradual reduction of interest rates throughout the year, having reduced the deposit rate 4 times, in a cycle that began in March, to the level of 3.0% (-1 p.p.).

Brent crude oil (US$/Barrel) and Natural Gas (€, MWh)



Source: Bloomberg

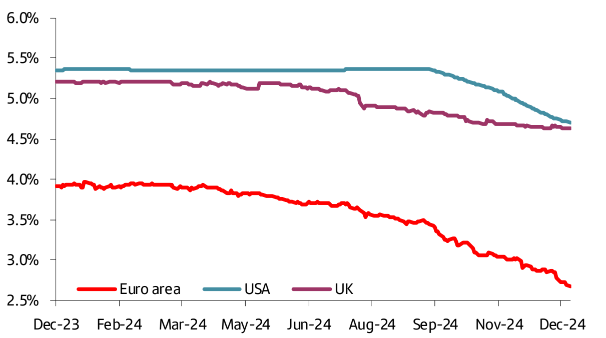
The prices of raw materials, especially energy, evolved differently throughout the year. The price of oil dropped (fluctuating around US$75/barrel) in the second half of the year, as a result of the prospects of lower demand, especially from China, and despite the lower production by OPEC, which was offset by greater production by non-member countries.

Natural gas prices began an upward trend in the second half of the year, with renewed fears over a reduction in gas supplies from Russia, as well as over prospects of a harsher winter.

The evolution of short-term interest rates reflected the way monetary policy has been conducted by the main central banks.

The slowdown in inflation in 2023 had already led to the end of the interest rate hike cycle. In 2024, despite a slower-than-expected pace of deflation, central banks began the anticipated interest rate cut cycle, which ranged from 100 bps for the ECB and the US Federal Reserve, to 50 bps for the Bank of England, as mentioned.

3-Months Interest Rates



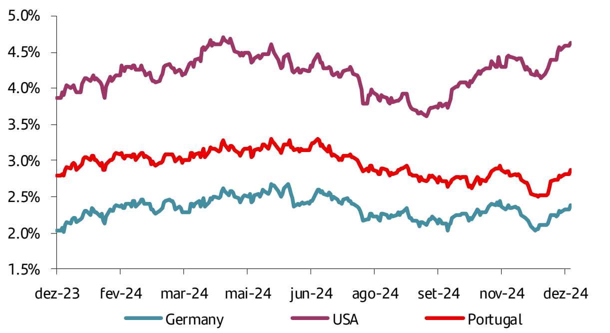
Source: Bloomberg

As a result, short-term interest rates have moved in line with reference interest rates. In the case of Euribor rates, in March, the ECB signalled that it would begin to recalibrate monetary policy, and the Euribor rate began to decline on that date. In the case of the pound sterling and the US dollar, the decline in short-term interest rates began later on, only when the respective central banks implemented the first interest rate cut, since a set of stronger economic data and a slower deceleration in inflation, during the first months of the year, led to a postponement of expectations of a rate cut.

Long-term interest rates reacted more to inflation trends than to the prospects for central bank action. Over the year as a whole, most long-term yields rose in a three-step dynamic.

In the first four months of the year there was an upward trend, despite expectations regarding the actions taken by central banks in 2024, as less adverse economic data were released, but, in particular, some inflation data that revealed a sharp slowdown in the trend of moderating price increases.

10 Year Bond Yields



Source: Bloomberg

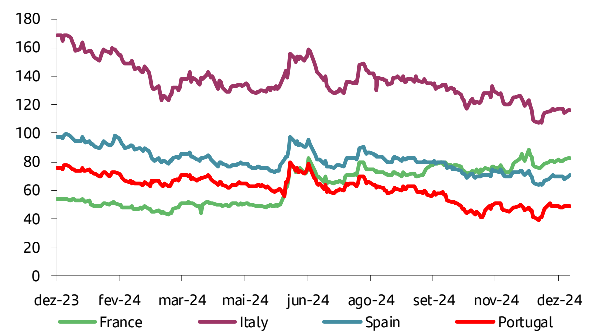
In a second phase, until September, and with the ECB already cutting interest rates, yields fell, approaching the levels seen at the beginning of the year, in reaction to a new process of slowing inflation, combined with several weaker economic data.

From the end of the summer, yields began to rise again, in reaction to the reacceleration of inflation, as well as, in the case of the USA, the anticipation of the effects of the measures of the new Trump Administration which, with the announcement of extensive tax cuts and increased spending, generated fears of widening the already high budget deficit.

Despite such volatility in the evolution of long-term interest rates in the Euro Area, there was a narrowing of **sovereign interest rate differentials** vis-à-vis Germany until June, which were characterised by a narrowing trajectory until June.

The results of the European elections on June 9, with the victory of Marine Le Pen's *Rassamblement National* in France, and the subsequent call for early general elections, generated a period of instability in the debt markets, which was particularly strong in France.

10 Year Bond Yield Spreads (vs Bund) (bp)



Source: Bloomberg

Spreads in Europe have temporarily widened, namely in countries such as Spain, Italy and Portugal. However, in France there has been a structural change, as spreads have permanently widened, initially surpassing those of Portugal and subsequently those of Spain.

The June general elections in France resulted in a hung parliament, with President Macron's coalition losing its majority, failing to pass the budget, and culminating in the resignation of the government at the end of the year. As a result, at the end of December, the French 10-year yield was 83 bp above the German yield, compared to a 49 bp difference in Portugal, and 70 bp in Spain.

Investors' risk perception regarding Portuguese debt, which had already changed in 2023, was confirmed, with a smaller differential compared to German debt. This was largely due to the improved budgetary situation, with an overall surplus, and the sustained reduction in the public debt ratio, in contrast to its peers, which was reflected in the improvement of Portugal's credit rating by S&P, to A-.

In the **foreign exchange market**, the **Euro** resumed its depreciation trend against the US Dollar, reflecting differences in monetary policy and in the economic performance of each economy. Although both central banks lowered their respective reference rates by 100 bps, expectations regarding the speed and total extent of the reduction varied, particularly in the second half of the year.

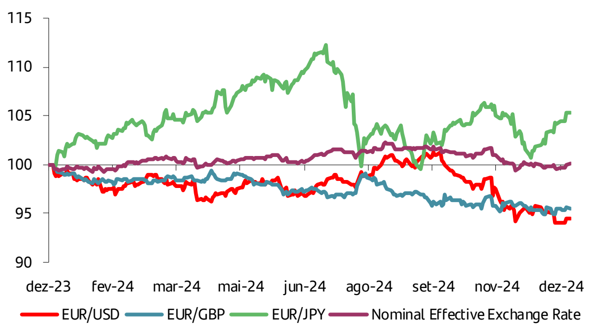
As far as the economy, and as already mentioned, at the end of the year, American data were more solid than those relating to the European economy. On the other hand, the election of Donald Trump and fears of a more protectionist trade policy by the US, with the widespread imposition of tariffs, affected the Euro, with the perception that Europe could be one of the most affected regions. As a result, the Euro depreciated from around 1.10 US Dollars at the end of 2023, to 1.03 dollars at the end of 2024 (-6%).

Against the Pound Sterling, the Euro also depreciated by about 5%, to 0.83 pounds at the end of the year, a move that was particularly noticeable in the last quarter of the year. Against the Japanese Yen, the Euro appreciated by about 4%, to 163 Yen per Euro.

However, the effective exchange rate, which is a weighted average of the currencies of the main reference economies for the Euro Area, remained relatively stable throughout the year. That is, the depreciation against the US Dollar and the Pound Sterling was offset by appreciations against other currencies.

Compared to the US Dollar, the **Pound Sterling** depreciated by about 1.5%, to 80p per dollar. The **Japanese Yen**, meanwhile, once again recorded new historical lows, around 160 Yen.

Key Foreign Exchange Rates
(Dec-2023 = 100)

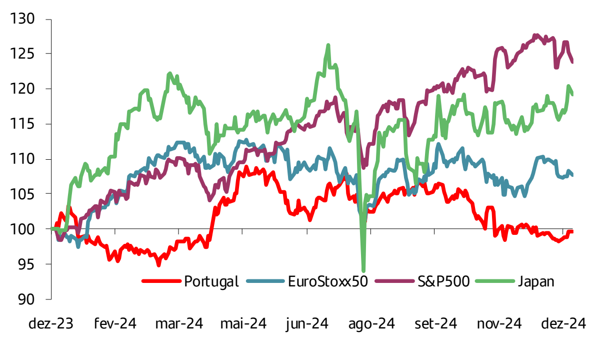


Source: BCE

Stock markets once again recorded significant appreciation in 2024, supported by good corporate results, by a new cycle of interest rate cuts and, at the end of the year, by expectations that the new Trump Administration will adopt more business-oriented policies, with tax cuts and deregulation.

Most international indices ended the year at — or very close to — historic highs: the North American index (**S&P500**), rose by 23.3%, the Japanese index (Nikkei) by 19.2%, the pan-European index (Eurostoxx50) by 8.3%, and the British index (**FTSE**) by 5.7%.

Equity Markets
(Dec-2023 = 100)



Source: Bloomberg

In **Portugal**, the **PSI** index stood out for its stagnation, due to the correction that occurred in the last quarter of the year, which cancelled out the appreciation of about 5% that had been observed until then. The appreciation of the banking, energy and restaurant sectors was cancelled out by the dynamics in renewable energy, construction, and retail.

Gold continued to rise, ending 2024 at 2,641 USD, a new all-time high.

Portuguese Economy

The Portuguese economy slowed down in 2024, with 1.9% GDP growth rate, as a result of a combination of several factors. On the one hand, the continued lower propensity for consumption by households, still in reaction to the inflationary shock of 2022-23. On the other hand, a decrease in investment, either due to the delayed effect of the rise in interest rates, the lower accumulation of stocks, or the slow implementation of the Recovery and Resilience Plan (RRP). Which added to the contagion effect on the Portuguese economy of the correction in the European manufacturing sector, especially in Germany.

The intra-annual evolution had different momentums. In the first quarter, GDP grew more solidly (+0.6% quarter-on-quarter), but in the following two quarters it slowed down, with quarterly growth of just 0.2%, while accelerating again towards the end of the year (+1.5%).

In 2024 as a whole, the Portuguese economy stood out among the euro area economies, maintaining a growth rate in line with the medium-term trend.

Portugal - Macroeconomic Data

	2022	2023	2024E
GDP	7.0	2.6	1.9
Private Consumption	5.6	1.9	3.2
Public Consumption	1.7	0.6	1.1
Investment	4.9	2.0	1.7
Exports	17.2	3.8	3.4
Imports	11.3	1.8	4.8
Inflation (average)	7.8	4.3	2.4
Unemployment	6.1	6.5	6.4
Fiscal Balance (% GDP)	-0.3	1.2	0.3
Public Debt (% GDP)	111.2	97.9	95.3
Current Account Balance (% GDP)	-1.0	1.9	4.3

Source: INE, Banco de Portugal, Ministério das Finanças, Santander Portugal Research

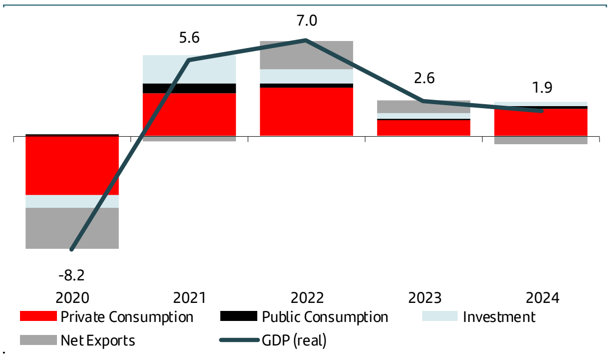
Domestic demand remained as the main driving force of the economy, contributing 2.5 p.p. to GDP growth, of which 2.0 p.p. came from private consumption. In turn, net exports had a negative contribution of 0.6 p.p., reflecting slower export growth.

Private consumption grew by 3.2% in 2024, accelerating from 1.9% in the previous year, when households had suffered several shocks to their purchasing power due to the acceleration of inflation, and the subsequent interest rate rise. In 2024, consumption seemed to recover, but households reduced their propensity to consume, still reflecting the price surge in essential goods that had been occurring since 2022, and thus not fully reacting to wage growth. In the year ending in September, household consumption expenditure grew by 5.2% in nominal terms, compared to wage growth of 9.7% (average gross monthly remuneration per worker grew by 6.1% year-on-year in Q3), and disposable income growth by 8.5%.

As a result, in 2024, households increased their savings (the savings rate rose to 10.7% in September), an unprecedented behaviour due to the combination of increased savings plus growth in income during the same period.

Households were more conservative in their consumption of durable goods, which grew by only 1.6% in real terms. Discretionary spending on non-durable goods and services was the most dynamic component, with a 3.7% growth.

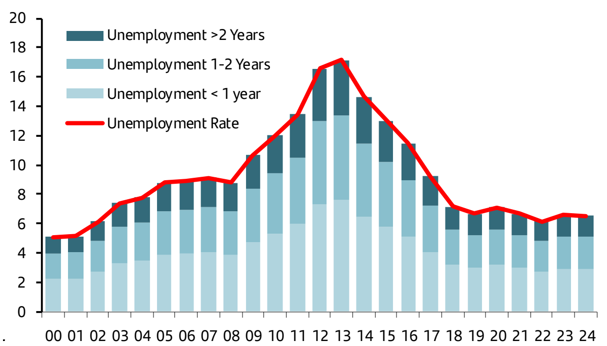
Contributions to GDP Growth (YoY)



Source: INE

The labour market remained quite solid, with the unemployment rate slightly dropping to 6.4%. The economy continued to generate jobs in a sustained manner, with over 5.1 million people employed (+1.2% year-on-year), while the number of unemployed people remains below 350,000. As in previous years, the Portuguese economy continues to operate at full employment, and most companies continue to report labour shortages as one of their main business constraints.

Unemployment Rate (%)



Source: INE

Inflation continued to slow down, falling to 2.4% on an annual average, compared to 4.3% in the previous year. The trend varied throughout the year, as well as among the main classes. In fact, the slowdown was more noticeable in the prices of goods (which grew by 1.2% on an annual average), than in service prices (which grew by 4.2%, reflecting the situation in the labour market).

The slowdown was also more noticeable at the end of 2023 and in the first months of 2024, when the prices of goods grew by less than 1%, due to a lower growth in food prices, and a reduction in the prices of clothing and footwear. The prices of services slowed down more sharply during the summer, due to lower growth in the hospitality and catering class. However, at the end of the year, prices accelerated again, with service prices growing by 4.6% in December.

Core inflation, which excludes food and energy, slowed to 2.0% at the beginning of the second quarter, reflecting service prices, while accelerating again in the second half of the year, standing between 2.6% and 2.8%.

Investment continued to grow at a moderate pace, namely at 1.7%, broadly in line with the 2023 pace, reflecting several factors, such as the lagged effects of the interest rate hike in 2022-23, or the slow implementation of the RRP.

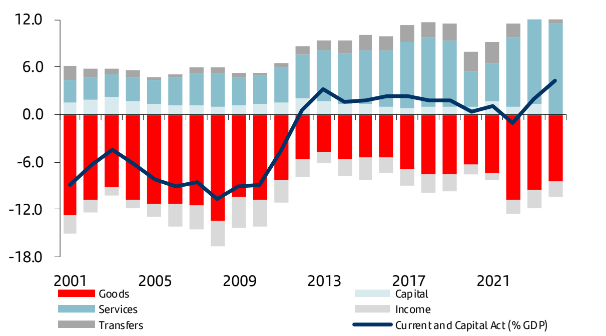
Gross fixed capital formation grew by 2.3%, benefiting from investments on transport equipment (+5%) and other machinery and equipment (+2%), but capital expenditure on construction (which represents 52% of GFCF) almost stagnated in 2024, for the second consecutive year.

As in 2023, the lower momentum in construction activity was evident in the relative stabilization of the number of houses built (which grew by 2%, to around 24 thousand new houses), as well as in the slow implementation of the Recovery and Resilience Plan (RRP), whose payments (in mid-January 2025) represented 29% (+12 p.p. compared to the same period last year) of the total financial envelope, of € 22.2 billion.

Exports of goods and services grew by 3.4% in 2024, maintaining a moderate growth rate, as in the previous year, with exports of services growing by +3.1%, and exports of goods growing slightly more (+3.9%). However, the structural weakness of the industrial sector felt in Europe, especially in Germany, contributed to this more moderate growth.

Imports accelerated, with a 4.8% growth rate, more concentrated on goods.

Current and Capital Account
(% GDP)



Source: Banco de Portugal, INE

The **capital account**, which mainly reflects European funds, had a smaller surplus of 0.9% of GDP, due to a more moderate inflow of funds related to the RRP, while the **income account** maintained a deficit of about 2% of GDP.

Such recovery in the economy's financing capacity benefited greatly from the evolution of households which, as mentioned, increased the savings rate to 10.7%, and the financing capacity to 4% of GDP, more than offsetting the deterioration in companies' financing needs.

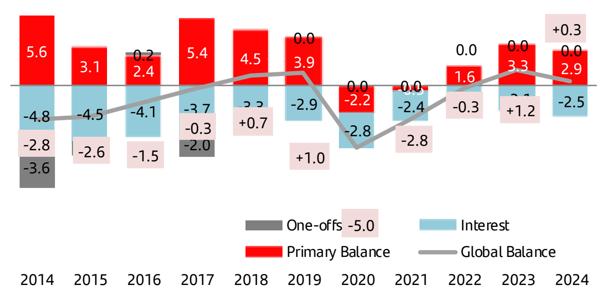
As far as **public finances** are concerned, the situation remained quite favourable, with Public Administrations maintaining a surplus of 0.3% of GDP, but below the 1.2% recorded in 2023.

Tax revenue continued to grow (+2.6%), but more moderately than in previous years, as a result of the tax changes implemented in 2024, especially in terms of personal income tax (IRS) (-5.4%), where new withholding tables were applied in October, but whose effect was more than offset by corporate income tax revenue (IRC), which continues to grow (+15.4%), reflecting the good results of Portuguese companies.

As far as indirect taxes are concerned, the greatest growth occurred on the tax on oil products (ISP) (+10.9%), as a result of the unfreezing of the carbon tax, and in VAT (+2.2%), which reflects, on the one hand, the moderate growth in private consumption and, on the other, a greater volume of refunds.

Revenue from social contributions grew by 9.8%, reflecting the dynamics of the labour market, in terms of the number of employees and salary increases.

Fiscal Balance
(% GDP)



Source: Ministério das Finanças

Primary expenditure grew clearly above effective revenue (+11.5% vs 5.3%), namely with the growth in personnel expenditure (+8.1%), due to salary updates plus changes in careers and various bonuses, and the acquisition of goods and services (+9.9%), especially in terms of the NHS. Transfers grew by 12.4%, especially in terms of pensions, in line with automatic updates, the extraordinary supplement, and the increased number of pensioners, but also due to the increase in other social benefits. Debt service increased by 3.5% in 2024, reflecting the higher investment in Savings Certificates that occurred in 2023.

The creation of a new series of Savings Certificates in June 2023 resulted in lower demand, with negative net subscriptions for almost the entire year of 2024. For this reason, the State's financing has already been carried out mainly by Treasury Bonds, with the new issuances of the year coming with an average maturity of almost 17 years. The issuance cost in 2024 fell to 3.4% (-0.1 p.p. compared to 2023).

As a result of higher nominal GDP growth, on the one hand, plus the maintenance of a primary surplus, at the end of the year, the public debt ratio fell to 95.3% of GDP (-2 p.p. compared to the end of 2023), the lowest level since 2009.

The **overall debt ratio** of the Portuguese economy stood at 260% of GDP, as of September 2024 (-6 p.p. compared to the end of 2023), with the non-financial private business sector standing at 106% (-4 p.p.), and households at 56% of GDP (-1 p.p.), clearly below the levels observed in the period prior to the 2011-14 economic and financial adjustment programme.

The resilience of the economy and the good budget execution were reflected in further improvements in Portugal's risk ratings assigned by rating agencies, by one notch, to A(H), by DBRS (already in 2025), and A- by S&P. Fitch rated Portugal as A-, and Moody's gave it an A3.

The reversal of the monetary policy cycle, initiated by the ECB in March 2024, impacted the **Portuguese banking sector**.

From Q3'2023, when the cycle of rising reference interest rates ended, the sector was able to offer mortgage loans at a 'blended rate,' with a fixed rate for an initial period of between 2 and 5 years. This allowed new production volumes to recover and, consequently, the loan portfolio ended up growing in 2024.

Credit to individuals grew by 3.2% in 2024, benefiting from a recovery both in mortgage loans (+3.0%) and also in personal loans (+4.0%).

However, credit to companies contracted once again (-1.5%), reflecting, on the one hand, the adaptation to the interest rate context, with the use of self-financing and, on the other, the partial amortization of credit facilities backed by public guarantees created during the pandemic.

In terms of customer resources, there was a marked increase in deposits (+7.1%). Household deposits grew by 6.6%, continuing the transformation of demand deposits into term deposits, in line with the higher remuneration of the latter, but also with a diversification towards investments in off-balance sheet resources, particularly in securities investment funds (+10.8%). Corporate deposits also grew (+5.4%), reflecting the greater generation of cash flow in a context of better profitability.

Credit quality continued to improve, with the system's *Non-Performing Loans* ratio standing at 2.7% at the end of Q3 (-0.1 p.p. compared to the end of 2023), with impairment coverage of 54.7%.

The drop in interest rates was reflected in the intra-annual evolution of net interest income, but its impact was offset by cost control and by the reduction in impairments. As a result, profitability improved, reaching 1.5% in return on assets (+0.2 p.p.), and 16.1% in return on equity (+1.3%), a historical high.

Note: Text written with the information available up to January 20, 2025.

Major Risks and Uncertainties for 2025

The main risks for 2025 are related to the geopolitical and geoeconomic context, in which the changes in the globalization paradigm are expected to continue, and which were already underway even before the pandemic. Russia's invasion of Ukraine has further intensified the process of creating blocs of countries with political and economic similarities, with implications on world trade flows.

The US presidential election, with the return of President Trump, emerges as a new risk factor, due to the greater protectionist orientation, in which tariffs will be an important factor of disruption.

Europe, including Portugal, could be impacted, directly or indirectly, since its main trading partners are the USA and China, at a time when the European manufacturing sector, especially in Germany, is going through a period of redefinition and adjustment to the new global context.

The political framework in Europe also hinders a faster decision-making process, with minority governments and the strengthening of extremist forces, on both political spectrums.

Additionally, many European countries still have high budget deficits, which result in higher public debt, a situation that is gaining relevance among investors, with worse credit spreads becoming increasingly visible in some countries.

Thus, despite the sharp slowdown in inflation and the fact that the European Central Bank is reducing its reference interest rates — which is quite positive for households and businesses —, the risks remain tilted downwards due to the weaker manufacturing activity in Europe.

The risks to the Portuguese economy arise from this context. On the one hand, due to the full integration of Portuguese manufacturing into European value chains and, on the other, due to the fact that the European Union is Portugal's main trading partner, absorbing around two thirds of sales of goods abroad.

A deterioration of the economic scenario, with lower growth rates, could also impact the labour market, which has remained quite dynamic, with a situation of full employment, and has thus been an important driver of the economy, by supporting private consumption.

The Bank's activity could therefore be faced with a reduction in demand for credit, both by households and companies, reversing the dynamics that characterized 2024. In terms of resources, in 2024 there was a strong increase in the deposit base, across both segments, which can be used by households and companies to respond to unexpected, adverse events.

On the other hand, if economic activity in the Euro Area as a whole were to prove weaker than expected, the European Central Bank could react with a more pronounced cut in reference rates than that anticipated by financial markets at the beginning of the year.

All these developments would have an adverse effect on the Bank's profitability, as well as on the banking sector as a whole, due to lower volumes and lower net interest income. However, the quality of the credit portfolio could be less impacted, due to further interest rate cuts, due to the deposit cushion that could be used for early repayment of loans, and due to the fact that the unemployment rate is at a historic low.

Overall, the current combination of risk factors translates into the maintenance of a scenario of high uncertainty, with negative risks for economic activity.

Therefore, Santander Portugal will carry out its activity in a complex context, with risks of lower volume growth — both in terms of credit and deposits —, without neglecting constant monitoring of credit quality, and an adequate policy of capital allocation in active operations.

Outlook for 2025

The evolution of Santander's activity in Portugal will depend on how the economic activity will evolve. The outlook for Portugal for 2025 is for continued sustained economic growth, in line with the medium-term trend, and with low unemployment. However, the risks identified in the previous section regarding the main risks and uncertainties must be taken into account, particularly due to the potential disruption of the global economy and, in particular, of the European economy.

The Portuguese economy, despite the typical weaknesses of a small open economy, has some positive factors, which act as mitigating factors in the present context of uncertainty.

On the one hand, it has recorded higher growth rates than the European average (despite the ambition for even greater growth), which has allowed for sustained job creation and has helped maintain the unemployment rate below the estimated natural rate (around 7-7.5%).

On the other hand, it corrected the main macroeconomic imbalances, with surpluses in both external and public accounts, with a reduction in the public debt ratio, in counter-cyclical with some European partners. Households and companies also reduced their debt, which is now below the Euro Area average, as a ratio of GDP.

In addition, it continues to have two important instruments to support public and private investment. On the one hand, the Recovery and Resilience Plan, which, at the beginning of January 2025, had paid beneficiaries 29% of the available funds (€ 22.2 billion). On the other hand, “Portugal 2030,” which is still the main instrument to support business investment.

As a result, the conditions remain in place for sustained, albeit moderate, growth in business volumes, especially in credit, also supported by a less restrictive monetary policy. However, the reduction in interest rates may continue to be reflected in lower net interest margins, continuing the trend already observed over the various quarters of 2024. The gradual convergence of inflation towards the ECB's 2% target may allow for lower cost growth, especially in general and administrative expenses.

In spite of this context, careful monitoring of credit quality must be maintained, given that the main risks to economic activity are biased downwards, as well as the fact that default ratios are at historic lows.

In 2025, the Bank will continue to focus on executing its strategy aimed at improving customer experience and satisfaction, highlighting i) the continuous optimization and simplification of processes, focused on customer transactions; ii) a simplified, personalized offer, aligned with customer expectations, available on digital channels; iii) growth in business volumes, adapted to customer needs and with adequate remuneration of capital; iv) strict control of credit quality; and v) maintaining a solid capital and liquidity position, in line with regulatory requirements.

Santander Portugal shall also keep its focus on being a partner to its customers in terms of their digital and climate transformation, strengthening their position through financing renewable energy and providing sustainable financial products and services. Likewise, it will maintain its commitment to Society, with a strong focus on Education, including a strong investment in reskilling and upskilling people, as a structural lever to promote greater development and growth in the country and reduce social inequalities.

Business Areas

Individuals

In the **Individuals** segment, the good results in attracting new customers stand out, as a result of several salary campaigns that were launched. Thus, the mix of new customers has evolved positively.

In terms of commercial activity, the commercial revitalization programme was maintained in this segment, which helped achieve the proposed objectives with very positive results.

Mortgage Loans stood out with significant growth compared to the previous year, achieving good production levels and a significant portfolio increase throughout the year. Santander originated approximately 1 in every 4 mortgage loans.

Consumer Credit also grew in 2024, with higher productions compared to the same period last year, as a result of the commercial focus applied throughout the year.

The **Business Credit** portfolio showed some stability in 2024, with a strong recovery in the second half of the year, as a result of commercial dynamics and a strong bet in this segment, offsetting the deterioration of the protocolised credit facilities granted during the pandemic.

In 2024, the **Protection Insurance** activity focused on improving relationships with customers, increasing the offer, and optimizing processes to simplify interactions with the Bank in all dimensions of day-to-day life (Global Protection).

The main focus in 2024 was on **Health**, with profound changes in the offer for individuals, reinforcing the existing value proposition for customers. It is worth highlighting the agreement with CUF Saúde, in partnership with Aegon Santander, which materialized in the launch of the new CUF Santander product, an innovative health insurance, exclusive to the Bank's customers.

Given the growing relevance of the **non-related insurance portfolio**, both for individuals and companies, there was a growing focus on improving relationships with customers, simplifying interaction with the Bank, and working to extend and increase protection with the Bank.

Regarding **Credit-Linked Insurance**, the competitiveness and attractiveness of the offer was enhanced, with a focus on credit transfer processes, whose importance has increased and where the speed of the operation is critical. Credit journeys with insurance in context are subject to continuous improvement, with optimization scheduled for 2025.

Regarding **non-related Insurance**, a new, simplified Home Protection Insurance has been launched, with a 100% omnichannel journey. The corporate offer was also enriched, namely with the new Health offer adjusted to each customer's needs, plus the Cyber Insurance, and the reinforcement of the Car Insurance offer. At the end of the year, a new insurance was added to the offer, namely with the new Family Civil Liability Insurance which, in addition to offering basic coverage, allows families to be supported in the event of an oncological disease, and responds to concerns related to new mobility trends (by scooter, for instance).

The ***Everyday Banking*** division continued to simplify and improve Customer Experience in their daily interactions with the Bank. With increasingly comprehensive offers tailored to their needs, customers recognized this effort to improve engagement and experience assessment / NPS (net promote score).).

In terms of performance, the Bank had a net variation in active individual customers of +81 thousand in 2024, compared to the previous year, and gross acquisition amounted to about 130 thousand individual customers.

As far as **Cards**, there was a significant growth in card payment turnover (+13%) in 2024, as a result of the greater market share, due to the reinforcement of the customer base and the greater penetration of credit cards in customer transactions.

The strategy involved enhancing customer experience, with greater information provided to customers (for example, with real-time messages on payment refusals), and improved service across all channels — digital, call centre, and branches.

On the corporate side, the integrated offer including cards, POS and insurance was reinforced, increasing the value created for customers.

As far as **acquisition and salaries**, the priority was on capturing customers via digital channels and through partnerships with large companies, helping them improve the value proposition to their employees.

The digital account opening channel doubled its volume, helping to simplify customer experience. In parallel with the acquisition, initial communication with Customers was strengthened in order to ensure a good connection with the Bank.

Likewise, there was a clear focus on the domiciliation of income with a 6% increase in customers with salaries being received through Banco Santander, the result of a simple and relevant value proposition for attracting new salaries.

Businesses, Companies and Institutional

In 2024, Banco Santander strengthened its role as a partner of Portuguese companies, standing by their side both in their everyday needs — with a universal offer —, as well as in the most decisive moments of their lives. The Bank's close relationship with customers was deepened, being present in day-to-day transactions, always with the aim of being recognized as the trusted Bank that companies prefer for more complex operations, such as acquisitions, transformation processes, restructuring, internationalization, and major investments. The Bank has worked together with companies to structure and implement the best solutions.

Challenges related to **sustainability**, combating **climate change**, and supporting companies in their **transition to a greener economy** have gained increasing relevance. The Bank played an active role in raising awareness and in supporting its customers in these challenges, which has contributed to increased levels of knowledge of customer companies in this area and is now considered a strategic partner in decision-making.

Aware of the huge challenges Portuguese companies are facing, Santander Portugal has provided its customers with **financing facilities** agreed in partnership with the EIB, in the total amount of about € 980 million, with a strong component of working capital and investment in transformation and energy efficiency in buildings. A new protocol has been signed with Banco Português de Fomento for the INVEST EU facilities, aimed at sustainability, digitalization and innovation in companies, which credit facilities are still in force. The partnership with the European Investment Fund (EIF) was also maintained, providing several facilities for a range of sectors.

Tourism and **Agri-food** are strategic sectors for the Portuguese economy, as well as for Santander. As far as **Tourism**, the Bank prioritized support for innovation, digital transformation, and sustainability, in continuous coordination with the main agents in the sector, and in line with the strategy of the Portuguese Tourism authority and the tourism goals for 2027. In the agri-food sector, in particular in the agricultural sector, the Bank has supported the challenge of producing more, with higher quality, while using fewer resources, acting as a facilitating agent in the climate transition process, supporting sustainable projects.

The Bank continued to be a reference in the **social economy**, being close to entities representing the social sector and supporting investments in complementarity with the Government's social programs (Pares, RRP, and PT 2030). The commitment to support local and regional authorities and other public sector institutions is important for the Bank, which has a differentiated proposal and a special focus on transaction services and cashflow support.

In 2024, the Bank placed great focus on supporting the **internationalization** of Portuguese companies, particularly when they need support in other geographies where the Santander Group is present, as well as facilitating foreign investment in Portugal, offering training on product offerings, onboarding, and the local market. Many of the international business operations involved transactions related to ESG criteria, particularly in the photovoltaic energy sector.

Also noteworthy is the awarding of the 'Santander Inspiring Portugal' award, which distinguishes and gives visibility to companies operating in Portugal that stand out for their ability to create jobs, boost the market, innovate, boost economic development, and contribute to the growth of the Portuguese economy. The Bank also supports applications from small and medium-sized companies for 'SME Leader and Excellence,' recognizing the strength of their balance sheets and their ability to make a difference.

Wealth Management and Insurance

The year 2024 was marked by events that set the "pace" of financial markets, namely, the changes in the interest rate cycle of the main central banks, with the ECB lowering its main interest rates, following confirmation of the low inflation trend, and the FED in the United States following the same path of reducing its main interest rates. The American presidential elections, held in November, won by Donald Trump, and which brought some uncertainty and volatility to the markets. Finally, the two main ongoing geopolitical conflicts: the war in Ukraine, with direct impacts on the European economy, and the conflict in the Middle East, which significantly increased uncertainty about the region, and its potential worsening.

Within this context, 2024 was a rather positive year for all main asset classes, confirming most of the expectations included in our investment recommendations. The US *S&P500* index went up by 23% in 2024, and the European *Eurostoxx 50* index went up by around 8%.

Thus, for most of the business indicators of Santander Portugal's *Private Banking*, 2024 proved to be a very favourable year, with all business indicators showing positive performances. It is worth highlighting the 10% growth in business volume, and the 20% growth in off-balance sheet resources — investment funds, discretionary mandates, and *Unit-Linked* insurance".

Growth of the customer base was also quite dynamic throughout 2024, based on a strong external prospecting activity, and on the great collaboration and support from the network of branches and business centres.

Corporate and Investment Banking

In 2024, Santander *Corporate & Investment Banking* (SCIB) in Portugal continued to pursue its strategy, increasingly positioning itself as an advisor and strategic partner to its customers. The local team, renowned in the *wholesale banking market*, worked in close collaboration with the Group's global teams, joining an Investment Banking division with global reach.

The Corporate Finance division developed an intense activity in Mergers & Acquisitions and in Equity Capital Markets, of which it is worth highlighting the following operations:

- ✓ Financial Intermediary in KKR's takeover bid launched on the entire capital of Greenvolt;
- ✓ Advisor and Financial Intermediary to Bondalti, in the takeover bid launched on the entire capital of Ercros, S.A.;
- ✓ Financial advisor to EDPR, on the sale of a 326MW wind and solar portfolio in Poland;

- ✓ Financial advisor to the shareholders of the Sequeira & Sequeira / Lacticínios do Paiva Group, in the sale of the company to the Lactalis Group;
- ✓ Financial advisor to the Saur / Aquapor Group, in the acquisition of the company CTGA / Enviman;
- ✓ Financial advisor to the Blueotter Group, in the acquisition of Castelbel from Vallis.

In the ***Global Debt Financing*** division, Santander was the leading bank in Portugal in supporting the country's large businesses. During this period, it secured and led the main corporate financing operations, including:

- ✓ The financing of two public acquisition operations, launched by the Sonae group and Bondalti, for acquisitions in Finland and Spain, respectively;
- ✓ Financing the acquisition of an Irish company by the Purever group;
- ✓ Financing for the Constructel Group to support new acquisitions and refinancing of existing debt;
- ✓ Financing for the acquisition of a portfolio of hotels by the Azora Group.

In these four operations, Santander individually secured an amount of debt exceeding € 1.5 billion, which it subsequently syndicated with other national and international credit institutions. The structured finance division stood out for its contribution to operations related to the climate transition of the economy, such as advisory and financing to the Powerdot Group to support the expansion of the electric vehicle charging network in Europe, among other financing operations in the renewable energy field.

In terms of ***Debt Capital Markets***, the *Global Debt Financing* division maintained its leading position in the Portuguese market, namely by participating in the placement of two public debt issuances, totalling € 7 billion, and in several corporate bond issuances, namely for EDP, of € 750 million, for REN, of € 300 million, and for Montepio, of € 250 million.

In the **Markets** division, the year was marked by the beginning of interest rate cuts, with central banks meeting market expectations. Economic stability was maintained throughout the year, and consistent increases in equity markets were recorded throughout 2024, with few interruptions in the upward trend.

In the **Interest Rate** segment, the rise in interest rates has raised awareness among many customers for the need for interest rate risk coverage, but the persistent narrative that "interest rates will start to fall" has led some customers to postpone closing coverage. Despite this factor, 2024 was a year of growth and business development, with an additional effort to present hedging solutions without setting a *priori* rate, such as *Collars* or *Caps*. It is also worth highlighting the good pace of operations in which Santander took up the role of *Hedging Coordinator*, which once again had an interesting weight in the activity.

In the **Foreign Exchange Business** segment, the stability of the EUR/USD pair between 1.06 and 1.10 throughout most of the year sustained steady growth, with no notable spikes in terms of volatility or trading volumes. The digital channel kept growing, with double-digit growth in number of customers and trading volumes. It is also worth highlighting the appreciation of personalized, comprehensive, quality service, after years in which price was the main focus due to the entry of several FinTech's into the foreign exchange market.

In the ***Securities Trading*** segment, the fall in yields in the bond market and the absence of volatility in the stock market weighed on customer transactions, but the appreciation of assets and the acquisition of new customers led to business stability in 2024.

In the ***Global Transaction Banking*** division, 2024 was marked by the continued macroeconomic scenario of high interest rates, positively influencing fund development activities. Resource volumes remained in line with the previous year, but with a lower margin due to greater competitiveness in the national market. In terms of credit granted, the strategy of ensuring the renewal of portfolio operations was maintained, with greater volumes of credit granted to customers.

As far as transactionality, 2024 was a year of consolidation of the offering of acquiring solutions through current partnerships, allowing the expansion of the customer base in this business segment.

It is also worth highlighting the ***Structured Trade Finance*** division, where, as a result of strengthening the team and of the collaborative work with the Group, there were discussions with several customers on balance sheet optimization solutions and payments to suppliers, areas with growth prospects for 2025.

Business Support Areas

Customer Experience

In 2024, the Customer Experience Division consolidated, in a sustained manner, the objective of continuously improving the experience provided to Santander customers, based on the quality of service in face-to-face channels, and in digital solutions valued by customers.

The result of this action is easily observed when comparing the Relational NPS of customers who choose Santander Portugal as their Main Bank: in 2024, Santander ended the year with an NPS of 50, while in 2023 this indicator stood at 40. Even more symptomatic of such continuous evolution, Relational NPS rose to 53 in the last quarter of the year, demonstrating the improvement trajectory that has been followed. The main factors that explain this evolution in 2024 were:

- ✓ Digital Channels, which have significantly improved the experience provided, and are now a prominent part of customers' lives (more than 25% of customers choose Digital Channels as the main factor in recommending the Bank), explaining much of the growth;
- ✓ Information provided, which significantly improved interaction with customers; and
- ✓ Branch Experience, based on the *One Experience Programme*, developed throughout 2024 to promote Customer culture in the context of this channel.

Despite this conclusion, in the same study, more than 40% of the factors evaluated demonstrated Santander Portugal's leadership, standing out in the most relevant areas such as:

- ✓ Digital Channels;
- ✓ Manager;
- ✓ Brand Image and Strength; and
- ✓ Quality of the Offer.

Looking into 2025, Santander has the clear ambition of becoming a leader in the quality of service provided to its customers, and has identified the following areas as key priorities:

- ✓ Customer culture, supported by the *One Experience Programme*, to be expanded nationwide across the Network of Branches, also including the Remote Network and Central Services;
- ✓ Excellent customer service, supported by technological tools that help address all customer requests and satisfy them with quality and speed, exceeding their expectations;
- ✓ Disruptive Digital Experience, which goes beyond the basic boundaries of using digital solutions in a purely transactional way, while also exploring the relational interaction paths provided by this channel.

Santander is a digital bank with branches, providing a unique experience for its customers in both the physical and digital channels. The goal for 2025 is to become the best national bank in terms of quality of service provided to customers.

Customer Care

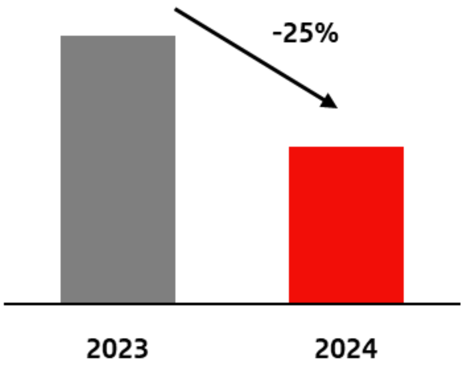
The *Customer Care* division was established at the end of 2023 to represent the customer's voice within the Bank, to ensure high standards of service quality, and to manage and prevent potential causes of customer dissatisfaction.

Anticipation, transparency and compensation are key principles of the Customer Care team in incident management. All complaints, whether formal or informal, deserve a quick, transparent response. Whenever customer expectations have not been met, a professional team works to correct the problem and regain their trust.

Prevention is also essential to minimize events that may cause dissatisfaction. Permanently monitoring and challenging internal service levels and the Bank's main journeys and channels is the best way to ensure customer satisfaction.

In 2024, the service levels of 48 journeys and 13 channels were reviewed and monitored, thus maintaining a high level of demand in order to always meet the expectations of the Bank's customers and sales teams.

As a result of all such continuous improvement work, in 2024, along with the higher NPS, there was a significant reduction in the number of formal customer complaints.



Santander Portugal has achieved a top position in customer satisfaction. However, aware of the increasingly demanding standards of its customers, it clearly needs to accelerate a culture of service excellence to consolidate its leadership position.

The *Customer Care* division represents our customers' voice, and, in collaboration with the *Customer Experience* division, increasingly contributes to a customer-centric culture throughout the organization.

Digital Channels

Individuals

In the second half of 2024, the number of monthly users of the *App* surpassed 1 million, of which 770 thousand (77%) used this digital channel exclusively. On average, each user made 28 logins per month.

In the Web channel, there was a decrease in the number of users compared to the end of the previous year. NetBanco Individuals closed the semester with 360 thousand users, maintaining an average of 8 monthly logins per user, without variation comparatively to the previous period.

In the last six months of the year, the Bank continued the process of improving its Individuals' channels, of which it is worth highlighting several initiatives to improve customer satisfaction, particularly in the payments and transfers areas, which are the operations most frequently carried out by customers. Some examples were the provision of pending movements and immediate international SEPA transfers through the *App*. The process of integrating new customers was also improved, with clear gains in terms of reducing login friction, with optimization of PIN and biometric configuration options on first access.

It is also worth highlighting the launch of a version for Minors within the Private *App*, during this semester. This version allows Minors and their Parents or Legal Representatives to check the balance and operations of their accounts and cards. With this launch, the previous Minors *App* was discontinued, and customer experience was improved.

It is also possible for Individual customers to link their account to the SPIN service and thus make money transfers between accounts more easily, by using the mobile phone number in the case of individuals or the Corporate Taxpayer Number in the case of companies, instead of the traditional IBAN. It has also become possible for Santander customers to subscribe the CUF Santander health insurance through digital channels.

Finally, it is worth highlighting the focus on improving customer experience, with the use of customer insights in defining development priorities for the Santander *App*, which contributed to the positive evolution of the NPS (*Net Promoter Score*) satisfaction indicator. Thus, the NPS of the Santander *App* rose from 70 points (in January) to 75 points (in December), reaching the 1st position in this attribute, in the benchmark study against the competition, and meeting the objective set for 2024.

Companies

In Netbanco Companies, the user base remained at 121 thousand customers in December 2024, representing an increase of 1% compared to the same period last year. The Companies *App* continued to show a growth trend, reaching 64 thousand customers at the end of the semester, a 10% increase compared to the same period in the previous year.

The SPIN service was launched in the second half of 2024, allowing business customers to receive and make money transfers both through the mobile phone number (for individual customers), and through the Corporate Taxpayer Number (for business customers).

Several usability improvements were made to the channels, with emphasis on credit cards, meal cards and the consultation of pending transactions, which were presented by customers as friction points. New features were also launched, such as: pending card movements, new file formats in SEPA batches for payments and direct debits, a new type of beneficiary confirmation batch (COP Bulk) and a new type of import documentary credit (UPA).

It is also worth highlighting the first position compared to the competition in the comparative NPS benchmark among business channels.

Technology and Operations

The Technology Division, in line with the business divisions, implemented digital solutions geared towards its employees and its customers, namely by promoting the adoption of new methodologies, new technologies, global platforms, modern architectures, and agile development approaches. In terms of the regulatory context, it ensured the implementation of initiatives to ensure compliance with legal or regulatory requirements, as well as the implementation of recommendations arising from internal and external audits, deemed as critical pillars for the operation of Santander Portugal.

In 2024, the Technology division implemented a set of initiatives defined in the strategic IT programme, namely, savings and investment, automation and optimization of goal calculations, protection solutions, management and support for situations requiring customer response. The focus on process digitalisation and in the transformation of information systems has enabled Santander to increasingly become a secure digital bank with branches, with the aim of improving customer experience. It is also worth highlighting the new features made available through digital channels, and significant improvements in the Commercial Network provided by the provision of capacity in communications networks.

Savings and Investment

In 2024, the equity markets appreciated due to a favourable economic context and lower inflation rates, leading Central Banks to gradually bring down interest rates. The Bank was active in creating financial offers for different profiles and terms, with a focus on demand for bond products and income solutions.

In the savings segment, there was greater demand for terms of up to 6 months, with the digital channel gaining greater relevance.

The digital savings platform has been redesigned to make it easier for customers to save.

Mutual funds, especially the Short-Term Bond Fund, grew significantly. The Financial Insurance division launched several defined maturity solutions, with strong demand, and the insurance portfolio increased by 5 million euros.

The Bank held outreach sessions and digital webinars to raise awareness among customers about savings and investment, contributing to the appreciation of financial products and customer satisfaction.

Economic and Financial Information

Consolidated Business

Banco Santander Totta achieved a net profit of € 971.3 million in 2024, growing by 4.3% compared to the € 931.4 million obtained in 2023.

Return on equity (ROE) reached 23.6%, down by 2.2 p.p. compared to 25.8% in the previous year. The efficiency ratio stood at 25.66%, decreasing by 0.36 p.p. compared to the 26.01% in the same period last year.

Loans and advances to customers (gross) amounted to € 50.3 billion, increasing by 12.9% year-on-year, with credit to individuals growing by 5.5% and credit to companies and institutions growing by 21.6%.

The *Non-Performing Exposure* ratio stood at 1.6%, with 84.1% coverage.

Customer resources totalled € 46.8 billion, up by 7.1% compared to the same period last year, reflecting the growth in customer deposits of over 6.8%, and in off-balance sheet resources of over 8.1%.

At the end of 2024 the LCR ratio (*Liquidity Coverage Ratio*), calculated in accordance with CRD IV rules, and on an individual criterion, reached 126.8%, thus meeting the regulatory requirement on a fully implemented basis.

The Common Equity Tier 1 ratio, calculated in accordance with CRR/CDR IV rules, stood at 15.5% (fully implemented), compared to the 16.1% recorded in the same period last year.

The liquidity reserve totalled € 16.9 billion at the end of 2024.

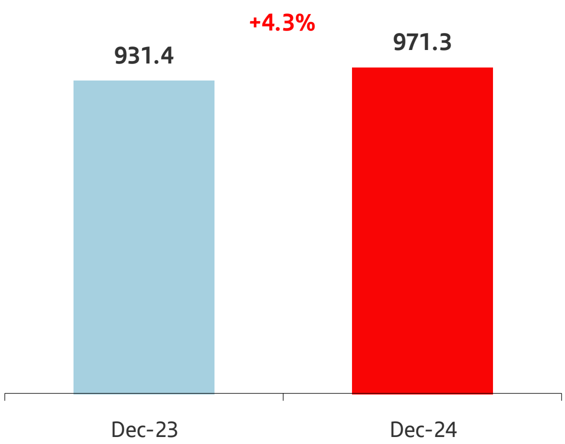
Short-term financing through repurchase agreements amounted to € 3.8 billion. Long-term financing included € 3.8 billion of covered bonds, € 0.65 billion of *Senior Non-Preferred* issuances, € 1.0 billion of securitizations, € 0.4 billion of financing with repurchase agreement, € 0.3 billion of *Credit Linked Notes*, and € 0.3 billion of subordinated issuances.

In March 2024, the last tranche worth € 0.7 billion of financing obtained from the European Central Bank matured.

Santander Totta has the best financial ratings in the sector. Its current long-term debt ratings compared to those of Portugal are as follows: Fitch – A- (Portugal – (A-)); Moody's – Baa1 (Portugal – (A3)); Standard & Poor's – A- (Portugal – (A-)); and DBRS – A (Portugal – A(H)).

CONSOLIDATED NET INCOME FOR THE PERIOD ATTRIBUTABLE TO BST SHAREHOLDERS

million euro



CONSOLIDATED INCOME STATEMENTS (million euro)	Dec-24	Dec-23	Var.
Net interest income	**1,574.6**	**1,481.3**	**+6.3%**
Income from equity instruments	8.2	1.7	+386.5%
Net fees	452.2	457.0	-1.1%
Other operating results	7.7	6.5	+18.0%
Commercial revenue	**2,042.7**	**1,946.5**	**+4.9%**
Gain/losses on financial assets	21.0	71.7	-70.7%
Net Income from banking activities	**2,063.7**	**2,018.2**	**+2.3%**
Administrative expenses	(486.8)	(464.5)	+4.8%
Staff Expenses	(291.4)	(284.3)	+2.5%
Other Administrative Expenses	(195.4)	(180.2)	+8.4%
Cash contributions to resolution funds and deposit guarantee schemes	(8.0)	(23.9)	-66.6%
Depreciation	(40.6)	(54.3)	-25.2%
Net operating Income	**1,528.3**	**1,475.5**	**+3.6%**
Impairment, net provisions and other results	(70.9)	(125.2)	-43.4%
Income before taxes and non-controlling interests	**1,457.4**	**1,350.3**	**+7.9%**
Taxes	(486.1)	(418.9)	+16.0%
Income after taxes and before non-controlling interests	**971.3**	**931.4**	**+4.3%**
Non-controlling interests	(0.0)	(0.0)	+49.6%
Consolidated net income for the period attributable to BST shareholders	**971.3**	**931.4**	**+4.3%**

At the end of 2024, net interest income amounted to € 1,575 million, growing by 6.3%, compared to € 1,481 million generated in the previous year. In 2024, net interest income benefited from the average Euribor interest rate for shorter terms being higher than in the previous year, but there was a quarterly decrease, compared to the maximum amount generated in Q4'2023, due to the review of the interest rate on the credit portfolio, mostly indexed to a variable rate, in line with the reduction in reference interest rates, carried out by the European Central Bank, in a competitive context and with high liquidity in the banking system, which maintained downward pressure on credit spreads.

Net fees amounted to € 452.2 million, down by 1.1% compared to the € 457.0 million recorded in 2023. It is worth noting the growth in credit fees (increase in volume, influenced by the competitive offer of products, adapted to customer needs, and considering the context of the European Central Bank's monetary policy), in insurance fees (driven by the offer of diversified, innovative protection solutions, namely of health products and credit-related insurance), and in investment fund fees and account fees. In turn, there was a decrease in fees related to financial advisory, due to its inherent volatility.

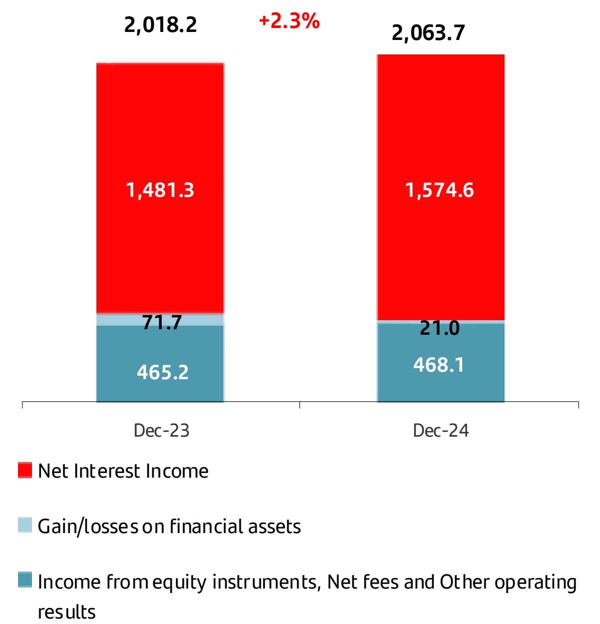
Commercial revenue reached € 2,043 million, increasing by 4.9% compared to the € 1,947 billion recorded at the end of the previous year, mainly benefiting from the favourable evolution of net interest income.

Gain / losses on financial assets amounted to € 21.0 million, down by 70.7% compared to the € 71.7 million observed in the same period of the previous year, which included the recognition of capital gains obtained from management of the securities portfolio.

Net income from activities totalled € 2,064 billion, increasing by 2.3% year-on-year, compared to the € 2,018 million observed in 2023, driven by the positive evolution of net interest income, which outweighed the decrease in results from financial operations and the stabilization of net commissions.

NET INCOME FROM BANKING ACTIVITIES

million euro



At the end of 2024, operating costs stood at € 527.4 million, growing by 1.7% compared to the € 518.8 million recorded in the previous year, below the annual inflation of 2.4%. The control of operating costs reflected the ongoing commercial and digital transformation that helped to reduce customer service costs and improve operational efficiency, with the progressive availability of the Bank's financial products in digital channels, in addition to the physical network.

Banco Santander had a commercial network with 374 service points (2 less than in the same period last year), and 4,614 employees (5 less than at the end of 2023).

Staff expenses stood at € 291.4 million, a 2.5% increase compared to the € 284.3 million in the same period last year, due to the wage update implemented in 2024.

Other administrative expenses amounted to € 195.4 million, up by 8.4% compared to the € 180.2 million recorded a year earlier, due to investment in the optimization and simplification of technological innovation processes and systems, to improve service quality, adapted to customer needs and market conditions.

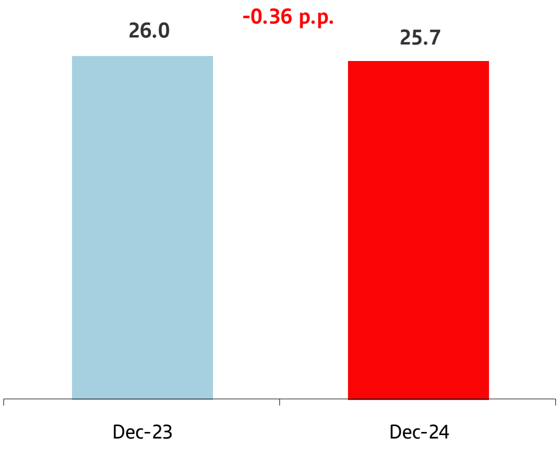
Depreciation reached € 40.6 million, decreasing by 25.2%, compared to the € 54.3 million observed in the same period of 2023.

OPERATING COSTS (million euro)	Dec-24	Dec-23	Var.
Staff expenses	(291.4)	(284.3)	+2.5%
Other administrative expenses	(195.4)	(180.2)	+8.4%
Depreciation	(40.6)	(54.3)	-25.2%
Operating costs	**(527.4)**	**(518.8)**	**+1.7%**
Efficiency ratio	**25.66%**	**26.01%**	**-0.36 p.p.**

At the end of 2024, the efficiency ratio stood at 25.66%, decreasing by 0.36 p.p., compared to the 26.01% observed in the same period of 2023, as a result of higher revenues and greater control over operating costs.

EFFICIENCY RATIO

%



Cash contributions to resolution funds and deposit guarantee schemes amounted to € 8.0 million, a 66.6% decrease compared to the € 23.9 million recorded in the same period last year.

Net operating income totalled € 1,528 million, growing by 3.6%, compared to the € 1,476 million recorded at the end of 2023.

Impairment, net Provisions and other Results recorded a cost of € 70.9 million, down by 43.4%, when compared to the cost of € 125,2 million in the same period of the previous year.

Net provisions reached € -31.3 million, up by 39.3%, compared to the € -22.5 million recorded a year earlier.

Net impairment of financial assets at amortised cost stood at € -13.0 million at the end of 2024, compared to the € -73.3 million recorded in the same period of the previous year (-82.3%), within a context of moderate growth in economic activity, a situation of full employment, and increased household savings. Consequently, the cost of credit of 0.03% decreased by 0.14 p.p. in 2024, compared to the 0.17% recorded last year.

Net impairment of non-financial assets recorded a reversal of provisions in the amount of € 5.9 million, compared to the € 5.8 million recorded in the same period of the previous year.

Regulatory costs with the Contribution on the Banking Sector and the Solidarity Tax on the Banking Sector in the amount of € 35.3 million decreased by 7.9%, compared to the € 38.3 million paid last year.

Results from non-current assets held for sale stood at € 2.8 million, 10.4% less than the € 3.1 million observed in the same period of the previous year.

Income before taxes and non-controlling interests amounted to € 1.457 billion, representing a 7.9% increase, compared to the € 1.350 billion recorded in the same period of 2023.

Taxes amounted to € 486.1 million, 16.0% more than the € 418.9 million recorded a year earlier.

The financial year of 2024 ended with a consolidated net income for the period attributable to BST shareholders in the amount of € 971.3 million, representing a 4.3% growth compared to the € 931.4 million achieved at the end of 2023.

Balance Sheet and Business

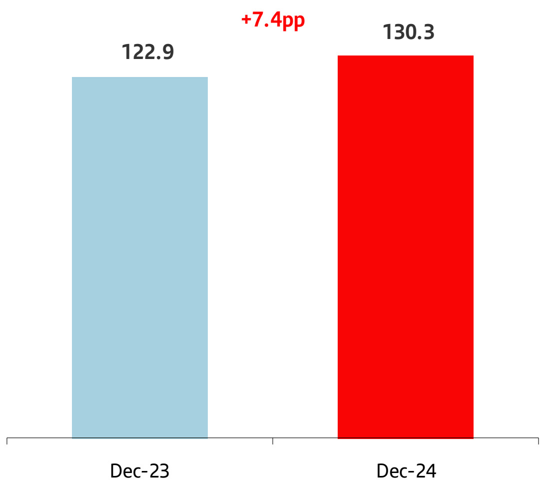
At the end of 2024, business volume amounted to € 97.1 billion, corresponding to a 10.0% increase compared to the € 88.3 billion observed in 2023, due to a 12.9% increase in loans and advances to customers (gross), and a 7.1% increase in customers' resources, supported by the strong commercial activity and a favourable macroeconomic context.

BUSINESS VOLUME (million euro)	Dec-24	Dec-23	Var.
Business Volume	**97,130**	**88,295**	**+10.0%**
Loans and advances to customers (gross)	50,331	44,586	+12.9%
Customers' Resources	46,799	43,709	+7.1%

The Transformation Ratio, measured by the ratio of loans to deposits, stood at 130.3% at the end of 2024, 7.4 p.p. higher than in the same period last year.

LOAN-TO-DEPOSIT RATIO (Transformation ratio)

%



At the end of 2024, loans and advances to customers (gross) amounted to € 50.3 billion, up by 12.9% compared to the same period last year, with loans to companies and institutionals increasing by 21.6% and credit to individuals growing by 5.5%, in a context in which the Bank provided a competitive range of products, suited to its customers' needs and to the new cycle of reductions in reference interest rates, carried out by the European Central Bank.

LOANS (million euro)	Dec-24	Dec-23	Var.
Loans and advances to customers (gross)	**50,331**	**44,586**	**+12.9%**
of which			
Loans to individuals	25,437	24,108	+5.5%
of which			
Mortgage	23,257	22,035	+5.5%
Consumer	1,933	1,789	+8.1%
Loans to corporates and institutionals	24,894	20,478	+21.6%

Credit to individuals reached € 25.4 billion, increasing by 5.5%, compared to the € 24.1 billion recorded in the same period last year. Mortgage loans totalled € 23.3 billion, growing 5.5% year-on-year, levered by the competitive range of products and by the launch of new campaigns, with sustained growth in the volume of new production, by the reduction in early repayments, by the new interest rate cycle, and by the Bank's relevant role in the scope of the public guarantee to support the acquisition of permanent housing by the younger segment.

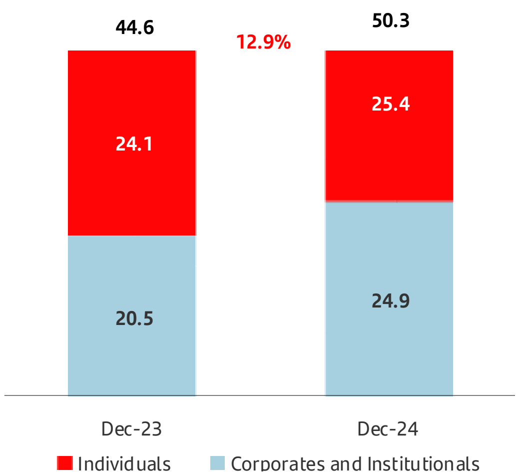
Consumer credit reached € 1.9 billion, representing an increase of 8.1% compared to the same period last year, driven by robust commercial activity, with the implementation of optimized admission rules and the continued digital transformation of the contracting process, but also by the context characterized by the labour market operating at full employment, with low unemployment, the inflation rate slowing down and interest rates falling, contributing to the gradual recovery of household purchasing power and higher private consumption.

Credit to companies and institutions amounted to € 24.9 billion, a 21.6% increase compared to the same period in the previous year. In 2024, the Bank continued to provide liquidity and cashflow management solutions, supporting international business, digital and climate transformation, and signed credit facilities to support the economy with Banco Português de Fomento under InvestEU, worth € 3.5 billion at sector level.

At the end of 2024, mortgage loans represented 46% of the credit portfolio, Credit to Corporates and Institutionals 49%, and Consumer Credit and Other Credit 5%.

LOANS AND ADVANCES TO CUSTOMERS (GROSS)

billion euro



The *Non-Performing Exposure (NPE)* ratio, calculated in accordance with the definition of the *European Banking Authority (EBA)*, regarding balance sheet exposure, stood at 1.6% at the end of 2024, less 0.1 p.p., compared to the 1.7% observed at the end of last year.

Impairment coverage stood at 84.1% in 2024 (down by 5.1 p.p. compared to the 89.2% observed in the same period of the previous year).

The cost of credit stood at 0.03% in December 2024, 0.14 p.p. lower compared to the 0.17% observed a year earlier, reflecting the favourable evolution of credit quality and the macroeconomic context, with moderate economic growth and a stable unemployment rate.

CREDIT RISK RATIOS	Dec-24	Dec-23	Var.
Non-performing exposure Ratio	1.6%	1.7%	-0.1 p.p.
Non Performing Exposure coverage ratio	84.1%	89.2%	-5.1 p.p.
Cost of credit	0.03%	0.17%	-0.14 p.p.

At the end of 2024, customer resources reached € 46.8 billion, corresponding to a 7.1% increase, compared to the same period in 2023, due to the growth of 6.8% in deposits, and 8.1% in off-balance sheet resources.

RESOURCES (million euro)	Dec-24	Dec-23	Var.
Customers' resources	**46,799**	**43,709**	**+7.1%**
On-balance sheet resources	38,069	35,629	+6.8%
Deposits	38,069	35,629	+6.8%
Off-balance sheet resources	8,731	8,080	+8.1%
Investment funds marketed by the Bank	4,882	4,252	+14.8%
Insurance and other resources marketed by the Bank	3,848	3,828	+0.5%

Deposits amounted to € 38.1 billion, up by 6.8% compared to the € 35.6 billion recorded in the same period last year, reflecting the Bank's competitive offer, in the context of the new cycle of interest rate cuts, the lower pace of early repayment of loans, and higher household savings rate.

Off-balance sheet customer resources amounted to € 8.7 billion, increasing by 8.1% compared to the € 8.1 billion recorded last year.

Mutual funds managed or marketed by the Bank totalled € 4.9 billion, a significant 14.8% increase compared to the € 4.3 billion achieved in the same period last year, due to the growth in net subscriptions and market appreciation. Insurance and other resources, worth € 3.8 billion, increased by 0.5% year-on-year.

Solvency Ratios

In December 2024, the Common Equity Tier 1 ratio, calculated in accordance with CRR/CDR IV rules, stood at 15.5%, (fully implemented), increasing by 0.6 p.p. compared to the 16.1% recorded in the previous year, supported by the capacity for generating organic capital and the management of risk-weighted assets.

The Bank has a very high capitalization rate, above the minimum requirements demanded by the European Central Bank (for 2025, CET 1 of 9.581%, Tier 1 of 11.391%, and Total of 13.803% (fully implemented, including the new sectoral systemic risk reserve of the Bank of Portugal).

CAPITAL (million euro)	Dec-24	Dec-23	Var.
Common Equity Tier 1	**2,487**	**2,496**	**-0.3%**
Tier 1 Capital	2,887	2,896	-0.3%
Total Capital	3,273	3,288	-0.5%
Risk Weighted Assets (RWA)	**16,053**	**15,467**	**+3.8%**
CET 1 ratio	15.5%	16.1%	-0.6 p.p.
Tier 1 ratio	18.0%	18.7%	-0.7 p.p.
Total Capital Ratio	20.4%	21.3%	-0.9 p.p.

Relevant Facts After the End of the Fiscal Year

At the beginning of 2024, the Santander Portugal Group began a reorganization process that provides for the merger, by incorporation, of Santander Totta SGPS, S. A. ("Company") into Banco Santander Totta, S. A. ("Bank"). At the end of the financial year of 2024, all authorizations were received, and on February 28, 2025, the simplified merger took place with the transfer of all of the Company's assets to the Bank and its subsequent extinction.

Risk Management

Risk Management and Monitoring Model

The Bank's risk management and monitoring model is based on a set of common principles, on an integrated risk culture across the Santander Group, on a strong governance structure, and on advanced risk management processes and tools.

A. Risk Principles and Culture

Risk management and monitoring principles are mandatory and applicable at all times. They take into account regulatory requirements and best market practices. These principles are as follows:

1. **A solid risk culture (Risk Pro)**, which is part of the "*Santander Way*," and which is followed by all employees, covering all risks, and promoting socially responsible management, contributing to the Bank's long-term sustainability.
2. **All employees are responsible for risk management and** must know and understand the risks generated by their daily activities, avoiding taking risks whose impact is unknown or exceeds the Bank's risk appetite limits.
3. **Involvement of Senior Management** by ensuring consistent risk management and control through its conduct, actions, and communications. In addition, it shall promote a risk culture within the Bank, assessing its degree of implementation and checking that the risk profile remains within the levels defined under Risk Appetite.
4. **Independence of risk management and monitoring functions**, according to the three lines of defence model defined in more detail in the Risk Governance section.
5. **Prior and comprehensive approach to risk management and** monitoring in all businesses and for all types of risks.
6. **Adequate and complete information management** to help identify, assess, manage and communicate risks in an appropriate manner at the corresponding levels.

These principles, together with a set of interrelated tools and processes included in the Bank's strategy planning, such as our Risk Appetite Statement (RAS), Risk Profile Assessment (RPA), Stress Testing, and the structure of risk reports, plus budgetary processes, form a holistic control structure for the entire Bank.

B. Risk Identification and Management

Rating risk is essential for effective management and control, which is why the main types of risk are identified in the Corporate Risk Framework:

- **Credit Risk**: is the risk of financial loss resulting from non-compliance or deterioration of the credit quality of a given customer or counterpart, to whom the Bank has granted credit or for whom it took on a contractual obligation;
- **Market Risk**: is the risk incurred as a result of changes in market factors, interest rates, exchange rates, variable income and commodities, among others, and which may impact income or capital;
- **Liquidity risk**: is the risk the Bank incurs if it does not have enough net financial resources to meet its obligations on the due date, or if it can only obtain them at a high cost;
- **Structural Risk**: is the risk of changes in the value or margin creation of banking book assets or liabilities as a result of changes in market factors and in the behaviour of the balance sheet. It also includes risks associated with insurance and pensions, and the risk of the Bank not having sufficient capital, either in quantity or quality, to fulfil its internal business goals, regulatory requirements or market expectations;
- **Operational Risk**: is defined as the risk of loss due to the inadequacy or failure of internal processes, personnel and systems, or due to external events, including legal risk, compliance risk and conduct risk, as defined in the Corporate Compliance and Conduct Framework;
- **Financial Crime Risk**: is the risk resulting from actions or the use of the Group's means, products and services in activities of a criminal or illegal nature. These activities include, but are not limited to, money laundering, financing of terrorism, infringement of international sanctions programmes, corruption, bribery, and tax evasion;
- **Model Risk**: is the risk of loss resulting from wrong forecasts, which lead the Bank to adopt measures that are not the most appropriate, or from the inappropriate use of a model;
- **Reputational Risk**: is the risk of immediate or potential negative economic impact for the Bank due to damages on the perception of the Bank's image by employees, customers, shareholders / investors, and society in general;
- **Strategic Risk**: is the risk of loss or damage resulting from strategic decisions or from their poor implementation, which have an impact on the medium- and long-term positioning of the main stakeholders, or

that result from an inability to adapt to external developments.

