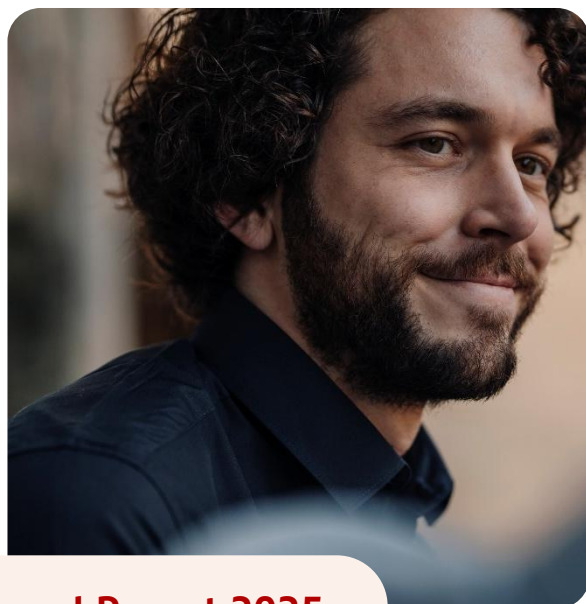
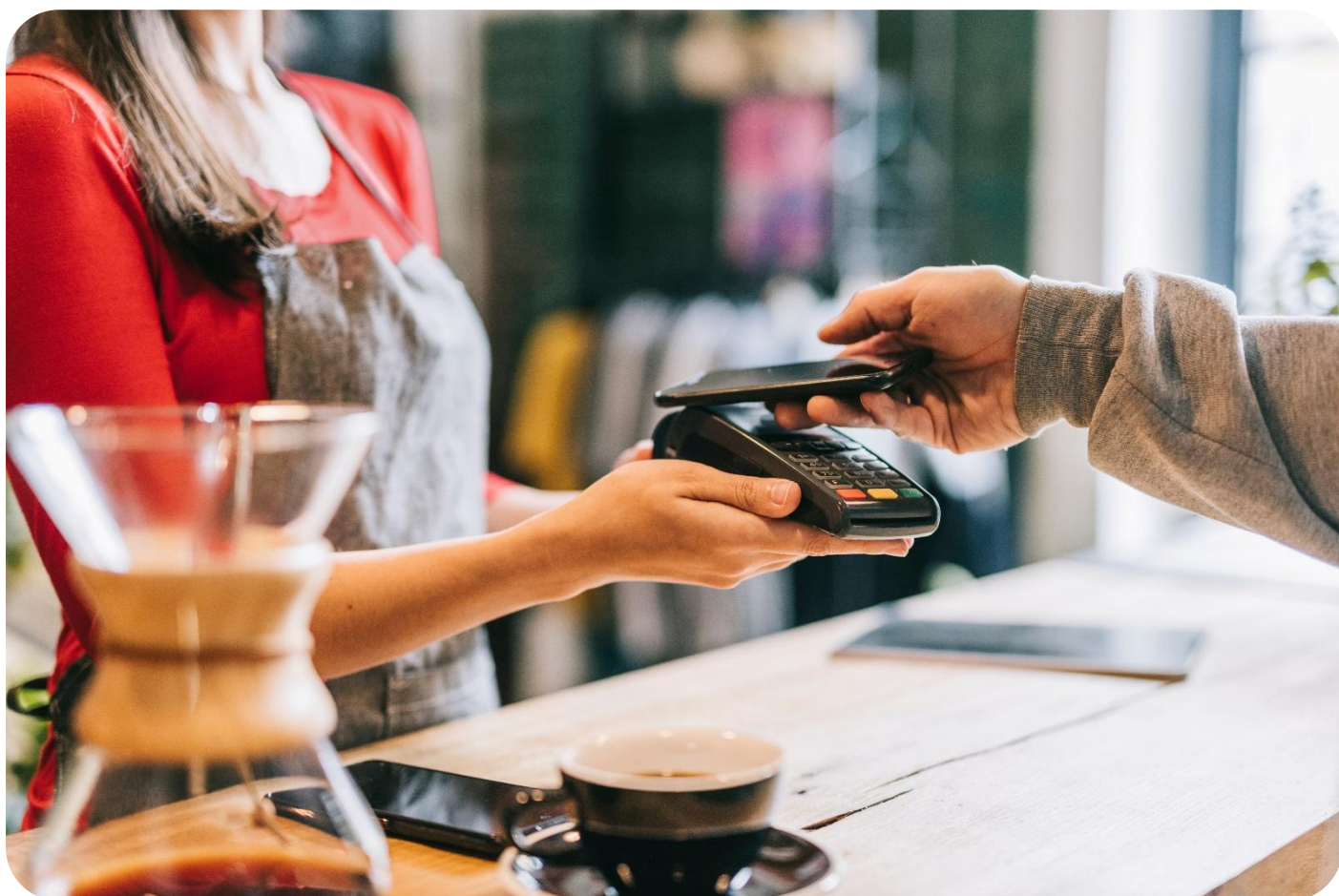


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Annual Report 2025



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Annual Report 2025

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 2025	6

Business Activity and Results

Business Environment	9
Major Risks and Uncertainties for 2026	17
Outlook for 2026	18
Service Models	19
Business Areas	19
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 2025	38

Complementary Information **47**

Corporate Governance Report **55**

Financial Statements **94**

Notes to the Consolidated Financial Statements **100**

Reports and Opinions on the Consolidated Business **222**

This document constitutes a non official and non audited translated version of the Consolidated Annual Report of Banco Santander Totta, S.A. for the financial year 2025, published on the CMVM website in ESEF format on 30 April of 2026. 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.

Table of Indicators

BALANCE SHEET AND RESULTS (million euro)	Dec-25	Dec-24	Var.
Total Net Assets	58,710	56,080	+4.7%
Loans and advances to customers (net)	53,377	49,596	+7.6%
Customers' Resources	49,155	46,799	+5.0%
Total shareholders' equity	4,320	4,157	+3.9%
Net Interest Income	1,370.0	1,574.6	-13.0%
Net Fees and Other Income	491.8	459.9	+6.9%
Operating Income	1,906.3	2,063.7	-7.6%
Net Operating Income	1,364.2	1,528.3	-10.7%
Income before taxes and non-controlling interests	1,361.7	1,457.4	-6.6%
Consolidated net income attributable to the shareholders of BST	963.8	971.3	-0.8%

RATIOS	Dec-25	Dec-24	Var.
ROE	31.8%	25.9%	+5.9 p.p.
ROA	1.6%	1.7%	-0.1 p.p.
Efficiency ratio	28.0%	25.7%	+2.3 p.p.
CET I ratio*	14.3%	15.6%	-1.3 p.p.
Tier I* ratio	22.3%	18.0%	+4.3 p.p.
Capital* ratio	24.0%	20.5%	+3.5 p.p.
Non-Performing Exposure Ratio	1.4%	1.6%	-0.2 p.p.
Non-Performing Exposure coverage ratio	87.8%	84.1%	+3.7 p.p.
Cost of credit	0.01%	0.03%	-0.02 p.p.
Loans-to-deposits ratio (transformation ratio)	135.3	130.3	+5.0 p.p.

RATING	Dec-25	Dec-24
FitchRatings	A	A-
Moody's	Baa1	Baa1
Standard & Poor's	A	A-
DBRS	A	A

Other Data	Dec-25	Dec-24	Var.
Employees**	4,670	4,614	+56
Employees in Portugal**	4,666	4,610	+56
Branches	308	374	-66
Total Branches and Corporate Centers in Portugal	307	373	-66

* Fully implemented with results net of payout

** Headcount criteria



Message from The Chairman of the Board of Directors



The year 2025 unfolded within a global economic context marked by a slowdown in economic growth and a gradual normalization of financial conditions, albeit within a background of persistent geopolitical risks and volatility in some markets. In Portugal, economic activity maintained a positive trajectory, supported by domestic demand and favoured by a more contained inflation environment and the progressive decrease of interest rates.

In this context of economic and financial transition, the Board of Directors ensured a strict and responsible monitoring, ensuring that soundness, prudence, and the creation of sustainable value remained at the heart of Santander's operations, in line with its governance principles and its positioning within the financial system.

Throughout 2025, Santander reinforced its commitment to being an increasingly close, simple, efficient, and relevant bank for its customers, supporting individuals and businesses in achieving their goals, and actively contributing to the growth of the Portuguese economy. This performance has allowed the Bank to consolidate its leading position in the national market, reflected in net profits of 963.8 million euros, as well as consistent recognition from prestigious international entities in the financial sector.

In 2025, Santander was distinguished as the **Bank of the Year in Portugal** by *The Banker*, as **Best Bank in Portugal** by *Global Finance* and by *Euromoney*, which has also distinguished the Bank as the **Best in Corporate Social Responsibility in Portugal** and as the **Best Investment and M&A Bank**. It was also considered the **Best Retail Bank in Portugal** by *World Finance*, and the **Best SME Bank** by *Global Finance*.

These distinctions reinforce Santander's position as a reference in the Portuguese financial market and reflect its consistent strategy, based on innovation, providing a service of quality to its customers, within a culture oriented towards trust, efficiency, and the creation of sustainable value.

This journey would not have been possible without the contribution of Santander's employees. The dedication, professionalism, and commitment they share and promote are crucial to the institution's strength and reputation.

This year of 2026 will be a year of transformation, in a context of intensifying demands regarding the role of financial institutions in promoting more sustainable, inclusive, and responsible growth. Santander remains fully committed to the Sustainable Development Goals, promoting access to housing by households, while consistently supporting the digital and energy transition of businesses, as structural factors for competitiveness and economic progress.

This transformation path is based on a solid governance model, prudent risk management, and a long-term vision, betting on relationships of proximity, commitment, and trust both with customers, employees, and society in general. It is with such a high sense of responsibility and continuity that we view the future of a leading banking institution like Santander.

In 2026, we shall continue transforming lives!



José Carlos Sítima



Message from the CEO



The year 2025 was quite demanding. In an unstable international context, with persistent geopolitical pressures and a more fragmented global economy, the financial sector experienced months of adjustment — from the normalization of interest rates to changes in financing conditions. It was a year that tested the adaptability of countries, companies, and households.

Against such a background, we were able to confirm the strength of our model. We operated with a focus on executing our strategy, while remaining close to our customers, and under strict risk management. The gradual reduction in key ECB interest rates had a direct impact on net interest income, but the commercial dynamics, service quality and operational efficiency allowed us to sustain business growth and strengthen our customer base. We maintained prudent criteria when granting loans as well as strict risk management, reinforcing the Bank's strength and its capacity to support the economy in different cycles.

Thus, the results for 2025 reflect this path. We ended the year as a benchmark bank in the sector as far as profitability: with a RoTE of 31.8% and net profit of 963.8 million euros, we are the most profitable bank in Portugal, the most profitable in the Santander Group, and one of the most profitable in Europe. We also grew our customer base, with over 40,000 active customers and 64,000 digital customers, which confirms their trust in our service and on our value proposition.

In terms of credit, we consolidated a solid competitive position, with particular emphasis on housing: we originated one in every five new housing loans, reinforcing our role as a reference partner for households — especially among younger families. At the same time, we continued to support companies' investment and business activity, namely their growth, modernization, and internationalization projects, which are essential for the country's competitiveness. In terms of sustainable transition, we secured 2.5 billion euros in sustainable financing, contributing to accelerate the transformation of the Portuguese economy.

The Bank's transformation remained a priority, with a very simple goal: to make our customer's life easier and the relationship with Santander faster, safer, and more convenient. We have invested in processes and technology to reduce friction, improve customer experience, and strengthen trust — without ever losing what sets us apart: proximity and quality service.

We also kept innovating in the way we are present in the communities. The expansion of the Work Cafés network — a set of spaces open to customers and non-customers alike, offering free co-working spaces, meeting rooms, and a cafeteria with extended hours — reinforces our ambition of creating new points of contact and greater value for people. By the end of 2027, the goal is to reach 30 Work Cafés in Portugal.

Our responsibility goes beyond banking activities. We are convinced that the country's development requires a continued commitment to education and to inclusive opportunities. As Ana Botín wrote, "companies must invest not only in their employees' skills, but also in society." We have been supporting universities for almost three decades and, altogether, the Group has already invested more than 2.4 billion euros in Education. Through the Santander Portugal Foundation, we continue to promote initiatives with a real impact: in Portugal, more than 1 in every 3 university students are impacted by Santander, and in 2025, we supported more than 200,000 Portuguese people through scholarships, free training, and social projects. Altogether, over the last four years, more than 500,000. And such effort was once again distinguished with the Merco University Talent Award, for the second consecutive year.

The Bank is entering 2026 with a very clear vision. The year brings with it several challenges: the evolving global context, geopolitical uncertainty, regional conflicts, the impact of electoral processes, plus the need to attract and retain qualified talent, will keep influencing the economic and financial landscape. At Santander we are approaching such context with realism and ambition: to protect the Bank's soundness; deepen our relationships with individual and corporate customers; accelerate transformation and strengthen efficiency — always in a disciplined and adaptable manner.

We would also like to reinforce Santander's contribution to the Portuguese economy, namely by supporting investment, promoting financial literacy, and mobilizing European instruments that are crucial for the country's modernization and competitiveness. And we will continue to invest in our people — in training, mobility, leadership and well-being — because there is no sustainable transformation without well prepared, motivated teams.

To all employees, customers, and partners, I extend my sincere gratitude for the trust you have shown throughout 2025. I am proud of the work done and the way we have maintained Santander Portugal as the most profitable and most efficient banking institution in the country. The present and the future require discipline and vision, but also the ability to listen and to evolve. We remain committed to acting transparently, while supporting the real economy, and while creating value in a responsible, prudent, and ambitious manner.



Pedro Castro e Almeida

Corporate Culture, Awards, Distinctions and Other Relevant Facts in 2025

Santander Portugal

Santander Portugal stands as a reference in the Portuguese financial system, whose mission is to help people and businesses prosper. Serving about 3.0 million customers, Santander's Vision is to be the best open platform for financial services, acting responsibly, and earning the trust of its employees, customers, shareholders, and of society as a whole.

The Bank keeps investing in digitalization, process simplification, and innovation, providing a closer, more personalized service to its customers, in order to offer them the best possible experience. Thus, it has been making new features available, in addition to its physical network, as part of its drive to becoming a digital bank with branches. At the same time, it continues to invest in next-generation branches. Work Cafés are the best example of such evolution: modern, close, collaborative spaces that reinforce in-person service and bring the Bank closer to its communities. A new space was opened in the city of Porto in 2025; and the fifth Work Café was opened in 2026, located on Avenida Dom Carlos I in Lisbon.

Such transformation has contributed to the growing number of digital customers, which now exceeds 1.32 million, representing 68% of the Bank's total active customers.

On the other hand, the Bank wants to help develop 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 2025, the Bank granted 2.5 billion euros in sustainable financing.

Santander has launched an innovative health insurance product, One Care, which goes beyond traditional insurance coverage. It is integrated with banking services and part of an ecosystem of exclusive partnerships. OneCare has no age limit, aiming for a complete, accessible experience for everyone. It focuses on preventative medicine and has a 24/7 Health Assistant who continuously supports customers with alerts, appointments, answering doubts, and general personalized support. All features are available on the OneCare App, which offers exclusive benefits and discounts for customers.

Impact on Society

Established in 2022, the Santander Foundation has already benefited 304,000 Portuguese people, with a total investment of 21.4 million euros. More than half of this amount was dedicated to education, a priority that Santander has adopted as an essential driver of social and economic progress.

In 2025, two more global reports were presented: *"Tomorrow's Skills,"* which results show that the traditional paradigm of studying only once in a lifetime is no longer sufficient in a constantly changing economic, technological, and social world; and *"The Value of Learning – Global Outlook on Financial Education,"* which highlights a gap between the perception and the actual knowledge of the Portuguese population on these topics, at a time when financial literacy is gaining increasing relevance in the country, in a context of volatile interest rates and pressure on the cost of living.

Also, within the context of financial literacy, and to promote savings habits and contact with basic concepts of economic life from an early age, the Bank has opened a Santander branch at KidZania, where children can engage in banking activities for a day and learn, in a playful way, how a financial institution works.



Santander Work Café



Santander Branch at KidZania

Awards, Distinctions and Other Relevant Facts in 2025



Bank of the Year in Portugal

Santander was distinguished as “**Bank of the Year**” in Portugal by **The Banker**, a magazine belonging to the Financial Times group, in **The Banker Awards 2025**.

Considered as one of the most prestigious awards in the global financial sector, it distinguishes institutions that stand out for their profitability, technological innovation, strategic execution, and quality of customer service.

Santander was distinguished as “**The Best Bank in Portugal**” by **Euromoney**, as part of the **Euromoney Awards for Excellence 2025**. The publication acknowledged the performance of Santander Portugal in 2024, a period in which the Bank showed very positive results, stemming from its commercial and digital transformation, which has been underway in recent years.

Best Bank in Portugal



Best Bank in Portugal

The North American magazine **Global Finance** distinguished Santander as “**The Best Bank in Portugal**,” as part of the “**World's Best Banks 2025**.” The evaluation is based on criteria such as profitability, asset growth, geographic dimension, strategic relationships, development of new businesses, and product innovation. In this year's edition, the evaluation made by Global Finance also highlighted diversity of services, long-term stability, and technological innovation capabilities.

Santander was distinguished as “**The Best Retail Bank in Portugal**” by **World Finance**, within the scope of the **World Finance Banking Awards 2025**. This publication's evaluation was based on criteria such as leadership, innovation, and the ability to grow in a context of pressure, further stating that “these are the institutions that are setting benchmarks for responsible growth and rethinking the future of global banking.”

Best Retail Bank in Portugal



Best SME Bank in Portugal

For the fifth consecutive year, Santander has been distinguished as “**The Best SME Bank**” in Portugal. The distinction, awarded by **Global Finance**, as part of the **Best SME Bank Awards**, recognises financial institutions that best meet the needs of SMEs in their markets, acknowledging the support they provide and the quality of the services they offer.



Santander's **Private Banking** was distinguished for the tenth consecutive year by Global Finance as "**The Best Private Bank 2025**" in Portugal, as part of *The World's Best Private Banks 2025*.

A similar recognition was also given by **World Finance**, as part of *The World Finance Banking Awards 2025*, which distinguished Santander the "**Best Private Banking**" in Portugal.

**Best Private Banking
in Portugal**



Other Awards and Distinctions



**Top Employer 2025
Top Employers
Institute**

Santander was distinguished as **Top Employer 2025** in Portugal, by the **Top Employers Institute**. This distinction, which the Bank has received for the third consecutive year, is awarded to organizations with the best staff management policies and practices, considering variables such as work environment, talent acquisition and retention, learning and development, health and well-being, diversity, equity and inclusion, among others.

Santander was distinguished, for the 6th consecutive year, at the Euronext Lisbon Awards, in which it won in the **Settlement & Custody** category. In the Sustainable Finance category of these awards, we were part of the final short list with the project "**Centre for Sustainable Finance**," a partnership between the Santander Portugal Foundation and the Catholic University of Lisbon.

**Best Settlement &
Custody — Euronext
Lisbon Awards**



Business Environment

International Economy

In 2025, the global economy maintained a moderate, relatively stable growth pace, despite a more fragmented geopolitical and trade context, and a gradual transition to looser monetary conditions.

In line with his election promises on US trade policy and tariffs, on April 2, 2025, President Trump announced "Reciprocal Tariffs," applicable to major trading partners, effective the following week (April 9).

Exports from different countries and trade blocs would be subject to tariffs ranging from 10% (United Kingdom), 20% (European Union), and 37% (China), with some smaller partners potentially facing tariffs close to 50%.

The instability generated by such announcement — with strong disruptions in the main financial markets — led to the postponement of tariffs for a period of 90 days, a deadline that was successively extended until August 1st, to allow for the negotiation of trade agreements.

Additionally, the possibility of additional tariffs to specific products, such as steel and aluminium, or to pharmaceutical products, was maintained.

In the meantime, agreements were reached with the United Kingdom (10% tariff), with the European Union (15%, covering approximately 70% of exported goods, including automobiles and pharmaceutical products), and a partial agreement with China.

However, as early as February 2026, the US Supreme Court declared the tariffs imposed under the IEEPA as illegal. In response, the Administration announced new tariffs (under Section 122) of 15%, and reassessed the use of additional measures.

Despite this context, in its January 2026 update of the *World Economic Outlook*, the IMF estimated that global GDP grew by 3.3% in 2025 (the same rate as in 2024), a sign of resilience in the face of new shocks associated with changes in US trade policy.

The global economy can thus be described as "stable but fragile": disinflation has continued, financial conditions have improved, and investment associated with digitalization and Artificial Intelligence (AI) has gained traction; conversely, economic policy uncertainty has remained high and trade barriers have increased, constraining investment and international trade.

The gap between advanced and emerging economies persisted in 2025. The IMF estimates growth of 1.7% in advanced economies, in contrast with 4.4% in emerging and developing

economies. Emerging Asia remained the main driver of global growth, although without recovering the rates seen before the pandemic.

In a context of moderate growth, the composition of activity gained relevance: domestic demand remained resilient in several economies, while world trade benefited from specific niches (technology/AI), which compensated for the loss of momentum in other goods.

World Economic Growth

	2024	2025E	2026P
World	3.3	3.3	3.3
Advanced Economies	1.8	1.7	1.8
USA	2.8	2.1	2.4
Euro Area	0.9	1.4	1.3
United Kingdom	1.1	1.4	1.3
Japan	-0.2	1.1	0.7
Developing Countries	4.3	4.4	4.2
Africa	4.1	4.4	4.6
Asia	5.3	5.4	5.0
China	5.0	5.0	4.5
Central and Eastern Europe	3.5	2.0	2.3
Middle East	2.7	3.7	3.9
Latin America	2.4	2.4	2.2
Brazil	3.4	2.5	1.6

Source: IMF (January 2026)

The volume of world trade in goods and services increased by 4.1% in 2025, according to IMF estimates, reflecting a year of recovery compared to 2024. In the first half of 2025, trade was supported by the strong momentum of the technology sector, with flows of "AI-enabling" goods contributing significantly to trade growth in the second quarter of 2025.

Similarly, some of the momentum in the trade sector at the beginning of 2025 reflected the front-loading of transactions, given expectations of tariff increases. This temporary effect sustained business activity in the short term, but increased the risks of a subsequent slowdown as this anticipation dissipates.

Besides aggregate growth, 2025 was marked by changes in the composition of demand and by signs of post-pandemic "normalization": a progressive slowdown in consumption supported by excess savings in some economies, greater selectivity of investment, and a gradual rebalancing between goods and services.

This pattern is consistent with an investment cycle in digital infrastructure and computing capacity, clearly visible in the demand for semiconductors, hardware and associated services, with significant effects on exports in Asia and on investment in economies such as the United States.

Global inflation maintained a downward trajectory, but with a slower deceleration than in 2023–24, to around 4.1% (5.8% in 2024): 2.5% in advanced economies (converging towards central bank targets), and 5.2% in emerging and developing economies.

Disinflation in 2025 was supported by a slowdown in energy prices, the normalization of supply chains, and monetary conditions that remained tight for part of the year. At the same time, core inflation (especially in services) remained somewhat persistent, reflecting wage pressures and rigidity in less tradable components.

In 2025, the US outperformed most of the advanced economies, with GDP growing at 2.1%, a slowdown from 2.8% in 2024, but still consistent with resilient domestic demand.

Private consumption continued to be the largest contributor to such growth, although households showed concerns with the cost of living and with still high inflation expectations, particularly due to persistent core inflation.

In 2025, the inflation rate slowed down at a slower pace, to 2.7%, a development mainly explained by the core component (which excludes food and energy), which remained at 2.6% — above the Federal Reserve's target.

In the labour market, job creation estimates were successively revised downwards; the unemployment rate stood at around 4.5%, without preventing wages from continuing to grow above inflation (around 3.7%).

Investment benefited from the focus on digital infrastructure and on the adoption of AI, with the construction of data centres already representing a significant portion of non-residential construction investment.

The Fed pursued a gradual easing policy, with a very moderate reduction in benchmark interest rates. Despite the pressures from the Trump Administration for faster action, it cut the Fed funds rate three times, for a total of 75 bps, to 3.50%–3.75%. On the other hand, it suspended the quantitative tightening programme, after having started by slowing the pace of contraction.