- **Additionally**, environmental, social and governance issues are considered as factors that may have an impact on the types of existing risks in different time horizons. Therefore, they should be identified and assessed progressively, in accordance with the degree of development of the regulatory regime and applicable practices, as well as with the implementation of appropriate controls to minimise potential allegations of greenwashing.

C. Risk Governance

The Bank has a robust risk management structure that seeks to effectively control its risk profile, in accordance with the Risk Appetite defined by the Board of Directors.

This governance structure is based on the distribution of roles among the three lines of defence, a strong committee structure, and a close relationship with the corporation. All of this is supported by the risk culture implemented throughout the Bank — Risk Pro.

Lines of Defence

At Santander, we follow a 3 Lines of Defence model to ensure effective risk management and control:

- **1st Line of defence (1LoD):** Risk-taking — business, business support, and other functions that take up risks and are primarily responsible for their management; The 1LoD identifies, measures, controls, monitors and reports the risks they create, and applies the policies, models and procedures that regulate risk management. Risk generation must be in accordance with the approved Risk Appetite and associated limits. The person responsible for any unit that creates a risk is primarily responsible for managing that risk. 1LoD must support and promote Santander's Risk Culture and is responsible for:
    - Establishing an appropriate environment for managing all risks associated with the business;
    - Propose, in collaboration with the 2LoD divisions:
        - ✓ The Risk Appetite to the Board of Directors, for approval by the Board;
        - ✓ Lower limits proportionate to Risk Appetite, for approval by the corresponding body.
        - ✓ Implement mechanisms to manage Risk Profile within the Risk Appetite and lower-level limits and controls to ensure their effectiveness;
        - ✓ Ensure that operating management models are effective for business needs.
- **2nd Line of Defence (2LoD)** : Risk Monitoring and Supervision — risk monitoring functions that monitor risk exposure, ensuring their supervision and challenge, enabling a holistic view of the risks involved in all activities; The Risk and Compliance and Conduct Divisions, as 2LoD, independently oversee and question the risk management activities carried out by 1LoD, shall ensure, within their respective areas of responsibility, that risks are managed in accordance with the Risk Appetite defined by Senior Management, and shall promote a strong Risk Culture throughout the organization. It is responsible for:
    - Overseeing the risk management carried out by 1LoD and by the associated internal controls.
    - Checking compliance with established policies and limits, while assessing whether the business remains within the defined Risk Appetite.
    - Questioning business proposals and issuing an opinion on them. It shall provide Senior Management and business units with the necessary elements to understand the risks involved in different businesses and activities.
    - Providing a consolidated view of risk exposure, including the Risk Profile.
    - Providing detailed material risk assessments and closely monitor emerging risks.
    - Defining the metrics that should be used in measuring risk and reviewing and challenging the Risk Appetite and the lower limits proposals.
    - Checking that there are adequate policies and procedures to manage the business within the defined Risk Appetite.

  In the Bank's structure, 2LoD is made up of the Risk and Compliance and Conduct Divisions, although the organizational structures within 2LoD may vary by type of risk. 2LoD's responsibilities include the obligation to report risks, risk appetite and excesses thereof to the appropriate governance bodies, whenever necessary. It shall adopt and promote a common risk management culture and shall also provide guidance, advice and expert judgement on all relevant risk-related matters.
- **3rd Line of Defence (3LoD):** Risk Assurance — Internal Audit is a permanent function, independent of any other function or unit, whose mission is to provide the Board of Directors and Senior Management with an independent assessment on the quality and effectiveness of the internal control, risk management (current or emerging), and governance processes and systems, thus contributing to protecting the organisation's value, solvency, and reputation. To this end, Internal Audit evaluates:
    - The effectiveness and efficiency of the processes and systems referred to above.

- Compliance with applicable supervision regulations and requirements.
- Reliability and integrity of financial and operational information.
- And patrimonial integrity.

While each of the three Lines of Defence (LoD) has a separate organizational structure and a certain degree of independence, they must collaborate whenever necessary to ensure that business goals are met. The Risk, Compliance and Conduct, and Internal Audit divisions have direct access to the Board of Directors and to its Committees.

Regarding the **Risk Division (2LoD)**, in line with the logic of continuous adaptation of Risks to the expectations of regulators and supervisors, and in order to modernize the credit risk analysis and decision-making process in the corporate segment, the Bank has implemented a set of initiatives with an impact on the organization and the defined service model, of which it is worth highlighting over this last year:

- **Reorganization of the governance structure** to ensure segregation of functions and compliance with the supervisor's expectations:
  - ✓ Creation of a new division called ***Lending Office***, outside the Risk Division structure, as part of 1LoD, with the main objective of ensuring the first analysis of credit risk in the target segments, by validating the alignment of credit proposals submitted by the Commercial Division with the risk management criteria, limits and policies in force.
  - ✓ Creation of the ***Rating Office*** Division, included in the Risk Division (2 LoD), with the aim of creating an independent structure, within the Risk Division, to streamline the rating of companies, based on a service model differentiated by company size.
  - ✓ Creation of an **ESG Risk** division, as part of *Enterprise Risk Management (ERM)*.
- **Modernization of the credit risk analysis and decision-making process**, namely by defining a set of measures with immediate impact, plus other measures that will require medium-term implementation:
  - ✓ Implementation of a set of quick wins, with the aim of promoting greater agility and speed in the credit analysis and decision process, based on measures with less technological dependence.

Risk Committees' Structure

Risk governance structures should reflect local legal and regulatory requirements, and should be aligned with established Corporate structures, as far as possible. In addition, each risk factor has its own regular fora and / or Committees to manage and control the relevant risks.

Board of Directors Committees

- **The Board of Directors** is responsible for risk management and control and, in particular, for approving the Risk Framework and Risk Appetite, and for promoting a strong Risk Culture. To perform these functions, the Board of Directors delegates general decision-making powers to the Executive Committee, which pays particular attention to the Group's risk management.
- As a supporting body to the Board, **the Risk Committee** is responsible for:
  - ✓ Advising the Board of Directors on Risk Appetite and on the overall strategy, taking into account the current and foreseeable financial and macroeconomic environment;
  - ✓ Reviewing Risk Appetite, for recommendation to the Board of Directors.
  - ✓ Reviewing and recommending the Risk Framework for approval by the Board of Directors;
  - ✓ Considering and recommending actions on all high-risk matters by the *Chief Risk Officer* (CRO);
  - ✓ Overseeing and advising the Board of Directors on current risk exposure and future risk strategy;
  - ✓ Reviewing the effectiveness of risk management systems and internal controls;
  - ✓ Ensuring the independence and effectiveness of the risk function, and that it has the necessary resources;
  - ✓ Annually evaluating the CRO's performance.

Executive Committees

- **Executive Risk Committee (ERC)** — This Committee is the highest body in risk decision-making. The Executive Risk Committee takes decisions on risk-taking at the highest level, ensuring that they are within the limits set by the Bank's risk appetite.

Chair: Chief Executive Officer (CEO).

- **Risk Control Committee (RCC)** — The Risk Control Committee is responsible for risk control, determining whether the risks are managed according to the Risk Appetite limits set by the Bank, taking into account a holistic view of all risks. This involves identifying and monitoring current and emerging risks, and assessing their impact on Santander's risk profile.

Chair: Chief Risk Officer (CRO)

- **Chief Risk Officer (CRO)** — The CRO is a key risk manager, responsible for overseeing all risks and providing constructive challenges to the management of the business and its risks. He / she reports to and has direct access to the Risk Committee and the Board of Directors. The CRO is a member of the Executive Risk Committee, where he / she makes sure that decisions are made in accordance with the defined policies and limits, and can exercise the right of veto over any proposal. The CRO chairs the Risk Control Committee, which covers all types of risks. This broad view of all risks allows him / her to provide a complete update to the Risk Committee and the Board of Directors.

D. Management Processes and Tools

With the objective of effectively controlling and managing risk, the Bank has a series of key processes and tools, as described below:

Risk Appetite Assessment (RAS)

Risk Appetite (RAS) is defined as the maximum level and types of risk that the Bank is willing to assume, within its risk capacity, to achieve its strategic objectives and execute its business plan. It determines the maximum risk profile, which consists of the assessment, on a given date, of the Bank's exposure to its main risks, taking into account the risk mitigating management and control mechanisms, considering both the values observed on the given date and the forecasts regarding their future evolution (under normal and stress conditions).

The Board of Directors establishes the Bank's risk appetite annually, which is then translated into management limits and policies by type of risk, portfolio and business segment, within the defined standards. This linking of risk appetite limits to the limits used in the management of business units and portfolios is a key element in ensuring the effectiveness of risk appetite as a management tool.

General Principles of Risk Appetite

Management and control of risk appetite must contemplate and safeguard the principles established in the Corporate Risk Framework, and is governed by the following principles:

- Responsibility of the Board of Directors and Senior Management. The Board of Directors is ultimately responsible for establishing the risk appetite and overseeing compliance with it.
- Comprehensive view of risk. Risk appetite should consider all significant risks to which the Bank is exposed, providing an aggregated view of the risk profile and allowing the Board of Directors and Senior Management to question it.
- Forward looking view. Risk appetite should consider the desirable risk profile at the current time and in the medium term, considering both the most likely circumstances and stress scenarios.
- Linkage with strategic and business plans and integration into management. Risk appetite is a reference in strategic and business planning. It is integrated into management through its adaptation to the management policies and limits of the various business lines and types of risk (cascading down), as well as through the participation of all LoD in all key appetite processes.
- Consistency in the risk appetite of the various units and a common risk language across the organisation. The risk appetite of each unit within the Group must be consistent with that defined in all other units and for the Group as a whole. There is a common taxonomy that facilitates comparison between the various units of the Group.
- Periodic review, ongoing comparison and adaptation to best practices and regulatory requirements. The limits established by risk appetite must be updated at least annually to ensure that they are adapted to market conditions. Compliance with these limits must be monitored regularly to ensure that the risk profile remains within the established levels, adopting the necessary corrective measures in the event of non-compliance.

Limit, follow-up and control structure

Risk appetite is expressed in qualitative terms and by limits, structured around 5 main axes:

- **Income Volatility**: Its objective is to control maximum volatility by taking into account the Bank's results. This axis includes metrics that measure the behaviour and evolution of real or potential business losses (by using stress scenarios).
- **Solvency**: Its objective is to determine the minimum level of capital that the Bank considers it needs to keep, in order to absorb potential losses — both under normal and stressful conditions — arising from its activity and from its business and strategic plans. This axis shall include metrics that measure the Bank's solvency level (based on regulatory and / or economic criteria), as well as those that limit the impacts on solvency levels and the amount of own funds.
- **Liquidity**: Its objective is to determine the minimum level of liquidity that the Bank must keep, in order to make payments arising from its business, both under normal and stressful conditions, taking into account its business and strategic plans.
- **Concentration**: Its objective is to limit the impact on capital and revenues of unexpected credit events, determining for this purpose the maximum levels of concentration that the Bank is willing to take on in the development of its activities, considering its business and strategic plans.

- **Non-financial Risk**: Its objective is to limit the impact of unexpected non-financial events by defining indicators on the control environment and limits on exposures to non-financial risks.

Risk Profile Assessment (RPA)

Exercises are carried out by the Bank to identify and assess the various types of risks to which it is exposed, involving all lines of defence, establishing management standards that comply with regulatory requirements, reflecting the best market practices, and reinforcing the risk culture.

The results of Risk Identification and Assessment (RIA) exercises are included in the assessment of the Bank's risk profile, known as RPA. This exercise assesses the evolution of risks, and identifies areas for improvement in each block:

- **Risk performance**, in order to know the residual risk for each type of risk, through a set of metrics and indicators calibrated according to international standards.
- **Prospective analysis,** based on stress metrics or on the identification and assessment of the main threats to the strategic plan (Top Risks), allowing the establishment of specific action plans to mitigate their potential impacts.

Stress Testing

Another critical instrument to ensure robust risk management and control is **Stress Testing**, related to the environment in which the Bank operates, expressed both in terms of macroeconomic variables and other variables that affect the bank's Risk Profile.

With the objective of reinforcing income stability, as well as that of the capital and liquidity levels **Stress Testing** helps to assess the Bank's resistance to stress scenarios, as well as to identify possible mitigation actions to be implemented, should the forecasted scenarios start to materialize.

Risk Management in 2024

Introduction

For Banco Santander Totta, quality risk management constitutes a critical axis of action, in keeping with the corporate policy of the Group to which it belongs.

Prudence in risk management, combined with the use of advanced management techniques, was a decisive factor in 2023 to face the effects arising from the Euribor rise in all terms, the inflation rate that reached very high levels, the continued high energy costs, the ongoing war in Ukraine, and the recent war in the Middle East, and the continued demands from financial markets.

The Group's strong Risk Culture, which is embedded across the entire activity and structure of the Bank, decisively influences the way in which all processes are carried out, taking into account not only the surrounding environment, but also attitudes, behaviours, values, and the principles that each employee demonstrates in the face of the various types of risks faced by the Bank. Such strong risk culture is especially important in very challenging times, such as these last three years, enabling both the Bank and its various teams to swiftly adapt to different circumstances.

Credit Risk — Main Business Vectors

The year of 2024 maintained the obligation of adapting the financial lives of households and companies to the demanding macroeconomic scenario and the higher cost of living, which is why BST kept supporting families, namely by providing solutions suited to their needs.

The intensity of monitoring and follow-up of customers was maintained, carried out initially by 1LoD (Commercial Division), and complemented by 2LoD (Risk Division). For Individual and Business customers, whose credit decisions are mostly made using decision models considered as “automatic”, in order to ensure the credit quality of portfolios and the sustainability of BST’s balance sheet, analyses and monitoring of behavioural metrics for these customers were reinforced, in order to detect possible deteriorations in their real payment capacity in advance.

The basic operating principles with regard to the analysis and granting of credit risk remained unchanged:

- Maintaining the principle of segmentation in the processing of credit risk, differentiating the approach to risks in light with the characteristics of customers and of their products.
- Maintaining the strictness of the admission criteria and, consequently, of the quality of Risk admitted in each segment, with a view to preserving the good quality of the loan portfolio.
- In terms of Portfolioed Risks, the policy of remaining close to customers was maintained, in order to anticipate their credit needs, review their credit lines, and foretell any possible problems in their repayment ability.
- Timely action and customers’ credit quality level allowed non-performing loans and credit at risk to be kept under control, at acceptable levels.
- Continuous development of improvements in admission processes, in order to respond to customer requests in a swifter, more effective way.
- The recurrence of customer monitoring and review meetings was maintained, which is the Bank's usual practice, and which is included in its internal policies, for the early detection of loan-portfolio alerts;
- In the matter of Standardised Risks, the focus continued to be centred on ensuring portfolio quality, acting on Non-Performing Exposure (NPE) and Overdue Loans, while seeking to anticipate the deterioration of the credit quality of the credit portfolio.
- To this end, the defined admission strategies were maintained in the Bank’s decision-making systems, as was the use of behavioural systems for the identification of preventative and roll-over measures to be offered to its customers.
- In terms of Corporate Risk Management, the permanent focus on knowledge and monitoring of the loan portfolio was maintained, with a view to strictly control its risk, seeking to provide adequate and timely management information, in order to allow measures to be taken with a view to proper management of the Bank's Risks.

Credit Risk — Management

Credit risk is originated by the possibility of specific losses arising from non-fulfilment of all or part of the financial obligations contracted with the Bank by its customers.

The organisation of the credit-risk function at Santander Portugal is specialised according to customer typology, throughout the entire risk-management process, between portfolioed customers (customised or personalised treatment), and non-portfolioed customers (standardised or under mass-treatment).

Portfolioed customers are those that, fundamentally due to their level of risk, are assigned a risk analyst. This group includes Wholesale Banking companies, Financial Institutions, and some of the Retail Banking companies. The assessment of these customers' risk is performed by the risk analyst, supplemented with decision-support tools based on in-house risk-assessment models.

Standardised Customers are those that do not have a risk analyst specifically assigned to monitor them. This group includes Individual Customers, Individual Entrepreneurs, and non-portfolioed Retail Banking companies. Assessment of these risks is based on in-house valuation and automatic decision-making models, complemented by specialised risk-analyst teams whenever required.

Risk Measurement Metrics and Tools

1. Rating / Scoring Tools

Banco Santander uses its own in-house solvency ratings and scorings for the various customer segments, in order to measure the credit quality of a customer or transaction, each rating or scoring corresponding to a likelihood of default.

The global classification tools are applied to country-risk, financial institutions, and Global Wholesale Banking segments, both in determining their rating and in monitoring the risks taken up. These tools assign a certain rating to each customer, following a quantitative or automatic module, based on data / balance sheet ratios or macroeconomic variables, complemented by the analysis performed by the risk analyst assigned to monitor the given customer.

In the case of Retail Banking companies and institutions, the assignment of a rating is based on the modules referred to above, in this case both quantitative or automatic (analysing the borrowing behaviour of a sample of customers and its correlation with a set of data and accounting ratios) and qualitative, entrusted to a risk analyst for conducting the analysis, who must then perform a final review of the rating assigned.

The ratings assigned are reviewed periodically, incorporating new financial information that meanwhile becomes available, as well as by including, at qualitative level, the experience arising from assessment of the existing credit relationship. This frequency increases in the case of customers for whom the internal risk alert and classification systems so require.

For the standardised-risk portfolios, both of Individual customers and of non-portfolioed Businesses, scoring tools and decision-making models are implemented, which automatically assign an assessment / decision of the transactions presented. These decision tools can be complemented with a behavioural scoring model — an instrument that allows greater predictability of the risks assumed, and that are used for commercial initiatives.

2. Credit Risk Parameters

Evaluation of the customer and / or transaction by rating or scoring constitutes an assessment of its creditworthiness, which is quantified by the probability of default (PD).

In addition to the valuation performed on each customer, the quantitative risk analysis considers other aspects such as the term of the operation, the type of product, and the existing guarantees. What is thus taken into account is not just the likelihood that the customer may not fulfil its contractual obligations (PD), but the amount of default (Exposure At Default – EAD), as well as the percentage of the EAD that may not be recovered (Loss Given Default – LGD) are also estimated.

These factors (PD, LGD and EAD), which constitute the main credit-risk parameters, when taken together enable the calculation of the expected and unexpected loss.

Their combination allows the calculation of the expected loss (or probable loss), which is considered as an additional business cost (reflecting the risk premium), which cost is duly reflected in the transaction price.

It also enables the calculation of the unexpected loss, which is the basis for the calculation of regulatory capital under the rules of the Basel capital accord (BIS II), which, given its nature, is not considered as recurrent and must therefore be duly covered by own funds.

PD is defined as the likelihood that a counterpart may not be able to meet its obligations within one year, through statistical observation.

LGD calculation is based on the observation of the process of recovery of defaulting transactions, taking into account not only the revenues and costs associated with this process, but also the point in time when they are produced and the indirect costs arising from the recovery activity.

The EAD estimate is based on comparing the use of compromised credit facilities at the time of default, and in a normal condition, in order to identify the real consumption of the credit facilities at the time of default.

Credit-risk Cycle

The risk-management process consists of identifying, measuring, reviewing, monitoring, negotiating, and deciding on the risks incurred by the Bank's operations.

This process begins in the business areas, which propose a certain propensity to risk. These risks are reviewed by special committees acting under powers delegated by the Executive Committee on the Executive Risk Committee (ERC). The ERC establishes the risk policies and procedures, and determines the limits and delegation of powers.

1. Planning and Establishing Limits

Establishing risk appetite limits is conceived as a dynamic process, which identifies the risk profiles that the Bank is willing to take, based on the assessment of the business proposals and the opinion of the Risk Division, through the definition of Strategic Business Plans (EBPs).

For large corporate groups a pre-classification model is used, based on an economic capital measurement and monitoring system.

In terms of portfolioed risks, management is carried out at the level of the Economic Group, where the risk appetite for such risk is defined, and credit limits are established.

In terms of standardised risks, the planning and limit setting process is undertaken by means of joint preparation, by the Risk and Business divisions, of Strategic Commercial Planning (SCP), in which the expected results of the deal in terms of risk and profitability are reflected, as are the limits to which the activity, the management of the associated risks, and the means of support required must be subjected to.

2. Study of the Risk, Deciding on the Transaction, plus Monitoring and Control

Studying the risk involved is a prerequisite for authorising any credit operation at Banco Santander. Such study includes assessing the customer's ability to fulfil its contractual obligations towards the Bank, which entails assessing the credit quality of the customer, its credit operations, its solvency, and its profitability. Additionally, a study and review are conducted over the rating assigned when there is an alert or event that affects the customer/transaction.

The purpose of the transactions-decision process is the analysis and decision thereof, taking into account the risk profile and the relevant elements of the transaction when defining a balance between risk and profitability.

In order to maintain adequate quality control over the loan portfolio, in addition to the actions carried out by Internal Audit, there is a specific Monitoring function within the Risk Division. This function is also specialised according to customer segmentation, and is fundamentally based on a continuous process of observation, allowing advance detection of possible occurrences in the evolution of risk, transactions, and of the customer itself, for the purpose of implementing measures, in advance, to mitigate them.

Prevention, Default Management, and Recoveries

At Banco Santander, prevention, management of non-compliances, and recoveries, constitute a strategic, integral, business activity. The specific objectives of prevention, default management and recoveries are as follows:

- Anticipate potential difficulties customers might have, thus mitigating the risk of default;
- Ensure the collection or settlement of outstanding amounts, favouring negotiated solutions for the customer's credit situation to return to normal. If a negotiated solution is not possible, recoveries will make an effort to recover outstanding loans through the Court.
- Maintain and strengthen the relationship with customers, safeguarding their behaviour regarding the commitments they have contractually entered into with the Bank.

The prevention, default management, and recoveries activity is structured in accordance with the commercial segmentation of customers: Individual & Business, and Corporate, with specific management models. The activities thus segmented, also respect the various management stages: preventive management, management of irregularities, management of non-performing loans, and bankruptcies, each of which has specific models, strategies, and circuits. All this activity is shared with the business areas.

The aim of preventive management and management of irregularities of Individual & Business customers is to provide the Bank with a massive, anticipatory management capacity of non-portfolioed customers, carried out through strategies and processes in an omnichannel environment (communication channels differentiated according to the type of customer), in a quite sophisticated approach that helps anticipate and improve the speed of response to difficulties of customers who have such issues.

Counterparty Risk

Counterparty risk, latent in contracts entered into in financial markets — organised or over-the counter (OTC) markets — consists of the possibility of counterparties not complying with the contracted terms, and subsequent occurrence of financial losses for the institution.

The types of transactions involved include the purchase and sale of securities, interbank money market transactions, contracting repos, loans of securities and derivative instruments.

These risks are monitored through an integrated system that allows approved limits to be recorded, and provides information as to their availability for the various products and maturities. The same system also allows overall control over the concentration of risks by certain groups of customers / counterparts.

The risk in derivative positions, called Credit Risk Equivalent (CRE), is calculated as the combination of the Present Value of each contract (or Current Replacement Cost) with the respective Potential Risk, a component that reflects an estimate of the maximum amount expected until its maturity, depending on the volatilities of the underlying market factors and on the contracted flow structure.

In 2024, the current exposure of operations on interest rate indexes (Euribor) decreased due to the termination of mortgage credit hedging swaps with a clearing house (LCH Swap Clear); in terms of exchange rates, there was a slight increase, as a result of the contracting of new exchange rate operations. Regarding the exposure with Financial Groups, the number of structural interest rate risk hedging operations (with LCH SA CDS as the new clearing house) increased. For Non-Financial Groups, exposure has decreased significantly, due to the exposure of operations on interest rate indexes (Euribor) having decreased.

Trading, Structural, and Liquidity Market Risk

This chapter focuses on risk management and monitoring activities related to market risk, distinguishing trading activity, structural risks and liquidity risks. The main methodologies and metrics used by Santander Totta for this purpose are also briefly described.

The scope of activities subject to market risk include the operations where equity risk is assumed as a result of possible changes in market factors (interest rate, exchange rate, variable income and credit spread, among others), as well as the liquidity risk of the various products and markets in which the Group operates, and the liquidity risk of the balance sheet. It includes trading activity risks and structural risks, both affected by market movements.

The measurement and monitoring of these risks are carried out by a body independent from management.

Trading Market Risk Control

Activities subject to market risk

The risks of trading activities arise from financial service activities for customers with non-complex instruments, focusing on hedging of exchange-rate and interest-rate risks.

Transactions with customers are hedged with the market, so as to ensure a residual exposure to this type of risk.

Methodologies

The methodology applied in 2024 by Santander Portugal for trading activity is the Value at Risk (VaR). The historic simulation methodology is used as the basis, with a 99% confidence level and a one-day time horizon; statistical adjustments were applied that allow swift and effective inclusion of the most recent events that condition the risk levels that were considered.

Additionally, Stress Testing is also used, which consists of defining the behavioural scenarios of different financial variables, and obtaining the respective impact on net income when applying them to the portfolios. These stress scenarios can replicate the behaviour of financial variables in the light of past events (such as crises) or, on the contrary, plausible scenarios can be determined that do not correspond to past events. In short, Stress Testing seeks to identify the potential risk under extreme market conditions, and in the fringes of likelihood of occurrence not covered by the VaR.

Several sensitivity measures (BPV and Greeks), and equivalent volumes are also calculated

In parallel, there is daily monitoring of the positions and of the income statement, which includes credit valuation adjustment (CVA) and debit valuation adjustment (DVA).

Calibration and Contrast Measures (*Back-testing*)

The reliability of the VaR model is assessed periodically through a back-testing analysis. Back-testing is a comparative analysis between the calculations of the Value at Risk (VaR) and the daily "clean" results (clean P&L — result associated with the revaluation of the closing portfolios of the previous day at the closing prices of the next day), where the occasional / episodic deviations of the results found, compared to the estimated measurements, are analysed.

The back-testing analyses performed at Banco Santander Portugal comply with the BIS recommendations as regards comparison of the internal systems used in the measurement and management of financial risks. Additionally, hypotheses tests are carried out in back-testing: excess tests, normality tests, average excess measurements, among others.

Limits

Quantitative limits are used for the trading portfolios, which are classified into two groups, which are established in the light of the following objectives:

- Limits to protect the volume of potential future losses. Examples of this type of limits include limits per VaR, on sensitivity measures (BPV and Greeks) or on equivalent positions;
- Limits intended to protect / accommodate the volume of actual losses or to protect income levels already achieved during the period. This type of limits aims to generate alerts on positions that are generating losses (loss triggers), allowing decisions to be taken before the maximum loss limit is reached (stop loss), from which point it will be considered that the losses have reached an unacceptable level and the positions will be closed immediately.

Quantitative Analysis of the VaR During the Year

The VaR remained at very low levels, standing at € 30.9 k on December 31, 2024.

Control of the Balance-Sheet Structural Risk

Control of the balance-sheet structural risk is directed at interest-rate risk and liquidity risk.

Interest-rate risk arises from mismatches between maturities, the revaluation of assets and liabilities, and the impact that adverse movements in interest rates may have on the Bank's economic value or net interest income.

Liquidity risk is the risk that the Bank will not have the net financial resources required to meet its obligations when due, or that it may incur in excessive costs to meet such obligations.

Methodologies

Interest rate risk in the consolidated balance sheet is measured through modelling the items in assets and liabilities that are sensitive to interest-rate variations in accordance with their indexing and re-appraisal structure. This model allows the measurement and control of risks originating directly from the movement of the income curve, particularly its impact on net interest income and on the Bank's equity.

Additionally, other risk indicators are calculated, such as value at risk (VaR), and Stress Testing.

Liquidity risk is measured and controlled through the modelling of present and future flows of payments and receipts, as well as by conducting stress tests that seek to identify the potential risk under extreme market conditions.

At the same time, ratios are calculated on the balance sheet positions, which act as indicators of structural and short-term liquidity requirements, as well as intraday liquidity indicators in normal and stress situations, and early warning indicators.

The Liquidity Coverage Ratio (LCR) calculated in accordance with ECB rules, and on an individual basis, stood at 126.8% on December 31, 2024.

Limits

Control over balance-sheet risks is ensured by applying a structure of quantitative limits aimed at keeping the various exposures within authorised levels. Such limits focus on the following indicators:

- **Interest rate**: Sensitivity of net interest income and net worth, stress test of the ALCO portfolio, VaR;
- **Liquidity**: Liquidity buffer, stress scenarios, short-term and structural liquidity ratios, asset encumbrance and concentration ratios.

Operational Risk

Definition and Objectives

Banco Santander Portugal defines operational risk as the risk of loss arising from shortcomings or errors in internal processes, human resources or internal systems, or derived from external circumstances.

Operational risk is inherent to all products, activities, processes and systems, and is generated in all business and support areas. Thus, all employees are responsible for managing the operational risk inherent to their activities, processes and systems in the performance of their regular duties.

The main objective in the matter of operational risk management and control is the identification, evaluation, measurement, monitoring, mitigation and reporting of such risk, while the identification and mitigation of the sources of risk constitute a priority for the Bank, regardless of whether they have given rise to actual losses or not.

In accordance with the Capital Requirements Regulation, Santander uses the Standardized Approach to calculate own funds requirements for operational risk.

Management Model

The organisational model of Banco Santander Portugal, in terms of management and control of Operational Risk follows from the Group's adaptation to the Basel II approach.

Supervision and control of operational risk is carried out through its governing bodies. In this regard, the Board of Directors and the Executive Committee periodically include in their management, the review of relevant aspects in the management and mitigation of Operational Risk.

In order to comply with regulatory requirements, and in accordance with best practices in the banking sector, the Group defined an organizational model structured around three main lines of defence.

The first line of defence consists of all business units and support functions, and is responsible for the operational risk originated in their areas, the main function of which is the identification, evaluation, monitoring, mitigation, and reporting of this risk.

The second line of defence comprises the division that controls Operational Risk, and it is responsible, on the one hand, for supervising the effective control of operational risk in its various aspects, and, on the other, for assessing whether it is managed as defined and has due regard for the tolerance levels established for the purpose.

The second line of defence is an independent function and complements the first-line management and control functions.

The third line of defence consists of Internal Audit, an independent body with control functions that periodically evaluates whether the policies, methodologies and procedures are being properly implemented.

The various stages of the management and control model help:

- Identify the operational risk inherent in all of the Bank's activities, products, processes and systems;
- Define the operational risk profile, by measuring metrics and indicators by division and time horizon, and by establishing tolerance limits and risk appetite;
- Draw up and monitor the operational risk budget;
- Promote the involvement and integration of all employees in the operational risk culture by conducting training in the matter of operational risk;
- Measure and assess operational risk in an objective, continuous and consistent manner, based on regulatory and other requirements (Basel, Bank of Portugal, among others);
- Conduct continuous, systematic monitoring of the sources of exposure to risk, and implement the respective control mechanisms to minimize possible losses;
- Establish mitigation measures and actions that reduce and mitigate operational risk;
- Make periodic operational risk presentations and reports, and disclose them to the various management and supervision bodies (internal and external).

The operational-risk control model implemented provides us with the following benefits:

- Promotes the development of a robust operational-risk culture;
- Allows full and effective management of operational risk (prevention, identification, measurement/assessment, control/mitigation, and reporting);
- Improves the knowledge of operational risks, both real and potential, and establishes their relationship with business and support lines;
- Enhances the improvement of processes and controls and mitigates / reduces potential losses;
- Facilitates the establishment of operational-risk appetite limits.

As regards the identification, measurement and assessment of operational risk, several quantitative and qualitative instruments were defined, which together facilitate diagnoses in the field of operational risk and rating / evaluating the various divisions regarding management of their own risk.

Quantitative analysis is mainly conducted through instruments that record and quantify the potential level of loss associated with operational-risk events, in particular:

- Database of internal events, the objective of which is to log operational-risk events, with or without possible accounting impacts. There are accounting-reconciliation procedures that ensure the quality of the information contained in the database;
- Database of external events that provides quantitative and qualitative information, and facilitates a more detailed, structured analysis of relevant events that may occur in the sector;
- Stress Testing, in which various business divisions, plus second line and operational-risk co-ordinators take part, with the objective of identifying potential events entailing low probability of occurrence and high severity for the institution. The possible impact is assessed, and, if required, additional controls and / or mitigation measures are identified to minimise their impact.

Qualitative analysis helps to assess various aspects related with the risk profile. The instruments used are mostly the following:

- RCSA — Risk Control Self-Assessment, the main objective of which is to identify and assess operational risks in relation to existing controls, and identify possible mitigation measures.
- ORIs (Operational Risk Indicators), which are parameters of a different nature (metrics, indices, and measurements), which provide useful information on risk exposure. These indicators and respective limits are reviewed periodically to warn about changes that might anticipate the materialisation of major risks.
- Recommendations from internal audit, from external auditors, from control functions and regulators that provide relevant information on risk, allowing the identification of possible weaknesses and improvement measures.

The Bank also develops specific supervisory and control models in terms of technological and cyber risk management, in order to ensure the adequate follow-up of the Bank's information systems and the reinforcement of cyber protection. Nevertheless, the principle is one of standardisation and, therefore, the models are perfectly aligned with the tools and with the operational-risk management instruments previously mentioned.

Additionally, there is also a set of various tools that complete and ensure a solid control environment, in particular: Policies & Procedures;

- Action plans and / or corrective / mitigating actions;
- Crisis management and Business Continuity Plan;
- Risk-transfer mechanisms and insurance;
- Agreement with third parties and supplier control.

The Bank keeps reinforcing the implementation of the advanced operational-risk management programme, with the main objectives of involving all employees and management bodies in monitoring and mitigating operational risk. The implementation and disclosure of Banco Santander Totta's risk culture is a strong priority for the institution, allowing for a more efficient evaluation and monitoring of operational risk, while simplifying decision-making by business areas and Management.

The Bank also continues to develop initiatives to improve the effectiveness of the various operational risk management tools, carrying out benchmarking actions at Corporate level and in different geographies of the Group, while simultaneously challenging the 1LoD for the prevention and mitigation of Operational Risk through the promotion of various initiatives including awareness towards risks of external fraud, Cybersecurity, ESG Risks, among others.

Digital operational resilience is a priority, given the way the digitalization of financial services is evolving, whether through the use of digital means by consumers and companies, or due to new players in the market that are using new technologies and their own sophistication, or due to the evolution of current business models. It is crucial to strengthen the Bank's ability to prepare, adapt, resist and recover quickly, with minimal downtime and impact from disruptions, whether from *cyber-attacks, insider threats, geo-political events, pandemics, weather events, etc.*

Compliance and Reputational Risk

Compliance Risk is defined as the likelihood of occurrence of negative impacts for the institution, with impact on net income or share capital, arising from infringement of legal rules, specific determinations, contractual obligations, conduct and customer relationship rules, ethical principles, and established practices concerning the business carried out, which give rise, in particular, to sanctions of a legal or regulatory nature, impairment of business opportunities, reduction of the potential for expansion or inability to demand the fulfilment of contractual obligations by third parties.

In turn, Reputational Risk is understood as the likelihood of occurrence of negative financial impacts for the Institution, reflected in net income or share capital, resulting from an unfavourable perception of its public image, reasoned or not, by customers, suppliers, analysts, employees, investors, the Media, and any other entities with which the institution is related, or by public opinion in general.

The management of Compliance and Reputational Risk is coordinated by the Compliance and Conduct division, under internal policies that aim to manage risks, as defined in the preceding paragraphs, determining the mechanisms and procedures that: i) allow minimisation of the likelihood of materialisation; ii) identification, reporting to the Board and overcoming situations that may have arisen; iii) ensure monitoring and control; and iv) show, if necessary, that these risks are among the Bank's main concerns, and that it has the organisation and means to prevent, detect, and, where appropriate, overcome them.

Without prejudice to all other aspects arising from what has been exposed, the internal regulatory framework on Compliance Risk and Reputation Risk cover, namely, the instruments listed below, which are referred to by their particular impact in the prevention and management of the risks in question.

Compliance Risk policies and instruments

- Corporate values that translate into concrete "behaviour," which govern the conduct of all employees;
- Corporate Compliance and Conduct Framework;
- Global Compliance Policy;
- Policies on the Prevention of Money Laundering and Financing of Terrorism;
- Codes of Conduct (with three dimensions: general; in the relationship with customers; relating to and for the stock market);
- Marketing and Product Follow-up Policies and Procedures;
- Policy for the Prevention, Communication, and Remediation of Conflicts of Interest;
- Personal Data Protection and Processing Policy;
- Employee Training Policy, which includes mandatory, regulatory, as well as additional, training;
- Corruption Protection and Corporate Defence Policies (Santander has a Corporate Corruption Prevention Policy, including, among others: i) A whistleblowing channel (Open Channel), through which any employee can confidentially and anonymously report possible breaches of the Codes of Conduct and/or of the Corruption Prevention Policy, and ii) other possible irregularities;
- Monitoring and follow-up of new regulations;
- Liaison with supervisory authorities, and follow-up of actions undertaken by them.

Reputational Risk Policies

- Reputational Risk Policy;
- Sensitive Sectors Policy (regulates the financing of certain sectors considered as sensitive because of their possible social, political or cultural repercussions, establishing the guidelines to assess and decide on the degree of involvement with these sectors, in order to be able to identify and prevent the associated reputation risk);
- Policy and Procedures for the Defence Sector (setting the criteria to be followed in financial activities related with this sector, and providing an analysis procedure for all operations and customers covered by the sector).
- Donations Policy (defines the criteria to be followed in the allocation of donations for social purposes).

The two foundations and essential objectives of the Compliance function (embodied in the Bank's Compliance and Conduct Division) are, on the one hand, the prevention, follow-up and control of compliance risks as an autonomous object, albeit inserted in the broader context of the Bank's activity and, on the other hand, the detection, mitigation and overcoming of any non-compliance.

Without prejudice to the existence of a stabilized institutional and governance framework, and a significant set of risk management activities carried out on a recurring basis, the activity of the Compliance and Conduct Division is adjusted to the regulatory environment, to the expectations of supervisors, and to the evolution of the Bank's risk profile, according to the activity actually carried out at each point in time, which is all the more relevant as it is certain that there is a permanent high dynamics in these matters which, naturally, also ends up having an impact on the exercise of the function.

For this purpose, an Activity Plan is drawn up and approved annually, incorporating tasks defined as a result of a number of sources, which include risk self-assessment processes by the Compliance and Conduct Division (with emphasis on the annual corporate self-assessment exercise called Compliance Capabilities Methodology), the annual risk self-assessment exercises by the various 1st line of defence divisions (Risk Control Self-Assessment), the activities resulting from the specialized function in identifying and reviewing new regulations with an impact on the Bank's activity ("regulatory radar"), the aspects resulting from determinations and recommendations issued by supervisory entities and / or internal and external auditors, any alerts associated with defined metrics in terms of risk appetite, the risk management activities based on relevant information obtained from any other internal and external sources, and the activities arising from the improvement / enhancement of existing processes and systems (continuous improvement).

In this context, there are activities that can take the form of communication or awareness raising initiatives, creation of working groups for implementing regulations, development of internal governance measures (including the approval and revision of regulations), implementation of improvements in terms of data management and reporting, process improvement, implementation of controls and / or development of other risk management procedures.

In general terms, during the reference period, the function's strategy was focused on improving the management of relevant risks and strengthening the Bank's Risk Culture.

Complementary Information

Prevention of Money Laundering

Financial Crime Compliance (FCC)

Bank Santander Portugal's compliance function in the matter of Preventing Money Laundering and the Financing of Terrorism (AML/CFT) is embodied in the Financial Crime Compliance (FCC) division, which is part of the Compliance and Conduct Division, which materializes the compliance function, and that works in an independent, permanent way, and in the Analysis and Resolution Committee, which is an internal control body for the Prevention of Money Laundering and the Financing of Terrorism.

The FCC division has functional autonomy and reports to the Chief Compliance Officer.

Its main objective is to manage compliance risks relating to money laundering, financing of terrorism and sanctions, ensuring that the Bank's business is carried out in accordance with all applicable regulations, in the prevention and minimization of damage, in particular resulting from any sanctions, as well as of a reputational nature.

For this purpose, in addition to a "Head of Regulatory Compliance" and a specialized, dedicated organic structure, there are internal regulations that support specific procedures and controls, materialising the internal control system in the field of FCC, which is subject to an annual audit.

The head of regulatory compliance, in this matter, is responsible for:

- Participating in the definition and issuance of a prior opinion on AML/CFT policies, procedures, and controls;
- Permanently monitoring the adequacy, sufficiency and timeliness of AML/CFT control policies and procedures, proposing the necessary updates;
- Participating in the definition, monitoring, and evaluation of the internal training policy;
- Ensuring the centralization of all relevant information coming from the various business divisions of the Bank;
- Playing the role of interlocutor with the judicial, police, supervisory and inspection authorities, namely by fulfilling all communication duties, and ensuring the exercise of other communication and collaboration obligations.

The Chief Compliance Officer is responsible, in particular, for coordinating the FCC division, and for assessing the situations submitted to him by the Head of Regulatory Compliance.

The Analysis and Resolution Committee is responsible, namely for:

- Approving the policies and general objectives of the prevention system against Money Laundering and the Financing of Terrorism, and of the regulations applicable to the various divisions and bodies;
- Monitoring the activities of the FCC division;
- Approving the specific procedures that must be adopted in this matter by any division;
- Approving the training programmes and monitor their execution;
- Monitoring the implementation of internal and external audit recommendations, as well as of the specific determinations and recommendations from supervisory authorities;
- Assessing any other matters submitted to it by the FCC division;

In 2024, the following reports were made to Supervisors:

i. The Report provided for in Article 18.1 of CMVM Regulation No. 2/2020 concerning AML/CFT;

ii. The report provided for in Article 83 of Notice No. 1/2022 of the Bank of Portugal regarding AML/CFT, amended by Notice No. 3/2024 of the Bank of Portugal.

Shareholder Structure

Shareholder	Number of Shares	%
Santander Totta, SGPS, S.A.	1,376,219,267	98.88%
Taxagest - SGPS, S.A.	14,593,315	1.05%

Treasury Shares

In keeping with the resolution passed by the Annual General Meeting held on May 27, 2024, Banco Santander Totta, S. A., may directly or through a dependent company, acquire treasury shares as well as sell those purchased up to the limit and under other conditions set by law.

On December 31, 2024, Banco Santander Totta, S. A. held 435.492 treasury shares corresponding to 0,031% of its share capital, with no changes compared to the position at the end of 2023.

TRANSACTION WITH OWN SHARES - 2024

Santander Totta SGPS, S.A.	Number of Shares	Average Unit Price (€)	Book Value (€)	% of Share Capital
31/12/2022	435,492	5.14	2,239,096	0.031%
Purchases	0	0.00	0	0.0000%
31/12/2023	435,492	5.14	2,239,096	0.031%

Movement of shares and bonds of the members of the Governing Bodies of Banco Santander Totta, S. A.

Transactions of the members of the Board of Directors and Supervisory Board - article 447 of the Commercial Companies Code

	Entity	Position at 31/Dec/2023	Transactions in 2024	Position at 31/Dec/2024
José Carlos Brito Sítima	Banco Santander, SA	**157,425**	-	**157,425**
Pedro Aires Coruche Castro e Almeida	Banco Santander, SA	**291,284**	*20.02.2024 - shares deposit (corporate allocation): 73,494 - 3,69€*	**364,778**
Amilcar da Silva Lourenço	Banco Santander, SA	**25,000**	*20.02.2024 - shares deposit (corporate allocation): 24,027 - 3,69€* *29.07.2024 - Sale: 24,000 - 4,50€*	**25,027**
Ana Isabel Abranches Pereira de Carvalho Morais	-	-	-	
Cristina Alvarez Alvarez	Banco Santander, SA	**53,130**	*16.02.2024 - shares deposit (corporate allocation): 2,704 - 3,69€* *16.02.2024 - shares deposit (corporate allocation): 5,934 - 3,69€* *16.02.2024 - shares deposit (corporate allocation): 28,944 - 3,69€* *27.03.2024 - Sale: 45,000 - 4,51€*	**45,712**
Daniel Abel Monteiro Palhares Traça	-	-	-	
João Pedro Cabral Tavares	-	-	-	
Isabel Cristina da Silva Guerreiro	Banco Santander, SA	**53,782**	*16.02.2024 - sale: 45,049 - 3,70€* *20.02.2024 - shares deposit (corporate allocation): 41,890 - 3,69€* *08.05.2024 - sale: 8,733 - 4,76€*	**41,890**
Manuel António Amaral Franco Preto	Banco Santander, SA	**176,423**	*20.02.2024 - shares deposit (corporate allocation): 18,321 - 3,69€* *20.02.2024 - shares deposit (corporate allocation): 41,843 - 3,69€* *21.02.2024 - sale: 639 - 3,82€* *21.02.2024 - sale: 13,391 - 3,82€* *21.02.2024- sale: 1,582 - 3,82€* *21.02.2024- sale: 1,963 - 3,82€* *21.02.2024- sale: 2,425 - 3,82€* *21.02.2024 - sale: 30,000 - 3,83€*	**186,587**
Manuel de Olazábal y Albuquerque	-	-	-	
Maria Manuela Machado Farelo Ataíde Marques	-	-	-	
Miguel Belo de Carvalho	Banco Santander, SA	**108,299**	*20.02.2024 - shares deposit (corporate allocation): 46,343 - 3,69€* *06.03.2024 - sale: 17,500 - 3,84€*	**137,142**
Remedios Ruiz Maciá	Banco Santander, SA	**117,421**	*16.02.2024 - shares deposit (corporate allocation): 16,838 - 3,69€*	**134,259**
Ricardo Lopes da Costa Jorge	Banco Santander, SA	**17,286**	*29.02.2024 - sale: 6,250 - 3,92€* *06.03.2024 - shares deposit (corporate allocation): 17,869 - 3,69€* *06.03.2024 - sale: 6,250 - 3,92€*	**17,286**

Positions held by the members of the Governing Bodies of Banco Santander Totta, S. A.

	Other Positions of Note	
	Within the consolidation perimeter	**Outside the consolidation perimeter**
José Carlos Brito Sítima	**Santander Totta SGPS, SA** (Chairman of the Board of Directors | NE)	**Câmara Comércio Luso Espanhola** Board Member on behalf of Banco Santander Totta, SA
Pedro Aires Coruche Castro e Almeida	**Santander Totta SGPS, S.A.** Deputy-Chairman of the Board of Directors | CEO **Banco Santander SA** Regional Head of Europe	**Santander UK Group Holdings, plc** (NE Member of the Board of Directors) **Santander UK, plc** (NE Member of the Board of Directors) **PagoNxt, S.L.** NE Member of the Board of Directors **Centro Paroquial São Francisco de Paula** NE Director **ISEG - Lisbon School of Economics & Management, Universidade de Lisboa** Advisory Council Member **Fundação Alfredo de Sousa** Board of Trusttees Member **Associação Portuguesa de Bancos** Member of the Board of Directors, on behalf of Banco Santander Totta, SA **The Trilateral Commission** European Group Member **MindAlliance Portugal** Advisory Council Member, on behald of Banco Santander Totta, S.A. **Endeavor Global Portugal** Member of the Board of Directors, on befalf of Banco Santander Totta, S.A. **BRP - Associação Business Roundtable Portugal** Associate on behalf of Banco Santander Totta, SA
Amilcar da Silva Lourenço	-	**COTEC Portugal - Associação Empresarial para a Inovação** Member of the General Council, on behalf of Banco Santander Totta, SA **CIP - Confederação Empresarial de Portugal** Deputy-Chairman of the General Council, on behalf of Banco Santander Totta, S.A.
Ana Isabel Abranches Pereira de Carvalho Morais	-	**ISEG Lisbon School of Economics and Management** Member of the Scientific Board and full professor **EPAL, Empresa Portuguesa das Águas Livres** Chairwoman of the Supervisory Board **Águas do Vale do Tejo, S.A.** Chairwoman of the Supervisory Board **Comissão de Normalização Contabilística** Member of General Committee (as renowned personality) and Vice-President **IDEFE - Instituto Para o Desenvolvimento e Estudos Económicos, Financeiros e Empresariais, SA | ISEG Executive Education** Executive Member of the Board of Directors
Cristina Alvarez Alvarez	**Banco Santander SA** Head of T&O Europe e España	**Santander Global Technlogy and Operations, SL** NE Member of the Board of Directors **Santander de Titulización, S.G.F.T., S.A.** NE Member of the Board of Directors **AEDAS HOMES, SA** NE Member of the Board of Directors and Chairwomen of the Technology, Innovation and Cybersecurity Commission **IE Business School, Madrid** Senior Advisory
Daniel Abel Monteiro Palhares Traça	-	**ESADE Ramon Llull University** General Director **Nova School of Business and Economics** Professor - unpaid leave
Isabel Cristina da Silva Guerreiro	-	**Santander Bank Polska, S.A.** NE Member of the Supervisory Board and Lead Group Director
João Pedro Cabral Tavares	**Fundação Santander Portugal** (NE Board Member)	**ACEGE - Associação Cristã de Empresários e Gestores** CEO **IES - Social Business School** NE Chairman of the Board of Directors **Fundação Gaudium Magnum - Maria e João Cortez de Lobão** NE Member of the Board of Directors **AICD – Associação Para Inserção por Centros Digitais de Informação** Strategic Council Member **C-More Sustainability, Lda** Senior Advisory **Fundação Gonçalo da Silveira** Member of the Board of Trustees
Manuel António Amaral Franco Preto	**Santander Totta SGPS, SA** (Executive Board Member) **Taxagest - Sociedade Gestora de Participações Sociais, S.A.** (Chairman of the Board of Directors) **Santander Totta Seguros - Companhia de Seguros de Vida, SA** (Remuneration Committee) **Banco Santander SA** (Regional Head of Financial Accounting & Control Europe)	**Santander Totta Seguros - Companhia de Seguros de Vida, SA** Chairman of the Remuneration Committee
Manuel Maria de Olazábal Albuquerque	-	-
Maria Manuela Machado Farelo Ataíde Marques	-	**Gerefinança - Consultores de Gestão, Lda** Manager Partner
Miguel Belo de Carvalho	**Santander Totta SGPS, SA** (Executive Board Member) **Fundação Santander Portugal** (Chairman of the Board of Trustees)	**Universidade Lusíada - Faculdade de Ciências da Economia e da Empresa** Advisory Council Member
Remedios Ruiz Maciá	**Banco Santander SA** CRO Global Cards & Digital Solutions	**Unión de Créditos Inmobiliarios, SA Unipersonal EFC** NE Member of the Board of Directors, Audit and Risk Board Committee, on behalf of Banco Santander, SA **U.C.I. SA** NE Board Member **Tresmares Capital Corporate SL** NE Member of the Board of Directors, on behalf of Banco Santander, SA **Deva Capital Holding Company, SL** - NE Member of the Board of Directors |**Deva Capital Management Company, SL** - NE Member of the Board of Directors **Servicios de Cobranza, Recuperación y Seguimiento, SA de CV** (SECORSE) NE Alternate Member of the Board of Directors, on behalf of Deva Capital Servicer Company, S.L.U. **Cobranza Amigable SAPI de CV** NE Alternate Member of the Board of Directors
Ricardo Lopes da Costa Jorge	-	**Católica Lisbon School of Business & Economics, Universidade Católica Portuguesa** Invited professor **SIBS SGPS, SA** NE Board Member, on behalf of Banco Santander Totta, SA **SIBS Forward Payment, Solutions, SA** NE Board Member, on behalf of Banco Santander Totta, SA **Unicre – Instituição Financeira de Crédito, S.A.** Member of the Shareholders' Committee for Monitoring Activity and Business, on behalf of Banco Santander Totta, SA

Alternative Performance Indicators

A set of Alternative Performance Indicators (API) used in the Management Report is presented and prepared, for the most part, in accordance with the guidelines issued by ESMA (European Securities and Markets Authority) on October 5, 2015 (ESMA/2015/1415pt).

For management analysis the Bank uses a set of indicators to measure profitability, efficiency, and business volume dynamics. Most of these indicators are derived from the financial information disclosed in accordance with the accounting standards in force (IFRS information), but others are calculated using management information (MIS information), not directly relatable to the IFRS information. Similarly, some indicators might be calculated by correcting non-recurrent movements, aiming to translate the underlying dynamics of the Bank's business, profitability and efficiency.

Such indicators are detailed hereunder with reference, as far as possible, to the IFRS information.

Net Interest Income

"Interest income" less "Interest expenses", as presented in the Statement of Profit or Loss.

Income from equity instruments

"Dividend income", as presented in the Statement of Profit or Loss.

Net fees

"Fee and commission income" less "Fee and commission expenses", as presented in the Statement of Profit or Loss.

Other operating results

"Other operating income" less "Other operating expenses," as presented in the Statement of Profit or Loss.

Commercial revenue

Sum of "Net Interest Income," plus "Income from equity instruments," plus "Net fees" and "Other operating results".

Gain/losses on financial assets

Sum of "Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" plus "Gains or losses on financial assets and liabilities, held for trading, net" plus "Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net" plus "Exchange differences, net" plus "Gains or losses on derecognition of investments in subsidiaries, joint ventures and associates, net" plus "Gains or losses on derecognition of non-financial assets, net" as presented in the Statement of Profit or Loss.

Net income from banking activities

"Commercial revenue" plus "Gain/losses on financial assets."

Operating costs

Sum of "Staff expenses" plus "Other administrative expenses" plus "Depreciation," as presented in the Statement of Profit or Loss.

Net operating income

"Net income from banking activities" minus "Operating costs" minus "Cash contributions to resolution funds and deposit guarantee schemes" as shown in the Statement of Profit or Loss.

Impairment, net provisions and other results

Sum of "Provisions or reversal of provisions" plus "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" plus "Impairment or reversal of impairment on non-financial assets" plus "Other profit or loss, net" plus "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" as presented in the Statement of Profit or Loss.

Net Provisions

"Provisions or reversal of provisions" as shown in the Statement of Profit or Loss.

Net impairment of financial assets at amortised cost

“Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss — Financial assets at amortised cost” as shown in the Statement of Profit or Loss.

Net impairment on non-financial assets

“Impairment or reversal of impairment on non-financial assets”, as shown in the Statement of Profit or Loss.

Income before taxes and non-controlling interests

“Net operating income” minus “Impairment, net provisions and other results.”

Taxes

“Tax expense or income related to profit or loss from continuing operations”, as presented in the Statement of Profit or Loss.

Income after taxes and before non-controlling interests

"Income before taxes and non-controlling interests," less "Taxes".

Non-controlling interests

“Profit or loss for the financial year - attributable to non-controlling interests”, as presented in the Statement of Profit or Loss.

Consolidated net income for the period attributable to BST Shareholders, also known as Net Profit.

“Income after taxes and before non-controlling interests” less "Non-controlling interests."

Results from non-current assets held for sale

“Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations”, as shown in the Statement of Profit or Loss.

Efficiency Ratio

Ratio between “Operating costs” and “Net income from banking activities” minus “Cash contributions to resolution funds and deposit guarantee schemes”, as shown in the Statement of Profit or Loss.

Loans / Deposits Ratio (transformation ratio)

Calculated in accordance with Bank of Portugal Instruction 6/2018.

Business Volume

Sum of "Loans and advances to customers (gross)" and "Customer resources."

Loans and advances to customers (gross)

Corresponds to the sum of the following balance sheet items: “Financial assets at fair value through other comprehensive income – Loans and advances" plus "Financial assets at amortised cost – Debt securities" plus "Financial assets at amortised cost – Loans and advances" excluding “Other balances receivable” and “Loans and advances – Credit institutions” as set out in Note 9 of the Chapter “Notes to the Consolidated Financial Statements.” Amounts before impairments. (“Impairment of debt securities” plus “Impairments of loans and advances — Credit institutions" and "Impairments of loans and advances — Customers and other balances receivable” as set out in Note 9 of the Chapter “Notes to the Consolidated Financial Statements.”

Loans and advances to customers (net)

Loans and advances to customers (gross), net of impairments. Impairments correspond to the sum of “Impairment for debt securities” plus “Impairments for loans and advances — Customers and other balances receivable,” as set out in Note 9 of the Chapter “Notes to the Consolidated Financial Statements” deducted from the impairment relating to “Other balances receivable”.

Loans to individuals (mortgage and consumer) and companies

Defined in accordance with the Management Information System (MIS).

Non-Performing Exposure Ratio

Non-performing exposure (NPE), defined in accordance with the document "Guidance to banks on non-productive loans" of the European Central Bank (March 2017), as a ratio of total exposure, including off-balance sheet items.

Cost of Credit

Ratio between “Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss - Financial assets at amortised cost” (from the Statement of Profit or Loss) and the average of “Loans and advances to customers (gross)” (from the balance sheet).

Non-performing Exposure Coverage Ratio

Impairments of non-performing exposures in relation to total non-productive exposures (NPE).

Deposits

Corresponds to the item “Deposits – Customers” – see Note 15 (in the "Notes to the Consolidated Financial Statements" chapter).

Off-balance sheet resources

Sum of “Investment funds managed or sold by the Bank” plus “Insurance and other resources” whose information is obtained through Santander Asset Management and/or the Management Information System (MIS).

Balance sheet resources

Corresponds to “Deposits” as defined in this section.

Customers’ Resources

Sum of “Balance sheet resources” plus "Off-balance sheet resources".

Liquidity Coverage Ratio (LCR)

The LCR (liquidity coverage ratio), in accordance with article 412(1) of Regulation (EU) No. 575/2013, shall be equal to the ratio of the liquidity reserve of a credit institution and its net liquidity outflows during a 30-calendar day stress period.

Return on Equity (RoE)

Ratio between “Consolidated net income attributable to BST Shareholders” and “Total” at the beginning of the period, as presented in the statement of financial position.

Return on Assets (RoA)

Ratio between “Consolidated Net Income Attributable to BST Shareholders” and “Total Assets”.

Corporate Governance Report

I - Introduction

Banco Santander Totta, S. A. has prepared this Corporate Governance Report for the financial year of 2024, in compliance with the duty of providing annual information on its corporate governance structure and practices in accordance with Article 70.2, sub-paragraph b) of the Commercial Companies Code (CCC), and Article 29-H of the Securities Code.

In preparing this report, all the various regulations and guidelines from the competent regulatory and supervisory entities were also taken into account.

Banco Santander Totta S. A., as an entity belonging to the Santander Group, also follows the strategic guidelines defined for the Group as a whole.

It should be noted that, during the financial year of 2024, and regarding its corporate governance and internal control model, Banco Santander Totta S. A., observed and complied with the procedures imposed by Bank of Portugal Notice No. 3/2020, of July 15, and with the revised guidelines (EBA/GL/2021/05) of the European Banking Authority (EBA) regarding their application.

II – Shareholder Structure

On the date this report was prepared, the Share Capital of Banco Santander Totta, S. A. (hereinafter the "Bank" or "Company") amounted to € 1,391,779,674, represented by 1,391,779,674 ordinary shares, with a nominal value of €1 each.

The Bank's Share Capital is 99.848% held by Banco Santander Totta SGPS, S. A., which is directly controlled by Banco Santander, S. A., which holds a 99.85% stake therein.

Of the remaining Share Capital of the Bank, 1.049% belongs to the company Taxagest - Sociedade Gestora de Participações Sociais, S. A., a company also under the direct or indirect full control of the companies Santander Totta, SGPS, S. A. and Banco Santander, S. A..

Of the remaining capital, 0.039% is spread over several shareholders, and 0.031% corresponds to treasury shares of Banco Santander Totta, S. A.

The shares representing the Share Capital are all of the same type and category, granting equal rights to the respective holders, including the right to vote and share in profits.

Consequently, there are no privileged shares of any kind. Likewise, there are no restrictions of any kind on the transfer of shares, which is totally free.

There is no established system of employee participation in the Company's share capital.

The Company is not aware of any shareholder agreement entered into between shareholders.

Under statutory terms, each share is awarded one vote.

In order for shareholders to have the right to take part in the Annual General Meeting they must prove to the Chairman of the Board of the General Meeting, up to 10 days before the scheduled date, the registration or deposit of shares in financial intermediaries by the fifteenth day prior to the date of the Annual General Meeting.

No agreements are established by the Company whose entry into force is dependent on changes in the Bank's shareholder composition or which are altered or cease as a result thereof.

Within the scope of the normal performance of banking business, in its various components, there are, however, contracts that give the counterparty the right to resolve them in the event of a change in the Bank's share control, in line with usual, common practice in banking business.

On the other hand, there are no agreements that give the holders of the Board of Directors the right to compensation with the termination of the bond that connects them to the Institution as a result of their own initiative, due to removal or dismissal for justified reasons, or if it occurs following a takeover bid.

The indication of the number of shares and bonds held by members of the management and supervisory bodies is included in the "Complementary Information" chapter of the Management Report.

III. Governing Bodies

The Company is organically structured in the manner provided for in Article 278.1 sub-paragraph a) of the Commercial Companies Code (CCC). Its corporate bodies are the General Meeting, the Board of Directors, and the Audit Committee.

Under the terms of the Law, the supervision of the Company is also the responsibility of a Statutory Auditor or of an Audit Firm, as resolved by the General Meeting.

According to the Bank's Articles of Association, the members of the Board of the General Meeting, the Board of Directors, the Audit Committee, as well as the Statutory Auditor, are appointed by the General Meeting, and their terms of office last for three years, with the possibility of being re-elected one or more times.

Without prejudice to the foregoing, in each election, the General Meeting may set the term of office of the Statutory Auditor for a minimum period of one year and a maximum of three years, with its re-election being permitted for terms of different duration, provided that the legally established limits are observed.

There is also a Remuneration Board appointed by the General Meeting.

All the members of the Board of Directors in office in the financial year of 2024, were elected by the Annual General Meeting held on November 23, 2021, for the 2022/2024 term of office, and the supervisory authorities issued the no objections statement for beginning their term, on May 03, 2022.

The Board of Directors and the Audit Committee are responsible — within the scope of their respective powers —, for promoting the existence, within the Institution, of an organizational culture based on high ethical standards, exercising their respective supervisory and control functions within the framework of the guidelines of the European Banking Authority (EBA), and within the framework of the provisions set forth in Bank of Portugal Notice No. 3/2020.

The Board of Directors and the Audit Committee — within the scope of their powers —, are responsible for ensuring that the Bank's organizational culture and its governance and internal control systems are adequate and effective, with the objective of reasonably guaranteeing the orderly, efficient conduct of the Bank's business, namely, regarding the implementation of a set of strategies, policies, processes, systems and procedures, and the institution's sustainability in the medium and long term, and the prudent conduction of its activity.

Within the scope of their respective powers, the Board of Directors and the Audit Committee are also responsible for ensuring the implementation and maintenance of an environment of adequate control, compliance with the objectives established in the strategic plan, and adequate risk identification, evaluation, monitoring and control, as well as the existence of complete, relevant, reliable and timely financial and non-financial information.

Within the scope of their respective powers, the Board of Directors and the Audit Committee are also responsible for ensuring the adoption of sound accounting procedures, compliance with the legislation, regulations and guidelines applicable to the Institution's business activity, issued by the competent authorities, compliance with the Institution's own internal rules and regulations, as well as with the professional and ethical rules and practices, and with the rules of conduct and of relationships with the Institution's customers.

Minutes are drawn up from the meetings of the Governing Bodies and of the various Committees, which help identify its participants in an adequate manner, including its Secretary, as well as to adequately understand the matters dealt with therein, the resolutions adopted, any recommendations made, or matters that need to be followed up in future meetings.

The members of the management and supervisory body are permanently subject to the requirements of adequacy, suitability, aptitude, experience, availability, independence, and professional qualifications for carrying out the positions that are defined by applicable rules, submitting to the periodic evaluation rules, either individual or collective, that may be defined by the Company.

The organizational structure of the Bank's Governance Model in 2024 was as follows:

The Board of Directors delegated part of its powers to an Executive Committee, to which it delegated the Bank's day-to-day management, and to three other specialized committees with the essential function of permanently monitoring specific matters, namely, the Risk Committee, the Remunerations Committee, and the Appointments Committee.

The Executive Committee appointed several Internal Committees to assist it in its day-to-day management.

During the financial year of 2024, the composition of the governing bodies of the Bank was as follows:

BOARD OF THE GENERAL MEETING

Chair:	António Maria Pinto Leite
Vice-Chair:	Ricardo Andrade Amaro
Secretary:	Company Secretary

BOARD OF DIRECTORS

Chair:	José Carlos Brito Sítima
Vice-Chair:	Pedro Aires Coruche Castro e Almeida
Members:	Amílcar da Silva Lourenço
	Ana Isabel Abranches Pereira de Carvalho Morais
	Cristina Alvarez Alvarez
	Daniel Abel Monteiro Palhares Traça
	Isabel Cristina da Silva Guerreiro
	João Pedro Cabral Tavares
	Manuel António Amaral Franco Preto
	Manuel Maria de Olazábal Albuquerque[1]
	Maria Manuela Machado Costa Farelo Ataíde Marques
	Miguel Belo de Carvalho
	Remedios Ruiz Maciá[2]
	Ricardo Lopes da Costa Jorge[3]

AUDIT COMMITTEE

Chair:	Ana Isabel Abranches Pereira de Carvalho Morais
Members:	Daniel Abel Monteiro Palhares Traça
	João Pedro Cabral Tavares
	Manuel Maria de Olazábal Albuquerque
	Maria Manuela Machado Costa Farelo Ataíde Marques

STATUTORY AUDITOR

Statutory Auditor:	PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.,., represented by José Manuel Henriques Bernardo.

[1] *Lead Independent Director*

[2] Resigned from his position with effect from 02.28.2025

[3] Resigned from his position with effect from 02.28.2025

EXECUTIVE COMMITTEE

Chair:	Pedro Aires Coruche Castro e Almeida
Vice-Chair:	Manuel António Amaral Franco Preto
Members:	Amílcar da Silva Lourenço
	Isabel Cristina da Silva Guerreiro
	Ricardo Lopes da Costa Jorge[4]
	Miguel Belo de Carvalho

RISK COMMITTEE

Chair:	Manuel Maria de Olazábal Albuquerque
Members:	Daniel Abel Monteiro Palhares Traça
	João Pedro Cabral Tavares
	Maria Manuela Machado Costa Farelo Ataíde Marques
	Remedios Ruiz Maciá[5]

REMUNERATIONS COMMITTEE

Chair:	João Pedro Cabral Tavares
Members:	Daniel Abel Monteiro Palhares Traça
	Manuel Maria de Olazábal Albuquerque
	Maria Manuela Machado Costa Farelo Ataíde Marques
	Remedios Ruiz Maciá[6]

APPOINTMENTS COMMITTEE

Chair:	Daniel Abel Monteiro Palhares Traça
Members:	Ana Isabel Abranches Pereira de Carvalho Morais
	Cristina Alvarez Alvarez
	João Pedro Cabral Tavares
	Manuel Maria de Olazábal Albuquerque

REMUNERATION BOARD[7]

Chair:	Maria Alexandra Teixeira Peres Brandão Palma Cavaco
Member:	Javier Roglá Puig

COMPANY SECRETARY[8]

Full Secretary:	Bruno Miguel dos Santos de Jesus
Alternate Secretaries:	Marta Maria Appleton de Serpa Pimentel Marques

[4] Resigned from his position with effect from 02.28.2025

[5] Resigned from his position with effect from 02.28.2025

[6] Resigned from his position with effect from 02.28.2025

[7] Elected at the General Meeting of May 16, 2023

[8] Appointed by the Board of Directors on May 4, 2022

The General Shareholders' Meeting of Banco Santander Totta, S. A. was held, on December 5, 2024, and the election of the governing bodies was approved, including the members of the Board of the General Meeting, of the Board of Directors, of the Audit Committee, and the Audit Firm, for the three-year period 2025/2027, as well as the Company of Statutory Auditors for the year 2025. At this same General Shareholders' Meeting, the Remuneration Board was also elected for the three-year period 2025-2027.

The commencement of the term of office of the members of the Board of Directors and of the Audit Committee for the three-year period 2025-2027 was subject to authorization or non-opposition by the competent supervisory entities.

As of the date of preparation of this report, the aforementioned authorization procedure had not yet been completed.