In China, GDP is expected to have grown by around 5%, in line with the previous year, although it also benefited from temporary factors, namely the anticipation of exports to the US ahead of the imposition of tariffs, which offset the effects associated with the continued adjustment in the real estate sector and the dissipation of fiscal stimuli.

India stood out, with an estimated growth of 7.3% in 2025, confirming a positive differential compared to other major economies. Such performance helps explain Asia's persistent contribution to global growth.

In Japan, GDP is expected to have grown by 1.1% in 2025, following a weak performance in 2024 (–0.2%); a moderate

recovery still constrained by demographic factors, by the production structure, and by price dynamics. Inflation remained above 2%, both in the overall index (2.1%) and the core index (2.4%). In such a context, the Bank of Japan raised interest rates at the beginning of 2025 by 25 bps to 0.50%, a stance that was reaffirmed in the middle of the year.

In the United Kingdom, economic activity accelerated only slightly, with GDP growing by 1.4% in 2025. However, various fiscal policy constraints remained throughout the year, with doubts about the ability to reduce the budget deficit without raising income taxes or more significantly reducing public spending. Inflation slowed down, but remained above 3%, which did not prevent the Bank of England from reacting to the risks of a slowdown in economic activity and to the context of uncertainty, with four cuts to the main interest rate, totalling 1 percentage point, to 3.75%.

In the **Euro Area**, growth recovered from the anaemic pace of 2024 (1.4% compared to 0.9% the previous year), in a context of more sustained domestic demand due to a slowdown in inflation and a gradual improvement in financial conditions.

Heterogeneity within the Euro Area remained quite marked, with the so-called peripheral countries (namely Portugal and Spain) growing more than the core economies: with growth rates of 1.9% and 2.9%, respectively, compared to 0.2% in Germany, 0.8% in France, and 0.5% in Italy, reflecting structural differences, consumption dynamics, and sectoral exposure to trade and industry.

In Germany, 2025 marked the end of the contraction of 2024 (–0.5%), but with still low growth (0.2%), in a context of industrial adjustment, constrained investment, and less favourable external demand.

The general elections at the beginning of the year resulted in a new government led by the CDU, which adopted a set of measures aimed at stimulating growth in the short/medium term. Out of which it is worth noting the easing of the public debt brake, which should help finance the ambitious infrastructure programme (500 billion euros), as well as Germany's increased defence spending.

In France and Italy, economic recovery was gradual, limited by still tight financial conditions for part of the year, the need for budgetary adjustments, and confidence levels that improved but did not fully return to pre-pandemic levels. In France, political instability remained quite high, with the appointment of several governments; budget approval required the suspension of some reforms (such as pension reforms).

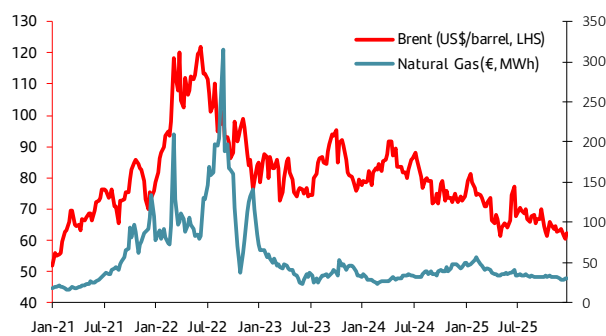
In Spain, economic growth remained high in 2025, supported by domestic demand and services (including tourism), but with expectations of moderation in the following horizon, as the cyclical momentum diminishes.

The **labour market** continued to be characterized by high levels of employment, with the unemployment rate hovering around 6.2% for most of the year, contributing to the resilience of private consumption.

Inflation continued to decelerate moderately: by the end of 2025, total inflation was already at 2.0%, but core inflation (which excludes food and energy) remained at 2.3%, slightly above the 2.0% target.

Recognizing that inflation is converging towards its target, the European Central Bank continued its policy of reducing interest rates, with four cuts in the first half of the year. In June, the deposit rate stood at 2.0%, 1 percentage point below the level observed at the end of 2024.

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



Source: Bloomberg

Regarding **commodity** prices, there were differences in behaviour. On the one hand, there was a drop in **oil** prices, by about 20% on average annually, to USD 60/barrel by the end of 2025. In June, there was an escalation in the conflict between Israel and Iran (the "12-day war"), with a temporary impact on oil prices, which dissipated with the end of the conflict and increased oil production by OPEC+.

Prices for **non-energy raw materials** grew by an average of about 9%, revealing pressures in some food and industrial segments and products (such as steel).

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

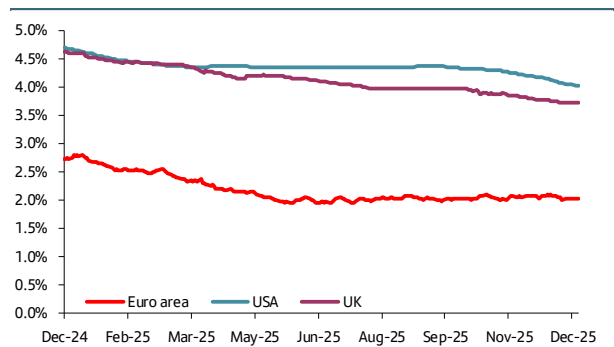
Throughout the year, as mentioned, benchmark interest rates fell by 75 bps in the US, and by 100 bps in the Euro Area and the UK, respectively, although with different trajectories throughout the year.

The ECB ended its rate cut cycle in June, setting the deposit rate at 2.0%; from that date onwards, Euribor rates have fluctuated around that value.

In the US, the Federal Reserve kept rates unchanged until September, when it began a cycle of three cuts (September, October, and December). As a result, the 3-month US dollar rate remained above 4% for most of the year, only decreasing with

the resumption of the rate cut cycle.

3-Months Interest Rates

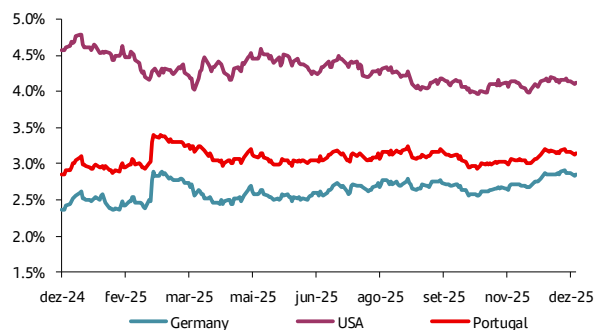


Source: Bloomberg

In the United Kingdom, there were two pauses in the rate cut cycle, in March and November, signalling the need for a further slowdown in inflation. The December cut was decided by a minimal margin, highlighting the continued focus on the need for inflation to converge to the 2% target.

Long-term interest rates showed less volatility than in the previous year, despite the various geopolitical and geoeconomic events that characterized the year.

10 Year Bond Yields



Source: Bloomberg

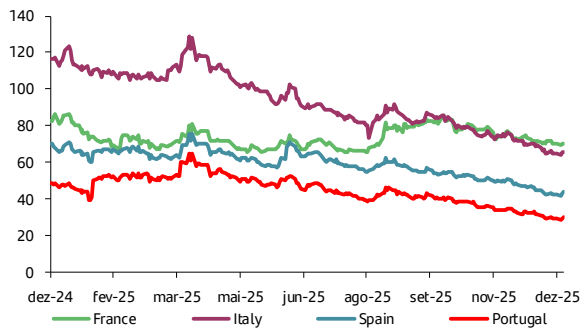
In the US, yields fell, especially from the second half of the year onwards, despite the approval of the "One Big Beautiful Bill," which extended tax stimuli and reduced spending (especially social spending), but which could cost more than 3 trillion USD over a 10-year period. At the end of the year, the 10-year yield stood at 4.2%, a decrease of approximately 40 bps compared to the end of 2024.

In Europe, on the contrary, yields rose, albeit not very sharply: the German 10-year yield increased by about 50 bps, to 2.8%. The main reason was related to changes in German fiscal policy, with the easing of the public debt brake and the stimuli programme based on investments in infrastructure and defence.

As a result of these factors, there was a narrowing of **sovereign interest rate differentials** with Germany in 2025, in a relatively generalized manner.

The exception was France, where difficulties in budget approval, combined with the formation of new governments, brought some volatility in the second half of the year, partially reversing the gains from the beginning of the year.

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



Source: Bloomberg

As a result, at the end of December, the French 10-year yield was 70 bps higher than the German yield, compared to a difference of 30 bps in Portugal and 44 bps in Spain. More importantly, the spread on French government bonds has exceeded that on Italian government bonds, which, in 2025, recorded a significant narrowing to 66 bps (-50 bps compared to the end of 2024).

It is also worth noting the clear improvement in investors' perception of risk regarding Portuguese debt, a process that had already begun in 2024. Portugal now has the smallest spread against German debt since before the Great Financial Crisis.

This evolution continued to reflect the improved fiscal framework, with an overall surplus and a sustained reduction in the public debt ratio, bucking the trend of most European peers. In 2025, Portugal's public debt ratio fell below 90% of GDP. In the same year, the risk rating of Portugal was revised upwards by two notches, to A+, by S&P, and by one notch, to A (high), by DBRS.

In the **foreign exchange market**, the **euro** appreciated against most currencies, particularly against the US dollar, which was especially affected by the instability generated by tariffs after "Liberation Day" (April 2, 2025).

In 2024, the narrative associated with the evolution of the euro-dollar exchange rate was related to the fact that the Euro Area could be the region most affected by the imposition of tariffs. What was observed in 2025, was a risk aversion movement, in which the dollar was turned down as a currency. As a result, the exchange rate appreciated from \$1.03 to around \$1.18 by the end of the year (+13%), with occasional peaks above that level during the second half of the year.

This development has reignited the discussion regarding the risks of greater disinflation in the Euro Area and/or risks of a further slowdown in economic activity, but without repercussions in terms of ECB intervention.

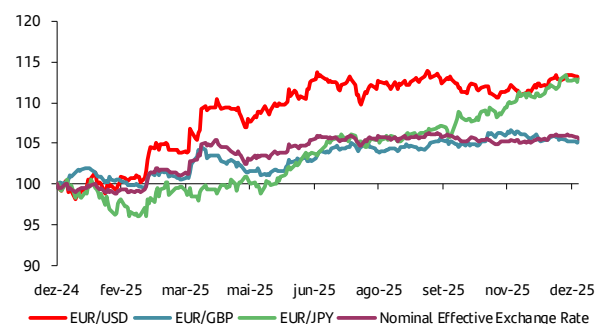
The euro also appreciated against the **pound sterling**, by about 5%, to 0.87 pounds towards the end of the year. This appreciation consolidated further in the second half of the year. Concerns about British fiscal policy penalized the pound.

However, the pound sterling appreciated against the dollar from around 0.8 pounds per dollar to 0.74 pounds at the end of the year (+7%).

The euro also appreciated against the **Japanese yen**, by about 13%, to 184 yen per euro. The yen's exchange rate against the US dollar appreciated sharply in the first four months of the year, reaching 140 yen per dollar, before subsequently reversing the trend and recovering to the 155 yen observed at the beginning of 2025.

As a result of these combined movements, the euro's effective exchange rate, which aggregates the currencies of the main reference economies for the Euro Area, appreciated by about 6%.

Key Foreign Exchange Rates (Dec-2024 = 100)



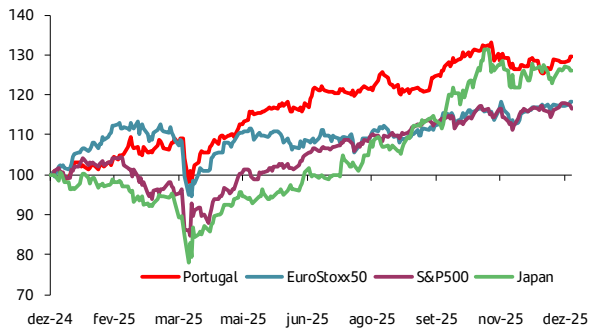
Source: BCE

Stock markets recorded another significant increase in value in 2025, despite high volatility in the second quarter of the year, supported by good corporate results and, above all, by the wave of investment (actual and announced) related to the massive dissemination of AI.

"Liberation Day," with Donald Trump's announcement of reciprocal tariffs, generated a period of high volatility and correction in stock markets, with S&P 500 falling by about 15% compared to the beginning of the year.

Equity Markets

(Dec-2024 = 100)



Source: Bloomberg

The reversal of the initial tariffs, and the various agreements negotiated in the following months, allowed for a rapid recovery, and thus most international indices ended the year at (or very close to) historical highs: the US index (**S&P 500**), ended the year with an increase of 16.4%, the Japanese index (Nikkei) with a 26.2% increase, the pan-European index (Euro Stoxx 50) with an 18.3% increase, and the British index (**FTSE**) with a 21.5% increase.

In **Portugal**, the **PSI** index stood out with a strong appreciation (+30%), in a relatively generalized way. Twelve of the 16 companies that make up this index appreciated, with particular emphasis on banking, retail, industry, and utilities.

Gold maintained a continuous upward trajectory, ending 2025 at \$4,314, reflecting its role as a safe haven in a context of high geopolitical and geoeconomic uncertainty.

Portuguese Economy

In 2025, the Portuguese economy maintained a sound growth rate (1.9%), although at a slower pace compared to 2.2% in the previous year (revised upwards from the initial estimate of 1.9%). More importantly, it continued to grow above its medium-term trend, and at a rate higher than that of the Euro Area.

Growth was primarily driven by domestic demand, which allowed the market to accommodate increased geopolitical uncertainty and weaker external demand.

The situation of full employment continued to support robust growth in private consumption, while investment benefited from the implementation of the Recovery and Resilience Plan (RRP).

Similarly to what had happened in previous years, the intra-annual evolution was quite differentiated. In Q1, GDP contracted by 0.3%, reflecting base effects, since towards the end of 2024 the Government had adopted a set of measures impacting household income and private consumption (reduction of personal income tax and payment of a supplementary benefit to pensioners). In the following quarters, economic activity recovered, with quarter-on-quarter growth of 0.7%, 0.6% and 0.9%, respectively. The 4th quarter was again influenced by measures to support household income, similar to those of 2024.

Portugal - Macroeconomic Data

	2023	2024	2025
GDP	3.1	2.2	1.9
Private Consumption	2.4	3.0	3.5
Public Consumption	1.8	1.5	1.7
Investment	1.9	3.8	5.7
Exports	4.3	3.2	0.4
Imports	2.3	4.7	4.2
Inflation (average)	4.3	2.4	2.3
Unemployment	6.5	6.4	6.0
Fiscal Balance (% GDP)	1.3	0.5	0.3
Public Debt (% GDP)	96.9	93.6	89.7
Current Account Balance (% GDP)	1.9	3.3	2.7

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

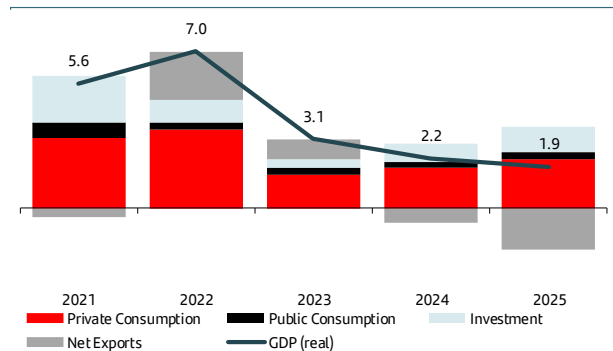
Domestic demand reinforced its role as the driving force of the economy, contributing 3.7 pp to GDP growth, of which 2.2 pp came from private consumption and 1.2 pp from investment. In turn, net exports increased their negative contribution to 1.8 pp, reflecting the near stagnation of exports.

Private consumption grew by 3.5% in 2025, a slightly faster pace than in 2024, benefiting from the recovery in household purchasing power, with wage gains exceeding inflation. Nevertheless, some of these gains continued to be channelled into savings: at the end of Q3, the savings rate stood at 12.5%, a clear structural change compared to that observed during the period 2015-2019. This shift in household sentiment was also

reflected in the confidence indicator, which, although in line with its historical average, has not yet recovered to pre-pandemic levels.

However, the recovery of purchasing power by households allowed for a change in the structure of consumer spending, with greater growth in discretionary components, such as durable goods (+7.1%), and non-food goods and services (+3.4%).

Contributions to GDP Growth (YoY)



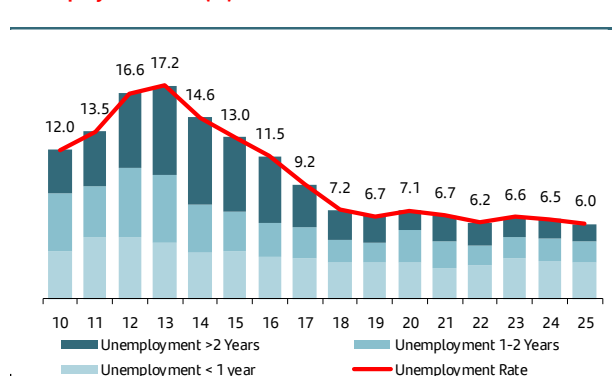
Source: INE

The labour market continued to be characterized by a situation of full employment: the economy created 191,000 more jobs (reaching a maximum of 5.34 million), while unemployment decreased by 42,000 people, to 326,000 unemployed. As a result, the unemployment rate fell to 5.8% at the end of the year (6.0% on an annual average).

This higher growth of employment compared to GDP resulted in a reduction in productivity (-0.4%).

The average total gross monthly remuneration increased by 5.6% in 2025, which translated into a 3.2% increase in real terms.

Unemployment Rate (%)



Source: INE

Inflation slowed down more moderately, in line with the trend observed across the Euro Area as a whole, to an annual average of 2.3%. At the end of the year, prices were up by 2.2% year-on-year. Similarly to what had been observed in 2024, the prices of goods increased at a more contained pace (1.1%), including a

0.2% reduction in the prices of energy goods, while the prices of services continued to grow significantly (4.0%), also reflecting the momentum of the labour market.

Core inflation, which excludes food and energy, also slowed down to 2.3%.

Investment accelerated markedly, with a 5.7% growth, in a dynamic where the implementation of the RRP (Recovery and Resilience Plan) was a determining factor. By the end of February 2026, payments already represented 52% of the allocated budget of 21.9 billion euros.

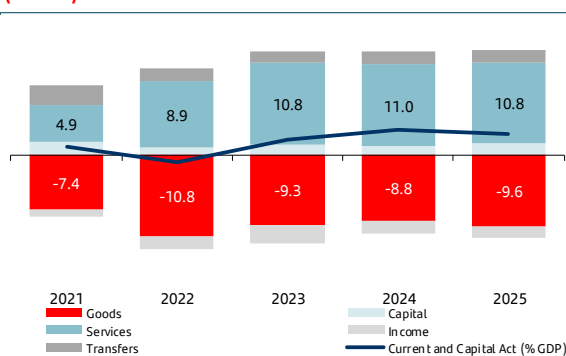
The components that grew the most were transport equipment (+2.1%), industrial property (+5.0%), and construction (+5.5%). In contrast, capital expenditure on other machinery and equipment contracted by 1.3%.

In 2025, there was a slight increase in residential construction activity, but still clearly below market needs: in the first 9 months of the year, 20,000 homes were built (+6.2%), a figure far below the annual transaction volume, which exceeded 160,000 homes.

Exports of goods and services only grew by 0.4% in 2025, with a sharp slowdown in both goods (+0.3%) and services (+0.4%). Portugal reversed the trend and lost market share in international trade, as external demand directed at Portugal is estimated to have grown by around 4%.

Imports only slowed down marginally compared to 2024, with a 4.2% growth, mainly explained by goods (+4.6%), possibly also reflecting the anticipation of flows due to the context of uncertainty related to US trade policy.

Current and Capital Account (% GDP)



Source: Banco de Portugal, INE

The **current and capital account** maintained a surplus position of 2.7% of GDP, slightly below the 3.3% observed in 2024, largely as a result of the evolution of the goods account, which worsened the deficit. The remaining components of the current account remained stable. The capital account, which mainly reflects European funds, increased its surplus to 1.5% of GDP, due to higher inflows of funds related to the Recovery and Resilience Plan (RRP).

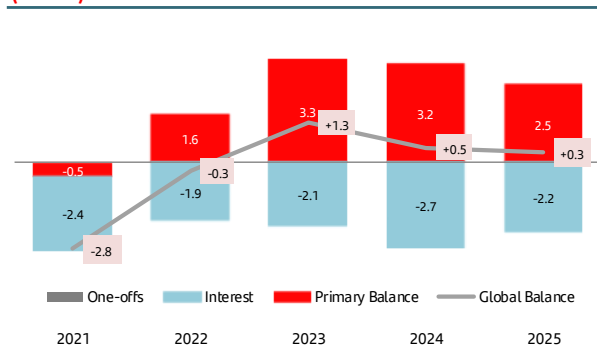
Fiscal accounts continued to evolve in a favourable manner, with the Ministry of Finance estimating a surplus of 0.3% of GDP, while public debt fell to 89.7% of GDP.

Tax revenue increased by 4.1%, mainly supported by indirect tax revenue (+7.0%), particularly VAT (+10.3%), reflecting the resilience of domestic demand.

Direct taxes grew at a more moderate pace (+1.0%), due to changes in tax rates, with reductions in both personal income tax (IRS) and corporate income tax (IRC) rates, as part of the tax relief that has been implemented since 2024.

Revenue from social contributions grew by 5.4%, reflecting the momentum of the labour market, namely in terms of number of employees and salary increases.

Fiscal Balance (% GDP)



Source: Ministério das Finanças

Primary spending continued to grow dynamically (+12.1%), exceeding effective revenue (+9.8%), mainly due to measures to restore public sector salaries and updates to social benefits. Staff expenses grew by 5.3% (with fixed remuneration increasing by 7.0%), following negotiations with various professional groups, including salary updates and changes to career paths and bonuses. Social benefits increased by 6.7%, reflecting pension updates and the extraordinary supplement, which was reinstated in 2025. Lastly, debt servicing costs increased by 2.9%.

The ECB's interest rate cuts and the subsequent reduction in interest rates on new deposits helped to revive the demand for Savings Certificates, with net subscriptions reaching 3.4 billion euros in 2025. The normalization of interest rates was also reflected in a stabilization of the interest rate on new debt at 3.4%, with the average interest rate on the stock rising slightly to above 2%.

As mentioned above, the generation of a primary surplus continued to contribute to the reduction of public debt, which, at the end of 2025, stood at 89.7% of GDP (-3.0 pp compared to the end of 2024).

In September 2025, the **indebtedness** of the Portuguese economy stood at 246% of GDP (-7 pp compared to the end of 2024), with the non-financial private sector totalling 100% (-5 pp), and households 56% of GDP (-1 pp), with the remainder being represented by public debt. The period of economic growth above potential has been widely used to improve the solvency of economic agents.

The continuation of a period of sustained economic growth and consolidation of public finances has allowed Portugal to benefit from two further upgrades in its risk rating in 2025: S&P revised the rating twice, to A+, and DBRS revised it once, to A (high). Fitch assigned a rating of A- and Moody's of A3.

The **banking sector** was characterized by significant growth in business volumes. In 2025, credit to individuals grew by 9.0%, largely explained by the dynamics of housing credit, which increased by 9.6%. Support measures for young people to acquire their own permanent house, in particular the public guarantee, made a significant contribution, as young people were responsible for approximately 60% of all new mortgages.

Credit to companies also grew, albeit more moderately, by 2.8%, thus reversing the decline seen in the previous year. The Portuguese Development Bank — Banco Português de Fomento — launched new credit facilities with public guarantee, which contributed to these dynamics, especially for smaller companies.

Customer resources also evolved favourably (+5.9%). In the private segment, as a result of lower interest rates, the largest growth occurred in off-balance sheet investments (+16.2%), i.e., in investment funds and financial insurance. In terms of deposits from individuals, growth was more moderate (4.3%), and mostly concentrated in demand deposits (+7.5%, compared to +2.1% growth in term deposits).

The favourable macroeconomic environment continued to contribute to the improvement in credit quality, with the system's Non-Performing Loans ratio standing at 2.3% at the end of the Q3 (-0.1 pp compared to the end of 2024), with impairment coverage of 55.9%.

Despite the background of decreasing interest rates, which particularly affected net interest income, the sector's profitability was less affected by cost control and improved credit quality, with lower impairments. In the 9 months ending in September 2025, the sector's profitability remained quite high, reaching 1.3% in return on assets (-0.2 pp), and 14.8% in return on equity (-0.3 pp).

Note: This text was written with information available until February 23, 2026.

Main Risks and Uncertainties for 2026

In 2026, global economic activity is taking place against a background characterized by high levels of uncertainty, influenced by persistent geopolitical tensions, and a structural adjustment to the macrostructure in which the global economy operated during the post-war period, with multilateralism giving way to bilateral relations where the economic dimension is relevant. On the other hand, although monetary policy is at an easing stage, risk factors may impact the global financial conditions. The evolution of these factors will condition the behaviour of the economy, international trade and capital flows and, consequently, the operational context of the banking sector.

Internationally, increased geoeconomic fragmentation continues to redefine the production, investment, and supply patterns, directly impacting the stability of value chains. The strategic reorientation of major economies around industrial, energy, and technological policies increases the likelihood of additional protectionist measures, contributing to greater volatility and unpredictability in trade relations.

On February 20, 2026, the U.S. Supreme Court declared illegal the tariffs set under the IEEPA, announced by President Trump on April 2, 2025 (the "Reciprocal Tariffs"). In response, the Trump Administration announced new tariffs, up to 15%, under other legal provisions relating to US customs policy. This change even affects countries that had already reached agreements with the US, such as the European Union, whose agreement covered around 70% of exported products, leaving certain sectors quite exposed, such as textiles, clothing and footwear, or cork, to mention the most relevant for Portugal. In summary, despite the existence of agreements (although still under ratification), there is a latent risk of instability, with impacts on uncertainty.

The continued regional conflicts stand as an additional risk factor. On the weekend of February 28 and March 1, 2026, the US and Israel launched a military offensive against Iran, which is still ongoing (as of March 3), which has impacted financial markets and, in particular, the prices of energy commodities. This materializes one of the identified risks, in which a regional escalation of conflict can lead to disruptions in energy distribution routes, a rise in oil and gas prices, and greater volatility in financial markets, which can increase inflationary pressures, lead to tighter monetary conditions, and pose negative risks to global economic growth and credit quality.

This context of several conflicts also contributes to the high level of uncertainty from a cyber risk perspective, with the possibility of cyberattacks on critical sectors and/or infrastructure.

The European economy began 2026 in a context of moderate, albeit sustained, growth, influenced by the uneven performance of its productive sectors and the prolonged impact of high structural costs. The implementation of public policies associated with the energy and digital transition requires significant investment and puts pressure on the competitiveness of some industries, while also posing challenges to the budgetary balance of several member states. European political dynamics, marked by demanding processes, may continue to limit the capacity for a coordinated response to external shocks.

The Portuguese economy is showing solid fundamentals at the beginning of 2026, but remains sensitive to external developments, given that the European market is its main export market, thus making it particularly vulnerable to a potentially more pronounced slowdown in activity within the European Union. As mitigating factors, the Portuguese economy presents a solid labour market operating at full employment, restoration of consumers' purchasing power with wage increases exceeding inflation, and families with greater savings. Companies also exhibit lower debt levels and a greater capacity for generating cash flow.

As far as the banking sector, it is anticipated that increased regulatory, prudential, and technological demands shall continue to characterise the context in which it operates. Competitive pressures and digital transformation remain as the central drivers of action, requiring adaptability, discipline in the use of capital, and strict risk management. Demographic trends and changing financial consumption behaviours reinforce the importance of innovation and operational efficiency.

Therefore, for Santander Portugal, the balance of risks is skewed downwards. Increased global uncertainty could translate into decreased business volumes, particularly in credit, and a more persistent inflationary environment with low growth could affect the quality of the loan portfolio. The mitigating factors outlined for the economy, together with the Bank's appetite for risk, may moderate the adverse effects on profitability.

In a global context still subject to uncertainty, the Bank will continue to prioritize prudent, sustainable action, focusing on financial soundness, operational resilience, strengthening its digital capabilities and the efficient allocation of its resources, ensuring an adequate response to the challenges and opportunities that will mark the year of 2026.

Outlook for 2026

In 2026, the evolution of the activity of Santander Portugal will keep depending on the evolution of the macroeconomic context, both nationally and, above all, internationally.

Indeed, Portugal benefits from a quite favourable context compared to its European peers, materialized in sustained growth of around 2% (and above the long-term trend), full employment (with the unemployment rate around 6%, and more than 5.3 million people employed), households with greater savings and less debt, as well as more solid companies with more consolidated levels of profitability and financial autonomy.

Public finances remain balanced, and with a primary surplus of about 2% of GDP, it possesses the conditions to respond to any shocks without jeopardizing the trajectory of reducing public debt as a percentage of GDP. The external accounts also show a surplus position, benefiting from the structural improvement of trade in goods and services, as well as from European funds, within the framework of "Portugal 2030."

Thus, the main risks for the Portuguese economy come from external factors, with a particular focus on the risk and uncertainty factors mentioned in the previous section.

In the central scenario, which includes some of the above mentioned risk factors (albeit without worsening compared to what was observed in 2025), the Portuguese economy could keep growing at about 2%, with unemployment around 6%. Growth is expected to be sustained by the positive, yet balanced, dynamics of private consumption, on the one hand, and, on the other, by the completion of the Recovery and Resilience Plan, which ends in 2026, translated into growing investment.

Capital expenditure should also benefit from two factors. On the one hand, there is the implementation of "Portugal 2030," which continues to be the main instrument for supporting business investment. Despite global uncertainty, companies will need to keep investing to adapt themselves to the new technological landscape, as well as accelerate their adaptation to cope with more extreme weather events.

This is the second factor, as the infrastructure destroyed during Storm Kristin on January 28, which particularly impacted the central region of the country, will have to be rebuilt. The replacement and improvement of infrastructure contribute to GDP, while the negative effects mostly result from the temporary closure of the most affected activities.

As a result, the Bank anticipates that the period of moderate growth in business volumes, both in credit and deposits, will continue, reflecting business investment, as well as the acquisition of permanent owner-occupied housing, and, on the other hand, the maintenance of sustained savings rates by households, also supported by the maintenance of interest rates by the European Central Bank at around current levels (2% for the deposit rate).

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 2026, the Bank will continue to focus on executing its strategy aimed at improving customer experience and satisfaction, of which it is worth highlighting i) the continuous optimization and simplification of processes, focusing on 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 energies 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 help reduce social inequalities.

Service Models

The plan to revitalize the commercial area has been initiated through the implementation of an integrated, unified vision of the distribution model: in-person, assisted, and digital, ensuring an integrated, productive network oriented towards standardized processes, **focusing on NPS, sustained commercial growth**, and engaged, purposeful teams.

All branches are now equipped with **guides**, allowing for better management of average waiting times and optimization of average service times.

Santander has over 300 *VTMs* in its branches, which increase the range of self-service operations available to customers (payments, withdrawals, deposits of cash and bank cheques), enabling a 100% digital transaction model, with more than 80% of its branches already operating cashless.

The Bank has maintained a strong focus on the **Select** and **Business** segments, with a model based on dedicated managers, with a strong emphasis on the concept of personalized, human service.

The **Santander Próximo** and **Remote Sales** models have increased their contribution to the business, with dedicated customer support teams working 100% remotely, focusing on assisting with self-service contracting, where Santander stands out for its digital agility, making processes simpler and more efficient. The Remote Sales teams are specialized in supporting the contracting of Mortgage Loans, Personal Loans, Credit Cards, and Protection Insurance.

Business Areas

Individuals

Banco Santander maintained a trajectory of continued growth in terms of results throughout the year, with sound indicators, which have allowed the Bank to keep supporting households and businesses.

These results reflect the transformation that has taken place over the last few years, which has helped improve effectiveness and efficiency, as well as customer experience.

In **Mortgages**, the Bank's performance is marked by high production levels, exceeding those recorded in 2024, generating an average of 1 in every 5 new loans. The loan portfolio shows growth of 2 billion euros this year.

Consumer Credit is expected to grow in 2025, with production 8% higher than in the same period last year, as a result of the commercial focus and various customer campaigns throughout the year.

In **Business Credit**, the portfolio grew as a result of strong commercial activity and investment in the segment, thus offsetting the significant depletion of credit facilities under institutional protocols/partnerships granted during the pandemic period.

Acquisition of new customers remains a strategic priority, namely with the launch of several salary account campaigns. Thus, the mix of new customers has evolved positively, with the professional / active life customer category showing the greatest growth in total new customers.

The **Credit Card** portfolio showed slight growth this year, although there is a certain slowdown in the rate of issuance compared to the previous year, even with an increase in the amounts of revolving credit used.

In 2025, there was again a significant growth in card payment revenue, resulting from a stronger customer base and increased penetration of credit cards in customer transactions.

In 2025, the **Protection Insurance** activity maintained its focus on strengthening customer relationships by expanding its offer and optimizing processes, with the aim of simplifying day-to-day interactions with the Bank and reinforcing an integrated approach to Global Protection.

Healthcare was the main strategic focus of the year, with structural changes to the offer for individual customers, allowing for a stronger value proposition for our customers. In this context, Santander, in partnership with Aegon Santander, has launched the new **OneCare Health Insurance**. This solution integrates health coverage with banking services and a partnership ecosystem, adopting an approach focused on prevention, continuous support, and customization, tailored to different customer profiles.

Similarly, the **Family Civil Liability Insurance** journey has been completely redesigned, with the introduction of a more flexible modular structure, allowing for better adaptation to the needs of our customers and their families.

Given the growing importance of the **Non-related Insurance** portfolio, both in the individual and corporate segments, the focus has been reinforced on improving relationships and simplifying interactions with the Bank, as well as extending and strengthening the associated levels of protection.

Regarding **Credit related Insurance**, several initiatives were implemented to strengthen the competitiveness and attractiveness of the offer, as well as to improve onboarding and risk analysis processes, ensuring greater efficiency and operational speed.

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).

Businesses, Corporates and Institutional

In 2025, Santander Portugal consolidated its position as a strategic partner for Portuguese companies, offering complete, innovative solutions to support business growth and transformation.

Proximity and trust remain the cornerstones of the Bank's operations. Santander has been present both in day-to-day operations as well as in the most complex moments, including in internationalization, restructuring, and mergers and acquisitions processes, with the aim of asserting itself as the institution of reference for strategic decisions.

Sophistication of the offer and technological integration: The Bank is evolving towards an integrated model, supported by global digital platforms and omnichannel solutions, which allow companies to access treasury services, trade finance, foreign exchange risk management, and specialized financing with greater efficiency and speed. This approach combines advanced technology with the expertise of Santander's specialists, ensuring a swift, customized response.

Credit facilities under institutional protocols / partnerships and structured financing instruments: Within the context of mobilising financing facilities of European and national origin, Santander Portugal has taken an active role in operationalising solutions such as the InvestEU, Invest Export, and European Investment Bank (EIB) facilities. These credit facilities helped support productive investment, internationalisation, innovation, and strengthen working capital projects, benefiting from differentiated conditions in terms of timeframe, cost, and risk mitigation.

Commitment to sustainability and the energy transition: The Bank has offered green financing facilities and agreements with entities such as the European Investment Bank and the Portuguese Development Bank — Banco Português de Fomento — aimed at energy efficiency, digitalization, and innovation projects. Santander has supported Portuguese companies with solutions that promote ESG practices, including projects in the renewable energy sector.

Support for strategic sectors: Tourism and Agri-food have remained as priorities, with a focus on innovation, digital transformation and sustainability, aligned with national targets

for 2027. In the agricultural sector, the Bank has promoted investments that reconcile productivity and environmental responsibility.

Internationalisation and foreign investment: Santander has strengthened its support for Portuguese companies in markets where the Group is present, and has facilitated the entry of foreign capital into Portugal, offering training, onboarding, and various solutions adapted to local needs.

Financial strength and support capacity: The robust balance sheet and prudent risk management allow the Bank to provide resources to support Portuguese companies at all stages of their life cycle. This strength translates into confidence to finance large-scale projects, guarantee liquidity, and offer structured solutions that boost competitiveness.

Recognition and leadership: Santander continued to distinguish companies that contribute to economic development in Portugal, namely through the creation of the Innovation in Internationalization Award, a joint initiative with COTEC Portugal, and supported applications for SME Leader and SME Excellence, valuing solidity and innovation capacity. The Bank strengthened its relationship with companies through a proximity strategy, which included relationship-building events and the creation of the *Looking Beyond* newsletter, as a platform for sharing economic and business knowledge.

Wealth Management and Insurance

The year 2025 unfolded within a background of progressive macroeconomic and financial stabilization, following the period of adjustment to monetary cycles in previous years. The major central banks, notably the European Central Bank and the US Federal Reserve, maintained a cautious approach to normalizing their monetary policy, supported by the consolidation of the disinflation process and more predictable economic prospects.

Despite persistent uncertainty factors, particularly at geopolitical level — with the ongoing conflict in Ukraine, tensions in the Middle East, and the imposition of tariffs by the US, which significantly increased market uncertainty and inflationary fears — financial markets showed greater resilience, benefiting from more balanced financial conditions, robust corporate results, and greater selectivity on the part of investors.

In this context, 2025 was characterized by positive performance in the main asset classes, albeit at a more moderate growth rate compared to 2024, reinforcing the importance of a diversified, disciplined investment approach aligned with customers' long-term objectives, in accordance with Private Banking recommendations.

Regarding Santander's **Private Banking** activity, 2025 represented a year of consolidation of sustained business growth, with a quite favourable evolution of the main indicators. Business volume grew by 7%, while off-balance sheet resources

increased by 15%, reflecting strong demand for investment solutions, particularly investment funds, discretionary mandates, and *Unit-Linked* insurance.

The customer base maintained a solid growth momentum, supported by strong commercial activity, by the acquisition of new high-value customers, and by consistent coordination with the branch network and Business Centres, reinforcing an integrated Group approach.

This performance reflects the solidity of our business model, the suitability of our value proposition, and the high level of service quality provided, supporting the positioning of Santander's *Private Banking* as a financial partner of reference. Thus, we maintain our commitment to creating sustainable value, managing our customers' assets in a responsible manner, and continuously improve the experience and service provided.

Corporate and Investment Banking

Santander Portugal Corporate & Investment Banking (SCIB) has remained a reference in Portugal for products and services traditionally associated with Investment Banking. The business has demonstrated profitable growth with sound capital management, delivering positive results regarding the priorities set for the year. The local team, working closely with the Group's global teams in the same area, has been reinforcing its strategy of positioning itself as a trusted partner for its customers.

In 2025, the *Corporate Finance* division continued to develop an intense activity in Mergers & Acquisitions and Equity Capital Market operations, of which it is worth highlighting our performance in the following operations:

- ✓ Advisor and Financial Intermediary to Bondalti in the takeover bid launched on the entire capital of Ercros, S. A.;
- ✓ Financial Advisor to the Les Mousquetaires/Intermarché Group in the sale of 49% of Alcapredial to LeadCrest Capital Partners and Apollo;
- ✓ Financial Advisor to CVC-DIF in the sale of Auto-Estradas Norte Litoral — AENL, and the Algarve Highway Via do Infante (AAVI) to Igneo Infrastructure Partners.

In the **Global Debt Financing** area, 2025 saw Santander once again as the leading bank in Portugal in supporting the country's major businesses.

During this period, the Bank secured and led some of the main corporate financing transactions in Portugal, including:

- ✓ Completion of the advisory and financing operation for the construction of the new Eastern Lisbon Hospital;
- ✓ Financing the acquisition of the French company Verescence by Sociedade Francisco Manuel dos Santos and by Draycott;

- ✓ Syndicated financing for the Indaqua group's holding company;
- ✓ Syndicated financing for the José de Mello Group.

In all these operations, the Bank individually secured a debt amount exceeding 800 million euros, which it subsequently syndicated with other national and international credit institutions.

It is also worth noting the role of the **Structured Finance** division in contributing to impactful operations in the decarbonization of the economy through its participation in various financing projects in the renewable energy sector, notably for Hyperion, Greenvolt, and CJR.

As far as **Debt Capital Markets**, the *GDF* division remained quite active in the Portuguese market, namely by participating in a public debt issuance in the total amount of 3.0 billion euros, and in several corporate bond issuances: for Caixa Económica Montepio Geral, in the amount of 350 million euros, for EDP in the amount of 1,750 million euros, and for Caixa de Crédito Agrícola, in the amount of 300 million euros.

In the **Markets** area, the year 2025 was marked by the consolidation of the interest rate cut cycle initiated in 2024, with central banks adjusting monetary policy gradually and prudently, in line with inflation trends and the resilience of economic activity. Despite some episodes of greater uncertainty, the macroeconomic context remained generally quite stable, allowing for the continued appreciation of financial assets.

In the **Interest Rate** segment, the progressive decline and normalization of the term structure of interest rates led many customers to review their risk management strategies, taking advantage of the context to close fixed-rate hedges, as well as seeking differentiated solutions that would allow them to benefit from any further declines without giving up protection against adverse movements. Consequently, the presentation of flexible structures, such as Collars or Caps, gained particular relevance, reinforcing Santander's position as a long-term partner in managing its customers' financial risk.

In the **Foreign Exchange Business** segment, 2025 was marked by greater differentiation between currencies and by alternating market regimes, in a context where tariffs and the consolidation of the rate-cutting cycle in the United States contributed to a gradual devaluation of the US dollar against major currencies, particularly the euro. In parallel, significant movements were recorded in other geographical areas, associated with differences in economic growth, asymmetrical monetary policies, and geopolitical factors, leading to occasional episodes of greater volatility, especially in the currencies of emerging economies. The digital channel continued to strengthen its importance in the business model, in line with the strategy defined for this segment, again recording significant growth both in number of customers and in transaction volumes.

In the **Securities Trading** segment, the positive evolution of stock markets had a favourable impact on activity throughout 2025. This context allowed for sustained business growth, reflected in a greater number of customers and transaction volumes, with positive contributions in all major categories - stocks, bonds and ETFs. Acquiring new customers and diversifying investment solutions have strengthened this segment's activity, keeping it aligned with the objectives set for 2025.

In the **Global Transaction Banking** division, the year 2025 was marked by high competitiveness in the national market in terms of credit granted; nevertheless, the effort to attract new operations allowed for an increase in the level of credit fees in

more structured transactions.

With regard to **Transaction** efficiency in 2025, the Bank was able to build on the gains made through customer loyalty initiatives, such as POS-based billing solutions offered by GetNet.

It is also worth noting the ability to **originate new structured, innovative operations in the national market**, related to the management of companies' working capital. Specifically, the Bank has carried out regular monetization operations for receivables portfolios exceeding 200 million euros, thus providing an innovative solution in terms of supplier payment management.

Business Support Areas

Customer Experience

The year 2025 represented an important milestone in consolidating Santander Portugal's **customer experience** strategy, continuing the path initiated in previous years and reinforcing the commitment to placing its **customers at the centre of the Bank's activities**, through a consistent, differentiated, high-quality experience at all points of contact, both in-person and digital.

There was a sustained improvement throughout the year in all main satisfaction and recommendation indicators, reflecting the impact of the implemented initiatives and the growing appreciation of Santander Portugal's value proposition. The **Relational NPS** of customers who choose the Bank as their primary bank maintained a positive trajectory, with a particularly visible improvement towards the end of the year, confirming the solidity of the path followed by the Bank, and the organization's ability to translate strategic ambition into concrete results in terms of experience delivered.

This evolution was accompanied by a consistent reinforcement of our customer-centric culture, based on **structured training, support, and monitoring** models, which helped foster more personal, consistent service behaviours aligned with customer expectations. In 2025, these dynamics involved a wider range of branches and employees, contributing to the consolidation of practices geared towards service excellence and value creation throughout the customer relationship.

Simultaneously, the transformation and evolution of key experiences continued, both in digital and face-to-face contexts, with a special focus on simplifying processes, reducing friction, and enhancing the clarity and efficiency of all interactions. Continuous improvement of priority journeys, supported by a customer-centric approach and by research throughout the entire development cycle, has made a significant contribution to the quality of perceived experience and the ability to respond to customer needs.

Of particular relevance, the *Affluent* segment (*Select* customers) recorded a **very significant improvement** in terms of satisfaction and recommendation levels, reflecting a cross-cutting effort by the Bank to adapt its value proposition, strengthen the support model, and offer customized service, addressing one of the most critical segments for value creation and long-term customer relationships.

Comparatively with the market, Santander Portugal's performance throughout 2025 showed a clear trajectory of recovery and increased competitiveness. Despite a more challenging start to the year, a consistent focus on priority areas helped reverse the trend over the following quarters, ending the year with a significant improvement in relative

performance, while leading certain key attributes in customer perception in external benchmark studies of the Portuguese financial sector.

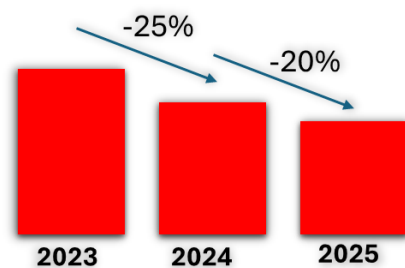
This performance reflects not occasional results, but a structural evolution in the way the Bank serves its customers, marking a new stage in asserting the quality of service provided and reinforcing Santander's position as a Bank that combines human proximity, with technological innovation and excellence in customer experience.

Customer Care

Taking care of its customers is one of Santander's core commitments. More than just providing good banking services, it involves paying attention, actively listening, and ensuring well-being, security, and trust. This approach promotes customer satisfaction and loyalty, and supports the Bank's responsible, sustainable operations. The *Customer Care* division — which includes customer support and Service Level Management — fulfils this commitment.

Whenever an interaction fails to meet expectations, the Customer Care division acts as the customer's voice, ensuring that the issue generating dissatisfaction is addressed. Prevention is equally crucial. The Service Level Management division monitors key indicators, publishes results, and promotes the continuous improvement of internal processes and customer journeys, directly impacting customer experience and helping reduce doubts, friction, and complaints.

Santander has been increasing its investment in digital channels in order to improve customer experience and speed up the processing of requests. The launch of the "Resolve" platform, which enables the creation of self-service tickets, represented a significant milestone in after-sales service, allowing customers to track the progress of their requests until their final resolution.



Number of Complaints

Root cause analysis and a governance model for measuring, anticipating, and implementing immediate mitigation plans are cornerstones of the Bank's continuous process improvement, enabling simpler and faster workflows without compromising security.

The Service Level Management division works to exceed customer expectations by monitoring performance and challenging internal divisions to continuously improve the quality of products and services provided.

All processes with an impact on customers, whether digital or operational, are monitored through indicators such as NPS, execution times, and incidents. All this information is then processed and used to optimize customer experience.

Recognizing the diverse needs of its customers, the Bank strives to meet them all. Whenever any experience does not meet expectations, Santander remains committed to caring, listening, and restoring trust.

Digital Channels

Individuals

In the Individual segment, Santander continued to strengthen the adoption and use of digital channels. By the end of 2025, the number of digital retail customers reached 1.201 million, representing 66% of customers in this segment. The Santander Individual Banking App recorded 1.086 million active users, an 8% increase compared to the same period in the previous year, while Netbanco Individuals, the online banking channel for personal banking operations, saw a decrease in its user base to a total of 289,000 active users, in line with the trend of gradual migration to the mobile channel.

Digital channels for individuals now allow them to carry out most day-to-day transactions, as well as to remotely contract various products. In the second half of 2025, approximately 63% of all product sales focused on individual customers, including savings and investment solutions, mortgage loans, cards, and insurance, which were mostly initiated through digital channels.

The main initiatives implemented in the digital channels for individuals included:

- Strengthening the MBWay ecosystem in the Santander App, with a complete redesign of the user journey, a new login experience with MBWay operations before login, and the availability of the "Withdraw Money" functionality via MBWay at ATM machines, reinforcing speed, convenience, and everyday use.
- Cross-functional improvement of the App's usability, accessibility, and consistency, with integrated accessibility across all native journeys, and enhanced iconography and browsing experience, and progressive convergence of the experience between the App and online banking, i.e., Netbanco.