The governing bodies of Banco Santander Totta, S. A. for the three-year period 2025/2027 are the following:

BOARD OF THE GENERAL MEETING

Chair:	António Maria Pinto Leite
Vice-Chair:	Ricardo Andrade Amaro
Secretary:	Company Secretary

BOARD OF DIRECTORS

Chair:	José Carlos Brito Sítima
Vice-Chair:	Pedro Aires Coruche Castro e Almeida
Members:	Amílcar da Silva Lourenço
	Ana Cristina Mendes Torres
	Ana Isabel Abranches Pereira de Carvalho Morais
	Cecilia Richards Bustelo
	Cristina Alvarez Alvarez
	Daniel Abel Monteiro Palhares Traça
	Henrique Salema de Carvalho e Silva
	Isabel Cristina da Silva Guerreiro
	João Pedro Cabral Tavares
	Manuel António Amaral Franco Preto
	Miguel Belo de Carvalho
	Susana Cristina Marques Casimiro Rodrigues Ferreira da Silva

AUDIT COMMITTEE

Chair:	Ana Isabel Abranches Pereira de Carvalho Morais
Members:	Ana Cristina Mendes Torres
	Daniel Abel Monteiro Palhares Traça
	Henrique Salema de Carvalho e Silva
	João Pedro Cabral Tavares

STATUTORY AUDITOR

Statutory Auditor:	PricewaterhouseCoopers & Associados– Sociedade de Revisores Oficiais de Contas, Lda., represented by José Manuel Henriques Bernardo (Statutory Auditor) for the year 2025.

General Meeting

Pursuant to Article 12 of the Bank's Articles of Association, the Board of the General Meeting includes a Chairman, a Vice-Chairman, and a Secretary.

All its members were elected by the General Meeting held on November 23, 2021, for the 2022/2024 term.

Under the statutory terms, each share corresponds to one vote, and any shareholder may participate in the General Meeting directly or through a representative. Reference is made here to item II above.

Voting by correspondence or sending by e-mail the information details referred to in Article 288.4 of the CCC, is not permitted.

Resolutions are taken by majority vote of the shareholders present or represented at the General Meeting, whenever the law does not require a greater number.

On May 27, 2024, the Bank held its annual General Shareholders' Meeting, at which it approved the management report, the financial statements for the financial year, and other individual and consolidated financial statements for 2023, including the corporate governance report, as well as the proposal for the application of the results for 2023. It also carried out a general assessment of the Company's management and supervision; it approved the Bank's remuneration policy, and the remuneration policy for the management and supervisory bodies; it approved the proposal for the variable component of total remuneration; it approved the proposal for the Internal Policy for selection and suitability assessment; it approved the proposal for the acquisition of own shares; it approved the proposal for the acquisition and disposal of own bonds, and it approved the proposal for partial amendment of the Company's Articles of Association, rewording paragraph 1 of Article 7, adding a new paragraph 2 to Article 7, with the consequent renumbering of the current paragraphs 2, 3 and 4 of Article 7. The aforementioned article now has the following wording:

"***Article 7***

(Designation and Mandates)

1. The members of the Board of the General Meeting, of the Board of Directors, of the Audit Committee, as well as the Statutory Auditor, are appointed by the General Meeting, and their terms of office last for three years, with the possibility of being re-elected one or more times, without prejudice to the provisions of the following paragraph.
2. In each election, the General Meeting may set the term of office of the Statutory Auditor for a minimum period of one year and a maximum of three years, with its re-election being permitted for terms of different duration, provided that the legally established limits are observed.
3. The members elected to the Board of the General Meeting, the Board of Directors, and the Audit Committee may be either shareholders or outsiders of the Company.
4. When legally permitted, those elected shall be deemed to have taken office immediately after the election and, at the end of their respective terms of office, shall remain in office until the person to replace them takes office.
5. The members of the management and supervisory body are permanently subject to the requirements of adequacy, suitability, aptitude, experience, availability, independence, and professional qualifications for carrying out the positions that are defined by applicable rules, submitting to the periodic evaluation rules, either individual and collective, that may be defined by the Company."

According to the wording of paragraph d) of Article 9 of the Bank's Articles of Association, the General Meeting is responsible for deliberating on any changes to the Articles of Association and capital increases, without prejudice to any authorizations granted to the Board of Directors for this purpose, under legally permitted terms.

On August 30, 2024, the Bank held an extraordinary General Shareholders' Meeting at which the distribution of retained earnings was approved.

As mentioned above, the extraordinary General Shareholders' Meeting of Banco Santander Totta, S. A. was held, on December 5, 2024, which approved the election of the governing bodies, including the members of the Board of the General Meeting, of the Board of Directors, and of the Audit Committee for the three-year period 2025/2027, as well as the Company of Statutory Auditors for the year 2025. At this same General Shareholders' Meeting, the Remuneration Board was also elected for the three-year period 2025-2027.

The non-opposition statement for members of the management and supervisory body to carry out their functions during the three-year period 2025-2027 by the competent supervisory entities is a necessary condition for the exercise of said functions. The Bank has submitted the request to the competent supervisory entities on September 5, 2024.

As of the date of preparation of this report, the aforementioned authorization procedure had not yet been completed.

The meetings were held in person, with the possibility of Shareholders taking part in the General Meeting by telematic means, while ensuring the security and confidentiality of all communications, and the minutes of all meetings were drawn up and signed.

Board of Directors

The Bank's Board of Directors is the highest decision-making body, except in matters reserved for shareholders at the Annual General Meeting.

The members of the Board of Directors are elected by the General Meeting.

Before submitting any candidates for election to the General Meeting, the Bank carries out an individual and collective assessment of the various candidates for the Board of Directors and prepares a proposal with all documents that help assess the suitability of the profile, and the knowledge and professional experience of the candidates to be assessed, which is then submitted to the Santander Group, in accordance with the Procedure for Appointment to Key Positions and Assessment of Suitability, Annex I of the Internal Policy for Selection and Assessment of Banco Santander Totta, S. A.. Once the Group has agreed, the proposed candidates are submitted to the elective General Meeting.

The Board of Directors is responsible for managing and representing the Bank, and for carrying out all the acts deemed as necessary or convenient for pursuing the activities included in its corporate purpose.

No powers are conferred on the Board of Directors to decide on increases of the Company's share capital.

There are no special rules regarding the appointment and replacement of Directors, as well as regarding changes to the Articles of Association, and thus the General Law shall apply to these matters.

Under the terms of the Articles of Association, the Board of Directors consists of a minimum of three and a maximum of fifteen members, elected by the General Meeting. If the General Meeting does not appoint the Chairman of the Board of Directors, this body will choose its Chairman and may, if it so decides, also appoint one or more Vice-Chairmen. The current Board of Directors, appointed to exercise its functions for the term corresponding to the period between 2022 and 2024, comprises fourteen members, namely six executive members and eight non-executive members.

In accordance with the best governance practices, as well as in accordance with the rules and regulations and governance model of the Santander Group, the Board of Directors has implemented a governance structure that allows it to ensure the effective fulfilment of its responsibilities:

- A non-executive Chairman of the Board of Directors and a Chairman of the Executive Committee | CEO, ensuring that their roles are clearly segregated and complementary.
- A lead independent director responsible for the effective coordination of non-executive Directors, and for ensuring that the discussions and resolutions adopted by the Board of Directors are supported by accurate and complete information and decision proposals.
- A structure of Board Committees that, as described in more detail in this section, support the Board in all main divisions and responsibilities, namely: (i) oversight functions and significant decision-making, through the Audit Committee, the Appointments Committee, and the Remunerations Committee (ii) supervision of risks, regulation and compliance through the Risk Committee, and (iii) in managing the Bank, through the Executive Committee;
- A Company Secretary, to support the Board, its Committees, and the Chair.

The Board of Directors meets at least six times a year, and whenever called by the respective Chairman, by two Directors or by the Audit Committee.

Although the Board meetings follow a schedule defined annually (the Forward Looking Agenda — FLA), on dates approved at the end of each calendar year or on the beginning of the calendar year to which it relates, or at the first meeting of each term, new topics can be added to the agenda, and extraordinary meetings can be called, in accordance with its Regulation.

The members of the Board of Directors receive the relevant documents for each meeting sufficiently in advance, through secure electronic means, which help them prepare the meetings in an effective way.

Taking into account the Policy for selecting, assessing suitability, and defining the succession of Directors of Banco Santander Totta, S. A. approved by the Board of Directors, which determines that selection procedures for Board members shall favour diversity on the Board of Directors, covering both diversity in terms of international experience, as well as diversity in terms of gender, age, geographic origin, experience and knowledge, without any implicit prejudice that could imply any type of discrimination, as for instance, based on disability, race or ethnic origin, the Bank considers that the composition of its Board of Directors is appropriate, balanced, and allows it to ensure diversity and to strengthen its skills, efficiency and quality in decision-making, and that the aforementioned policy is being adequately applied at the Bank.

Under the terms of the aforementioned Policy, once a year, at the time of concluding the annual evaluation process on the functioning of the Board and its committees, the assessment of the quality of its work and performance of its members, the updating of its matrix of skills and diversity, and the respective approval by the Appointments Committee are carried out.

Also in accordance with the aforementioned Policy, the suitability of the members of the management body is subject to an initial assessment and annual reassessment, and whenever any supervening facts occur.

On the other hand, and in accordance with the requirements of Bank of Portugal Notice No. 3/2020, the Board of Directors promotes independent assessments carried out by external entities, on the conduct and values of the Bank, of the Board itself, and of the two Committees.

In 2024, the Bank's Board of Directors was comprised of fourteen members, namely eight non-executive (57%), and six executive (43%) members.

Excluding the Executive Directors, five members of the Board of Directors, out of eight, are independent, representing 63% of non-executive directors and 36% of the total Board of Directors.

In 2024, the Board of Directors included five female members, representing 36% of the total of members, and the Chairman of the Audit Committee — the Bank's supervisory body — is a woman, thus the Bank fulfils the gender balance requirements and criteria regarding the composition of its Board of Directors.

As part of the periodic review process on the effectiveness of the Board of Directors resulting from the implementation of the Group-Subsidiaries Governance Model (MGGS), and taking into account the provisions of Banco de Portugal Notice No. 3/2020, regarding the financial year of 2024, the Korn Ferry Consultant was consulted to prepare and assess the conduct and values of the Bank, of the Board of Directors itself, and of its Committees, the conclusions of which will be presented to the Board of Directors in the first quarter of 2025.

There are no incompatibilities between the exercise of management positions at the Bank and the other positions held by the members of the Board of Directors. The members of the Board of Directors comply with all legal provisions regarding communication of the various positions they hold.

On May 4, 2022, the Board of Directors delegated the daily management of the Bank and the implementation of its strategy to an Executive Committee and to the respective management team, therefore, its activity is mostly focused on general supervision and on matters that it cannot delegate either under the terms of the Law, of the Bank's Articles of Association, and of its Internal Regulations.

Under the terms of Article 407 of the Commercial Companies Code, and of Article 17 of the Bank's Articles of Association, it has also appointed three other specialized committees to permanently monitor specific matters: the Risk Committee, the Remunerations Committee, and the Appointments Committee. Each Committee has its own Internal Regulation, approved by the Board of Directors.

Through the *Diligent Boards* platform, all members of the Board of Directors have access to agendas, minutes, as well as to the supporting documents of all Committees that have been established, and of the Executive Committee.

However, pursuant to the provisions of Article 6.4 of the Board of Directors' Internal Regulation, the Board has kept the following matters for itself:

- Approval of the Bank's business strategy and objectives;
- Approval of budgets and medium-term financial planning instruments;
- Expansion of the Bank's business to new geographies or markets;
- Approval of the Internal Self-Assessment of Capital and Internal Liquidity Adequacy processes;
- Approval of significant operations that imply changes in the Bank's capital or corporate structure (strategic investments, mergers and acquisitions, disposal of relevant assets, etc.);
- Approval of proposals for capital increases or issuance of any values convertible into shares;
- Approval of accountability documents, including draft management reports and annual accounts or prospects related to public distribution offers;

- Approval of the dividend policy;
- Significant changes to accounting practices or policies, which do not result from legal or regulatory changes;
- Approval of external communications (to regulators or supervisory entities) on matters reserved to the Board that have been the subject of a specific deliberation by this body;
- Co-optation of Directors;
- Evaluation and identification of the actual needs in terms of its composition and organization;
- Approval of rules on adequacy assessment of the members of the Board of Directors and of the Audit Committee;
- Individual and collective evaluation of the members of the Board of Directors and the Audit Committee;
- Approval of a succession plan;
- Appointment, designation and removal of the following senior managers or others that may be specifically mentioned by the *GSGM*, under the terms thereof, which also involve the participation of Grupo Santander structures: CEO (Chief Executive Officer or Chairman of the Executive Committee), CRO (Chief Risk Officer or Head for the Risk Division), CCO (Chief Compliance Officer or Head for the Compliance Division), CAE (Chief Audit Executive or Head of Internal Audit), CFO (Chief Financial Officer or Financial Head) and the Controller;
- Approval and supervision of the implementation of the succession plan for senior managers;
- Approval of the terms and conditions for the provision of work and remuneration of senior management;
- Resolutions on risk appetite, risk culture, and framing risk, which shall inform the different structure units, through regular communications on the Bank's level of risk tolerance;
- Monitoring the Bank's degree of adherence to risk appetite, risk policies and limits;
- Approval and supervision of internal control policies;
- Approval and supervision of the internal control system, and of the risk, compliance and information systems, as well as of the respective reports;
- Approval of reports and documents required by the regulations of regulatory or supervisory entities, namely those relating to business continuity or to any recovery or resolution measure;
- Approval and amendments to the Codes of Conduct;
- Monitor the implementation of laws, regulations and administrative provisions required to comply with AML/CFT policies and procedures;
- Supervise the implementation of the Governance Model of the Santander Group;
- Implementation of the Bank's corporate values and culture;
- Approval of the main corporate policies, including in any case the approval of the social responsibility and sustainability policies, as well as policies regarding donations and sponsorship, and donations of a political nature, when applicable, or supervising the development of the Responsible Banking Agenda;
- Approval of transactions with related parties, when the applicable regulation attributes this competence reserved to the Board of Directors, and the management and arbitration of appeals related to conflicts of interest;
- Approval of the Recovery Plan;
- Approval of the Internal Audit Plan.

During the financial year of 2024, the Board of Directors met eleven times. The Company Secretary acted as the secretary for all such meetings, which received logistic support from Internal Governance. The minutes of all these meetings were duly prepared, approved and signed by both the members and by the participants present.

In December 2024, the Board of Directors revised its regulations, which are available on the Bank's intranet and website at:

https://www.santander.pt/pdfs/investor-relations/santander-totta-sa/governo-sociedade/principais-regulamentos/Regulamento_Conselho_Administracao_BST.pdf

The composition, positions and qualifications of the Members of the Board of Directors at the end of the year to which this Report refers are the following:

Board of Directors	Body and Position	Capacity
José Carlos Brito Sítima	Board of Directors - Chairman	Non-Executive | Not independent
Pedro Aires Coruche Castro e Almeida	Board of Directors - Vice-Chairman Executive Committee - Chairman	Executive | Not independent
Amilcar da Silva Lourenço	Board of Directors - Member Executive Committee - Member	Executive | Not independent
Ana Isabel Abranches Pereira de Carvalho Morais	Board of Directors - Member Audit Committee - Chairman Appointments Committee - Member	Non-Executive | Independent
Cristina Alvarez Alvarez	Board of Directors - Member Appointments Committee - Member	Non-Executive | Not independent
Daniel Abel Monteiro Palhares Traça	Board of Directors - Member Audit Committee - Member Risk Committee - Member Remunerations Committee - Member Appointments Committee - Chairman	Non-Executive | Independent
Isabel Cristina da Silva Guerreiro	Board of Directors - Member Executive Committee - Member	Non-Executive | Not independent
João Pedro Cabral Tavares	Board of Directors - Member Audit Committee - Member Risk Committee - Member Remunerations Committee - Chairman Appointments Committee - Member	Non-Executive | Independent
Manuel Maria de Olazábal Albuquerque	Board of Directors - Member Audit Committee - Member Risk Committee - Chairman Remunerations Committee - Member Appointments Committee - Member	Non-Executive | Independent
Maria Manuela Machado Farelo Ataíde Marques	Board of Directors - Member Audit Committee - Member Risk Committee - Member Remunerations Committee - Member	Non-Executive | Independent
Manuel António Amaral Franco Preto	Board of Directors - Member Executive Committee - Vice-Chairman	Executive | Not independent
Miguel Belo de Carvalho	Board of Directors - Member Executive Committee - Member	Executive | Not independent
Remedios Ruiz Maciá	Board of Directors - Member Risk Committee - Member Remunerations Committee - Member	Non-Executive | Not independent
Ricardo Lopes da Costa Jorge	Board of Directors - Member Executive Committee - Member	Executive | Not independent

Audit Committee

The Audit Committee is responsible, among other aspects, for supervising the integrity of financial reporting and internal controls, for the effectiveness of the Internal Audit function, and for the relationships with the external auditor.

The Audit Committee includes non-executive, independent members of the Board of Directors, with a minimum of three and a maximum of five members, one of whom acts as its Chairman. The members of the Audit Committee are appointed for three-year terms, and may be re-elected.

All members of the Committee must qualify as independent and, altogether, are knowledgeable and experienced in the fields of accounting, auditing or risk management, in addition to the fact that everyone must be able to spend sufficient time and effort to fulfil their obligations.

The members of the Bank's Audit Committee were elected by the General Assembly held on November 23, 2021, for the 2022/2024 term, having thus fulfilled the third and last year of their current term.

In the financial year of 2024, the Audit Committee included 5 members, namely a Chairlady and four members.

As the Bank's supervisory body, it is awarded the powers provided for in Article 423-F of the CCC, in Article 18 of the Articles of Association, and in its own Internal Regulation.

The Audit Committee is responsible for, among other aspects:

a) Monitoring and supervising the Bank's management;

b) Monitoring compliance with the legal and corporate rules that govern the Bank's activity;

c) Monitoring and supervising the process of preparation and disclosure of financial information, including the regularity and accuracy of accounting books, records and documents, as well as for submitting recommendations to ensure their reliability;

d) Checking whether the accounting policies and valuation criteria adopted by the Bank lead to a correct assessment of assets and results;

e) Supervising and monitoring the effectiveness of activities within the scope of organizational culture and government and internal control systems, in conjunction with internal control functions, regularly reviewing and monitoring the risk information reports prepared by the Chief Risk Officer (CRO), the follow-up reports on Compliance activity, prepared by the CCO, the internal audit plan and its execution, as prepared by the CAE;

f) Receiving reports on irregularities submitted by shareholders, Bank employees and others, and carrying out the respective monitoring;

g) Supervising the activity of the Statutory Auditor related to auditing the Bank's accounting documents, and supervising the independence of the Statutory Auditor, namely in the provision of additional services.

Pursuant to Article 4 of the Audit Committee Regulations, the Chairman must annually report to the Board of Directors on the various activities carried out by the Committee and the expenses it incurs.

Likewise, the Audit Committee must inform the Board of Directors of the relevant accounting changes and their effects, and of the conclusions and recommendations obtained from the internal audit function, including any recommendations related to the scarcity of resources allocated to certain functions.

The Audit Committee is also responsible for reviewing, along with the Board of Directors and/or the Executive Committee, any relevant matters related to compliance of the Bank's activity and business with the applicable legal, regulatory and statutory provisions, as well as with the instructions, recommendations, and guidelines issued by the competent authorities.

Without prejudice to administrative and hierarchical reporting to the Chairman of the Board of Directors, the CAE reports functionally to the Audit Committee.

The Audit Committee meets regularly with the External Auditors, with the Chief Audit Officer (CAE), with the Chief Risk Officer (CRO), with the Chief Compliance Officer (CCO) and with the Controller (the person in charge of Accounting).

Likewise, the Audit Committee may hold joint meetings with other Committees of the Board of Directors, namely with the Risk Committee, to ensure effective communication and coordination.

In the financial year of 2024, the Audit Committee had the following composition:

Chair: Ana Isabel Abranches Pereira de Carvalho Morais

Members: Daniel Abel Monteiro Palhares Traça

João Pedro Cabral Tavares

Manuel Maria de Olazábal Albuquerque

Maria Manuela Machado Costa Farelo Ataíde Marques

The main activities of the Audit Committee in 2024 were the following:

Monitoring the Management and Evolution of the Bank's Business	The Audit Committee monitored the management, operations and evolution of the Bank's business over the reference period, during its meetings; through attendance of Board meetings; by accessing all documents produced by the Board and by the Committees to which the Board has delegated its powers; by accessing quarterly and annual information on the Bank's business and results as well as other relevant documents; and through the contacts maintained with the Bank's responsible officers, having obtained all the clarifications requested.
	The Audit Committee also monitored the following topics: Chief Audit Executive (CAE) Company Performance Bonus; commercial operations (transactions with related parties and/or granting of credit to debtors with increased risk); impacts of climate change and trends in non-financial information; models; stress scenarios used in each of the most relevant exercises (e.g. ICAAP, ILAAP); monitoring the process of preparing and disclosing financial information; reviewing the 2023 recovery plan; status report on accounting and financial management matters — DTA's (Deferred Tax Assets) and DTL's. (Deferred Tax Liabilities), provisions and pension funds; financial statements; overall results; culture and talent; Simplifier project — status report.
Monitoring and Inspecting the Process of Preparing and Disclosing Financial Information	It monitored, on a quarterly basis, the process of preparing and disclosing the Bank's financial information, having obtained all the necessary clarifications from the Accounting and Management Control Area. This division also presented the management report and accounts for the year ended on December 31, 2023, while the Committee also assessed the Legal Certification of Accounts, and the Additional Report submitted by the Statutory Auditor.
	The status of accounting and financial management matters was submitted on a regular basis, of which the following stand out: submission of the conclusions of the Bank's credit portfolio impairment report; status of accounting and financial management matters – Capital and liquidity; conclusions of the analysis carried out on the action plans defined and/or measures implemented by the Bank as a response. Status reports were also submitted on the processes of obtaining, producing and processing information (within the scope of Article 29 of Bank of Portugal Notice No. 3/2020), on data quality management, and on the duties of prudential disclosure and reporting.
Supervision of the effectiveness of activities within the scope of organizational culture and governance and internal control systems, covering risk	It monitored the effectiveness of the internal control system. It reviewed the self-assessment report, including the reports of the risk management, compliance and internal audit functions, and the activity plans of the control functions, and issued its assessment, in accordance with Article 56.1 subparagraph c), of Notice No. 3/2020 of the Bank of Portugal.

<table>
<tr>
<td rowspan="3">management and control, compliance, and internal audit.</td>
<td>
The Audit Committee monitored the Risk Management activity, periodically assessing the activity carried out by the CRO, namely that which is reflected in the balance of the Risk area's activity submitted on a quarterly basis, and in the reports on the evolution of the main risk indicators (Top Risks, Risk Profile, and Risk Appetite), and on the annual formulation of the 2024 Risk Appetite.
The Audit Committee also assessed the main aspects of the Results of the Annual Assessment and Certification Campaign (Risk Control Self-Assessment, plus the Internal Control Model) — Internal Control Model 2023.
Furthermore, in terms of the activity of the risk function, the Audit Committee also assessed:

The Policy for Granting and Restructuring Credits to Debtors or Groups of Added Risk Debtors;
The Environmental, Social and Climate Change Risk Management Policy;
The ICVs Remuneration Policy;
Status report on access control.

</td>
</tr>
<tr>
<td>It took note of the Cybersecurity status report, submitted by the Chief Information Security Officer (CISO), focusing on the evolution of the 3 main cybersecurity metrics and details and progress on the Cyber Internal Control Maturity Metric; evolution of the plan to ensure compliance with the Digital Resilience Act “DORA” across the Group; details and progress on the Cyber Resilience Stress Test exercise initiated and completed in 2024; evolution of the plan agreed with the ECB on the Off-site Inspection of IT Security Management.</td>
</tr>
<tr>
<td>
It monitored the evolution of the activity carried out by the Compliance Division, namely:

The annual report on Compliance matters (Art. 28.1, subparagraphs o) and p) of Bank of Portugal Notice No. 3/2020; Art. 115-A (6) RGICSF; Art. 1.1 of the Portuguese Securities Market Commission (CMVM) Regulation No. 9/2020, and Art. 305.2 of the Portuguese Securities Code (CdVM))
The annual report on the Prevention of Money Laundering and the Financing of Terrorism (in accordance with Bank of Portugal Notice No. 1/2022);
The quarterly review of the list of related parties and assessment of transactions with related parties;
The semi-annual report from the Compliance Function (including New Approved Products, semi-annual information on the activities of the Compliance Function, summary of legal contingencies, summary of complaints received through the "Report Channel," summary of specific Sanctions/Determinations, and Communication from Supervisors, and Compliance policies approved during the semester);
The Compliance Function activity plan for 2024 (in accordance with Bank of Portugal Notice No. 3/2020);
The Resource Analysis of the Compliance Function;
Follow-up of the FCC Transformation Plan and of contracts on the provision of services within the scope of said Transformation Plan;
It assessed the Internal Compliance and Conduct Policies.

</td>
</tr>
</table>

	It monitored the activities of the Internal Audit Division, in particular: it supervised the internal audit function, ensuring its independence and effectiveness; it was updated on the implementation of the annual internal audit plan and its amendments, on the audit conclusions during the period under analysis, and on the evolution of ratings, as well as on recommendations status and escalated recommendations. It also monitored the annual review of the Internal Audit Statutes. It was also informed about the reports issued by Internal Audit, it assessed the conclusions of the audits carried out, and monitored the deadlines and the degree of compliance with the recommendations.
	It monitored the status of customer complaints (type and content of complaints, measures adopted to handle them, shortcomings identified in the internal control system).
	In terms of internal governance, the Audit Committee issued a written opinion regarding the review of the Related Party Policy, before its submission to the Board of Directors; it took note of the list of related parties and of the respective quarterly review; and issued a prior opinion on transactions with related parties.
	It monitored the progress reports on actions to mitigate deficiencies and implement recommendations identified by supervisors.
	It also assessed the CAE's objectives, and the Chief Audit Executive's (CAE) Company Performance Award.
Supervising and Monitoring the Statutory Auditor's Activity	Regarding the reports produced by the statutory auditor, the Audit Committee reviewed, in particular: The memorandum on the Prevention of Money Laundering and the Financing of Terrorism report; The assessment of the legal certification of accounts and of the additional report; The submission of the conclusions of the impairment report on the Bank's credit portfolio with reference to December 31, 2023; The submission of the conclusions of the impairment report on the Bank's credit portfolio with reference to June 30, 2024; • The submission of the conclusions of the limited review of the Bank's financial statements with reference to September 30, 2024.
	It approved the provision of additional services, other than auditing services, under the terms of paragraphs 10 and 11 of Article 77 of the Statute of Statutory Auditors, after previously confirming their suitability. In particular, it considered: (i) that the services in question could not be included in the list of prohibited services, and were not considered a threat to the independence and objectivity of the Statutory Auditor, within the context of the statutory audit work; (ii) that the amounts of fees proposed for them did not exceed the limits of fees for services other than auditing, legally provided for; (iii) that the services different from auditing contracted to PwC were justified by their experience in the development of similar works, and thus the conditions were met for such work to be provided with independence and objectivity.

Assessing and Monitoring the Performance of the Statutory Auditor	Pursuant to the Bank's Policy for selecting and appointing Statutory Auditors and Statutory Auditor Firms and for contracting other non-prohibited audit services, the Audit Committee monitored and endeavoured to assess the performance of the Bank's Statutory Auditor and to review its suitability, having come to the conclusion that all external auditors have the appropriate skills, knowledge and expertise, and that they fulfil what is proposed to them, adequately answering the questions addressed to them, without prejudice to the possibility of some improvement actions having to be undertaken. It also approved the proposal to be submitted to the General Meeting regarding the re-election of the Company PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., as the Official Statutory Auditing Company of Banco Santander Totta, S. A. for 2025. It also monitored the status of the selection process for the Statutory Auditor for the period 2026-2027.
Reporting Irregularities	It periodically checked the proper functioning of the irregularities channel. The Audit Committee monitored the complaints received. Detailed information on complaints received and their processing is contained in a separate report, in accordance with the provisions of Article 116-AA, paragraph 7 of the Legal Framework for Credit Institutions and Financial Companies. That report is subject to approval by the Audit Committee, noting that, in the reference period, there was no communication that could be classified as an irregularity within the scope of intervention of the Audit Committee, as it did not materialize the reporting of any serious irregularity related to the Bank's administration, accounting organization and internal supervision, capable of placing it in a situation of financial imbalance, nor revealing any serious signs of infringement of duties provided for in the Legal Framework for Credit Institutions and Financial Companies, or in Regulation (EU) No. 575/2013, of the European Parliament and the Council, of June 26.

The Audit Committee meets at least once every two months, and whenever the Chairman or any of the other members so requests.

During the financial year of 2024 it met thirteen times, two of them together with the Risk Committee in order to ensure effective exchanges of information and coverage of all risks.

The Bank's Internal Governance and the Company's Substitute Secretary served as the secretary for the meetings of the Audit Committee, and provided it with logistical and technical support. Minutes of all meetings were duly drafted, approved and signed.

The Regulation of the Audit Committee, is available on the Bank's intranet and website at:
https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

Committees created within the Board of Directors

Executive Committee

Pursuant to Article 16 of the Articles of Association, the Board of Directors appointed an Executive Committee composed of six of its members and entrusted it with the management of the Bank, while safeguarding the powers that the Law or the Articles of Association keep for the Board of Directors, plus those that the Board of Directors reserves for its competence (those contained in the Internal Regulations of the Board of Directors), and those that have been delegated on other committees (Risk, Remunerations, and Appointments Committees).

The Executive Committee meets weekly or whenever called by its Chairman, by two other members, or by the Chairman of the Board of Directors.

As part of its internal organization, the Executive Committee assigned certain matters (Portfolios) to each of its members.

In order to assist the Executive Committee, several Committees and subcommittees have been appointed, which, in addition to one or two Executive Directors, also include the Bank's first-line reporting officers on a permanent basis.

As of December 31, 2024, the distribution of Portfolios among the members of the Executive Committee was as follows:[9]

Pedro Aires Coruche Castro e Almeida | CEO

People and Culture; General Secretariat; Compliance and Conduct; Risk Management; Support to the Presidency; Communications.[10][11]

Manuel António Amaral Franco Preto | CFO

Credit Monitoring; Purchases and Costs; Accounting and Management Control; Strategy, Financial Planning and Economic Research; Tax; Financial and Capital Management; Facilities; Organization and Standards; Recoveries and Divestment.

Miguel Belo de Carvalho:

Private Banking; Corporate & Investment Banking; Credit to Individuals; Wealth Management & Insurance; Sustainability; Customer Care; Universities.

Relationships with the Santander Totta Insurance Group, and with Santander Asset Management.

Isabel Cristina da Silva Guerreiro:

Individuals and Businesses Commercial Area; Remote Banking and Customer Experience; Commercial Management and Effectiveness; Business Segment Management and Strategy; Customer Management and Digital Performance; Analytics and Models; Process; Technology and Operations.

Amílcar Silva Lourenco:

Corporate Commercial Division; Multinational Companies; Large Companies — North; Large Companies — South; Rorwa and Price Management; Lending Office; Specialized and Protocol Credit; Promotion of Construction and IFRRU; International Business; Special Projects; Corporate Strategy.

Responsible for Money Laundering Prevention issues.

Ricardo Lopes da Costa Jorge:

Everyday Banking; Marketing of Payment Solutions; Brand and Corporate Communication.

[9] Internal Audit reports administratively and operationally to the Chairman of the Board of Directors, while functionally, it reports to the Audit Committee and to the Santander Group

[10] Internal Audit reports administratively and operationally to the Chairman of the Board of Directors, while functionally, it reports to the Audit Committee and to the Santander Group

[11] Internal Audit reports administratively and operationally to the Chairman of the Board of Directors, while functionally, it reports to the Audit Committee and to the Santander Group

Without prejudice to the distribution of Portfolios among the members of the Executive Committee, the Executive Committee jointly looks after the Bank's day-to-day management as assigned to it by the Board of Directors. Thus, the assignment of portfolios only implies the responsibility of monitoring each of the above-mentioned divisions for the purposes of administrative, functional or hierarchical reporting, and does not imply delegating any specific powers for performing any management acts, which are decided within the Bank's own committees or by the Executive Committee or by the Board of Directors.

Several Committees and subcommittees have been appointed to assist the Executive Committee, which, in addition to one or two directors, also include the Bank's first-line reporting officers.

The Chairman of the Executive Committee conducts the respective meetings, has a casting vote, and in addition to the responsibility for the respective areas of responsibility, he / she shall:

- Ensure that all information is provided to the other members of the Board of Directors regarding the activity and the resolutions of the Executive Committee;
- Ensure compliance with the limits of the delegation of powers, with the company's strategy, and with the duties of collaboration before the Chairman of the Board of Directors;
- Coordinate the activities of the Executive Committee, conducting the respective meetings and watching over the implementation of the resolutions taken.

During the financial year of 2024, the Executive Committee met 42 times and the Company Secretary served as its secretary, with logistic support provided by Internal Governance. Minutes of all meetings were duly drafted, approved and signed by both the members and by those present.

The Regulation of the Executive Committee is available on the Bank's intranet and website at:
https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

Risk Committee

The Risk Committee is composed of non-executive members from the Board of Directors, with a minimum of three and a maximum of seven. The members of the Committee, including its Chairman, are appointed by the Board of Directors, the majority of whom must qualify as independent and must have relevant experience in matters related to risk management. Its Chairman will not take on the position of Chairman of the Board of Directors, or Chairman of any other committee. But all members will be able to join other Bank Committees, compatible with their position.

The *Chief Risk Officer* and the *Chief Compliance Officer* are present at all Risk Committee meetings, to which they report functionally, without prejudice to their administrative and operational reporting to the CEO.

Among the Risk Committee's competences, the following stand out: advising the Board of Directors on the Bank's general, current and future risk appetite and risk strategy; supporting and advising the Board of Directors on the definition and assessment of risk policies that impact the Bank; supporting and advising the Board of Directors in matters of Regulation and Supervision, by monitoring the statements or reports issued by supervisory entities, by reviewing the capital planning exercises, by participating in the approval and amendments to the Compliance Policy, to the General Code of Conduct, to procedures related to the prevention of money laundering and the financing of terrorism and of other Models, Policies or Procedures, which must be approved by the Board of Directors.

The Committee, through its Chairman, shall submit periodic written reports on its activities to the Board of Directors.

The main activities of the Risk Committee in 2024 were the following:

Subject
Annual formulation of the Risk Appetite for 2024
Balance of activity of the Risk Division in 2023
Results of the Annual Assessment and Certification Campaign (RCSA + MCI) and Internal Control Model for 2023
Review of the conditions of products and services offered to customers according to the Bank's business model and risk strategy.
Balance of activity of the Compliance Division in 2023
Remuneration policy incentives taking into account risk, capital, liquidity, and expectations regarding results (according to Article 115-L (3) sub-paragraph d) of the RGICSF)
Monitoring the activity of the FCC division on a quarterly basis
Status of Regulatory Inspections (ECB, BoP)
SREP — Review and evaluation process by the supervisor and MREL
Review of the Recovery Plan
Company Performance Award by the Chief Risk Officer and Chief Compliance Officer
Executive Risk Report — December 2023 follow-up
Business plan of the Risk Management Function for 2024 (in accordance with Bank of Portugal Notice No. 3/2020)
Strategic Risk Plans 2023/2024
Strategic Plan for Corporate Risk Admission
Executive Compliance Report
Technological Risk / Cybersecurity
Objectives of the Chief Compliance Officer
High Risk Debtors — Credit Acquisition
Capital and Liquidity Adequacy as at Dec. 31, 2023 (ICAAP/ILAAP)
Executive Risk Report — (*Risk Profile Assessment*) Dec. 2023

Resource Analysis of the Risk Management Function
Status of activity in the Credit Monitoring division
Approval of the Capital Management Buffer Level
Executive Compliance Report
Summary of the Reputational Risk management activity
Business plan of the Compliance Function for 2024 (BoP Notice No. 3/2020)
Review of the Risk Committee Regulation
Objectives of the Chief Risk Officer
Objectives of the Chief Compliance Officer
Balance of activity of the Risk Division — Q1, Q2, Q3 2024
Internal Control — Status of Recommendations (Internal Control, Internal Audit, External Audit, and Regulators)
Submission of the Status of Regulatory Risk
Communication and Culture Plan
Current Status of Climate and Environmental Risk Management
Pagonxt Control Model
Balance of activity of the Compliance Division — Q1, Q2, Q3 2024
Monitoring of the FCC division on a quarterly basis
Resource Analysis of the Compliance Function
Status of Supplier Risk
Portfolio profitability profile
Synthetic securitization operation
Strategic Plan
Status of the Model Risk
Technological Risk / Cybersecurity
Status of Technological Obsolescence
Status of the Data Protection division
Financial Stability Report
Executive Risk Report and status report on impairment model recommendations
Submission of the Status of Regulatory Risk
Environmental, Social and Climate Change Risk Management Policy
Review of the Credit Portfolio
Mifid: implementation status and regulatory and supervisory perspective
Presentation of major sources of complaints, and resolution measures
Recovery Plan
Simplifier Project — Status Report
Status of Recommendations (Internal Control, Internal Audit, External Audit, and Regulators)

Regulation: main highlights of the year, trends and best practices
P27 and Risk Challenge
Current status of activity in the Credit Monitoring division
Current Status of Climate and Environmental Risk Management
SREP 2024 — Review and evaluation process by the supervisor
Current status of Regulatory Inspections
Assessment of the Chief Compliance Officer and of the Chief Risk Officer
Annual self-assessment report on organizational culture, governance, and internal control systems (BoP Notice No. 03/2020)
Annual report on Risk Management (Art. 27.1, subparagraphs r) and s) of BoP Notice No. 3/2020; Art. 1.1 of the Portuguese Securities Market Commission (CMVM) Regulation No. 9/2020)
Annual report on Compliance matters (Art. 28.1, subparagraphs o) and p) of BoP Notice No. 3/2020; Art. 115-A (6) RGICSF; Art. 1.1 of the Portuguese Securities Market Commission (CMVM) Regulation No. 9/2020, and Art. 305.2 of the Portuguese Securities Code (CdVM))
Annual report on Internal Audit (Art. 32.1, subparagraphs c) and d) of BoP Notice No. 3/2020; Art. 1.1 of Portuguese Securities Market Commission (CMVM) Regulation No. 9/2020)
P27 (3 year financial plan) and Risk Challenge
Executive Risk Report
Strategic Risk Report
Executive Compliance Report
Activity balance of the Responsible Banking division
Approval of the 2025 Risk Committees plan (Forward Looking Agenda 2025)

In 2024, the Risk Committee had the following composition:

Chair: Manuel Maria de Olazábal Albuquerque

Members: Daniel Abel Monteiro Palhares Traça

João Pedro Cabral Tavares

Maria Manuela Machado Costa Farelo Ataíde Marques

Remedios Ruiz Maciá

The Risk Committee meets at least four times a year. In 2024 it met ten times, in which meetings the Bank's Internal Governance and the Company's Substitute Secretary served as this Committee's secretary, and provided it with logistical and technical support. Minutes of all meetings were duly drafted, approved and signed.

The Regulation of the Risk Committee is available on the Bank's intranet and website at: https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

Remunerations Committee

The Committee is composed of non-executive members of the Board of Directors, with a minimum of three and a maximum of seven. The members of the Committee, including its Chairman, are appointed by the Board of Directors, the majority of whom must qualify as independent and have professional experience and adequate knowledge for the performance of their duties, namely in remuneration, management, and risk control policies, with regard to the mechanism for aligning the remuneration structure with the Bank's risk and capital profile. All its members are allowed to belong to other Bank Committees, compatible with their position.

The Remunerations Committee is generally responsible for assessing the Bank's remuneration policy and practices. Among its competences, the following stand out: it is responsible for preparing decisions on remunerations that will be adopted by the competent bodies, namely with regard to the fixed and variable remunerations of the members of the management body and other identified employees; for providing support and advice on the design of the institution's remuneration policy, submitting proposals on its content; for ensuring the adequacy of the information provided to shareholders on remuneration policies and practices, namely in terms of a higher ratio; for directly supervising the remuneration of senior management positions. The Committee, through its Chairman, shall submit periodic written reports on its activities to the Board of Directors.

The main activities of the Remunerations Committee in 2024 were the following:

Company Performance Award 2023
Submission of the criteria and verification of compliance with the annual objectives that determined the Bonus Pool for 2023
Submission of the distribution matrix used, and the respective impacts of its application on the Bank's ratios
Review of the Company Performance Award for members of the identified collective
Approval of the CFO Europe function complement
Remuneration structure for senior management responsible for independent control functions
Annual Review of the implementation of the Bank's Remuneration Policy
Evaluation of the mechanisms that ensure the correct implementation of the remuneration system
Annual review of the Remuneration Policies of branches abroad
Bonus Pool Structure — 2024
Approval of annual proposals to be submitted to the General Meeting regarding remunerations
Remuneration Policy for the Bank's Directors and leading managers
Definition of survivor's pension supplement
Guidelines on Good Practices for Variable Remuneration of the Sales Force
Assessment of the procedure for applying the Malus and Clawback clause
Monitor the application of Malus and Clawback clauses
Monitor the Bank's Remuneration Policy indicators and sales force incentive systems: Commercial Network, Private, Remote Sales, Contact Centre, Recoveries
Annual assessment of the CEO
Submission of a set of possible scenarios to be tested on how remuneration policies and practices react to external and internal events
Definition of the Identified Collective
Approval of the PagoNxt Project Regulations
Approval of its meetings schedule for the next year (FLA — 2025)

In 2024, the Remunerations Committee had the following composition:

Chair: João Pedro Cabral Tavares

Members: Daniel Abel Monteiro Palhares Traça

Manuel Maria de Olazábal Albuquerque

Maria Manuela Machado Costa Farelo Ataíde Marques

Remedios Ruiz Maciá

The Remunerations Committee meets at least four times a year. In 2024 it met six times, in which meetings the Bank's Internal Governance and the Company's Substitute Secretary served as this Committee's secretary, and provided it with logistical and technical support. Minutes of all meetings were duly drafted, approved and signed.

The Regulation of the Remunerations Committee is available on the Bank's intranet and website at: https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

Appointments Committee

The Committee is composed of non-executive members of the Board of Directors, with a minimum of three and a maximum of seven. The members of the Committee, including its Chairman, are appointed by the Board of Directors, the majority of whom must qualify as independent and have adequate knowledge to perform the duties of their position, namely in terms of the Bank's business and strategy, on selection and appointment processes, both internally and externally, as well as in the preparation of adequacy processes with the supervisor.

The Appointments Committee is generally responsible for periodically evaluating the members of the management and supervisory bodies, as well as their succession. Among its competences, the following stand out: identification and recommendation of candidates to carry out positions in the management and supervisory bodies and their respective Committees; setting a goal in terms of gender representation; periodically evaluate the structure, size, composition, and performance of the management bodies, at least annually; ensure that the members of the Board of Directors comply with the duties established in the laws and regulations that directly apply to them; advise the Board of Directors regarding matters of internal governance, assisting in the process of adapting the entity's internal governance systems.

The main activities of the Appointments Committee in 2024 were the following:

Appointment of the Local Head of Human Resources
Reassessment of the suitability of a member of the Board of Directors
CEO's Succession Plan
Bank Succession Plan
Self-Assessment of the Board of Directors' Effectiveness — 2023
Appointment of Local Head of Marketing and of the Local Head of Cards
Assessment of the effectiveness of the joint meetings of the Audit Committee and of the Risk Committee
Assessment of the Internal Selection and Assessment Policy
Individual and collective assessment of the Governing Bodies
Self-assessment of the Board of Directors' performance SREP Recommendation 2023
Monitoring of individual induction and training plans for the Board of Directors
Appointment of Local Head of Marketing, Brand & Communications
Assessment of the suitability of the members of the Board of Directors proposed for the 2025-2027 term
Reassessment of the suitability of members of the Board of Directors
Monitoring the gender representation goal
Assessment of the initial Induction Plan for new members of the Board of Directors (term 2025-2027)
Reassessment of the suitability of a new member of the Board of Directors (term 2025-2027)
Approval of the 2025 Meetings Schedule (Forward Looking Agenda — 2025)

In 2024, the Appointments Committee had the following composition:

Chair: Daniel Abel Monteiro Palhares Traça

Members: Ana Isabel Abranches Pereira de Carvalho Morais

Cristina Alvarez Alvarez

João Pedro Cabral Tavares

Manuel Maria de Olazábal Albuquerque

The Appointments Committee meets at least four times a year. In 2024 it met nine times, in which meetings the Bank's Internal Governance and the Company's Substitute Secretary served as this Committee's secretary, and provided it with logistical and technical support. Minutes of all meetings were duly drafted, approved and signed.

The Regulation of the Appointments Committee is available on the Bank's intranet and website at: https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

Committees of the Executive Committee

Committees are internal structures for the delegation of powers by the Executive Committee, which also approves their name, structure, composition, and powers.

There are several interdisciplinary Committees to monitor and control the entire activity of the institution at executive level.

A brief presentation of the various Committees is provided below:

- Analysis and Resolution Committee: It is an internal control body for the prevention of financial crime, corporately known as *Financial Crime Compliance* (FCC).

Chairman: Amílcar Lourenço | Executive Director

- Assets and Liabilities Committee (ALCO Committee) : Its aim is to manage structural market and liquidity risk, establish contingency plans, promote hedging strategies, decide on strategic positions, in order to optimize net interest income and return on equity.

Chairman: Pedro Castro e Almeida | CEO

- Responsible Banking, Sustainability and Culture Committee: It ensures the integration of Inclusive and Responsible Banking and Culture into the Bank's business model, defining and monitoring the strategic plans in conjunction with the Group's corporate plans.

Chairman: Miguel Belo de Carvalho | Executive Director

- Capital Committee: It ensures the supervision, authorization and evaluation of all aspects related to the Bank's capital and solvency.

Chairman: Pedro Castro e Almeida | CEO

- Internal Control, Compliance and Non-Financial Risks Committee[12]: It monitors the Internal Control, Compliance, and Risk Management activities, particularly regarding non-financial risks.

Chairman: Carlos Diaz | CRO

- Risk Control Committee: It is responsible for supervising and controlling risks, ensuring that they are managed according to the degree of risk appetite approved by the Board of Directors, while permanently ensuring a comprehensive view of the risks identified in the General Risk Framework, considering to this end, the identification and monitoring of current and future risks, and their impact on the risk profile of the Santander Portugal Group.

Chairman: Carlos Diaz | CRO

- Data and Information Committee: It is responsible for overseeing and ensuring the creation of business value through the responsible use of data, and the strict management and governance thereof.

Chair: Isabel Guerreiro | Executive Director

- *Management Committee*: Its main objective is the general monitoring of the Bank's business.

Chairman: Pedro Castro e Almeida | CEO

- Executive Risk Committee: It is the highest risk decision-making body, in accordance with the risk governance model approved by the Board of Directors.

Chairman: Pedro Castro e Almeida | CEO

[12] *With the main objective of simplification, in July 2024, the Internal Control and Compliance Committee and the Non-Financial Risk Committee were unified into the current Internal Control, Compliance and Non-Financial Risk Committee.*

- People and Culture Committee: Its main objective is to implement the Bank's Staff Management strategy.

Chairman: Pedro Castro e Almeida | CEO

- Special Situations Management Committee (*Gold Committee*): Its main objectives are the management of Special Situations within the scope of assigned responsibilities, and providing support to the competent authorities in a Termination event.

Chairman: Pedro Castro e Almeida | CEO

- Models Committee: It is responsible for monitoring the model risk exposure and profile of the Santander Portugal Group, with a view to ensuring that it fits within the approved risk appetite. Its powers are delegated by the Executive Risk Committee.

Chairman: Manuel Preto | CFO

- Pensions Committee: It monitors the Bank's responsibilities with retirement and survivors' pensions, and the management of assets of associated funds, in accordance with the legislation applicable to the corporate pension policy.

Chairman: Manuel Preto | CFO

- Provisions Committee: Its aim is to ensure that the financial statements reflect the best estimate of provisions, conducting the supervision and coordination of the actors involved in their calculation. Its powers are delegated by the Executive Risk Committee.

Chairman: Manuel Preto | CFO

- Information Technology and Cybersecurity Committee: It assesses and / or approves IT strategy proposals; monitors the strategic IT plan; monitors cybersecurity risk and evaluates initiatives to mitigate risks.

Chair: Isabel Guerreiro | Executive Director

Committees are made up of the members indicated in their own regulations, and they may arrange to be represented by another member.

Each Committee has a Chairman who may also delegate his / her role on another member of the Committee.

Members of the Executive Committee who are not part of a specific Committee may take part in it on their own initiative whenever they see fit.

The frequency is defined for each Committee in its own internal regulation, without prejudice to the possibility of the Chairman or any two members being able to call extraordinary meetings.

Committees can operate validly as long as the majority of its members are present, and at least one member of the Executive Committee must always be present or duly represented.

Minutes are drawn up for all meetings, which are signed by the members and guests present, and by the other members present who participated in the Committee in the section of the minutes in which they took part.

IV - Internal Control and Risk Management System

The Bank has implemented Notice No. 3/2020, and Instruction No. 18/2020 of the Bank of Portugal, and Regulation No. 9/2020 of the Securities Market Commission (CMVM), taking into account the requirements relating to the Risk Management System contained in those rules, and related to Internal Control, as well as those established by Directive No. 2013/36/EU, of June 26 2013 (CRD V), which were transposed to the Legal Framework for Credit Institutions and Financial Companies, and the guidelines of the European Banking Authority (EBA) regarding their application.

Since 2006, the Bank — like the Group to which it belongs — has been complying with the requirements of the United States of America Sarbanes Oxley Act (the SOX Act), a rule that the Securities Exchange Commission (SEC) has made mandatory for entities listed on the New York Stock Exchange, and which is one of the most demanding in terms of requirements for an adequate and reliable Internal Control Model.

It should also be noted that the Bank is implementing the revised EBA Internal Governance guidelines (EBA/GL/2021/05).

An adequate Internal Control Model requires the complete documentation and regular updating of operational procedures, with a detailed description thereof from the beginning to the recording and accurate accounting, the identification of relevant risks associated with those procedures, and the identification of key mitigating control procedures. Periodic tests of effectiveness are carried out to identify failures in the Internal Control System, and to take the appropriate corrective measures, allowing the continued focus on the main objectives in this division.

The system implemented by the Bank is organized in such a way as to promote an appropriate control environment and a solid risk management system, and allows the continued focus on the main objectives at this level, namely:

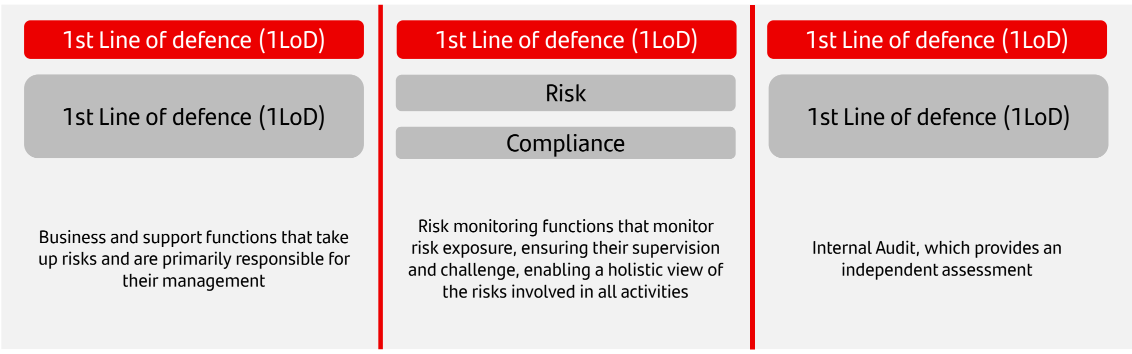
- The existence of an adequate, effective organizational culture based on high ethical and conduct standards for its employees;
- The existence of an organizational structure that includes the Bank's governing bodies and respective committees, ensuring that it is defined in an integrated, objective, transparent, and understandable way;
- The definition of a long-term sustainable strategy for the Bank's activity, for its risk profile, and for the internal control system;
- The control of risks arising from the institution's activity, namely credit, market, interest rate, operational, liquidity, business financing model, and internal governance risks, as well as other risks, namely reputational and compliance risks;
- Ensure the existence and security of assets;
- Compliance with the prudential rules in force;
- The existence of complete, reliable, timely accounting and financial information, in particular with regard to its registration, conservation and availability;
- The provision of reliable, complete, timely financial information to supervisory authorities;
- The prudent and adequate valuation of assets and liabilities, namely for the purpose of setting up provisions;
- The adequacy of the operations carried out by the institution regarding other applicable legal, regulatory and statutory provisions, internal rules, guidelines of the governing bodies, rules and professional uses and ethics, and regarding other rules relevant to the institution;
- The adequacy of the remunerations policies.

The Board of Directors is responsible for promoting a risk management system, an internal control environment, and a risk culture which, more than complying with legal requirements for conducting its business, are essential to ensure effective management.

Policies and procedures are specifically defined and implemented with respect to all risks referred to in the aforementioned Notice of the Bank of Portugal.

Such policies and procedures are available and are easily accessible to all employees since they are posted in a dedicated area of the Bank's Intranet system.

The Bank is organised based on **three lines of defence**, the first of which consists of the business and support areas responsible for managing, approving, monitoring, and properly reporting the risks generated. The second line consists of the internal control functions (Compliance and Risk Management), which, together with the governance model organisms dedicated to risk control and supervision, seek to ensure the monitoring and smooth functioning of the risk management system so that risk remains within the limits defined by the risk appetite. The third line consists of Internal Audit.



According to this governance and internal control system, the **first line of defence** divisions are the first guarantors of internal control, checking and monitoring its functioning with metrics and controls, and reporting them to the Internal Committees. In general, these Internal Committees have powers delegated by the Executive Committee or by the Executive Risk Committee, and decisions are always taken collectively. The heads of each business or control division also make periodic reports to the Executive Committee.

In addition, several reports of aggregated information are prepared by the various divisions of the **second line of defence**, which are monitored by the Control / Follow-up Committees. These Committees, in addition to being primarily responsible for the first line control divisions, generally include the presence and intervention of one or more control functions (Compliance, Risk Management, and Internal Audit).

The Internal Committees also monitor the recommendations made by all internal or external entities, even if they are recommendations for improvement. Thus, an important reinforcement of activity control is achieved, which greatly contributes to the internal control environment. The Risk Management and Compliance Functions closely monitor the business activities, areas or projects they deem necessary with complete freedom of action.

Still within the scope of the second line of defence, reference should be made to the objective of seeking to test the material impact of adverse economic situations such as stress test exercises, internal capital adequacy assessment process (ICAAP), internal liquidity adequacy assessment process (ILAAP), and Liquidity Recovery or Contingency Plans, which seek to assess the Bank's resilience in terms of liquidity adequacy and capital sufficiency.

Internal audit activity is the **third line of defence**, which, endowed with its own action plan and processes, checks the robustness of the systems and controls implemented, making suggestions for improvement and monitoring their implementation.

It is also worth considering the contribution of the remarks and recommendations emanating from external entities such as External Auditors, Regulators and Supervisors in their inspection activities, which, on the one hand, contribute to strengthening internal control, and, on the other hand, certify the quality thereof.

Main players in the Risk Management and Internal Control System

Risk Management Function

The Risk Management Function (RMF) is cross-cutting to the entire Santander Totta Group.

The function is embodied in the so-called Risk Division, under the exclusive responsibility of the Chief Risk Officer (CRO).

As part of the second line of defence, under the exclusive responsibility of the Chief Risk Officer, the RMF has a structure unit responsible for the supervision and horizontal consolidation of all risks, plus units specialized in certain types of risk or processes, according to the required knowledge and technical skills, jointly constituting the so-called Risk Division of Santander Totta (hereinafter, the Risk Division).

The general mission of this function is the effective implementation of the risk management system, aiming to assess the relevance of the risks incurred and the degree of effectiveness of the measures adopted to control, mitigate and overcome them.

The RMF performs its duties with the highest level of independence, in other words, without being directly responsible for any business function, or for first-line control or execution over the activities to be assessed.

It is independent and organically segregated from the activities it monitors and controls and is endowed with sufficient status and authority to carry out its duties in an objective, independent way.

It has an activity plan prepared every year in January, which is approved by the Board of Directors at its February meeting, after receiving a prior opinion statement from the Audit Committee.

It has the appropriate human and material resources for the effective performance of its responsibilities. In December 2024, it had 171 employees, of which 158 with higher education degrees, and 13 with secondary education.

In addition to the Committees that make up the governance model regarding risk management and control, the RMF also takes part in several committees of the internal governance model, of which the CRO is a permanent member, ensuring an independent analysis and / or validation of the matters, procedures, and proposals submitted.

The Chief Risk Officer (CRO) reports administratively and operationally to the CEO, while at a functional level it reports to the Risk Committee of the Board of Directors, namely to the CRO of the Santander Group.

Following are the characteristics of the position and the responsibilities that have been defined for the person responsible for the RMF (Chief Risk Officer), which constitute the main reference that guides the activities carried out:

- It has significant influence on decisions that impact the Bank's exposure to different Risks, being provided with sufficient internal recognition, authority, autonomous judgment, and independence from business activities. It takes part in key decision-making processes, providing a risk perspective and ensuring the existence of effective risk management processes;
- It has direct, independent access to the Risk Committee, to the Board of Directors, to the Audit Committee, and to the committees reporting to those bodies on its own initiative or on the initiative of any member of these bodies;
- It performs its functions in an independent, exclusive way, as part of Top Management, reporting directly to the CEO;
- It is the highest responsible entity for the risk management function, and for supervising the General Risk Framework;
- It was appointed by the Board of Directors on a proposal made by the Executive Committee, and may only be removed with the prior approval of the Risk Committee. Its appointment or dismissal must be formally communicated to the supervisory authorities, indicating the respective reasons;
- It is the main interlocutor with the Santander Group and with third parties (including with supervisors and regulatory bodies) in terms of risks;
- It has access to all business lines and companies that could potentially give rise to material risks, including subcontracted functions, processes and activities, own facilities or those of service providers, goods and employees, information, accounting records, systems, computer files, and company data.

The CRO is responsible for:

- Promoting a prudent risk control and management environment that covers identified needs, and meets the requirements of both internal and external regulations;
- Regularly informing the Board of Directors, the Risk Committee, and the Executive Committee on the risk profile, its evolution and future perspectives, as well as on the adequacy of the systems, policies, processes, models, and instruments used for managing and monitoring risk, immediately reporting any non-compliance, incidents or deficiencies;
- Ensuring that risk levels and business processes are consistent with the risk appetite, risk policies, and regulatory requirements, promoting the necessary measures to ensure effective management, and, where applicable, the mitigation of risks considered as inadequate;
- Promoting the dissemination of an adequate risk culture;
- Participating in planning processes, in establishing strategic objectives, and promoting the approval of a clear risk appetite, consistent with the long-term strategy and risk appetite of the Santander Group;
- Coordinating robust risk identification and assessment procedures;
- Providing top management with an integrated view of the risks taken up at any given moment.

According to the latest RMF report, dated November 2024, the CRO is convinced that:

- ➢ The Risk Management Function (RMF) keeps performing its duties objectively and independently with regard to the functional areas subject to evaluation, with full autonomy and freedom. There are no situations or constraints that compromise it or that may possibly compromise it, and it has full access to all activities and to all the information required for the performance of its duties, and through its head it also has direct access to the Management Body, in particular to the Risk Committee, and, whenever justified, to the Audit Committee.
- ➢ The Risk area has adequate human resources to fulfil its responsibilities in full as a second line of defence, not only with regard to traditional risk categories but also with regard to emerging risks, with emphasis on climate risks and risks arising from digital transformation and cybersecurity.
- ➢ Continuing the process of adapting the structure of the Risk Division to the expectations of regulators and supervisors, and in order to modernize the credit risk analysis and decision-making process in the corporate segment, the Bank has implemented a set of initiatives with an impact on the organization and the defined service model. In this regard, it is worth highlighting the reorganization of the governance structure in order to ensure segregation of powers and compliance with the supervisor's expectations (with the creation of a new division called *Lending Office*, with the separation of the *Rating Office* division from the Operations Analysis division, and with the creation of an ESG Risk division, as part of *Enterprise Risk Management (ERM))*, as well as the definition of a set of measures with immediate impact and other measures that will require long-term

implementation with the aim of modernizing the credit risk analysis and decision-making process at the Bank.

- All potential material risk situations are duly monitored by the Risk Management Function, are documented and reported to the appropriate management levels, in order to enable the timely adoption of corrective measures, while maintaining an internal control environment in the organization that is favourable to the control and mitigation of risks. As described in this report, Santander has a Toolset that comprises a series of key processes and tools that cover all risk management stages and support a governance model as a key element of the Risk Management System, which also requires close collaboration between the Branch and the Corporation.

***Chief Risk Officer*:** Carlos Diaz

Compliance Function

The Compliance function is embodied in the so-called Compliance and Conduct Division, under the sole responsibility of the Chief Compliance Officer (CCO)

The Compliance and Conduct division works independently, on a permanent basis.

The independence of the Compliance Function involves four essential, distinct, but related elements:

i. formal status at the institution;

ii. existence of a head of compliance responsible for coordinating compliance risk management;

iii. employees assigned to the compliance function shall not be subject to possible conflicts of interest between the performance of their duties and any other responsibilities towards the Institution;

iv. employees assigned to the compliance function shall have unrestricted access to information and to any employees in order to be able to properly perform their duties.

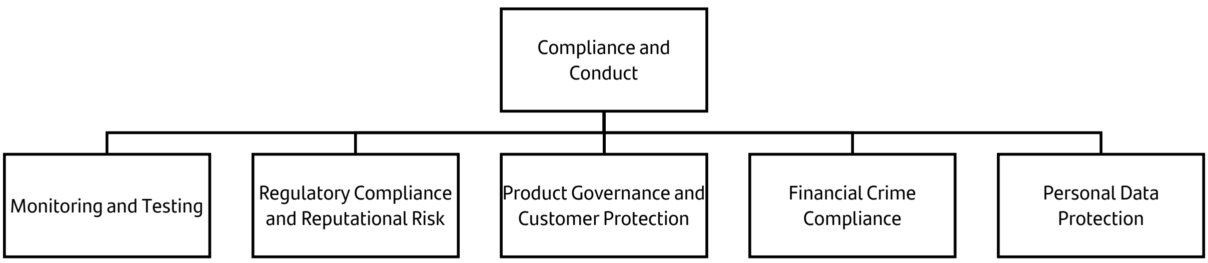
The Compliance and Conduct Division of the Bank reports directly to the Board of Directors and acts as a second line of defence, in monitoring, controlling and managing the risk of default, and has free access to all information and details that it requests or that it needs related to the Bank's business, as well as to the Institution's facilities and equipment.

The Chief Compliance Officer (CCO) reports administratively and operationally to the CEO, while functionally it reports to the Risk Committee of the Board of Directors, and to the CCO of the Santander Group.

This division has 70 employees with a high degree of experience in the banking and financial sectors, and, more specifically, in the various areas of knowledge relevant to the management of compliance risks, who are exclusively assigned to the performance of duties assigned to the Compliance and Conduct division, therefore it is not subject to possible conflicts of interest between the performance of the function and any other responsibilities before the institution.

The management of compliance risk is coordinated by the Compliance and Conduct division, under internal policies that determine the mechanisms and procedures that: i) allow minimisation of the likelihood of materialisation; ii) identification, reporting to the Board, management, and overcoming situations that may have arisen; iii) ensure the respective monitoring and control; and iv) show, if necessary, that these risks are among the Bank’s main concerns, and that it has the organisation and means to prevent, early detect, mitigate, and, where appropriate, overcome them.

The following image depicts the organizational chart of the Compliance and Conduct Division.



The Bank has a set of internal regulations specifically designed to manage compliance and conduct risks. Without prejudice to various relevant Policies, it is worth highlighting, in this context, the existence of a General Code of Conduct, a specific Code of Conduct for the Securities Market, and a Code of Conduct for Relationships with Customers, which establish the ethical principles and procedures governing the actions of the persons subject to them and, among other relevant aspects, prioritize the prevention and resolution of conflicts of interest.

In addition to the provisions of the General Code of Conduct, the Bank also has a Corruption Prevention Programme that reinforces the corporate commitment to an absolute rejection of any corrupt practices, involving the entire corporate organization in this regard.

In this context, specific duties are assigned to the Compliance and Conduct Division for monitoring and controlling the execution of the programme and the policies that support it.

Within the framework of the General Code of Conduct and the Corruption Prevention Programme, a Complaints Channel has been made available, freely accessible to all employees, which, while duly guaranteeing the confidentiality of all communications and any subsequent procedures, gives them the possibility and urges them to report any irregular situations of which they become aware.

It is also worth highlighting in this context the interaction with the Customer Service division (whose manager reports functionally to the Chief Compliance Officer, for all matters related to formal complaints) — who is responsible for monitoring and handling customer complaints — in order to, on the one hand, monitor the evolution of the situation at this level and, mainly, scrutinize, based on the type of complaints, any omissions or inappropriate practices that may be indicated, with a view to providing the appropriate adjustments or corrections by the Bank.

Policies and procedures for the marketing of products have been approved and instituted, as well as the process and bodies responsible for the respective approval and follow-up, which aim, on the one hand, is to ensure the prior verification of all the necessary requirements for such marketing of products to function without legal, reputation, and compliance risks, and, on the other hand, to ensure the follow-up of incidents that may occur, assessing their significance and, if applicable, introducing remediation measures that may be justified, which may include the suspension or termination of such marketing when circumstances so dictate or advise. In this context, the assessment and monitoring of the reputational risk inherent in the products or that may be generated during their lifetime by the occurrence of occasional issues that, in some way, affect them, or that project themselves relevantly in the relationship with customers, is of particular importance.

At another level, and with a view to ensuring its mission in a more efficient and effective manner, the Compliance and Conduct Division has promoted the institutionalization of specific compliance fora especially dedicated to the areas considered as most sensitive, namely those more directly related to financial markets, that operate periodically — as a rule, on a monthly basis —, that help assess the established practices, check their conformity with the applicable legal and regulatory standards, keep the areas informed about the innovations that have occurred and ensure their execution, control the fulfilment of information and other applicable obligations, identify any incidents, and, if applicable, consider and implement the appropriate measures to mitigate and prevent them. These fora are directed and coordinated by the Compliance and Conduct Division with the participation of those responsible for the divisions involved.

On the other hand, both within and outside the scope of these fora, the CCO keeps a regular relationship of articulation with all other control areas (Audit and Risk Management), in order to enhance the approach to, follow-up, and global control of risks, while it is a permanent member of the Bank's various governance committees whose objective is risk control, with emphasis on the Internal Control, Compliance and Non-Financial Risk Committee.

Without prejudice to the existence of a stabilized institutional and governance framework, and a significant set of risk management activities carried out on a recurring basis, the activity of the Compliance and Conduct Division is adjusted to the regulatory environment, to the expectations of supervisors, and to the evolution of the Bank's risk profile, according to the activity actually carried out at each point in time, which is all the more relevant as it is certain that there is a permanent high dynamics in these matters which, naturally, also ends up having an impact on the exercise of the function.

To this end, an Activity Plan is drawn up annually, which is approved by the Board of Directors, after having obtained an opinion from the Audit Committee.

The activity carried out within the scope of the compliance function is documented in a specific annual report, namely, the "Annual Report on Compliance," the last of which dates from November 2024, and from which it is worth highlighting that the CCO is convinced that:

- The compliance control system established at the Bank is properly adjusted to its size and to the business carried out, and is in compliance with the applicable regulatory regime.
- Without prejudice, both in terms of relevant normative and regulatory framework, and in terms of the normal development and

evolution of the Bank's business, there is a dynamic that, naturally, also has an impact on the compliance function.

➢ Therefore, permanent attention to the possible need for adjustments is justified, always bearing in mind the concern to ensure compliance with the applicable legal rules and regulations, with regard to the organization and functioning of the Compliance and Conduct division.

***Chief Compliance Officer*:** Pedro Boullosa Gonzalez.

Internal Audit Function

The internal audit function (IAF) is embodied in the so-called Internal Audit Division, under the sole responsibility of the Chief Audit Executive (CAE).

Internal Audit is the third line of defence, independent from the others and stems directly from the Board of Directors.

As an independent unit, it reports periodically to the Board of Directors, and has direct access to the Board whenever required, as well as to the Audit Committee, and attends to the information requirements it receives from it in the performance of its duties.

The Chief Audit Executive (CAE) is appointed by the Board, reports administratively and operationally to the Chairman of the Board of Directors and functionally to the Group's Audit Committee and to the CAE, while also keeping the CEO of the Bank regularly informed of all internal audit activities.

The CAE is given all the necessary powers to carry out its duties independently, with free access to all relevant information. In particular, it has free and independent access to “Diligent,” a management support platform for the Bank's various Committees, where one can consult agendas, presentations, and minutes.

The Audit staff is distributed among the Credit Risk, Treasury and Market Risk, Operational and Compliance Risk, and Technological Risk areas, with all 39 employees having higher education degrees, and one has the secondary level of education.

In order to carry out its mission and achieve the established objectives, the Internal Audit teams have complete, free and unrestricted access to all information, functions and activities, including subcontracted ones, both at own facilities as well as at those of service and goods providers, as well as to employees, information, accounting records, systems, computer files and data.

The Internal Audit's mission is to provide the Board of Directors and Senior Management with independent assurance on the quality and effectiveness of internal control processes, systems and procedures, risk management (current or emerging), and governance, thus contributing to the protection of the organization's value, its solvency and reputation. To this end, Internal Audit assesses:

- The effectiveness and efficiency of the aforementioned processes, systems and procedures;
- Compliance with applicable supervisor regulations and requirements;
- Reliability and integrity of financial and operational information;
- Patrimonial integrity.

Internal Audit bases its action on the following principles:

- Independence, objectivity and impartiality: all opinions shall be based upon an objective analysis of the facts, unchanged by influences, pressures or interests of any kind;
- Integrity, ethical behaviour and confidentiality of the information managed and the conclusions obtained. Auditors performance shall follow the principles and rules of conduct established, both in the Group's codes of conduct and in the Internal Audit Code of Ethics, which must be known and accepted by all its members, upon signature thereof;
- Competence and professional qualification of auditors. To this end, their knowledge is continually updated;
- Quality of work, based on reasoned, documented and supported conclusions, namely by auditing evidence, carried out with standard criteria, using a common and appropriate methodology and work tools, and with due professional care;
- Creating value, making relevant and truthful reports, supporting the management of audited units in a spirit of collaboration and contribution from improvement measures;
- Adequate collaboration with the rest of the Group's existing controls and with external auditors and other providers involved in the organization, holding periodic meetings and sharing with them the results of the reviews carried out and the audit reports issued;

- Fluid relationship with supervisors: fluid relationship with supervisors, responding to their requests in a timely, formal manner;
- Compliance with international standards, especially with the "International Standards for the Professional Practice of Internal Auditing" issued by the Institute of Internal Auditors, and with the principles established by the Basel International Bank of Payments in this matter.

The CAE is responsible for:

- Designing and implementing an appropriate methodology;
- Developing an Audit Plan based on an assessment of the Group's existing risks;
- Executing the various works included in the Audit Plan, adequately preparing and distributing the reports provided for in the plan;
- Communicating the conclusions of the various audits to the auditees, as well as the respective recommendations; and for defining a schedule for their implementation and follow-up to confirm their implementation;
- Assessing, with the appropriate regularity, the sufficiency of resources for the performance of its duties;
- Periodically communicating with the Audit Committee, namely on the development of the approved Audit Plan;
- Periodically and monthly reporting to the Chairman of the Board of Directors;
- Informing the Board of Directors on the work carried out by Internal Audit in accordance with its Plan;
- Reporting to the Governing Bodies the situations that, in its opinion, need special attention;
- Carrying out all the audits, special works, reports and other duties required by the Board of Directors or the Audit Committee;
- Confirming, with the Audit Committee, at least once a year, that the work is carried out in an independent manner, and that it is not compromised by any impediment that has affected the independence or objectivity of Internal Audit;
- Developing and maintaining a quality and continuous improvement programme, which covers all aspects of the Internal Audit activity;
- Developing and implementing a training plan for internal auditors.

The activity carried out within the scope of the audit function is documented in a specific report, published annually, called the "Internal Audit Function Report," which in 2024 was dated from December.

In December 2024, before the Board of Directors, the CAE ratified that the Internal Audit function had acted, during the financial year of 2024, with complete independence and objectivity in the performance of its mission, without its mission been affected by any circumstances, with full, free and unrestricted access to all information, in accordance with the Internal Audit Corporate Framework approved by the Board. Likewise, it is not expected that situations or constraints may occur that may compromise its independence in the performance of its functions. If they do occur, the CAE will immediately inform the Board of Directors, represented by its Chairman.

***Chief Audit Executive*:** Juan Ramón Jiménez

V — Code of Conduct

Banco Santander Totta is a limited liability company belonging to the Santander Group. Within the scope of corporate governance, and given its legal framework, the institution complies with all guidelines for the financial sector, as well as with all the principles of good corporate governance that follow from the code of conduct contained in the Group-Subsidiaries Governance Model prepared and approved by Banco Santander S. A., and whose revised version the Board of Directors has adhered to in December 2023.

The Bank increasingly takes up its commitment to the best corporate governance practices.

Information on Santander's principles and rules of conduct is available at the following link

https://www.santander.pt/codigo-conduta

VI — Consultation Website

Banco Santander Totta S. A. makes available at its Internet address https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade the essential information on the Bank's business activity and general corporate information, such as the Bank's Articles of Association, the members of the governing bodies, the organizational structure of the Bank's Governance Model, the Regulations of the Board of Directors and of its Committees, the Representative for market relations, as well as all main policies.

The Bank has a broad, well detailed internal set of rules and regulations that establish clear rules, which is widely disseminated and is permanently available to all employees on the Bank's Intranet portal.

Information on half-yearly and annual accounts is available at the following link: https://www.santander.pt/institucional/investor-relations/santander-totta-sa/relatorios-e-contas

VII — Transactions with Related Parties

The Bank has a Policy in place on Transactions with Related Parties, whose aim is to establish the rules and procedures to be observed by the Bank in transactions with related parties, including, but not limited to, credit operations, real estate transactions, and supply of goods and services, in order to ensure transparency in said transactions, as well as full compliance with applicable laws and regulations.

In preparing this Policy, the regulators' guidelines and various legal provisions establishing rules and requirements aimed at preventing risks arising from certain types of relationships between the subjects of the transactions were duly considered. In particular, but not limited to, the EBA Guidelines on Internal Governance (EBA/GL/2021/05, of July 2, 2021, especially No. 120 and following); Articles 85 ("Credit to members of the governing bodies"), 86 (Other operations"), and 109 ("Credit to qualified holders") of the Legal Framework for Credit Institutions and Financial Companies (RGICSF); Article 397 ("Business with the Society") of the Commercial Companies Code; and Notice No. 3/2020 of the Bank of Portugal, in particular Article 33.

The Group's policy for admitting, authorizing and monitoring financing operations of the directors and members of Banco Santander, S. A.'s senior management was also taken into account as a reference policy.

The Bank has duly implemented internal rules that operationalize this Policy on Transactions with Related Parties, and the people and entities that are part of the different types of Related Parties are duly identified and marked in the Bank's computer systems through a Related Parties record.

The Policy on Transactions with Related Parties is available on the Bank's website at:

https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

VIII — Remuneration Policy for Members of the Management and Supervisory Body

Bearing in mind its mission of helping people and businesses prosper, the Santander Group adopts consistent remuneration practices that comply with applicable regulations in the jurisdictions where the Group operates. Remunerations are defined to promote a culture of high performance within the context of a responsible bank, in which people are rewarded and acknowledged for their performance, competence, and for the impact they have on the success of the Group and/or its Subsidiaries.

The remuneration practices of the Santander Group shall always be aligned with the interests of its shareholders, employees, customers, and society, and, in particular, they shall promote good conduct. The Group also ensures that the remuneration policies are consistent with adequate, effective risk management, and shall not assign incentives that may contribute to exceeding the level of tolerated risk or that may endanger or limit the Group's ability to keep a solid capital base.

The Remunerations Committee submitted the following statement on the remuneration policy of the members of the respective management and supervisory bodies for approval by the Bank's Shareholders' General Meeting, held on May 27, 2024.

“DECLARATION ON THE REMUNERATION POLICY FOR MEMBERS

OF THE MANAGEMENT AND SUPERVISORY BODY OF

BANCO SANTANDER TOTTA, S. A.

(The “Declaration”)

The remuneration policy of the members of the Management and Supervisory body of Banco Santander Totta, S. A. (the "Bank"), effective in 2024, is proposed to the General Meeting of shareholders for approval of the accounts for the financial year of 2023.

1. Framework

The Bank has approved a remuneration policy (henceforth, the “Banco Santander Totta Remuneration Policy” or the “Policy”), aimed at all its employees, which establishes the fundamental principles relating to the payment of fixed or variable remuneration, based on the Santander Group Remuneration Policy.

In accordance with the Policy, the Bank adopts consistent remuneration practices that comply with the regulations applicable in the jurisdictions where it operates.

Remunerations are defined in such a way as to promote a culture of high performance, in which people are rewarded and acknowledged for their performance, competence, and for the impact they have on the success of the Bank and of the Group.

The remuneration practices of the Bank shall always be aligned with the interests of its shareholders, employees, customers, and society, and, in particular, they shall promote good conduct. The Bank also ensures that its remuneration policies are consistent with adequate, effective risk management, and will not assign incentives that may contribute to exceeding the level of tolerated risk or that may endanger or limit the Group's ability to keep a solid capital base.

Taking into account the specificities of the functions performed by the members of the management and supervisory body and the regulations in force, this Policy establishes specific guidelines applicable to this universe, in addition to Banco Santander Totta's Remuneration Policy.

2. Application of the Policy to the Bank

2.1. Remuneration of the Bank's corporate bodies

The corporate bodies of the Bank are the General Meeting, the Board of Directors, and the Audit Committee:

a) **General Meeting**. Its Chairman earns a fixed remuneration, paid in the following terms: annual amount, divided into 12 monthly payments.

b) **Audit Committee**. Its members earn a fixed remuneration, paid in the following terms: annual amount, divided into 12 monthly payments.

c) **Board of Directors / non-executive members**. The non-executive members of the Board of Directors, who are not part of the Audit Committee, earn a fixed remuneration, paid in the following terms: annual amount, divided into 12 monthly payments. In duly justified and legally admitted situations, the payment of an additional amount may be authorized by the competent bodies.

However, the non-executive directors who carry out management or other functions at Banco Santander S. A. or at other entities of the Santander Group, may or may not earn a remuneration for carrying out such positions at the Bank.

2.2. Remuneration of the Bank's Executive Directors

The members of the Executive Committee earn a fixed remuneration, paid 14 times a year, which is determined taking into account: the criteria used in the Santander Group, the Bank's results, performance assessment and market references, and is not expected to represent, in 2024, a share of less than 33% of the total remunerations.

A variable remuneration may be added to the fixed remuneration, defined in accordance with the Policy, and defined on an individual basis by the Salaries Committee, after due consideration by the Remunerations Committee, and in compliance with the procedures provided for in the Policy.

2.2.1. Calculation of the Variable Remuneration

The variable remuneration of Executive Directors is determined based on a standard reference corresponding to the fulfilment of 100% of the established objectives, with a reference value being set every year for each member.

The final amount of the performance bonus and inherent variable remuneration will be determined at the beginning of the year following the performance of duties, on the basis of a reference value, and according to the actual fulfilment of the goals established in the framework of the pool available for that purpose, in accordance with the terms defined in the Remuneration Policy of Banco Santander Totta, namely in its Section 5.4.

The general objectives for 2024 are those set out in Annex 1, which are part of the present Policy for all due purposes.

The maximum ratio between the amount of all components of the variable remuneration of the members of the Executive Committee and the total amount of the respective fixed remuneration cannot exceed 100%. However, it may reach 200% if there is a specific authorization from the General Meeting, in accordance with applicable regulations.

2.2.2. Variable Remuneration — Composition and Regulation

The variable portion of the remuneration is subject to partial deferral of the respective payment, aiming at a balance between the short and the medium term.

The variable remuneration relating to the Company Performance Bonus is payable 50% in cash and 50% in financial instruments (preferably shares or stock options of Banco Santander S. A., or equivalent financial instruments or related instruments or convertible into shares, such as American Depositary Receipts (ADRs), partially paid in 2025 and partially deferred in five years, subject to the following parameters:

- 60%, 50% or 40% of that remuneration, depending on the applicable situation, will be paid in 2025, in cash and financial instruments;
- The remainder will be paid annually, in five equal portions (as applicable), in cash and in financial instruments, subject to the conditions provided for;
- All risks of a possible reduction in the variable remuneration due in financial instruments cannot be transferred to another entity either through risk hedging instruments or by any type of insurance. They are subject to the condition of maintenance or retention for one year.

In addition, the Board of Directors of the Santander Group has approved a corporate share retention policy, applicable to Santander Group's Executive Directors and to other Santander Group Directors (including, in Portugal, the Country Head), which will oblige the employees concerned to retain — after a given period has elapsed — ownership over a volume of Banco Santander shares defined in their own internal regulations, and currently determined as the equivalent of twice their net annual fixed remuneration.

The deferred part of the variable remuneration, relating to the third, fourth and fifth years, if applicable, is subject — in addition to the malus and claw-back conditions — to the fulfilment of the Group's long-term objectives, the latter being applicable only to the CEO, in accordance with the general criteria applicable within the framework of the Santander Group, under which the value of the variable remuneration can only decrease (by reducing the payment in cash or in shares), as defined for the current year under the terms of Annex 2.

Payment of the variable remuneration will comply with the deferral rules and the reduction (malus) or reversion (claw-back) mechanisms in force in the Policy, in order to comply with legal and regulatory requirements, as well as to observe the recommendations and guidelines issued by the competent supervisory bodies. The ability to reduce (malus), either totally or partially, the payment of deferred remuneration and whose payment is not yet an acquired right, as well as to retain in whole or in part the variable remuneration whose payment constitutes an acquired right (claw-back), is limited to extremely significant, duly identified events, in which the persons concerned have had a direct participation in the events at stake.

2.2.3. Identification of deferred and paid instalments of variable remuneration

For the financial year of 2019, the fifth part of the deferred variable remuneration remains to be paid, in cases where it is applicable.

For the financial year of 2020, the last third of the deferred variable remuneration has been paid, and the fourth and fifth part of the deferred variable remuneration has yet to be paid.

Of the variable remuneration for 2021, one third and the fourth and fifth part (when applicable) of the deferred variable remuneration are yet to be paid.

Of the variable remuneration for 2022, two thirds and the fourth and fifth part (when applicable) of the deferred variable remuneration are yet to be paid.

Of the variable remuneration for 2023, the non-deferred portion was paid in 2024. The remaining payment is deferred for four or five years, as applicable.

2.2.4 Long-Term Incentive Plan

Under the terms of the Banco Santander Totta's Remuneration Policy in force, the possibility of designating managers and other employees as participants in Long-term Incentive Plans is foreseen.

The Regulations applicable to each Long-Term Incentive Plan shall be approved by the Remuneration Committee and the Salaries Committee.

2.2.4.1 PagoNxt Incentive

PagoNxt is a Santander Group company devoted to payment technologies and innovation.

PagoNxt's main activity focuses on two main areas of activity (*Merchant*, and *Payments*), using an infrastructure that provides reliability, scalability and the highest cybersecurity capabilities.

The Bank and the Group are well aware that the payment business is currently, and will increasingly become, a business that requires huge investments in technology and that only becomes profitable after a certain scale. This means that only through a project across the entire Group will it be possible to ensure such investment and profitability in the future and, in this way, keep providing an excellent service to the Bank's customers in this regard. PagoNxt is the entity from which the Group intends to develop its Payments activity across the Group, which is responsible for ensuring that the quality of services to the Group's banking customers is maintained in its various geographies.

Therefore, the success of the PagoNxt project also strongly depends on the necessary cooperation with other Santander Group entities, in particular with Santander banks. And the quality of payment services provided to the Bank's customers depends on the success of the PagoNxt Project, in terms of the value proposition also being extended to its customers, plus the necessary use of its distribution channels. The Bank, PagoNxt and the Santander Group firmly believe that the appropriate implementation of the PagoNxt Project implies significant benefits for the Bank, which will be provided with more attractive commercial and innovative solutions that will complement and improve its relationships with its customers. Santander business units — including the Bank, and in particular its commercial teams — will receive appropriate incentives to promote PagoNxt's value proposition, and all relevant remuneration schemes will be agreed under normal market conditions.

It will be ensured that any amounts that may be allocated in this way to the Bank's Executive Directors will be considered as variable remuneration and included in all applicable information disclosure limits, procedures and duties.

2.2.5. Retirement

The Executive Directors who at the merger date were Directors of Banco Totta & Açores, benefit from an old age or disability complementary retirement plan, whose terms and conditions were set in accordance with the regulations approved by the Bank's General Meeting on May 30, 2007, and amended at the General Meeting of December 13, 2018, in accordance with the provisions of Article 25.4 of the Bank's Articles of Association, and which adopts, globally, the provision contained in the regulation that was originally approved by the General Meeting of Banco Totta & Açores on October 30, 1989. This plan has the following requirements, namely, having held the position for a minimum period, with the amount of the additional benefit varying depending on the director's seniority. Currently, no Executive Director in office is likely to be covered by this framework.

The changes introduced at the General Meeting of December 13, 2018, specifically aimed at accepting the possibility of redemption of the amount of the supplementary pension in capital, granting the respective beneficiaries an option that will imply, whenever exercised, the neutralization for the Bank of the risk of changes in the global amount of the supplementary pension, definitively exonerating itself — and upon delivery of the accounting amounts related to the fulfilment of this pension — of any additional responsibilities vis-à-vis the beneficiaries who exercise this option.

In addition, the situation of Executive Directors who exercise the right to the old-age or disability pension supplement and subsequently perform other non-executive functions at the Bank has been clarified.

The Executive Directors with an employment agreement with the Bank, and notwithstanding the suspension of the aforementioned agreement, are covered by a supplementary retirement plan established by the Santander Group for all management staff, whose terms were approved by the respective Boards of Directors. Such resolutions do not award voting rights to the Directors who would benefit from such plan.

2.2.6. Other Regulations

Executive Directors also benefit from health insurance and from the benefits resulting from collective regulations applicable to workers, including being able to contract mortgage loans.

Non-executive directors benefit, during their term of office, from the commercial rates applicable to most Bank employees.

Executive Directors benefit from life insurance, whose covered capital is equivalent to twice the amount of the annual fixed remuneration of the holder in question.

No risk hedge mechanisms or the like may be used by the Executive Director or by the Bank in his / her favour. This rule is observed and must be confirmed annually by the same before the Group.

3. Complementary Aspects

3.1. Policy Approval Procedures

The Bank has adopted the Santander Group Remuneration Policy on January 31, 2017, after its submission to the Bank's Remuneration Committee and to the Board of Directors, incorporating successive updates since that date.

This Policy shall be complemented by a set of additional guidelines, with an essentially interpretative nature.

The Bank's Remuneration Committee is composed of non-executive directors, the majority of whom are independent in accordance with legally established criteria.

The Salaries Committee provided for in the Commercial Companies Code determines the actual amounts of remuneration to be paid to all members of the corporate bodies.

3.2. Other Aspects

It is not foreseeable that in 2024 any indemnities will be paid for early termination of functions of any member of the corporate bodies.

The allocation of option plans is not foreseen for 2024, except for what is covered in item 2.2.2 above, regarding payment in financial instruments for Long-Term Incentives.

There are no non-pecuniary benefits or other forms of remuneration, other than those referred to in this Policy.

4. Compliance with the Rules and Regulations on Remuneration Policy

The Bank's Policy is entirely in line with the principles set forth in the rules and regulations applicable in Portugal, based on simplicity, transparency, and adequacy to medium and long-term objectives.

In this way, the determination of the total remuneration, composed of fixed and variable portions, as well as the articulation of these two components, allow us to conclude that, in general, the material rules contained in the Portuguese rules and regulations have been adopted.

The fact that the Bank is part of the Santander Group — which holds about 99% of its share capital — implies the necessary consistence between the respective corporate policies, which, in turn — and taking into account the global nature of the Group — follow international regulations in this matter.

The applicable regulations also determine that a review is carried out, at least annually, of the Bank's remuneration policy and of its implementation, in order to ensure that it is effectively applied, that remuneration payments are adequate, and that the risk profile and the institution's long-term objectives are being adequately reflected, and that the policy is in accordance with the legislation and regulations in force, as well as with the applicable national and international principles and recommendations.

This annual review should also include an assessment of the remuneration practices of subsidiaries abroad and of off-shore establishments, in particular on the respective effect on the institution's risk, capital, and liquidity management.

The mentioned assessment is carried out, in compliance with the applicable regulations, by the Bank's Remunerations Committee, with the active participation of the units responsible for exercising control functions, while no shortcomings were detected.

5. Information on the performance of the Remunerations Committee's duties

The members of the Remunerations Committee were elected at the General Meeting on November 23, 2021, with no objections from the Regulator for conducting their duties on May 3, 2022.

The functions performed by the Committee correspond to those provided for in the respective internal regulation, and include the formulation of informed and independent judgments on the remuneration policy and practices, as well as on the incentives created for the purposes of risk, capital, and liquidity management, while it is also responsible for preparing remuneration decisions, including decisions with implications in terms of risks and risk management of the Bank that must be taken by the competent corporate body.

Lisbon, April 23, 2024"

The Remuneration Policy of the Members of the Management and Supervisory Board is available at the Bank's website, at: https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

IX. Internal Selection and Adequacy Assessment Policy

The Board of Directors submitted the Internal Selection and Adequacy Assessment Policy for approval by the Bank's General Shareholders Meeting held on May 27, 2024, whose purpose is the establishment of procedures for the selection and assessment of suitability, professional qualification and experience, independence and availability (jointly known as “Adequacy»”) of the members of the Management and Supervisory bodies, and of other holders of essential functions for the daily development of the Bank's activity, as defined in the applicable regulations.

Under the terms of the applicable regulation, the Policy shall contain the identification of those responsible for adequacy assessment, the assessment procedures adopted, the required adequacy requirements, the rules on prevention, communication, and resolution of conflicts of interest, and the professional training means available.

The Internal Policy for Selecting and Assessing Adequacy is available on the Bank's website at: https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

X. Managers' Remuneration Policy

The Managers' Remuneration Policy is available on the Bank's website at:

https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade

DECLARATION ON THE REMUNERATION POLICY FOR THE MANAGERS

OF BANCO SANTANDER TOTTA, S. A. (the "Bank")

(The "Declaration")

For the purposes of this Policy (henceforth, the "Managers Policy"), the workers who are part of any of the collectives specified below, and are not, simultaneously, members of the management body, are considered as Managers of Banco Santander Totta, S. A. (the "Bank"), and are designated as the "Identified Collective" or as the "Managers":

a) Top management, comprising employees considered as Executive Directors, and the officers responsible for carrying out functions involving the assumption of risks on behalf of the Bank or its customers, with a material impact on the Bank's risk profile;

b) The officers that carry out their professional activity within the scope of control functions as provided for in Bank of Portugal Notice No. 3/2020, of June 29th, currently those responsible for the Bank's Internal Audit, Risk Management and Compliance and Conduct Divisions, as well as those in charge of other areas equivalent to control functions by the Santander Group;

c) The Head of Regulatory Compliance (responsible for Financial Crime Compliance), who is considered an Essential Function Holder under the terms of BoP Notice 1/2022 (Art. 5.5).

The updated identification of the functions included in the Identified Collective is included as Annex 1 of the Managers Policy, which is an integral part of it for all legal purposes and intents.

1. Framework

The Bank has approved a remuneration policy (henceforth, the "Banco Santander Totta Remuneration Policy" or the "Policy"), aimed at all its employees, which establishes the fundamental principles relating to the payment of fixed or variable remuneration, based on the Santander Group Remuneration Policy.

In accordance with the Remuneration Policy, the Bank adopts consistent remuneration practices that comply with the regulations applicable in the jurisdictions where it operates.

Remuneration is defined to promote a culture of high performance, in which people are rewarded and acknowledged for their performance, competence, and for the impact they have on the success of the Bank and of the Group.

The remuneration practices of the Bank shall always be aligned with the interests of its shareholders, employees, customers, and society, and, in particular, they shall promote good conduct. The Bank also ensures that its remuneration policies are consistent with adequate, effective risk management, and will not assign incentives that may contribute to exceeding the level of tolerated risk or that may endanger or limit the Group's ability to keep a solid capital base.

Considering the specificities of the Identified Group and the rules in force, this Managers Policy establishes specific guidelines applicable to this universe, in addition to the Remuneration Policy.

2. Application of the Policy to the Bank

Fixed Remuneration

a) The fixed remuneration is paid 14 times a year;

b) The fixed remuneration consists of the basic remuneration and some cash benefits that are attributed to all Bank employees, such as seniority payments or other subsidies, due under legal or contractual terms;

c) The fixed remuneration is determined taking into account the criteria used in the Santander Group, the Bank's results, performance assessment, collective labour regulations, and market references, safeguarding the different specificities and dimensions;

d) The fixed remuneration of the Identified Collective includes the limits that are set annually by the Executive Committee, and is not expected to represent, in 2024, a portion below 49% of the Total Remuneration.

2.1 Calculation of the Variable Remuneration

The variable remuneration is determined based on a standard reference corresponding to the fulfilment of 100% of the established goals, with a reference value being set every year for each member of the Identified Collective.

The final amount of the performance bonus and the inherent variable remuneration shall be determined at the beginning of the year following the performance of duties, on the basis of a reference value, and according to the actual fulfilment of the goals established in the framework of the pool available for that purpose, in accordance with the terms defined in the Bank's Remuneration Policy, namely in its Section 5.4.

The general objectives for 2024 are those set out in Annex 2, which are part of the present Managers Policy for all due purposes.

The maximum ratio between the value of all components of the variable remuneration and the total value of the fixed remuneration cannot exceed 200%.

With regard to Managers of Control Functions, the calculation of the variable remuneration complies with the following criteria: (i) individual evaluation of the employee, taking into account the specific objectives related to the functions performed, ensuring their objectivity and independence, and in line with the creation of long-term value or the maintenance of a solid capital base, and cannot, under any circumstances, be linked to specific objectives of the business functions or employees thereof whose activity they are in charge of controlling; (ii) overall performance of the Bank and of the economic group to which he / she belongs.

The maximum ratio between the value of all components of the variable remuneration and the total value of the fixed remuneration of the Managers of the Control Functions cannot exceed 100%.

The performance assessment of Managers — to be conducted annually — is carried out by the respective line managers or directly by the Executive Directors with the respective portfolio, whenever there is a direct reporting relationship. Whenever such Managers are subject to a double reporting obligation, their assessment is also made by the Group head responsible for the relevant division.

Without prejudice to the internal provisions regarding the setting of objectives and the annual evaluation of Managers of the Control Functions, the Remunerations Committee is responsible for evaluating the execution and compliance with the principles set out in this Policy.

2.2 Composition and regulation of the variable remuneration

The variable portion of the remuneration is subject to partial deferral of the respective payment, aiming at a balance between the short and the medium term.

a) The variable remuneration is due 50% in cash and 50% in financial instruments (preferably shares or stock options of Banco Santander, or equivalent financial instruments or related instruments or convertible into shares, such as American Depositary Receipts (ADRs), partially paid in 2025, and partially deferred in four or five years, subject to the following parameters:

   i. 60% (or whatever is defined according to the applicable situation) of this remuneration will be paid in 2025, in cash and in financial instruments;

   ii. The remainder will be paid annually, in four or five equal portions (as applicable), in cash and in financial instruments, subject to the conditions provided for. However, the Bank (through its competent bodies and in a logic of consistency within the Group) reserves the possibility of not applying such deferral when the amount of the total variable remuneration does not exceed € 50.000, and does not represent more than one third of the employee's total annual remuneration, provided that such possibility is not prevented by applicable legal or regulatory determination.

b) All risks of a possible reduction in the variable remuneration due in financial instruments cannot be fully or partially transferred to another entity either through risk hedging instruments or by any type of insurance, and are subject to the condition of maintenance or retention for one year.

c) Payment of the variable remuneration shall comply with the deferral rules and the reduction (malus) or reversion (claw-back) mechanisms in force in the Bank's Remuneration Policy, in order to comply with the legal and regulatory requirements, as well as observe the recommendations and guidelines issued by the competent supervisory bodies. The ability to reduce (malus), either totally or partially, the payment of deferred remuneration and whose payment is not yet an acquired right, as well as to retain in whole or in part variable remuneration whose payment constitutes an acquired right (claw-back), is limited to extremely significant, duly identified events, in which the persons concerned have had a direct participation in the identified events.

2.3 Identification of deferred and paid instalments of the variable remuneration

For the financial year of 2020, the last third of the deferred variable remuneration has been paid.

For the financial year of 2021, the third portion of the deferred variable remuneration remains to be paid.

Of the variable remuneration for 2022, the second, the third, the fourth and fifth portion (when applicable) of the deferred variable remuneration are yet to be paid.

Of the variable remuneration for 2023, the non-deferred portion was paid in 2024. The remaining payment is deferred for four or five years, as applicable.

2.4 Long-Term Incentive Plan

Under the terms of the Bank’s Remuneration Policy in force, the possibility of designating managers and other employees as participants in Long-term Incentive Plans is foreseen.

The Regulations applicable to each Long-Term Incentive Plan shall be approved by the Remuneration Committee and by the Remuneration Board, when applicable.

2.4.1 PagoNxt Incentive

PagoNxt is a Santander Group company devoted to payment technologies and innovation.

PagoNxt's main activity focuses on two main areas of activity (*Merchant*, and Payments), using an infrastructure that provides reliability, scalability and the highest cybersecurity capabilities.

The Bank and the Group are well aware that the payment business is currently, and will increasingly become, a business that requires huge investments in technology, and that only becomes profitable after a certain scale. This means that only through a project across the entire Group will it be possible to ensure such investment and profitability in the future and, in this way, keep providing an excellent service to the Bank's customers in this regard. PagoNxt is the entity from which the Group intends to develop its Payments activity across the Group, which is responsible for ensuring that the quality of services to the Group's banking customers is maintained in its various geographies.

Therefore, the success of the PagoNxt project also strongly depends on the necessary cooperation with other Santander Group entities, in particular with Santander banks. And the quality of payment services provided to the Bank's customers depends on the success of the PagoNxt Project, in terms of the value proposition also being extended to its customers, plus the necessary use of its distribution channels. The Bank, PagoNxt and the Santander Group firmly believe that the appropriate implementation of the PagoNxt Project implies significant benefits for the Bank, which will be provided with more attractive commercial and innovative solutions that will complement and improve its relationships with its customers. Santander business units — including the Bank, and in particular its commercial teams — will receive appropriate incentives to promote PagoNxt's value proposition, and all relevant remuneration schemes will be agreed under normal market conditions.

It will be ensured that any amounts that may be allocated in this way to the Bank's Executive Directors will be considered as variable remuneration and included in all applicable information disclosure limits, procedures and duties.

2.5 Benefits

The allocation of benefits is made in order to ensure compatibility with the Bank's business strategy, objectives, values, and long-term interests.

Without prejudice to allocations on a case by case basis and with a residual scope, resulting from measures taken in the past by primitive employers (Crédito Predial Português, Banco Totta & Açores, Banco Santander Portugal, and Banco Santander de Negócios Portugal), all Managers enjoy the following benefits:

a) Supplementary health insurance to the Social-Medical Assistance Service (SAMS) provided for in the collective regulation of the banking sector;

b) Personal accident insurance, as defined in the collective regulation of the banking sector.

Some workers benefit from life insurance, as a result of a contractual connection with the extinct Banco Santander Portugal or with Banco Santander Negócios Portugal.

Some workers benefit from a supplementary retirement plan, pursuant to the resolution of the Bank's Board of Directors of February 25, 2010.

There are no pension benefits attributed on a discretionary basis.

2.6 Other Regulations

No risk hedge mechanisms or the like may be used by the Manager or by the Bank in his / her favour. Compliance with this rule must be confirmed annually by the Manager before the Bank.

3. Complementary Aspects

3.1 Policy Approval Procedures

The Bank has adopted the Santander Group Remuneration Policy on January 31, 2017, after its submission to the Bank's Remuneration Committee and to the Board of Directors, incorporating successive updates since that date.

In 2024, the Group's Remuneration Policy, already including the respective changes from the end of 2023, was transposed and adapted for Banco Santander Totta, and now corresponds to an internal standard — the Banco Santander Totta Remuneration Policy.

The current Managers Policy develops further the Bank's Remuneration Policy and shall be complemented by a set of additional guidelines.

3.2. Other Aspects

The allocation of option plans is not foreseen for 2024, except for what is covered in item 2.2 above, regarding payment in financial instruments for Long-Term Incentives.

There are no non-pecuniary benefits or other forms of remuneration, other than those referred to in this document and in the Remuneration Policy.

4. Compliance with the rules on remuneration policy defined by the Bank of Portugal

The Managers Policy is entirely in line with the principles set forth in the rules and regulations applicable in Portugal, based on simplicity, transparency, and adequacy to medium and long-term objectives.

In this way, the calculation of the total remuneration, composed of fixed and variable portions, as well as the articulation of these two components, as explained above, allow to conclude that, in general, the material rules contained in the Portuguese rules and regulations have been adopted.

The fact that the Bank is part of the Santander Group — which holds more than 99% of its share capital — implies the necessary consistence between the respective corporate policies, which, in turn, and taking into account the global nature of the Group, follow international regulations in this matter.

The applicable regulations also determine that a review is carried out, at least annually, of the Bank's remuneration policy and of its implementation, in order to ensure that it is effectively applied, that remuneration payments are adequate, and that the risk profile and the institution's long-term objectives are being adequately reflected, and that the policy is in accordance with the legislation and regulations in force, as well as with the applicable national and international principles and recommendations.

This annual review should also include an assessment of the remuneration practices of subsidiaries abroad and of off-shore establishments, in particular on the respective effect on the institution's risk, capital, and liquidity management.

The mentioned assessment is carried out, in compliance with the applicable regulations, by the Bank's Remunerations Committee, with the active participation of the units responsible for exercising control functions.

Lisbon, May 28, 2024

IDENTIFIED COLLECTIVE

EXECUTIVE DIRECTOR OF THE INTERNAL AUDIT
EXECUTIVE DIRECTOR OF THE COMPLIANCE AND CONDUCT
EXECUTIVE DIRECTOR OF RISK MANAGEMENT
EXECUTIVE DIRECTOR OF THE COMMERCIAL AREA - CORPORATES
EXECUTIVE DIRECTOR OF THE COMMERCIAL AREA - INDIVIDUALS & BUSINESSES
EXECUTIVE DIRECTOR OF REMOTE BANKING AND CUSTOMER EXPERIENCE
EXECUTIVE DIRECTOR OF ACCOUNTING AND MANAGEMENT CONTROL
EXECUTIVE DIRECTOR OF CORPORATE INVESTMENT BANKING
EXECUTIVE DIRECTOR OF CUSTOMER MANAGEMENT AND DIGITAL PERFORMANCE
EXECUTIVE DIRECTOR OF COMMERCIAL MANAGEMENT AND EFFECTIVENESS
EXECUTIVE DIRECTOR OF FINANCIAL MANAGEMENT. AND CAPITAL
EXECUTIVE DIRECTOR OF LENDING OFFICE
EXECUTIVE DIRECTOR OPERATING OFFICER
EXECUTIVE DIRECTOR OF PEOPLE AND CULTURE
EXECUTIVE DIRECTOR OF PRIVATE BANKING
EXECUTIVE DIRECTOR OF THE CORPORATE NETWORK - NORTH
EXECUTIVE DIRECTOR OF THE CORPORATE NETWORK - SOUTH AND ISLANDS
EXECUTIVE DIRECTOR OF INDIVIDUALS AND BUSINESS NETWORK - SOUTH AND ISLANDS
EXECUTIVE DIRECTOR OF INDIVIDUALS AND BUSINESSES NETWORK - NORTH
EXECUTIVE DIRECTOR OF CREDIT RISK
EXECUTIVE DIRECTOR OF THE GENERAL SECRETARIAT
EXECUTIVE DIRECTOR OF TECHNOLOGY & OPERATIONS
EXECUTIVE DIRECTOR OF WEALTH MANAGEMENT & INSURANCE
DIRECTOR OF ANALYTICS AND MODELS
DIRECTOR OF PROCUREMENT AND COSTS
DIRECTOR OF CREDIT RISK MANAGEMENT
DIRECTOR OF COMPRAR CASA
DIRECTOR OF SPECIALIZED AND PROTOCOLIZED CREDIT
DIRECTOR OF COMPLIANCE REG. AND REP. RISK
DIRECTOR OF CUSTOMER CARE
DIRECTOR OF CYBERSECURITY
DIRECTOR OF ENTERPRISE RISK MANAGEMENT
DIRECTOR OF STRAT., FINANCIAL PLANNING AND ECON. RES.
DIRECTOR OF BUSINESS STRATEGY
DIRECTOR OF EVERYDAY BANKING
DIRECTOR OF FINANCIAL CRIME COMPLIANCE (FCC)
DIRECTOR OF TAX
DIRECTOR OF CONSTRUCTION PROMOTION AND IFRRU
DIRECTOR OF MANAGEMENT AND BUSINESS SEGMENT STRATEGY
DIRECTOR OF LEGAL
DIRECTOR OF BRAND AND CORPORATE COMMUNICATIONS
DIRECTOR OF NETWORK MEDIA AND INTERNAL CONTROL
DIRECTOR OF MONITORING & TESTING
DIRECTOR OF INTERNATIONAL BUSINESS
DIRECTOR OF ORGANIZATION AND STANDARDS
DIRECTOR OF SPECIAL PROJECTS
DIRECTOR OF COLLECTIONS & RECOVERIES
DIRECTOR OF MARKET, CAPITAL, MODEL & TECHNICAL RISK
DIRECTOR OF OPERATIONAL RISK
DIRECTOR OF CREDIT RISK
DIRECTOR OF SERVICE MANAGEMENT
DIRECTOR OF SUSTAINABILITY
DIRECTOR OF UNIVERSITIES
COM D OF MULTINATIONAL COMPANIES
COM D OF LARGE COMPANIES — NORTH
COM D OF LARGE COMPANIES — SOUTH
SENIOR EXPERT OF RISK MANAGEMENT
SENIOR MANAGER OF ECON. RESEARCH AND INVESTOR REL.
SENIOR MANAGER OF PERSONAL DATA PROTECTION
SPECIALIST III OF DATA

XI – Remuneration and other benefits assigned to members of the Management and Supervisory bodies, and to the Identified Collective

This information is provided to comply with the provisions of Article 450 sub-paragraph h) of Regulation (EU) No. 575/2013, of the European Parliament and of the Council, of June 26, by reference to Article 47 of Bank of Portugal Notice No. 3/2020, of July 15 (Official Gazette, 2nd Series, of July 15, 2020), applied to the groups under Article 115-C (2) of the Legal Framework for Credit Institutions and Financial Companies (RGICSF).

As of December 31, 2024, the cumulative, actual amount of credit granted to members of the Board of Directors under Article 85 of the Legal Framework for Credit Institutions and Financial Companies was € 456k, with the following breakdown:

(Thousand euro)

Name	Loans
Miguel Belo De Carvalho	35
Amilcar Da Silva Lourenço	177
Ricardo Lopes Da Costa Jorge	244

The remunerations actually paid in 2024 to members of the Management and Supervisory bodies, to top management, to internal control functions, and to those responsible for significant business units (MRT), are detailed in the following table:

Total Remuneration Paid in 2024 (thousand euro)

	N. of Members	Fixed Remuneration 2024	Variable Remuneration 2019-2023
Board of Directors	14	3,815	3,316
Top Management	21	2,900	2,672
Control Functions	3	580	291
Other functions	36	3,254	1,299

Deferred variable remuneration, to[13] be paid in the coming years, and for the same groups, are those detailed in the following table:

Deferred Variable Remuneration

	N. of Members	Pecuniary *(thousand euro)*	Instruments[10] *(number)*
Board of Directors	14	2,083	639,284
Top Management	21	1,242	363,803
Control Functions	3	135	49,657
Other functions	36	485	141,713

The fixed remuneration, actually paid in 2024, to all the members of the Board of Directors and of the Audit Committee, amounted to € 3,815k, and the variable remuneration, € 3,316k.

[13] Includes Number of Shares and Options

Board of Directors

(thousand euro)

Name	Position	Fixed Remuneration 2024
José Carlos Brito Sítima	Chairman | NE	350
Pedro Aires Coruche Castro e Almeida	Deputy Chairman | E	850
Amilcar da Silva Lourenço	Member | E	233
Ana Isabel A Pereira de Carvalho Morais	Member | NE	150
Cristina Alvarez Alvarez	Member | NE	-
Daniel Abel Monteiro Palhares Traça	Member | NE	150
Isabel Cristina da Silva Guerreiro	Member | E	350
João Pedro Cabral Tavares	Member | NE	150
Manuel António Amaral Franco Preto	Member | E	700
Manuel Maria de Olazábal Albuquerque	Member | NE	150
Maria Manuela M Farelo Ataíde Marques	Member | NE	150
Miguel Belo de Carvalho	Member | E	350
Remedios Ruiz Maciá	Member | NE	-
Ricardo Lopes da Costa Jorge	Member | E	233

Board of Directors

Name	Bonuses 2022 paid in 2023		Bonuses 2022 paid in 2024			Bonuses 2021 paid in 2024			Bonuses 2020 paid in 2024			Bonuses 2019 paid in 2024		
	Cash	Shares (#)	Inflation adjust.	Cash	Shares (#)	Inflation adjust.	Cash	Shares (#)	Inflation adjust.	Cash	Shares (#)	Inflation adjust.	Cash	Shares (#)
Pedro Aires Coruche Castro e Almeida	282	74,442	1.2	85	27,385	6	52	16,817	4	25	9,307	3	12	3,394
Amilcar da Silva Lourenço	106	27,888	0.2	13	4,188	2	18	5,692	1	7	2,431	-	-	-
Isabel Cristina da Silva Guerreiro	193	50,809	0.4	25	8,161	4	32	10,309	1	9	3,309	-	-	-
Manuel António Amaral Franco Preto	270	71,184	0.4	30	9,763	5	46	14,927	3	17	6,482	-	-	-
Miguel Belo de Carvalho	193	50,920	0.3	24	7,914	4	34	10,919	2	11	4,146	-	-	-
Ricardo Lopes da Costa Jorge	98	60,835	0.1	11	3,418	1	10	3,329	-	-	-	-	-	-

Other Benefits for Members of the Board of Directors

With regard to post-retirement benefits, the members of the Board of Directors who have an employment tie with the Bank are included in the pension plan of the Collective Bargaining Agreement for the banking sector, subscribed by the Bank.

The Bank's General Shareholders Meeting on May 30, 2007, approved the "Regulation on the supplementary award of an old-age or disability pension" to the executive members of the former Totta Board of Directors who then became executive members (executive committee) of the Bank’s Board of Directors in line with what had previously been defined in the former Totta Regulation. Members of the Board of Directors whose length of service is at least fifteen consecutive or interpolated years will be entitled to a pension supplement amounting to 80% of their gross annual salary. For terms of office less than fifteen years, the amount of the retirement pension supplement will be determined by the Salaries Committee. For these persons, it is currently determined that the retirement pension supplement shall be 65% of the annual gross salary, for terms of office equal to or greater than ten years, and 75% of the annual gross salary for terms of office equal to or greater than twelve years. This defined-benefit pension plan is a supplementary plan, and depends on the General Social Security Regime.

As at December 31, 2023, and 2022, liabilities with this plan amounted to € 14,992 k and € 14,124 k, respectively, and were covered by a provision in the same amount carried under "Provisions - Pensions and other post-employment defined-benefit obligations" (Note 16).

With regard to termination of employment benefits, as provided for in the Companies Code, whenever, by decision of the Bank, the term of office of a member of the governing bodies ends early, the Bank shall compensate the member of the governing body with the future remuneration to which he or she is entitled, up until the end of his or her term of office.

Contract Terminations

In 2024 there were no payments of indemnities for early termination of office of members of the governing bodies.

Other Benefits for Managers

Leading Managers benefit from a health insurance, complementary to the Medical and Social Assistance Services (SAMS) provided for in the collective regulation of the banking sector, as well as from a personal accidents insurance, as defined in the collective regulation of the banking sector.

Some Leading Managers benefit from a life insurance, as a result of a contractual connection with the former Banco Santander Portugal or Banco Santander, S. A.

Some Leading Managers benefit from a supplementary retirement plan, under the terms of the Resolution of the Bank's Board of Directors of February 25, 2010.

REMUNERATION POLICY FOR 2024

The Remuneration policy in force for Banco Santander Totta's Managers and Directors was approved by the Board of Directors at the meeting of May 28, 2024.

REMUNERATION POLICY FOR 2025

The Remuneration policy for the Members of the Management and Supervisory Bodies of Banco Santander Totta for 2025, will be the subject of a resolution at the Annual General Meeting, in compliance with the applicable regulation.

Declaration to which Article 29-G (1) sub-paragraph c) of the Securities Code refers

Article 29-G (1) sub-paragraph c) of the Securities Code determines that each of the persons in charge of the company issue a declaration, the content of which is defined therein.

The members of the Board of Directors of Banco Santander Totta, S. A., identified by name herein, each signed the declaration transcribed hereunder:

"I hereby declare under the terms and for the purposes provided for in Article 29-G (1) sub-paragraph c) of the Securities Code that, as far as I am aware of, the Management Report, the Annual Accounts, the Legal Certification of Accounts, and other Santander Totta, S. A.'s accounting documents, all relating to the year 2024, were prepared in accordance with the applicable accounting standards, and convey a true and appropriate image of the assets and liabilities, of the financial situation and of the results of that company and of the companies included within its consolidation perimeter, and that the Management Report faithfully depicts the evolution of the business, performance, and position of that company and of the companies included within its consolidation perimeter, containing a description of the main risks and uncertainties faced by the company."

Board of Directors

José Carlos Brito Sítima
Chair

Pedro Aires Coruche Castro e Almeida
Vice-Chair

Amílcar da Silva Lourenço
Member

Ana Isabel Abranches Pereira de Carvalho Morais
Member

Cristina Alvarez Alvarez
Member

Daniel Abel Monteiro Palhares Traça
Member

Isabel Cristina da Silva Guerreiro
Member

João Pedro Cabral Tavares
Member

Manuel António Amaral Franco Preto
Member

Manuel Maria de Olazabal y Albuquerque
Member

Maria Manuela Machado Costa Farelo Ataíde Marques
Member

Miguel Belo de Carvalho
Member

Audit Committee Statement on Compliance of the Financial Information Submitted

Article 29-G (1) sub-paragraph c) of the Securities Code determines that each of the persons in charge of the company issue a declaration, the content of which is defined therein.

The members of the Audit Committee of Banco Santander Totta, S. A., identified by name herein, have each signed the declaration transcribed hereunder:

"I hereby declare under the terms and for the purposes provided for in Article 29-G (1) sub-paragraph c) of the Securities Code that, as far as I am aware of, the Management Report, the Annual Accounts, the Legal Certification of Accounts, and other Santander Totta, S. A.'s accounting documents, all relating to the year 2024, were prepared in accordance with the applicable accounting standards, and convey a true and appropriate image of the assets and liabilities, of the financial situation, and of results of that company and of the companies included within its consolidation perimeter, and that the Management Report faithfully depicts the evolution of the business, performance, and position of that company and of the companies included within its consolidation perimeter, containing a description of the main risks and uncertainties faced by the company."

Audit Committee

Chair: Ana Isabel Abranches Pereira de Carvalho Morais

Members: Daniel Abel Monteiro Palhares Traça

João Pedro Cabral Tavares

Manuel Maria de Olazabal y Albuquerque

Maria Manuela Machado Farelo Ataíde Marques

CONSOLIDATED FINANCIAL STATEMENTS

BANCO SANTANDER TOTTA, S.A.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2024

(Amounts expressed in thousands of Euros - tEuros)

	Notes	31-12-2024	31-12-2023
ASSETS			
Cash, cash balances at central banks and other demand deposits	5	**1,997,910**	**6,284,760**
Financial assets held for trading	6	**1,549,696**	**1,465,544**
Non-trading financial assets mandatorily at fair value through profit or loss	7	**17,086**	**24,627**
Equity instruments		17,086	24,627
Financial assets at fair value through other comprehensive income	8	**3,838,285**	**3,847,282**
Equity instruments		174,336	172,237
Debt securities		1,240,223	1,247,156
Loans and advances		2,423,726	2,427,889
Financial assets at amortised cost	9	**47,612,537**	**41,869,686**
Debt securities		11,492,984	7,242,366
Loans and advances		36,119,553	34,627,320
Derivatives – Hedge accounting	10	**144,673**	**259,831**
Tangible assets	11	**384,621**	**403,833**
Investment property		126,490	138,032
Property, plant and equipment		258,131	265,801
Intangible assets	11	**36,070**	**32,133**
Tax assets	12	**120,326**	**165,993**
Other assets	13	**352,463**	**197,328**
Non-current assets and disposal groups classified as held for sale	14	**25,844**	**35,565**
TOTAL ASSETS		**56,079,511**	**54,586,582**
LIABILITIES			
Financial liabilities held for trading	6	**1,557,421**	**1,475,977**
Financial liabilities measured at amortised cost	15	**49,186,386**	**47,559,343**
Deposits		42,712,966	41,378,675
Debt securities issued		6,175,748	5,921,731
Other financial liabilities		297,672	258,937
Derivatives – Hedge accounting	10	**18,344**	**26,048**
Provisions	16	**124,020**	**133,457**
Commitments and guarantees given		51,457	53,263
Other provisions		72,563	80,194
Tax liabilities	12	**532,302**	**532,902**
Share capital repayable on demand	17	**33,853**	**37,303**
Other liabilities	18	**470,154**	**705,464**
TOTAL LIABILITIES		**51,922,480**	**50,470,494**
EQUITY			
Capital	19	**1,391,780**	**1,391,780**
Share premium	19	**193,390**	**193,390**
Equity instruments issued other than capital	19	**400,000**	**400,000**
Accumulated other comprehensive income	19	**(237,517)**	**(173,214)**
Items that will not be reclassified to profit or loss		(456,221)	(444,125)
Items that may be reclassified to profit or loss		218,704	270,911
Retained earnings	19	**378,383**	**401,045**
Other reserves	19	**1,103,139**	**1,015,173**
Treasury shares	19	**(44,122)**	**(44,122)**
Profit or loss attributable to owners of the parent	20	**971,345**	**931,407**
Non-controlling interests	21	**633**	**629**
TOTAL EQUITY		**4,157,031**	**4,116,088**
EQUITY AND TOTAL LIABILITIES		**56,079,511**	**54,586,582**

The accompanying notes form an integral part of the consolidated balance sheet as of December 31, 2024.

BANCO SANTANDER TOTTA, S.A.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Euros - tEuros)

	Notes	31-12-2024	31-12-2023
Interest income	23	3,389,704	2,691,061
Interest expenses	23	(1,815,089)	(1,209,764)
NET INTEREST INCOME		**1,574,615**	**1,481,297**
Dividend income	24	8,222	1,690
Fee and commission income	25	537,728	523,850
Fee and commission expenses	25	(85,552)	(66,849)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	26	332	15,750
Gains or losses on financial assets and liabilities held for trading, net	26	1,829	33,287
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	26	276	1,504
Gains or losses from hedge accounting, net	26	-	-
Exchange differences, net	26	18,751	18,095
Gains or losses on derecognition of investments in subsidiaries, joint ventures and associates, net	26	-	1,386
Gains or losses on derecognition of non-financial assets, net	27	(156)	1,683
Other operating income	28	16,895	16,203
Other operating expenses	28	(9,210)	(9,693)
TOTAL OPERATING INCOME, NET		**2,063,730**	**2,018,203**
Administrative expenses	29	**(486,834)**	**(464,499)**
Staff expenses		(291,449)	(284,294)
Other administrative expenses		(195,385)	(180,205)
Cash contributions to resolution funds and deposit guarantee schemes	30	**(7,989)**	**(23,908)**
Depreciation	11	**(40,605)**	**(54,312)**
Provisions or reversal of provisions	16	**(31,332)**	**(22,493)**
Commitments and guarantees given		1,806	(3,558)
Other provisions		(33,138)	(18,935)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	16	**(12,992)**	**(73,286)**
Financial assets at fair value through other comprehensive income		-	24
Financial assets at amortised cost		(12,992)	(73,310)
Impairment or reversal of impairment on non-financial assets	16	**5,925**	**5,766**
Other profit or loss, net	1.3 l)	**(35,303)**	**(38,316)**
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	31	**2,817**	**3,144**
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		1,457,417	1,350,299
Tax expense or income related to profit or loss from continuing operations	12	**(486,068)**	**(418,889)**
PROFIT OR LOSS FOR THE FINANCIAL YEAR		**971,349**	**931,410**
Attributable to non-controlling interests		**4**	**3**
Attributable to owners of the parent	20	**971,345**	**931,407**

The accompanying notes form an integral part of the consolidated statement of profit or loss for financial year ended December 31, 2024.

BANCO SANTANDER TOTTA, S.A.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR FINANCIAL YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Euros - tEuros)

	Notes	31-12-2024 Attributable to owners of the parent	31-12-2024 Attributable to non-controlling interests	31-12-2023 Attributable to owners of the parent	31-12-2023 Attributable to non-controlling interests
Profit or loss for the financial year		**971,345**	**4**	**931,407**	**3**
Other comprehensive income	19	**(64,303)**	**-**	**115,784**	**-**
Items that will not be reclassified to profit or loss					
Actuarial gains or losses on defined benefit pension plans	19				
. Gross amount		(19,430)	-	(9,349)	-
. Tax effect		6,950	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income					
. Gross amount	8	549	-	(7,634)	-
. Tax effect		(162)	-	(889)	-
Items that may be reclassified to profit or loss					
Cash flow hedges	19				
. Gross amount		1,159	-	177,806	-
. Tax effect		(98)	-	(55,120)	-
Debt securities at fair value through other comprehensive income					
Valuation gains or (-) losses taken to equity					
. Gross amount	8	(32,358)	-	(80,983)	-
. Tax effect		10,244	-	25,000	-
Valuation gains or (-) losses of loans and advances at fair value through other comprehensive income					
. Gross amount	8	(48,820)	-	97,033	-
. Tax effect		17,663	-	(30,080)	-
Total comprehensive income for the financial year		**907,042**	**4**	**1,047,191**	**3**

The accompanying notes form an integral part of the consolidated statement of other comprehensive income for financial year ended December 31, 2024.

BANCO SANTANDER TOTTA, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Euros - tEuros)

	Capital	Share premium	Equity instruments issued other than capital	Accumulated other comprehensive income		Retained earnings	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Non-controlling interests	Total
				Fair value	Taxes						
Balances as at December 31, 2022	**1,391,780**	**193,390**	**400,000**	**(426,425)**	**142,972**	**402,736**	**960,532**	**(44,110)**	**586,559**	**626**	**3,608,060**
Appropriation of profit or loss (Note 19)											
. Transfer to reserves	-	-	-	-	-	500,826	85,733	-	(586,559)	-	-
. Distribution of dividends	-	-	-	-	-	(502,516)	-	-	-	-	(502,516)
Distribution of remuneration (interest) - "Additional Tier 1 Instruments" (Note 19)	-	-	-	-	-	-	(36,636)	-	-	-	(36,636)
Acquisition of treasury shares (Note 19)	-	-	-	-	-	-	-	(12)	-	-	(12)
Sale of equity instruments of the portfolio at fair value through other comprehensive income	-	-	-	(6,952)	2,155	-	4,797	-	-	-	-
Transfer between comprehensive income and other reserves, due to loss of significant influence over an investee	-	-	-	113	(861)	-	748	-	-	-	-
Other	-	-	-	-	-	(1)	(1)	-	-	-	(2)
Consolidated comprehensive income for financial year 2023	-	-	-	176,873	(61,089)	-	-	-	931,407	3	1,047,194
Balances as at December 31, 2023	**1,391,780**	**193,390**	**400,000**	**(256,391)**	**83,177**	**401,045**	**1,015,173**	**(44,122)**	**931,407**	**629**	**4,116,088**
Appropriation of profit or loss (Note 19)											
. Transfer to reserves	-	-	-	-	-	818,160	113,247	-	(931,407)	-	-
. Distribution of dividends	-	-	-	-	-	(840,822)	-	-	-	-	(840,822)
Distribution of remuneration (interest) - "Additional Tier 1 Instruments" (Note 19)	-	-	-	-	-	-	(25,279)	-	-	-	(25,279)
Sale of equity instruments of the portfolio at fair value through other comprehensive income	-	-	-	-	-	-	(3)	-	-	-	(3)
Other	-	-	-	-	-	-	1	-	-	-	1
Consolidated comprehensive income for financial year 2024	-	-	-	(98,900)	34,597	-	-	-	971,345	4	907,046
Balances as at December 31, 2024	**1,391,780**	**193,390**	**400,000**	**(355,291)**	**117,774**	**378,383**	**1,103,139**	**(44,122)**	**971,345**	**633**	**4,157,031**

The accompanying notes form an integral part of the consolidated statement of changes in equity for financial year ended December 31, 2024.

BANCO SANTANDER TOTTA, S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR FINANCIAL YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Euros - tEuros)

	Notes	31-12-2024	31-12-2023
CASH FLOW FROM OPERATING ACTIVITIES:			
Interest and commissions received		3,864,933	2,991,426
Payments of interest and commissions		(1,518,255)	(920,800)
Payments to staff and suppliers		(481,871)	(445,859)
Pension Fund contributions	30	(27,684)	(32,526)
Foreign exchange and other operating results		18,446	696
Recovery of uncollectable loans	16	517	1,477
Operating results before changes in operating assets and liabilities		1,856,086	1,594,414
(Increase) / Decrease in operating assets:			
Loans and advances to credit institutions		(2,062)	(1,684)
Financial assets held for trading		(84,152)	(967,441)
Credit granted and other balances receivable at amortised cost		(5,662,490)	(836,513)
Assets and liabilities at fair value through profit or loss		30,019	(122,893)
Non-current assets and disposal groups classified as held for sale		19,165	10,002
Investment property		11,543	41,179
Other assets		(166,116)	(33,263)
		(5,854,093)	(1,910,613)
Increase / (Decrease) in operating liabilities:			
Resources from credit institutions and central banks		(1,230,483)	(1,179,364)
Resources from customers and other debts		2,447,216	(3,479,643)
Financial liabilities held for trading		81,444	967,920
Other liabilities		(265,211)	274,196
		1,032,966	(3,416,891)
Net cash flow from operating activities before income taxes		(2,965,041)	(3,733,090)
Income tax paid		(430,353)	(139,878)
Net cash flow from operating activities		(3,395,394)	(3,872,968)
CASH FLOW FROM INVESTING ACTIVITIES:			
Dividends received	24	8,222	1,690
Purchase of financial assets at fair value through other comprehensive income		(1,706)	6,800
Sale of financial assets at fair value through other comprehensive income		1,012	771,946
Income from financial assets at fair value through other comprehensive income		35,775	81,245
Purchase of property, plant and equipment and intangible assets	11	(40,759)	(50,967)
Sale of property, plant and equipment		3,048	2,182
Net cash flow from investing activities		5,592	812,896
CASH FLOW FROM FINANCING ACTIVITIES:			
Dividends paid	19	(840,821)	(502,516)
Repayment / Issue of debt securities and subordinated debt		201,298	1,567,384
Remuneration (interest) paid on debt issued	15	(210,193)	(86,569)
Remuneration (interest) paid on subordinated liabilities	15	(10,696)	(4,816)
Remuneration (interest) paid on "Additional Tier 1 Instruments"	19	(36,636)	(36,636)
Net cash flow from financing activities		(897,048)	936,847
Net increase / (decrease) in cash and cash equivalents		(4,286,850)	(2,123,225)
Cash and cash equivalents at the beginning of the period	5	6,284,760	8,407,985
Cash and cash equivalents at the end of the period	5	1,997,910	6,284,760

The accompanying notes form an integral part of the consolidated statement of cash flows for the financial year ended December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Banco Santander Totta, S.A. (hereinafter also "Bank" or "Group") was incorporated in 1864 and was formerly known as Companhia Geral de Crédito Predial Português, S.A. (CPP), and it has its registered office in Portugal at Rua do Ouro, 88, Lisbon. The Bank was nationalised in 1975 and transformed into a state-owned public limited company in 1990. On December 2, 1992, the Bank's capital was privatised by means of a public share offering at a special session of the Lisbon Stock Exchange.

As from December 2000, the Bank joined the Santander Group, following the acquisition of Banco Totta & Açores, S.A. (totta) by the latter. The main balances and transactions maintained with companies of the Santander Group during financial years 2024 and 2023 are detailed in Note 35. The Bank is included in the Banco Santander, S.A. (ultimate parent) consolidation.

On December 16, 2004, the Totta demerger / merger operation was registered, under which its financial holdings in Foggia, SGPS, S.A. and in Totta Seguros – Companhia de Seguros de Vida, S.A., were spun off, the remainder of its business, together with Banco Santander Portugal, S.A. (BSP), having been incorporated by merger into CPP, which changed its name to the present one.

On May 3, 2010, the Bank carried out the merger by incorporation of Banco Santander de Negócios Portugal, S.A. (BSN). The transaction was recorded for accounting purposes with reference to January 1, 2010.

On April 1, 2011, the Bank carried out the merger by incorporation of Totta Crédito Especializado – Instituição Financeira de Crédito, S.A. (Totta IFIC).

On December 20, 2015, following the resolution measure applied by the Bank of Portugal to Banif – Banco Internacional do Funchal, S.A. (Banif), the Bank acquired the banking business and a set of assets, liabilities, off-balance sheet items and assets under management of this entity.

Following the decision of the Single Resolution Board with regard to the application of a resolution measure to Banco Popular Español, S.A., taken on June 7, 2017, through the instrument for the sale of the whole of the business, with the transfer of the entirety of the shares representing the share capital of Banco Popular Español, S.A., to Banco Santander, S.A., the latter came to hold, indirectly, the entire share capital and voting rights of Banco Popular Portugal, S.A. (BAPOP). In this regard, on December 27, 2017, the Bank purchased the entire capital and voting rights of BAPOP, carrying out on that date the merger by incorporation.

The Bank is engaged in obtaining third-party financial resources, in the form of deposits and otherwise, which it invests, together with its own funds, in every sector of the economy, mainly in the form of extending credit or in securities, while also providing other banking services in the country and abroad.

The Bank has a nationwide network of 328 branches (332 branches as at December 31, 2023). It also has several branches and representation offices abroad, and holdings in subsidiaries and associates.

The Bank's financial statements for financial year ended December 31, 2024 were approved at the Board of Directors' meeting on April 24, 2025. These financial statements are also subject to approval by the Shareholders' General Meeting, but the Board of Directors is convinced that they will be approved with no significant changes.

1. BASES OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

1.1. Bases of Presentation of the Accounts

The Group's consolidated financial statements have been prepared on a going concern basis, based on the books and accounting records maintained in accordance with the principles enshrined in the International Financial Reporting Standards (IAS / IFRS), as endorsed by the European Union and effective as at January 1, 2024, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of July 19, transposed into Portuguese law by Decree-Law 35/2005, of February 17, and by Bank of Portugal Notice No. 5/2005, of December 30. As regards Group companies that use different accounting standards, adjustments are made for conversion to the IAS / IFRS.

The accounting policies used by the Bank in preparing the consolidated financial statements as at December 31, 2024, are consistent with those used in preparing the consolidated financial statements with reference to December 31, 2023.

As from financial year 2020, the Bank has presented its financial statements according to the guidelines of Execution Regulation (EU) 2017/1443 of the Commission, of June 29, 2017, revoked by Execution Regulation (EU) 2021/451 of the Commission, of December 17, 2020.

The consolidated financial statements are presented in thousands of Euros, rounded to the nearest thousand, except where otherwise indicated.

In preparing the financial statements, the Bank follows the historical cost convention, modified, when applicable, by measuring the fair value of: - Financial assets held for trading; - Non-trading financial assets mandatorily at fair value through profit or loss; - Financial assets at fair value through other comprehensive income; - Financial liabilities held for trading; - Derivatives - Hedge accounting; and Investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, also implying judgement by the Board as to the application of the Group's accounting policies. The areas of the financial statements involving a greater degree of judgement or complexity, or the areas in which the assumptions and estimates are significant in the preparation of this set of financial statements are detailed in Note 2.

The Bank's financial statements have been prepared on a going concern basis, as the Board of Directors considers that the Bank has the necessary resources to continue operating. The assessment made by the Board of Directors is based on a wide range of information related to current and future conditions, including projections of future profitability, cash flows, capital requirements and sources of financing.

Within the scope of the application of the IFRS as approved by the European Union, the Bank adopted the following standards and amendments with reference to January 1, 2024:

- **IAS 1** (amendment), 'Classification of liabilities as non-current and current' and 'Non-current liabilities with covenants'. These amendments clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its settlement for at least 12 months after the reporting date. They clarify also that the covenants that an entity is required to comply with, on or before the reporting date, affect the classification of a liability as current or non-current, even if the covenants are only assessed after the entity's reporting date. When an entity classifies liabilities arising from loan arrangements as non-current and those liabilities are subject to covenants, it is required to disclose information that enables investors to assess the risk that the liabilities could become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and circumstances that indicate that the entity may have difficulty complying with covenants when it is required to do so. These amendments are applied retrospectively.

- **IAS 7** (amendment) and **IFRS 7** (amendment), 'Supplier finance arrangements'. These amendments require an entity to provide additional disclosures about its supplier finance arrangements to enable: i) the assessment of how supplier finance arrangements affect an entity's liabilities and cash flows; and ii) the understanding of the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available. The additional requirements complement presentation and disclosure requirements already in IFRS as set out in the IFRS IC's Agenda decision of December 2020.

- **IFRS 16** (amendment), 'Lease liability in a sale and leaseback'. This amendment introduces guidance for the subsequent measurement of lease liabilities, in the scope of sale and leaseback transactions that qualify as "sales" under IFRS 15, with higher impact when some or all the lease payments are variable lease payments that do not depend on an index or rate. Whilst subsequently measuring lease liabilities, seller-lessees determine "lease payments" and "revised lease payments" in a way that does not result in the seller-lessees recognizing any gains/(losses) relating with the right of use that they retain. This amendment is applied retrospectively.

With the adoption of the standards and interpretations no material impacts were identified on the consolidated financial statements.

Standards (new and amendments) published, which application is mandatory for annual periods beginning on or after January 1, 2025, and that the European Union has already endorsed:

- **IAS 21** (amendment), 'The effects of changes in foreign exchange rates: Lack of exchangeability' (effective for annual periods beginning on or after January 1, 2025). This amendment adds requirements for determining whether a currency can be exchanged for another currency (exchangeability) and defining how to determine the spot exchange rate to be used when it is not possible to exchange a currency for a long period of time. This change also requires the disclosure of information that allows understanding how the currency that cannot be exchanged for another currency affects, or is expected to affect, the financial performance, financial position and cash flows of the entity, in addition to the spot exchange rate used on the reporting date and how it was determined. This amendment is applied retrospectively without restating the comparatives. The entity is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings (if between foreign and functional currency) or to the reserve for cumulative translation differences (if between functional and presentation currency).

With the future adoption of the above standards and interpretations no material impacts are expected to arise on the consolidated financial statements.

Standards (new and amendments) published, which application is mandatory for annual periods beginning on or after January 1, 2024, and that the European Union has not yet endorsed:

- **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Amendment to classification and measurement of financial instruments' (effective for annual periods beginning on or after January 1, 2026). These amendments are still subject to endorsement by the European Union. These amendments intend to: i) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ii) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion such as: 1) non-recourse assets; 2) contractually associated instruments; and 3) instruments with characteristics linked to compliance with environmental, social and governance (ESG); iii) add new disclosure requirements for instruments with contractual conditions that can change cash flows; and iv) update the disclosure requirements for equity instruments designated at fair value through other comprehensive income, separating the fair value reserve into the fair value gains or losses of the investments derecognized and those held at the end of the period. These amendments apply at the date they become effective without restating the comparatives.

- **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Contracts referencing nature-dependent electricity' (effective for annual periods beginning on or after January 1, 2026). These amendments are still subject to endorsement by the European Union. These amendments intend to improve the report of the financial effects of nature-dependent electricity contracts, subject to variability of quantity generated because it is dependent of uncontrollable natural conditions. These amendments intend to: i) clarify the application of the "own use" exemption requirements of IFRS 9; ii) allow the application of hedge accounting when nature-dependent electricity purchase contracts are designated as hedging instrument; and iii) add new disclosure requirements to IFRS 7 to better understand the impact of these contracts on entity's the financial performance and cash flows. This amendment shall be applied retrospectively without restating prior periods, except for hedging designation, which shall be applied prospectively.