- Expansion of digital payment solutions through the integration of Santander cards into Apple Pay, Android Pay and Samsung Pay wallets, thus increasing convenience, security, and flexibility of payment methods.
- Evolution of the SPIN service, with a new membership model, enabling money transfers through the tax identification number (NIF), and by directly using ones mobile phone contact details, significantly simplifying instant transfers between customers.

Corporates

Corporate digital channels have maintained stable adoption and increasing usage, reflecting a rise in customer confidence in a traditionally more conservative segment.

Netbanco Companies, the online banking channel for corporate banking operations, maintained approximately 120,000 active users, while the App companies reached 70,000 customers, recording a 10% growth compared to the same period last year. The evolution of transactions has outpaced the growth of the user base, confirming the relevance of the mobile channel in companies' daily management.

Such performance was supported by a set of digital initiatives focused on security, convenience, operational efficiency and regulatory compliance, as well as by simplifying and streamlining the digital offer.

Digital Initiatives in 2025 — Corporates

- Greater transparency in identifying beneficiaries, with the final beneficiary's name being made available in payments and recipient validation in transfers via the Netbanco Companies App and open banking interfaces.
- Enhanced security and operational controls, including setting limits for immediate transfers and improved fraud validation rules.
- Evolution of batch payment and direct debit processes, with support for a new file version, aligned with operational needs and regulatory requirements.
- Improved convenience in managing benefits and payment methods, with new fields in meal voucher applications and the ability to apply for business cards directly through Netbanco Companies.
- Streamlining the digital offer, namely by discontinuing IBOS transfers and the Santander Trade service, focusing the offer on more up-to-date solutions aligned with customer preferences.

Technology and Operations

An annual strategy has been defined in the Technology and Operations (T&O) division, which consolidates and expands the structural initiatives required to ensure the Bank's sustainable success.

Throughout the year, the strategy focuses on the consistent, planned use of digital solutions to **optimize internal processes, enhance customer experience, and ensure strict compliance with regulatory requirements**. The adoption of **cloud computing** has continued in a structured manner, promoting greater flexibility, cost efficiency, and swiftness in implementing solutions. Simultaneously, **process automation** was reinforced, freeing teams from routine tasks and increasing operational reliability.

The integration of **advanced analytics, Artificial Intelligence, and GEN AI** plays a central role in the Bank's annual strategy, enabling increasingly data-driven decisions, improved operational efficiency, enhanced risk management, and personalized customer offers.

From an operational standpoint, the annual focus is on **consolidating an agile, resilient, scalable infrastructure**, capable of ensuring **continuous service availability (24/7)**, and **secure transaction processing** in an environment characterized by increasing digital threats. Cybersecurity and operational resilience remain cross-cutting priorities across all initiatives.

Throughout the year, a **constant alignment is maintained with the strategic objectives of the business**, ensuring that all technological solutions implemented generate measurable value, support sustainable growth, and contribute to **greater customer loyalty and trust**.

Savings and Investment

The fiscal year of 2025 unfolded within a generally favourable stock market environment, albeit marked by episodes of volatility associated with uncertainty surrounding international economic policies, particularly with the trade measures announced in the United States.

Simultaneously, the cycle of interest rate cuts by major central banks has continued, creating favourable conditions for strengthening savings and investment solutions.

In this context, customers showed a clear preference for products geared towards income generation and capital preservation, reflecting a more cautious approach to asset allocation.

In terms of **Savings**, the Bank's offer has dynamically adapted to market conditions, namely by strengthening the role of digital channels. Flexible savings solutions were promoted, such as the Goal Savings Account and the Digital Safe.

Activity in **Investment Funds** was particularly driven by demand for fixed income solutions, benefiting from the consistent performance of this segment. The Short-Term Bond Fund stood out in this context, contributing to significant growth in assets under management.

In the **Financial Insurance** segment, the strategy focused on developing solutions with defined maturity, tailored to the needs of different customer profiles. Indeed, PPRs (Retirement and Savings Plans) with maturities of up to 6 years — the 'PPR Aforro' — and 10-year Unit Linked's, distributed under the name Santander Quarterly Income, were developed and received consistent demand throughout the year.

Simultaneously, the Bank strengthened its **close relationship with customers** through sessions on financial markets held throughout the country, promoting a more structured approach to medium and long-term financial planning. Additionally, a substantial change was made to the investment platform in digital channels, allowing customers to more effectively monitor the evolution of their assets and select from a wider range of products in a more informed way using simple tools.

Economic and Financial Information

Consolidated Business

At the end of 2025, Banco Santander recorded a net profit of 963.8 million euros, compared to 971.3 million euros recorded in the same period of the previous year (-0.8%).

The ROTE (Return on Tangible Equity) reached 31.8%, and the efficiency ratio stood at 28.0%.

Loans and advances to customer (gross) amounted to 54.1 billion euros, growing 7.5% year-on-year, with loans to individuals showing an increase of 8.4%, and loans to companies and institutions increasing by 6.5%.

The high quality of the loan portfolio was reflected in the *Non-Performing Exposure* ratio of 1.4%, with a coverage of 87.8%.

Customer resources totalled 49.2 billion euros, up by 5.0% compared to the same period in the previous year, following a 3.6% increase in customer deposits, and a 11.1% increase in off-balance sheet resources.

At the end of 2025 the *Liquidity Coverage Ratio* (LCR), calculated in accordance with CRD IV rules, stood at 132.5%, thus meeting the liquidity coverage regulatory requirement on a fully-implemented basis.

The *Common Equity Tier 1* (CET1) ratio, calculated in accordance with CRR/CDR IV rules, stood at 14.3% (phase-in).

The liquidity reserve totalled 17.0 billion euros at the end of 2025.

Regarding market financing, Banco Santander Totta recorded 5.1 billion euros through repurchase agreements, 4.7 billion euros of covered bonds, 1.6 billion euros of *senior non-preferred issuances*, 1.0 billion euros of securitizations, 0.3 billion euros of *credit linked notes*, and 0.2 billion euros of subordinated issuances. Financing obtained from the European Central Bank remained at zero.

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);

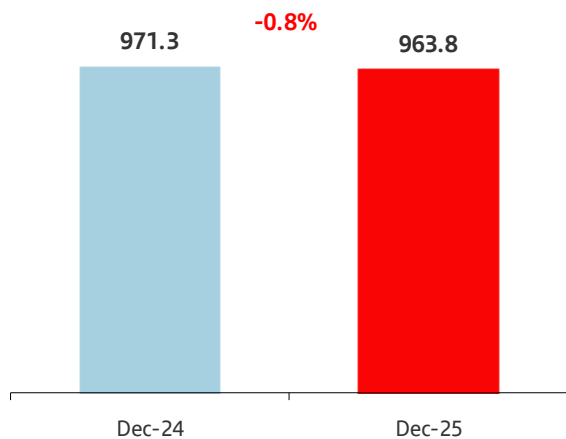
Standard & Poor's: A (Portugal: A+); and

DBRS: A (Portugal: A(H)).

CONSOLIDATED NET INCOME

ATTRIBUTABLE TO THE SHAREHOLDERS OF BST

million euro



Results

CONSOLIDATED INCOME STATEMENTS (million euro)	Dec-25	Dec-24	Var.
Net interest income	1,370.0	1,574.6	-13.0%
Income from equity instruments	7.2	8.2	-11.9%
Net fees	484.3	452.2	+7.1%
Other operating results	7.4	7.7	-3.2%
Commercial revenue	1,869.0	2,042.7	-8.5%
Gain/losses on financial assets	37.3	21.0	+77.2%
Operating income	1,906.3	2,063.7	-7.6%
Administrative expenses	(483.1)	(486.8)	-0.8%
Staff Expenses	(302.4)	(291.4)	+3.8%
Other Administrative Expenses	(180.7)	(195.4)	-7.5%
Cash contributions to resolution funds and deposit guarantee schemes	(11.4)	(8.0)	+42.9%
Depreciation	(47.6)	(40.6)	+17.2%
Net operating Income	1,364.2	1,528.3	-10.7%
Impairment, net provisions and other results	(2.5)	(70.9)	-96.4%
Income before taxes and non-controlling interests	1,361.7	1,457.4	-6.6%
Taxes	(397.9)	(486.1)	-18.1%
Income after taxes and before non-controlling interests	963.8	971.3	-0.8%
Non-controlling interests	0.0	(0.0)	-100.0%
Consolidated net income attributable to the shareholders of BST	963.8	971.3	-0.8%

At the end of 2025, net interest income stood at 1.37 billion euros, representing a 13.0% decrease compared to the 1.575 billion euros recorded in the same period of the previous year. This evolution was mainly the result of the downward trajectory of the European Central Bank's key interest rates, which was reflected in market interest rates and the consequent decrease in loan portfolio revenues, mostly indexed to variable interest rates, partially offset by the growth in business volume, especially in credit.

Net fees amounted to 484.3 million euros, up by 7.1% compared to 452.2 million euros a year earlier, benefiting from the commercial and digital transformation that led to an increase in the customer base and commercial activity, with the favourable evolution of fees associated with accounts and payment methods, due to increased transaction volume; increased credit, due to the dynamic new production of credit across various segments; and increased insurance and investment funds, due to the diversified offer of protection and savings products. In turn, there was a decrease in fees related to financial advice, due to the inherent volatility.

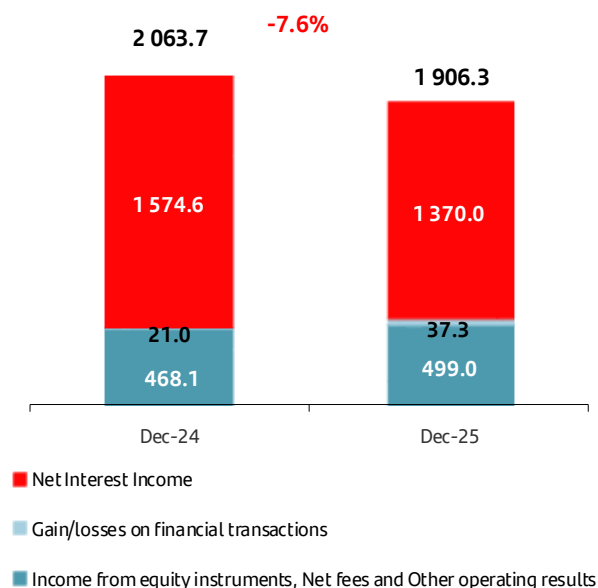
Commercial revenue amounted to 1.869 billion euros, decreasing by 8.5% compared to 2.043 billion euros recorded at the end of 2024, influenced by the decrease in net interest income, partly offset by the increase in net fees.

Gain/losses on financial assets totalled 37.3 million euros, compared to 21.0 million euros in the same period of the previous year (an increase of 77.2%), showing higher results from derivative instruments and foreign exchange operations.

Operating income amounted to 1.906 billion euros, a 7.6% decrease compared to 2.064 billion euros in the previous year, reflecting a decrease in net interest income related to the European Central Bank's interest rate cuts, partially offset by the favourable evolution of net fees and gain/losses on financial assets.

OPERATING INCOME

million euro



At the end of 2025, operating costs amounted to 530.7 million euros, growing by 0.6% (below inflation, which was above 2%), compared to 527.4 million euros in the same period of the previous year. Operational cost control benefited from improved commercial and operational efficiency through increased availability of products on digital channels, supported by a more modern physical network, simplified procedures, and the growth and deepening of commercial and transactional relationships with customers.

Banco Santander Totta had 308 service points (66 less than in the same period last year), and 4,670 employees (56 more than at the end of 2024).

Staff expenses reached 302.4 million euros, a 3.8% increase compared to the 291.4 million euros in the same period last year, due to wage updates implemented in 2025 and the renewal of the number of employees.

Other administrative expenses amounted to 180.7 million euros, down by 7.5% compared to 195.4 million euros recorded a year earlier.

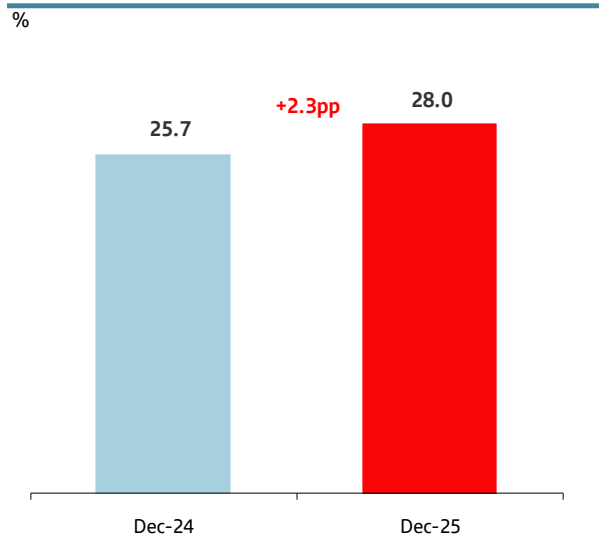
Depreciation amounted to 47.6 million euros; a 17.2% increase compared to 40.6 million euros recorded in the same period of 2024. This reflects the continuous investment in technological transformation, particularly in the digitalization of the commercial offer, with the updating of features in digital channels, focused on customer needs, user experience, and customer satisfaction, to optimize the quality of service provided, within the objective of Santander being a digital bank with branches.

OPERATING COSTS (million euro)

	Dec-25	Dec-24	Var.
Staff Expenses	(302.4)	(291.4)	+3.8%
Other Administrative Expenses	(180.7)	(195.4)	-7.5%
Depreciation	(47.6)	(40.6)	+17.2%
Operating costs	(530.7)	(527.4)	+0.6%
Efficiency ratio	28.0%	25.7%	+2.3 p.p.

At the end of 2025, the efficiency ratio stood at 28.0%, increasing by 2.3 pp compared to 25.7% observed in the same period of 2024, as a result of decreased revenue and operating cost control.

EFFICIENCY RATIO



Cash contributions to resolution funds and deposit guarantee schemes amounted to 11.4 million euros, a 42.9% increase compared to 8.0 million euros recorded in the same period of the previous year.

Net operating income reached 1.364 billion euros, decreasing by 10.7% compared to 1.528 billion euros observed at the end of 2024.

Impairment, net provisions and other results recorded a cost of 2.5 million euros, compared to 70.9 million euros in the same period of the previous year.

Net provisions showed a gain of 0.6 million euros, down by 101.9% compared to the cost of 31.3 million euros recorded a year earlier, due to lower needs of provisions for contingencies.

Impairments or reversal of impairments on financial assets not measured at fair value through profit or loss amounted to -6.0 million euros, compared with -13.0 million euros in the same period of the previous year (down by 54.1%), reflecting 0.01% of cost of credit, plus credit recovery and the low value of overdue credit, with a 1.4% Non-Performing Exposure (NPE) ratio, influenced by strict risk management and a favourable macroeconomic context, with the labour market operating at full employment, growth in household disposable income — which supported domestic demand and increased savings — and dynamic investment, particularly in the construction sector, supported by rising real estate prices and lower interest rates.

Impairment or reversal of impairment on non-financial assets stood at 5.0 million euros, comparing with 5.9 million euros in the same period of the previous year.

The regulatory cost of the Banking Sector Contribution and the Additional Solidarity Contribution on the Banking Sector, amounting to 3.0 million euros, decreased by 91.6% compared to the 35.3 million euros in the previous year. This reduction was due to the recovery of costs incurred in previous years for the Additional Solidarity Contribution on the Banking Sector, following its declaration of unconstitutionality by the Constitutional Court, which largely offset the cost with the Banking Sector Contribution.

Profit/loss on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations that are not eligible as discontinued operations amounted to 0.8 million euros, 71.8% less than the 2.8 million euros observed in the same period last year.

Income before taxes and non-controlling interests, amounting to 1.362 billion euros, decreased by 6.6%, compared to 1.457 billion euros recorded in the same period of 2024.

Taxes totalled 397.9 million euros, down by 18.1% from 486.1 million euros a year earlier.

At the end of 2025, Banco Santander Totta achieved a consolidated net income for the period attributable to BST shareholders of 963.8 million euros, representing a 0.8% decrease compared to the 971.3 million euros obtained at the end of 2024.

Balance Sheet and Business

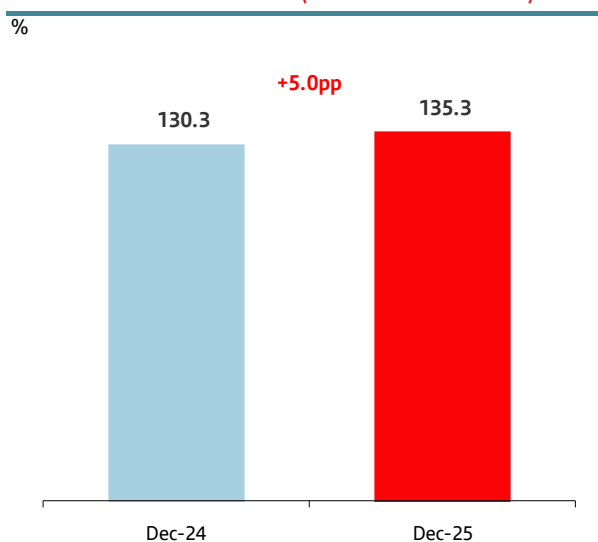
In the fiscal year of 2025, turnover reached 103.2 billion euros, growing by 6.3% compared to 97.1 billion euros in 2024, supported by an increase in the customer base and a differentiated product offer adapted to the interest rate context,

with loans and advances to customers (gross) increasing by 7.5%, reflecting the favourable performance of all segments, and with customer resources rising by 5.0%, driven by the sustained growth of deposits and off-balance sheet resources.

BUSINESS VOLUME (million euro)	Dec-25	Dec-24	Var.
Business Volume	103,249	97,130	+6.3%
Loans and advances to customers (gross)	54,094	50,331	+7.5%
Customers' Resources	49,155	46,799	+5.0%

The loan-to-deposit ratio, measured by the relationship between loans and deposits, reached 135.3% in December 2025, 5.0 pp higher than in the same period of the previous year.

LOAN-TO-DEPOSIT RATIO (Transformation ratio)



At the end of 2025, loans and advances (gross) to customers reached 54.1 billion euros, increasing by 7.5% compared to the same period last year, growing both in Individuals (up by 8.6% in mortgage loans, and up by 9.1% in consumer credit), and in Corporate and Institutionals (up by 6.5%).

LOANS (million euro)	Dec-25	Dec-24	Var.
Loans and advances to customers (gross)	54,094	50,331	+7.5%
<i>of which</i>			
Loans to individuals	27,578	25,437	+8.4%
<i>of which</i>			
Mortgage	25,263	23,257	+8.6%
Consumer	2,108	1,933	+9.1%
Loans to corporates and Institutionals	26,516	24,894	+6.5%

Credit to individuals reached 27.6 billion euros, exceeding by 8.4% the 25.4 billion euros observed in the same period last year. Mortgage loans reached 25.3 billion euros, growing by 8.6% year-on-year, driven by the competitive offer of mixed-rate and floating-rate products, as well as by the commercial campaigns to attract and retain borrowers, which accounted for approximately 20% of the total amount of new mortgages issued in the sector. It is worth highlighting the Bank's role in supporting young people in accessing housing, through the provision of credit with public guarantee, with approximately 1.1 billion euros granted in mortgage loans to young people since the measure was launched. In 2025, nearly half of all mortgage loans were granted to young people under 35, and of those, about half were granted with public guarantee.

Consumer credit amounted to 2.1 billion euros, exceeding by 9.1% the 1.9 billion euros of the previous year, favoured by commercial activity, the digital transformation of the contracting process with new features, and the macroeconomic

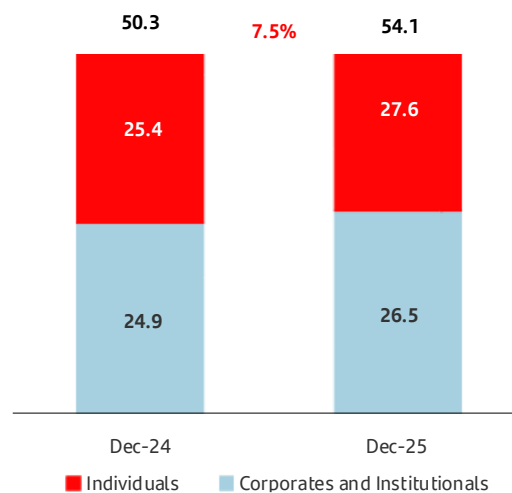
context, which contributed to the gradual increase in private consumption.

Credit granted to companies and institutions amounted to 26.5 billion euros, a 6.5% increase compared to the same period last year, reflecting support for customers in digital and energy transformation, leveraged by the InvestEU facilities of the Portuguese Development Bank — Banco Português de Fomento — and the protocols with the European Investment Bank. In 2025, the Bank granted 2.5 billion euros in sustainable financing, in addition to making liquidity and treasury management instruments available. With regard to supporting international trade and the internationalization of Portuguese companies, the Bank maintained a high level of activity in trade finance operations.

The favourable evolution of credit was due to contributions from all segments, with credit granted to companies and institutions accounting for 49%, mortgage loans for 47%, and consumer and other credit for 4%.

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 1.4% in December 2025, less 0.2 pp, compared to the 1.6% observed in the end of 2024. Impairment coverage stood at 87.8% (3.7 pp more, compared to 84.1% in the same period of the previous year).

The cost of credit, at 0.01% at the end of 2025, compares with 0.03% a year earlier, reflecting the quality of credit within a context of full employment, growth in household disposable income, and falling interest rates.

CREDIT RISK RATIOS

	Dec-25	Dec-24	Var.
Non-performing exposure Ratio	1.4%	1.6%	-0.2 p.p.
Non Performing Exposure coverage ratio	87.8%	84.1%	+3.7 p.p.
Cost of credit	0.01%	0.03%	-0.02 p.p.

By the end of 2025, customer resources totalled 49.2 billion euros, representing a 5.0% increase compared to the same period of the previous year. This growth was driven by all segments, with deposits increasing by 3.6% and off-balance sheet resources increasing by 11.1%, resulting from higher savings rates and the availability of a differentiated product offer adapted to the current interest rate context.

RESOURCES (million euro)	Dec-25	Dec-24	Var.
Customers' resources	49,155	46,799	+5.0%
On-balance sheet resources	39,452	38,069	+3.6%
Deposits	39,452	38,069	+3.6%
Off-balance sheet resources	9,703	8,731	+11.1%
Investment funds marketed by the Bank	5,625	4,882	+15.2%
Insurance and other resources marketed by the Bank	4,078	3,848	+6.0%

Deposits reached 39.5 billion euros, a 3.6% increase compared to the 38.1 billion euros recorded in the same period last year, driven by the Bank's competitive product offer, lower interest rates, an increased customer base, and a rise in the savings rate. Deposits accounted for 80% of total customer resources.

Off-balance sheet customer resources amounted to 9.7 billion euros, increasing by 11.1% compared to the 8.7 billion euros recorded in the same period of the previous year.

Investment funds managed or marketed by the Bank amounted to 5.6 billion euros, representing a 15.2% increase compared to 4.9 billion euros in the same period of the previous year, supported by the wide range of products offered, which promoted the growth of net subscriptions.

Insurance and other resources in the amount of 4.1 billion euros grew by 6.0% year-on-year, driven by the availability of innovative protection solutions.

Solvency Ratios

In December 2025, the *Common Equity Tier 1* (CET 1) ratio, calculated according to CRR/CDR IV standards, reached 14.3% (*phase-in*), down by 1.3 pp compared to the 15.6% observed in the same period of the previous year.

The Bank has a very high level of capitalization, exceeding the minimum requirements set by the European Central Bank.

CAPITAL (million euro)	Dec-25	Dec-24	Var.
Common Equity Tier 1	2,162	2,496	-13.4%
Tier 1 Capital	3,362	2,896	+16.1%
Total Capital	3,622	3,282	+10.4%
Risk Weighted Assets (RWA)	15,072	16,053	-6.1%
CET 1 ratio	14.3%	15.6%	-1.3 p.p.
Tier 1 ratio	22.3%	18.0%	+4.3 p.p.
Total Capital Ratio	24.0%	20.5%	+3.5 p.p.