- Annual Improvements (effective for annual periods beginning on or after January 1, 2026). The annual improvements intend to clarify application issues or correct inconsistencies in standards. This volume of improvements affects the following accounting standards:

  - **IFRS 1,** 'First-time adoption of IFRS': This amendment intends to improve consistency with the requirements for hedge accounting in IFRS 9. This amendment clarifies that hedging instruments that already existed under previous GAAP must be eligible and meet the qualifying criteria of IFRS 9 to be maintained. Otherwise, the discontinuation of hedge accounting must be derecognized. Retrospectively application it is not permitted as hedge accounting transactions that occurred before the transition date.

  - **IFRS 7**, 'Financial Instruments: Disclosures': These amendments pretend to: a) the align the concepts between IFRS 7 and IFRS 13, regarding the designation of "unobservable inputs" in the IFRS 7 and in the implementation guide IG 14; and b) clarify that the implementation guide does not cover all the disclosure requirements of IFRS 7, including the disclosure of credit risk for assets acquired or originated with impairment loss.

  - **IFRS 9**, 'Financial Instruments': These amendments relates to: a) clarification on the application of the principles of derecognition of a lease liability, when the contractual cash flows are extinguished, with the calculation of the gain or loss in profit or loss; b) elimination of the inconsistency with IFRS 15 regarding the initial recognition of a trade receivable under IFRS 15, which does not have a significant financing component, which should be recorded at the estimated value of IFRS 15 instead of fair value.

- **IFRS 10**, 'Consolidated financial statements': This amendment simplifies the definition of "de facto agent" and the exemplification of a situation in which this relationship is established with an investor.

- **IAS 7,** 'Statement of cash flows': This amendment intends to align the designation of the measurement methods for investments in subsidiaries, associates and joint ventures with IAS 27 (eliminates the use of the term 'cost method'). '

- **IFRS 18** (new standard), 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. This new standard will replace the current IAS 1. While retaining many of the existing principles of IAS 1, it is focused on the specification of a structure for the statement of profit or loss, composed of categories and required subtotals. Items in the statement of profit or loss will be classified into one of three categories: operating, investing, financing. Specified subtotals and totals will be required being the main change the mandatory inclusion of the subtotal "Operating profit or loss". This standard also includes improvements to the disclosure of management performance measures including the reconciliation with the most similar specified subtotal in IFRS Accounting standards. This standard also enhances guidance on the principles of aggregation and disaggregation of information in the financial statements and respective notes, based on their shared characteristics. This standard applies retrospectively.

- **IFRS 19** (new standard), Subsidiaries without Public Accountability: Disclosures' (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. IFRS 19 is a voluntary standard which allows "Eligible" subsidiaries to use IFRS Accounting Standards with reduced disclosure requirements. IFRS 19 is a disclosure-only standard and works alongside other IFRS Accounting Standards for recognition, measurement, and presentation requirements. A subsidiary is "Eligible" if (i) it does not have public accountability; and (ii) has a parent that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 can be applied by "Eligible" subsidiaries when preparing their own consolidated, separate or individual financial statements. Complete comparative information needs to be prepared under IFRS 19 unless any exemption applies.

With the future adoption of the above standards and interpretations no material impacts are expected on the consolidated financial statements.

1.2. Consolidation of subsidiaries and entities under joint control, and recording of associates (IFRS 10, IFRS 11, IAS 28 and IFRS 3)

The consolidated financial statements now presented reflect the assets, liabilities, income, expenses, other comprehensive income and cash flows of the Group and of the entities directly or indirectly controlled by it (Note 4), including special-purpose entities.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to direct the relevant activities of the entity, and when it is exposed to, or is entitled to, the variability in returns arising from its involvement with that entity and can take those over through the power it has over relevant activities of that entity. The financial statements of subsidiaries are consolidated using the full consolidation method from the moment the Group takes control over their activities until the moment when the control ceases. Transactions and balances between the companies subject to consolidation have been eliminated. In addition, when applicable, consolidation adjustments are made to ensure consistency in the application of accounting principles. The amount corresponding to third-party shareholdings in the subsidiaries consolidated using the full consolidation method is presented in the caption "Non-controlling interests" (Note 21). Additionally, as a result of the application of IFRS 10 – "Consolidated Financial Statements", the Group includes in its consolidation perimeter special purpose entities, namely vehicles and funds created in the scope of securitisation operations, when exercising effective financial and operating control over them and when it is exposed to the majority of the risks and benefits associated with the respective activity.

The accumulated losses of a subsidiary are allocated to the non-controlling interests in the proportion held, which might imply recognition of non-controlling interests of a negative amount.

In a step-acquisition transaction resulting in the acquisition of control, any non-controlling interest previously held is revalued at fair value with a contra entry in profit or loss at the time of calculation of the goodwill. At the time of a partial sale, resulting in loss of control over a subsidiary, any remaining non-controlling interest held is revalued at fair value on the date of sale and the gain or loss resulting from such revaluation is recorded with a contra entry in profit or loss. At the time of a partial purchase or partial sale that does not result in a change of control, the result of that transaction is recognised against retained earnings.

On the other hand, the Group manages assets held by investment funds, which units are held by third parties. The financial statements of investment funds are not included in the Group's consolidation perimeter, except when the latter holds control of these investment funds, namely when it has more than 50% of its investment units, in which case those funds are consolidated by the full consolidation method. In accordance with IAS 32 and IFRS 10, the amount corresponding to third-party participation in investment funds consolidated by the full consolidation method is presented as a liability in the caption "Share capital redeemable at sight" (Note 17). The profits or losses of Novimovest – Fundo de Investimento Imobiliário Aberto (Novimovest), not controlled by the Group, are recognised as a deduction from the captions "Other operating income / expenses", considering the nature of the main income earned by that fund.

Financial investments in associates are measured using the equity method as from the moment the Group comes to have significant control until such time as it ceases. Associates are entities over which the Group has significant influence but does not control them.

Significant influence is understood to exist when one has a (direct or indirect) financial holding of more than 20% but less than 50% (with voting rights proportionate to the holding) or the power to take part in decisions on the financial and operational policies of an entity, but without control or joint control over it.

Under the equity method, the consolidated financial statements include the portion attributable to the Group of the total equity and of the profits and losses recognised by the associates. Dividends attributed by associates reduce the amount of the investment made by the Group. The Group performs impairment tests for its investments in associates whenever there are signs of impairment. Impairment losses recorded in prior years may be reversible, up to the limit of the accumulated losses. The Group recognises impairment for its investments in associates if it has assumed obligations, or if it has made payments to third parties for the benefit of the associates.

The accounting policies of subsidiaries are altered, where necessary, to ensure that they are applied consistently by all Group companies.

1.3. Summary of the Material Accounting Policies

The material accounting policies used in the preparation of the attached financial statements were as follows:

a) Accrual accounting

The Bank uses the accrual-accounting principle for most captions of the financial statements. Thus, expenses and income are recorded as and when generated, regardless of the time of payment or receipt.

b) Foreign currency transactions

The Bank's accounts are prepared in the currency of the economic environment in which it operates (functional currency) and are stated in Euros.

Transactions in currencies other than the functional currency, and the corresponding income and expenses, are recorded at the exchange rate ruling on the date on which they occur. On each reporting date, assets and liabilities stated in a currency other than the functional currency are translated at the closing exchange rate (Bank of Portugal fixing).

As of December 31, 2024 and 2023, the exchange rates of the main currencies other than the functional currency were:

	31-12-2024	31-12-2023
Currency		
USD	1.0389	1.1050
GBP	0.8292	0.8690

c) Financial instruments

The classification of **financial assets** follows two main criteria:

- The business model under which financial assets are managed; and
- The contractual cash flow characteristics of the financial debt instruments (which represent only payments of principal and interest).

In this connection, the categories of financial assets laid down for financial debt instruments are:

- A financial debt instrument that (i) is managed under a business model which objective involves keeping the financial assets in the portfolio and receiving all of their contractual cash flows and (ii) has contractual cash flows on specific dates that correspond exclusively to the payment of principal and of interest on the outstanding principal – must be measured at amortised cost unless designated at fair value through profit or loss under the fair value option – "Hold to Collect".

- A financial debt instrument that (i) is managed under a business model which objective is achieved either through the receipt of contractual cash flows or through the sale of financial assets and (ii) include contractual clauses that give rise to cash flows that correspond exclusively to the payment of principal and of interest on the outstanding principal – must be measured at fair value through other comprehensive income (FVTOCI), unless it is designated at fair value through profit or loss under the fair value option – "Hold to Collect & Sale".

- All other financial debt instruments must be measured at fair value through profit or loss (FVTPL).

The Bank assessed its business models based on a broad set of indicators of which emphasis is given to its business plan and current risk-management policies. For the "Hold to Collect" business model, to assess the frequency and materiality of the sales, quantitative thresholds were defined based on past experience. The sales projected for the financial assets classified in this business model do not exceed the thresholds defined by the Bank.

The other financial instruments, specifically equity instruments and derivatives, the latter by definition, are classified at fair value through profit or loss. For equity instruments, there is the irrevocable option of designating that all fair value variations are recognised under other comprehensive income, in which case, only the dividends are recognised in profit or loss, because gains and losses are not reclassified to profit or loss even when they are derecognised / sold.

Reclassifications between financial instrument portfolios

According to the requirements of IFRS 9, reclassification between financial instrument portfolios can only take place if the Bank decides to change the business model to manage a portfolio of financial assets. According to said standard, these changes must be infrequent and must comply with the following requirements, namely:

- The change in the respective business model must be made by Management;
- This change is expected to have a significant impact on the entity's operations; and
- The change must be demonstrable to external entities.

Sale of loans

Gains and losses obtained on the sale of loans on a definitive basis are recorded in the statement of profit or loss caption “Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss”. These gains or losses correspond to the difference between the selling price that was set and the carrying amount of those assets, net of impairment losses.

Securitised loans not derecognised

The Bank does not derecognise from assets loans sold in securitisation operations when:

- It maintains the control over the operations;
- It continues to receive a substantial part of their remuneration; and
- It maintains a substantial part of the risk of the loans transferred.

Loans sold and not derecognised are carried under “Financial assets at amortised cost – loans and advances” and are subject to accounting criteria identical to other credit operations. Interest and commissions associated with the securitised loan portfolio are accrued in keeping with the respective term of the credit operations.

The bonds issued by securitisation vehicles and held by Group entities are eliminated in the consolidation process.

Derecognition

Assets are derecognised when (i) the Bank's contractual right to receive their cash flows expires, (ii) the Bank has substantially transferred all the risks and benefits inherent in holding them; or (iii) notwithstanding retaining a part, but not substantially the whole, of the risks and benefits inherent in holding them, the Bank has transferred control over the assets.

Guarantees provided and irrevocable commitments

Liabilities for guarantees provided and irrevocable commitments are recorded in off-balance sheet accounts for the value-at-risk, and interest flows, commissions or other income are recorded in profit or loss over the life of these transactions.

Guarantees provided are initially recognised at fair value, which is normally evidenced by the amount of the fees received over the duration of the contract. At the time of the contractual breach, the Bank has the right to reverse the guarantee, with the amounts being recognised under Financial assets at amortised cost – loans and advances, after the transfer of the loss compensation to the beneficiary of the guarantee.

Recognition of income and expenses from fees and commissions

Income from fees and commissions obtained in the execution of a significant act, such as commissions on loan syndications, are recognised in profit or loss when the significant act has been finalised.

Income from fees and commissions obtained as the services are provided are recognised in profit or loss for the financial year to which it refers.

Income from fees and commissions that form an integral part of the remuneration of financial instruments are recorded in profit or loss using the effective interest rate method.

Recognition of expenses with fees and commissions is measured using the same criteria adopted for income.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity and debt instruments that are recorded at the time of their initial recognition at fair value, plus transaction expenses, and subsequently measured at fair value. Gains and losses related to subsequent changes in fair value are reflected under a specific equity caption named "Accumulated other comprehensive income" until their sale, when they are reclassified to profit or loss for the financial year, except for equity instruments that remain in equity.

The interest is calculated in accordance with the effective interest-rate method and carried in profit or loss under Interest income.

Income from floating-rate securities is recognised in the statement of profit or loss under Dividend income on the date when they are attributed. In accordance with this criterion, interim dividends are recorded as income in the year in which their distribution is decided.

Financial assets and liabilities held for trading and non-trading financial assets mandatorily at fair value through profit or loss

Financial assets held for trading include floating income securities traded on active markets acquired for the purpose of their sale in the short term. Economic and trading derivatives with net amount receivable (positive fair value), as well as options bought are included under the caption "Financial assets held for trading". Economic and trading derivatives with net amount payable (negative fair value), as well as options sold are included under the caption "Financial liabilities held for trading".

Financial assets and liabilities held for trading and non-trading financial assets mandatorily at fair value through profit or loss are initially recognised at fair value, with the expenses associated with the transactions being recognised in profit or loss at the initial moment. Gains and losses arising from subsequent valuation at fair value are recognised in the statement of profit or loss, under the captions "Gains or losses on financial assets and liabilities held for trading, net" and "Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net", respectively.

The fair value of financial assets held for trading and traded on active markets is their most representative bid-price, within the bid-ask interval, or their closing price on the reporting date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, including price valuation models or discounted cash flow techniques. When discounted cash flow techniques are used, the future financial flows are estimated in keeping with management's expectations, and the discount rate used corresponds to the market rate for financial instruments of similar characteristics. In the price valuation models, the data used correspond to information on market prices.

The fair value of derivative financial instruments that are not traded on the stock market, including the credit risk component assigned to the parties involved in the transaction (Credit Value Adjustments and Debit Value Adjustments), is estimated based on the amount that would be received or paid to settle the contract on the date in question, considering current market conditions, as well as the credit rating of the parties involved.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at their fair value, which normally corresponds to the consideration received, net of transaction costs, and are measured at amortised cost, in accordance with the effective interest rate method.

Financial liabilities correspond mainly to resources of central banks and of other credit institutions, customers' deposits and debt securities issued.

Repo Operations

Securities sold with repurchase agreement are kept in the portfolio where they were originally recorded. Funds received are recorded on the settlement date, in a specific account under liabilities, with accrual of the respective interest payable.

Secondary market transactions

The Bank repurchases bonds issued in the secondary market. Purchases and sales of own bonds are included proportionally under the respective bonds issued captions (principal, interest and commissions) and the differences between the amount settled and the respective carrying amount are immediately recognised in profit or loss.

Hedge accounting

The IFRS 9 hedge accounting model aims not only to simplify the process of creating and maintaining hedging relationships, but also to align the accounting of these relationships with the risk-management activities of each institution, extend the eligibility of a greater number of hedged and hedging instruments, but also types of risk.

IFRS 9 still does not provide rules for the accounting of the so-called macro-hedges, with these still to be defined by the IASB. Because of this limitation of IFRS 9, and regarding hedge accounting, institutions may choose to maintain the accounting principles of IAS 39 (only for hedge accounting) until completion of the macro-hedging project by the IASB. In this context, the Bank decided to continue applying the hedge accounting defined within the scope of IAS 39.

The Bank uses derivative financial instruments, namely, to hedge the interest-rate risk arising from financing and investing activities. Derivatives that qualify for hedge accounting are measured at their fair value and gains or losses are recognised in keeping with the Bank's hedge-accounting model.

Under the terms of the standard, the application of hedge accounting is only possible when all the following requirements are met:

- Existence of formal documentation of the hedging relationship and of the Bank's risk-management strategy;
- Initial expectation that the hedging relationship is highly effective;
- The effectiveness of the hedge can be reliably measured;
- The hedge is valued on a continuous basis and effectively determined as being highly effective throughout the financial reporting period; and
- Regarding the hedging of a planned transaction, the latter is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Hedge accounting is only applied when all those requirements are met. Likewise, if at any time the hedge effectiveness ceases to be in the range between 80% and 125%, hedge accounting is discontinued.

Fair value hedges

Gains or losses on the revaluation of a hedging derivative financial instrument are recognised in profit or loss. Should the hedge be effective, the gains or losses resulting from the fair value changes of the hedged item relative to the risk being hedged are also recognised in profit or loss.

If a hedging instrument matures or is terminated early, the gain or loss recognised on the valuation of the hedged risk as value adjustments of the hedged items is amortised over its remaining term. If the hedged asset or liability is sold or settled, all amounts recognised on the valuation of the hedged risk are recognised in profit or loss for the financial year and the derivative financial instrument is transferred to the trading portfolio. If the hedge is no longer effective, the gains or losses recognised as value adjustments of the hedged items are amortised through profit or loss during their remaining term.

In the case of exchange-rate hedges of monetary items, hedge accounting is not applied, and the gain or loss on the derivative is recognised in the statement of profit or loss, as are foreign-exchange variations of the monetary items.

Cash flow hedges

Cash flow hedges are understood to be the hedge of an exposure relating to the variability of future cash flows, which may be assigned to a specific risk associated with a recognised asset or liability, or to a highly probable future transaction, and may affect profit or loss.

In this sense, the Bank contracted financial derivatives to hedge the future interest flows of part of its mortgage loan portfolio remunerated at a floating rate.

The application of cash flow hedge accounting is subject to the general requirements referred to above for hedge accounting and entails the following records:

- The gain or loss on the hedging instrument in the part considered effective is recognised directly in a specific caption of equity; and
- The non-effective part is recorded in profit or loss.

Additionally, the gain or loss on the hedging instrument recognised in equity corresponds to the lesser of the following amounts:

- The accumulated change in the fair value of the hedging instrument from the start of the hedge; and
- The accumulated change in the fair value of the hedged item, related to the risk hedged, from the start of the hedge.

In this sense, and if applicable, the part not recognised in equity of the gain or loss on the hedging instrument is reflected in profit or loss.

Cash flow hedge accounting must be discontinued if the hedging instrument expires or is terminated early if the hedge ceases to be effective or if it is decided to terminate the designation of the hedging relationship. In these cases, the cumulative gain or loss resulting from the hedging instrument must continue to be separately recognised in equity and is reflected in profit or loss in the same period of time as the recognition in profit or loss of the gains or losses of the hedged item. Should the Bank hedge a transaction that is not expected to be realised, the amount of the derivative still recognised in equity is immediately transferred to profit or loss, with the derivative being transferred to the Bank's trading portfolio.

Loan impairment

IFRS 9 determines that the concept of impairment based on expected losses is to be applied to all financial assets except for financial assets at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income.

The Bank applies the IFRS 9 concept to financial assets at amortised cost, debt securities and loans and advances at fair value through other comprehensive income, off-balance sheet exposures, finance leasing, other receivables, financial guarantees and loan commitments not measured at fair value.

Except for purchased or originated credit-impaired financial assets (referred to as POCI) (which are described separately below), impairment losses must be estimated through a provision for losses of an amount equal to:

- expected credit-risk loss at 12 months, that is, the total estimated loss resulting from default events of the financial instrument that are possible within 12 months of the reporting date (called Stage 1);

- or expected credit-risk loss to maturity, that is, the total estimated loss resulting from all possible default events throughout the life of the financial instrument (referred to as Stage 2 and Stage 3). A provision for expected credit-risk loss to maturity is required for a financial instrument if the credit risk of that financial instrument has increased significantly since the initial recognition or if the financial instrument is impaired.

The expected credit-risk loss is an estimate weighted by the probability of the present value of the loan losses. This estimate results from the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the effective interest rate of the financial instruments.

The Bank measures the expected loss individually or on a collective basis for portfolios of financial instruments that share similar risk characteristics. The measurement of the provision for losses is based on the present value of the expected cash flows of the asset determined using the original effective interest rate of the asset, regardless of being measured individually or collectively.

Impaired financial assets

A financial asset is impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred. Financial assets with a reduction of the recoverable amount of the loans are referred to as Stage 3 assets. The Bank adopted in 2021 the new definition of default as the criterion for the identification of Stage 3 loans, following the recommendation of EBA GL 2017/06. The internal definition of non-performing loans is governed by objective and subjective criteria and is used for the calculation of the regulatory capital using advanced credit-risk methods.

Purchased or originated credit impaired (POCI) financial assets

Financial assets classified as POCI are treated differently on initial recognition as at the acquisition date, since they are in an impaired situation. In the revaluation of the assets, the expected loss to maturity is applied. The associated interest is calculated by applying the effective interest rate to the net amount.

Significant increase of the credit risk

The Bank monitors all financial assets to assess whether there has been a significant increase of the credit risk since their initial recognition. If there has been a significant increase of the credit risk, the Bank estimates the provision for expected credit-risk loss to maturity (PDLT (lifetime)) and not over 12 months.

The Bank uses scoring and rating systems for internal credit-risk management. These ratings allow an assessment of the risk level of the transactions or of the customer at all times and are considered in the credit-risk approval and monitoring decisions. The models are based on series of data that are considered predictors of the risk of default and which apply judgements, that is, the credit-risk ratings are defined using qualitative and quantitative factors that are indicative of the risk of default. The ratings consider current characteristics and past events, and their significance for the level of risk is studied.

The Bank uses different criteria to determine if the credit risk has increased significantly per asset portfolio, in particular:

- Limits of relative variation of the accumulated PD for the residual maturity of the transaction. The limits of relative variation are differentiated by PD level to the extent that variations of risk in very low risk transactions may not represent a significant increase of the risk. It should be noted that customers with no alteration of the credit-risk rating can have a significant deterioration (accumulated PD variation above the defined limit) due to the evolution of the residual term (sensitivity of the transactions differentiated over time) or due to changes in future expectations regarding the economy.

- Regardless of the outcome of the aforesaid assessment, the Bank assumes that the credit risk of a financial asset has increased significantly since initial recognition when there are contractual payments overdue by more than 30 days, as well as other indicators that point to the deterioration of the credit quality of the customers (e.g., loans identified as restructured due to financial difficulties and customers with exposures in arrears in the Bank of Portugal’s Central Credit Register).

Measurement of expected credit-risk loss for impairment-loss purposes

Credit risk parameters

The main concepts used to measure the expected credit-risk loss are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These concepts are calculated through statistical models developed internally and are adjusted to reflect prospective information.

PD is an estimate of the likelihood of default over a given time horizon. The models that have been developed estimate this probability over sufficiently broad horizons for application to the residual maturity of the financial assets. The calculation is based on statistical classification models (rating and scoring) that detail the level of risk of the different counterparties. The classification models (rating and scoring) are used in the management and are based on internal data comprising both quantitative and qualitative factors. The estimate is based on current conditions, adjusted to consider the estimates of future conditions that will affect the PD.

LGD is an estimate of the total loss, should the asset enter default. It is based on the difference between the contractual cash flows due and those that the Bank expects to receive, considering the cash flows of existing guarantees. The LGD models for secured assets consider the valuation of the guarantees, considering selling expenses, the time to execute the guarantees, collateralisation level, etc. The LGD models for unsecured assets consider recovery time, recovery rates and recovery expenses. The calculation is based on cash flows discounted at the original effective interest rate of the loan. The estimate is based on current conditions, adjusted to consider the estimates of future conditions that will affect the LGD.

EAD is an estimate of exposure on a date of future default, considering the expected changes in the exposure after the reporting date. The Bank's modelling approach for EAD reflects the expected changes in the outstanding balance over the loan's lifetime exposure allowed by the current contractual terms, such as amortisation profiles, total or partial early repayment, and changes in the use of unused commitments before entry into default.

The Bank assesses the expected credit-risk loss for impairment-loss purposes, considering the risk of default during the maximum contractual period during which the entity is exposed to the credit risk. However, for financial instruments such as credit cards, credit lines and overdraft facilities that include a loan and an unused commitment component, the Bank's contractual ability to demand repayment and to cancel the unused commitment does not limit the Bank's exposure to loan losses during the contractual notice period. For such financial instruments, the Bank measures the expected credit-risk loss for the period historically observed to be the average life of these instruments.

Collective analysis

When the expected credit-risk loss is measured collectively, the financial instruments are grouped based on common risk characteristics, such as instrument type, customer type, credit-risk level as measured by the rating or scoring system, type of collateral, date of initial recognition, relationship between loan and value of the guarantee (LTV) and incorporation of forward-looking information.

The groupings are reviewed regularly to ensure that each group comprises homogeneous exposures.

In relation to the calculation of the expected loss through collective analysis, same results from the product of the financial asset's PD, LGD and EAD, discounted at the original effective interest rate of the asset.

Individual analysis

The process of impairment loss quantification through individual analysis is applied to customers with individually significant (exposure greater than Euros 1 million or lower when approved) Stage 3 exposure (assets impaired and in default).

The process involves the calculation of an estimated loss, considering foreseeable future cash flows under several different scenarios, each using specific factors and circumstances of the customers, namely execution of guarantees in situations in which customers do not generate sufficient cash flows for the payment of the debt, or projection and discounting of the cash flows of the deal for the remaining customers. The net present value of the cash flows is calculated considering the original effective interest rate of the contracts.

This assessment process is updated at least every quarter but occurs more frequently if there are changes of circumstances that may affect the cash flow scenarios.

Incorporation of forward-looking information

The Bank's Office of Economic Studies models economic-forecast scenarios for the Bank's various planning exercises, namely budgeting, strategic planning and ICAAP. In this connection, different macroeconomic scenarios are generated, namely: a base scenario that assumes that the economy will continue to grow in line with its potential, a gradual convergence of inflation towards the target, a long period of still high interest rates and absence of financial instability; a positive scenario and a negative scenario, developed based on the idiosyncratic risks identified in the Portuguese economy, and a climate scenario generated independently of the other scenarios, considering the impacts related to climate change on the base scenario.

For impairment-loss purposes, a positive scenario (16.4%), a base scenario (45.7%), a negative scenario (16.8%) and a climate scenario (21.1%) are used. The Bank applies probabilities to the forecast scenarios identified. The base scenario is the most likely outcome and consists of information used by the Bank for strategic planning and budgeting. The estimates are updated at least once a year and are subject to annual monitoring exercises.

d) Leases

Right of use and lease liability measurement method

IFRS 16 defines a set of requirements, namely regarding the classification and measurement of lease transactions from the lessee's perspective. As a lessee, the Bank records a right-of-use asset that is recognised in the captions "Property, plant and equipment" and "Intangible assets" (Note 11) and a lease liability that is recognised in the caption "Financial liabilities measured at amortised cost - other financial liabilities - commitments for future rents" (Note 15), on the date of entry into force of the respective transaction:

i. The lease liability is measured at the present value of the future rents to be incurred during the term of the contract, using a discount rate differentiated by maturity. Fixed payments, variable payments that depend on a rate or index, values relating to the exercise of the call option, are considered when estimating the liability, when the Bank is reasonably certain that it will exercise its right.

The lease liability is remeasured whenever a contractual change occurs, and the moment the lease liability is revalued the effects of the revaluation are recognised against the right-of-use (asset). If there is a change in the term of the contract or a change in the assessment of the exercise of the option, a new discount rate must be estimated, and the liability is consequently remeasured.

ii. The right of use is initially measured at cost by the value of the lease liability, adjusted for subsequent contractual changes, being depreciated using the straight-line method until the end of the contract, and subject to impairment tests. The expenses to be incurred with the dismantling or removal of these assets become part of the right-of-use asset.

Use of practical expedients provided for in the standard

The Bank applies a set of practical expedients provided for in the standard, namely: low-value leases; short-term leases and the non-inclusion of initial direct expenses incurred in calculating the right of use; when measuring lease liabilities, the non-lease components included in lease contracts are not separated.

e) Property, plant and equipment

Property, plant and equipment used by the Bank to carry on its business are measured at purchase cost (including directly attributable expenses), less accumulated depreciation and impairment losses, when applicable.

Depreciation of property, plant and equipment is accrued systematically, in monthly instalments, over the period of the estimated useful life of the assets, which corresponds to the period during which the assets are expected to be available for use, as detailed hereunder:

	Years of useful life
Property for own use	50
Equipment	4 to 10

Non-recoverable expenditures incurred with construction work on buildings that are not owned by the Bank (leased) are depreciated over a period compatible with their expected useful life, or the lease contract, if less, which on average corresponds to a period of ten years. Maintenance and repair expenses are recognised under the sub-caption “Administrative expenses - Other administrative expenses”.

Whenever there is an indication that property, plant and equipment may be impaired, an estimate of their recoverable value is made. To this end, the branches are considered cash flow generating units, and impairment losses are recorded in situations where the recoverable amount of the property where the branch is located, through its use in the operations or through its sale, is less than its net carrying amount. Impairment losses are recognised in the statement of profit or loss, and they are reversed in subsequent reporting periods when the reasons for their initial recognition cease. To this end, the new depreciable amount shall not exceed its carrying amount had impairment losses not been assigned to the asset, considering the depreciation that it would have undergone.

The criteria followed in the valuation of property normally consider the market comparison method, and the valuation amount corresponds to the market value of the property in its current state.

The own-use properties not allocated to the operations with promissory purchase / sale agreements are accounted in the caption "Non-current assets and disposal groups classified as held for sale" and those that are not available for sale are accounted for under the caption "Other assets". These assets are transferred at their net carrying amount in accordance with IAS 16 (purchase cost, net of accumulated depreciation and impairment losses), being tested for impairment at the time of the reclassification and subsequently undergoing periodic valuations to determine possible impairment losses.

Gains and losses on the sale of these assets are recognised under the caption "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations".

f) Intangible assets

The Bank records under this caption expenditure incurred during the development stage of projects relating to information technologies implemented and being implemented, as well as those relating to software purchased; in every case where their expected impact will be reflected in years subsequent to that in which they are realised.

Amortisation of intangible assets is accrued, monthly, over their estimated period of useful life, which is three years on average.

Internally developed software are recognised under intangible assets when, among other requirements, it can be verified that they are usable and capable of being sold and, additionally, that they are identifiable, and it is possible to demonstrate their ability to generate future economic benefits.

g) Investment property

Investment property comprise buildings and land held by Novimovest - Fundo de Investimento Imobiliário Aberto (hereinafter also referred to as "Novimovest Fund" or "Novimovest Real Estate Fund") to earn income or for capital appreciation or both, and not for use in the provision of goods or services or for management purposes.

Investment properties are measured at fair value, determined by periodic valuations performed by specialised independent entities. Changes in the fair value of investment property are recognised directly in the statement of profit or loss for the financial year.

Expenses incurred with investment property in use, namely maintenance, repairs, insurance and property taxes (municipal property tax) are recognised in the statement of profit or loss for the financial year to which they refer. Betterments that are expected to generate additional future economic benefits are capitalised.

h) Non-current assets and disposal groups classified as held for sale

The Bank essentially recognises under the caption "Non-current assets and disposal groups classified as held for sale" property, equipment and other assets received by way of payment in kind or auctioned for the payment of overdue loan transactions when they are available for immediate sale in their present condition and there is a likelihood of their sale within a one-year period. If they do not meet these criteria, those assets are carried under the caption "Other assets" (Note 13).

Regarding assets received as payment in kind or auctioned, their initial recognition is at the lower of their fair value, less expected selling expenses and the carrying amount of the loans granted constituting the object of the recovery. On the other hand, assets recovered following the termination of finance lease contracts are recorded in assets at the value of the principal owed at the date of termination of the contract. Subsequently, these assets are measured at the lower of the initial recognition amount and fair value less selling expenses, and they are not depreciated. Unrealised losses on these assets, thus determined, are recorded in profit or loss.

Property is subject to periodic valuations performed by independent appraisers. As described in Note 14, the methodology most frequently used by the Bank to value this type of asset is the market method. Under this method, the market comparison criterion is based on transaction values of property similar and comparable to the property under study obtained through market prospecting carried out in the area where it is located.

If, on a subsequent date, the facts that led to the recording of impairment losses no longer exist due to an increase of the fair value less expected selling expenses, the impairment losses will be reverted up to the limit of the amount that the assets would have had they not been reclassified to this caption.

The Bank does not recognise potential gains on these assets.

i) Provisions

A provision is set aside when there is a present (legal or constructive) obligation resulting from past events in respect of which there will be a probable outflow of funds that can be determined reliably. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability on the reporting date, in accordance with the information provided by the Bank's legal and tax consultants.

In this way, the caption "Provisions" includes provisions set aside to cover, namely, the post-employment benefits specific to certain ex-members of the Bank's Board of Directors, restructuring plans approved by the Executive Committee, ongoing legal proceedings and other specific risks arising from its business.

j) Employee post-employment benefits

The Bank endorsed the Collective Bargaining Agreement (CBA) for the banking industry, and therefore its employees or their families are entitled to retirement, disability and survivor pensions.

For employees admitted to the Bank up until December 31, 2008, the existing pension plan was a defined benefit plan, in that it established the criteria for the determination of the value of the pension that an employee would receive during retirement in the light of the length of service provided and the respective remuneration on retirement, the pensions being updated annually on the basis of the remuneration provided for in the CBA for personnel in service. For these employees, the Bank is liable for the full amount of the pensions provided for in the CBA.

To cover the liabilities under this defined benefit plan, the Bank has a Pension Fund.

As from January 1, 2009, employees taken on by the Bank came to be included in Social Security and are covered by a supplementary defined-contribution pension plan and by the rights acquired under Clause 93 of the CBA. The plan is funded through contributions by employees (1.5%) and by the Bank (1.5%), calculated based on the actual monthly remuneration. For this purpose, each employee can opt for an open pension fund at his or her choice.

Employees of the former totta have always been enrolled in Social Security, and therefore the Bank's liability regarding the defined benefit plan in respect of those employees has consisted of the payment of retirement supplements.

In October 2010 an agreement was concluded between the Ministry of Labour and Social Solidarity, the Portuguese Banks Association and the Financial Sector Federation (FEBASE), for the inclusion of banking sector employees in the General Social Security Regime. As a result of that agreement, Decree-Law 1-A/2011, of January 3, was published in 2011, which determined that banking sector workers who were in active service on the date of its entry into force (January 4, 2011) would be covered by the General Social Security Regime, as regards old-age pension and in the event of maternity, paternity and adoption. In view of the supplementary nature laid down in the rules of the Collective Bargaining Agreement of the Banking Sector, the Bank continues to cover the difference between the amount of the benefits paid under the General Social Security Regime for the events included and those laid down under the terms of that Agreement.

Liabilities for past services recognised as at December 31, 2010, were not altered with the publication of the aforesaid Decree-Law, since the reduction of the amount of the pensions payable by the Bank related to workers in active service was applicable to the future services of the employees, beginning on January 1, 2011. Thus, the cost of the current service fell as from that date, but the Bank came to bear the Single Social Charge (TSU) of 23.6%. On the other hand, the Bank is still liable for the payment of invalidity and survivor pensions and healthcare benefits.

Following the approval by the Government of Decree-Law 127/2011, of December 31, a Tripartite Agreement has been established between the Government, the Portuguese Banks Association and the Bank Employees Union on the transfer to the sphere of Social Security of the liabilities for pensions payable to retirees and pensioners as at December 31, 2011.

This Decree-Law established that the liabilities to be transferred correspond to pensions payable as at December 31, 2011, at constant values (update rate of 0%) in the component provided for in the CBA. The liabilities in respect of the updates of the pensions, supplementary benefits, contributions to the SAMS on retirement and survivor pensions, death allowances and deferred survivor pensions are still the responsibility of the institutions.

Additionally, employees of the Bank’s former London Branch (now representation office) are covered by a defined benefit pension plan, for which the Bank has a separate pension fund.

On the other hand, in February 2010, a supplementary defined-contribution pension plan was approved for several directors of the Bank, insurance having been taken out for the purpose.

On December 20, 2015, following the resolution measure applied by the Bank of Portugal to Banif, the Bank took over the pension liabilities of several Banif employees.

In June 2022, the Board of Directors of the Insurance and Pension Fund Supervisory Authority (ASF) decided to authorise the extinction of Banif’s stake in the fund. In October 2022, Santander Pensões – Sociedade Gestora de Fundos de Pensões, S.A. began to manage the Banif Pension Fund that includes the defined benefit and defined contribution plans. On July 5, 2023, the ASF authorised the extinction through transfer of the Banif pension fund to the Santander pension fund and the change in the constitutive contract of the Santander pension fund. In this sense, as at October 31, 2023, the merger of the Banif pension fund in the Santander pension fund took place.

On August 8, 2016, the Ministry of Labour published a new CBA in the Work and Employment Bulletin (BTE). The most significant changes were the following:

i) Change in the formula for determining the employer's contribution to the SAMS, which is no longer a percentage of the pension but rather a fixed amount (Euros 97.64 per beneficiary and Euros 42.26 in the case of pensioners, in force as at December 31, 2024); and
ii) Introduction of a new benefit called “End of career bonus” (pension bonus). This benefit, because it is allocated on the date of retirement or in the event of death, is considered a post-employment benefit and therefore comes to form part of the retirement liabilities.

On December 27, 2017, within the scope of the purchase and merger of BAPOP, the Bank assumed the pension liabilities of all employees of this entity.

The Bank’s liabilities for retirement pensions are calculated by external experts (Mercer (Portugal), Limitada) based on the Projected Unit Credit method. The discount rate used in actuarial studies is determined based on the market rates of the bonds of companies of high quality in terms of credit risk, denominated in the currency in which the benefits will be paid (Euros) and with maturity similar to the end date of the obligations of the plan. The post-employment benefits of employees also include healthcare (SAMS), as well as the death allowance and the bonus on retirement.

According to IAS 19 - “Employee Benefits” remeasurements are recorded directly in equity (other comprehensive income) and under the caption “Administrative expenses - Staff expenses” of the statement of profit or loss, the following components are recognised:

- Cost of current services;
- Net interest with the pension plan;
- Expenses incurred with early retirement, corresponding to the increase of liabilities on retirement; and
- Gains and losses resulting from the alteration of the conditions of the plan.

The net interest with the pension plan is calculated by the Bank by multiplying the net asset / liability involved in retirement pensions (liabilities less the fair value of the Fund's assets) by the discount rate used in determining the retirement-pension liabilities. Thus, net interest represents the interest cost associated with the retirement-pension liabilities net of the theoretical return on the Fund's assets, both measured based on the discount rate used in the calculation of the liabilities.

Remeasurement gains and losses, namely: (i) actuarial gains and losses resulting from differences between actuarial assumptions used and the amounts actually incurred (gains and losses of experience), as well as changes of actuarial assumptions, and (ii) gains and losses arising from the difference between the theoretical returns on the Fund's assets and the amounts obtained, are recognised in the statement of profit or loss with a contra-entry in “Other comprehensive income”.

Retirement-pension liabilities, less the fair value of the assets of the Pension Fund, are carried under the captions “Other assets” or “Other liabilities,” depending on the existence of surplus or insufficient funding. Recognition of a surplus of the fair value of the plan’s assets over its discounted liabilities depends on the existence of a reduction of future contributions, or on the reimbursement of contributions made.

Bank of Portugal Notice No. 4/2005 determines the obligation of full funding by the Pension Fund of the liabilities for pensions payable and a minimum level of funding of 95% of the past-service liabilities of personnel in service.

k) Corporate Tax

The Bank is subject to the tax system established in the Corporate Tax Code (IRC). Current taxes are calculated based on the Bank's taxable income, determined in accordance with the tax rules approved or substantively approved on the financial reporting date.

As at this date, the taxation of corporate profits for financial years 2024 and 2023, is as follows:

- IRC rate of 21% on taxable income;
- Municipal surcharge at a rate between 0% and 1.5% on taxable income;
- State surcharge at a variable rate on taxable income according to the following levels:

• up to Euros 1,500 thousand	0%
• between Euros 1,500 thousand and Euros 7,500 thousand	3%
• between Euros 7,500 thousand and Euros 35,000 thousand	5%
• more than Euros 35,000 thousand	9%

The State Budget for 2025 (Law no. 45-A/2024), of December 31, 2024, approved the decrease of the IRC rate to 20% on taxable income. Therefore, the tax rate used by the Company in calculating and recording deferred taxes was 30% (31% as at December 31, 2023).

The State Budget for 2023 (Law no. 24-D/2022, of December 30), introduced relevant changes regarding the carry forward of tax losses, allowing the same to be deducted from future taxable income without any time limits for their use.

The deduction of tax losses to be made in each financial year cannot exceed 65% of the respective taxable income (75%, in the case of tax losses generated in 2020 and 2021).

Law No. 98/2019, of September 4, approved a new regime on impairments of credit and other financial institutions, also establishing the regime applicable to impairment losses recorded in previous tax periods and not yet accepted for tax purposes.

As this regime is optional during a five-year adaptation period starting on or after January 1, 2019, early adherence to the tax regime, applicable in matters of impairments of credit and other financial institutions, was dependent on a communication addressed to the Director General of the Tax and Customs Authority, by the end of the tenth month of the tax period underway (as per No. 1 of Article 4 of this law). In this sense, the Bank adhered to the definitive regime enshrined in Articles no. 2 and 3 of this diploma in 2019.

The Santander Group decided to apply, as from financial year 2017, the Special Taxation of Groups of Companies Regime (RETGS). Under this regime, the Group's taxable income / tax loss corresponds to the sum of the taxable income / tax loss that comes to be determined by the controlling company through the algebraic sum of the tax profit or loss determined in the periodic separate statements of each company. The companies covered by this scheme are: Santander Totta, SGPS - the controlling company; and Taxagest, Banco, TottaUrbe, Gamma - controlled companies. The gain obtained by application of the RETGS is allocated to the entities in question in a manner proportional to the taxable income of each company.

Deferred tax assets and liabilities correspond to the amount of the tax recoverable and payable in future years resulting from timing differences between the carrying amount of an asset or liability and its tax base. Tax credits are also recorded as deferred tax assets.

Deferred tax liabilities are recognised on all taxable timing differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which at the date of the transaction neither affect the accounting or tax profit or loss, nor give rise to equivalent taxable and deductible timing differences.

The Bank does not recognise deferred tax assets or liabilities for the deductible or taxable timing differences associated with investments in subsidiaries and associates, as it is not likely that the difference will revert in the foreseeable future.

Deferred tax assets are recognised when they are expected to be recoverable and up to the amount that it is likely that there will be future taxable profits that will accommodate the deductible timing differences.

Deferred tax assets and liabilities have been calculated based on the tax rates approved or substantially approved on the reporting date, which constitute the best estimate of the rate to be in force for the financial year when it is expected that the asset will be realised, or the liability incurred.

Current taxes and deferred taxes are reflected in profit or loss, with the exception of taxes relating to transactions directly recorded in equity, namely, potential gains and losses on Financial assets at fair value through other comprehensive income, on cash flow hedging derivatives, payment of interest on Additional Tier 1 Instruments, as well as those associated with actuarial deviations relating to pension liabilities, which are also recorded in equity captions.

Last November 8, Law no. 41/2024 was published, transposing into the internal legal order Directive (EU) 2022/2523 of the Council, of December 15, 2022, guaranteeing a global minimum level of taxation for multinational corporate groups and large national groups in the European Union, approving the so-called Global Minimum Tax Regime (GMTR), which consolidated annual income volume is equal to or greater than Euros 750 million.

This Directive, also known as the Pillar Two Directive, represents one of the biggest changes of the last few decades in the international tax panorama, establishing an effective minimum tax rate of 15%, which may result in the payment of additional tax. This minimum rate will be applied through the implementation of local laws in jurisdictions that adopt these Pillar Two rules or, in the case of entities located in jurisdictions that do not adopt these rules, same will be applied at the level of the jurisdiction of the multinational group's parent company (where this jurisdiction has implemented Pillar Two rules) or of the other group entities located in jurisdictions that have implemented Pillar Two rules.

Aware of this issue, the Santander Group in Portugal has been making efforts to assess the potential impacts associated with the implementation of the GMTR, given that it meets the eligibility criteria for the application of the rules, namely by presenting consolidated annual income exceeding Euros 750 million in at least two of the last four tax years.

In this context, and following other previously carried out tests, an assessment was carried out based on the most recent financial and tax information available at the date of preparation of this report (data from the 2023 financial and tax information report), in order to validate whether, in relation to Portugal, in 2024, the Group could benefit from the transitional safeguard provision based on the financial and tax information report by country or jurisdiction (Country-by-Country Report, “CbCR”), which allows the additional tax due to be considered equal to zero, upon compliance with at least one of the tests provided for in Article 4 of Law no. 41/2024.

As a result of the assessment carried out, the Santander Group estimated, for Portugal, a simplified effective tax rate (29.32%) of a higher value than the transitional rate, which, for the 2024 tax year, is 15%, thus appearing to have met one of the tests enabling the application of the transitional tax exemption based on the CbCR. It should be noted that these conclusions are consistent with the preliminarily results obtained through calculations carried out for the four immediately preceding financial years.

Based on the above, the Bank does not anticipate, in light of the information available and the facts known at this time, the incidence of any impact in 2024 resulting from the application of Pillar Two rules in Portugal.

The Bank applies the temporary exception provided for in IAS 12 for the recognition and disclosure of information on deferred tax assets and liabilities related to income tax resulting from the GMTR.

The Board of Directors periodically reviews the position assumed in the preparation of the tax returns in relation to situations in which the application of the tax regime is subject to interpretation and assesses whether it is likely that the Tax Administration will accept the adopted tax treatment. The Bank measures the assets / liabilities arising from uncertain income tax positions, considering the most likely value or the expected value, whichever is more appropriate in each circumstance.

l) Banking sector contribution and Solidarity tax on the banking sector

The Bank is covered by the banking sector contribution scheme defined in Law No. 55-A/2010, of December 31.

With the publication of Law 27-A/2020, of July 27, the Bank is now also covered by the Solidarity tax on the banking sector. This contribution aims to strengthen the financing mechanisms of the social security system.

These contributions have the same calculation basis, the only variant being the rates applied to the bases:

a) The liabilities calculated and approved by the taxpayer less the base (Tier 1) and ancillary (Tier 2) capital and the deposits covered by the Deposit Guarantee Fund. From the liabilities thus calculated are deducted:

- Elements which in accordance with the applicable accounting standards are recognised as equity;
- Liabilities associated with the recognition of defined benefit plan liabilities;
- Liabilities for provisions;
- Liabilities resulting from the revaluation of derivative financial instruments;
- Deferred income, without considering those related to liability transactions; and
- Liabilities for assets not derecognised in securitisation transactions.

b) The notional value of derivative financial instruments off balance sheet calculated by taxpayers, except for hedging financial instruments or which exposure is mutually compensated.

For the banking sector contribution, the rates applicable to the incidence bases defined in points a) and b) above are 0.110% and 0.0003%, respectively, as provided for in the amendment made by Ordinance No. 165 - A/2016, of June 14, to Article 5 of Ordinance No. 121/2011, of March 30.

For the Additional solidarity tax on the banking sector, the rates applicable to the bases of incidence defined in points a) and b) above are 0.02% and 0.00005%, respectively.

m) Treasury shares

Treasury shares are recorded as a debit in the capital accounts at the purchase cost and are not subject to revaluation, with the portion of the dividend to be distributed in respect of these shares being retained under equity. Gains and losses realised on the sale of treasury shares, as well as the respective taxes, are recorded directly in equity, not affecting the financial year's profit or loss.

n) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be made through the delivery of cash or another financial asset, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issue of equity instruments are recorded against equity as a deduction from the amount of the issue. Amounts paid and received for purchases and sales of equity instruments are recorded under equity, net of transaction costs. Distributions made on account of equity instruments are deducted from equity as dividends when declared.

o) Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the Bank's shareholders by the weighted average number of outstanding common shares, excluding the average number of common shares acquired by the Bank and held as treasury shares.

For the calculation of diluted earnings per share, the weighted average number of outstanding common shares is adjusted to reflect the effect of all potential diluting common shares.

p) Provision of insurance brokerage services

The Bank uses the accrual-accounting principle in relation to income from the provision of insurance brokerage services - commissions. Thus, income is recorded as and when generated, regardless of the time of payment or receipt. Amounts receivable are subject to impairment loss analyses.

The Bank does not collect insurance premiums on behalf of insurers, nor does it handle funds relating to insurance contracts. There is therefore no other asset, liability, income or expense to report in respect of the insurance brokerage business carried on by the Bank, other than those already disclosed.

q) Cash and cash equivalents

For purposes of the preparation of the Statement of cash flows, the Bank considers as "Cash and cash equivalents" the balance of the caption "Cash, cash balances at central banks and other demand deposits" in that the items carried under this caption have a maturity period not exceeding 3 months, and their risk of change of value is immaterial.

2. MAIN ESTIMATES AND UNCERTAINTIES REGARDING THE APPLICATION OF THE ACCOUNTING POLICIES

Estimates and judgements impacting the Bank's consolidated financial statements are continually assessed, representing on each reporting date the Board of Directors' best estimate, considering historical performance, accumulated experience and expectations as to future events that, in the circumstances in question, are believed to be reasonable.

The intrinsic nature of the estimates may mean that the actual reflection of the situations that have been estimated may, for financial reporting purposes, differ from the estimated amounts.

Employee post-employment benefits (Note 33)

Retirement and survivor pensions are estimated based on actuarial valuations carried out by external experts certified by the Insurance and Pension Fund Supervisory Authority (ASF). These estimates incorporate a set of financial and demographic assumptions, including the discount rate, mortality and invalidity tables, pension and salary growth, among others. The discount rate used to determine the liabilities was calculated by reference to the market rates of low-risk corporate bonds of a term similar to that of the settlement of the liabilities. Salary and pension growth estimates were determined considering the historical ratio between inflation and the CBA table growth. The mortality table used was based on the recommendation of the actuary.

The assumptions adopted correspond to the best estimate of the Bank's Board of Directors as to the future behaviour of the above-mentioned variables.

Valuation of financial instruments not traded on active markets (Note 36)

Valuation models or techniques are used in the valuation of financial instruments not traded on active markets. Accordingly, the valuations obtained correspond to the best estimate of the fair value of those instruments on the reporting date.

The fair value of the instrument is estimated using valuation techniques that include price valuation models or discounted cash flow techniques. When discounted cash flow techniques are used, the future cash flows are estimated in accordance with management's expectations, and the discount rate used corresponds to the market rate for financial instruments of similar characteristics.

To ensure an appropriate segregation of duties, the value of those financial instruments is determined by a body independent of the trading function.

Determination of impairment losses (Notes 9, 16 and 36)

Impairment losses on loans are calculated as indicated in Note 1.3 (c). In this way, the determination of impairment through individual analysis corresponds to the judgement of the Board of Directors regarding the economic and financial situation of its customers, and to its estimate of the value of the guarantees associated with the respective loans, with the consequent impact on expected future cash flows. The determination of impairment through collective analysis is performed based on parameters for comparable types of operations, such as instrument type, customer type, credit-risk level as measured by the rating or scoring system, type of collateral, date of initial recognition, relationship between loan and value of the guarantee (LTV), and inclusion of prospective information.

Other assets and non-current assets and disposal groups classified as held for sale (Notes 13 and 14)

For property, equipment and other assets received as payment in kind or auction for the payment of overdue loan transactions are initially measured at the lower of their fair value, net of their expected selling costs, and the book value of the loan granted object of the recovery. Property is subject to periodic valuations conducted by independent evaluators that incorporate various assumptions, namely as regards the evolution of the property market and, where applicable, expectations as to the development of real-estate projects. The assumptions used in the valuation of these properties have an impact on their valuation and hence on the determination of the impairment. Whenever the value resulting from these valuations (net of expected selling expenses) is lower than the value at which the properties are accounted for, impairment losses are recorded.

As described in Note 14, the methodology most frequently used by the Bank to value this type of asset is the market method. Under this method, the market comparison criterion is based on transaction values of property similar and comparable to the property under study obtained through market prospecting carried out in the area where it is located.

Taxes (Note 12)

Recognition of deferred tax assets assumes the existence of profits and future taxable income. Additionally, current and deferred taxes were determined based on the interpretation of current tax legislation. Thus, changes to tax laws or to their interpretation by the relevant authorities may have an impact on the amount of current and deferred taxes. For the purpose of analysis of the recoverability of deferred tax assets (tax losses), the Bank projects taxable profits based on assumptions. Thus, the recoverability of deferred tax assets depends on the implementation of the strategy of the Bank's Board of Directors.

Determination of the outcome of legal proceedings in progress and restructuring (Notes 16 and 38)

The outcome of the legal proceedings in progress, as well as the respective amount of the provision corresponding to the best estimate of the amount to be disbursed to settle the liability on the balance sheet date, are assessed in accordance with the opinion of the Bank's lawyers / legal advisers and decisions of the courts to date, which, however, might not come about. Regarding the restructuring plans, the charges arising from the constructive obligation of reorganising were considered, with the definition of the actions to be developed supported by a detailed formal plan with minimum elements of approach and quantification and identification of the impacted factors.

3. DISCLOSURES BY SEGMENTS

Under the terms of IFRS 8, disclosures by operating segment are presented below in accordance with information as analysed by the Bank's Management (Executive Committee):

Corporate Investment Banking:

Essentially includes the Bank's business on the financial markets and with large enterprises, involving provision of financial advisory services, namely Corporate and Project Finance, as well as brokering, custody and settlement of securities services.

Retail Banking:

Essentially refers to operations of granting loans and attracting resources related to private customers and businesses with a turnover of less than Euros 10 million, channelled through the branch network, and services provided by complementary channels.

Corporate Banking:

This area comprises businesses with a turnover between Euros 10 million and Euros 125 million. This business is underpinned by the branch network, corporate centres and specialised services, and includes several products, namely loans and project, trade, exports and real-estate financing.

Corporate Activities:

This area includes the entire business carried on at the Bank that supports the main activities but is not directly related to the customers' business areas, including liquidity management, balance-sheet hedging, and the Bank's structural funding.

The breakdown of the consolidated statement of profit or loss by operating segment, as per information analysed by the Bank's management for decision making, for financial years ended December 31, 2024 and 2023, is as follows:

	31-12-2024				
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	Total
Net interest income	89,448	1,114,086	144,774	226,307	1,574,615
Dividend income	-	-	-	8,222	8,222
Net fee and commission income	62,686	435,188	28,977	(74,675)	452,176
Gains / Losses on financial operations [1]	18,096	7,566	2,770	(7,400)	21,032
Other operating income / expenses, net	-	2,564	-	5,121	7,685
Total operating income, net	**170,230**	**1,559,404**	**176,521**	**157,575**	**2,063,730**
Administrative expenses	(28,373)	(437,885)	(18,423)	(2,153)	(486,834)
Cash contributions to resolution funds and deposit guarantee schemes	-	-	-	(7,989)	(7,989)
Depreciation	(865)	(38,945)	(795)	-	(40,605)
Operating margin	**140,992**	**1,082,574**	**157,303**	**147,433**	**1,528,302**
Impairment and provisions, net of reversals [2]	(923)	(36,434)	9,294	(10,336)	(38,399)
Other profit or loss, net	-	-	-	(35,303)	(35,303)
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-	2,817	2,817
Profit or loss before tax from continuing operations	**140,069**	**1,046,140**	**166,597**	**104,611**	**1,457,417**
Tax expense or income related to profit or loss from continuing operations	(43,422)	(324,304)	(51,645)	(66,697)	(486,068)
Profit or loss for the financial year attributable to non-controlling interests	-	-	-	(4)	(4)
Profit or loss for the financial year attributable to the parent	**96,647**	**721,836**	**114,952**	**37,910**	**971,345**

	31-12-2023				
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	Total
Net interest income	101,268	1,188,035	136,465	55,529	1,481,297
Dividend income	-	-	-	1,690	1,690
Net fee and commission income	62,764	408,026	26,324	(40,113)	457,001
Gains / Losses on financial operations [1]	14,157	8,130	1,465	47,953	71,705
Other operating income / expenses, net	11	2,215	-	4,284	6,510
Total operating income, net	**178,200**	**1,606,406**	**164,254**	**69,343**	**2,018,203**
Administrative expenses	(28,793)	(416,848)	(16,178)	(2,680)	(464,499)
Cash contributions to resolution funds and deposit guarantee schemes	-	-	-	(23,908)	(23,908)
Depreciation	(1,402)	(51,925)	(985)	-	(54,312)
Operating margin	**148,005**	**1,137,633**	**147,091**	**42,755**	**1,475,484**
Impairment and provisions, net of reversals [2]	2,384	(158,129)	(8,482)	74,214	(90,013)
Other profit or loss, net	-	-	-	(38,316)	(38,316)
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-	3,144	3,144
Profit or loss before tax from continuing operations	**150,389**	**979,504**	**138,609**	**81,797**	**1,350,299**
Tax expense or income related to profit or loss from continuing operations	(46,617)	(303,646)	(42,969)	(25,657)	(418,889)
Profit or loss for the financial year attributable to non-controlling interests	-	-	-	(3)	(3)
Profit or loss for the financial year attributable to the parent	**103,772**	**675,858**	**95,640**	**56,137**	**931,407**

[1] Includes the following captions in the statement of profit or loss:
- Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net;
- Gains or losses on financial assets and liabilities held for trading, net;
- Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net;
- Gains or losses from hedge accounting, net;
- Exchange differences, net; and
- Gains or losses on derecognition of non-financial assets, net.

[2] This aggregate includes the following captions in the statement of profit or loss:
- Provisions or reversal of provisions;
- Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss; and
- Impairment or reversal of impairment on non-financial assets.

As at December 31, 2024 and 2023, the breakdown of the assets and liabilities allocated to each operational segment, in accordance with information analysed by the Bank's Management for decision-making, is as follows:

	31-12-2024				
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	Total
Assets					
Financial assets at fair value through other comprehensive income – loan and advances	-	-	-	2,423,726	2,423,726
Financial assets at amortised cost					
Mortgage loans	-	23,256,518	-	-	23,256,518
Consumer loans	-	1,932,864	-	-	1,932,864
Other loans	2,909,934	6,086,056	5,537,868	7,448,639	21,982,497
Other balances receivable	-	29,391	-	411,267	440,658
Total allocated assets	**2,909,934**	**31,304,829**	**5,537,868**	**10,283,632**	**50,036,263**
Non-allocated assets					6,043,248
Total Assets					**56,079,511**
Liabilities					
Financial liabilities measured at amortised cost					
Deposits - Credit institutions	-	-	-	4,644,026	4,644,026
Deposits - Customers	778,353	28,873,601	8,416,986	-	38,068,940
Debt securities issued	-	-	-	6,175,748	6,175,748
Total allocated liabilities	**778,353**	**28,873,601**	**8,416,986**	**10,819,774**	**48,888,714**
Non-allocated liabilities					3,033,766
Total Liabilities					**51,922,480**
Guarantees and sureties given (Off-balance sheet)	**141,902**	**581,683**	**1,407,783**	**-**	**2,131,368**

	31-12-2023				
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	Total
Assets					
Financial assets at fair value through other comprehensive income – loan and advances	-	-	-	2,427,889	2,427,889
Financial assets at amortised cost					
Mortgage loans	-	22,035,220	-	-	22,035,220
Consumer loans	-	1,788,525	-	-	1,788,525
Other loans	2,651,008	5,921,185	5,164,049	3,808,286	17,544,528
Other balances receivable	-	61,689	-	439,724	501,413
Total allocated assets	**2,651,008**	**29,806,619**	**5,164,049**	**6,675,899**	**44,297,575**
Non-allocated assets					10,289,007
Total Assets					**54,586,582**
Liabilities					
Financial liabilities measured at amortised cost					
Deposits - Central banks	-	-	-	706,835	706,835
Deposits - Credit institutions	-	-	-	5,042,435	5,042,435
Deposits - Customers	728,556	28,238,013	6,382,236	280,600	35,629,405
Debt securities issued	-	-	-	5,921,731	5,921,731
Total allocated liabilities	**728,556**	**28,238,013**	**6,382,236**	**11,951,601**	**47,300,406**
Non-allocated liabilities					3,170,088
Total Liabilities					**50,470,494**
Guarantees and sureties given (Off-balance sheet)	**143,458**	**577,798**	**1,280,359**	**-**	**2,001,615**

As at December 31, 2024 and 2023, the Bank did not have relevant business in any geography besides that of the domestic business.

The accounting policies used in preparing the financial information by segments were consistent with those described in Note 1.3 of these Notes to the financial statements.

4. GROUP COMPANIES AND TRANSACTIONS THAT OCCURRED DURING THE YEAR

As at December 31, 2024 and 2023, the subsidiaries and associates, and their most significant financial data, extracted from the respective financial statements, excluding IAS / IFRS conversion adjustments, can be summarised as follows:

	Direct Shareholding (%)		Effective Shareholding (%)		Net assets		Equity		Profit or loss for the financial year	
Company	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023
BANCO SANTANDER TOTTA, S.A.	Holding	Holding	Holding	Holding	57,068,289	56,259,327	4,115,659	4,052,784	993,282	943,190
TOTTA (IRELAND), PLC (1)	100,00	100,00	100,00	100,00	474,178	507,818	466,082	474,720	916	1,732
TOTTA URBE - EMP.ADMIN. E CONSTRUÇÕES, S.A. (2)	100,00	100,00	100,00	100,00	91,166	87,620	88,330	85,751	2,568	(1,820)
TAXAGEST, SGPS, S.A.	99,00	99,00	99,00	99,00	56,442	56,019	56,395	55,993	402	268
NOVIMOVEST - Fundo de Investimento Imobiliário Aberto	78,74	78,74	78,71	78,71	163,549	179,935	159,252	175,464	3,989	3,079
GAMMA, Sociedade Financeira de Titularização de Créditos, S.A.	100,00	100,00	100,00	100,00	8,215	7,837	8,092	7,702	390	372
HIPOTOTTA No. 4 PLC	-	-	-	-	-	387,379	-	(5,911)	-	(4,028)
HIPOTOTTA No. 5 PLC	-	-	-	-	-	418,815	-	(16,230)	-	(5,320)
HIPOTOTTA No. 4 FTC	-	-	-	-	-	324,868	-	323,226	-	(1,175)
HIPOTOTTA No. 5 FTC	-	-	-	-	-	354,149	-	349,935	-	(286)
Securitisation operations managed by GAMMA, STC	-	-	-	-	2,035,290	2,049,963	-	-	-	-

Hipototta No. 4 PLC and No. 5 PLC are under liquidation and Hipototta No. 4 FTC and No. 5 FTC were liquidated in the second half of 2024.

(1) Since this subsidiary closes its financial year on November 30, the amounts reflected in the “Profit or loss for the financial year” columns correspond to the net profit or loss recorded between December 1, 2024 and December 31, 2024 (December 1, 2023 and December 31, 2023).

(2) The net situation of this subsidiary includes supplementary capital contributions in the amount of Euros 99,760 thousand.

As at December 31, 2024 and 2023, the business, the location of the registered office, and the consolidation method used for the companies included in the consolidation were as follows:

Company	Activity	Registered office	Consolidation method
BANCO SANTANDER TOTTA, S.A.	Banking	Portugal	Holding
TOTTA (IRELAND), PLC	Investment management	Ireland	Full
TOTTA URBE - Emp. Admin. e Construções, S.A.	Property management	Portugal	Full
TAXAGEST, SGPS, S.A.	Shareholding management	Portugal	Full
Securitisation operations managed by GAMMA, STC	Securitised loans fund	Portugal	Full
NOVIMOVEST - Fundo de Investimento Imobiliário Aberto	Real estate Fund	Portugal	Full
GAMMA, Sociedade Financeira de Titularização de Créditos, S.A.	Securitisation management	Portugal	Full

In accordance with IFRS 10, the Group includes in its consolidated financial statements the special purpose entities (SPE) created within the scope of the securitisation operations when it controls them, that is, when it holds the majority of the risks and benefits associated with their business, namely, the bonds that they issued with a higher degree of subordination – "equity pieces".

As at December 31, 2024 and 2023, the Novimovest Fund balance sheet was as follows:

	31-12-2024	31-12-2023
Property portfolio	126,490	138,032
Accounts receivable	3,910	4,297
Cash and banks	32,959	37,442
Accruals and deferrals	190	164
	163,549	179,935
Fund capital	159,252	175,464
Adjustments and provisions	1,796	1,842
Accounts payable	1,112	1,141
Accruals and deferrals	1,389	1,488
	163,549	179,935

As at December 31, 2024 and 2023, the consolidated profit or loss includes a gain of Euros 3,141 thousand and Euros 2,424 thousand, respectively, attributable to the Novimovest Fund (Note 20).

5. CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The composition of this caption is as follows:

	31-12-2024	31-12-2023
Cash	364,249	391,055
Demand deposits at central banks		
European Central Bank (ECB)	1,338,375	5,669,789
Other demand deposits at credit institutions		
Demand deposits	295,286	223,916
	1,997,910	6,284,760

According to the current regulations, credit institutions established in the participating Member States are subject to setting aside minimum reserves in accounts held with the participating national central banks. The basis of incidence includes all deposits at central banks and at financial and monetary institutions located outside the Eurozone, and all customer deposits with maturities of less than two years. A coefficient of 1% is applied to this base.

As at December 31, 2024 and 2023, the sub-caption “Cash balances at central banks” includes funds to meet the requirements of the Eurosystem's Minimum Reserve System and overnight deposits through the Eurosystem's deposit facility. The component of cash available to meet the minimum reserve is not remunerated. As at December 31, 2024 and 2023, the investments under the overnight liquidity absorption mechanism were remunerated at 3% and 4%, respectively.

6. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

The captions of financial assets and liabilities held for trading have the following composition:

	31-12-2024	31-12-2023
Financial assets held for trading		
Derivatives with positive fair value	1,549,696	1,465,544
Financial liabilities held for trading		
Derivatives with negative fair value	1,557,421	1,475,977

As at December 31, 2024 and 2023, the typologies of the derivatives recorded in these captions, are as follows:

	31-12-2024				31-12-2023			
	Notional value	Assets	Liabilities	Net	Notional value	Assets	Liabilities	Net
Forwards								
Purchases	270,374	5,806	6,756	(950)	227,357	1,715	1,537	178
Sales	271,363				227,174			
Currency swaps								
Purchases	678,553	2,040	394	1,646	759,211	159	4,057	(3,898)
Sales	676,379				762,662			
Interest rate swaps	27,472,190	1,523,736	1,532,200	(8,464)	27,117,082	1,423,167	1,429,985	(6,818)
Equity swaps	314,476	10,900	10,819	81	541,089	32,876	32,879	(3)
Currency options								
Purchases	41,505	165	165	-	120,850	1,007	942	65
Sales	41,505				120,850			
Equity options								
Purchases	94,787	2,409	2,394	15	96,981	2,649	2,640	9
Sales	94,787				96,981			
Interest rate caps & floors	1,092,213	4,640	4,693	(53)	670,466	3,971	3,937	34
	31,048,132	1,549,696	1,557,421	(7,725)	30,740,703	1,465,544	1,475,977	(10,433)

As at December 31, 2024, the captions of financial assets and liabilities held for trading are reduced by, approximately, Euros 1,189 thousand and Euros 2,163 thousand of "Credit Value Adjustments" and "Debit Value Adjustments", respectively (Euros 1,640 thousand and Euros 2,960 thousand as at December 31, 2023, respectively), in accordance with the methodology described in Note 36.

As at December 31, 2024 and 2023, almost all the trading derivative financial instruments were hedged through a back-to-back strategy with Banco Santander, S.A..

7. NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of this caption is as follows:

Description	31-12-2024	31-12-2023
Equity Instruments	17,086	24,627

The movement in this caption during financial years 2024 and 2023 was as follows:

	31-12-2023	Purchases	Redemptions / Amortisations / Liquidations / Sales	Unrealised gains / losses	Realised gains / losses	31-12-2024
				(Note 26)		
Equity Instruments	24,627	23	(7,840)	276	-	17,086

	31-12-2022	Purchases	Redemptions / Amortisations / Liquidations / Sales	Unrealised gains / losses	Realised gains / losses	31-12-2023
				(Note 26)		
Equity Instruments	31,020	51	(7,948)	4,086	(2,582)	24,627

The redemptions that occurred in financial years 2024 and 2023 resulted from the recurring activity of the Bank.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The composition of this caption is as follows:

	31-12-2024								
				Fair value reserve					
	Purchase cost	Interest receivable	Hedge adjustment	Positive reserve	Negative reserve	Total	Other	Impairment	Carrying amount
Debt securities								(Note 16)	
Issued by public residents	1,200,046	30,527	(22,576)	37,350	(3,954)	33,396	(1,170)	-	1,240,223
Equity instruments	112,363	-	-	72,947	(10,974)	61,973	-	-	174,336
Loans and advances	2,300,000	31,153	11,606	92,573	(11,606)	80,967	-	-	2,423,726
	3,612,409	61,680	(10,970)	202,870	(26,534)	176,336	(1,170)	-	3,838,285

	31-12-2023								
				Fair value reserve					
	Purchase cost	Interest receivabl e	Hedge adjustment	Positive reserve	Negative reserve	Total	Other	Impairmen t	Carrying amount
Debt securities								(Note 16)	
Issued by public residents	1,201,058	30,511	(49,254)	72,420	(6,070)	66,350	(1,509)	-	1,247,156
Equity instruments	110,814	-	-	72,256	(10,833)	61,423	-	-	172,237
Loans and advances	2,300,000	31,153	(10,826)	107,562	-	107,562	-	-	2,427,889
	3,611,872	61,664	(60,080)	252,238	(16,903)	235,335	(1,509)	-	3,847,282

The loans and advances correspond to a direct medium- / long-term loan to the Portuguese State.