Relevant Facts After the End of the Fiscal Year

At the end of January 2026, Portugal was hit by Storm "Kristin," an extreme weather phenomenon that significantly affected several regions in the country, with relevant impacts on infrastructure, economic activity, and the operation of businesses and individuals.

Based on information released by the Bank of Portugal as of December 31, 2025, loans from the banking sector to companies and individuals with tax residence in the municipalities impacted by the storm amounted to 32 billion euros. This amount was divided between 10.5 billion euros in loans to companies (with the Bank's share amounting approximately to 10%) and 21.5 billion euros to individuals (with the Bank's share amounting approximately to 15%). The Bank is monitoring the unfolding of the situation, particularly regarding any potential impacts on the quality of its loan portfolio and on the amount of assets given as collateral.

Additionally, the Bank has made available to its customers all the necessary means to respond to their needs, in particular by providing financial support solutions tailored to the situations identified, namely public measures (moratoriums and credit facilities from the Portuguese Development Bank — Banco Português de Fomento), and internal offers.

Towards the end of February 2026, geopolitical tensions in the Middle East escalated, involving the United States of America, Israel, and Iran. This conflict contributed to increased uncertainty in international financial markets, particularly through greater volatility in energy prices, currency markets, and capital markets.

Given the uncertainty that remains regarding the magnitude of the effects arising from the aforementioned events, which still depend on future developments, the Board of Directors is not in a position to estimate, with adequate reliability, the future impacts on the national economy and, in particular, on the Bank's financial results.

Under these circumstances, the Board of Directors will continue to regularly monitor the effects of these events, in order to update the estimates used whenever relevant information becomes available, while always adopting the most appropriate response measures to the estimated or confirmed impacts.

In 2026, there have been changes to the composition of the Board of Directors. The Vice-Chairman of the Board of Directors and Chief Executive Officer, Pedro Castro e Almeida, resigned from his position, effective from March 1st, with Rodrigo Echenique taking on the position of Vice-Chairman of the Board of Directors, Isabel Cristina da Silva Guerreiro taking on the position of Chief Executive Officer, and Joaquim Manuel de Oliveira Filipe joining the Board of Directors as an executive director.

Risk Management

Risk Management and Monitoring Model

The Risk Management and Monitoring Model of Banco Santander Portugal (BST) is based on a set of common principles, on an integrated Risk Culture across the Santander Group, on the correct and timely identification and management of risks, on a strong governance structure, and on advanced risk management processes and tools.

A. Risk Principles and Culture

The Bank's 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 Santander's Risk Appetite limits.
3. **Involvement of Senior Management** 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 in the 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 below.
5. **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 all risks in an appropriate manner to 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 annual 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 worthiness 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 terms of 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 potential negative consequences arising from decisions based on poorly developed, poorly implemented or incorrectly used models, which may lead to financial losses, inappropriate business decisions or strategies, or cause damage to the Bank's operations;
- **Reputational Risk** : is the risk of present 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 interests 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 Group — Risk Pro.

Defence Lines

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 functions, business support functions and others, that take risks and are primarily responsible for managing them. 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 shall support and promote Santander's Risk Culture and is responsible for:
 - Establishing an appropriate environment for managing all risks associated with the business;
 - In collaboration with the 2LoD divisions, propose risk appetite limits and alerts for approval by the Board of Directors;
 - Implement mechanisms to manage the Bank's Risk Profile within the approved Risk Appetite and respective management limits, as well as control mechanisms 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 its supervision and questioning, 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, and 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, and assessing whether the business remains within the approved Risk Appetite;
- Questioning business proposals and issuing an opinion on them. It shall provide Top 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 Bank's 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 Santander'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. The responsibilities of 2LoD include the obligation to report, whenever necessary, risks, Risk Appetite and excesses thereof, to the corresponding governing bodies. It shall adopt and promote a common risk management culture. It shall also provide guidance, advice, and expert judgment 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 on 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:
 - ✓ **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.
 - ✓ **Rating Office**, included in the Risk Division (2LoD), 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.
 - ✓ **ESG Risks**, 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.

Risk Committee 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.
- **Risk Committee**, as a support body to the Board, is responsible, in particular, for advising the Board of Directors on Risk Appetite and on the overall risk strategy, taking into account the current and foreseeable financial and macroeconomic context, as well as for ensuring the independence and effectiveness of the risk function, and that it has the necessary resources.

Executive Committees

- **Executive Risk Committee (ERC)** — Chaired by the Chief Executive Officer (CEO), the Executive Risk Committee is the highest risk decision-making body, ensuring that all risks taken by the Bank are within the limits established by its Risk Appetite.
- **Risk Control Committee (RCC)** — Chaired by the Chief Risk Officer (CRO), the Risk Control Committee is responsible for risk control, determining whether risk is managed in accordance with 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.
- **Chief Risk Officer (CRO)** — Is responsible for overseeing all risks, undertaking a constructive challenge to the management of the business and its risks. The CRO chairs the Risk Control Committee, which covers all types of risks, and is also a member of the Executive Risk Committee, where it confirms that all decisions are adopted in accordance with defined risk policies and limits, and may exercise the right of veto over any proposal. This broader view of all risks allows the CRO 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 set up a series of key processes and tools, as described below:

Risk Appetite Assessment (RAS)

Risk Appetite Assessment (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

Managing and controlling Risk Appetite must include 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 the ultimate responsible for establishing the level of 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 challenge 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 LoDs 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 level 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 shall 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).
- **Solvability** : 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 to be kept by the Bank 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)

The Bank carries out regular exercises in order 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 Bank's 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 (Emerging 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 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 2025

Introduction

In 2025, Banco Santander showed that the quality of its risk management remains a fundamental pillar of its operations, in line with the Group's corporate policy. In a year marked by persistent inflationary pressures, high energy costs, and an unstable international environment — with the continued war in Ukraine, the escalation of conflicts in the Middle East, and the worsening of global trade tensions — prudent risk management proved decisive in ensuring the Bank's solidity and confidence.

Despite a relatively resilient national macroeconomic context, the challenges were significant: moderate economic growth, adjustments to interest rates by the ECB, and volatility in financial markets. These factors required a strict approach to mitigate impacts on credit quality, profitability, and liquidity.

The Group's strong Risk Culture, across all divisions of BST, is a key factor in ensuring agile and effective responses. This culture, reflected in the values, principles, and behaviours of all employees, allows each decision to incorporate an integrated view of risks — from credit and market risks to operational and cyber risks, whose relevance increases in a scenario of global instability.

Thanks to this approach, the Bank was able to swiftly adapt to changes, strengthening its ability to protect solvency, maintain customer confidence, and meet regulatory requirements. Key performance indicators for 2025 include:

- Prudent credit management, with maintenance of robust quality indicators.
- Protection of financial margins despite pressure from evolving interest rates.
- Stronger cybersecurity measures in response to the rise in digital threats.
- Solid liquidity and robust capital buffers, ensuring resilience in the face of market volatility.

This performance confirms that, even in a year marked by geopolitical uncertainty and economic volatility, Santander's strategy based on a prudent approach and a sound risk culture continues to be a differentiating, critical factor in facing future challenges.

Credit Risk — Main Business Vectors

- The Bank continues to maintain unchanged its basic operating principles with regard to credit risk analysis and assessment, which include:
 - 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, it maintained its policy of remaining close to customers, in order to anticipate their credit needs, review their credit facilities, and foretell any possible problems in their repayment ability.
 - Timely action and the creditworthiness level of its customers have allowed the Bank to keep maintaining non-performing loan rates 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 BST'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), while seeking to anticipate the deterioration of the credit quality of the credit portfolio.
 - To this end, the defined admission strategies were maintained in BST'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 Santander by its customers.

The organisation of Credit Risk Management is specialised according to the type of customer. Throughout the risk management process, it is differentiated between Portfolioed customers (tailored or personalized treatment) and Non-Portfolioed customers (standardized or mass treatment).

Portfolioed customers are those that, fundamentally due to the amount of risk taken up, are assigned a risk analyst. This group includes Wholesale Banking Companies, Financial Institutions, and some of the Retail Banking companies. From a certain level of material exposure, the risk profile assessment of these customers is carried out by risk analysts of the *Rating Office* (the division responsible for defining customers' risk profile, through the assignment and monitoring of internal ratings, as well as follow-up and monitoring activities, and individual impairment analysis, thus reinforcing the segregation of functions and their independence), while the analysis of operations is carried out and evaluated by the *Lending Office* teams (the division responsible for the credit assessment of operations, thus ensuring compliance and alignment with the Bank's risk profile), also counting on the opinion of the Credit Office division, which maintains its role of independent analysis of all credit operations, as well as its right of veto.

Standardized customers are those who do not have a risk analyst specifically assigned to their management. This group includes Individual customers, Individual Entrepreneurs and non-portfolioed Retail Banking companies. The assessment of these risks is based on automated, internal valuation decision-making models, supplemented when necessary by teams of specialized risk analysts. Analysis and monitoring of behavioural metrics for these customers have been strengthened in order to detect in advance any potential deteriorations in their actual ability to pay.

Risk Measurement Metrics and Tools

1. Rating / Scoring Tools

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

The overall 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, which in this case are quantitative or automatic (analysing the borrowing behaviour of a sample of customers and its correlation with a set of data and accounting ratios), as well as qualitative, entrusted to a risk analyst for conducting the analysis, who shall 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 Individuals customers and of not-portfolioed Corporates, scoring tools and decision-making models are implemented, which automatically assign an assessment of / decision on the transactions presented. These decision-making tools can be complemented with a behavioural scoring model — an instrument that allows greater predictability of the risks taken up, and which 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, or EAD), as well as the percentage of the EAD that may not be recovered (Loss Given Default, or 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.

The calculation of LGD 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, plus 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.

3. 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 (SBPs).

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, involving the Risk, the Business, and the Strategic Commercial Planning (SCP) divisions, where the expected results of the deal in terms of risk and profitability are reflected, which also set 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 worthiness 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: Individuals & 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 & Corporate customers is to provide the Bank with a massive, preventive 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 shown by 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 on the likelihood 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 for overall control of the concentration of risks by certain groups of customers / counterparties.

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 2025, the current exposure of operations on interest rate indexers (Euribor) recorded an increase, as a result of new mortgage loan hedging swaps contracted with EUREX CLEARING (a Clearing House) in the first half of the year. In terms of foreign exchange transactions, there was no significant increase in exposure, although new transactions were contracted during the first half of the year. Regarding exposure to Financial Groups, the exposure and number of structural interest rate risk hedging transactions increased, namely with EUREX CLEARING as the main clearing house. For Non-Financial Groups, exposure decreased significantly, due to a reduction in exposure to interest rate indexer (Euribor) transactions.

Trading, Structural, and Liquidity Market Risk

This chapter focuses on risk management and monitoring activities related to market risk, distinguishing between 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 with 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 2025 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 for the 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 — a 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 outcomes 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. Such limits aim 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 31.5 thousand euros on Dec. 31, 2025.

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 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 revaluation 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 stood at 132.54% on Dec. 31, 2025.

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

Operational Risk

Definition and Objectives

According to the Competitive Risk Reporting (CRR) standards, Banco Santander Portugal¹ defines operational risk as the risk of loss due to the inadequacy or failure of internal processes, people and systems, or due to external events, including legal/regulatory risk, model risk and ICT risk², but excluding strategic or reputational risk.

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 their regular positions.

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 (CRR), Santander uses the Standardized Measurement Approach (SMA), to calculate the requirements of own funds 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. The first line of defence 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 area that controls Operational Risk. The second line of defence is responsible, on the one hand, for supervising the actual control of operational risk in its various aspects, and, on the other, for assessing whether it is managed as defined, and whether it complies with

the tolerance levels established for the purpose.

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

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 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.

¹Regulation (EU) 2024/1623 of the European Parliament amending Regulation (EU) 575/2013 on capital requirements or CRRs

²According to the EBA, ICT Risk stands for Information and Communication Technologies Risk.

As regards the identification, measurement and assessment of operational risk, several quantitative and qualitative instruments were defined, which, taken together, help conduct a diagnosis to the matters of operational risk, as well as rate / evaluate 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 record all 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, which 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:

- Risk Control Self-Assessment (RCSA), the main objective of which is to identify and assess operational risks regarding existing controls, and identify possible mitigation measures.
- Operational Risk Indicators (ORIs) are parameters of a different nature (metrics, indices, and measurements), which provide useful information on risk exposure. These indicators, and the 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 complement 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, prevention and mitigation of 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, whether 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 aimed at managing risks, as defined in the preceding paragraphs, determining the mechanisms and procedures that: i) help minimise the likelihood of their materialisation; ii) identify, report to the Board and overcome situations that may have arisen; iii) ensure their monitoring and control; and iv) show, if necessary, that these risks are among the Bank's main concerns, and that it possesses 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 "behaviours," 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; regarding relationships 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;
- Bribery and Corruption Prevention and Corporate Defence Policies. Santander possesses a Corporate Corruption Prevention Policy, which includes, among other aspects: 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;
- Additionally, a mandatory training programme has been designed for all employees.

Reputational Risk Policies

- Reputational Risk Policy;
- Sensitive Activities Policy, which limits risk-taking by the Bank in sensitive activities and requires that such activities be identified, reviewed, authorized and controlled by the highest local decision-making bodies;
- Policy for the Defence Sector, which defines the criteria to be followed in financial activities related to this sector.

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, every year an Activity Plan is prepared and approved, incorporating tasks defined as a result of a number of sources, which include risk self-assessment processes by the Compliance and Conduct Division, 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 possible 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.

During the period under analysis, the strategy adopted by the function focused primarily on improving the management of critical risks and strengthening the Risk Culture.

Complementary Information

Prevention of Money Laundering

Financial Crime Compliance (FCC)

Banco Santander S. A.'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 in an independent way, as well as 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 related to money laundering, the financing of terrorism, and sanctions, ensuring that the activity is carried out in accordance with the applicable legal and regulatory framework, as well as preventing and mitigating reputational risk.

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, in accordance with applicable legislation, is responsible for the following:

- Participating in the definition and issuance of a prior opinion on preventing money laundering and financing of terrorism policies, procedures, and controls;
- Permanently monitoring the suitability, 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;
- Acting as an interlocutor for judicial, police, supervisory, and inspection authorities, namely by fulfilling the duty of communication as stipulated in Article 43 of Law No.

83/2017, and ensuring the exercise of other communication and cooperation 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.

In 2025, the following reports were made to Supervisors:

- Reporting to the Portuguese Securities Market Commission (CMVM) on matters regarding AML/CFT, pursuant to Article 18.1 of the Portuguese Securities Market Commission (CMVM) Regulation No. 2/2020, as amended by CMVM Regulation No. 5/2025.
- Reporting to the Bank of Portugal (BoP) regarding AML/CFT matters, under the provisions of Article 83 of BoP Notice No. 1/2022, as amended by BoP Notices No. 1/2023 and No. 3/2024.
- Reporting to the Insurance and Pension Funds Supervisory Authority (ASF) regarding AML/CFT matters, pursuant to Article 29 of Regulatory Standard No. 10/2024-R, of the ASF.

Shareholder Structure

Shareholder	Number of Shares	%
Banco Santander, SA	1 383 690 177	99.42%

Treasury Shares

In keeping with the resolution passed by the Annual General Meeting held on May 30, 2025, Banco Santander Totta, S. A. (BST), 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, 2025, BST held 6,326,736 treasury shares corresponding to 0.455% of its Share Capital.

The increase in the number of treasury shares held compared to the end of 2024 reflects, exclusively, the impact of the simplified mergers by incorporation into BST of its subsidiary Taxagest – S.G.P.S., and of its majority shareholder, Santander Totta, S.G.P.S., which until then held direct stakes in BST, and also treasury shares in the case of Santander Totta, S.G.P.S., with these mergers taking effect from February 28, 2025.

TRANSACTION WITH OWN SHARES - 2025

Banco Santander Totta, S.A.	Number of Shares	Average Unit Price (€)	% of Share Capital
31/12/2024	435 492	1.00	0.031%
Effects of Merger by Incorporation	5 891 244	1.00	0.423%
31/12/2025	6 326 736	1.00	0.455%

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/2024	Transactions in 2025				Position at 31/Dec/2025	
		Date	Operation	Quantity	Unit Price Euros		
José Carlos Brito Sítima	Shares Banco Santander, SA	157,425	26-03-25	Sale	30,000	6.57	127,425
Pedro Aires Coruche Castro e Almeida	Shares Banco Santander, SA	364,778	19-02-25	Acquisition (attribution)	79,275	5.72	269,053
			13-11-25	Sale	175,000	9.53	
Amílcar da Silva Lourenço	Shares Banco Santander, SA	25,027	19-02-25	Acquisition (attribution)	23,559	5.72	33,586
			06-03-25	Sale	15,000	6.25	
Ana Cristina Mendes Torres *	-	0					0
Ana Isabel Abranches Pereira de Carvalho Morais	-	0					0
Cecília Richards Bustelo *	Shares Banco Santander, SA	-	14-02-25	Sale	5,911	5.72	23,064
			14-02-25	Sale	4,805	5.72	
Cristina Alvarez Alvarez	Shares Banco Santander, SA	45,712	14-02-25	Sale	24,403	5.72	35,831
			20-02-25	Sale	45,000	5.85	
Daniel Abel Monteiro Palhares Traça	-	0					0
Henrique Salema de Carvalho e Silva *	Shares Banco Santander, SA	-	06-02-25	Acquisition (attribution)	10,824	5.63 €	7,800
			17-02-25	Sale	41,890	5.80 €	
Isabel Cristina da Silva Guerreiro	Shares Banco Santander, SA	41,890	19-02-25	Acquisition (attribution)	40,616	5.72 €	51,440
	Shares Banco Santander, SA	-					21,839
João Manuel Barbosa Veiga Anjos **	Floating Rate Perpetual Bonds (Banco Santander, SA)	200,000					200,000
João Pedro Cabral Tavares	-	0					0
Manuel António Amaral Franco Preto ***	Shares Banco Santander, SA	186,587	18-02-25	Sale	905	5.96	
			18-02-25	Sale	181	5.96	
			18-02-25	Sale	3,294	5.96	
			18-02-25	Sale	1,960	5.96	
			18-02-25	Sale	2,079	5.96	
			18-02-25	Sale	427	5.96	
			18-02-25	Sale	3,674	5.96	
			18-02-25	Sale	2,079	5.96	
			18-02-25	Sale	2,044	5.96	
			18-02-25	Sale	817	5.96	
			18-02-25	Sale	1,001	5.96	
			18-02-25	Sale	2,079	5.96	
			18-02-25	Sale	1,894	5.96	
			18-02-25	Sale	1,001	5.96	
			18-02-25	Sale	1,182	5.96	
			18-02-25	Sale	1,058	5.96	
			18-02-25	Sale	2,079	5.96	
			18-02-25	Sale	2,046	5.96	
			18-02-25	Sale	200	5.96	
			18-02-25	Sale	4,822	5.96	
			18-02-25	Sale	185	5.96	
			18-02-25	Sale	373	5.96	
			18-02-25	Sale	179	5.96	
			18-02-25	Sale	671	5.96	
			18-02-25	Sale	3,120	5.96	
			18-02-25	Sale	1,940	5.96	
			18-02-25	Sale	1,001	5.96	
			18-02-25	Sale	623	5.96	
			18-02-25	Sale	2,037	5.96	
			18-02-25	Sale	3,418	5.96	
			18-02-25	Sale	1,001	5.96	
			18-02-25	Sale	2,037	5.96	
			18-02-25	Sale	719	5.96	
18-02-25	Sale	1,001	5.96				
18-02-25	Sale	1,364	5.96				
18-02-25	Sale	1,898	5.96				
18-02-25	Sale	1,001	5.96				
18-02-25	Sale	1,475	5.96				
18-02-25	Sale	1,058	5.96				
18-02-25	Sale	77	5.96				
18-02-25	Sale	550	5.96				
18-02-25	Sale	988	5.96				

(cont.)

* In the period between 03.05.2025 and 31.12.2025

** In the period between 21.11.2025 and 31.12.2025

*** In the period between 01.01.2025 and 30.07.2025

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

Entity	Position at 31/Dec/2024	Transactions in 2025				Position at 31/Dec/2025
		Date	Operation	Quantity	Unit Price Euros	
Manuel António Amaral Franco Preto ***	Shares Banco Santander, SA	18-02-25	Sale	874	5.96	
		18-02-25	Sale	2,079	5.96	
		18-02-25	Sale	2,061	5.96	
		18-02-25	Sale	272	5.96	
		18-02-25	Sale	899	5.96	
		18-02-25	Sale	1,000	5.96	
		18-02-25	Sale	2,079	5.96	
		18-02-25	Sale	2,030	5.96	
		18-02-25	Sale	1,000	5.96	
		18-02-25	Sale	1,057	5.96	
		18-02-25	Sale	680	5.96	
		18-02-25	Sale	271	5.96	
		18-02-25	Sale	2,079	5.96	
		18-02-25	Sale	4,795	5.96	
		18-02-25	Sale	2,044	5.96	
		18-02-25	Sale	310	5.96	
		18-02-25	Sale	1,001	5.96	
		18-02-25	Sale	2,079	5.96	
		18-02-25	Sale	1,852	5.96	
		18-02-25	Sale	1,046	5.97	
		18-02-25	Sale	1,883	5.97	
		18-02-25	Sale	3,118	5.97	
		18-02-25	Sale	763	5.97	
		18-02-25	Sale	2,079	5.97	
		18-02-25	Sale	1,111	5.97	
		19-02-25	Sale	1,427	5.93	
		19-02-25	Sale	1,296	5.93	
		19-02-25	Sale	5,246	5.93	
		19-02-25	Sale	2,884	5.93	
		19-02-25	Sale	1,427	5.93	
		19-02-25	Sale	929	5.93	
		19-02-25	Sale	912	5.93	
		19-02-25	Sale	1,224	5.93	
		19-02-25	Sale	1,976	5.93	
		19-02-25	Sale	1,427	5.93	
		19-02-25	Sale	3,302	5.93	
		19-02-25	Sale	913	5.93	
		19-02-25	Sale	1,223	5.93	
		19-02-25	Sale	814	5.93	
		19-02-25	Acquisition (attribution)	55,857	5.72	
		14-03-25	Sale	918	6.03	
		14-03-25	Sale	1,231	6.03	
		14-03-25	Sale	1,307	6.03	
		14-03-25	Sale	1,200	6.03	
		14-03-25	Sale	382	6.03	
		14-03-25	Sale	1,014	6.03	
		14-03-25	Sale	4,250	6.03	
14-03-25	Sale	1,323	6.03			
14-03-25	Sale	1,014	6.03			
14-03-25	Sale	1,235	6.03			
14-03-25	Sale	1,200	6.03			
14-03-25	Sale	1,256	6.03			
14-03-25	Sale	1,014	6.03			
14-03-25	Sale	5,000	6.03			
14-03-25	Sale	2,656	6.03			
17-02-25	Sale	10,000	5.85			
18-02-25	Sale	10,000	5.90			
18-02-25	Sale	10,000	5.95			
18-02-25	Sale	10,000	5.87			
19-02-25	Acquisition (attribution)	46,032	5.72			
24-02-25	Sale	10,000	5.95			
25-02-25	Sale	10,000	6.10			
26-02-26	Sale	10,000	6.21			
28-02-25	Sale	10,000	6.22			
14-03-25	Sale	10,000	6.20			
14-03-25	Sale	10,000	6.23			
17-03-25	Sale	10,000	6.27			
17-03-25	Sale	10,000	6.30			
17-03-25	Sale	10,000	6.33			
Rodrigo Echenique Gordillo **	Shares Banco Santander, SA	-	-	-	-	1,666,407
Susana Cristina Marques Casimiro Rodrigues Ferreira da Silva *	Shares Banco Santander, SA	-	-	-	-	30,167
						92,444
						53,174

* In the period between 03.05.2025 and 31.12.2025

** In the period between 21.11.2025 and 31.12.2025

*** In the period between 01.01.2025 and 30.07.2025

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

Positions held by members of the Board of Directors and the Audit Committee in other companies as of 31 December 2025