The movement under this caption during financial years 2024 and 2023 was as follows:

				Gains / Losses					
	31-12-2023	Purchases	Redemptions / Amortisations / Liquidations / Sales	realised through Profit or loss	unrealised	realised through Equity	Interest / Hedging / Other	Impairment	31-12-2024
				(Note 26)				(Note 16)	
Equity instruments	172,237	3,055	(1,503)	-	550	(3)	-	-	174,336
Debt securities	1,247,156	-	-	-	(32,954)	-	26,021	-	1,240,223
	1,419,393	3,055	(1,503)	-	(32,404)	(3)	26,021	-	1,414,559

					Gains / Losses					
	31-12-2022	Purchases	Redemptions / Amortisations / Liquidations / Sales	Transfers	realised through Profit or loss	unrealised	realised through Equity	Interest / Hedging / Other	Impairment	31-12-2023
					(Note 26)				(Note 16)	
Equity instruments	149,097	1,782	(2,554)	37,114	1,386	(9,790)	(4,797)	(1)	-	172,237
Debt securities	2,005,745	-	(766,142)	-	15,750	13,812	-	(22,032)	23	1,247,156
	2,154,842	1,782	(768,696)	37,114	17,136	4,022	(4,797)	(22,033)	23	1,419,393

During the first half of 2023, the Bank transferred Unicre's shareholding from the Investments in subsidiaries, joint ventures and associates portfolio, to the Financial assets at fair value through other comprehensive income portfolio. This transfer was carried out at fair value, determined by external experts and taking as reference the financial statements as at December 31, 2022. The dividends received in the amount of Euros 4,356 thousand was set off against the Investments in subsidiaries, joint ventures and associates portfolio and the remainder was recognised in profit or loss under the caption "Gains or losses on derecognition of investments in subsidiaries, joint ventures and associates, net" (Note 26).

In December 2023, the Bank sold Euros 750,000 thousand of public debt bonds, which generated a gain of Euros 15,750 thousand (Note 26). The interest-rate risk of this financial asset was hedged, with the early cancellation of the hedging generating an impact on results of Euros 32,023 thousand, recorded under the caption "Gains or losses on financial assets and liabilities held for trading, net" (Note 26), thus complying with the rules of hedge accounting.

The Bank carries out an annual valuation of its material equity instruments.

The sub-caption "Debt securities issued by public residents" presented the following characteristics:

	31-12-2024				31-12-2023			
Description	Acquisition cost	Interest receivable	Gains / Losses and other	Carrying amount	Acquisition cost	Interest receivable	Gains / Losses and other	Carrying amount
. Maturity up to three years	1,146,233	28,824	9,236	1,184,293	1,046,690	28,660	20,966	1,096,316
, Maturity between three and five years	-	-	-	-	99,905	149	(5,511)	94,543
, Maturity between five and ten years	53,326	1,699	489	55,514	53,976	1,698	173	55,847
, Maturity over ten years	487	4	(75)	416	487	4	(41)	450
	1,200,046	30,527	9,650	1,240,223	1,201,058	30,511	15,587	1,247,156

9. FINANCIAL ASSETS AT AMORTISED COST

The "Debt securities" sub-caption has the following composition:

	31-12-2024	31-12-2023
Securitised credit		
. Commercial paper	2,577,858	2,525,191
. Bonds	8,778,714	4,668,258
Interest receivable	161,388	118,593
Value adjustments of hedged assets	(19,090)	(66,320)
Deferred income	(1,991)	(1,094)
	11,496,879	7,244,628
Impairment of debt securities (Note 16)	(3,895)	(2,262)
	11,492,984	7,242,366

The “Loans and advances” sub-caption has the following composition:

	31-12-2024	31-12-2023
Loans and advances - Customers		
To corporate customers		
Overdrafts and current account loans	986,780	980,255
Factoring loans	1,921,499	1,507,087
Commercial book - other	168,186	157,155
Finance leasing	946,054	895,636
Loans	6,596,247	6,906,385
Other advances	38,979	37,202
To individuals		
Overdrafts and current account loans	92,900	84,607
Finance leasing	93,110	115,022
Loans	24,952,705	23,665,200
Other advances	516,738	472,982
	36,313,198	34,821,531
Interest receivable	124,821	138,740
Value adjustments of hedged assets	(21,543)	(39,323)
Commissions associated with amortised cost (net)	(6,453)	(7,380)
	96,825	92,037
Other balances receivable		
Margin / Escrow accounts	152,738	171,475
Cheques collectible	29,391	61,689
Sundry debtors and other cash equivalents	240,786	250,571
	422,915	483,735
Loans and advances - Credit institutions		
Loans	26,844	24,782
Interest receivable and deferred income	37	5
Commissions associated with amortised cost	(2,183)	-
	24,698	24,787
Loans and advances	36,857,636	35,422,090
Impairment of loans and advances - Customers and other balances receivable	(737,803)	(794,669)
Impairment of loans and advances - Credit institutions	(280)	(101)
Impairment of loans and advances (Note 16)	(738,083)	(794,770)
	36,119,553	34,627,320

As at December 31, 2024 and 2023, the sub-caption “Impairment of loans and advances - Customers and other balances receivable” includes Euros 6,675 thousand and Euros 7,008 thousand, respectively, of other balances receivable.

In financial years ended December 31, 2024 and 2023, portfolios of loans granted to individuals and companies were sold, with a carrying amount of Euros 86,837 thousand and Euros 266,940 thousand, respectively. As a result of these transactions, gains were recorded in the amount of Euros 5,824 thousand and losses in the amount of Euros 18,204 thousand, in financial years 2024 and 2023, respectively (Note 16).

As at December 31, 2024 and 2023, the caption “Loans and advances - Customers - To individuals” included mortgage loans, assigned to the autonomous net assets of the covered bonds issued by the Bank in the amounts of Euros 12,533,006 thousand and Euros 11,284,130 thousand, respectively (Note 15).

The sub-caption "Other balances receivable - Sundry debtors and other cash equivalents" includes Euros 157,699 thousand, relating to the recognition by the Bank of an indemnity asset, within the scope of IFRS 3 - Business Combinations, arising from the high uncertainty regarding the recovery of tax losses that supported deferred tax assets included in the scope of the Banif resolution, which formed the basis of the price presented by the Bank in its binding offer for the acquisition of the assets and liabilities of Banif, which provided that if the Tax Authority did not confirm the right to use the aforementioned tax losses, the Bank would have to be compensated, in cash or treasury bonds, in the same amount (Note 12).

The movement in impairment losses during financial years 2024 and 2023 is presented in Note 16.

As at December 31, 2024 and 2023, the division, by stage, of the portfolio of financial assets at amortised cost, has the following breakdown:

	31-12-2024			31-12-2023		
	Gross amount	Impairment	Coverage	Gross amount	Impairment	Coverage
Stage 1	44,245,291	(62,431)	0.14%	37,845,975	(45,550)	0.12%
Stage 2	3,226,337	(176,564)	5.47%	3,927,180	(246,056)	6.27%
Stage 3	882,887	(502,983)	56.97%	893,563	(505,426)	56.56%
	48,354,515	(741,978)		42,666,718	(797,032)	

As at December 31, 2024 and 2023, the non-productive assets, net of impairment, are detailed as follows by counterpart and default date:

31-12-2024

Counterparts	Non-performing exposures, net	With reduced probability of payment, but not overdue or overdue by <= 90 days	Overdue > 90 days <= 180 days	Overdue > 180 days <= 5 years	Overdue > 5 years
Debt securities	**20,283**	**20,283**	**-**	**-**	**-**
Other financial companies	1,531	1,531	-	-	-
Non-financial companies	18,752	18,752	-	-	-
Loans and advances	**359,621**	**193,505**	**49,281**	**105,897**	**10,938**
Public sector	125	80	45	-	-
Credit institutions	570	570	-	-	-
Other financial companies	2,786	739	138	1,909	-
Non-financial companies	150,353	90,844	9,927	42,914	6,668
Individuals	205,787	101,272	39,171	61,074	4,270
Total financial assets at amortised cost	**379,904**	**213,788**	**49,281**	**105,897**	**10,938**

31-12-2023

Counterparts	Non-performing exposures, net	With reduced probability of payment, but not overdue or overdue by <= 90 days	Overdue > 90 days <= 180 days	Overdue > 180 days <= 5 years	Overdue > 5 years
Loans and advances					
Public sector	88	88	-	-	-
Credit institutions	118	118	-	-	-
Other financial companies	454	4	421	29	-
Non-financial companies	212,114	140,304	11,883	45,317	14,610
Individuals	175,363	85,603	31,397	54,014	4,349
Total financial assets at amortised cost	**388,137**	**226,117**	**43,701**	**99,360**	**18,959**

The evolution that occurred in the exposure and in the impairment of the financial assets at amortised cost in financial years 2024 and 2023, was as follows:

	Financial assets at amortised cost				Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at 31-12-2022	35,735,981	4,973,001	1,088,278	41,797,260	64,379	274,751	607,166	946,296
Transfers:								
Stage 1 to 2	(1,990,668)	1,990,668	-	-	(8,358)	127,883	-	119,525
Stage 1 to 3	(81,385)	-	81,385	-	(761)	-	43,990	43,229
Stage 2 to 3	-	(146,903)	146,903	-	-	(18,520)	70,476	51,956
Stage 2 to 1	688,317	(688,317)	-	-	2,481	(33,084)	-	(30,603)
Stage 3 to 2	-	60,690	(60,690)	-	-	9,589	(32,065)	(22,476)
Stage 3 to 1	2,297	-	(2,297)	-	10	-	(1,000)	(990)
Idiosyncratic overlay 2022	1,688,000	(1,688,000)	-	-	-	(101,000)	-	(101,000)
Mortgages overlay	(59,000)	59,000	-	-	-	7,000	-	7,000
Other	-	-	-	-	-	-	7,010	7,010
Write-offs and sales	-	-	(267,784)	(267,784)	-	-	(203,332)	(203,332)
Origination, net of amortisations	1,862,433	(632,959)	(92,232)	1,137,242	(12,201)	(20,563)	13,181	(19,583)
Balance as at 31-12-2023	37,845,975	3,927,180	893,563	42,666,718	45,550	246,056	505,426	797,032
Transfers:								
Stage 1 to 2	(1,588,392)	1,588,392	-	-	(3,772)	81,910	-	78,138
Stage 1 to 3	(106,107)	-	106,107	-	(356)	-	47,620	47,264
Stage 2 to 3	-	(176,588)	176,588	-	-	(27,698)	84,128	56,430
Stage 2 to 1	869,186	(869,186)	-	-	3,364	(49,092)	-	(45,728)
Stage 3 to 2	-	50,494	(50,494)	-		11,502	(23,623)	(12,121)
Stage 3 to 1	5,754	-	(5,754)	-	42	-	(1,866)	(1,824)
Mortgages overlay	509,000	(509,000)	-	-	-	(24,000)	-	(24,000)
Other	-	-	-	-	-	-	5,470	5,470
Write-offs and sales	-	-	(88,923)	(88,923)	-	-	(74,429)	(74,429)
Origination, net of amortisations	6,709,875	(784,955)	(148,200)	5,776,720	17,603	(62,114)	(39,743)	(84,254)
Balance as at 31-12-2024	44,245,291	3,226,337	882,887	48,354,515	62,431	176,564	502,983	741,978

In the 2023 financial year, the treatment given by the Bank to Overlays was:

- The 2023 financial year demonstrated that the portfolios of companies most affected by energy costs performed well, with no degradation in the relevant risk of exposures covered by the idiosyncratic overlay universe. In this context, this overlay was cancelled and loans and advances in the amount of Euros 1,688 million was returned to the stage 1 portfolio and the impairment in the amount of Euros 101 million was annulled; and

- Regarding the mortgage overlay and as this is a portfolio subject to some systematic risk due to the interest rate context and the uncertainty regarding the evolution of the real estate market, the Bank, after analysis, decided to apply an overlay for customers with a level of income lower than Euros 1,000 and an effort rate higher than 50%, as these customers have higher default rates and transitions to stage 2. This overlay led to a reclassification of Euros 59 million of exposure from stage 1 to stage 2 (Euros 450 million in the 2022 financial year).

The 2024 financial year stabilised the interest rate context and demonstrated that there was no significant deterioration in individual customers. In this sense, the Bank cancelled the mortgage overlay with an accumulated amount of Euros 24 million and proceeded with the respective reclassification of Euros 509 million of exposure between stage 1 and stage 2.

10. DERIVATIVES - HEDGE ACCOUNTING

The composition of these captions is as follows:

	31-12-2024					
	Carrying amount		Notional value			
Type of financial instrument	Assets	Liabilities	Up to 3 months	Between 3 months and 1 year	More than 1 year	Total
Hedging derivative instruments						
Fair value hedges						
Interest rate swaps						
Liabilities and loans	88,651	8,062	150,531	853,609	3,173,897	4,178,037
Financial assets at fair value through other comprehensive income	29,766	10,271	-	2,330,000	1,066,000	3,396,000
Equity swaps	182	11	45,220	49,567	-	94,787
Cash flow hedges - Interest rate swaps	26,074	-	-	-	3,000,000	3,000,000
	144,673	18,344	195,751	3,233,176	7,239,897	10,668,824

	31-12-2023					
	Carrying amount		Notional value			
Type of financial instrument	Assets	Liabilities	Up to 3 months	Between 3 months and 1 year	More than 1 year	Total
Hedging derivative instruments						
Fair value hedges						
Interest rate swaps						
Liabilities and loans	117,411	3,924	20,764	382,089	3,211,985	3,614,838
Financial assets at fair value through other comprehensive income	117,479	21,278	-	1,800,000	3,396,000	5,196,000
Equity swaps	86	846	-	7,431	89,550	96,981
Cash flow hedges - Interest rate swaps	24,855	-	-	-	3,000,000	3,000,000
	259,831	26,048	20,764	2,189,520	9,697,535	11,907,819

As at December 31, 2024, the captions "Derivatives – Hedge accounting" are deducted from approximately Euros 20 thousand and Euros 3 thousand of "Credit Value Adjustments" and "Debit Value Adjustments", respectively (Euros 97 thousand and Euros 1 thousand as at December 31, 2023, respectively), in accordance with the methodology described in Note 36.

The Bank carries out hedging transactions within the scope of its business, managing its own positions based on expectations as to the evolution of the markets, satisfying the needs of its customers, or hedging positions of a structural nature. The interest-rate risk implicit in the securitisation operations and covered bond issues are also managed by the Bank through the contracting of derivative financial instruments.

The Bank trades derivatives, namely in the form of exchange-rate or interest-rate contracts or a combination of both. These transactions are carried out in over-the-counter (OTC) markets.

Over-the-counter derivatives trading is usually based on a standard bilateral contract, which encompasses the set of operations over derivatives existing between the parties. In the case of inter-professional relationships, a Master Agreement of the International Swaps and Derivatives Association (ISDA). In the case of relationships with customers, a Bank contract.

In these types of contracts, offsetting liabilities are provided for in the event of default (this offsetting is provided for in the contract and is governed by Portuguese law and, for contracts with foreign counterparties or executed under foreign law, in the relevant jurisdictions).

The derivatives contract may also include a collateralisation agreement of the credit risk generated by the transactions governed by it. It should be noted that the derivatives contract between two parties usually covers all OTC derivative transactions carried out between these two parties, be they used for hedging or not.

In accordance with the standard, parts of operations commonly known as "embedded derivatives" are also separated and accounted for as derivatives, in a manner such as to recognise the fair value of these operations in profit or loss.

All derivatives (embedded or autonomous) are measured at fair value.

Derivatives are also recorded in off-balance sheet accounts at their theoretical value (notional value). The notional value is the reference value for the calculation of flows of payments and receipts originated by the operation.

The fair value corresponds to the estimated value that the derivatives would have if they were traded on the market on the reference date.

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The composition of this caption is as follows:

Investment property

During the financial year of 2013, following the subscription of several participation units, the Bank came to consolidate, using the full consolidation method, Novimovest, which main assets are rental property.

As at December 31, 2024 and 2023, the property held by Novimovest had the following characteristics:

	31-12-2024	31-12-2023
Land		
Urbanised	12,127	13,332
Non-urbanised	-	686
Finished constructions		
Leased	105,864	109,491
Non-leased	8,499	14,523
	126,490	138,032

On the other hand, during financial years 2024 and 2023, the property held by Novimovest generated, among other, the following annual income and expenses:

	31-12-2024	31-12-2023
Lease rentals (Note 30)	7,637	8,052
Taxes	(449)	(507)
Condominium charges	(317)	(226)
Maintenance and repairs	(379)	(446)
Insurance	(90)	(102)
	6,402	6,771

The movement under the sub-caption "Investment property", during financial years 2024 and 2023, was as follows:

	Balance as at 31-12-2022	Additions	Fair value adjustment	Sales	Balance as at 31-12-2023	Additions	Fair value adjustment	Sales	Balance as at 31-12-2024
Property held by the Fund	179,211	-	(3,081)	(38,098)	138,032	-	(973)	(10,569)	126,490

The effect of the valuation at fair value of the property held by Novimovest is recorded in the statement of profit or loss under the caption "Other operating income / expenses" (Note 28).

Investment property held by the Group are valued annually, or more frequently if an event occurs in the meantime raising doubts as to the value of the latest valuation conducted by specialised, independent entities in accordance with the method described in Note 14.

As at December 31, 2024 and 2023, the form of the determination of the fair value of the investment property in accordance with the levels set out in IFRS 13 is as follows:

	Level 3	
	31-12-2024	31-12-2023
Investment property	126,490	138,032

In accordance with the requirements established by IFRS 13, we present below for the investment property with the highest value in the Group's portfolio on December 31, 2024 and 2023, a summary of their main characteristics, the valuation techniques adopted and the most relevant inputs used in determining their fair value:

Description of the property	Use	Value on 31-12-2024	Value on 31-12-2023	Valuation technique	Relevant inputs
Stª Cruz do Bispo - Lots 1, 2 and 3					
Retail Park Matosinhos	Leased	48,903	48,756	Income method / Comparative market method	Rental value per m² Capitalisation rate
Warehouse in Perafita					
Warehouse in Matosinhos	Leased	16,145	16,019	Income method / Comparative market method	Rental value per m² Capitalisation rate
Av. Antero de Quental, 9					
Offices and shop in Ponta Delgada	Leased	11,176	11,269	Income method / Comparative market method	Rental value per m² Capitalisation rate
Land in Valongo	Land	9,669	10,233	Comparative market method / Cost method Residual value method	Value of land and cost of construction and selling value per m²
		85,893	86,277		

In the event of an increase in the value of rent per square metre or an increase in the occupancy rate or a decrease in the capitalisation rate, the fair value of investment property will increase. On the other hand, if there is an increase in construction or marketing costs, an increase in the capitalisation rate, a decrease in the value of rent per square metre or a decrease in the occupancy rate, the fair value of investment property will decrease.

Property, plant and equipment and Intangible assets

The movement under these captions during financial years 2024 and 2023 can be presented as follows:

	2024														
	31-12-2023				Write-offs and sales		Transfers		Transfers to other assets			31-12-2024			
	Gross amount	Accumulated depreciation	Impairment	Additions	Gross amount	Accumulated depreciation	Valor Bruto	Accumulated depreciation	Gross amount	Accumulated depreciation	Depreciation	Gross amount	Accumulated depreciation	Impairment	Carrying amount
			(Note 16)						(Note 13)					(Note 16)	
Property, plant and equipment															
Property															
. Property for own use	326,471	(132,679)	(6,146)	53	-	-	53	(23)	(1,106)	269	(6,262)	325,471	(138,695)	(6,146)	180,630
. Leasehold expenditure	9,999	(7,360)	-	20	(429)	429	(78)	23	-	-	(472)	9,512	(7,380)	-	2,132
. Rights of use (Note 15)	44,932	(25,536)	-	4,186	(1,419)	-	-	-	-	-	(4,552)	47,699	(30,088)	-	17,611
. Other property	167	(84)	-	-	-	-	-	-	-	-	(1)	167	(85)	-	82
	381,569	(165,659)	(6,146)	4,259	(1,848)	429	(25)	-	(1,106)	269	(11,287)	382,849	(176,248)	(6,146)	200,455
Equipment	112,712	(58,774)	-	13,597	(25,361)	23,731	25	-	(6)	3	(10,350)	100,967	(45,390)	-	55,577
Other property, plant and equipment	2,133	(34)	-	-	-	-	-	-	-	-	-	2,133	(34)	-	2,099
	114,845	(58,808)	-	13,597	(25,361)	23,731	25	-	(6)	3	(10,350)	103,100	(45,424)	-	57,676
	496,414	(224,467)	(6,146)	17,856	(27,209)	24,160	-	-	(1,112)	272	(21,637)	485,949	(221,672)	(6,146)	258,131
Intangible assets															
Software	115,151	(84,178)	-	22,905	(19,297)	19,297	-	-	-	-	(18,968)	118,759	(83,849)	-	34,910
Other intangible assets	2,009	(2,009)	-	-	-	-	-	-	-	-	-	2,009	(2,009)	-	-
Goodwill	1,160	-	-	-	-	-	-	-	-	-	-	1,160	-	-	1,160
	118,320	(86,187)	-	22,905	(19,297)	19,297	-	-	-	-	(18,968)	121,928	(85,858)	-	36,070

	2023												
	31-12-2022				Write-offs and sales		Transfers to other assets			31-12-2023			
	Gross amount	Accumulated depreciation	Impairment	Additions	Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation	Depreciation	Gross amount	Accumulated depreciation	Impairment	Carrying amount
			(Note 16)				(Note 13)					(Note 16)	
Property, plant and equipment													
Property													
. Property for own use	327,742	(127,068)	(6,146)	2	-	-	(1,273)	688	(6,299)	326,471	(132,679)	(6,146)	187,646
. Leasehold expenditure	9,441	(7,272)	-	967	(409)	409	-	-	(497)	9,999	(7,360)	-	2,639
. Rights of use (Note 15)	43,690	(21,104)	-	1,836	(594)	140	-	-	(4,572)	44,932	(25,536)	-	19,396
. Other property	167	(83)	-	-	-	-	-	-	(1)	167	(84)	-	83
	381,040	(155,527)	(6,146)	2,805	(1,003)	549	(1,273)	688	(11,369)	381,569	(165,659)	(6,146)	209,764
Equipment	143,388	(96,836)	-	26,415	(57,074)	55,939	(17)	10	(17,887)	112,712	(58,774)	-	53,938
Other property, plant and equipment	2,176	(77)	-	-	(43)	43	-	-		2,133	(34)	-	2,099
	145,564	(96,913)	-	26,415	(57,117)	55,982	(17)	10	(17,887)	114,845	(58,808)	-	56,037
	526,604	(252,440)	(6,146)	29,220	(58,120)	56,531	(1,290)	698	(29,256)	496,414	(224,467)	(6,146)	265,801
Intangible assets													
Software	157,270	(122,987)	-	21,746	(63,865)	63,865	-	-	(25,056)	115,151	(84,178)	-	30,973
Other intangible assets	2,009	(2,009)	-	-	-	-	-	-	-	2,009	(2,009)	-	-
Goodwill	1,160	-	-	-	-	-	-	-	-	1,160	-	-	1,160
	160,439	(124,996)	-	21,746	(63,865)	63,865	-	-	(25,056)	118,320	(86,187)	-	32,133

12. TAX ASSETS AND LIABILITIES

The composition of these captions is as follows:

	31-12-2024	31-12-2023
Current tax assets	2,286	2,121
Deferred tax assets	118,040	163,872
	120,326	165,993
Current tax liabilities		
Santander Totta, SGPS, S.A.	418,618	377,921
Other	1,248	1,415
Deferred tax liabilities	112,436	153,566
	532,302	532,902
Deferred taxes	5,604	10,306

Taxes in the statement of profit or loss have the following composition:

	31-12-2024	31-12-2023
Current taxes	(453,720)	(389,573)
Deferred taxes	(32,348)	(29,316)
	(486,068)	(418,889)

The movement in deferred tax assets and liabilities during financial years 2024 and 2023, is as follows:

	Balance as at 31-12-2023	Other comprehensive income	Profit or loss	Balance as at 31-12-2024
Provisions / Impairment temporarily not accepted for tax purposes:				
. Deferred tax assets	63,496	-	(24,601)	38,895
. Deferred tax liabilities	(5,222)	-	168	(5,054)
Revaluation of property, plant and equipment:				
. Deferred tax assets	572	-	(295)	277
. Deferred tax liabilities	(1,477)	-	137	(1,340)
Intangible assets	3,798	-	(3,309)	489
Pensions:				
. Early retirement pensions	50,812	-	(8,817)	41,995
. Retirement pensions	3,942	-	5	3,947
. Transfers of pension liabilities to Social Security	2,586	-	(396)	2,190
Financial assets at fair value through other comprehensive income	(113,384)	27,744	-	(85,640)
Hedging derivatives - cash flows	(7,726)	(98)	-	(7,824)
Financial assets at fair value through profit or loss	34,399	-	(7,804)	26,595
Securitisation operations	(22,446)	-	12,169	(10,277)
Tax losses carried forward - Banif	157,699	-	-	157,699
Tax losses carried forward - Banif (impairment)	(157,699)	-	-	(157,699)
Other	956	-	395	1,351
	10,306	27,646	(32,348)	5,604

	Balance as at 31-12-2022	Other comprehensive income	Profit or loss	Balance as at 31-12-2023
Provisions / Impairment temporarily not accepted for tax purposes:				
. Deferred tax assets	86,306	-	(22,810)	63,496
. Deferred tax liabilities	(5,222)	-	-	(5,222)
Revaluation of property, plant and equipment:				
. Deferred tax assets	858	-	(286)	572
. Deferred tax liabilities	(1,576)	-	99	(1,477)
Intangible assets	923	-	2,875	3,798
Pensions:				
. Early retirement pensions	56,501	-	(5,689)	50,812
. Retirement pensions	3,513	-	429	3,942
. Transfers of pension liabilities to Social Security	2,909	-	(323)	2,586
Financial assets at fair value through other comprehensive income	(109,570)	(3,814)	-	(113,384)
Hedging derivatives - cash flows	47,394	(55,120)	-	(7,726)
Financial assets at fair value through profit or loss	38,733	-	(4,334)	34,399
Securitisation operations	(22,777)	-	331	(22,446)
Tax losses carried forward - Banif	157,699	-	-	157,699
Tax losses carried forward - Banif (impairment)	(157,699)	-	-	(157,699)
Other	564	-	392	956
	98,556	(58,934)	(29,316)	10,306

To use the deferred taxes carried over from Banif, on May 29, 2018, the Bank submitted a replacement Model 22 (Corporate Income Tax) return, regarding the 2015 financial year. The submission of that tax return was motivated by the calculation of the result of Banif's 2015 financial year and the approval, by the Minister of Finance, of the request for the transfer of Banif's deferred taxes to the Bank (as per Order No. 138/2018/MF, of March 9, 2018). However, by Order of the Deputy Director of the Major Taxpayers Unit dated November 26, 2019 (Order of the Tax Authority), the Bank was only recognised the right to use Banif's deferred taxes for the years 2009 through 2014.

As it disagreed with the Order of the Tax Authority, on January 13, 2020 the Bank filed a hierarchical appeal to the Minister of Finance. On June 30, 2020, the Sub-Director-General of the Tax Management - Income Taxes area decided to dismiss the hierarchical appeal submitted. Even though the Order of the Tax Authority and the Order of the Sub-Director-General only recognised the Bank's right to take advantage of Banif's deferred taxes in the total amount of Euros 92,301 thousand, the Bank has the right - under the agreement with the Portuguese authorities involved in Banif's resolution proceedings – to a compensation of Euros 157,699 thousand, in cash or treasury bills, corresponding to the difference to the amount agreed / acquired. In these circumstances, in line with that foreseen in IFRS 3 – Business Combinations, in financial year 2020, the Bank recognised an indemnity asset in the amount in question under the caption “Financial assets at amortised cost – Loans and advances - Customers – Other balances receivable - Sundry debtors and other cash equivalents” (Note 9), while also considering an impairment of the deferred tax assets transferred from Banif, due to the high uncertainty regarding their recovery.

Dividends distributed to the Bank by subsidiaries and associates located in Portugal or in a European Union Member State are not taxed within the sphere of the prior as a result of the application of the arrangements provided for in Article 51 of the Corporate Tax Code that provides for the elimination of double taxation of distributed profits.

The tax authorities are entitled to review the Bank's tax situation during a period of four years (five years for Social Security), except in cases where there are tax losses carried forward and any other tax deduction or credit, situations in which the expiry date is that of the financial year in which that right is exercised.

The Bank was subject to tax inspections up to and including the financial year of 2021. The corrections made to taxable income covered various matters and most are merely timing corrections.

As for the additional assessments received, the Bank paid off the amounts assessed. Nevertheless, the majority of the additional assessments were subject to administrative claim and/or judicial review.

The Santander Group decided to apply, as from 2017, the Special Taxation of Groups of Companies Regime (RETGS). This new regime is reflected in the algebraic sum of the tax profit or loss determined in the separate periodic returns of each company. The companies covered by this scheme are: Santander Totta, SGPS - the controlling company; and Taxagest, Banco, TottaUrbe and Gamma - controlled companies.

13. OTHER ASSETS

The composition of this caption is as follows:

	31-12-2024	31-12-2023
Income receivable		
Placement of securities funds	4,169	3,912
Credit operations	50	50
Other services rendered	18,169	17,167
Other	3,424	2,270
Promises of payment in kind, auctions and other assets received as payment in kind	48,776	47,747
Gold, other precious metals, coins and medals	3,145	3,145
Deferred expenses	996	978
Liabilities - pensions and other benefits (Note 33)		
Liabilities - BST	(1,121,259)	(1,089,386)
BST Pension Fund book value	1,151,632	1,130,449
Liabilities – London Branch	(29,356)	(31,175)
London Branch Pension Fund book value	32,680	32,815
Liabilities - BAPOP	(151,438)	(147,425)
BAPOP Pension Fund book value	191,701	186,351
Values in transit and other transactions to be settled	229,002	68,766
	381,691	225,664
Impairment of non-financial assets (Note 16)	(29,228)	(28,336)
	352,463	197,328

The sub-caption “Income receivable – Other services rendered” mainly includes fees receivable from insurers for the marketing of their insurance products (Note 32).

The movement in the sub-caption "Promises of payment in kind, auctions and other assets received as payment in kind" during financial years 2024 and 2023 was as follows:

	December 31, 2023							Impairment (Note 16)			December 31,2024		
	Gross amount	Impairment (Note 16)	Carrying amount	Additions	Sales / Write-offs	Transfers to/from NCAHFS (Note 14)	Transfers of property, plant and equipment (Note 11)	Increases	Reversals	Use	Gross amount	Impairment (Note 16)	Carrying amount
Assets received as payment in kind													
Property	6,532	(3,517)	3,015	-	-	9,931	-	(11,392)	2,885	-	16,463	(12,024)	4,439
Promises of payment in kind	103	(103)	-	-	-	-	-	-	-	-	103	(103)	-
Auctions	3,172	(1,075)	2,097	1,651	-	(1,980)	-	(38)	414	-	2,843	(699)	2,144
Other	13,839	(13,169)	670	414	(2,322)	(443)	-	(5)	1,688	688	11,488	(10,798)	690
Own use property for sale	11,950	(6,526)	5,424	160	(5,906)	-	840	(421)	992	2,789	7,044	(3,166)	3,878
Other property for sale	12,151	(3,946)	8,205	-	(1,316)	-	-	-	1,095	413	10,835	(2,438)	8,397
	47,747	(28,336)	19,411	2,225	(9,544)	7,508	840	(11,856)	7,074	3,890	48,776	(29,228)	19,548

	December 31, 2022							Impairment (Note 16)			December 31, 2023		
	Gross amount	Impairment (Note 16)	Carrying amount	Additions	Sales / Write-offs	Transfers to/from NCAHFS (Note 14)	Transfers of property, plant and equipment (Note 11)	Increases	Reversals	Use	Gross amount	Impairment (Note 16)	Carrying amount
Assets received as payment in kind													
Property	11,716	(5,283)	6,433	-	-	(5,184)	-	-	1,766	-	6,532	(3,517)	3,015
Promises of payment in kind	186	(186)	-	-	-	(83)	-	-	83	-	103	(103)	-
Auctions	3,917	(1,707)	2,210	1,388	-	(2,133)	-	(60)	655	37	3,172	(1,075)	2,097
Other	21,554	(20,410)	1,144	538	(6,795)	(1,458)	-	(69)	4,099	3,211	13,839	(13,169)	670
Own use property for sale	19,507	(10,982)	8,525	32	(8,181)	-	592	(51)	2,192	2,315	11,950	(6,526)	5,424
Other property sale	32,524	(18,733)	13,791	-	(20,373)	-	-	(2,601)	3,217	14,171	12,151	(3,946)	8,205
	89,404	(57,301)	32,103	1,958	(35,349)	(8,858)	592	(2,781)	12,012	19,734	47,747	(28,336)	19,411

As at December 31, 2024 and 2023, the typology of the properties in the Assets received as payment in kind – Property portfolio and in the Other property for sale portfolio, was as follows:

Typology	2024				2023			
	No. properties	Gross amount	Impairment	Carrying amount	No. properties	Gross amount	Impairment	Carrying amount
Property								
Urban land	3	819	(230)	589	3	819	(229)	590
Rural land	4	265	(228)	37	6	313	(300)	13
Buildings								
. Residential	57	8,054	(5,941)	2,113	38	3,150	(1,422)	1,728
. Commercial	23	7,325	(5,625)	1,700	16	2,250	(1,566)	684
	87	16,463	(12,024)	4,439	63	6,532	(3,517)	3,015
Other property for sale								
Urban land	84	6,461	(742)	5,719	95	6,786	(1,368)	5,418
Rural land	4	3,455	(1,553)	1,902	7	4,080	(2,381)	1,699
Buildings								
. Residential	4	208	(17)	191	7	336	(25)	311
. Commercial	4	711	(126)	585	11	949	(172)	777
	96	10,835	(2,438)	8,397	120	12,151	(3,946)	8,205
	183	27,298	(14,462)	12,836	183	18,683	(7,463)	11,220

The determination of impairment losses is performed according to the methodology described in Note 14.

As at December 31, 2024 and 2023, the manner of determining the fair value of the "Promises of payment in kind, auctions and other assets received as payment in kind" in accordance with the levels defined in IFRS 13 is as level 3.

14. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The movement under this caption, in financial years 2024 and 2023, was as follows:

	December 31, 2023					Impairment (Note 16)			December 31, 2024		
	Gross amount	Accumulated impairment (Note 16)	Additions	Sales	Transfers to/ from other assets (Note 13)	Increases	Reversals	Use	Gross amount	Accumulated impairment (Note 16)	Carrying amount
Assets received as payment in kind											
Property	35,864	(22,910)	3,014	(10,855)	(7,508)	(896)	11,776	3,748	20,515	(8,282)	12,233
Equipment	1,912	(1,746)	590	(753)	-	(401)	228	302	1,749	(1,617)	132
Other assets	22,445	-	280	(9,246)	-	-	-	-	13,479	-	13,479
	60,221	(24,656)	3,884	(20,854)	(7,508)	(1,297)	12,004	4,050	35,743	(9,899)	25,844

	December 31, 2022					Impairment (Note 16)			December 31, 2023		
	Gross amount	Accumulated impairment (Note 16)	Additions	Sales	Transfers to/ from other assets (Note 13)	Increases	Reversals	Use	Gross amount	Accumulated impairment (Note 16)	Carrying amount
Assets received as payment in kind											
Property	68,490	(42,485)	68	(41,552)	8,858	(3,726)	481	22,820	35,864	(22,910)	12,954
Equipment	1,905	(1,702)	347	(340)	-	(468)	248	176	1,912	(1,746)	166
Other assets	17,541	-	9,801	(4,897)	-	-	-	-	22,445	-	22,445
	87,936	(44,187)	10,216	(46,789)	8,858	(4,194)	729	22,996	60,221	(24,656)	35,565

As at December 31, 2024 and 2023, the typology of the properties in the Assets received as payment in kind portfolio – property, was as follows:

	2024				2023			
Typology	No. properties	Gross amount	Impairment	Carrying amount	No. properties	Gross amount	Impairment	Carrying amount
Urban land	56	9,051	(5,399)	3,652	74	9,307	(5,575)	3,732
Rural land	3	84	(74)	10	1	26	(1)	25
Buildings								
. Residential	195	5,536	(1,799)	3,737	244	17,038	(9,325)	7,713
. Commercial	38	5,844	(1,010)	4,834	63	9,493	(8,009)	1,484
	292	20,515	(8,282)	12,233	382	35,864	(22,910)	12,954

As part of the Guadiana project, the Bank signed, in the second half of 2022, a promissory contract for the purchase and sale of a portfolio of 563 properties for a sales value of Euros 23 million. The properties will be removed from the balance sheet as the deeds are celebrated. In the 2024 financial year, the deeds of 23 properties were signed with a sales value of Euros 3 million (181 properties with a sales value of Euros 11 million in December 2023) and the capital gains / losses realised on this sale are recorded under the caption "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" (Note 31). In the second half of 2024, the deadline for the celebration of the deeds in the scope of the Guadiana project expired, with 214 properties with a book value of Euros 5.7 million not having been the object of a deed.

The valuations of these properties are carried out in accordance with one of the following methods, applied according to the specific situation of the asset:

a) <u>Market method</u>
The market comparison criterion is based on real-estate transaction figures for similar property comparable to the property constituting the object of the study, obtained through market research conducted in the area where the property is located.

b) <u>Income method</u>
This method is intended to estimate the value of the property based on the capitalisation of its net rent, updated to the present moment, using the discounted cash flow method.

The valuations performed of the property referred to above are carried out by independent, specialised entities accredited by the Portuguese Securities Markets Commission (Comissão do Mercado de Valores Mobiliários (CMVM)).

As at December 31, 2024 and 2023, the manner of determining the fair value of non-current assets held for sale in accordance with the levels defined in IFRS 13 is as level 3.

15. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The sub-caption "Deposits" has the following composition:

	31-12-2024	31-12-2023
Deposits - Central banks		
Resources from European Central Bank - Deposits	-	706,835
	-	706,835
Deposits - Credit institutions		
Sale operations with repurchase agreement	4,137,574	4,496,595
Deposits	506,163	545,270
Interest payable / deferred expenses	289	570
	4,644,026	5,042,435
Deposits - Customers		
Demand deposits	23,048,508	20,255,031
Term deposits	14,614,517	14,883,567
Advance notice deposits	1,000	6,000
Structured deposits	137,007	131,695
Saving deposits	183,391	299,980
Interest payable / deferred expenses	84,871	55,244
Value adjustments for hedging operations	(354)	(2,112)
	38,068,940	35,629,405
	42,712,966	**41,378,675**

As at December 31, 2024 and 2023, the sub-caption "Deposits – Credit institutions – Resources from credit institutions - Sales operations with repurchase agreement" is broken down, by type of asset underlying the repo operations, as follows:

	31-12-2024				Remaining period		
Type of subjacent	Capital	Interest	Deferred expenses	Total	Up to 3 months	3 months to 1 year	1 to 3 years
Debt securities of foreign public issuers	(1,150,575)	-	13,483	(1,137,092)	(483,186)	(653,906)	-
Debt securities of other issuers	5,341,694	-	(67,028)	5,274,666	2,067,852	2,839,718	367,096
	4,191,119	-	(53,545)	4,137,574	1,584,666	2,185,812	367,096

	31-12-2023				Remaining period		
Type of subjacent	Capital	Interest	Deferred expenses	Total	Up to 3 months	3 months to 1 year	1 to 3 years
Debt securities of national public issuers	31,228	-	(236)	30,992	30,992	-	-
Debt securities of foreign public issuers	(859,994)	-	10,537	(849,457)	(395,815)	(453,642)	-
Debt securities of other issuers	5,434,524	-	(119,464)	5,315,060	1,786,596	2,719,638	808,826
	4,605,758	-	(109,163)	4,496,595	1,421,773	2,265,996	808,826

The sub-caption “Debt securities issued” has the following composition:

	31-12-2024			31-12-2023		
	Issued	Reacquired	Balance	Issued	Reacquired	Balance
Covered bonds						
Opening balance	9,769,900	(6,123,800)	3,646,100	8,600,000	(6,623,800)	1,976,200
Issued	2,061,500	(933,000)	1,128,500	2,669,900	(1,000,000)	1,669,900
Reacquired	-	-	-	-	-	-
Redeemed	(1,000,000)	3,800	(996,200)	(1,500,000)	1,500,000	-
Closing balance	10,831,400	(7,053,000)	3,778,400	9,769,900	(6,123,800)	3,646,100
Interest payable	-	-	62,647	-	-	37,199
Cost-related commissions	-	-	(22,513)	-	-	(18,869)
Hedging adjustments	-	-	33,056	-	-	7,417
	10,831,400	(7,053,000)	3,851,590	9,769,900	(6,123,800)	3,671,847
Bonds issued in the scope of securitisation operations						
Opening balance	2,715,184	(1,732,384)	982,800	3,182,259	(2,057,561)	1,124,698
Issued	404,001	-	404,001	-	-	-
Redeemed	(1,108,882)	727,579	(381,303)	(467,075)	325,177	(141,898)
Closing balance	2,010,303	(1,004,805)	1,005,498	2,715,184	(1,732,384)	982,800
Interest payable	-	-	2,375	-	-	1,267
Cost-related commissions	-	-	(21,975)	-	-	(31,265)
	2,010,303	(1,004,805)	985,898	2,715,184	(1,732,384)	952,802
Structured bonds						
Opening balance	294,175	(796)	293,379	254,282	(285)	253,997
Issued	112,900	-	112,900	141,600	-	141,600
Reacquired	-	(458)	(458)	-	(511)	(511)
Redeemed	(67,397)	1,254	(66,143)	(101,707)	-	(101,707)
Closing balance	339,678	-	339,678	294,175	(796)	293,379
Interest payable	-	-	5,202	-	-	5,455
Hedging adjustments	-	-	-	-	-	(238)
	339,678	-	344,880	294,175	(796)	298,596
Other bonds						
Opening balance	650,000	-	650,000	650,000	-	650,000
Closing balance	650,000	-	650,000	650,000	-	650,000
Interest payable	-	-	15,632	-	-	15,675
	650,000	-	665,632	650,000	-	665,675
Subordinated liabilities						
Opening balance	327,599	-	327,599	327,599	-	327,599
Closing balance	327,599	-	327,599	327,599	-	327,599
Interest payable	-	-	149	-	-	5,212
	327,599	-	327,748	327,599	-	332,811
	14,158,980	(8,057,805)	6,175,748	13,756,858	(7,856,980)	5,921,731

According to the law, holders of the covered bonds have a special creditor privilege over the autonomous assets and liabilities, which constitutes a guarantee of the debt to which the bondholders will have access in the event of the issuer’s insolvency.

The conditions of the Debt securities issued are described in Appendix I.

The amounts paid in financial year 2024 related to debt securities issued, are as follows:

Interest and commissions payable as at December 31, 2023	14,674
Expenses incurred with debt securities issued (Note 23)	247,729
Interest and commissions payable as at December 31, 2024	41,517
Cash flows from financing activities – Remuneration payable on debt issued + Subordinated liabilities	220,889

Between May 2008 and December 2024, the Bank realised thirty-seven covered bond issues under the "€ 12,500,000,000 Covered Bonds Programme". As at December 31, 2024 and 2023, the covered bonds had an autonomous set of net assets consisting of:

	31-12-2024	31-12-2023
Loans and advances - Customers (Note 9)	12,533,006	11,284,130
Loan interest	39,069	42,615
Derivatives	(1,410,008)	(1,263,905)
	11,162,067	10,062,840

The sub-caption "Other financial liabilities" has the following composition:

	31-12-2024	31-12-2023
Cheques and orders payable	57,690	93,855
Creditors and other resources		
Creditors for futures operations	22,454	15,463
Contributions to other healthcare systems	1,761	1,716
Public sector	48,653	34,068
Creditors for factoring contracts	76,479	61,038
Creditors for amounts payables	42,435	6,878
Other	30,403	26,214
Commitments for future rents	17,797	19,705
	297,672	258,937

Commitments for future rents correspond to the adoption of IFRS 16, and their movements during financial years 2024 and 2023, are as follows:

	Lease liabilities	Right of use (Note 11)
Balances as at December 31, 2022	**22,790**	**22,586**
Depreciation 2023	(4,467)	(4,572)
Outs	(454)	(454)
Ins	323	1,836
Rent extensions and modifications	1,513	-
Balances as at December 31, 2023	**19,705**	**19,396**
Depreciation 2024	(4,471)	(4,552)
Outs	(1,623)	(1,419)
Ins	1,387	1,387
Rent extensions and modifications	2,799	2,799
Balances as at December 31, 2024	**17,797**	**17,611**

During the same periods, the contractual cash flows are as follows:

	31-12-2024	31-12-2023
. Up to 1 year	4,097	4,542
. Up to 2 years	3,833	3,449
. Up to 3 years	3,675	3,144
. Up to 4 years	2,994	3,024
. Up to 5 years	1,099	2,799
. More than 5 years	2,099	2,747
	17,797	19,705

16. MOVEMENT IN PROVISIONS AND IMPAIRMENT

The movement in Provisions during financial years 2024 and 2023 was as follows:

	2024					
	31-12-2023	Increases	Reversals	Use	Transfers / Other	31-12-2024
Impairment for commitments and guarantees given (Note 22)	53,263	5,532	(7,338)	-	-	51,457
Restructuring	40,743	-	-	(18,502)	-	22,241
Other provisions	39,451	34,512	(1,374)	(1,256)	(21,011)	50,322
	133,457	40,044	(8,712)	(19,758)	(21,011)	124,020

	2023					
	31-12-2022	Increases	Reversals	Use	Transfers / Other	31-12-2023
Impairment for commitments and guarantees given (Note 22)	49,705	8,763	(5,205)	-	-	53,263
Restructuring	65,653	-	(13,500)	(11,410)	-	40,743
Other provisions	39,146	41,062	(8,627)	(2,130)	(30,000)	39,451
	154,504	49,825	(27,332)	(13,540)	(30,000)	133,457

The amount presented under the restructuring concept is intended to cover the commitments already assumed and disclosed to employees and not yet settled. The amounts used in financial years 2024 and 2023 were used to settle commitments assumed.

The sub-caption “Other provisions” presented the following detail:

	31-12-2024	31-12-2023
Pensions and other post-employment defined benefit obligations (Note 35)	14,992	10,508
Tax issues	5,250	5,250
Legal issues and pending litigation	10,332	4,644
Other provisions	19,748	19,049
	50,322	39,451

The movement in Impairment during financial years 2024 and 2023 was as follows:

	2024							
	31-12-2023	Increases	Reversals	Use	Other	31-12-2024	Recoveries of uncollectibles and other	Gains / Losses on loan sales
Impairment or reversal of impairment of financial assets not measured								
at fair value through profit or loss:								
Impairment of debt securities (Note 9)	2,262	1,757	(124)	-	-	3,895	-	-
Impairment of loan and advances (Note 9)	794,770	118,513	(100,813)	(74,429)	42	738,083	(517)	(5,824)
Impairment of financial assets at fair value								
through other comprehensive income (Note 8)	-	-	-	-	-	-	-	-
	797,032	120,270	(100,937)	(74,429)	42	741,978	(517)	(5,824)
Impairment or reversal of impairment on non-financial assets:								
Property, plant and equipment (Note 11)	6,146	-	-	-	-	6,146	-	-
Other assets (Note 13)	28,336	11,856	(7,074)	(3,890)	-	29,228	-	-
Non-current assets held for sale (Note 14)	24,656	1,297	(12,004)	(4,050)	-	9,899	-	-
	59,138	13,153	(19,078)	(7,940)	-	45,273	-	-

	2023							
	31-12-2022	Increases	Reversals	Use	Other	31-12-2023	Recoveries of uncollectibles and other	Gains / Losses on loan sales
Impairment or reversal of impairment of financial assets not measured								
at fair value through profit or loss:								
Impairment of debt securities (Note 9)	4,850	244	(2,832)	-	-	2,262	-	-
Impairment of loan and advances (Note 9)	941,446	166,549	(107,378)	(205,825)	(22)	794,770	(1,477)	18,204
Impairment of financial assets at fair value								
through other comprehensive income (Note 8)	24	-	(24)	-	-	-	-	-
	946,320	166,793	(110,234)	(205,825)	(22)	797,032	(1,477)	18,204
Impairment or reversal of impairment on non-financial assets:								
Property, plant and equipment (Note 11)	6,146	-	-	-		6,146	-	-
Other assets (Note 13)	57,301	2,781	(12,012)	(19,734)		28,336	-	-
Non-current assets held for sale (Note 14)	44,187	4,194	(729)	(22,996)		24,656	-	-
	107,634	6,975	(12,741)	(42,730)	-	59,138	-	-

17. SHARE CAPITAL REPAYABLE ON DEMAND

As at December 31, 2024 and 2023, this caption represented the participation units of the Novimovest Fund not owned by the Group.

18. OTHER LIABILITIES

The composition of this caption is as follows:

	31-12-2024	31-12-2023
General administrative expenses	75,339	74,424
Staff expenses payable	90,100	83,510
Other charges payable	6,679	7,939
Deferred income	8,327	7,884
Other		
SEPA transfers	182,368	349,739
Other values in transit and other transactions to be settled	107,341	181,968
	470,154	705,464

As at December 31, 2024 and 2023, the other charges correspond, essentially, to accrued expenses related to the Bank's normal activity.

19. EQUITY

As at December 31, 2024 and 2023, the Bank's share capital was represented by 1,391,779,674 shares with a par value of one Euro each, fully subscribed and paid up by the following shareholders:

	Number of shares	Shareholding %	Amount
Santander Totta, SGPS, S.A.	1,376,219,267	98.88%	1,376,219
Taxagest, SGPS, S.A.	14,593,315	1.05%	14,593
Treasury shares	435,492	0.03%	436
Other	531,600	0.04%	532
	1,391,779,674	100.00%	1,391,780

During financial year 2023, the Bank purchased 6,404 treasury shares, for Euros 12 thousand. During financial year 2024, there were no acquisitions of treasury shares.

Under the terms of Order No. 408/99, of June 4, published in the Official Gazette of Portugal – 1st Series B, No. 129, the share premium, in the amount of Euros 193,390 thousand, cannot be used for the attribution of dividends or for the purchase of treasury shares.

On June 29, 2022, Banco Santander Totta issued "€ 400,000,000 Fixed Rate Resettable Perpetual Additional Tier I", perpetual subordinated bonds that qualify for the Tier 1 capital ratio, as Additional Tier 1 Capital, pursuant to Directive 2013/36/EU (or CRD IV – Capital Requirements Directive), with same having been fully acquired by Santander Totta, SGPS, S.A.. This operation has no defined term, has an option for early redemption by the Bank from the end of 5th year, and an interest rate of 9.159% per annum, during the first 5 years. As an Additional Tier 1 instrument, the corresponding interest payment is decided at the discretion of the Bank and is also subject to the observation of a set of conditions, situations that led to its recording under this caption. The amount paid in financial year 2024 was Euros 36,636 thousand.

On May 16, 2023, the General Meeting deliberated to distribute dividends in respect of the financial year 2022 in the amount of Euros 508,000 thousand (Euros 502,516 thousand paid).

On August 30, 2024, the General Meeting deliberated to distribute dividends on retained earnings in the amount of Euros 850,000 thousand (Euros 840,822 thousand paid).

As at December 31, 2024 and 2023, the breakdown of the Accumulated other comprehensive income reserves was as follows:

	31-12-2024	31-12-2023
Gross effect of the valorisations		
Items that will not be reclassified to profit or loss		
Actuarial gains or losses on defined benefit pension plans (Note 33)	(729,195)	(709,765)
Fair value changes of equity instruments measured at fair value through other comprehensive income	61,974	61,425
Total of Items that will not be reclassified to profit or loss	(667,221)	(648,340)
Items that may be reclassified to profit or loss		
Cash flow hedges	26,081	24,922
Fair value changes of debt securities at fair value through other comprehensive income	32,929	65,287
Fair value changes of loans and advances at fair value through other comprehensive income	252,919	301,739
Total of Items that may be reclassified to profit or loss	311,929	391,948
Tax effect		
Items that will not be reclassified to profit or loss – tax effect		
Actuarial gains or losses on defined benefit pension plans	211,236	204,286
Fair value changes of equity instruments measured at fair value through other comprehensive income	(233)	(71)
Total of Items that will not be reclassified to profit or loss – tax effect	211,003	204,215
Items that may be reclassified to profit or loss – tax effect		
Cash flow hedges	(7,824)	(7,726)
Fair value changes of debt securities at fair value through other comprehensive income	(9,528)	(19,772)
Fair value changes of loans and advances at fair value through other comprehensive income	(75,876)	(93,539)
Total of Items that may be reclassified to profit or loss – tax effect	(93,228)	(121,037)
Accumulated other comprehensive income	(237,517)	(173,214)

Deferred taxes were calculated based on legislation currently in force and correspond to the best estimate of the impact of the realisation of the potential gains and losses included in reserves through other comprehensive income.

Revaluation reserves cannot be used for the attribution of dividends or to increase share capital.

The captions “Retained earnings” and “Other reserves” had the following composition:

	31-12-2024	31-12-2023
Retained earnings	378.383	401.045
Other reserves		
Legal reserve	724,379	630,060
Reserves of consolidated companies	119,033	100,203
Reserves of companies consolidated using the equity method	35,539	35,539
Merger reserve		
Through the incorporation of totta and of BSP	541,334	541,334
Through the incorporation of BSN	35,405	35,405
Through the incorporation of Totta IFIC	90,520	90,520
Through the incorporation of BAPOP	(8,411)	(8,411)
Other reserves	(434,660)	(409,477)
	1,103,139	1,015,173

Retained earnings

This caption recognises undistributed profits or losses of prior years.

Legal reserve

In accordance with the provisions of Decree-Law 298/92, of December 31, amended by Decree-Law 201/2002, of September 26, the Company had been setting aside a legal reserve until same equalled the share capital, or the sum of the free reserves formed and of the retained earnings, if greater. To this end, a fraction of not less than 10% of the profit or loss for the financial year of the Company's individual activity was annually transferred to this reserve, until achieving said amount. This reserve may only be used to cover accumulated losses or to increase share capital.

Merger reserve

In accordance with legislation in force, the merger reserve is considered equivalent to the legal reserve and may only be used to cover accumulated losses or increase the share capital.

Other reserves

This caption includes the revaluation reserves determined. In 1998, under Decree-Law 31/98, of February 11, the Bank revalued its Property, plant and equipment, increasing their value, net of accumulated depreciation, by approximately Euros 23,245 thousand, which was recorded in revaluation reserves. The net amount resulting from the revaluation carried out can only be used for share capital increases or to cover losses, as and when they are used (amortised) or the assets to which they relate are sold. Additionally, this caption includes the impacts of accounting policy changes, the impacts originated by the sale of equity instruments and the distribution of remuneration (interest) - "Additional Tier 1 Instruments".

Earnings per share

Basic earnings per share are calculated by dividing the consolidated net income attributable to the Bank's shareholders by the weighted average number of common shares in circulation during the financial year.

	31-12-2024	31-12-2023
Consolidated profit or loss attributable to owners of the parent	971,345	931,407
Weighted average number of ordinary shares issued	1,391,779,674	1,391,779,674
Weighted average number of treasury shares	15,028,807	15,024,986
Weighted average number of ordinary shares outstanding	1,376,750,867	1,376,754,688
Basic earnings per share attributable to owners of the parent (Euros)	0.706	0.677

Basic earnings per share are the same as diluted earnings per share since there are no contingently issuable common shares, namely through options, warrants or equivalent financial instruments as at the reporting date.

20. PROFIT OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

In financial years 2024 and 2023, the determination of the consolidated profit can be summarised as follows:

	31-12-2024		31-12-2023	
	Profit or loss for the financial year	Contribution to the consolidated profit or loss	Profit or loss for the financial year	Contribution to the consolidated profit or loss
Profit or loss of the Bank (individual activity)	993,282	993,282	943,190	943,190
Profit or loss of remaining Group companies:				
Totta (Ireland), Plc.	13,686	13,686	23,801	23,801
Novimovest - Fundo de Investimento Imobiliário Aberto	3,989	3,141	3,079	2,424
Gamma, Sociedade Financeira de Titularização de Créditos, S.A.	390	390	372	372
Totta Urbe, Empresa de Administração e Construções, S.A.	2,568	2,568	(1,820)	(1,820)
Taxagest, SGPS, S.A.	402	398	268	266
	21,035	20,183	25,700	25,043
Adjustments to the consolidated results				
Annulment of intergroup dividends received:				
Totta (Ireland), Plc.		(22,323)		(4,862)
Unicre, Instituição Financeira de Crédito, S.A.		-		(4,355)
		(22,323)		(9,217)
Adjustments related to securitisation operations		(20,718)		(6,304)
Annulment of the Unicre valorisation in the Bank		-		(31,184)
Annulment of the impairment of investments in subsidiaries		1,000		10,000
Other		(79)		(121)
Profit or loss attributable to owners of the parent		971,345		931,407

21. NON-CONTROLLING INTERESTS

The value of third-party holdings in Group companies is broken down by entity, as follows:

	31-12-2024	31-12-2023
Taxagest, SGPS, S.A.	564	560
Other	69	69
	633	629

22. OFF-BALANCE SHEET ITEMS

The breakdown of off-balance sheet liabilities is as follows:

	31-12-2024	31-12-2023
Guarantees given and other contingent liabilities		
Guarantees and sureties (Note 36)	398,315	370,432
Loan commitments granted (Note 36)		
Revocable	6,421,646	6,841,168
Irrevocable	875,957	646,033
	7,297,603	7,487,201
Other commitments granted		
Non-financial guarantees and sureties (Note 36)	1,733,053	1,631,183
Documentary credits outstanding (Note 36)	252,725	228,694
Other commitments granted	84	84
	1,985,862	1,859,961
Irrevocable payment commitments	68,277	102,474
	2,054,139	1,962,435
	9,750,057	9,820,068
Assets pledged as guarantee		
Bank of Portugal	196,000	187,105
Deposit Guarantee Fund	43,318	84,955
Investor Indemnity System	9,626	9,439
Assets pledged as guarantee in monetary policy operations	15,992,728	12,924,529
European Resolution Fund	26,451	26,451
	16,268,123	13,232,479
Liabilities for services provided		
Deposit and custodianship services	47,788,584	44,207,049
Values received for collection	773,157	634,223
	48,561,741	44,841,272

Assets pledged as collateral for monetary policy operations correspond to the collateral pool that the Bank has with the European Central Bank, to secure operational liquidity.

Financial guarantees and sureties, Loan commitments granted and Other commitments granted, have the following exposure per stage:

	31-12-2024							
	Exposure				Impairment (Note 16)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments granted	6,864,200	413,618	19,785	7,297,603	9,297	8,462	14	17,773
Financial guarantees and sureties	358,862	21,595	17,858	398,315	637	597	12,985	14,219
Other commitments granted	1,802,276	90,199	93,387	1,985,862	671	1,377	17,417	19,465
	9,025,338	525,412	131,030	9,681,780	10,605	10,436	30,416	51,457

	31-12-2023							
	Exposure				Impairment (Note 16)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments granted	6,953,424	526,997	6,780	7,487,201	5,560	12,060	25	17,645
Financial guarantees and sureties	334,520	17,390	18,522	370,432	436	1,445	13,091	14,972
Other commitments granted	1,699,040	56,269	104,652	1,859,961	483	1,026	19,137	20,646
	8,986,984	600,656	129,954	9,717,594	6,479	14,531	32,253	53,263

In the sub-caption “Irrevocable payment commitments” the Bank records the responsibilities for:

Deposit Guarantee Fund

Pursuant to Decree-Law 298/92, of December 31, the Deposit Guarantee Fund was established in November 1994 to secure the deposits made at credit institutions, in accordance with the limits established in the General Credit Institutions and Financial Companies Regime. The initial contribution to the Fund, established by an Order of the Ministry of Finance, was made through the delivery of cash and deposit securities, and was amortised over 60 months as from January 1995. Except for that referred to in the following paragraph, the regular annual contributions to the Fund are recognised as an expense for the financial year to which they relate.

Until 2011, as permitted by the Bank of Portugal, the Bank paid 90% of the annual contribution to the Deposit Guarantee Fund, having also entered an irrevocable commitment to the Deposit Guarantee Fund to pay the 10 % of the annual contribution, if and when so requested. The accumulated unpaid amount, as at December 31, 2024, in respect of which this commitment was entered into, totalled Euros 34,485 thousand (Euros 68,969 thousand as at December 31, 2023). The assets pledged to the Bank of Portugal are reflected under off-balance sheet items at their market value. In financial years 2024 and 2023, the Bank paid 100% of the annual contribution in the amounts of Euros 151 thousand and Euros 321 thousand, respectively (Note 30).

Investor Compensation System (SII)

Liabilities to the Investor Compensation System are not recognised as expenses. These liabilities are covered through the acceptance of an irrevocable commitment to make their payment, if it comes to be required, a part of which (50%) is secured by pledge of Portuguese Treasury securities. As at December 31, 2024 and 2023, these liabilities amounted to Euros 7,342 thousand and Euros 7,054 thousand, respectively.

Single Resolution Fund

Within the scope of the single Resolution mechanism, the annual contributions will be transferred to the Single Resolution Fund, in accordance with Article 3(3) of the agreement on the transfer and pooling of the contributions to the Single Resolution Fund, signed in Brussels on May 21, 2014. The Bank of Portugal, as the resolution authority, determines the amount of the contribution of each institution depending on their risk profile. In financial year 2023, and as provided for in a Bank of Portugal letter, the Single Resolution Council (CUR) allowed banking institutions, in this financial year, to opt for the use of irrevocable payment commitment, in the proportion of 22.5%, of the amount of the annual contribution. The contribution for financial year 2023 amounted to Euros 21,010 thousand and the amount recognised in profit or loss amounted to Euros 16,283 thousand (Note 30). In financial year 2024, there was no contribution, with the amount of Euros 312 thousand (Note 30) corresponding to regularisations of previous years.

23. NET INTEREST INCOME

The composition of this caption is as follows:

	2024			2023		
	Income	Expenses	Net	Income	Expenses	Net
Assets						
Cash and deposits at central banks and credit institutions	130,791	-	130,791	209,397	-	209,397
Financial assets held for trading	814,917	-	814,917	145,306	-	145,306
Financial assets at fair value through other comprehensive income						
Loans and advances	71,842	-	71,842	71,965	-	71,965
Debt securities	35,790	-	35,790	60,222	-	60,222
Financial assets at amortised cost						
Loans and advances - Credit institutions	8,984	(1)	8,983	10,131	-	10,131
Debt securities	305,771	(2,645)	303,126	141,656	-	141,656
Loans and advances - Customers	1,737,851	(49,998)	1,687,853	1,543,978	(37,056)	1,506,922
Hedge accounting	283,092	(121,653)	161,439	508,404	(495,141)	13,263
Other assets	666	-	666	2	-	2
Liabilities						
Financial liabilities held for trading	-	(808,901)	(808,901)	-	(145,709)	(145,709)
Financial liabilities measured at amortised cost	-					-
Deposits – Central banks	-	(6,611)	(6,611)	-	(70,749)	(70,749)
Deposits - Credit institutions	-	(193,951)	(193,951)	-	(146,366)	(146,366)
Deposits - Customers	-	(382,442)	(382,442)	-	(135,683)	(135,683)
Debt securities issued	-	(247,729)	(247,729)	-	(178,287)	(178,287)
Lease liabilities	-	(425)	(425)	-	(421)	(421)
Other	-	(733)	(733)	-	(352)	(352)
	3,389,704	(1,815,089)	1,574,615	2,691,061	(1,209,764)	1,481,297

24. DIVIDEND INCOME

This caption refers to dividends received and has the following composition:

	2024	2023
Unicre - Instituição Financeira de Crédito, S.A.	4,276	-
SIBS – Sociedade Interbancária de Serviços, S.A.	3,934	1,664
VISA	12	26
	8,222	1,690

25. INCOME AND EXPENSES FROM FEES AND COMMISSIONS

The composition of these captions is as follows:

	2024	2023
Fee and commission income	**537,728**	**523,850**
Securities	16,026	13,835
Corporate finance	3,360	2,691
Asset management	1,713	1,738
Custodianship services	6,129	5,639
Payment services		
Current accounts	108,980	113,554
Credit cards	21,599	21,269
Debit cards and other card payments	93,419	92,937
Transfers and other payment orders	21,328	21,443
Other fee and commission income related to payment services	1,139	1,133
Customer resources distributed but not managed		
Collective investment	34,306	31,796
Insurance products (Note 32)	134,978	124,719
Structured financial instruments	16,534	24,059
Loan commitments granted	8,042	8,329
Financial guarantees given	4,628	4,231
Loans granted	41,546	41,902
Other fee and commission income	24,001	14,575
Fee and commission expenses	**(85,552)**	**(66,849)**
Securities	(8,125)	(5,392)
Payment services	(51,365)	(43,307)
Financial guarantees received	(4,403)	(885)
Other fee and commission expenses	(21,659)	(17,265)

26. GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES

The composition of these captions is as follows:

	2024	2023
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**332**	**15,750**
Financial assets at fair value through other comprehensive income – Debt securities (Note 8)	-	15,750
Financial liabilities measured at amortised cost – Debt securities issued	332	-
Gains or losses on financial assets and liabilities held for trading, net	**1,829**	**33,287**
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**276**	**1,504**
Equity instruments (Note 7)	276	1,504
Gains or losses from hedge accounting, net	**-**	**-**
Hedging derivatives	(89,079)	(222,316)
Hedged element	89,079	222,316
Exchange differences, net	**18,751**	**18,095**
Gains or losses on derecognition of investments in subsidiaries, joint ventures and associates, net (Note 8)	**-**	**1,386**

27. GAINS OR LOSSES ON DERECOGNITION OF NON-FINANCIAL ASSETS

The composition of this caption is as follows:

	2024	2023
Gains on investment property	557	2,791
Losses on investment property	(460)	(1,108)
Gains on other equipment	138	-
Losses on other equipment	(391)	-
	(156)	1,683

28. OTHER OPERATING INCOME AND EXPENSES

The composition of this caption is as follows:

	2024	2023
Other operating income		
Income from sundry services rendered	1,926	1,945
Rents earned - Novimovest (Note 11)	7,637	8,052
Fair value changes of investment property (Note 11)	1,853	1,318
Other	5,479	4,888
	16,895	16,203
Other operating expenses		
Fair value changes of investment property (Note 11)	(2,826)	(4,399)
Charges with customers	(3,637)	(3,254)
Other	(2,747)	(2,040)
	(9,210)	(9,693)

The sub-caption “Other operating expenses - Charges with customers” records expenses with internal and external fraud.

29. ADMINISTRATIVE EXPENSES

The composition of this caption is as follows:

Staff expenses

	2024	2023
Remuneration		
Management and supervisory bodies	8,668	7,837
Employees	182,819	180,815
Variable remuneration	34,866	35,735
	226,353	224,387
Mandatory social charges		
Charges on remuneration	50,625	48,156
Charges with pensions and other benefits (Note 33)	3,048	2,699
Other	896	920
	54,569	51,775
Other staff expenses		
Staff assignments	1,106	1,123
Complementary pension plan (Note 33)	399	443
Other	9,022	6,566
	10,527	8,132
	291,449	284,294

Other administrative expenses

	2024	2023
External supplies	8,361	7,086
Specialised services	66,206	53,382
Maintenance of IT software and hardware	91,241	88,107
Communications	4,673	5,423
Maintenance and repairs	3,300	2,912
Advertising and publishing	6,886	7,164
Other lease operations (short-term and low-value leases)	1,828	2,873
Travel, accommodation and entertainment expenses	4,417	3,965
Insurance	1,966	2,122
Other	6,507	7,171
	195,385	180,205

Statutory Audit Firm

The fees billed or to be billed by the audit firm and respective firms in the same network, in financial years 2024 and 2023, excluding the value added tax, were as follows:

	2024			2023		
	Bank	Group	Total	Bank	Group	Total
Audit and statutory audit	2,293	31	2,324	2,313	64	2,377
Other assurance services	802	15	817	719	-	719
Tax consulting services	-	-	-	-	-	-
Other services	1,270	-	1,270	624	-	624
	4,365	46	4,411	3,656	64	3,720

The caption "Other assurance services" include fees for the following services:

i) Assessment of the impairment of the loan portfolio, as required by Bank of Portugal Instruction No. 5/2013;
ii) Limited review of the quarterly financial information (1st and 3rd quarters of 2024 and 2023) prepared for the consolidation of Banco Santander, S. A.;
iii) Review of procedures for the safeguarding of customer assets, as required under Article 304º-C of the Securities Code;
iv) Verification of the information on monetary policy operations, as required by Article 101 A of Bank of Portugal Instruction No. 3/2015;
v) Procedures for validating the annual financial flows report for the purposes of the IFRRU 2020 certification;
vi) Verification of a set of indicators included in the Responsible Banking Report;
vii) Review of the Internal Control System for the prevention of money laundering and financing of terrorism; and
viii) Verification of the liquidation account and of the application of the amounts determined, prepared by the funds under liquidation.