Name	Qualification	Positions held in Santander Group	Other Positions Activities in practice
José Carlos Brito Sítima	Non-Independent	-	Portuguese-Spanish Chamber of Commerce and Industry (Member of the Board of Directors NE, appointed by Banco Santander Totta, SA)
Pedro Aires Coruche Castro e Almeida	Non-Independent Executive	PagoNxt, S.L. (Member of the Board of Directors NE) Santander UK Group Holdings, plc (Member of the Board of Directors NE) Santander UK, plc (Member of the Board of Directors NE)	Portuguese Banking Association (Member of the Board of Directors, appointed by Banco Santander Totta, SA) BRP - Business Roundtable Portugal Association (Member, representing Banco Santander Totta, SA) São Francisco de Paula Parish Center (NE Director) Endeavor Global Portugal, Association (Member of the Board of Directors, appointed by Banco Santander Totta, SA) Alfredo de Sousa Foundation (Member of the Board of Trustees, appointed by Banco Santander Totta, SA) ISEG - Lisbon School of Economics & Management, University of Lisbon (Member of the School Council) MindAlliance Portugal (Member of the Advisory Board, appointed by Banco Santander Totta, SA) The Trilateral Commission (Member of the European Group)
Amílcar da Silva Lourenço	Non-Independent Executive	-	CIP - Confederation of Portuguese Business (Vice-Chairman of the General Council, appointed by Banco Santander Totta, S.A.) COTEC Portugal - Business Association for Innovation (Chairman of the Supervisory Board, appointed by Banco Santander Totta, SA)
Ana Cristina Mendes Torres	Independent	-	Omnitécnica - Sociedade Comercial e Industrial Electrotécnica, S.A. (Presidente do Conselho Fiscal e membro da Comissão de Remunerações) Fundação Mendes Gonçalves (Membro do Conselho de Administração NE) Omnitécnica - Sociedade Comercial e Industrial Electrotécnica, S.A. (Chairman of the Supervisory Board and member of the Remuneration Committee)
Ana Isabel Abranches Pereira de Carvalho Morais	Independent	-	Águas do Vale do Tejo, S.A. (Chairman of the Supervisory Board) EPAL - Empresa Portuguesa das Águas Livres, S.A. (Chairman of the Supervisory Board) Accounting Standards Committee (Member of the General Council, as "Personality of Recognized Merit" and Vice-President) ISEG - Lisbon School of Economics & Management, University of Lisbon (Member of the Scientific Council and Full Professor on Sabbatical)
Cecília Richards Bustelo	Non-Independent	Banco Santander España, SA (Head of Enterprise Risk Management, Non-Financial Risks and ESG.) Santander Global Cards & Digital Solutions, S.L. (Membro do Conselho de Administração NE)	-
Cristina Alvarez Alvarez	Independent	Banco Santander España, SA (Head of T&O) Santander de Titulización, S.G.F.T., S.A. (Member of the Board of Directors NE) Santander Global Technology and Operations, SL Unipersonal (Member of the Board of Directors NE)	AEDAS HOMES, SA (Member of the NE Board of Directors, Chairman of the Technology, Innovation and Cybersecurity Committee and Member of the Remuneration and Nominations Committee) IE Business School, Madrid (Senior Advisory)
Daniel Abel Monteiro Palhares Traça	Independent	-	ESADÉ Ramon Llull University (Managing Director) TAP - Transportes Aéreos Portugueses, S.A. Special Committee for Monitoring Privatisation (Chairman)
Henrique Salema de Carvalho e Silva	Independent	-	Independent Consultant Quinta das Mathadas, S.A. (Chairman of the Board of Directors NE)
Isabel Cristina da Silva Guerreiro	Non-Independent Executive	Santander Bank Polska, S.A. (Member of "Supervisory Board" NE)	-
João Manuel Barbosa Veiga Anjos	Non-Independent Executive	-	-
João Pedro Cabral Tavares	Independent	Santander Portugal Foundation (Member of the Board of Trustees)	ACEGE - Christian Association of Entrepreneurs and Managers (President of the Strategic Council) AICD - Association for Insertion by Digital Information Centers (Member of the Strategic Council) C-More Sustainability, Lda (Senior Advisory) Gaudium Magnum Foundation - Maria and João Cortez de Lobão (Member of the Board of Directors NE) Gonçalo da Silveira Foundation (Member of the Board of Trustees) IES - Social Business School (Chairman of the Board of Directors NE) UNIAPAC Europe (President) PWN (Professional Women's Network) Lisbon - Association (Member of the Board of Directors - NE) NTT DATA Portugal, SA (Advisory Director and professor at the Portuguese Catholic University)
Miguel Belo de Carvalho	Non-Independent Executive	Portal Universia Portugal - Prestação de Serviços de Informática, SA (Chairman of the Board of Directors NE) Santander Portugal Foundation (Chairman of the Board of Trustees)	Lusiada University - Faculty of Economic and Business Sciences (Member of the Advisory Board) SIBS - Forward Payment Solutions, SA (Member of the Board of Directors NE) SIBS SGPS, SA (Member of the Board of Directors NE) Unicre - Instituição Financeira de Crédito, SA (Member of the Shareholders' Committee for Monitoring Unicre's Activity and Social Affairs) ACEGE - Christian Association of Entrepreneurs and Managers (Member of the Strategic Council)
Rodrigo Echenique Gordillo	Non-Independent	Banco Santander Foundation (Chairman of the Board of Trustees and Member of the Executive Committee)	Inditex SA (Member of the Board of Directors, Member of the Audit and Compliance Committee, Member of the Nominations Committee and Chairman of the Remuneration Committee) Fundación Consejo España-EE.UU (Member of the Board of Trustees) Fundación del Teatro Real (Member of the Board of Trustees) Escuela Superior de Música Reina Sofia (Member of the Board of Trustees) Fundación PRO CNIC (Member of the Board of Trustees)
Susana Cristina Marques Casimiro Rodrigues Ferreira da Silva	Non-Independent Executive	-	-

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 the European Securities and Markets Authority (ESMA) 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 non-financial assets, net," as presented in the Statement of Profit or Loss.

Operating Income

"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

"Operating Income" 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 amortized cost

"Impairment or reversal of impairments of financial assets not measured at fair value through profit or loss — Financial assets at amortized cost," as shown in the Statement of Profit or Loss.

Net impairment of 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 expenses 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

"Profits or loss on 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 "Operating Income" 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 amortized cost – debt securities," plus "Financial assets at amortized 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."

Net loans and advances to customers (net)

Loans and advances to customers (gross), net of impairments. Impairments correspond to the sum of "Impairments 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 "Impairments or reversal of impairments of financial assets not measured at fair value through profit or loss - Financial assets at amortized 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 heading "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.

Customer's 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 the average value of "Total Equity".

Return on Assets (RoA)

Ratio between "Consolidated Net Income Attributable to BST Shareholders" and the average value of "Total Assets."

Return on Tangible Equity (ROTE)

Ratio between "Consolidated net income for the year attributable to BST shareholders" and the average value of "Total Equity" less capital instruments AT1 and "Intangible Assets."

Corporate Governance Report

I - Introduction

Banco Santander Totta, S. A. has prepared this Corporate Governance Report for the financial year of 2025, 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 paragraph 5 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.

The Bank observes the applicable corporate governance framework, namely by adopting the governance model defined at the Santander Group level, within the context of applicable legal and regulatory provisions.

It should be noted that, during the financial year of 2025, and regarding its corporate governance and internal control model, the Bank observed and complied with the procedures laid down in 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 the Bank amounted to € 1,391,779,674, represented by 1,391,779,674 ordinary shares, with a nominal value of €1 each.

During the financial year of 2025, specifically on February 28th, the process of consolidating the governance and overall efficiency model of the Santander Group in Portugal was finalized through the commercial registration of the mergers by incorporation of the companies Santander Totta, S.G.P.S., S.A. and Taxagest – Sociedade Gestora de Participações Sociais, S.A. into Banco Santander Totta, S. A..

The Bank's Share Capital is 99.42% owned by Banco Santander, S. A., 0.45% corresponds to treasury shares of Banco Santander Totta, S. A., and 0.13% is dispersed among various shareholders.

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 Salaries Committee appointed by the General Meeting.

The members of the Bank's governing bodies in office during the financial year of 2025, with the exception of two members listed below, were elected by the Annual General Meeting on December 5, 2024, to serve during the term corresponding to the years 2025-2027. The only exception was the Statutory Auditor, which was reappointed for one year, namely 2025, due to compliance with the legal maximum limit.

The members of the Board of Directors and of the Audit Committee took office on May 3, 2025, following the respective authorization to perform their duties granted by the European Central Bank on May 2, 2025. On May 6, 2025, the Board of Directors, pursuant to Article 407 of the Portuguese Companies Code, and Articles 16 and 17 of the Bank's Articles of Association, approved the composition of the Executive Committee and of the other Board Committees, namely the Risk Committee, the Appointments Committee and the Remuneration Committee.

Also during 2025, and following the resignation submitted by Manuel Preto from his respective positions as Member of the Board of Directors, Deputy CEO and Chief Financial Officer (CFO), and the decision of the Santander Group to strengthen its representation in the Bank with a new Group Director, João Veiga Anjos and Rodrigo Echenique were elected by the Annual General Meeting held on September 5, 2025, as Members of the Board of Directors for the current term (three-year period 2025-2027).

Directors João Veiga Anjos and Rodrigo Echenique began their roles as members of the Board of Directors on November 21, 2025 (executive (CFO) and non-executive, respectively), after having obtained the approval of the European Central Bank.

The Board of Directors appointed its Executive Member, Isabel Guerreiro as Deputy CEO, on July 29, in accordance with the proposal submitted by the Executive Committee.

In October 2025, following the anticipated departure of the current Vice-Chairman of the Board of Directors and CEO of the Bank, who will take up new responsibilities within the Group in the first quarter of 2026, the Bank initiated the mechanisms foreseen in the legislation and internal regulations for identifying a preferred candidate for Executive Member of the Board of Directors for the remainder of the 2025-2027 term, and activated the succession plan for the position of Chief Executive Officer — CEO.

The member identified to join the Board of Directors and the Executive Committee for the current term, as of the date of preparation of this Report, obtained authorization to begin his duties from the competent supervisory entities in January 2026.

At the time this report was prepared, the Board of Directors, at a meeting held on February 24, 2026, resolved the following:

- To co-opt Joaquim Manuel de Oliveira Filipe as Executive Director of the Bank for the remainder of the 2025-2027 term, to be submitted for ratification at the next Annual General Meeting;
- To appoint Rodrigo Echenique Gordillo as Vice-President of the Board of Directors;
- To appoint Isabel Cristina da Silva Guerreiro as Chief Executive Officer;
- To appoint Miguel Belo de Carvalho as Deputy CEO.

On March 30, 2026, the Annual General Meeting ratified the co-option of Joaquim Manuel de Oliveira Filipe as Executive Director of the Bank for the remainder of the 2025-2027 term.

On the other hand, and because the mandate of the Bank's Statutory Auditor for the financial year of 2025 ended on December 31, 2025, on May 30, 2025, the Bank's Annual General Meeting approved, pursuant to Article 7.1 of the Articles of Association, and following the proposal submitted by the Audit Committee, the appointment of the Statutory Auditor, BDO & Associates, represented by Rui Carlos Lourenço Helena, as the Company's Statutory Auditor for a two-year term, corresponding to the 2026-2027 biennium.

The composition of the Bank's governing bodies as of December 31, 2025, was as follows:

BOARD OF THE GENERAL MEETING

Chair:	António Maria Pinto Leite
Vice-Chair:	Ricardo Andrade Amaro
Secretary	Bruno Miguel dos Santos de Jesus

BOARD OF DIRECTORS

Chair:	José Carlos Brito Sítima
Vice-Chair:	Pedro Aires Coruche Castro e Almeida ³
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 Manuel Barbosa Veiga Anjos ⁴
	João Pedro Cabral Tavares
	Miguel Belo de Carvalho
	Rodrigo Echenique Gordillo ⁴
	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, SROC, LDA., represented by José Manuel Henriques Bernardo.
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³ Submitted his resignation from his position, effective from March 1, 2025, inclusive.

⁴ Began their duties on November 21, 2025.

EXECUTIVE COMMITTEE

Chair:	Pedro Aires Coruche Castro e Almeida
Vice-Chair:	Isabel Cristina da Silva Guerreiro
Members:	Amílcar da Silva Lourenço
	João Manuel Barbosa Veiga Anjos
	Miguel Belo de Carvalho
	Susana Cristina Marques Casimiro Rodrigues Ferreira da Silva

RISK COMMITTEE

Chair:	João Pedro Cabral Tavares
Members:	Ana Cristina Mendes Torres
	Cecilia Richards Bustelo
	Daniel Abel Monteiro Palhares Traça
	Henrique Salema de Carvalho e Silva

REMUNERATIONS COMMITTEE

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

APPOINTMENTS COMMITTEE

Chair:	Daniel Abel Monteiro Palhares Traça
Members:	Ana Isabel Abranches Pereira de Carvalho Morais
	Ana Cristina Mendes Torres
	Cecilia Richards Bustelo
	João Pedro Cabral Tavares

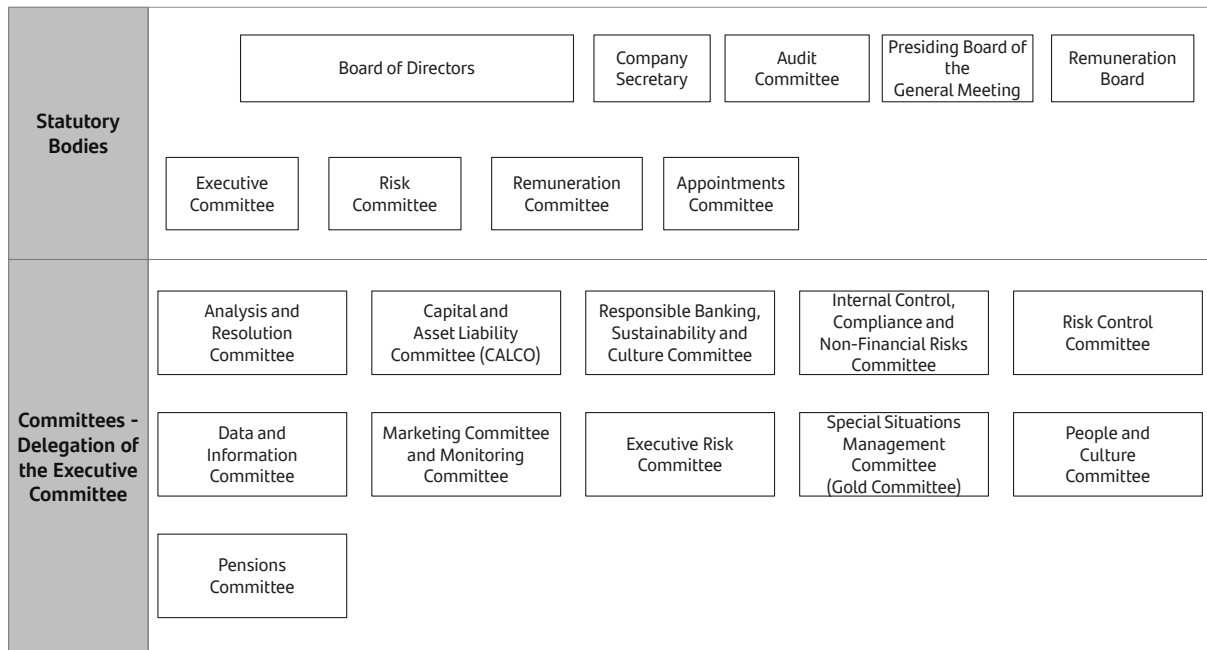
REMUNERATION BOARD

Chair:	Luis Otamendi Rodriguez
Member:	Jose Manuel Fernandez de Troconiz Fernandez

COMPANY SECRETARY

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

The organizational structure of the Bank's Governance Model is the following:



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 December 05, 2024, for the 2025/2027 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 the information details referred to in Article 288(4) of the CCC by email, 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.

During the financial year of 2025, the Bank held three General Shareholder Meetings.

On March 28, 2025, the Bank held a General Meeting in which the management report, the financial statements for the year and other individual accountability documents relating to the financial year of 2024 were approved, as well as the Corporate Governance Report relating to the same financial year, and the proposal for the appropriation of net income for the financial year of 2024.

On May 30, 2025, the Bank held its Annual General Shareholder Meeting, at which it approved the management report, the financial statements for the year and other consolidated financial statements relating to the financial year of 2024, including the corporate governance report, as well as the general assessment of the Company's administration and supervision, approved the Bank's remuneration policy and the remuneration policy for the management and supervisory bodies, approved the proposed level of the variable component of total remuneration, approved the proposed internal selection and evaluation policy, appointed the Statutory Auditors for the financial years of 2026 and 2027, approved the proposal for the acquisition of treasury shares, and approved the proposal for the acquisition and disposal of treasury bonds.

On September 5, 2025, the Bank held an Extraordinary General Meeting in which it approved the expansion of the number of members of the Board of Directors from 14 to 15 members, and elected two members of the Board of Directors for the remainder of the current term (2025/2027).

All 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 Shareholder Meeting.

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.

According to the Bank's 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 designate the Chairman of the Board of Directors, this body will choose its Chairman and may, if it so decides, also designate one or more Vice-Chairmen.

Before submitting the members of the corporate bodies to the General Meeting for election, the Bank conducts an individual and collective assessment of the candidates for the Board of Directors and for the Audit Committee in accordance with the Group-Subsidiary Governance Model (MGGS), the Internal Selection and Evaluation Policy, and the policy for the selection, suitability assessment and succession of directors of Banco Santander Totta, S. A.

The proposal submitted to the General Assembly includes all relevant documents for assessing the suitability of the candidates' profiles, knowledge, and professional experience, as well as the required diversity within the Board of Directors.

The suitability of the members of the management body is subject to an initial assessment and annual reassessment, and whenever any supervening facts occur.

The Board of Directors conducts an annual self-assessment of its effectiveness, evaluating its performance as a collegial body, as well as that of some of its members (such as the Chairman and the CEO), and of its committees. Periodically, the Board of Directors promotes independent evaluations carried out by external entities on the conduct and values of the Bank, of the Board itself, and of its Committees.

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, including:

A non-executive Chairman of the Board of Directors and a Chief Executive Officer (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-making 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), 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.

Composition, positions and qualifications of the Board Members elected for the 2025-2027 term, and in office as of December 31, 2025:

Board of Directors	Body and Position	Capacity
José Carlos Brito Sitima	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
Amílcar da Silva Lourenço	Board of Directors - Member Executive Committee - Member	Executive Not independent
Ana Cristina Mendes Torres	Board of Directors - Member Audit Committee - Member Risk Committee - Member Remunerations Committee - Chairman Appointments Committee - Member	Non-Executive Independent
Ana Isabel Abranches Pereira de Carvalho Morais	Board of Directors - Member Audit Committee - Chairman Appointments Committee - Member	Non-Executive Independent
Cecília Richards Bustelo	Board of Directors - Member Appointments Committee - Member	Non-Executive Not independent
Cristina Álvarez Álvarez	Board of Directors - Member Remunerations 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
Henrique Salema de Carvalho e Silva	Board of Directors - Member Audit Committee - Member Risk Committee - Member Remunerations Committee - Member	Non-Executive Independent
Isabel Cristina da Silva Guerreiro	Board of Directors - Member Executive Committee - Vice-Chairman	Executive Not independent
João Manuel Barbosa Veiga Anjos	Board of Directors - Member Executive Committee - Member	Executive Not independent
João Pedro Cabral Tavares	Board of Directors - Member Audit Committee - Member Risk Committee - Chairman Remunerations Committee - Member Appointments Committee - Member	Non-Executive Independent
Miguel Belo de Carvalho	Board of Directors - Member Executive Committee - Member	Executive Not independent
Rodrigo Echenique Gordillo	Board of Directors - Member	Non-Executive Not independent
Susana Cristina Marques Casimiro Rodrigo Ferreira da Silva	Board of Directors - Member Executive Committee - Member	Executive Not independent

The Bank's Board of Directors currently in office includes fifteen members, of which nine are non-executive (60%) and six are executive (40%), five are independent members (33%), and six are from the underrepresented gender, which corresponds to a metric of 40%.

The composition, structure and size of the current Board of Directors, and the experience, knowledge and time devoted by its members, are adequate and proportionate to the dimension of the Bank and to the complexity of its activities and organization.

The Board of Directors, as a whole, is endowed with sufficient diversity in terms of gender, age, geographic origin, international experience, general experience, and knowledge.

The members of the Board of Directors comply with all legal provisions regarding communication of the various positions held concurrently, and there are no incompatibilities between the management positions the members of the Board of Directors hold at the

Bank and other positions held by them.

On May 6, 2025, 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.

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 Self-Assessment of Capital Adequacy or Internal Liquidity 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 the evaluation of suitability 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 of the Risk Division), CCO (Chief Compliance Officer or Head of 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 2025, the Board of Directors met twelve 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 of the Board and by those present.

In 2025, the Board of Directors reviewed its regulations three times, which are available on the intranet and on the Bank's website at: https://www.santander.pt/pdfs/investor-relations/santander-totta-sa/governo-sociedade/principais-regulamentos/Regulamento_Conselho_Administracao_BST.pdf

Committees created by 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.

The CEO chairs the Executive Committee meetings and has a casting vote. His responsibilities include namely the following, among others:

- 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;
- Make recommendations to the Board regarding strategic direction;
- 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, namely by informing and consulting the Chairman on all significant matters;
- Coordinate the activities of the Executive Committee and ensure the implementation of its decisions;
- Ensure that clear guidance is provided to the Bank's first-line reporting officers, and oversee risk management controls, without prejudice to the responsibilities of the Board and its Committees;
- Ensure an effective management team and a plan for performance evaluation, professional development and succession, without prejudice to the responsibilities of the Board and its Committees;
- Maintain a positive, ethical work environment, and foster an organizational culture that promotes ethical practices and social responsibility;
- *Act as the Bank's main spokesperson with key stakeholders.*

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

As of December 31, 2025, the distribution of Portfolios among the members of the Executive Committee was as follows:⁵

Executive Committee	Portfolios
Chairman Pedro Castro e Almeida	General Secretariat; People and Culture; Risk Management ⁶ ; Compliance and Conduct ⁷ ; Communications; <i>Customer Care</i> ; Support to the Presidency; Accounting, Management Control and Cost Control, Taxation and Procurement.
Vice-Chair Isabel Guerreiro	Individuals and Businesses Network — North; Individuals and Businesses Network — South and Islands; Remote and Digital Network; Commercial Excellence; Customer Strategy, Customer Experience and Digital Performance; Analytics and Models; Network Resources, Internal Control and Commercial Hubs; Business Segment Management and Development; Protection; Everyday Banking; Pricing Decision; Risks and Business Credit Operations.
Members Amílcar Lourenço	Commercial Division Corporate; Key Accounts — North; Key Accounts — South; Corporate and Investment Banking; Specialized and Protocolized Credit; Multinational Companies; Business Strategy; Promotion of Construction and IFRRU; International Business; Special Projects; RORWA and Price Management.
João Veiga Anjos	Economic Research and Investor Relations; Financial and Capital Management; Lending Office.
Miguel Belo de Carvalho	Private Banking; Distribution Services Development; Savings and Investment; Consumer Credit; Universities; Sustainability; Marketing of Payment and Reporting Solutions; Real Estate; Credit Monitoring and Recovery.
Susana Ferreira	Service Development; Cybersecurity; Service Strategy; Service Management; Data Governance; Payments; Operations; Processes. <i>Responsible for Money Laundering Prevention issues</i>

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.

During the financial year of 2025, the Executive Committee met 43 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 of the Board 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>

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

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

⁵ 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

⁶ Risks reports administratively and operationally to the CEO, and functionally to the Risk Committee and to the Santander Group

⁷ Compliance and Conduct reports administratively and operationally to the CEO, and functionally to the Risk Committee and to the Santander Group

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

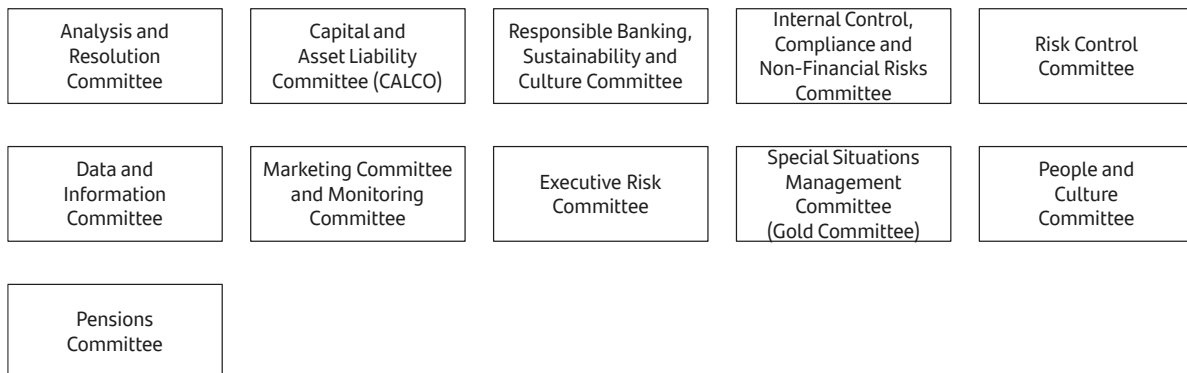
Members of the Executive Committee who are not part of a specific Committee may take part in it on their own initiative whenever they see fit.

The meetings frequency for each Committee is defined 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.

As of December 31, the **Executive Committee** counted on a structure with 12 Committees:



1. **Analysis and Resolution Committee:** It is an internal control body for the prevention of financial crime, corporately known as Financial Crime Compliance (FCC).
2. **CALCO Committee —Capital, Assets and Liabilities Committee:**⁸ Manages the Bank's balance sheet, monitoring, controlling and supervising in a coordinated manner all structural risks related to the balance sheet, namely capital, market, liquidity, interest rate, credit spread, and banking book risks, as well as establishing contingency plans, promoting hedging strategies, and deciding on the Bank's strategic positioning in order to optimize the net interest income and the levels, profitability and economic value of capital.
3. **Responsible Banking, Sustainability, and Culture Committee:** 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.
4. **Internal Control, Compliance and Non-Financial Risks Committee:** Monitors the Internal Control, Compliance, and Risk Management activities, particularly regarding non-financial risks.
5. **Marketing Committee:** Reviews proposals relating to the marketing of products / provision of services and decides on their approval, including managing the respective conduct risk, when associated with the marketing of products / provision of the services.
6. **Monitoring Committee:** Monitors all products marketed and services provided by the Bank, with a view to managing identified incidents and mitigating and overcoming any subsequent risks that may arise.
7. **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 Corporate 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.
8. **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.

⁸ With the main objective of simplifying the governance model, in July 2025, the Asset and Liability Committee (ALCO) was unified with the Capital Committee.

9. **Executive Risk Committee:** It is the highest risk decision-making body, in accordance with the risk governance model approved by the Board of Directors.
10. **People and Cultures Committee:** Its main objective is to implement the Bank's Staff Management strategy.
11. **Special Situations Management Committee (Gold Committee):** Its main objectives are the management of Special Situations within the scope of assigned responsibilities, as well as providing support to the competent authorities in a Termination event.
12. **Pensions Committee:** 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.

Risk 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 Risk 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 Chairman of the Executive Committee.

Among the responsibilities of the Risk Committee, the following stand out:

- To offer advice to the Board of Directors on the Bank's overall risk appetite and risk strategy, both current and future.
- To assist the management body in overseeing the implementation of the risk strategy and ensuring that social activities comply with the defined risk appetite.
- To decide on the merely indicative proposals submitted to it for consideration, regarding the selection, appointment and/or removal of the Chief Risk Officer (CRO), and the setting of its goals, and conduct its annual performance evaluation.
- To ensure the independence and availability of the material and human resources required for the effective performance of the Chief Risk Officer's duties.
- To support and offer advice to the Board of Directors on the definition and evaluation of risk policies affecting the Bank.
- To assess whether the conditions of the products and services offered to customers take into account the Bank's business model and risk strategy, and present a corrective plan to the management body when such assessment shows that said conditions do not adequately reflect the risks.
- To ensure the development of sustainability policies and strategies and the implementation of codes of conduct, whenever such responsibilities are not carried out by another corporate committee.
- To examine whether the incentives established in the Bank's remuneration policy take into account risk, capital, liquidity, and expectations regarding results, including revenue dates.
- To conduct a systematic review of exposures with key customers, by economic sector, geographic area, and type of risk.
- To understand and evaluate management tools, improvement initiatives, project progress, and any other relevant activities related to risk control, including the policy on internal risk models and their internal validation.
- To support and advise the Board of Directors on regulatory and supervisory matters, monitoring the statements or reports issued by supervisory entities.
- To review all capital planning exercises.
- To review and validate the risk appetite proposal formulated by the relevant executive committee, prior to its approval by the Board of Directors.
- To periodically receive information on the suitability of the risk profile to the authorized risk appetite, as well as periodic information from those responsible for risk management and compliance and conduct.
- To decide on the merely indicative proposals submitted to it for consideration, regarding the selection, appointment and/or removal of the Chief Compliance Officer (CCO), and the setting of its goals, and conduct its annual performance evaluation.

- To ensure the independence and availability of the material and human resources required for the effective performance of the Chief Compliance Officer's duties.
- To receive periodic updates on the activities of the Compliance division.
- To oversee compliance with the Crime Prevention Policy.
- To participate in the approval and amendment of the Compliance Policy, of the General Code of Conduct, of the procedures relating to the prevention of money laundering and the financing of terrorism, and of other Models, Policies or Procedures to be approved by the Board of Directors, in order to ensure that they are in accordance with the Corporate Culture, as well as to supervise their compliance.
- To receive reports about the Whistleblowing Channel.
- To receive information and, if applicable, issue reports on disciplinary measures for management members.
- To oversee the implementation of actions and measures resulting from reports issued or assessments carried out by supervisory and control entities.
- To review the reports issued by Risk Management, Compliance and Internal Audit, in accordance with Bank of Portugal Notice No. 3/2020, as amended by Notice 2/2025.

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

In 2025, the **Risk Committee** had the following composition:

Chair:	João Pedro Cabral Tavares
Members:	Ana Cristina Mendes Torres
	Cecilia Richards Bustelo
	Daniel Abel Monteiro Palhares Traça
	Henrique Salema de Carvalho e Silva

The Risk Committee meets at least four times a year. In the fiscal year of 2025 it met ten times, five of such meetings happened with the Audit Committee as well.

The Bank's Internal Governance and the Company's Substitute Secretary served as the secretary for the meetings of the Risk Committee, 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>

Appointments Committee

The Appointments 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.

In 2025, the **Appointments Committee** had the following composition:

Chair: Daniel Abel Monteiro Palhares Traça

Members: Isabel Abranches Pereira de Carvalho Morais
Cristina Alvarez Alvarez
Cecilia Richards Bustelo
João Pedro Cabral Tavares

The Appointments Committee meets at least four times a year. In 2025 it met seven 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>

Remunerations Committee

The Remunerations 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.

In 2025, the **Remunerations Committee** had the following composition:

Chair: Ana Cristina Mendes Torres

Members: Cristina Alvarez Alvarez
Daniel Abel Monteiro Palhares Traça
Henrique Salema de Carvalho e Silva
João Pedro Cabral Tavares

The Remunerations Committee meets at least four times a year. In 2025 it met seven 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>

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.

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 Regulation.

The Audit Committee is responsible for, among other aspects:

- Monitoring and supervising the Bank's management;
- Monitoring compliance with the legal and corporate rules that govern the Bank's activity;
- 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;
- Checking whether the accounting policies and valuation criteria adopted by the Bank lead to a correct assessment of assets and results;
- 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, as prepared by the CCO, the internal audit plan and its execution, as prepared by the CAE;
- Receiving reports on irregularities submitted by shareholders, Bank employees and others, and carrying out the respective monitoring;
- 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 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 Chief Audit Executive reports functionally to the Audit Committee.

The Audit Committee meets regularly with the External Auditors, with the Chief Audit Executive (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, to ensure effective communication and coordination.

Under the terms of its regulations and with a view to strengthening the governance model and increasing efficiency through synergies on the part of each body, when certain matters within the scope or competence of the Audit Committee are also, for any purpose, within the competence or scope of the Risk Committee, the Chair of the Audit Committee may foster the joint assessment of such matters by the members of the Audit Committee and the Risk Committee, in particular in order to promote more effective communication and coordination and a more comprehensive approach to the matters at stake.

The members of the Bank's Audit Committee were elected by the Annual General Assembly held on December 5, 2024, for the 2025/2027 term, thus fulfilling the first year of their current term.

In the financial year of 2025, the **Audit Committee** had the following composition:

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

The main activities of the Audit Committee in 2025 were the following:

- i. It monitored the evolution of the Bank's business, both within the scope of its own meetings and by attending the Board of Directors meetings and by accessing all documents produced by this body and by the Committees to which the Board has delegated its powers, and through access to quarterly, semi-annual and annual information on the Bank's activity and results and to any other relevant documents, and through contacts maintained with its managers, having obtained all the requested clarifications;
- ii. It quarterly monitored the process of preparing and disclosing the Bank's financial information. It reviewed the management report and accounts for the financial year, as well as the Statutory Audit Report and the Additional Report submitted by the Statutory Auditor;
- iii. It regularly reviewed the status of accounting and financial management matters, including: analysis of the credit portfolio and credit impairment, analysis of moratoria and recoveries, analysis of the main management judgments and estimations, main nature of deferred tax assets and liabilities, defined benefit pension plans, demographic and financial assumptions, evolution of the pension fund, liquidity and solvency levels, deficiencies detected in the internal financial control system and accounting system, and status of achievement of corrective measures;
- iv. Regarding the internal control system, it assessed the evolution of the activity of the risk control, compliance and internal audit functions, through the presentation, at the Audit Committee meetings, of periodic reports of the aforementioned functions. 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 subparagraph c) of Article 56.1 of the Notice;
- v. It monitored the activities of the Risk Management Function, periodically reviewing the work carried out by the Chief Risk Officer (CRO), namely as reflected in the quarterly report on the activity of the Risk Management division, in the reports on the evolution of the main risk indicators (Top Risks, risk profile and risk appetite), and in the annual formulation of the 2024 Risk Appetite, and became aware of the Status of Recommendations (Internal Control, Internal Audit, External Audit and Regulators);
- vi. It reviewed the Environmental, Social and Climate Change Risk Management Policy; the policy for granting and restructuring credit to debtors or groups of debtors at increased risk; and took note of the current status of access management activities and the presentation of the strategy for the evolution of the framework, namely the evolution of the topic on access control and the access management strategy adopted;
- vii. It also reviewed the essential aspects of the Outcomes of the Annual Assessment and Certification Campaign (RCSA + CI) — Internal Control Model 2024;
- viii. It periodically reviewed the activity carried out by the CCO, namely that reflected in the Compliance Function's semi-annual report (including New Approved Products, semi-annual information on the Compliance Function's activities, summary of legal contingencies, summary of complaints received through the "Whistleblowing Channel", summary of specific Sanctions / Determinations and Supervisory Communications and Compliance policies approved during the semester), and reviewed the internal Compliance and Conduct policies, namely, the General Code of Conduct, the Policy on Prevention, Communication and Resolution of Conflicts of Interest, the Corporate Defence Policy, the Policy and Procedures for Reporting Irregularities, the General Code of Conduct in the Securities Market, the Policy on Transactions with Related Parties, and the Global Compliance Policy;
- ix. It reviewed the list of related parties and issued an opinion on transactions with related parties;
- x. Specifically, it reviewed the annual report on Compliance (Article 28.1, subparagraphs o) and p) of Bank of Portugal Notice No. 3/2020, of July 15; Article 115-A, paragraph 6 of the RGICSF (the Legal Framework for Credit Institutions and Financial Companies); Article 1.1 of CMVM Regulation No. 9/2020, and Article 305.2 of the CMVM); 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 Analysis of the Joint Supervisory Team's (JST) Deep Dive into the Compliance Function at BST; the Compliance Function's activity plan for 2024; the Compliance Function's Resource Analysis; and the follow-up on the Financial Crime Compliance Transformation Plan;

- xi.** It periodically reviewed the proper functioning of the Irregularities Reporting Channel and monitored the complaints received;
- xii.** It supervised the Internal Audit Function, approving the internal audit plan and ensuring its independence and effectiveness; reviewed the Internal Audit Budget; reviewed the CAE's annual objectives and the results of the internal quality management system; and became aware of: the execution of the internal audit plan, the state of development and modifications of the annual plan, the conclusions of the audits carried out during the period of reference and the evolution of ratings, the status of resolution of recommendations and escalated recommendations, thus allowing for a comprehensive monitoring of the recommendations made by internal audit;
- xiii.** It monitored the performance of the Chief Audit Executive, assessing its objectives and conducting the respective evaluation;
- xiv.** It periodically followed up on the Cybersecurity status report submitted by the Bank's Chief Information Security Officer (CISO);
- xv.** It monitored the status of recommendations from Internal Control, Internal Audit, External Audit, and from the Supervisors, following the identified recommendations and their respective plans, both in terms of their degree of implementation and the defined deadlines;
- xvi.** It took note of the evolution of data quality;
- xvii.** It supervised and monitored the activity of the Statutory Auditor and conducted the annual follow-up of the professional performance of the external auditors for the year 2024. It reviewed the statutory audit report and the supplementary report for the year 2024; the conclusions of the impairment report on the Bank's loan portfolio and the conclusions of the limited review of the Bank's financial statements as of September 30, 2025;
- xviii.** It approved the provision of distinct audit services, in accordance with Regulation No. 537/2014 of the European Parliament and of the Council of April 16, 2014, and Law No. 99-A/2021 of December 31, 2021, after prior verification of their suitability. It noted, in particular: (i) that the services in question were not eligible for inclusion in the list of prohibited services and were not seen as a threat to the independence and objectivity of the Statutory Auditor, in the context of statutory audit work; (ii) that the proposed fee amounts did not exceed the legally established limits of fees for services other than auditing; (iii) that the services other than auditing contracted to PwC were justified by experience in developing similar work, and that the required conditions for it to be provided with independence and objectivity were met.

The Audit Committee meets at least six times a year and whenever the Chair deems it necessary or any of the other members requests it.

During the financial year of 2025 it met thirteen times, five of which 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>.

IV — INTERNAL CONTROL AND RISK MANAGEMENT

The Bank's Board of Directors is responsible for ensuring that the established system of governance and internal control takes into account the principle of proportionality and the degree of centralization of authority and delegation established within the Institution, ensuring the existence of internal control functions with status, authority, and independence within the organizational structure.

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.

Within the scope of their respective powers, the Board of Directors is 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 is 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.

The system implemented by the Bank is organized in such a way as to promote an appropriate environment of control 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 all 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.

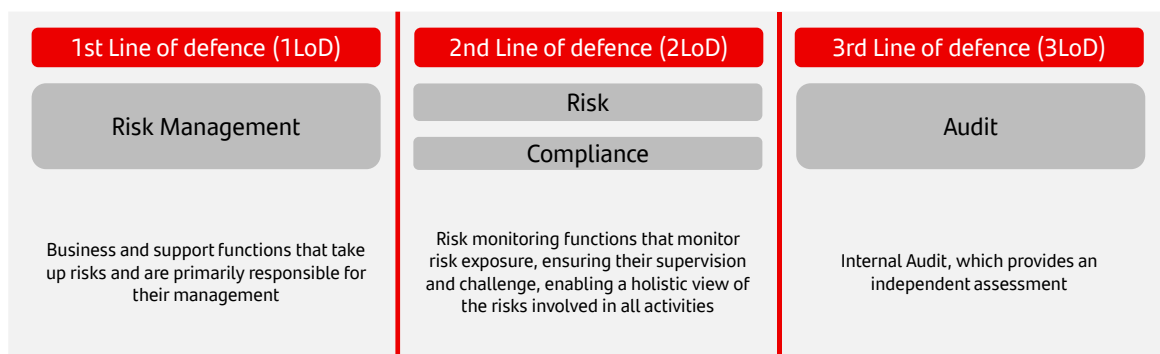
Within the scope of its Internal Control system and, in particular, of its risk management model, the Bank ensures the implementation and maintenance of information and communication processes appropriate to its activity and its risks.

Policies and procedures are specifically defined and implemented with respect to all risks referred to in the aforementioned Bank of Portugal Notice No. 3/2020, republished by Notice No. 2/2025 on March 5, 2025.

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 conducts periodic effectiveness tests in order to identify weaknesses in the Internal Control System, and thus take appropriate corrective measures, enabling the pursuit of key objectives in this area.

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, following-up on, 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.



In accordance with this governance and internal control system, top management is the **first line of defence**, and the first guarantors of internal control, checking and monitoring its operation with metrics and controls, which they report 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 with 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 self-assessment process (ICAAP) exercises, internal liquidity adequacy self-assessment process (ILAAP) exercises, and Liquidity Recovery or Contingency Plans exercises, 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 by the Bank, 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.

And annually, in compliance with the provisions of Bank of Portugal Notice No. 3/2020, and its associated Instruction No. 18/2020, the Bank's Board of Directors prepares its self-assessment report on the adequacy and effectiveness of the organizational culture and of the governance and internal control systems.

Risk Management Function

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

This 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 risks 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, aimed at assessing 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 objectively and independently.

It has an activity plan drawn up and approved by the Board of Directors at the beginning of each year, after obtaining a prior opinion from the Audit Committee.

It has the appropriate human and material resources for the effective performance of its responsibilities. In December 2025, it had 178 employees, of which 168 with higher education degrees, and 10 with secondary education.

In addition to the Committees that make up the governance model related to 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 — the 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 ultimate responsible for the risk management function, and for supervising the Corporate 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 in terms of risks, including with supervisors and regulatory bodies;
- It has access to all business lines and companies that could potentially give rise to material risks, including subcontracted functions, processes and activities, both at own facilities or at those of service and goods providers, as well as to employees, information, accounting records, systems, computer files, and company data.

The Chief Risk Officer is responsible for:

- Promoting a prudent risk control and management environment that covers identified needs, and meets the requirements of 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 2025, 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 performing 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 Division has adequate human resources to fulfil its responsibilities in full as the 2LoD (Second Line of Defence) in the "three lines of defence" model for risk management and control, 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. All potential material risk situations are duly monitored by the Risk Management Function, and properly documented and reported to the appropriate management levels, in order to enable the timely adoption of corrective measures, while the organization continues to have an environment of internal control favourable to the control and mitigation of risks. As described in this report, Santander has a Toolset that comprises several key processes and tools that cover all risk management stages, and that support the governance model as a key element of the Risk Management System, which also requires close collaboration between the Branch and the Corporation. The Bank keeps strengthening its **Risk Culture** within the organization

— **Risk Pro** — a culture that promotes the prevention, management, and monitoring of all risks, which vision is disseminated by the Risk Management Function and promoted by all employees. In fact, within its responsibilities, the Risk Management Function has developed and promoted several initiatives, ranging from raising awareness to the importance of proper risk management among all managers and employees, to the effective incorporation of the Risk Culture into all daily processes and activities, namely, selection and recruitment, training and development, compensation and recognition, leadership.

Chief Risk Officer: Luis Morim

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:

- formal status within the Institution;
- existence of a head of compliance responsible for coordinating compliance risk management;
- 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;
- 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.

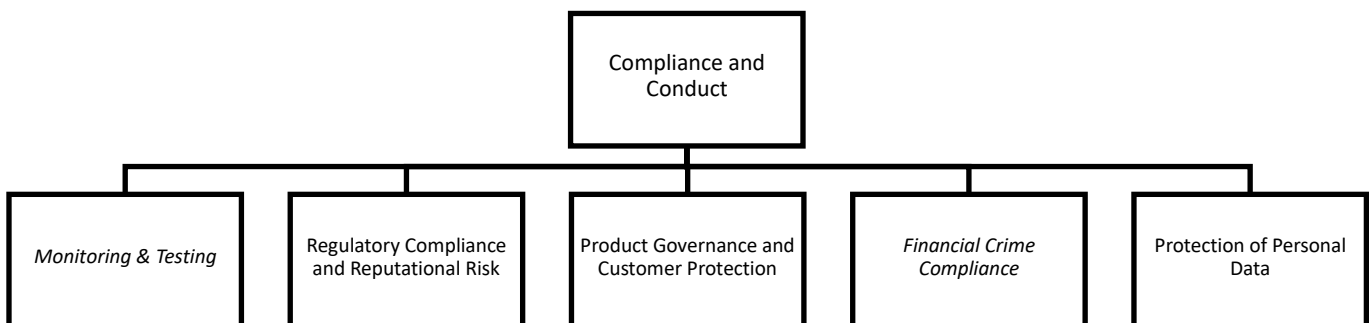
The Bank's Compliance and Conduct Division reports directly to the Board of Directors and acts as a second line of defence, in monitoring, controlling and managing the risk of default, and has free access to all information and details that it requests or that it needs related to the Bank's business,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

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

This division has 73 employees with a high degree of experience in the banking and financial sectors, and, more specifically, in the various areas of knowledge relevant to managing 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 to help: i) minimise the likelihood of their materialisation; ii) identify, report to the Board, manage, and overcome situations that may have arisen; iii) ensure the respective monitoring and control; and iv) to help 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, and 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. The Customer Service division is responsible for monitoring and handling customer complaints in order to, on the one hand, monitor the evolution of any issues at that level and, mainly, scrutinize, based on the type of complaints, any omissions or inappropriate practices that such issues may highlight, 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, it is of particular importance to assess and monitor the reputational risk inherent to the products themselves 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.

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 without 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 September 2025, 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 dimension and to the business carried out, and complies with the applicable regulatory regime.
- Without prejudice, to the relevant normative and regulatory framework, and to the normal development and evolution of the Bank's business, there is a dynamics 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: Inês Caria

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). It embodies the Institution's third line of defence, in accordance with the three lines model, as required by Bank of Portugal Notice No. 3/2020.

Internal Audit is independent of all other functions and units of the Institution, carrying out its activity by direct mandate from the Board of Directors, with total autonomy and objectivity.

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 responds to the information requests it receives from the latter 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 Group's 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 the Diligent/SanGovPro management support platform for the Bank's various Committees, where it can consult agendas, presentations, and minutes.

The Audit team is distributed among the Credit Risk, Treasury and Market Risk, Operational and Compliance Risk, and Technological Risk divisions, with all 40 employees possessing academic training appropriate to the functions performed.

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 will 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;
- Creation of value, namely by preparing relevant and truthful reports, supporting the management of audited units in a spirit of collaboration and with the intention of contributing for improvement measures;
- Adequate collaboration with the rest of the Group's existing controls and with external auditors and other providers involved in the organization, namely by holding periodic meetings and sharing with them the outcomes of the reviews carried out and the audit reports issued;
- Fluid relationship with supervisors: fluid relationship with supervisors, namely by responding to their requests in a timely, formal manner;

- Compliance with international standards for the performance of the auditing function, in particular with the “Global Internal Audit Standards” issued by the Institute of Internal Auditors, and with the principles established by the Basel Bank for International Settlements (BIS) in this matter.

The CAE is responsible for:

- Designing and implementing an appropriate methodology;
- Developing a Multi-Annual Audit Plan based on an assessment of the Group's existing risks;
- Executing the various works included in the Multi-Annual Audit Plan, adequately preparing and distributing the reports provided for in the plan;
- Communicating the conclusions of the various audits to the respective audited entities or organisms, as well as the respective recommendations, and defining a schedule for their implementation and follow-up, in order 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 developments of the approved Multi-Annual Audit Plan;
- Monthly reporting to the Chairman of the Board of Directors, Chairman of the Audit Committee, Executive Committee, and directly reporting to the CEO on the status of compliance with recommendations;
- Informing the Board of Directors on the work carried out by Internal Audit in accordance with its Multi-Annual Audit Plan;
- Reporting to the Governing Bodies the situations that, in its opinion, require special attention;
- Preparing and submitting to the Audit Committee and the Board of Directors an annual report on the activities of the Internal Audit Function, prepared in accordance with current regulations, and containing a comprehensive assessment of the adequacy and effectiveness of the organizational culture and of the Institution's governance and internal control systems;
- Carrying out all the audits, special works, reports and other duties required by the Board of Directors or the Audit Committee;
- Confirming to the Audit Committee and the Board of Directors, at least annually, that Internal Audit is acting independently and that the work performed is not compromised by any situations or constraints that have affected its independence or objectivity;
- 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 2025 was dated from October.