The caption "Other services" includes fees related to the following services:

i) Issue of comfort letter for updating the prospectus regarding the covered bonds programme;
ii) Access to the Inforfisco database containing information on tax law, doctrine and court decisions;
iii) Agreed-upon procedures on the information of the loans included in securitisation operations;
iv) Agreed-upon procedures on the *ex-ante* report to the Sole Resolution Fund;
v) Verification of a set of sustainability indicators;
vi) Analysis of the implementation of measures in the scope of the internal control system for the prevention of money laundering and the financing of terrorism;
vii) Special audit regarding the quality of data; and
viii) Analysis of the implementation of the action plans defined by the Bank in response to situations identified in the Special audit of the quality of data.

30. CASH CONTRIBUTIONS TO RESOLUTION FUNDS AND DEPOSIT GUARANTEE SCHEMES

The composition of this caption is as follows:

	2024	2023
Contributions to Resolution Funds		
National Resolution Fund	6,932	6,821
Single Resolution Fund (Note 22)	312	16,283
Contributions to the Deposit Guarantee Fund (Note 22)	151	321
Other	594	483
	7,989	23,908

Decree-Law 24/2013, of February 19, established the regime governing bank contributions to the National Resolution Fund, created for the purpose of prevention, mitigation and containment of systemic risk. According to Bank of Portugal's Notice No. 1/2013, payment is laid down of an initial contribution and of periodic contributions to the Resolution Fund.

Institutions participating in the National Resolution Fund must deliver to this Fund, by the last day of April, an additional periodic contribution, in accordance with the provisions of paragraphs 5 and 6 of Article 14 of Law No. 23-A/2015, of March 26.

31. PROFIT OR LOSS ON NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS

The composition of this caption is as follows:

	2024			2023		
	Gains	Losses	Net	Gains	Losses	Net
Assets received as payment in kind	6,437	(1,664)	4,773	5,445	(2,574)	2,871
Other non-financial assets	3,898	(5,854)	(1,956)	7,495	(7,222)	273
	10,335	(7,518)	2,817	12,940	(9,796)	3,144

32. PROVISION OF INSURANCE BROKERAGE SERVICES

Income from the provision of insurance brokerage services relates primarily to commissions billed for the marketing of life and non-life insurance, recorded in the caption "Income and expenses from fees and commissions", as follows:

	2024			2023		
	Life products	Non-life products	Total	Life products	Non-life products	Total
			(Note 25)			(Note 25)
Santander Totta Seguros - Companhia de Seguros de Vida, S.A.	35,895	-	35,895	36,115	-	36,115
Aegon Santander Portugal Vida - Companhia de Seguros de Vida, S.A.	50,528	-	50,528	45,371	-	45,371
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	-	46,063	46,063	-	40,774	40,774
Other	249	2,243	2,492	369	2,090	2,459
	86,672	48,306	134,978	81,855	42,864	124,719

As at December 31, 2024 and 2023, the sub-caption "Other assets - Income receivable – other services rendered" (Note 13) includes mainly commissions receivable from insurers for the marketing of their insurance products as detailed hereunder:

	31-12-2024	31-12-2023
Santander Totta Seguros - Companhia de Seguros de Vida, S.A.	8,978	8,972
Aegon Santander Portugal Vida - Companhia de Seguros de Vida, S.A.	4,381	3,878
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	3,994	3,562
Other	6	7
	17,359	16,419

These amounts refer, essentially, to the commissions calculated and not yet paid in respect of premiums of insurance marketed during the last quarter of 2024 and 2023.

33. EMPLOYEE POST-EMPLOYMENT BENEFITS

To determine the liabilities for past services of the Bank (Santander, BAPOP and Banif plans) in respect of employees in service, pensioners and those already retired, actuarial studies were conducted by Mercer (Portugal), Limitada. The current value of the past-service liabilities, as well as the related costs of current services, were calculated based on the Projected Unit Credit method.

The Bank's liabilities for retirement pensions, healthcare, death allowances and end-of-career awards, as at December 31, 2024 and 2023, as well as the respective coverage, are detailed as follows:

	Santander		BAPOP	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Estimate of liabilities for past services (Note 13):				
- Pensions:				
. Current employees	177,984	166,585	66,488	65,673
. Pensioners	85,089	76,359	7,513	7,096
. Retired staff and early retired staff	697,521	687,917	67,663	65,445
	960,594	930,861	141,664	138,214
- Healthcare system (SAMS)	148,768	147,137	9,312	8,779
- Death allowance	4,914	4,773	462	432
- End-of-career awards	6,983	6,615	-	-
	1,121,259	1,089,386	151,438	147,425
Coverage of liabilities (Note 13):				
- Net assets of the Fund	1,151,632	1,130,449	191,701	186,351
Excess / (Insufficient) funding	30,373	41,063	40,263	38,926
Actuarial and financial deviations generated in the period				
- Change in assumptions	28,411	23,850	2,431	3,279
- Experience adjustments:				
. Other actuarial (gains) or losses	28,113	30,054	811	3,030
. Financial (gains) or losses	(33,556)	(42,159)	(6,325)	(8,195)
	(5,443)	(12,105)	(5,514)	(5,165)
	22,968	11,745	(3,083)	(1,886)

On July 5, 2023, the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF) authorised the extinction through transfer of the Banif pension fund and the change in the constitutive contract of the Santander pension fund. In this sense, as at October 31, 2023, the merger of the Banif pension fund in the Santander pension fund took place

As at December 31, 2024 and 2023, the main assumptions used by the Bank to determine its liabilities for retirement pensions were as follows:

	2024	2023
Mortality Table		
. Female	TV 99/01 (-2)	TV 99/01 (-2)
. Male	TV 88/90	TV 88/90
Technical actuarial rate (discount rate)	3.50%	3.50%
Salary growth rate		
. Year 2024	-	2.50%
. Year 2025	2.50%	2.00%
. Year 2026	2.00%	0.75%
. After 2026	0.75%	0.75%
Pension growth rate		
. Year 2024	-	2.25%
. Year 2025	2.50%	1.75%
. Year 2026	1.75%	0.50%
. After 2026	0.50%	0.50%
Social security's annual salary revalorisation rate		
. No. 1 of Article 27	0.45%	0.45%
. No. 2 of Article 27	0.55%	0.55%

Decree-Law 167-E/2013, of December 31, changed the normal retirement age under the General Social Security Regime; however, the sustainability factor is no longer applicable to beneficiaries who retire at that age.

The discount rate used to determine the liabilities was calculated by reference to the market rates of low-risk corporate bonds of a term comparable to that of the settlement of the liabilities.

The movement in liabilities for past services in financial years 2024 and 2023, can be detailed as follows:

	Santander		BAPOP	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Liabilities at beginning of year (Note 13)	1,089,386	1,067,426	147,425	140,719
Cost of current services	1,524	1,316	417	386
Interest expense	36,548	37,786	3,976	3,962
Actuarial (gains) or losses	56,524	53,904	3,242	6,309
Early retirements	11,931	5,484	2,035	910
Amounts paid	(77,099)	(78,942)	(6,170)	(5,361)
Employee contributions	2,445	2,412	513	500
Liabilities at end of year (Note 13)	1,121,259	1,089,386	151,438	147,425

As at December 31, 2024 and 2023, the estimated temporal payments for the coming ten years, are as follows:

	Santander		BAPOP	
Year	31-12-2024	31-12-2023	31-12-2024	31-12-2023
2024	-	74,430	-	5,523
2025	77,706	72,170	5,727	5,524
2026	75,824	68,999	5,748	5,453
2027	72,683	68,632	5,652	5,393
2028	70,364	66,231	5,581	5,330
2029	67,842	63,858	5,616	5,391
2030	66,280	62,371	5,498	5,281
2031	64,942	61,239	5,304	5,099
2032	64,416	60,944	5,465	5,281
2033	63,851	60,325	5,620	5,447
2034	61,980	-	5,860	-
	685,888	659,199	56,071	53,722

The expenses for the financial year relating to pensions include the cost of current services and the net interest expense. In financial years 2024 and 2023, the expense with pensions has the following composition (Note 29):

	2024	2023
Cost of current services	1,941	1,702
Interest expense	40,524	41,748
Income from assets calculated using the discount rate	(40,524)	(41,748)
Defined benefit plan	1,941	1,702
Defined contribution plan	1,094	1,039
London Branch plan	13	(42)
	3,048	2,699

As from January 1, 2009, the employees taken on by the Bank came to be included in Social Security and are covered by a supplementary defined-contribution pension plan and by the rights acquired under Clause 93 of the CBA. The plan is funded through contributions by employees (1.5%) and by the Bank (1.5%), calculated based on the actual monthly remuneration. For this purpose, each employee can opt for an open pension fund at his or her choice into which the Bank transfers its contribution, except for Banif that has a defined contribution fund.

In 2025, the Bank expects to contribute Euros 6,528 thousand to the defined benefits plan of Santander and BAPOP.

Salary and pension growth estimates were determined considering the historical ratio between inflation and the CBA table growth.

The average duration of pension liabilities of the employees of Santander and BAPOP is 13 years, including those in active service and pensioners.

The movement in actuarial deviations during financial years 2024 and 2023 was as follows:

	Santander		BAPOP	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Deviations at beginning of year (Note 19)	727,723	715,978	(24,877)	(22,991)
Actuarial (gains) or losses	56,524	53,904	3,242	6,309
Financial (gains) or losses	(33,556)	(42,159)	(6,325)	(8,195)
Deviations at end of year (Note 19)	750,691	727,723	(27,960)	(24,877)

The Santander Pension Fund is managed by Santander Pensões - Sociedade Gestora de Fundos de Pensões, S.A., and the BAPOP Pension Fund is managed by Santander Totta Seguros – Companhia de Seguros de Vida, S.A..

As at December 31, 2024 and 2023, the number of participants of the plans was the following:

	Santander		BAPOP	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Current employees				
Defined benefits plan	3,109	3,217	607	626
Defined contribution plan	1,309	1,210	82	87
Pensioners	1,551	1,508	33	31
Retired staff and early retired staff	6,626	6,687	235	224
	12,595	12,622	957	968

The main demographic changes occurring in financial years 2024 and 2023, were as follows:

	Assets							
	Defined contribution plan		Defined benefits plan		Retired staff and early retired staff		Pensioners	
	Santander	BAPOP	Santander	BAPOP	Santander	BAPOP	Santander	BAPOP
Total number as at December 31, 2022	561	94	3,137	636	6,052	215	1,365	31
Exits:								
. Of current employees	(46)	(7)	(37)	(6)	-	-	(9)	(3)
. Due to mortality	(1)	-	(4)	(1)	(132)	(1)	(52)	-
. Other	-	-	-	-	-	-	-	-
Transfers	549	-	106	(4)	724	4	122	-
Entries	147	-	15	1	43	6	82	3
Total number as at December 31, 2023	1,210	87	3,217	626	6,687	224	1,508	31
Exits:								
. Of current employees	(78)	(5)	(35)	(10)	-	-	(6)	(1)
. Due to mortality	(2)	-	(5)	(1)	(165)	(1)	(58)	-
. Other	-	-	-	-	-	-	-	-
Transfers	(4)	-	(77)	(9)	(244)	(3)	-	-
Entries	183	-	9	1	348	15	107	3
Total number as at December 31, 2024	1,309	82	3,109	607	6,626	235	1,551	33

The movement in the Bank's Pension Funds during financial years 2024 and 2023 was as follows:

	Santander		BAPOP	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Fund value at beginning of year (Note 13)	1,130,449	1,100,224	186,351	173,365
Bank contributions (monetary)	25,733	26,810	706	5,690
Employee contributions	2,445	2,412	513	500
Profit or loss of the fund:				
Income from assets calculated using discount rate	36,548	37,786	3,976	3,962
Income of the Fund above the discount rate	33,556	42,159	6,325	8,195
Amounts paid	(77,099)	(78,942)	(6,170)	(5,361)
Fund value at end of year (Note 13)	1,151,632	1,130,449	191,701	186,351

The yields of the Pension Funds amounted, in 2024, to 6.45% in Santander and 6.21% in BAPOP, and, in 2023, to 7.39% in Santander and 7.87% in BAPOP.

The investment and allocation policy of the Pension Funds determines that the asset portfolio be structured in compliance with security, profitability and liquidity criteria, through a diverse set of investments, namely shares, bonds, other debt instruments, holdings in collective-investment institutions, bank deposits, other monetary assets, and land and buildings registered in the land registry.

On the other hand, that policy is guided by risk-diversification and profitability criteria, and the Managing Company may opt for a more or less conservative policy by increasing or decreasing the exposure to shares or bonds, according to its expectations as to the evolution of the markets, and in accordance with the defined investment limits.

The investment policy in force provides for the following limits:

Asset class	Buckets considered
Bonds	40% to 95%
Real estate	0% to 25%
Equities	0% to 20%
Liquidity	0% to 15%
Alternatives	0% to 10%
Commodities	0% to 5%

In financial year 2023, the Santander and BAPOP Pension Funds were classified as falling under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

As at December 31, 2024 and 2023, the composition of the Pension Funds was as follows:

	Santander		BAPOP	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Debt securities:				
. Rating A	9,978	30,032	5,511	6,352
. Rating AA	58,400	45,152	19,545	9,682
. Rating AAA	56,840	73,445	21,058	19,132
. Rating BBB	189,711	239,347	53,033	61,194
. Rating BB	14,579	7,663	2,714	611
. Rating B	857	-	214	-
. Without rating attributed to the issue or the issuer	13,170	9,914	-	3,169
Commercial paper	-	-	7,021	-
Real estate funds	52,313	56,936	335	331
Securities funds	671,842	565,561	75,921	72,004
Deposits	42,079	50,679	6,784	14,712
Property				
. Commercial spaces	31,152	32,228	-	-
. Land	1,350	1,341	-	-
Equity instruments:				
. Portuguese shares – unlisted	693	458	-	-
. Foreign shares – listed	-	-	-	-
Derivative financial instruments	400	425	67	61
Other	8,268	17,268	(502)	(897)
	1,151,632	1,130,449	191,701	186,351

The method for calculating the fair value of the assets and liabilities mentioned above (except for deposits and other), adopted by the Managing Companies, as recommended in IFRS 13 (Note 36), was as follows:

	31-12-2024				31-12-2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	432,440	-	13,170	445,610	492,610	-	13,083	505,693
Commercial paper	7,021	-	-	7,021	-	-	-	-
Investment funds	747,763	-	52,648	800,411	637,565	-	57,267	694,832
Equity instruments	-	-	693	693	-	-	458	458
Derivative financial instruments	467	-	-	467	486	-	-	486
Property	-	-	32,502	32,502	-	-	33,569	33,569
Other	-	-	56,629	56,629	-	-	81,762	81,762
	1,187,691	-	155,642	1,343,333	1,130,661	-	186,139	1,316,800

As at December 31, 2024 and 2023, the Pension Funds' portfolio included the following assets related to companies of the Santander Group in Portugal:

	31-12-2024	31-12-2023
Leased property	13,855	13,801
Securities (including units in funds managed)	134,452	140,609
	148,307	154,410

In 2010, insurance was taken out at Santander Totta Seguros – Companhia de Seguros de Vida, S.A., to meet the liabilities of a new supplementary defined-contribution pension plan attributed to the Bank's senior management. The initial contribution to the new plan amounted to Euros 4,430 thousand. In financial years 2024 and 2023, the premium paid by the Bank amounted to Euros 399 thousand and Euros 443 thousand, respectively (Note 29).

This plan covers the contingencies of retirement, death and permanent absolute disability for customary work or invalidity.

For all these contingencies, the benefits to be received by the beneficiaries will equal the accumulated balance in the supplementary plan on the date on which these occur. In the case of the beneficiary's death, this amount will be further increased by Euros 6,000.

Defined benefit pension plan – London Branch

As at December 31, 2024 and 2023, the main assumptions used in the calculation of retirement pension liabilities related to the pension plan covering the employees of the Bank's London Branch were as follows:

	31-12-2024	31-12-2023
Mortality table	100% S3NMA_Light / 100% S3NFA_Light	100% S3NMA_Light / 100% S3NFA_Light
Technical actuarial rate (discount rate)	5.5%	4.5%
Salary growth rate	3.1%	3.0%
Pension growth rate	2.1%	2.1%
Inflation rate	3.0%	2.9%

As at December 31, 2024 and 2023, the liabilities for the defined benefit pension plan and their coverage were as follows:

	31-12-2024	31-12-2023
Estimated liabilities for past service (Note 13)	29,356	31,175
Coverage of liabilities (Note 13)	32,680	32,815
Excess / (Insufficient) funding	3,324	1,640

The movement in liabilities for past services in financial years 2024 and 2023, can be detailed as follows:

	31-12-2024	31-12-2023
Liabilities at beginning of year (Note 13)	31,175	31,143
Cost of current services	13	12
Interest expense	1,440	1,489
Actuarial (gains) or losses	(1,880)	102
Amounts paid	(1,392)	(1,571)
Liabilities at end of year (Note 13)	29,356	31,175

The movement in the Fund in financial years 2024 and 2023 was as follows:

	31-12-2024	31-12-2023
Book value at beginning of year (Note 13)	32,815	32,231
Profit or loss of the fund:		
. Income from assets calculated using discount rate	1,440	1,543
. Income of the Fund above / (below) the discount rate	(1,426)	586
Bank contributions	1,243	26
Amounts paid	(1,392)	(1,571)
Book value at end of year (Note 13)	32,680	32,815

The movement in actuarial deviations in financial years 2024 and 2023 was as follows:

	31-12-2024	31-12-2023
Deviations at beginning of year (Note 19)	6,919	7,428
Actuarial (gains) / losses	(1,880)	102
Financial (gains) / losses	1,425	(611)
Deviations at end of year (Note 19)	6,464	6,919

As at December 31, 2024 and 2023, the portfolio of the Pension Fund of the former London Branch included the following assets:

	31-12-2024	31-12-2023
Debt securities	6,757	9,929
Equity instruments	9,153	14,662
Other	16,770	8,224
Fund value	32,680	32,815

The liabilities for defined benefit pension plans expose the Bank to the following risks:

- Investment risk – the updated value of liabilities is calculated based on a discount rate determined with reference to high-quality bonds – in terms of credit risk –, denominated in Euros; if the return of the Pension Fund is below that discount rate, it will create a shortfall in the funding of the liabilities.

- Interest-rate risk – a decrease of the interest rate of bonds will increase the pension liabilities.

- Longevity risk – the updated amount of liabilities is calculated based on the best estimate at the time of the expected mortality of the participants, before and after the retirement date. An increase in life expectancy for plan participants will increase pension liabilities.

- Salary risk - the updated amount of liabilities is calculated based on an estimate of the future salary of the participants. Thus, an increase in participants' salaries will increase pension liabilities.

As at December 31, 2024 and 2023, a sensitivity analysis of the change in the main financial assumptions reported as at these dates would lead to the following impacts on the present value of the responsibilities for past services of Santander and BAPOP:

	2024		2023	
	(Decrease) / Increase		(Decrease) / Increase	
	in %	in amount	in %	in amount
Change in discount rate:				
. Increase of 0.5%	(5.2%)	(66,797)	(5.3%)	(65,878)
. Decrease of 0.5%	5.8%	73,709	5.9%	72,818
Change in salary growth rate:				
. Increase of 0.5%	2.7%	34,232	2.6%	32,583
. Decrease of 0.5%	(2.2%)	(28,511)	(2.2%)	(27,417)
Change in pension growth rate:				
. Increase of 0.5%	6.7%	85,388	6.9%	85,087
. Decrease of 0.5%	(6.1%)	(78,011)	(6.3%)	(77,700)
Change in mortality table:				
. Two more years	(5.5%)	(69,653)	(5.4%)	(66,719)
. Two less years	5.4%	68,664	5.3%	65,709

The sensitivity analyses presented above may not be representative of the changes that may come to occur in the future in the defined benefit plan due to being considered in isolation while some are correlated.

34. SECURITISATION OPERATIONS

Description of the operations

Between July 2003 and January 2018, the Bank securitised part of its mortgage-loan portfolio through thirteen operations, with the initial amount of Euros 25,450,000 thousand. In the older transactions the loans were sold at par (book) value to loan securitisation funds denominated Fundos Hipototta FTC. A substantial part of the securitisations was repurchased by the Bank under said agreements. In January 2018, the Bank carried out a new securitisation in the amount of Euros 2,266,000 thousand, in which mortgage loans were assigned. The loans were assigned to Gamma – Sociedade de Titularização de Créditos (Gamma STC), which financed the transaction through the issue of Hipototta 13, classes A, B and C bonds, with different levels of subordination and rating and, consequently, remuneration. These bonds were, in their entirety, acquired by the Bank.

During the 2024 financial year, the Hipototta No. 4 and Hipototta No. 5 operations were early terminated. As a result, the Bank repurchased the loans from the Fundos Hipototta FTC, and these funds were subsequently liquidated. The Hipototta (No. 4 and No. 5) PLCs received the reimbursement of the securitisation units of the Fundos Hipototta FTC and settled the obligations issued included in their liabilities.

Securitisation operations managed by Gamma STC

In the wake of the resolution measure applied to Banif, the Bank acquired several securitisation operations issued by the said entity, and the corresponding securitised loans and bonds issued were transferred.

Atlantes Mortgage nº 2

An operation carried out in March 2008, in which mortgage loans were assigned. The loans were assigned to Gamma STC, which financed the operation through the issue of Atlantes Mortgage No. 2, classes A, B, C and D bonds, with different levels of subordination and rating, and consequently, remuneration.

Atlantes Mortgage nº 2

	Amount		Rating			Remuneration
Issued debt	Initial	Current	S&P	Fitch	Redemption date	Up to early redemption date
Class A	349,100	59,719	AAA	AAA (sf)	September, 2060	Euribor 3M + 0.33%
Class B	18,400	7,716	AAA	AAA (sf)	September, 2060	Euribor 3M + 0.95%
Class C	7,500	3,145	AA	AA- (sf)	September, 2060	Euribor 3M + 1.65%
	375,000	70,580				
Class D	16,125	8,332	NR	NR	September, 2060	Residual income of the securitised portfolio
	391,125	78,912				

Atlantes Mortgage nº 3

An operation carried out in October 2008, in which mortgage loans were assigned. The loans were assigned to Gamma STC, which financed the operation through the issue of Atlantes Mortgage No. 3, classes A, B and C bonds, with different levels of subordination and rating, and consequently, remuneration.

Atlantes Mortgage nº 3

	Amount		Rating			Remuneration
Issued debt	Initial	Current	S&P	Fitch	Redemption date	Up to early redemption date
Class A	558,600	106,313	AAA	AAA	August, 2061	Euribor 3M + 0.2%
Class B	41,400	15,246	NR	NR	August, 2061	Euribor 3M + 0.5%
	600,000	121,559				
Class C	57,668	33,477	NR	NR	August, 2061	Residual income of the securitised portfolio
	657,668	155,036				

Atlantes Mortgage nº 4

An operation carried out in February 2009, in which mortgage loans were assigned. The loans were assigned to Gamma STC, which financed the operation through the issue of Atlantes Mortgage No. 4, classes A, B and C bonds, with different levels of subordination and rating, and consequently, remuneration.

Atlantes Mortgage nº 4

	Amount		Rating			Remuneration
Issued debt	Initial	Current	S&P	Fitch	Redemption date	Up to early redemption date
Class A	514,250	113,408	AAA	AAA	December, 2064	Euribor 3M + 0.15%
Class B	35,750	12,489	NR	NR	December, 2064	Euribor 3M + 0.3%
	550,000	125,897				
Class C	74,250	37,569	NR	NR	December, 2064	Residual income of the securitised portfolio
	624,250	163,466				

Hipototta 13

In January 2018, the Bank carried out a new securitisation in the amount of Euros 2,266,000 thousand, in which mortgage loans were assigned. The loans were assigned to Gamma STC, which financed the transaction through the issue of Hipototta 13, classes A, B and C bonds, with different levels of subordination and rating, and consequently, remuneration. These bonds were acquired, in their entirety, by the Bank.

Hipototta 13

	Amount		Rating			Remuneration
Issued debt	Initial	Current	DBRS	Fitch	Redemption date	Up to early redemption date
Class A	1,716,000	334,020	AA (sf)	A+(sf)	October, 2072	Euribor 3M + 0.6%
Class B	484,000	484,000	NR	NR	October, 2072	Euribor 3M + 1%
	2,200,000	818,020				
Class C	66,000	33,000	NR	NR	October, 2072	Residual income of the securitised portfolio
	2,266,000	851,020				
VFN	0.001	0.001	NR	NR	October, 2072	No remuneration

Consumer Totta 1

In September 2022, the Bank carried out a securitisation operation in the amount of Euros 650,000 thousand, in which consumer loans were assigned from the portfolio that is held in advanced models for the purposes of the Bank's capital ratio. The loans were assigned to Gamma STC, with this entity having financed the operation through the issue of Consumer Totta 1 class A to F and X bonds with different subordination and rating levels and, consequently, remuneration. These bonds were fully placed on the market, with the exception of class X (excess spread) which was acquired by the Bank. This operation had a revolving period of one year and, for capital purposes, this operation represents a significant transfer of risk.

“Swap Agreements” were also signed between the Santander Group and Gamma STC and between the Bank and the Santander Group to cover interest-rate risk.

Consumer Totta 1						
	Amount		Rating			Remuneration
Issued debt	Initial	Current	Moody's	Fitch	Redemption date	Up to early redemption date
Class A	520,000	283,102	Aa2	AA+(sf)	June, 2033	Euribor 3M + 0.80%
Class B	25,000	13,611	A3(sf)	AA+(sf)	June, 2033	Euribor 3M + 1.10%
Class C	40,000	21,777	Baa3	A+(sf)	June, 2033	Euribor 3M +2%
Class D	25,000	13,611	Ba2	BBB (sf)	June, 2033	Euribor 3M + 8%
Class E	40,000	21,777	NR	NR	June, 2033	Euribor 3M + 11.85%
Class F	6,500	1,714	NR	NR	June, 2033	Euribor 3M + 12.5%
	656,500	355,592				
Class X	9,430	2,676	NR	NR	June, 2033	Residual income of the securitised portfolio
	665,930	358,268				

Consumer Totta 2

In September 2024, the Bank carried out a second securitisation operation in the amount of Euros 400,000 thousand, in which consumer loans were assigned from the portfolio that is held in advanced models for the purposes of the Bank's capital ratio. The loans were assigned to Gamma STC, with this entity having financed the operation through the issue of Consumer Totta 2 class A to F, and class R and X bonds with different subordination and rating levels and, consequently, remuneration. These bonds were fully placed on the market, with the exception of classes R and X (excess spread) which were acquired by the Bank. This operation will have a revolving period of 5 months and, for capital purposes, this operation represents a significant transfer of risk.

“Swap Agreements” were also signed between the Santander Group and Gamma STC and between the Bank and the Santander Group to cover interest-rate risk.

Consumer Totta 2						
	Amount		Rating			Remuneration
Issued debt	Initial	Current	Moody's	Fitch	Redemption date	Up to early redemption date
Class A	320,000	320,000	Aaa	AA-	February, 2034	Euribor 3M + 0.90%
Class B	15,400	15,400	Aa2	A	February, 2034	Euribor 3M + 1.30%
Class C	24,600	24,600	Baa1	BBB	February, 2034	Euribor 3M + 1.90%
Class D	15,400	15,400	Ba1	BB	February, 2034	Euribor 3M + 3.40%
Class E	24,600	24,600	NR	NR	February, 2034	Euribor 3M + 5.35%
Class F	4,000	3,600	NR	NR	February, 2034	Euribor 3M + 5.85%
	404,000	403,600			February, 2034	
Class R	0.001	0.001	NR	NR	February, 2034	Fixed rate
Class X	1	1	NR	NR	February, 2034	Residual income of the securitised portfolio
	404,001	403,601				

35. RELATED ENTITIES

The Bank's related entities with which it maintained balances or transactions in financial year 2024 are as follows:

Name of the related entity	Registered office
Entities that, directly or indirectly, control the Bank	
Santander Totta, SGPS, S.A.	Portugal
Banco Santander, S.A.	Spain
Entities under direct or indirect common control by the Bank	
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	Portugal
Aegon Santander Portugal Vida - Companhia de Seguros Vida, S.A.	Portugal
Carmine D - Services, Unipessoal Lda.	Portugal
CCPT - ComprarCasa, Rede Serviços Imobiliários, S.A.	Portugal
Financeira El Corte Inglés, Portugal, S.F.C., S.A.	Portugal
Mapfre Santander Portugal - Companhia de Seguros, S.A.	Portugal
Portal Universia Portugal, Prestação de Serviços de Informática, S.A.	Portugal
Santander Asset Management - SGOIC, S.A.	Portugal
Santander Consumer Services, S.A.	Portugal
Santander Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Portugal
Santander Totta Seguros, Companhia de Seguros de Vida, S.A.	Portugal
UCI Mediação de Seguros, Unipessoal Lda.	Portugal
Santander Consumer Bank AG	Germany
Santander Bank, National Association	USA
Banco Santander (Brasil) S.A.	Brazil
Gesban Servicios Administrativos Globales, S.L.	Spain
Getnet Europe, Entidad de Pago, S.L. Unipersonal	Spain
Ibérica de Compras Corporativas, S.L.	Spain
Open Bank, S.A.	Spain
PagoNxt Trade Services, S.L.	Spain
Retama Real Estate, S.A.	Spain
Santander Back-Offices Globales Mayoristas, S.A.	Spain
Santander Consumer Finance, S.A.	Spain
Santander Global Services, S.L. Unipersonal	Spain
Santander Global Technology and Operations, S.L. Unipersonal	Spain
Santander Global Cards & Digital Solutions, S.L.	Spain
Santander Insurance, S.L.	Spain
Santander Private Real Estate Advisory, S.A.	Spain
Unión de Créditos Inmobiliarios, S.A., EFC	Spain
Caceis Bank	France
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	Mexico
Santander Bank Polska S.A.	Poland
Santander Financial Services plc	United Kingdom
Banco Santander International SA	Switzerland

The Bank's related entities with which it maintained balances or transactions in financial year 2023 are as follows:

Name of the related entity	Registered office
Entities that, directly or indirectly, control the Bank	
Santander Totta, SGPS, S.A.	Portugal
Banco Santander, S.A.	Spain
Entities under direct or indirect common control by the Bank	
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	Portugal
Aegon Santander Portugal Vida - Companhia de Seguros Vida, S.A.	Portugal
Carmine D - Services, Unipessoal Lda.	Portugal
CCPT - ComprarCasa, Rede Serviços Imobiliários, S.A.	Portugal
Consulteam Consultores de Gestão, Unipessoal, Lda.	Portugal
Financeira El Corte Inglés, Portugal, S.F.C., S.A.	Portugal
Mapfre Santander Portugal - Companhia de Seguros, S.A.	Portugal
Portal Universia Portugal, Prestação de Serviços de Informática, S.A.	Portugal
Santander Asset Management - SGOIC, S.A.	Portugal
Santander Consumer Services, S.A.	Portugal
Santander Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Portugal
Santander Totta Seguros, Companhia de Seguros de Vida, S.A.	Portugal
UCI Mediação de Seguros, Unipessoal Lda.	Portugal
Santander Consumer Bank AG	Germany
Santander Bank & Trust Ltd.	Bahamas
Banco Santander (Brasil) S.A.	Brazil
Gesban Servicios Administrativos Globales, S.L.	Spain
Getnet Europe, Entidad de Pago, S.L. Unipersonal	Spain
Ibérica de Compras Corporativas, S.L.	Spain
Open Bank, S.A.	Spain
PagoNxt Trade Services, S.L.	Spain
Retama Real Estate, S.A.	Spain
Santander Asset Management, S.A. SGIIC.	Spain
Santander Back-Offices Globales Mayoristas, S.A.	Spain
Santander Consumer Finance, S.A.	Spain
Santander Global Services, S.L. Unipersonal	Spain
Santander Global Technology and Operations, S.L. Unipersonal	Spain
Unión de Créditos Inmobiliarios, S.A., EFC	Spain
Caceis Bank	France
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	Mexico
Santander Bank Polska S.A.	Poland
Santander Financial Services plc	United Kingdom
Banco Santander International SA	Switzerland

The balances as at December 31, 2024 and 2023, and the transactions maintained during these financial years with related parties were as follows:

	31-12-2024	
	Entities that directly or indirectly control the Bank	Entities under direct or indirect common control by the Bank
Assets:		
Cash balances in other credit institutions	97,440	5,702
Financial assets held for trading	1,480,660	146
Financial assets at amortised cost	35,501	36,329
Derivatives - hedge accounting	46,529	-
Intangible assets	-	4,000
Other assets	13	17,584
Liabilities:		
Financial liabilities held for trading	1,484,263	28,413
Financial liabilities measured at amortised cost		
Deposits - Credit institutions	196,358	25,764
Deposits - Customers	912,480	359,308
Debt securities issued	1,000,583	201,768
Other financial liabilities	-	11,792
Derivatives - hedge accounting	8,073	-
Tax liabilities	418,619	-
Other liabilities	1,788	1,088
Profit or Loss:		
Interest income	893,256	661
Interest expenses	880,655	14,509
Fee and commission income	2,219	138,715
Fee and commission expenses	3,599	1,282
Gains or losses on financial assets and liabilities held for trading, net	(60,949)	(3,800)
Exchange differences, net	3,607	-
Other operating income and expenses, net	1	149
Administrative expenses	11,386	49,626
Depreciation	-	1,085
Off-balance sheet items:		
Financial guarantees granted	19,365	705
Loan commitments granted	119,269	4,488
Other commitments granted	123,780	16,209
Loan commitments received	-	116,300
Foreign exchange operations and derivatives	30,409,260	250,543
Liabilities for services rendered	3,152,699	9,498,862
Customer resources distributed but not managed	-	6,965,345

	31-12-2023	
	Entities that directly or indirectly control the Bank	Entities under direct or indirect common control by the Bank
Assets:		
Cash balances in other credit institutions	65,457	3,876
Financial assets held for trading	1,391,778	743
Financial assets at amortised cost	38,319	56,364
Derivatives - hedge accounting	112,170	-
Intangible assets	-	1,904
Tax assets	42	-
Other assets	14	16,596
Liabilities:		
Financial liabilities held for trading	1,363,534	48,547
Financial liabilities measured at amortised cost		
Deposits - Credit institutions	354,530	18,805
Deposits - Customers	390,779	346,194
Debt securities issued	1,030,522	77,781
Other financial liabilities	-	4,540
Derivatives - hedge accounting	4,770	-
Tax liabilities	377,921	-
Other liabilities	5,293	11,526
Profit or Loss:		
Interest income	523,588	3,222
Interest expenses	495,447	4,245
Fee and commission income	1,243	128,292
Fee and commission expenses		1,286
Gains or losses on financial assets and liabilities held for trading, net	(119,188)	(3,786)
Exchange differences, net	(8,528)	-
Other operating income and expenses, net	1	4
Administrative expenses	10,826	51,371
Depreciation	-	3,117
Off-balance sheet items:		
Financial guarantees granted	18,523	1,769
Loan commitments granted	109,769	6,356
Other commitments granted	97,979	73,358
Loan commitments received	-	230,061
Foreign exchange operations and derivatives	30,071,508	376,597
Liabilities for services rendered	3,154,904	10,242,359
Customer resources distributed but not managed	-	6,553,117

Transactions with related entities arise from the normal course of business and are carried out under market conditions.

GOVERNING BODIES

As at December 31, 2024 and 2023, advances or loans granted to members of the Board of Directors of the Bank, amounted to Euros 456 thousand and Euros 597 thousand, respectively. The deposits of members of the Board of Directors were granted at market conditions. As at December 31, 2024 and 2023, fixed and variable remuneration totalled Euros 8,668 thousand and Euros 7,837 thousand, respectively.

Regarding post-retirement benefits, the members of the Board of Directors who have an employment tie with the Bank are included in the pension plan of the Collective Bargaining Agreement (CBA) for the banking sector, subscribed by the Bank. The general conditions of this plan are described in Note 1.3. j).

The Shareholders' General Meeting of the Bank on May 30, 2007, approved the “Regulation on the supplementary award of an old-age or disability pension” to the executive members of the former totta Board of Directors who came to become executive members (Executive Committee) of the Bank’s Board of Directors in line with that previously defined in the former totta regulation. Members of the Board of Directors whose term of office is at least fifteen consecutive or interpolated years, will be entitled to a pension supplement amounting to 80% of their gross annual salary. For terms of office under fifteen years, the amount of the retirement pension supplement will be determined by the Remuneration Committee. For these persons, it is currently determined that the retirement pension supplement shall be 65% of the annual gross salary, for terms of office equal to or greater than ten years, and 75% of the annual gross salary for terms of office equal to or greater than twelve years. This defined benefit pension plan is a supplementary plan and is dependent on the General Social Security Regime.

As at December 31, 2024 and 2023, liabilities with this plan amounted to Euros 14,992 thousand and Euros 10,508 thousand (Note 16), respectively, and were covered by a provision of the same amount carried in the sub-caption “Provisions - Pensions and other post-employment defined benefit obligations”.

Regarding employment-termination benefits, as provided for in the Portuguese Commercial Companies Code, whenever, by decision of the Bank, the term of office of a member of the governing bodies ends early, the Bank shall compensate the member of the governing body with the future remuneration to which he or she is entitled up until the end of his or her term of office.

36. DISCLOSURES WITHIN THE SCOPE OF THE APPLICATION OF THE IFRS 7 AND IFRS 13

FAIR VALUE

The following table summarises, for each group of financial assets and liabilities, their fair values with reference to December 31, 2024 and 2023:

	31-12-2024			
	Fair value	Amortised cost	Book value	Fair value
Assets				
Cash, cash balances at central banks and other demand deposits	-	1,997,910	1,997,910	1,997,835
Financial assets held for trading	1,549,696	-	1,549,696	1,549,696
Non-trading financial assets mandatorily				
at fair value through profit or loss	17,086	-	17,086	17,086
Financial assets at fair value through other comprehensive income	3,838,285	-	3,838,285	3,838,285
Financial assets at amortised cost	-	47,612,537	47,612,537	47,721,271
Derivatives – Hedge accounting	144,673	-	144,673	144,673
	5,549,740	49,610,447	55,160,187	55,268,846
Liabilities				
Financial liabilities held for trading	1,557,421	-	1,557,421	1,557,421
Financial liabilities measured at amortised cost				
Deposits	-	42,712,966	42,712,966	42,709,151
Debt securities issued	-	6,175,748	6,175,748	6,191,990
Other financial liabilities	-	297,672	297,672	297,672
Derivatives – Hedge accounting	18,344	-	18,344	18,344
	1,575,765	49,186,386	50,762,151	50,774,578

	31-12-2023			
	Fair value	Amortised cost	Book value	Fair value
Assets				
Cash, cash balances at central banks and other demand deposits	-	6,284,760	6,284,760	6,282,867
Financial assets held for trading	1,465,544	-	1,465,544	1,465,544
Non-trading financial assets mandatorily				
at fair value through profit or loss	24,627	-	24,627	24,627
Financial assets at fair value through other comprehensive income	3,847,282	-	3,847,282	3,847,282
Financial assets at amortised cost	-	41,869,686	41,869,686	41,894,666
Derivatives – Hedge accounting	259,831	-	259,831	259,831
	5,597,284	48,154,446	53,751,730	53,774,817
Liabilities				
Financial liabilities held for trading	1,475,977	-	1,475,977	1,475,977
Financial liabilities measured at amortised cost				
Deposits	-	41,378,675	41,378,675	41,351,599
Debt securities issued	-	5,921,731	5,921,731	5,838,349
Other financial liabilities	-	258,937	258,937	258,937
Derivatives – Hedge accounting	26,048	-	26,048	26,048
	1,502,025	47,559,343	49,061,368	48,950,910

As at December 31, 2024 and 2023, the carrying amount of the financial instruments measured at fair value, by valuation methodology, was as follows:

	31-12-2024			
	Methodology to determine fair value			
	Quotations on active market (Level 1)	Other valuation techniques (Level 2)	(Level 3)	Total
Assets				
Financial assets held for trading	-	1,546,857	2,839	1,549,696
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	17,086	17,086
Financial assets at fair value through other comprehensive income	182,204	3,483,823	172,258	3,838,285
Derivatives – Hedge accounting	-	144,673	-	144,673
	182,204	5,175,353	192,183	5,549,740
Liabilities				
Financial liabilities held for trading	-	1,553,880	3,541	1,557,421
Derivatives – Hedge accounting	-	18,344	-	18,344
	-	1,572,224	3,541	1,575,765

	31-12-2023			
	Methodology to determine fair value			
	Quotations on active market (Level 1)	Other valuation techniques (Level 2)	(Level 3)	Total
Assets				
Financial assets held for trading	-	1,440,691	24,853	1,465,544
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	24,627	24,627
Financial assets at fair value through other comprehensive income	180,774	3,496,215	170,293	3,847,282
Derivatives – Hedge accounting	-	259,831	-	259,831
	180,774	5,196,737	219,773	5,597,284
Liabilities				
Financial liabilities held for trading	-	1,451,081	24,896	1,475,977
Derivatives – Hedge accounting	-	26,048	-	26,048
	-	1,477,129	24,896	1,502,025

For the determination of the fair value of the financial instruments, the valuation methods used consisted of obtaining quotations on active markets or using other valuation techniques, namely the discounting of future cash flows.

The fair value of the financial instruments measured at amortised cost, by valuation methodology, was as follows:

	31-12-2024			
	Methodology to determine fair value			
	Quotations on active market	Other valuation techniques		
	(Level 1)	(Level 2)	(Level 3)	Total
Assets				
Cash, cash balances at central banks and other demand deposits	-	1,997,835	-	1,997,835
Financial assets at amortised cost	7,594,544	517,638	39,609,089	47,721,271
	7,594,544	2,515,473	39,609,089	49,719,106
Liabilities				
Financial liabilities measured at amortised cost				
Deposits	-	4,657,667	38,051,484	42,709,151
Debt securities issued	-	3,879,872	2,312,118	6,191,990
Other financial liabilities	-	-	297,672	297,672
	-	8,537,539	40,661,274	49,198,813

	31-12-2023			
	Methodology to determine fair value			
	Quotations on active market	Other valuation techniques		
	(Level 1)	(Level 2)	(Level 3)	Total
Assets				
Cash, cash balances at central banks and other demand deposits	-	6,282,867	-	6,282,867
Financial assets at amortised cost	3,946,572	476,338	37,471,756	41,894,666
	3,946,572	6,759,205	37,471,756	48,177,533
Liabilities				
Financial liabilities measured at amortised cost				
Deposits	-	5,760,304	35,591,295	41,351,599
Debt securities issued	-	3,649,547	2,188,802	5,838,349
Other financial liabilities	-	-	258,937	258,937
	-	9,409,851	38,039,034	47,448,885

For the determination of the fair value of the financial instruments measured at amortised cost, the valuation methods used consisted of discounting the future cash flows.

The valuation at fair value of the Bank's financial assets and liabilities comprises three levels, under IFRS 13:

- Level 1 – Financial instruments recorded at fair value based on quotations published in active markets, mainly comprising public debt and some private debt.

- Level 2 – Financial instruments recorded at fair value using prices traded on markets that are not active or for which it is necessary to use valuation models or techniques with inputs that can be observed in the market, either directly (such as prices) or indirectly (derived from prices). This category includes some securities in the portfolio of other financial assets at fair value through other comprehensive income measured with indicative market bids or based on internal valuation models and the derivative financial instruments used for hedging and trading. It should be noted that the internal valuation models used mainly correspond to models for updating future cash flows and valuation methodologies based on the "Black-Scholes" model for options and structured products. The models for updating future cash flows (present value method) update future contractual flows using the interest rate curves of each currency observable in the market, plus the credit spread of the issuer or entity with a similar rating.

  For derivative financial instruments, the main valuation techniques are presented below:

Derivative financial instrument	Main valuation techniques
Forwards	Present value model
Interest rate swaps	Present value model
Currency swaps	Present value model
Equity swaps	Present value model
Exchange rate options	Black-Scholes model, Monte Carlo model
Equity options	Black-Scholes model, Heston model
Interest rate options	Black-Scholes model, Heath-Jarrow-Morton model
Options - other	Black-Scholes model, Monte Carlo model, Heath-Jarrow-Morton model
Caps / Floors	Black-Scholes model, Monte Carlo model, Heath-Jarrow-Morton model

  The Bank calculates the "Credit Value Adjustment" (CVA) and the "Debit Value Adjustment" (DVA) for derivatives held for trading and hedging derivatives from the perspective of aggregate exposure by counterparty. It simulates the evolution of the joint exposure of all derivatives, with a given counterparty, through stochastic processes. This evolution is grouped into time frames that represent the expected positive and negative future exposures (Positive and Negative Expected Future Exposures). To these exposures is applied an expected loss factor and the discount factor for the respective term. The CVA and DVA calculated for each counterparty thus result from the sum of the expected losses in each term.

  Additionally, for the purposes of calculating Credit Value Adjustments and Debit Value Adjustments to derivative financial instruments, the following inputs were used:

  - Counterparties with quoted credit default swaps - Quotations published in active markets;
  - Counterparties without quoted credit default swaps:
    - Quotations published in active markets for counterparties with similar risk; or
    - Probability of default calculated considering the internal rating assigned to the customer (see credit risk section of these Notes) x loss given default (specific for project finance customers and 60% for other customers).

- Level 3 – The Bank classifies in this level financial instruments which are measured using internal models with some inputs that do not correspond to observable market data. In this category were classified, namely, securities not quoted in active markets for which the Bank uses extrapolations of market data and the derivatives entered in the scope of securitisation operations.

The main assumptions used in determining the fair value of the financial instruments measured at amortised cost, by type of financial instrument, were as follows:

- The future cash flows from applications and resources from credit institutions were discounted using interest rate curves for the monetary market;
- For the purposes of discounting future flows from the customer loan portfolio, the fair value of the credit granted was determined taking into account the average spread of the production carried out in the last quarter of the year;
- For customer demand deposits, it was considered that the fair value was equal to the balance sheet value;
- In the case of debt securities issued, future cash flows were discounted based on the market conditions required for similar issues at the end of the year; and
- In the case of subordinated liabilities, to discount future cash flows, market interest rates applied to similar issues were considered.

In financial years 2024 and 2023, the movement in financial instruments classified in Level 3 was as follows:

	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balances as at December 31, 2022	48,383	31,020	143,008
Purchases	-	51	1,782
Sales	-	-	(2,497)
Reimbursements	-	(10,530)	-
Reclassifications	-	-	38,500
Fair value changes	(23,530)	4,086	(10,500)
Balances as at December 31, 2023	24,853	24,627	170,293
Purchases	-	23	3,055
Sales	-	-	(1,503)
Reimbursements	-	(7,840)	-
Reclassifications	-	-	-
Fair value changes	(22,014)	276	(36)
Balances as at December 31, 2024	2,839	17,086	172,258

The interest rate curves for the most representative terms and currencies used in the valuation of financial instruments were as follows:

	31-12-2024		31-12-2023	
	EUR	USD	EUR	USD
Overnight	3.09%	4.89%	4.19%	5.64%
1 month	2.96%	4.77%	4.19%	5.60%
3 months	2.75%	4.70%	4.04%	5.58%
6 months	2.62%	4.62%	3.86%	5.41%
9 months	2.45%	4.55%	3.63%	5.22%
1 year	2.34%	4.50%	3.40%	5.03%
3 years	2.19%	4.37%	2.56%	4.02%
5 years	2.24%	4.35%	2.43%	3.79%
7 years	2.29%	4.36%	2.44%	3.73%
10 years	2.36%	4.38%	2.49%	3.71%

Hedge accounting

As at December 31 2024 and 2023, the detail of hedging derivatives and financial instruments designated as hedged items was as follows:

	31-12-2024					
	Hedged element				Hedging instrument	
	Nominal value	Amount, net of impairment	Fair value changes	Carrying amount	Nominal value	Fair value
Fair value hedging:						
Financial assets at amortised cost	2,001,877	1,906,849	(40,633)	1,866,216	2,285,991	37,155
Financial assets at fair value through other comprehensive income	3,396,000	3,578,091	(10,970)	3,567,121	3,396,000	19,495
Financial liabilities measured at amortised cost						
Deposits - Customers	(136,933)	(137,433)	354	(137,079)	136,833	(33)
Debt securities issued	(1,850,000)	(1,882,806)	(33,055)	(1,915,861)	1,850,000	43,638
Cash flow hedging: - Financial assets at amortised cost	3,000,000	3,000,000	-	3,000,000	3,000,000	26,074
	6,410,944	6,464,701	(84,304)	6,380,397	10,668,824	126,329

	31-12-2023					
	Hedged element				Hedging instrument	
	Nominal value	Amount, net of impairment	Fair value changes	Carrying amount	Nominal value	Fair value
Fair value hedging:						
Financial assets at amortised cost	2,783,571	2,791,411	(105,643)	2,685,768	2,722,791	107,165
Financial assets at fair value through other comprehensive income	3,396,000	3,640,133	(60,080)	3,580,053	5,196,000	96,201
Financial liabilities measured at amortised cost						
Deposits - Customers	(131,597)	(132,113)	2,112	(130,001)	131,597	(1,921)
Debt securities issued	(857,431)	(871,572)	(7,179)	(878,751)	857,431	7,483
Cash flow hedging: - Financial assets at amortised cost	3,000,000	3,000,000	-	3,000,000	3,000,000	24,855
	8,190,543	8,427,859	(170,790)	8,257,069	11,907,819	233,783

Cash flow hedging

The expected periods for the occurrence of cash flows that will affect the profit or loss for the financial year present the following detail:

	31-12-2024					
	Up to 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	More than 3 years	Total
Interest rate swaps	-	-	(14,238)	40,312	-	26,074

	31-12-2023					
	Up to 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	More than 3 years	Total
Interest rate swaps	-	_	-	24,855	-	24,855

The gains and losses recognised in the statements of profit or loss for financial years 2024 and 2023, with fair value hedging transactions, presented the following detail:

	31-12-2024			31-12-2023		
	Hedged element	Hedging instrument	Net	Hedged element	Hedging instrument	Net
Financial assets at amortised cost	80,660	(80,660)	-	90,998	(90,998)	-
Financial assets at fair value through other comprehensive income	36,052	(36,052)	-	136,872	(136,872)	-
Financial liabilities measured at amortised cost						
Deposits - Customers	(1,757)	1,757	-	2,113	(2,113)	-
Debt securities issued	(25,876)	25,876	-	(7,667)	7,667	-
	89,079	(89,079)	-	222,316	(222,316)	-

RISK MANAGEMENT

CREDIT RISK

Credit-risk management at the Bank covers the identification, measurement, integration and evaluation of the various credit exposures, and an analysis of their profitability adjusted to the respective risk, both from an overall viewpoint, as well as within every area of activity.

Credit-risk management is carried out by an independent body, the Risks Area, which is responsible, namely, for managing the special customer monitoring system, SCAN (Santander Customer Assessment Note), for the segmentation of the credit risk in the light of the characteristics of the customers and of the products, and for the scoring (applicable to mortgage-loan and consumer-loan operations, and credit and business cards) and rating systems used at the Bank.

The counterparty risk consists of the latent credit risk in financial markets transactions corresponding to the possibility of default by the counterparties of the terms contracted and subsequent occurrence of financial losses for the Bank. The types of transactions covered include the purchase and sale of securities, the contracting of repos, securities lending and derivative instruments. Given the high complexity and volume of transactions, as well as the requirements necessary for an adequate control of the consolidated risks in certain customer segments, the control perimeter is defined in accordance with the segments at issue.

Control of these risks is performed daily in accordance with an integrated system that allows the recording of the approved limits and the real-time updating of positions and provides information on the availability of limits and aggregate exposure, also in real time, for the various products and maturities. The system also allows transverse control (at different levels) of risk concentration by groups of customers / counterparties.

The risk in derivative positions (called Credit Risk Equivalent) is calculated as the sum of the present value of each contract (or current replacement cost) with the respective Potential Risk, a component that reflects an estimate of the maximum value expected to maturity, depending on the volatilities of the underlying market factors and the flow structure contracted. The credit risk in derivative positions is captured through determination of the CVA / DVA.

For specific customer segments (namely global corporate customers) emphasis is given to the implementation of economic-capital limits, incorporating in the quantitative control the variables associated with the creditworthiness of each counterparty.

Risk analyses for customers or economic groups where the Bank has an exposure of more than Euros 500,000 are performed by risk analysts who monitor those customers and supported by rating models developed by the Bank and approved by the regulatory entities. Preparation of these models is mandatory. The assignment of various internal rating levels, ranging from 1.0 to 9.3, has subjacent the degree of risk inherent to the customer and a probability of default at one year that the Bank monitors and calibrates on a constant and regular basis.

In concrete terms, the rating is determined by the analysis of the following factors to which are assigned a rating from 1.0 (minimum) to 9.3 (maximum), in accordance with the following weighting:

Split	Weighting
. Demand / Market;	20%
. Partners / Management;	15%
. Access to credit;	10%
. Profitability;	15%
. Flow generation;	25%
. Solvency.	15%

The rating is calculated by the analysts, based on information provided by the customer, general information about the sector and external databases. The final rating is introduced in each of the valuation areas in the Bank's information technology system.

In this way, the Bank's internal rating system can be described as follows:

Rating 1.0 – 3.9: Customer of high default probability;
Rating 4.0 – 4.9: Customer of moderate default probability;
Rating 5.0 – 9.3: Customer of low default probability.

As at December 31, 2024 and 2023, the maximum exposure to the credit risk and the respective carrying amount of the financial instruments was as follows:

	31-12-2024		31-12-2023	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Cash, cash balances at central banks and other demand deposits	1,997,910	1,997,910	6,284,760	6,284,760
Financial assets held for trading	1,549,696	1,549,696	1,465,544	1,465,544
Non-trading financial assets mandatorily				
at fair value through profit or loss	17,086	17,086	24,627	24,627
Financial assets at fair value through other comprehensive income	3,838,285	3,838,285	3,847,282	3,847,282
Financial assets at amortised cost	47,612,537	54,910,140	41,869,686	49,356,887
Derivatives – Hedge accounting	144,673	144,673	259,831	259,831
	55,160,187	62,457,790	53,751,730	61,238,931
Guarantees given (Note 22)				
Financial guarantees and sureties	398,315	398,315	370,432	370,432
Non-financial guarantees and sureties	1,733,053	1,733,053	1,631,183	1,631,183
Documentary credits outstanding	252,725	252,725	228,694	228,694
	2,384,093	2,384,093	2,230,309	2,230,309

The maximum exposure in “Financial assets at amortised cost” is as follows:

	31-12-2024	31-12-2023
Carrying amount	47,612,537	41,869,686
Other commitments granted (Note 22):		
Revocable	6,421,646	6,841,168
Irrevocable	875,957	646,033
Maximum exposure	54,910,140	49,356,887

Impairment losses

The Expected Credit Loss (ECL) calculation incorporates a Forward-Looking perspective by including macroeconomic scenarios (positive, base, negative and climate) in the PD and LGD models, applying to each scenario a given probability of occurrence. The scenarios are updated at least once a year and mirror the behaviour of macroeconomic variables used in stress models. The main macroeconomic projections used at year-end 2024 were as follows:

	2024	2025	2026	2027	2028
GDP (annual change)					
Base Scenario	*1.98%*	*1.77%*	*1.61%*	*1.63%*	*1.67%*
Positive Scenario	*2.80%*	*2.66%*	*2.32%*	*2.23%*	*2.28%*
Negative Scenario	*0.97%*	*-0.60%*	*-0.04%*	*1.03%*	*1.55%*
Climate Scenario	*1.11%*	*1.31%*	*1.45%*	*1.41%*	*1.40%*
Unemployment (annual change)					
Base Scenario	*6.54%*	*6.64%*	*6.76%*	*6.85%*	*6.91%*
Positive Scenario	*6.49%*	*6.47%*	*6.56%*	*6.65%*	*6.70%*
Negative Scenario	*6.77%*	*7.91%*	*9.00%*	*9.07%*	*8.50%*
Climate Scenario	*6.78%*	*8.07%*	*9.32%*	*9.43%*	*8.82%*
Real Estate Prices (annual change)					
Base Scenario	*6.21%*	*4.14%*	*4.41%*	*4.28%*	*4.32%*
Positive Scenario	*6.34%*	*4.59%*	*5.10%*	*4.98%*	*5.00%*
Negative Scenario	*4.66%*	*1.41%*	*1.74%*	*2.47%*	*2.71%*
Climate Scenario	*4.67%*	*1.43%*	*1.81%*	*2.57%*	*2.81%*
CPI (annual change)					
Base Scenario	*3.86%*	*2.53%*	*2.45%*	*2.13%*	*2.14%*
Positive Scenario	*3.93%*	*3.01%*	*2.71%*	*2.41%*	*2.43%*
Negative Scenario	*3.24%*	*2.36%*	*2.18%*	*1.88%*	*1.79%*
Climate Scenario	*3.24%*	*2.41%*	*2.26%*	*1.96%*	*1.86%*
10-year Treasury Bonds					
Base Scenario	*3.05%*	*2.96%*	*2.95%*	*2.96%*	*2.98%*
Positive Scenario	*2.85%*	*2.76%*	*2.76%*	*2.76%*	*2.78%*
Negative Scenario	*3.29%*	*3.20%*	*3.19%*	*3.20%*	*3.22%*
Climate Scenario	*3.29%*	*3.22%*	*3.22%*	*3.24%*	*3.25%*

The Base Scenario considers that the economy will continue to grow in line with its potential, a gradual convergence of inflation to target, a long period of still high interest rates and an absence of financial instability. The Portuguese economy is expected to grow by an average of 1.7% between 2024 and 2026, slightly above the Eurozone average. The weak economic dynamism in the Eurozone in 2023 reflects the continued transmission of a restrictive monetary policy, moderate confidence and competitive weakness. In this context, external demand is expected to perform lower than in previous years, negatively impacting Portuguese exports and, consequently, spreading to domestic demand, which will continue to face restrictive financing conditions.

The Positive Scenario is characterised by maintaining the unemployment rate below 7%, contributing to the solidity of the domestic demand, while external demand benefits from the recovery of the European economy. In terms of productivity, the scenario also has positive levers such as the faster execution of the PRR.

The Negative Scenario predicts stagflation from the second half of 2024, with a deterioration in economic activity. Consumer confidence deteriorates, with households experiencing a loss of purchasing power, reduction in the savings rate and lower propensity to consume. Companies adopt efficiency measures to reduce costs and protect margins by adjusting the workforce, which increases unemployment. The Government continues with fiscal consolidation, further affecting economic activity.

The Climate Scenario incorporates a perspective of the evolution of climate risks in the calculation of the ECL assuming the occurrence of a scenario of disorderly transition in the country. In short, the scenario assumes an acceleration in decarbonisation, reducing CO_2 emissions. This process is driven by rising energy costs and the rapid decarbonisation leads to a slowdown in economic activity, with GDP expected to grow below its potential. As a result, the unemployment rate rises to around 9%, resulting in lower growth in loans and deposits.

For sensitivity analysis purposes, a 100% weighting is assumed in extreme scenarios. In a 100% negative scenario the impact on impairment would be + Euros 50.2 million (+ Euros 46.0 million as at December 31, 2023), in a 100% positive scenario it would be - Euros 38.6 million (- Euros 51.2 million as at December 31, 2023), which represents an impact on the total impairment recorded as at December 31, 2024 of +6.4% and -4.9% (+5.5% and -6.1% at year-end 2023) respectively.

As at December 31, 2024 and 2023, the concentration by activity sector of the portfolio of loans and advances at amortised cost, was as follows:

	31-12-2024			
Activity sector	**Gross amount**	**Impairment**	**Carrying amount**	**Concentration %**
Agriculture, animal husbandry, hunting, forestry and fisheries	279,972	(7,126)	272,846	0.76%
Extractive industries	13,461	(1,399)	12,062	0.03%
Manufacturing	1,572,853	(71,174)	1,501,679	4.16%
Electricity, gas, steam, hot and cold water and cold air	307,492	(211)	307,281	0.85%
Water catchment, treatment and distribution; sanitation, waste management and depollution	33,205	(1,450)	31,755	0.09%
Construction	899,504	(43,616)	855,888	2.37%
Wholesale and retail trade; motor vehicle and motorcycle repairs	1,890,331	(66,286)	1,824,045	5.05%
Transport and storage	499,897	(35,333)	464,564	1.29%
Accommodation, catering and similar	1,135,960	(73,785)	1,062,175	2.94%
Information and communication activities	92,943	(2,947)	89,996	0.25%
Real estate activities	1,193,801	(40,517)	1,153,284	3.19%
Consultancy, scientific, technical and similar activities	635,021	(15,875)	619,146	1.71%
Administrative and support activities	328,317	(24,214)	304,103	0.84%
Public administration and defence; mandatory social security	254	(4)	250	0.00%
Education	59,720	(1,183)	58,537	0.16%
Human healthcare and social support activities	238,313	(4,497)	233,816	0.65%
Artistic, shows, sports and recreational activities	88,392	(6,208)	82,184	0.23%
Other services	214,512	(5,756)	208,756	0.58%
Loans and advances - Financial institutions	746,796	(6,645)	740,151	2.05%
Loans and advances - Public sector	886,397	(8,329)	878,068	2.43%
Loans and advances - Individuals:				
. Mortgage	23,333,728	(117,059)	23,216,669	64.28%
. Consumer and other	2,406,767	(204,469)	2,202,298	6.10%
	36,857,636	**(738,083)**	**36,119,553**	**100.00%**

Activity sector	31-12-2023			
	Gross amount	Impairment	Carrying amount	Concentration %
Agriculture, animal husbandry, hunting, forestry and fisheries	262,041	(8,447)	253,594	0.73%
Extractive industries	13,367	(981)	12,386	0.04%
Manufacturing	1,632,645	(85,535)	1,547,110	4.47%
Electricity, gas, steam, hot and cold water and cold air	214,436	(230)	214,206	0.62%
Water catchment, treatment and distribution; sanitation, waste management and depollution	38,824	(1,738)	37,086	0.11%
Construction	979,104	(51,972)	927,132	2.68%
Wholesale and retail trade; motor vehicle and motorcycle repairs	1,725,610	(73,860)	1,651,750	4.77%
Transport and storage	500,079	(34,042)	466,037	1.35%
Accommodation, catering and similar	1,106,031	(59,942)	1,046,089	3.02%
Information and communication activities	89,881	(2,569)	87,312	0.25%
Real estate activities	1,268,761	(39,316)	1,229,445	3.55%
Consultancy, scientific, technical and similar activities	619,403	(25,710)	593,693	1.71%
Administrative and support activities	304,296	(39,721)	264,575	0.76%
Public administration and defence; mandatory social security	333	(2)	331	0.00%
Education	66,339	(1,300)	65,039	0.19%
Human healthcare and social support activities	226,474	(4,165)	222,309	0.64%
Artistic, shows, sports and recreational activities	66,474	(8,607)	57,867	0.17%
Other services	392,692	(15,186)	377,506	1.09%
Loans and advances - Financial institutions	601,825	(1,152)	600,673	1.73%
Loans and advances - Public sector	882,764	(13,257)	869,507	2.51%
Loans and advances - Individuals:				
. Mortgage	22,143,683	(168,581)	21,975,102	63.46%
. Consumer and other	2,287,028	(158,457)	2,128,571	6.15%
	35,422,090	**(794,770)**	**34,627,320**	**100.00%**

In accordance with the requirements set out in Bank of Portugal Instruction No. 4/2018, the Bank began to publish "Non-Performing Exposures" and "Forborne Exposures".

Thus, as at December 31, 2024 and 2023, the breakdown of performing and non-performing exposures was as follows:

	31-12-2024			31-12-2023		
	Gross amount	Impairment	Coverage	Gross amount	Impairment	Coverage
Performing exposures	47,471,628	(238,995)	0.5%	41,773,155	(291,606)	0.7%
Non-performing exposures						
. Covered loans	20,415	(131)	0.6%	-	-	
. Individuals	392,185	(186,398)	47.5%	323,900	(148,537)	45.9%
. Companies	470,287	(316,454)	67.3%	569,663	(356,889)	62.6%
	882,887	(502,983)		893,563	(505,426)	
	48,354,515	(741,978)		42,666,718	(797,032)	

The degree of coverage of non-performing exposures, net of impairment, by real guarantees was as follows:

	31-12-2024			31-12-2023		
	Carrying amount	Collateral	Coverage	Carrying amount	Collateral	Coverage
Non-performing exposures						
. Covered loans	20,284	-		-	-	
. Individuals	205,787	181,232	88.1%	175,363	146,989	83.8%
. Companies	153,833	78,122	50.8%	212,774	143,444	67.4%
	379,904	259,354		388,137	290,433	

Forborne exposures

In accordance with Bank of Portugal Instruction No. 4/2018, institutions must identify and mark, in their information systems, loan contracts of a customer in financial difficulties, whenever there are changes to the terms and conditions of such contracts (including extension of the repayment term, introduction of grace periods, capitalisation of interest, reduction of interest rates, pardon of interest or principal) or the institution contracts new credit facilities for the (total or partial) settlement of the service of the existing debt.

As at December 31, 2024 and 2023, the breakdown of forborne exposures was as follows:

	31-12-2024			31-12-2023		
	Gross amount	Impairment	Coverage	Gross amount	Impairment	Coverage
Performing exposures	327,446	(26,817)	8.2%	412,113	(30,374)	7.4%
Non-performing exposures						
. Individuals	140,894	(64,676)	45.9%	128,497	(55,240)	43.0%
. Companies	277,299	(187,748)	67.7%	377,740	(228,964)	60.6%
	418,193	(252,424)		506,237	(284,204)	
	745,639	(279,241)		918,350	(314,578)	

The movements occurring during financial years 2024 and 2023 in the forborne exposures were as follows:

	Gross amount	Impairment	Carrying amount
Balances as at December 31, 2022	**1,003,312**	**336,509**	**666,803**
Entry into perimeter	185,593	29,016	156,577
Amortisation of debt	(124,969)	(35,699)	(89,270)
Cures	(110,505)	(12,299)	(98,206)
Portfolio sales	(69,551)	(50,127)	(19,424)
Other changes	34,470	47,178	(12,708)
Balances as at December 31, 2023	**918,350**	**314,578**	**603,772**
Entry into perimeter	127,500	28,751	98,749
Amortisation of debt	(156,620)	(36,253)	(120,367)
Cures	(114,186)	(12,580)	(101,606)
Portfolio sales	(27,891)	(22,816)	(5,075)
Other changes	(1,514)	7,561	(9,075)
Balances as at December 31, 2024	**745,639**	**279,241**	**466,398**

Encumbered assets

In accordance with the requirements defined in Instruction No. 28/2014, of January 15, 2015, of the Bank of Portugal, the Bank presents below information regarding encumbered assets. An encumbered asset is an asset explicitly or implicitly constituted as collateral or subject to an agreement to guarantee, collateralise or improve credit quality in any operation from which it cannot be freely withdrawn.

As at December 31, 2024 and 2023, the composition of encumbered and unencumbered assets is as follows:

	31-12-2024			
	Book value of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
Assets				
Cash balances at central banks and other demand deposits at credit institutions	-	-	1,633,661	-
Equity instruments	-	-	191,422	196,220
Debt securities	134,434	134,704	12,598,773	12,726,827
Loans and advances	12,300,317	-	26,242,962	-
Other assets	-	-	2,977,942	-
	12,434,751	134,704	43,644,760	12,923,047

	31-12-2023			
	Book value of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
Assets				
Cash balances at central banks and other demand deposits at credit institutions	-	-	5,893,705	-
Equity instruments	-	-	196,864	196,912
Debt securities	488,494	490,717	8,001,028	8,133,219
Loans and advances	13,165,993	-	23,889,216	-
Other assets	-	-	2,951,282	-
	13,654,487	490,717	40,932,095	8,330,131

As at December 31, 2024 and 2023, liabilities associated with encumbered assets and the collateral received are as follows:

	31-12-2024	
	Associated liabilities, contingent liabilities and securities lent	Assets, collateral received and own debt securities issued excluding own covered bonds or encumbered ABS
Book value of financial liabilities	4,080,326	6,020,512
Other	203,342	1,083,153
	4,283,668	7,103,665

	31-12-2023	
	Associated liabilities, contingent liabilities and securities lent	Assets, collateral received and own debt securities issued excluding own covered bonds or encumbered ABS
Book value of financial liabilities	5,186,885	7,480,966
Other	259,023	998,653
	5,445,908	8,479,619

As at December 31, 2024 and 2023, the main asset captions presented the following detail by external rating (internal rating for loans granted), according to the rating attributed by Standard & Poor's:

	31-12-2024	31-12-2023
Cash, cash balances at central banks and other demand deposits (Note 5)		
Cash, cash balances at central banks		
Rating S&P		
AAA+ / AAA / AAA-	-	-
BBB+ / BBB / BBB-	1,338,375	5,669,789
Not subject	364,249	391,055
	1,702,624	6,060,844
Other demand deposits		
Rating S&P		
A+ / A / A-	199,117	136,682
AA+ / AA / AA-	79,527	36,991
AAA+ / AAA / AAA-	1,183	117
BB+ / BB / BB-	377	19
BBB+ / BBB / BBB-	5,428	7,887
Without external rating	9,654	42,220
	295,286	223,916
	1,997,910	6,284,760
Financial assets at fair value through other comprehensive income (Note 8)		
Debt securities and Loans and advances		
Rating S&P		
A+ / A / A-	3,663,949	-
-BBB+ / BBB / BBB-	-	3,675,045
Without external rating	-	-
	3,663,949	3,675,045

	31-12-2024	31-12-2023
Financial assets at amortised cost (Note 9)		
Debt securities		
Rating S&P		
A+ / A / A-	5,768,181	1,091,674
AA+ / AA / AA-	592,591	1,164,912
BBB+ / BBB / BBB-	1,077,489	1,551,699
Without external rating	4,058,618	3,436,343
of which with internal rating:		
Reduced credit risk	3,902,137	2,383,922
Medium credit risk	154,012	1,043,828
High credit risk	2,469	8,593
	11,496,879	7,244,628
Loans and advances – Credit institutions		
Rating S&P		
A+ / A / A-	16,422	23,310
AAA+ / AAA / AAA-	-	-
BB+ / BB / BB-	-	-
BBB+ / BBB / BBB-	7,785	1,025
Without external rating	491	452
	24,698	24,787
Loans and advances – Customers and other balances receivable		
Internal rating		
Reduced credit risk	30,716,660,00	29,421,987
Medium credit risk	4,474,874,01	3,686,779
High credit risk	680,063,34	1,135,634
Unrated	961,340,66	1,152,903
	36,832,938,00	35,397,303
	48,354,515,00	42,666,718

Off-balance sheet exposures (Note 22)	31-12-2024	31-12-2023
Reduced credit risk	8,601,146	7,818,583
Medium credit risk	602,346	869,993
High credit risk	72,763	96,892
Unrated	405,525	932,126
	9,681,780	9,717,594

For cases where the Standard & Poor's rating was not available, the ratings disclosed by Moody's or Fitch were used.

LIQUIDITY RISK

The balance sheet liquidity-management policy is decided by the 1st level body of the organisational structure responsible for Asset and Liability Management (ALM), the Asset-Liability Committee (ALCO), chaired by the Chair of the Executive Committee, which includes the directors responsible for the Financial and Commercial areas. Committee meetings are held monthly, and at these meetings the balance-sheet risks are analysed, and strategic options decided.

For the ALM area, the following balance-sheet management limits are defined:

- Limits intended to control the interest-rate risk, in particular, the sensitivity of the Net Interest Margin (NIM), and the sensitivity of the Market Value of Equities (MVE) to unexpected interest-rate variations; and

- Limits intended to control the liquidity risk through the net accumulated liquidity and illiquidity coefficient indicators.

The Bank's funding policy considers the evolution of the balance-sheet aggregates, the structural situation of the maturities of assets and liabilities, the net interbank debt level in the light of the available lines, maturity dispersal and minimisation of the costs associated with the funding activity.

It should be noted that the Bank does not perform any liquidity-risk analysis for trading financial instruments.

As at December 31, 2024 and 2023, the breakdown of the projected (not discounted) cash flows of the financial instruments, in keeping with their contractual maturities, was as follows:

	31-12-2024								
	On demand	Up to 3 months	Between 3 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Undetermined	Derivatives	Total
Assets									
Cash, cash balances at central banks and other demand deposits	1,997,910	-	-	-	-	-	-	-	1,997,910
Financial assets held for trading	-	-	-	-	-	-	-	1,549,696	1,549,696
Non-trading financial assets mandatorily									
at fair value through profit or loss	-	-	-	-	-	-	17,086	-	17,086
Financial assets at fair value through other comprehensive income	-	2,257	105,491	1,262,602	196,602	2,520,390	338,239	-	4,425,581
Financial assets at amortised cost	1,030,087	2,700,696	6,275,780	12,033,327	10,602,876	23,188,552	-	-	55,831,318
Derivatives – Hedge accounting	-	-	-	-	-	-	-	144,673	144,673
	3,027,997	2,702,953	6,381,271	13,295,929	10,799,478	25,708,942	355,325	1,694,369	63,966,264
Liabilities									
Financial liabilities held for trading	-	-	-	-	-	-	-	1,557,421	1,557,421
Financial liabilities measured at amortised cost									
Deposits - Credit institutions	508,322	1,597,000	2,222,669	375,201	-	-	-	-	4,703,192
Deposits - Customers	23,059,615	8,307,363	6,666,268	284,348	96,952	139	-	-	38,414,685
Debt securities issued	1,957	130,080	381,457	2,401,588	1,866,436	2,147,803	-	-	6,929,321
Derivatives – Hedge accounting	-	-	-	-	-	-	-	18,344	18,344
	23,569,894	10,034,443	9,270,394	3,061,137	1,963,388	2,147,942	-	1,575,765	51,622,963

	31-12-2023								
	On demand	Up to 3 months	Between 3 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Undetermined	Derivatives	Total
Assets									
Cash, cash balances at central banks and other demand deposits	6,285,326	-	-	-		-	-	-	6,285,326
Financial assets held for trading	-	-	-	-	-	-	-	1,465,544	1,465,544
Non-trading financial assets mandatorily									
at fair value through profit or loss	-	-	-	-	-	-	24,627	-	24,627
Financial assets at fair value through other comprehensive income	2	35,454	74,875	1,265,841	251,208	2,648,155	346,224	-	4,621,759
Financial assets at amortised cost	493,456	2,213,003	5,119,697	10,438,802	6,548,891	39,851,369	-	-	64,665,218
Derivatives – Hedge accounting	-	-	-	-	-	-	-	259,831	259,831
	6,778,784	2,248,457	5,194,572	11,704,643	6,800,099	42,499,524	370,851	1,725,375	77,322,305
Liabilities									
Financial liabilities held for trading	-	-	-	-	-	-	-	1,475,977	1,475,977
Financial liabilities measured at amortised cost									
Deposits - Central banks	-	797,526	-	-	-	-	-	-	797,526
Deposits - Credit institutions	528,008	1,440,087	2,324,828	856,392	-	-	-	-	5,149,315
Deposits - Customers	20,740,183	5,720,975	8,412,739	641,896	231,979	84,909	-	-	35,832,681
Debt securities issued	-	101,132	1,659,588	1,804,356	2,588,049	388,197	-	-	6,541,322
Derivatives – Hedge accounting	-	-	-	-	-	-	-	26,048	26,048
	21,268,191	8,059,720	12,397,155	3,302,644	2,820,028	473,106	-	1,502,025	49,822,869

Determination of the projected cash flows from financial instruments was based on principles and assumptions used by the Bank in the management and control of liquidity arising from its business, namely:

- The projected cash flows of assets and liabilities with variable remuneration associated with the interest rate curve are calculated considering the forward interest rate curve;

- Financial instruments classified as “non-structural” were considered to be payable “on demand” (cash, cash balances at credit institutions). Equity instruments carried as financial assets at fair value through other comprehensive income, were considered as having an indeterminate maturity. For non-trading financial assets mandatorily at fair value through profit or loss and for financial assets and liabilities held for trading, their fair value was considered to be their transactional value on demand, given that their management is based on the control of their exposure to market risk.

- Operations relating to credit lines without defined maturity or periodically renewable, namely bank overdrafts and current account credit facilities, were considered as having an average maturity of 25 months;

- For the subordinated liabilities, the date on which the Bank may make early redemption of the bonds that make up this caption was considered; and

- The projected flows relating to demand deposits have been considered as payable on demand.

<u>MARKET RISK</u>

Market risk generally consists of the potential variation of the value of a financial instrument due to unexpected changes of market variables, such as interest rates, exchange rates, credit spreads, and prices of equity instruments, precious metals and commodities.

The standard method applied for the Bank's trading activity is Value at Risk (VaR). The Historic Simulation standard is used as the basis, with a confidence level of 99% and a time horizon of one day, statistical adjustments being applied to include the more recent events that condition the risk levels assumed.

The calculated VaR is a daily estimate of the maximum potential loss under normal market conditions (individually by portfolios / business areas, and for the entirety of the positions), within the assumptions defined in the construction of the model.

At the same time, other measures are implemented that allow additional monitoring of the market risk. For unusual market conditions, scenarios are analysed (Stress Testing), which consists of defining extreme scenarios for the behaviour of different financial variables and obtaining their potential impact on profit or loss. In short, the scenario analysis seeks to identify the potential risk under extreme market conditions, and in the fringes of probable occurrence not covered by the VaR.

In parallel, there is daily monitoring of the positions, and an exhaustive control is performed of the changes that occur in the portfolios, to detect the possible impacts that may exist for their correction. The daily preparation of the profit or loss account is intended to identify the impact of variations in the financial variables or of the alteration of the composition of the portfolios.

The Bank also uses sensitivity measures and equivalent positions. In the case of the interest rate, use is made of the Basis Point Value (BPV) – estimated impact on profit or loss for parallel movements in the interest-rate curves. For the control of derivatives activities, due to their atypical nature, specific daily sensitivity measures are carried out, including calculation and analysis of sensitivities to movements of the price of the underlying item (delta and gamma), volatility (Vega), and time (theta).

Quantitative limits are used for the trading portfolios, which are classified into two groups, in the light of the following objectives:

- Limits intended to control the volume of potential future losses (VaR, equivalent positions, and sensitivities); and

- Limits intended to control the volume of actual losses or to protect the profit or loss levels already achieved during the year (Loss Triggers and Stop Losses).

Regarding the structural interest-rate risk, it is measured through modelling the asset and liability positions sensitive to interest-rate variations in accordance with their indexing and repricing structure. This model allows the measurement and control of the risks originating directly from the movement of the income curve, namely their impact on net interest income and on the Bank's equity. Additionally, other risk indicators are calculated, such as Value at Risk (VaR) and scenario analysis (Stress Test).

The liquidity risk is measured and controlled through the modelling of present and future flows of payments and receipts, as well as by conducting stress tests that seek to identify the potential risk under extreme market conditions. In parallel, ratios are calculated based on balance sheet positions that act as indicators of structural and short-term liquidity requirements.

INTEREST-RATE RISK

As at December 31, 2024 and 2023, the breakdown of financial instruments by exposure to interest-rate risk was as follows:

	31-12-2024				
	Exposure to				
	Fixed rate	Floating rate	Not remunerated	Derivatives	Total
Assets					
Cash, cash balances at central banks and other demand deposits	500,000	838,375	659,535	-	1,997,910
Financial assets held for trading	-	-	-	1,549,696	1,549,696
Non-trading financial assets mandatorily					
at fair value through profit or loss	-	-	17,086	-	17,086
Financial assets at fair value through other comprehensive income	3,500,046	-	338,239	-	3,838,285
Financial assets at amortised cost	13,778,235	34,071,117	(236,815)		47,612,537
Derivatives – Hedge accounting	-	-	-	144,673	144,673
	17,778,281	34,909,492	778,045	1,694,369	55,160,187
Liabilities					
Financial liabilities held for trading	-	-	-	1,557,421	1,557,421
Financial liabilities measured at amortised cost					
Deposits - Credit institutions	36,577	4,607,160	289	-	4,644,026
Deposits - Customers	16,818,278	21,166,145	84,517	-	38,068,940
Debt securities issued	4,755,999	1,345,176	74,573	-	6,175,748
Other financial liabilities	-	-	297,672	-	297,672
Derivatives – Hedge accounting	-	-	-	18,344	18,344
	21,610,854	27,118,481	457,051	1,575,765	50,762,151

	31-12-2023				
	Exposure to				
	Fixed rate	Floating rate	Not remunerated	Derivatives	Total
Assets					
Cash, cash balances at central banks and other demand deposits	-	5,669,789	614,971	-	6,284,760
Financial assets held for trading	-	-	-	1,465,544	1,465,544
Non-trading financial assets mandatorily					
at fair value through profit or loss	-	-	24,627	-	24,627
Financial assets at fair value through other comprehensive income	3,501,058	-	346,224	-	3,847,282
Financial assets at amortised cost	10,705,145	31,506,092	(341,551)	-	41,869,686
Derivatives – Hedge accounting	-	-	-	259,831	259,831
	14,206,203	37,175,881	644,271	1,725,375	53,751,730
Liabilities					
Financial liabilities held for trading	-	-	-	1,475,977	1,475,977
Financial liabilities measured at amortised cost					
Deposits - Central banks	692,030	-	14,805	-	706,835
Deposits - Credit institutions	4,015,027	1,026,838	570	-	5,042,435
Deposits - Customers	15,231,827	20,344,446	53,132	-	35,629,405
Debt securities issued	4,631,130	1,268,748	21,853	-	5,921,731
Derivatives – Hedge accounting	-	-	-	26,048	26,048
	24,570,014	22,640,032	90,360	1,502,025	48,802,431

As at December 31, 2024 and 2023, the detail of the financial instruments by exposure to interest-rate risk, by rate intervals, is as follows:

	31-12-2024							
	Rate intervals					Not subject to		
	[<1%]	[1%-3%]	[3%-5%]	[5%-10%]	[>10%]	Interest-rate risk	Derivatives	Total
Assets								
Cash, cash balances at central banks and other demand deposits	838,375	500,000				659,535	-	1,997,910
Financial assets held for trading	-	-	-	-	-	-	1,549,696	1,549,696
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	17,086	-	17,086
Financial assets at fair value through other comprehensive income	99,930	30,372	3,369,744	-	-	338,239	-	3,838,285
Financial assets at amortised cost	504,931	3,120,931	37,580,475	6,110,372	532,643	(236,815)	-	47,612,537
Derivatives – Hedge accounting	-	-	-	-	-	-	144,673	144,673
	1,443,236	3,651,303	40,950,219	6,110,372	532,643	778,045	1,694,369	55,160,187
Liabilities								
Financial liabilities held for trading	-	-	-	-	-	-	1,557,421	1,557,421
Financial liabilities measured at amortised cost								
Deposits - Credit institutions	506,163	-	4,137,574	-	-	289	-	4,644,026
Deposits - Customers	22,502,179	15,005,505	442,234	34,505	-	84,517	-	38,068,940
Debt securities issued	-	1,546,306	4,126,890	71,620	356,359	74,573	-	6,175,748
Derivatives – Hedge accounting	-	-	-	-	-	-	18,344	18,344
	23,008,342	16,551,811	8,706,698	106,125	356,359	159,379	1,575,765	50,464,479

	31-12-2023							
	Rate intervals					Not subject to		
	[<1%]	[1%-3%]	[3%-5%]	[5%-10%]	[>10%]	Interest-rate risk	Derivatives	Total
Assets								
Cash, cash balances at central banks and other demand deposits	576,789	-	5,093,000	-	-	614,971	-	6,284,760
Financial assets held for trading	-	-	-	-	-	-	1,465,544	1,465,544
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	24,627	-	24,627
Financial assets at fair value through other comprehensive income	99,905	31,022	3,370,131	-	-	346,224	-	3,847,282
Financial assets at amortised cost	2,138,782	3,017,095	17,145,227	19,554,381	355,752	(341,551)	-	41,869,686
Derivatives – Hedge accounting	-	-	-	-	-	-	259,831	259,831
	2,815,476	3,048,117	25,608,358	19,554,381	355,752	644,271	1,725,375	53,751,730
Liabilities								
Financial liabilities held for trading	-	-	-	-	-	-	1,475,977	1,475,977
Financial liabilities measured at amortised cost								
Deposits - Central banks	-	-	692,030	-	-	14,805	-	706,835
Deposits - Credit institutions	298,154	4,000	4,735,613	4,098	-	570	-	5,042,435
Deposits - Customers	26,739,240	4,606,150	4,127,165	103,718	-	53,132	-	35,629,405
Debt securities issued	996,200	1,307,431	3,183,288	65,355	347,604	21,853	-	5,921,731
Derivatives – Hedge accounting	-	-	-	-	-	-	26,048	26,048
	28,033,594	5,917,581	12,738,096	173,171	347,604	90,360	1,502,025	48,802,431

As at December 31, 2024 and 2023, the distribution of contractual periods and interest-rate repricing of the sensitive amounts of the Bank's portfolio, through a static gap, is as follows:

	31-12-2024								
	Date intervals							Not subject to	
	1 month	3 months	6 months	1 year	2 to 3 years	4 to 5 years	>5 years	Interest-rate risk	Total
Assets									
Cash, cash balances at central banks and other demand deposits	1,338,375	-	-	-	-	-	-	659,535	1,997,910
Financial assets held for trading	35,547	121,546	132,482	238,223	583,539	309,850	128,509	-	1,549,696
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	-	17,086	17,086
Financial assets at fair value through other comprehensive income	-	-	-	30,303	1,115,930	-	2,353,813	338,239	3,838,285
Financial assets at amortised cost	5,251,732	8,458,242	10,262,843	4,919,056	6,117,675	2,851,703	9,988,100	(236,815)	47,612,537
Derivatives – Hedge accounting	23,737	16,015	8,238	5,517	69,033	11,288	10,845	-	144,673
	6,649,391	8,595,803	10,403,563	5,193,099	7,886,177	3,172,841	12,481,267	778,045	55,160,187
Liabilities									
Financial liabilities held for trading	36,200	123,198	133,344	238,800	586,168	311,259	128,452	-	1,557,421
Financial liabilities measured at amortised cost									
Deposits - Credit institutions	719,382	1,381,017	2,177,542	-	365,796	-	-	289	4,644,026
Deposits - Customers	25,147,648	5,851,525	5,235,530	1,370,720	282,365	96,506	129	84,517	38,068,940
Debt securities issued	-	-	-	-	1,837,599	1,598,400	2,665,176	74,573	6,175,748
Derivatives – Hedge accounting	(42,477)	(538)	45,013	9,867	4,223	1,909	347	-	18,344
	25,860,753	7,355,202	7,591,429	1,619,387	3,076,151	2,008,074	2,794,104	159,379	50,464,479

	31-12-2023									
	Date intervals							Not subject to		
	1 month	3 months	6 months	1 year	2 to 3 years	4 to 5 years	>5 years	Interest-rate risk	Derivatives	Total
Assets										
Cash, cash balances at central banks and other demand deposits	5,669,789	-	-	-	-	-	-	614,971	-	6,284,760
Financial assets held for trading	-	-	-	-	-	-	-	-	1,465,544	1,465,544
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	-	24,627	-	24,627
Financial assets at fair value through other comprehensive income	-	-	-	-	1,046,690	99,905	2,354,463	346,224	-	3,847,282
Financial assets at amortised cost	5,933,820	9,615,665	10,855,563	5,084,578	3,456,758	1,826,975	5,437,878	(341,551)	-	41,869,686
Derivatives – Hedge accounting	-	-	-	-	-	-	-	-	259,831	259,831
	11,603,609	9,615,665	10,855,563	5,084,578	4,503,448	1,926,880	7,792,341	644,271	1,725,375	53,751,730
Liabilities										
Financial liabilities held for trading	-	-	-	-	-	-	-	-	1,475,977	1,475,977
Financial liabilities measured at amortised cost										
Deposits - Central banks	692,030	-	-	-	-	-	-	14,805	-	706,835
Deposits - Credit institutions	956,685	1,597,332	2,487,848	-	-	-	-	570	-	5,042,435
Deposits - Customers	4,431,188	4,910,111	5,181,189	3,179,949	638,179	17,224,805	10,852	53,132	-	35,629,405
Debt securities issued	69,367	617,918	1,577,663	7,431	857,599	2,449,900	320,000	21,853	-	5,921,731
Derivatives – Hedge accounting	-	-	-	-	-	-	-	-	26,048	26,048
	6,149,270	7,125,361	9,246,700	3,187,380	1,495,778	19,674,705	330,852	90,360	1,502,025	48,802,431

Financial Instruments – non-trading

The method of calculation of the sensitivity of the net asset value involves simulation of the change in the market value of the assets and liabilities, based on 100 basis point (bp) shifts of the forward interest-rate curve. This methodology uses the following parameters and assumptions:

- All assets and liabilities sensitive to interest-rate fluctuations are identified, that is, those which value and respective contribution to net interest income may change due to changes in market rates;

- Assets and liabilities are grouped into homogeneous aggregates according to their exposure to interest-rate risk;
- For each sensitive transaction (contract), the future flows duly distributed by repricing dates (variable rate) or maturity date (fixed rate) are calculated;
- For each aggregate defined above, the transactions are grouped by repricing / maturity dates;
- The time intervals intended to measure the interest-rate gap are defined;
- For each aggregate, the cash flows are grouped on the basis of the intervals created;
- For each product considered sensitive but that has no defined maturity, distribution parameters are estimated in keeping with previously studied behaviour models; and
- For each interval, the total flows of assets and liabilities and, by the difference between these, the interest-rate risk gap are calculated.

The interest-rate gap allows an approximation of the sensitivity of the net asset value and of the net interest income in the light of market-rate variations. This approach has the following assumptions:

- The volumes are always maintained in the balance sheet and are renewed automatically;
- It assumes parallel variations in the interest-rate curve, not considering the possibility of specific movements for different periods of the interest-rate curve; and
- It does not consider the different elasticities between the various products.

From the perspective of variation of the net asset value, interest-rate increases entail a decrease of value in the intervals with positive gaps, and an increase of value in the negative gaps. Interest-rate decreases have the opposite effect.

General assumptions of this Interest-rate sensitivity analysis:

- Balance-sheet evolution – a static balance sheet is assumed, according to which the amounts of contracts that do not have a fixed maturity date or which renewal is presumed, are replaced with new transactions of the same amount, so that the balance-sheet balances remain constant during the year under analysis;
- Maturities and repricing – the real maturities and repricing of the transactions are considered. Assets and liabilities which contribution to net interest income and which carrying amount does not alter with the interest-rate variations are considered non-sensitive;
- Indices – the indices defined contractually are considered, and the spot curve of the date of analysis with the underlying forward curve is used for the simulation; and
- Characteristics of new business operations (term, repricing, volumes, spread, index, etc.) – the conditions entered in the budget for each product are used. When these characteristics begin to lie outside the market for certain products, the average conditions applied during the previous month or the new commercial guidelines for each of the products in question are used.

As at December 31, 2024 and 2023, the sensitivity of the net asset value of the Bank's financial instruments to positive and negative variations of 100 basis points (bp) for a one-year time horizon was:

	31-12-2024		31-12-2023	
	+100 bp's change	-100 bp's change	+100 bp's change	-100 bp's change
Assets				
Cash and cash balances at central banks	(74)	74	(721)	721
Financial assets at fair value through other comprehensive income	(70,731)	76,412	(227,049)	239,496
Financial assets at amortised cost	(1,260,982)	1,348,069	(864,794)	931,367
	(1,331,787)	1,424,555	(1,092,564)	1,171,584
Derivatives – Hedge accounting	15,832	7,586	72,748	(75,408)
Liabilities				
Financial liabilities measured at amortised cost				
Deposits - Central banks	-	-	(793)	792
Deposits - Credit institutions	(15,494)	15,597	(21,490)	21,695
Deposits - Customers	(905,324)	958,958	(606,730)	630,102
Debt securities issued	(205,000)	218,963	(139,204)	144,720
Other financial liabilities	(5,288)	5,443	(16,666)	17,363
	(1,131,106)	1,198,961	(784,883)	814,672

Financial Instruments – trading

The basic parameters for calculation of the VaR applicable are, in general, besides the calculation method itself, as follows:

- Time horizon: The time period for which potential losses of a portfolio are calculated for the measurement of the (daily) VaR is 1 day;
- Confidence level: both the VaR (potential loss) and the VaE (potential gain) are determined with a confidence level of 99% (1% and 99% percentiles, respectively, of the losses and gains distribution). For purposes of contrast analysis, a VaR and a VaE will also be calculated at a confidence level of 95% (5% and 95% percentiles, respectively);
- Exponential decrease factor: Allows exponential weighting of the variation amounts in market factors over time, giving less weight to observations more distant in time. The exponential decrease factor applied is determined periodically by Market Risk;
- The VaR values used correspond to the highest of those calculated with the decrease factor in force and those calculated using uniform weighting;
- Calculation currency: In the process of calculating the VaR all positions are valued in Euros, which guarantees that the risk-free currency is the local currency. However, VaR values are reported in US dollars (USD) to allow the aggregation of different units; and
- Market data time window: A 2-year time window is used, or at least 520 data obtained from the VaR calculation reference date going back in time.

The calculation of the VaR Percentile gives equal weighting to the set of 520 observations considered. The Weighted Percentile VaR gives a significantly higher weighting to the most recent observations in relation to the reference date of the analysis.

Historical simulation consists of using the historical variations as the distribution model of possible variations in the risk factors. For this reason, the chosen period is sufficiently long and significant, such that all interactions between the market factors, their volatilities and the correlations between them, are duly mirrored in the historical period selected.

On the other hand, the complete revaluation of the portfolio requires a valuation of each of the instruments, using the respective mathematical expression to obtain the market value of each individual position. In using forms of revaluation, non-linear effects implicit in certain financial products as a result of changes in market factors are calculated and collected on the VaR values.

As at December 31, 2024 and 2023, the VaR associated with the interest-rate risk corresponded to:

	31-12-2024	31-12-2023
VaR 99% percentile	-	3

EXCHANGE-RATE RISK

The profile defined for the exchange-rate risk is quite conservative and is embodied in the hedging policy used. Its implementation is the responsibility of the Treasury area, so the risks involved are not very relevant, and it is implemented primarily using currency swaps. Risk limits are stipulated for the exchange-rate risk that are controlled by the Market Risks Area.

As at December 31, 2024 and 2023, the detail of the financial instruments by currency was as follows:

	31-12-2024			
	Euros	US dollars	Other currencies	Total
Assets				
Cash, cash balances at central banks and other demand deposits	1,902,659	43,107	52,144	1,997,910
Financial assets held for trading	1,542,694	6,416	586	1,549,696
Non-trading financial assets mandatorily at fair value through profit or loss	17,086	-	-	17,086
Financial assets at fair value through other comprehensive income	3,835,791	2,494	-	3,838,285
Financial assets at amortised cost	47,072,422	526,015	14,100	47,612,537
Derivatives – Hedge accounting	135,069	9,273	331	144,673
	54,505,721	587,305	67,161	55,160,187
Liabilities				
Financial liabilities held for trading	1,555,574	166	1,681	1,557,421
Financial liabilities measured at amortised cost				
Deposits - Credit institutions	4,581,691	62,124	211	4,644,026
Deposits - Customers	36,855,169	1,011,340	202,431	38,068,940
Debt securities issued	6,175,748	-	-	6,175,748
Other financial liabilities	281,060	14,571	2,041	297,672
Derivatives – Hedge accounting	16,414	1,930	-	18,344
	49,465,656	1,090,131	206,364	50,762,151

	31-12-2023			
	Euros	US dollars	Other currencies	Total
Assets				
Cash, cash balances at central banks and other demand deposits	6,196,444	35,493	52,823	6,284,760
Financial assets held for trading	1,465,217	-	327	1,465,544
Non-trading financial assets mandatorily at fair value through profit or loss	24,627	-	-	24,627
Financial assets at fair value through other comprehensive income	3,847,282	-	-	3,847,282
Financial assets at amortised cost	41,469,918	375,224	24,544	41,869,686
Derivatives – Hedge accounting	239,612	19,799	420	259,831
	53,243,100	430,516	78,114	53,751,730
Liabilities				
Financial liabilities held for trading	1,476,212	-	(235)	1,475,977
Financial liabilities measured at amortised cost				
Deposits - Central banks	706,835	-	-	706,835
Deposits - Credit institutions	5,022,967	8,197	11,271	5,042,435
Deposits - Customers	34,410,970	973,324	245,111	35,629,405
Debt securities issued	5,921,731	-	-	5,921,731
Other financial liabilities	258,937	-	-	258,937
Derivatives – Hedge accounting	26,048	-	-	26,048
	47,823,700	981,521	256,147	49,061,368

As at December 31, 2024 and 2023, the VaR associated with the exchange-rate risk corresponded to:

	31-12-2024	31-12-2023
VaR 99% percentile	31	9

ASSET-PRICE RISK

Financial instruments – trading

As at December 31, 2024 and 2023, the Bank had no risk associated with asset prices with regard to its trading financial instruments, and so the VaR associated with this risk is zero.

Offsetting of financial assets and liabilities

As at December 31, 2024 and 2023, the value of the derivative financial instruments, negotiated on the off-the-counter market, compensated by related financial derivatives, by type of counterpart, is as follows:

	31-12-2024			
	Financial assets / liabilities presented in the financial statements	Related amounts not offset in the financial statements		
Counterpart		Financial instruments	Cash collateral handed in as guarantee	Net amount
Financial institutions	88,067	-	30,560	118,627
Group companies	6,586	-	(27,034)	(20,448)
	94,653	-	3,526	98,179

	31-12-2023			
	Financial assets / liabilities presented in the financial statements	Related amounts not offset in the financial statements		
Counterpart		Financial instruments	Cash collateral handed in as guarantee	Net amount
Financial institutions	122,485	-	16,033	138,518
Group companies	87,841	-	(157,313)	(69,472)
	210,326	-	(141,280)	69,046

As at December 31, 2024 and 2023, the value of the repo operations, by type of counterpart, is as follows:

	31-12-2024			
	Financial liabilities presented in the financial statements	Related amounts not offset in the financial statements		
Counterpart		Financial instruments	Cash collateral handed in as guarantee	Net amount
Financial institutions	(4,137,574)	4,191,119	(63,165)	(9,620)

	31-12-2023			
	Financial liabilities presented in the financial statements	Related amounts not offset in the financial statements		
Counterpart		Financial instruments	Cash collateral handed in as guarantee	Net amount
Financial institutions	(4,496,595)	4,605,758	14,598	123,761

37. CAPITAL MANAGEMENT

The Bank has a solid capital position, coherent with its business model, balance sheet structure, risk appetite and regulatory requirements. The strength of the balance sheet and the profitability of the Bank allow us to exercise our activity of financing the economy and generate capital organically. The various capital metrics are stable, with ratios comfortably above regulatory requirements and aligned with the risk appetite approved by top management.

The management and adequacy of capital aims to ensure solvency and maximise profitability, as well as compliance with regulatory requirements. Capital management is a key strategic tool for decision making. There is a governance framework approved by top management where the criteria, policies, functions, metrics and processes related to capital management are established.

At the end of financial year 2024, the CET1 phasing in ratio is 15.6% and the total capital phasing in ratio is 20.4%, comfortably meeting the minimum requirements of 8.428% and 12.650%, respectively.

In recent financial years, the Bank has carried out several synthetic securitisation operations originated by it. Underlying these operations are portfolios of Corporates, SMEs, ENIs (Sole proprietors) and Mortgages, in relation to which the Bank purchases protection corresponding to a mezzanine tranche with an attachment point and a detachment point. The mezzanine tranches were entirely placed with foreign institutional investors, in the form of a CLN issued directly by the Bank or in the form of a financial guarantee / insurance contract, with a specific premium.

The following table summarises the composition of the regulatory capital and prudential ratios of the Bank as at December 31, 2024 and 2023 (both in BIS III - Phasing in):

Amounts in millions of Euros

	Dec/24	Dec/23
A – LEVEL 1 OWN FUNDS (TIER I)	2,896	2,929
Eligible Capital (includes additional instruments eligible as Tier I)	1,941	1,941
Eligible Reserves and Results (excl. Non-controlling Interests)	1,244	1,243
Eligible Non-controlling Interests	-	-
Deductions from Base Own Funds	(289)	(255)
B – LEVEL 2 OWN FUNDS (TIER II)	386	393
Subordinated liabilities with undetermined maturity	323	329
Eligible Non-controlling Interests	-	-
Other Elements / Deductions from Complementary Own Funds	63	63
C – DEDUCTIONS FROM TOTAL OWN FUNDS	-	-
D - TOTAL ELIGIBLE OWN FUNDS (A+B+C)	3,282	3,321
E – RISK-WEIGHTED ASSETS	16,053	15,467
RATIOS		
TIER I (A/E)	18.0%	18.9%
CORE CAPITAL (CET1)	15.6%	16.3%
TIER II (B/E)	2.4%	2.5%
CAPITAL ADEQUACY RATIO (D/E)	20.4%	21.5%
LEVERAGE	5.7%	5.5%

Note: the amounts presented in the table above are unaudited

38. COMPETITION AUTHORITY AND OTHER LITIGATION

In 2012, administrative-offence proceedings were instituted by the Competition Authority (AdC), for alleged signs of infringement of Article 9 of Law 19/2012, of May 8 (Competition Act).

Within the scope of these proceedings, dawn raids were carried out at the premises of the Bank and of other credit institutions, on March 6, 2013, and indiscriminate documentation was seized to determine possible evidence of infringement of the aforesaid legal precept.

On June 3, 2015, the Bank, like other 14 credit institutions, was notified of the Statement of Objections issued by the AdC regarding the administrative-offence proceedings under appraisal (Case No. PRC 9/2012), accused of taking part in an exchange of certain commercially sensitive information between competitors. This exchange of information was sanctioned as an “infringement by object”, that is, the Competition Authority considered this conduct to be unlawful even without the demonstration of effects on consumers.

On September 9, 2019, the AdC issued the final decision, essentially maintaining the theory presented in the 2015 Statement of Objections, namely the presumption of anti-competitive conduct based on the exchange of information between competitors on Mortgage Loans, Consumer Loans and Corporate Loans. Banco Santander Totta was sentenced to a fine of Euros 35 million, with the addition of a fine of Euros 650 thousand applied to Banco Popular Portugal.

The fine imposed - which could amount to a maximum equivalent to 10% of the annual turnover of the infringing company in the year before the decision - came to be applied for an amount corresponding to about 2.02% of that indicator (considering not only the penalty imposed on the Bank, but also on Banco Popular Portugal).

Nevertheless, on October 21, 2019, the Bank judicially challenged the final decision of the AdC, and, in the scope of the judicial challenge, the amount and type of collateral to be provided to suspend the contested decision was set. In this regard, the Bank presented a bank guarantee in the amount of Euros 17,825 thousand, issued by the Bank itself, to fulfil the mentioned collateral.

The trial hearing sessions took place between October 2021 and March 2022, with the Court of Competition, Regulation and Supervision (TCRS) making a first decision on April 28, 2022. In this decision, although generally confirming the facts included in the sanctioning decision of the AdC on the alleged exchange of non-public information on spreads and credit production, the Competition Court recognised, as alleged by Santander, that a preliminary ruling on this matter by the Court of Justice of the European Union (CJEU) was justified, due to the absence jurisprudence and case law considering autonomous exchanges of information between competitors, such as the one at issue in this case, as infringements of competition law “by object”, that is, regardless of its effects on the market.

This referral of the process to the CJEU confirms that the alleged infringement is not as clear as the AdC tried to maintain, since the TCRS itself had doubts about the applicable legal framework.

The TCRS suspended its judgment and final decision, while the question referred was considered in the CJEU, which ruled on the questions raised on July 29, 2024.

The TCRS then issued the final sentence on September 20, 2024, having maintained the fine applied to the Bank (and to the other banks in general) by the AdC, which the Bank appealed to the Lisbon Court of Appeal, as did the other parties involved in the process.

By judgment of February 10, 2025, the Lisbon Court of Appeal considered the process extinguished due to prescription. Not satisfied with this decision, the Public Prosecutor's Office filed a complaint and the Competition Authority filed an appeal against the judgment with the Constitutional Court.

On April 9, 2025, the Lisbon Court of Appeal dismissed the complaint filed by the Public Prosecutor's Office, maintaining the Judgment of February 10, 2025, in its precise terms, that is, considering the process extinguished due to prescription. The subsequent developments of the process are awaited.

In line with what has been its position throughout the process, the Bank strongly refutes all the arguments underlying the decision of the AdC, and its position has been supported, namely, by the opinion of distinguished Law Professors, attesting to the absence of any unlawful conduct by the institution. Furthermore, the Bank considers that the administrative offence proceedings have been time-barred since at least February 2024, an understanding supported by the opinion of eminent Law Professors and recognised by the ruling of the Lisbon Court of Appeal.

The circumstances described, including the ruling of the Lisbon Court of Appeal of February 10, 2025, which recognised the prescription of the administrative offence proceedings (ruling that is not yet final and binding on the date hereof), support the belief that the likelihood of the process ending without the Bank having to pay a fine are higher than the opposite, and therefore there is no need to recognise any provision for this lawsuit in the financial statements as at December 31, 2024.

During the first half of 2024, three class-action declaratory suits were filed in the form of common proceedings against a group of financial institutions, including the Bank, by consumer protection associations, arising from the alleged competition infringement imputed by the AdC. In the meantime, of the three suits, two of them were merged into a single action, with only two class-action suits now ongoing, one of which was suspended until the conclusion of the judicial review process of the administrative offense. The Bank considers that none of the infractions brought by the AdC were committed and, therefore, none of the infractions in the class-action suits, being this conviction supported by the opinion of its legal advisors. Furthermore, no damages or losses to customers have been verified, so that, to this extent too, the prerequisites for any compensation are not met.

39. SUBSEQUENT EVENTS

At the beginning of 2024, the Santander Group in Portugal began a reorganisation process which involved the merger of Taxagest, SGPS, S.A. in the Bank and a subsequent merger of Santander Totta, SGPS, S.A. in the Bank, following the strategic, economic and operational analysis carried out on the Group's structure, which found that the current corporate structure appeared to be redundant and susceptible to optimisation in terms of efficiency and synergies.

At the end of the 2024 financial year, all required authorisations from the regulators were received, and the aforementioned mergers were definitively registered by incorporation with the Commercial Registry on February 28, 2025, and the net assets (assets, liabilities, rights and obligations) of Taxagest, SGPS, S.A. and of Santander Totta, SGPS, S.A. were then transferred to the Bank.

Given that the Bank directly held shares representing more than 90% of the share capital of Taxagest, SGPS, S.A. and that Santander Totta, SGPS, S.A. directly held shares representing more than 90% of the share capital of the Bank, the aforementioned mergers took the simplified form provided for in Article 16 of the Portuguese Commercial Companies Code, so that they were carried out without prior deliberation by the respective general meetings.
The rights of the creditors of the investee companies were not negatively affected by the aforementioned mergers by incorporation, since the Bank's assets, after the merger, correspond to the sum of the assets of the Bank, Taxagest, SGPS, S.A. and Santander Totta, SGPS, S.A..

On the date of final registration, the following accounting records were made:

- annulment of the Bank's shareholding in Taxagest, SGPS, S.A. and annulment of the shareholding that Santander Totta, SGPS, S.A. held in the Bank;
- annulment of intra-group balances between the Bank, Taxagest, SGPS, S.A. and Santander Totta, SGPS, S.A., similar to the consolidation process carried out with reference to December 31, 2024 (including the "€ 400,000,000 Fixed Rate Resettable Perpetual Additional Tier I" issue); and
- recording of the merger reserve then determined.

In this context, after the date of final registration, the Bank will extinguish the "€ 400,000,000 Fixed Rate Resettable Perpetual Additional Tier I" issue, and the "Fixed Rate Perpetual Deeply Subordinated Additional Tier I Resettable Instruments" and "Fixed Rate Resettable Perpetual Additional Tier 1 Instruments" issues, issued by Santander Totta, SGPS, S.A and fully acquired by Banco Santander, S.A., will be kept in the balance sheet.

Within the scope of the aforementioned mergers by incorporation, with their definitive registration, the shareholders of Taxagest, SGPS, S.A. and of Santander Totta, SGPS, S.A., were assigned, through registration in their respective securities accounts, opened with their respective financial intermediaries, common and registered shares, in book-entry form, with a nominal value of Euro 1 in the proportion of the shares they held in Taxagest, SGPS, S.A. and in Santander Totta SGPS, S.A., in compliance with the respective exchange terms, determined as follows:

- In the case of Taxagest, SGPS, S.A., its shareholders were assigned 291.99 shares of the Bank for each share they held; and
- In the case of Santander Totta, SGPS, S.A., the respective shareholders were assigned, after the prior incorporation of Taxagest, SGPS, S.A. into the Bank, one share of the latter for each 142.37 shares they held.

These shares will grant said shareholders the right to participate in the corresponding profits of the Bank.

40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on April 24, 2025.

41. NOTE ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in the Portuguese language. In the event of discrepancies, the Portuguese language version prevails.

APPENDIX I

As at December 31, 2024, the conditions of the structured, covered bonds, issued in the scope of securitisation operations, other bonds and of subordinated liabilities are as follows:

(Amounts expressed in thousands of Euros – tEuros)

Securities issued	Currency	Issue amount: Issued	Issue amount: Subscribed by the Group	Issue amount: Balance sheet	Interest payable / Deferred commissions	Value adjustments through hedging operations	Total	Interest rate	Date issued	Date maturing	Index
Structured bonds											
Credit Linked Notes due August 2037	EUR	61,012	-	61,012	1,173	-	62,185	Floating	26/07/2021	15/08/2037	Euribor 3M (floored at 0) + 9%
Credit Linked Notes due January 2042	EUR	42,345	-	42,345	1,176	-	43,521	Floating	31/05/2022	31/01/2042	Euribor 3M + 8.7%
Credit Linked Notes due August 2037	EUR	20,421	-	20,421	295	-	20,716	Floating	13/04/2023	15/08/2037	Euribor 3M + 6%
Credit Linked Notes due May 2043	EUR	103,000		103,000	789	-	103,789	Floating	03/08/2023	02/05/2043	Euribor 3M + 9%
Credit Linked Notes due December 2043	EUR	112,900		112,900	1,769	-	114,669	Floating	25/06/2024	27/12/2043	Euribor 3M + 8%
Total		**339,678**	**-**	**339,678**	**5,202**	**-**	**344,880**				
Covered bonds											
Hipotecárias XX - 1ª	EUR	750,000	750,000	-	(423)	-	(423)	1.20%	07/12/2017	07/12/2027	Fixed rate
Hipotecárias XXI	EUR	1,000,000	1,000,000	-	(438)	-	(438)	1.48%	10/04/2017	10/04/2027	Fixed rate
Hipotecária XXIII	EUR	1,000,000	20,000	980,000	(448)	-	979,552	1.25%	26/09/2017	26/09/2027	Fixed rate
Hipotecária XXIV	EUR	1,100,000	1,100,000	-	(935)	-	(935)	0.41%	05/07/2019	05/07/2029	Fixed rate
Hipotecária XXV	EUR	750,000	750,000	-	(34)	-	(34)	0.51%	27/03/2020	27/03/2025	Fixed rate
Hipotecária XXVI	EUR	750,000	750,000	-	(812)	-	(812)	0.00%	28/10/2020	28/10/2030	Fixed rate
Hipotecária XXVII	EUR	750,000	750,000	-	(591)	-	(591)	0.64%	04/03/2022	04/03/2029	Fixed rate
Hipotecária XXVIII	EUR	750,000	-	750,000	14,027	-	764,027	3.38%	19/04/2023	19/04/2028	Fixed rate
Hipotecária XXIX	EUR	1,000,000	1,000,000	-	(1,009)	-	(1,009)	3.55%	02/06/2023	02/06/2030	Fixed rate
Hipotecária XXX	EUR	850,000	-	850,000	7,761	7,601	865,362	3.75%	11/09/2023	11/09/2026	Fixed rate
Hipotecária XXXI	EUR	25,700	-	25,700	190	-	25,890	3.85%	16/10/2023	16/10/2028	Fixed rate
Hipotecária XXXII	EUR	27,300	-	27,300	111	-	27,411	3.74%	15/11/2023	15/11/2028	Fixed rate
Hipotecária XXXIII	EUR	16,900	-	16,900	(7)	-	16,893	3.05%	28/12/2023	28/12/2028	Fixed rate
Hipotecária XXXIV	EUR	11,900	-	11,900	326	-	12,226	3.11%	05/02/2024	05/02/2029	Fixed rate
Hipotecária XXXV	EUR	1,000,000	-	1,000,000	20,596	25,455	1,046,051	3.25%	15/02/2024	15/02/2031	Fixed rate
Hipotecária XXXVI	EUR	49,600	-	49,600	1,300	-	50,900	3.29%	07/03/2024	07/03/2029	Fixed rate
Hipotecária XXXVII	EUR	1,000,000	933,000	67,000	520	-	67,520	3.40%	29/05/2024	29/05/2029	Fixed rate
Total		**10,831,400**	**7,053,000**	**3,778,400**	**40,134**	**33,056**	**3,851,590**				

Securities issued	Currency	Issue amount Issued	Issue amount Subscribed by the Group	Balance sheet	Interest payable / Deferred commissions	Value adjustments through hedging operations	Total	Interest rate	Date issued	Date maturing	Index
Bonds issued under securitisation operations											
Atlantes Mortgage 2 - Class A	EUR	59,719	-	59,719	(5,404)	-	54,315	Floating	05/03/2008	18/09/2060	Euribor 3M + 0.33%
Atlantes Mortgage 2 - Class B	EUR	7,716	7,716	-	-	-	-	Floating	05/03/2008	18/09/2060	Euribor 3M + 0.95%
Atlantes Mortgage 2 - Class C	EUR	3,145	3,145	-	-	-	-	Floating	05/03/2008	18/09/2060	Euribor 3M + 1.65%
Atlantes Mortgage 2 - Class D	EUR	8,332	8,332	-	-	-	-	Floating	05/03/2008	18/09/2060	Residual return generated by securitised portfolio
Atlantes Mortgage 3 - Class A	EUR	106,313	33,134	73,179	(3,712)	-	69,467	Floating	30/10/2008	20/08/2061	Euribor 3M + 0.20%
Atlantes Mortgage 3 - Class B	EUR	15,246	15,246	-	-	-	-	Floating	30/10/2008	20/08/2061	Euribor 3M + 0.50%
Atlantes Mortgage 3 - Class C	EUR	33,477	33,477	-	-	-	-	Floating	30/10/2008	20/08/2061	Residual return generated by securitised portfolio
Atlantes Mortgage 4 - Class A	EUR	113,408	-	113,408	(12,398)	-	101,010	Floating	16/02/2009	30/12/2064	Euribor 3M + 0.15%
Atlantes Mortgage 4 - Class B	EUR	12,489	12,489	-	-	-	-	Floating	16/02/2009	30/12/2064	Euribor 3M + 0.30%
Atlantes Mortgage 4 - Class C	EUR	37,569	37,569	-	-	-	-	Floating	16/02/2009	30/12/2064	Residual return generated by securitised portfolio
Hipototta nº13 Class A	EUR	334,020	334,020	-	-	-	-	Floating	09/01/2018	23/10/2072	Euribor 3M + 0.60%
Hipototta nº13 Class B	EUR	484,000	484,000	-	-	-	-	Floating	09/01/2018	23/10/2072	Euribor 3M + 1%
Hipototta nº13 Class C	EUR	33,000	33,000	-	-	-	-	Floating	09/01/2018	23/10/2072	Residual return generated by securitised portfolio
Hipototta nº13 Class D	EUR	0	0	-	-	-	-	Floating	09/01/2018	23/10/2072	
Consumer Totta 1 class A	EUR	283,102	-	283,102	56	-	283,158	Floating	30/09/2022	28/06/2033	Euribor 3M + 0.80%
Consumer Totta 1 class B	EUR	13,611	-	13,611	3	-	13,614	Floating	30/09/2022	28/06/2033	Euribor 3M + 1.10%
Consumer Totta 1 class C	EUR	21,777	-	21,777	6	-	21,783	Floating	30/09/2022	28/06/2033	Euribor 3M + 2%
Consumer Totta 1 class D	EUR	13,611	-	13,611	8	-	13,619	Floating	30/09/2022	28/06/2033	Euribor 3M + 8%
Consumer Totta 1 class E	EUR	21,777		21,777	18	-	21,795	Floating	30/09/2022	28/06/2033	Euribor 3M + 11.85%
Consumer Totta 1 class F	EUR	1,714		1,714	1	-	1,715	Floating	30/09/2022	28/06/2033	Euribor 3M + 12.5%
Consumer Totta 1 class X	EUR	2,676	2,676	-	-	-	-	Floating	30/09/2022	28/06/2033	Residual return generated by securitised portfolio
Consumer Totta 2 class A	EUR	320,000	-	320,000	1,285	-	321,285	Floating	26/09/2024	25/02/2034	Euribor 3M + 0.90%
Consumer Totta 2 class B	EUR	15,400	-	15,400	68	-	15,468	Floating	26/09/2024	25/02/2034	Euribor 3M + 1.30%
Consumer Totta 2 class C	EUR	24,600	-	24,600	124	-	24,724	Floating	26/09/2024	25/02/2034	Euribor 3M + 1.90%
Consumer Totta 2 class D	EUR	15,400	-	15,400	101	-	15,501	Floating	26/09/2024	25/02/2034	Euribor 3M + 3.40%
Consumer Totta 2 class E	EUR	24,600	-	24,600	211	-	24,811	Floating	26/09/2024	25/02/2034	Euribor 3M + 5.35%
Consumer Totta 2 class F	EUR	3,600	-	3,600	33	-	3,633	Floating	26/09/2024	25/02/2034	Euribor 3M + 6%
Consumer Totta 2 class R	EUR	-	-	-	-	-	-	6.50%	26/09/2024	25/02/2034	Fixed rate
Consumer Totta 2 class X	EUR	1	1	-	-	-	-	Floating	26/09/2024	25/02/2034	Residual return generated by securitised portfolio
Total		**2,010,303**	**1,004,805**	**1,005,498**	**(19,600)**	**-**	**985,898**				

Securities issued	Currency	Issue amount: Issued	Issue amount: Subscribed by the Group	Issue amount: Balance sheet	Interest payable / Deferred commissions	Value adjustments through hedging operations	Total	Interest rate	Date issued	Date maturing	Index
Other bonds issued											
OB. BST VAR SR 2	EUR	650,000	-	650,000	15,632	-	665,632	4.51%	20/06/2022	20/06/2028	Fixed rate
Total		**650,000**	**-**	**650,000**	**15,632**	**-**	**665,632**				
Subordinated liabilities											
OB.BST SA 7.5%	EUR	7,599	-	7,599	135	-	7,734	7.50%	06/10/2016	06/10/2026	Fixed rate
OB. BST 2030 TIER2	EUR	320,000	-	320,000	14	-	320,014	1.58%	31/12/2020	31/12/2030	Fixed rate
Total		**327,599**	**-**	**327,599**	**149**	**-**	**327,748**				
TOTAL		**14,158,980**	**8,057,805**	**6,101,175**	**41,517**	**33,056**	**6,175,748**				

Reports and Opinions on the Consolidated Business

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese. In case of doubt, the Portuguese version will always prevail)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Banco Santander Totta, S.A. (the Group), which comprise the consolidated balance sheet as at December 31, 2024 (which shows total assets of Euros 56,079,511 thousands and total equity of Euros 4,157,031 thousands including a profit attributable to owners of the parent of Euros 971,345 thousands), the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Banco Santander Totta, S.A. as at December 31, 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law, we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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 judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Audit Approach
Impairment losses of loans and advances to customers at amortized cost *Measurement and disclosures related to impairment losses of loans and advances to customers at amortized cost presented in notes 1.3 c), 2, 9, 16 and 36 attached to the consolidated financial statements*	
The significant amounts of loans and advances to customers and associated impairment losses, which require the application of a set of complex assumptions and judgments by the management of Banco Santander Totta, S.A. (the "Bank") in relation to the identification of customers with a significant increase in credit risk or in default, as well as the corresponding amount of impairment losses, justify that these constitute key matters for the purpose of our audit.	The audit procedures developed included the identification, understanding and assessment of the policies and procedures established by the Bank for the purpose of measuring impairment losses of the loans and advances to customers portfolio as well as its key controls with respect to the approval, recording and monitoring of credit risk and the timely identification, measurement and recording of impairment losses.
As at December 31, 2024, the gross amount of loans and advances to customers amounted to Euros 36,438,019 thousand and the corresponding impairment losses recognized at that date amounted to Euros 731,128 thousand. Impairment losses of loans and advances to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the total loan portfolio, and for the remaining portfolio impairment losses are determined through a collective analysis.	On a sample basis, we analysed a group of customers within the Bank's individual analysis perimeter, based on the criteria defined in internal regulations, with the objective of: (i) reviewing the conclusions and results obtained by the Bank in the individual analysis and measurement of impairment; (ii) formulating our own judgment as to the existence of situations of significant increase in credit risk and default; and (iii) assessing how the impairment losses were timely identified, measured and recognized by management. In this process, we also confirmed that the individual analysis perimeter included all the exposures that met the criteria defined by the Bank in its methodology.
For the most significant exposures classified in stage 3, determined in terms of the total amount of the exposures and of indications of creditworthiness deterioration, the Bank performs an individual analysis and measurement of impairment, if applicable. The respective amount of impairment losses is determined through a detailed analysis of the economic and financial position of each customer, with reference to (i) the estimated cash flows that may be generated in the future from the fulfilment of their responsibilities; or (ii)	For a sample of exposures classified as stage 3, extracted from the credit population subject to individual analysis by the Bank as at December 31, 2024, the procedures developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verifying the match of the financial plans used to determine impairment losses with those reflected in the contractual support; (iii) analysing the contractual support and the most relevant collaterals and confirming

Key Audit Matter	*Summary of the Audit Approach*
the valuation attributed to the collateral received in the scope of the credit granted, whenever the recovery is expected to occur through the assignment, execution and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual analysis, the Bank developed collective analysis models to calculate expected credit losses, considering IFRS 9 requirements, which include the classification of exposures into different stages according to the evolution of their credit risk since the date of their concession, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These models are based on the internal historical information of defaults and recoveries and, in order to be representative of the current economic context and simultaneously incorporate a perspective of the future economic evolution, these models also use forward looking information such as (i) the GDP growth rate; (ii) the expected unemployment rate; (iii) the evolution of the Euribor; and/or (iv) the inflation. Based on these macroeconomic data, potential scenarios are developed that allow estimating the expected loss in each segment of the Bank's loan portfolio, based on a probability of occurrence. Considering all the above, changes in the assumptions or methodologies used by the Bank in the analysis and quantification of impairment losses of loans and advances to customers, as well as different recovery strategies, condition the estimation of recovery flows and the timing of their receipt, and may have a material impact on the determination of the amount of impairment losses recognized in each period.	their registration in favour of the Bank; (iv) analysing the most recent valuations of these collaterals; (v) reviewing the incorporation of forward looking information; (vi) performing a critical analysis of the discounted cash flows underlying the calculation of impairment losses; (vii) assessing the evolution of exposures; and (viii) understanding management's views regarding the economic and financial situation of the customers, the predictability of expected cash flows from the respective businesses, as well as the collectability prospects of the credits. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment losses and compared the results obtained with those calculated by the Bank, to assess the existence of possible material divergences. In addition, we selected a sample of debtors for specific analysis of the criteria used to determine a significant increase in credit risk (stage 2) and default (stage 3), on an individual basis. For the portfolio which impairment losses are assessed through the collective analysis model, specific procedures were developed with the objective of evaluating how the assumptions considered by management include all the risk variables, considering for the effect the historic performance and recoveries of the Bank's loans and advances to customers portfolio, namely: (i) review of the methodology documentation regarding the development and validation of the models; (ii) analysis of the documentation of the risk parameters' back-testing exercise and its results; (iii) review and testing of the portfolio segmentation; (iv) analysis of the Bank's definition of default and of the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters, as well as the review of available prospective information and its update applying the estimated economic effects; (vi) critical analysis of the main assumptions and sources of

Key Audit Matter	Summary of the Audit Approach
	information used to estimate the future recoveries incorporated in the LGD (“Loss Given Default”), including the testing of historical recoveries incorporated in this calculation, on a sample basis; and (vii) recalculation of the Expected Credit Loss ("ECL") for the loans and advances to customers portfolio, with reference to December 31, 2024. Our audit procedures also included a review of the disclosures for loans and advances to customers, as well as the related impairment losses, contained in the accompanying notes to the Bank’s consolidated financial statements, considering the applicable accounting standards in force.
Other receivables related to the resolution measure applied to Banif *<u>Measurement of the amount receivable related to the resolution measure applied to Banif and related disclosures presented in notes 1.3 c), 9 and 12 attached to the consolidated financial statements</u>* As mentioned in Note 12, in the scope of the resolution measure applied to Banif - Banco Internacional do Funchal, S.A. (“Banif”) arising from the decision of the Board of Directors of Banco de Portugal of December 20, 2015 (“transaction”), and bearing in mind the understandings and subsequent clarifications communicated to the Bank by the Banco de Portugal, and the approval by the Ministry of Finance of the request for the transfer of Banif's tax losses, the Bank submitted, on May 29, 2018, a replacement corporate income tax return (Declaração Modelo 22 - IRC) for the 2015 financial year. Subsequently, through an Order of the Deputy Director of the Major Taxpayers Unit (Unidade dos Grandes Contribuintes), the Bank was only granted the right to use Banif's tax losses for the years 2009 through 2014. Following the decision of the Ministry of Finance of June 30, 2020	The audit procedures developed for this matter included the assessment of the assumptions adopted by management regarding the form of recovery and respective amount. In view of the relevance of the judgments required of the management, within the scope of our audit we carried out, among others, the following procedures: (i) meetings with management to obtain an understanding of the evaluation carried out by the Bank regarding the situation and evolution of the referred process; (ii) appreciation of correspondence exchanged with the Banco de Portugal and the Ministry of Finance; and (iii) meetings with the Bank's external lawyers and analysis of their opinions. Our audit procedures also included a review of the disclosures on this subject, contained in the accompanying notes to the Bank's consolidated

Key Audit Matter	*Summary of the Audit Approach*
rejecting the hierarchical appeal presented by the Bank in relation to the aforementioned Order, the Bank demanded, in 2020, compensation in the amount of Euros 157,699 thousand, in cash or in treasury bills, within the scope of the transaction and the agreement entered into with the Portuguese authorities involved in the resolution measure applied to Banif, having then proceeded to recognize an indemnification asset in the amount in question in the caption “Financial assets at amortised cost - Loans and advances – Sundry debtors and other cash equivalents” (Note 9) while simultaneously recognising an impairment loss for deferred tax assets transferred from Banif, due to the high uncertainty associated with their recovery. Due to its relevance in the context of the Bank's consolidated financial statements, and the significant change in the form and strategy of recovering the balance in question, this was a relevant matter for the purpose of our audit.	financial statements, considering the applicable accounting standards in force.
Fair value of financial instruments measured at value not quoted in an active market – level 3 of the fair value hierarchy *Measurement of the fair value of financial instruments not listed in an active market classified as level 3 of the fair value hierarchy and related disclosures presented in notes 1.3 c), 2, 6, 7, 8 and 36 attached to the consolidated financial statements* Due to its relevance in the context of the Bank's consolidated financial statements and the associated level of judgment, the fair value measurement of financial instruments not quoted in an active market classified as level 3 of the fair value hierarchy was a relevant matter for the purpose of our audit. As at December 31, 2024, the balance sheet balances of these financial instruments amount to Euros 192,183 thousand of assets and Euros 3,541 thousand of liabilities.	The audit procedures developed included the identification and understanding of key controls established by the Bank underlying the fair value methodologies adopted and the selection and determination of the main assumptions used in the calculation of fair value for the financial instruments not quoted in an active market and classified as level 3 of the fair value hierarchy. For a sample of instruments which measurement was based substantially on unobservable data (level 3), our procedures also

Key Audit Matter	Summary of the Audit Approach
The financial instruments thus classified comprise (i) trading derivatives; and (ii) equity instruments. For these financial instruments classified as level 3 of the fair value hierarchy, and when observable market data is not available, the Bank determines fair value using valuation models based on discounted cash flows techniques, which usually involve a high level of judgment in defining the assumptions and inputs to be used. In this context, changes in the assumptions and in the measurement techniques used by management may give rise to material impacts on the determination of the fair value of the financial instruments recognized in the Bank's consolidated financial statements.	included: (i) the understanding of the methodologies and main assumptions used by the Bank; (ii) the assessment of whether the models developed by the Bank and the data and assumptions used are reasonable in the circumstances, having compared the data subject to observation with market information collected from external and independent sources, whenever available; and (iii) the analytical review of the fair value of those financial instruments, comparing the results with the homologous period and with the latest financial information available and respective audit reports, whenever available. Our audit procedures also included a review of the disclosures on financial instruments not quoted in an active market and classified as level 3 of the fair value hierarchy, contained in the accompanying notes to the Bank's consolidated financial statements, considering the applicable accounting standards in force.
Employees' post-employment benefits *<u>Measurement and disclosures related to employees' post-employment benefits presented in notes 1.3 j), 2, 13 and 33 attached to the consolidated financial statements</u>* As at December 31, 2024, the Bank's liabilities for past services regarding its directors, employees, pensioners and retirees amounted to Euros 1,302,053 thousand, mainly covering retirement and survivors' pensions, disability, healthcare and death benefits, as provided for in the Acordo Coletivo de Trabalho ("ACT") for the banking sector. These liabilities are estimated based on actuarial valuations performed by an actuary certified by the Insurance and Pension Funds Supervisory Authority ("ASF"). These valuations incorporate a set of financial and actuarial assumptions, such as discount rate, inflation rate, mortality and disability tables, pension and salary growth rates, among others, defined by management and adjusted to the characteristics of the benefits and	The audit procedures developed included the identification and understanding of the key controls instituted by the Bank to ensure that the information collected and provided to the independent actuary to calculate the plan's liabilities is correct and complete. The audit work included meetings with management and the independent actuary to identify the methodologies and options considered in the definition of the main financial and actuarial assumptions adopted. Given the relevance of the judgments required of management, we proceeded to evaluate the reasonableness of the main assumptions, comparing them with data we were able to independently obtain.

Key Audit Matter	Summary of the Audit Approach
the population of directors, employees, pensioners and retirees, and to the current and future behaviour of these variables. In the specific case of the discount rate used in the actuarial studies, same is determined based on the market rates for high-quality entities in terms of credit risk, denominated in the currency in which the benefits will be paid (euros) and with a similar maturity to the duration of the payment of the benefits of the plan. In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on the measurement of the liabilities, so this issue was considered a key matter for the purpose of our audit.	A conformity review was performed of: (i) the employees' historical information used for calculating the liabilities; and (ii) the accounting recognition of plan curtailments or liquidations, costs related to past services and other changes in assumptions and estimates that occurred during the year. Finally, we analysed the actuarial study prepared by the independent actuary with reference to December 31, 2024, considering, for the purpose, the results of the procedures referred to above. Our audit procedures also included a review of the disclosures on the post-employment benefits of directors, employees, pensioners and retirees, contained in the accompanying notes to the Bank's consolidated financial statements, considering the applicable accounting standards in force.
Contingent liabilities *Disclosures related to contingent liabilities presented in notes 1.3.i), 2 and 38 attached to the consolidated financial statements* Contingent liabilities disclosed in Note 38, as at December 31, 2024, are detailed as follows: Portuguese Competition Authority ("AdC") and other litigation In 2012, the AdC launched an administrative proceeding against several banks, including Banco Santander Totta, S.A., for alleged restrictive competition practices. On September 9, 2019, the AdC notified the banks of its decision, which points to their condemnation, having the Bank been fined in the amount of Euros 36 million. The Bank considers that it did not commit the imputed infraction and thus filed, in October 2019, an appeal against that decision to the	The audit procedures developed in this area included the identification and understanding of the processes and key controls established by the Bank with respect to the identification and monitoring of the contingent liabilities. Regarding the process initiated by AdC, our work included (i) carrying out meetings with management to obtain an understanding of the Bank's assessment of the situation and evolution of said process and the grounds underlying the non-constitution of provisions, and (ii) carrying out meetings with the Bank's external lawyers and the assessment of the information obtained from them.

Key Audit Matter	*Summary of the Audit Approach*
Competition, Regulation and Supervision Court ("TRSC"). In May 2020, by decision of said Court, the Bank provided a surety deposit of part of the penalty imposed, which is provisional in nature pending the decision on the judicial appeal presented by the Bank. In April 2022, the TRSC issued a decision ruling that certain facts had been proven, but did not rule on any sanctions, suspended the process and proceeded to refer it for a preliminary ruling to the Court of Justice of the European Union. On September 20, 2024, the TRSC confirmed the fine imposed by the AdC on the Bank, in the amount of Euros 36 million, and the Bank filed an appeal with the Lisbon Court of Appeal. On February 10, 2025, the Lisbon Court of Appeal decided that the case was time-barred, and later that month the AdC filed an appeal against this decision with the Constitutional Court. On February 17, 2025, the Public Prosecutor's Office also filed a complaint with the Lisbon Court of Appeal regarding a request to annul the judgment, where the interpretation that the administrative proceeding is time-barred is contested, and on April 9, 2025, this court considered that the aforementioned complaint was unfounded. Furthermore, during the first half of 2024, three declaratory collective actions were filed in the form of common proceedings against a group of financial institutions, including the Bank, by consumer protection associations, requesting compensation for damages caused to consumers, resulting from the alleged competition infringement imputed by the AdC. Of the three lawsuits, however, two of them were joined in a single process, which means that only two class-actions are in progres, one of which is suspended until the conclusion of the judicial review of the administrative proceeding. The consolidated financial statements as at	We also analysed the information available on developments after December 31, 2024 on the most relevant litigations. Our audit procedures also included a review of the disclosures on provisions and contingent liabilities, contained in the accompanying notes to the Bank's consolidated financial statements, considering the applicable accounting standards in force.

Key Audit Matter	*Summary of the Audit Approach*
December 31, 2024, reflect management's expectations that the probabilities that the process initiated by the Portuguese Competition Authority will end without the Bank having to pay a fine are higher than those of the opposite occurring. Contingent liabilities may evolve differently from that originally expected, so they are subject to continuous review to determine whether the eventuality of the outflow of resources has become probable. In these circumstances, the assessment of these contingent liabilities implies that management employs complex estimates and judgments regarding the probability of materialization and the quantification of the amounts of liabilities that may result from litigation and contingencies to which the Bank is a party, and, to that extent, this was a matter considered relevant for the purpose of our audit.	

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' report, the corporate governance report and the consolidated non-financial statement, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements 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 ISAs 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 financial statements.

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

a) identify and assess the risks of material misstatement of the consolidated financial statements, 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;

b) 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;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's 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 financial statements 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;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) 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 financial statements. 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;

g) communicate with those charged with governance, including the supervisory board, 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;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters, and verifying that the consolidated non-financial statement was presented.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

European Single Electronic Format (ESEF)

The Group's consolidated financial statements for the year ended on December 31, 2024 must comply with the applicable requirements established in Commission Delegated Regulation (EU) 2019/815, of December 17, 2018 (ESEF Regulation).

The management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements included in the annual report are presented in accordance with the requirements of the ESEF Regulation.

Our procedures took into account the OROC Technical Application Guide on ESEF reporting and included, among others:

a) obtaining an understanding of the financial reporting process, including the annual report presentation in valid XHTML format; and

b) the identification and assessment of the risks of material misstatement associated with the tagging of information in the consolidated financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Group to tag the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Consolidated non-financial statement

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group prepared a separate report of the Directors' report that includes the consolidated non-financial statement set forth in article No. 508-G of the Portuguese Company Law, which was disclosed together with the Directors' report.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Banco Santander Totta, S.A. in the Shareholders' General Meeting of May 31, 2016 for the period from 2016 to 2018, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of December 5, 2024 for the year of 2025.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the consolidated financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of April 29, 2025.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014 and that we remain independent of the Group in conducting our audit.

April 29, 2025

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

[Original in Portuguese signed by]

José Manuel Henriques Bernardo, ROC No. 903
Registered with the Portuguese Securities Market Commission under No. 20160522

santander.pt