In December 2025, before the Board of Directors, the CAE ratified that the Internal Audit function had acted, during the financial year of 2025, with complete independence and objectivity in the performance of its mission, without its mission been affected by any circumstances, and 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 possibly 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

V - TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of Banco Santander Totta, S. A., after prior opinion from the Supervisory Authority, approved the Transactions Policy, which aims 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 provision 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 holders of qualifying shareholdings”) 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 highlighted in the Bank's computer systems through a Related Parties record.

The Bank compiles a quarterly list of entities that meet the requirements as a "Related Party," which is then submitted to the Board of Directors for approval.

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>.

VI – REMUNERATION POLICY

The Bank's Remuneration Policies comply with current legislation and regulations, namely with the Legal Framework for Credit Institutions and Financial Companies (RGICSF), (EU) Regulation No. 575/2013 of the Parliament and of the Council, Directive 2013/36/EU, EBA Guidelines No. EBA/GL/2021/04, and Bank of Portugal Notice No. 3/2020 of July 15, which are aligned with best practices at national and international level.

The Bank's remuneration practices are designed and reviewed to ensure they are always aligned with the interests of its stakeholders, namely shareholders, employees, customers and society.

The Bank's remuneration policies are compatible with proper, effective risk management, and therefore no incentives are granted that contribute to exceeding the tolerated risk level or that jeopardize or limit the Bank's ability to maintain a sound capital base.

Remuneration is defined in such a way as to foster a high-performance culture within the context of a responsible bank, where individuals 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 individual performance evaluation process, including the financial and non-financial, quantitative and qualitative criteria used and their weighting for determining the variable component of remuneration, is transparent and is communicated to employees before their evaluation period actually starts.

The Bank's Board of Directors is responsible for ensuring that the Institution defines, implements, and evaluates its Remuneration Policy appropriately and formalizes in specific documents the respective procedures and all other details required for its definition, implementation, evaluation, and periodic review.

To that end, it has appointed a Remuneration Committee whose members globally possess the qualifications and experience to perform their duties, particularly those deemed as appropriate for remuneration matters.

The Board of Directors is the competent body to approve and review the Remuneration Policy for Top Executives and Top Managers of Banco Santander Totta, S. A., based on a prior opinion from the Remuneration Committee.

The Remuneration Policy for Top Executives and Top Managers of Banco Santander Totta was approved on May 27, 2025.

Annually, the Remuneration Committee submits to the General Meeting for approval (i) the Remuneration Policy of Banco Santander Totta S. A.; (ii) the Remuneration Policy of the members of the management and supervisory bodies; and (iii) the approval of the variable component of total remuneration.

At the Bank's General Meeting of May 30th, 2025, the Remuneration Committee submitted proposals relating to (i) the remuneration policy of Banco Santander Totta S. A. and the remuneration policy of the members of the management and supervisory bodies, and (iii) the approval of the level of the variable component of total remuneration, which were approved to take effect in 2025.

The Remuneration Committee, pursuant to Article 44 of Bank of Portugal Notice No. 3/2020 of July 15, republished by Notice No. 2/2025 on March 5, 2025, assessed compliance with the remuneration policies and practices adopted by the Bank, with the participation of those responsible for exercising control functions.

Based on the assessment carried out, the Remuneration Committee concluded that the Bank's Remuneration Policy is, overall, in line with the principles included in the applicable regulations in Portugal, characterized by simplicity, transparency and suitability to medium and long-term objectives, and that no material impacts of the remuneration practices of foreign subsidiaries on risk management were identified, with a particular focus on capital and liquidity risks.

i. The Remuneration Policy of Banco Santander Totta

The Remuneration Policy of Banco Santander Totta is aimed at all its employees and establishes the fundamental principles relating to the payment of fixed or variable remuneration, based on the Santander Group Remuneration Policy. The aim of this Policy is to establish and align, in a clear and concise manner, BST's remuneration practices with its fundamental guiding principles and mandatory standards.

ii. Remuneration Policy of the Members of the Management and Supervisory Bodies of Banco Santander Totta, S. A.

The Remuneration Policy for members of the management and supervisory bodies establishes specific guidelines applicable to this group, in addition to the Remuneration Policy of Banco Santander Totta and taking into account the specific functions performed by members of the management and supervisory bodies and the regulations in force.

The main aspects of the remuneration of members of the management and supervisory bodies are summarized below:

Remuneration of the Bank's corporate bodies

- 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.

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 established in the Remuneration Policy of Santander Totta and the Santander Group, the Bank's results, performance evaluation, and market benchmarks, and is not expected to represent a share of less than 33% of the total remunerations in 2025.

A variable remuneration may be added to the fixed remuneration, defined in accordance with the Remuneration 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.

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 2025 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.

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 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 2026 and partially deferred in five years, subject to the following parameters:

- a. 60%, 50% or 40% of that remuneration, depending on the applicable situation, will be paid in 2026, in cash and financial instruments;
 - b. The remainder will be paid annually, in five equal portions (as applicable), in cash and in financial instruments, subject to the conditions provided for.
- b) 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.
 - c) 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 concerned employees 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.
 - d) 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.
 - e) 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.

Identification of deferred and paid instalments of the variable remuneration

For the financial year of 2019, the last fifth of the deferred variable remuneration has been paid.

For the financial year of 2020, one-fourth of the deferred variable compensation has been paid, and one-fifth of the deferred variable compensation remains unpaid.

Of the variable compensation for 2021, the last third has been paid, and the fourth and fifth parts (where applicable) of the deferred variable remuneration remain to be paid.

Regarding the variable compensation for 2022, the third, fourth, and fifth portions (where applicable) of the deferred variable remuneration remain to be paid.

Of the variable remuneration for 2023, the second, the third, the fourth and fifth portions (when applicable) of the deferred variable remuneration remain to be paid.

Of the variable remuneration for 2024, the non-deferred portion was paid in 2025. The remaining payment is deferred for four or five years, as applicable.

Long-Term Incentive Plan

Under the terms of the Banco Santander Totta's Remuneration Policy in force, it is possible to designate managers and other employees as participants in Long-term Incentive Plans.

The Regulations applicable to each Long-Term Incentive Plan shall be approved by the Remuneration Committee and the Salaries Committee.

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.

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 requirement: 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.

Other Regulations

Executive Directors also benefit from health insurance and from the benefits resulting from collective regulations applicable to employees, 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 hedging 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.

Complementary Aspects

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.

Other Aspects

It is not foreseeable that in 2025 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 2025, 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.

iii. Remuneration Policy for the Directors and Top Managers of Banco Santander Totta, S. A.

The Remuneration Policy for the Directors and Top Managers of Banco Santander Totta establishes, in addition to what is established in the Remuneration Policy, specific guidelines applicable to employees who are part of any of the groups specified and identified in Annex 1 of the Policy and who are not simultaneously members of the management body.

The Remuneration Policy for Top Executives and Top Managers of Banco Santander Totta was approved on May 27, 2025.

The Bank's Remuneration Policies are available on the website at <https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade>.

VII — INTERNAL SELECTION AND EVALUATION POLICY

The Board of Directors submitted the Internal Selection and Evaluation Policy for approval by the Bank's General Shareholders Meeting held on May 30, 2025, 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 business, as defined in the applicable regulations.

Under the terms of the applicable regulation, the Policy shall contain the identification of those responsible for adequacy evaluation, for the evaluation procedures adopted, the required adequacy requirements, the rules on prevention, communication, and resolution of conflicts of interest, and the professional training means available.

The policy includes and is complemented by the Policy for Selection, Evaluation of Suitability and Succession of Directors of Banco Santander Totta, S. A., and by the Succession Policy for Promontório, Faro, and other key positions.

Additionally, since the Bank is a subsidiary of the Santander Group (hereinafter, the "Group"), the Group-Subsidiary Governance Model shall also apply to it, which establishes the relationship between the Group and each of its subsidiaries, and the Procedure for the Appointment of Holders of Key Positions and Adequacy Evaluation.

The Internal Policy for Selecting and Evaluating Adequacy is available on the Bank's website at:

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

VIII — CONSULTATION WEBSITE

All essential information on the business activity and general corporate information of Banco Santander Totta S. A., 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 of the Bank's main policies is available on its website at: <https://www.santander.pt/institucional/investor-relations/santander-totta-sa/governo-sociedade>.

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>.

IX. 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 employees 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 divisions equivalent to control functions by the Santander Group.
- c) The Head of Regulatory Compliance (responsible for Financial Crime Compliance), who is considered a Holder of an Essential Function under the terms of Art. 5.5 of Bank of Portugal Notice No. 1/2022.

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 remunerations, 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.

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 general 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 plus 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 2025, a portion below 49% of the Total Remuneration.

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 2025 are those set out in Annex 2, which are part of the present Managers Policy for all due purposes and intents.

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 performance 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 officer responsible for the relevant division.

Without prejudice to the internal provisions regarding the setting of objectives and the annual performance evaluation of Managers of Control Functions, the Remunerations Committee is responsible for evaluating the execution and compliance with the principles set out in this Policy.

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 2026, 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 above. 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) The 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 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 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.

Identification of deferred and paid portions of the variable remuneration

For the financial year of 2021, the last third of the deferred variable remuneration has been paid.

For the financial year of 2022, the third, fourth, and fifth portions (where applicable) of the deferred variable remuneration remain to be paid.

Of the variable remuneration for 2023, the second, the third, the fourth and fifth portion (when applicable) of the deferred variable

remuneration remain to be paid.

Of the variable remuneration for 2024, the non-deferred portion was paid in 2025. The remaining payment is deferred for four or five years, as applicable.

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 Salaries Committee, when applicable.

PagoNxt Incentive

PagoNxt is a Santander Group company devoted to payment technologies and innovation.

The main business of PagoNxt 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 based on 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.

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 initial employers, namely 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 accidents 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.

Other Regulations

No risk hedge mechanisms or the like may be used by any Manager or by the Bank in his / her favour. Compliance with this rule must be confirmed annually by every 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 2025, except for what is covered in item 3.2.3 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 suitability to medium and long-term objectives.

In this way, the calculation of the total remuneration, comprising a fixed and a variable component, as well as the articulation between 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 27, 2025

Annex 1**IDENTIFIED COLLECTIVE**

EXECUTIVE DIRECTOR OF INTERNAL AUDIT	DIRECTOR OF CYBERSECURITY
EXECUTIVE DIRECTOR OF COMPLIANCE AND CONDUCT	DIRECTOR OF ENTERPRISE RISK MANAGEMENT
EXECUTIVE DIRECTOR OF RISK MANAGEMENT	DIRECTOR OF STRAT., FINANCIAL PLANNING AND ECON. RES.
EXECUTIVE DIRECTOR OF THE COMMERCIAL AREA - CORPORATES	DIRECTOR OF BUSINESS STRATEGY
EXECUTIVE DIRECTOR OF THE COMMERCIAL AREA - INDIVIDUALS & BUSINESSES	DIRECTOR OF EVERYDAY BANKING
EXECUTIVE DIRECTOR OF REMOTE BANKING AND CUSTOMER EXPERIENCE	DIRECTOR OF FINANCIAL CRIME COMPLIANCE (FCC)
EXECUTIVE DIRECTOR OF ACCOUNTING AND MANAGEMENT CONTROL	DIRECTOR OF TAX
EXECUTIVE DIRECTOR OF CORPORATE INVESTMENT BANKING	DIRECTOR OF CONSTRUCTION PROMOTION AND IFRRU
EXECUTIVE DIRECTOR OF CUSTOMER MANAGEMENT AND DIGITAL PERFORMANCE	DIRECTOR OF MANAGEMENT AND BUSINESS SEGMENT STRATEGY
EXECUTIVE DIRECTOR OF COMMERCIAL MANAGEMENT AND EFFECTIVENESS	DIRECTOR OF LEGAL
EXECUTIVE DIRECTOR OF FINANCIAL MANAGEMENT. AND CAPITAL	DIRECTOR OF BRAND AND CORPORATE COMMUNICATIONS
EXECUTIVE DIRECTOR OF LENDING OFFICE	DIRECTOR OF NETWORK MEDIA AND INTERNAL CONTROL
EXECUTIVE DIRECTOR OPERATING OFFICER	DIRECTOR OF MONITORING & TESTING
EXECUTIVE DIRECTOR OF PEOPLE AND CULTURE	DIRECTOR OF INTERNATIONAL BUSINESS
EXECUTIVE DIRECTOR OF PRIVATE BANKING	DIRECTOR OF ORGANIZATION AND STANDARDS
EXECUTIVE DIRECTOR OF THE CORPORATE NETWORK - NORTH	DIRECTOR OF SPECIAL PROJECTS
EXECUTIVE DIRECTOR OF THE CORPORATE NETWORK - SOUTH AND ISLANDS	DIRECTOR OF COLLECTIONS & RECOVERIES
EXECUTIVE DIRECTOR OF INDIVIDUALS AND BUSINESS NETWORK - SOUTH AND ISLANDS	DIRECTOR OF MARKET, CAPITAL, MODEL & TECHNICAL RISK
EXECUTIVE DIRECTOR OF INDIVIDUALS AND BUSINESSES NETWORK - NORTH	DIRECTOR OF OPERATIONAL RISK
EXECUTIVE DIRECTOR OF CREDIT RISK	DIRECTOR OF CREDIT RISK
EXECUTIVE DIRECTOR OF THE GENERAL SECRETARIAT	DIRECTOR OF SERVICE MANAGEMENT
EXECUTIVE DIRECTOR OF TECHNOLOGY & OPERATIONS	DIRECTOR OF SUSTAINABILITY
EXECUTIVE DIRECTOR OF WEALTH MANAGEMENT & INSURANCE	DIRECTOR OF UNIVERSITIES
DIRECTOR OF ANALYTICS AND MODELS	COM D OF MULTINATIONAL COMPANIES
DIRECTOR OF PROCUREMENT AND COSTS	COM D OF LARGE COMPANIES — NORTH
DIRECTOR OF CREDIT RISK MANAGEMENT	COM D OF LARGE COMPANIES — SOUTH
DIRECTOR OF COMPRAR CASA	SENIOR EXPERT OF RISK MANAGEMENT
DIRECTOR OF SPECIALIZED AND PROTOCOLIZED CREDIT	SENIOR MANAGER OF ECON. RESEARCH AND INVESTOR REL.
DIRECTOR OF COMPLIANCE REG. AND REP. RISK	SENIOR MANAGER OF PERSONAL DATA PROTECTION
DIRECTOR OF CUSTOMER CARE	SPECIALIST III OF DATA

XI – Remuneration and other benefits assigned to members of the Management and Supervisory bodies, and to the Identified Collective

The information below is provided in order 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, 2025, 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 amounted to 418 thousand euros, with the following breakdown:

Name	Credit
Amilcar da Silva Lourenço	167
Henrique Salema de Carvalho e Silva	251

The remunerations actually paid in 2025 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 2025				(thousand euro)
	Number of Members	Fixed Remuneration in 2025	Variable Remuneration 2024 paid in 2025	
Board of Directors	18	3,598	2,905	
Top Management	21	2,712	2,879	
Control Functions	3	525	285	
Other functions	41	3,572	1,692	

Deferred variable remuneration, to⁹ be paid in the coming years, and for the same groups, are those detailed in the following table:

Deferred Variable Remuneration			
	Number of Members	Pecuniary <i>(thousand euro)</i>	Instruments ⁹ <i>(number)</i>
Board of Directors	18	2,749	718,243
Top Management	21	1,416	386,364
Control Functions	3	183	45,030
Other functions	41	610	155,559

The fixed remuneration, actually paid in 2025, to all members of the Board of Directors and of the Audit Committee, amounted to 3,595 thousand euros, and the variable remuneration amounted to 4,674 thousand euros.

⁹ Includes Number of Shares and Options

Board of Directors

(thousand euro)

Name		Fixed Remuneration 2024
José Carlos Brito Sítima	Chairman NE	350
Pedro Aires Coruche Castro e Almeida	Deputy-Chairman E	850
Isabel Cristina da Silva Guerreiro	Director E	350
Manuel António Amaral Franco Preto ¹	Director E	306
Miguel Belo de Carvalho	Director E	350
João Manuel Barbosa Veiga Anjos	Director E	195
Susana Cristina M Casimiro R Ferreira Silva	Director E	186
Amílcar da Silva Lourenço	Director E	233
Ana Isabel A Pereira de Carvalho Morais	Director NE	150
Daniel Abel Monteiro Palhares Traça	Director NE	150
João Pedro Cabral Tavares	Director NE	150
Henrique Carvalho e Silva	Director NE	112
Ana Cristina Mendes Torres	Director NE	112
Manuel Maria de Olazábal Albuquerque ²	Director NE	51
Maria Manuela M Farello Ataíde Marques ²	Director NE	51
Cristina Alvarez Alvarez	Director NE	-
Cecilia Richards Bustelo	Director NE	-
Rodrigo Echenique Gordillo	Director NE	-

Board of Directors

Name	Bonuses 2024 paid in 2025			Bonuses 2023 paid in 2025			Bonuses 2022 paid in 2025			Bonuses 2021 paid in 2025			Bonuses 2020 paid in 2025			Bonuses 2019 paid in 2025		
	Cash	Instruments (#)	Inflation adjust	Cash	Instruments (#)	Inflation adjust	Cash	Instruments (#)	Inflation adjust	Cash	Instruments (#)	Inflation adjust	Cash	Instruments (#)	Inflation adjust	Cash	Instruments (#)	Inflation adjust
Pedro Aires Coruche Castro e Almeida	292	63,783	2.5	85	127,745	4	85	27,385	7	48	15,404	5	25	9,307	3	12	3,393	-
Isabel Cristina da Silva Guerreiro	210	45,892	0.8	26	38,753	1	25	8,161	5	29	9,444	-	-	-	-	-	-	-
Manuel António Amaral Franco Preto ¹	286	62,558	1.1	36	54,289	1	30	9,763	7	42	13,673	-	-	-	-	-	-	-
Miguel Belo de Carvalho	210	45,892	0.8	26	38,833	1	24	7,914	5	31	10,003	-	-	-	-	-	-	-
João Manuel Barbosa Veiga Anjos	102	22,356	0.4	13	19,637	1	12	3,886	3	18	5,799	-	-	-	-	-	-	-
Susana Cristina M Casimiro R Ferreira Silva	71	15,492	0.3	8	12,670	0	7	2,368	-	-	-	-	-	-	-	-	-	-
Amílcar da Silva Lourenço	120	26,224	0.4	14	21,267	1	13	4,188	3	16	5,213	-	-	-	-	-	-	-

- Submitted his resignation from his position, effective from July 31, 2025.
- Their term ended on May 2, 2025.

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 supplementary pension payments for old age or disability" 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, 2025 and 2024, payments due under this plan amounted to 14,309 thousand euros and 14,992 thousand euros (Note 16), respectively, and were covered by a provision in the same amount carried under "Provisions - Pensions and other post-employment defined-benefit obligations."

With regard to termination of employment benefits, as provided for in the Commercial Companies Code, whenever, by decision of the Bank, the term of office of a member of the governing bodies ends earlier, 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 2025 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 2025

The Remuneration policy in force for Banco Santander Totta's Directors and Top Managers was approved by the Board of Directors at the meeting of May 27, 2025.

REMUNERATION POLICY FOR 2026

The Remuneration Policy for the Members of the Management and Supervisory Bodies of Banco Santander Totta for 2026, 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 herein by their names, 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 2025, 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 net 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, of the performance, and of the 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	Rodrigo Echenique Gordillo Vice-Chair
Amílcar da Silva Lourenço Member	Ana Cristina Mendes Torres Member
Ana Isabel Abranches Pereira de Carvalho Morais Member	Cecilia Richards Bustelo Member
Cristina Alvarez Alvarez Member	Daniel Abel Monteiro Palhares Traça Member
Henrique Salema de Carvalho e Silva Member	Isabel Cristina da Silva Guerreiro Member
Joaquim Manuel de Oliveira Filipe Member	João Manuel Barbosa Veiga Anjos Member
João Pedro Cabral Tavares Member	Miguel Belo de Carvalho Member
Susana Cristina Marques Casimiro Rodrigues Ferreira da Silva Member	

Audit Committee's 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 herein by their names, 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 2025, 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 net 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, of the performance, and of the 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: Ana Cristina Mendes Torres
Daniel Abel Monteiro Palhares Traça
Henrique Salema de Carvalho e Silva
João Pedro Cabral Tavares

CONSOLIDATED FINANCIAL STATEMENTS

BANCO SANTANDER TOTTA, S.A.
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of
Euros - tEuros)

	Notes	31-12-2025	31-12-2024
ASSETS			
Cash, cash balances at central banks and other demand deposits	5	1,773,872	1,997,910
Financial assets held for trading	6	726,916	1,549,696
Non-trading financial assets mandatorily at fair value through profit or loss	7	12,238	17,086
Equity instruments		12,238	17,086
Financial assets at fair value through other comprehensive income	8	3,743,748	3,838,285
Equity instruments		157,990	174,336
Debt securities		1,199,255	1,240,223
Loans and advances		2,386,503	2,423,726
Financial assets at amortised cost	9	51,429,678	47,612,537
Debt securities		12,493,799	11,492,984
Loans and advances		38,935,879	36,119,553
Derivatives – Hedge accounting	10	83,859	144,673
Tangible assets	11	356,745	384,621
Investment property		95,877	126,490
Property, plant and equipment		260,868	258,131
Intangible assets	11	46,255	36,070
Tax assets	12	112,271	120,326
Other assets	13	405,572	352,463
Non-current assets and disposal groups classified as held for sale	14	19,304	25,844
TOTAL ASSETS		58,710,458	56,079,511
LIABILITIES			
Financial liabilities held for trading	6	717,902	1,557,421
Financial liabilities measured at amortised cost	15	53,080,335	49,186,386
Deposits		44,937,196	42,712,966
Debt securities issued		7,868,936	6,175,748
Other financial liabilities		274,203	297,672
Derivatives – Hedge accounting	10	4,986	18,344
Provisions	16	104,556	124,020
Commitments and guarantees given		42,345	51,457
Other provisions		62,211	72,563
Tax liabilities	12	87,129	532,302
Share capital repayable on demand	17	25,715	33,853
Other liabilities	18	370,246	470,154
TOTAL LIABILITIES		54,390,869	51,922,480
EQUITY			
Capital	19	1,391,780	1,391,780
Share premium	19	193,390	193,390
Equity instruments issued other than capital	19	1,200,000	400,000
Accumulated other comprehensive income	19	(305,174)	(237,517)
Items that will not be reclassified to profit or loss		(473,636)	(456,218)
Items that may be reclassified to profit or loss		168,462	218,701
Retained earnings	19	424,036	378,383
Other reserves	19	749,626	1,103,139
Treasury shares	19	(19,147)	(44,122)
Interim dividends	19	(278,727)	-
Profit or loss attributable to owners of the parent	20	963,805	971,345
Non-controlling interests	21	-	633
TOTAL EQUITY		4,319,589	4,157,031
EQUITY AND TOTAL LIABILITIES		58,710,458	56,079,511

The accompanying notes form an integral part of the consolidated balance sheet as of December 31, 2025.

BANCO SANTANDER TOTTA, S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2025

	Notes	(Amounts expressed in thousands of Euros - tEuros)	
		31-12-2025	31-12-2024
Interest income	23	3,028,085	3,389,704
Interest expenses	23	(1,658,047)	(1,815,089)
NET INTEREST INCOME		1,370,038	1,574,615
Dividend income	24	7,241	8,222
Fee and commission income	25	558,569	537,728
Fee and commission expenses	25	(74,247)	(85,552)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	26	(49)	332
Gains or losses on financial assets and liabilities held for trading, net	26	15,169	1,829
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	26	2,328	276
Gains or losses from hedge accounting, net	26	-	-
Exchange differences, net	26	20,376	18,751
Gains or losses on derecognition of non-financial assets, net	27	(549)	(156)
Other operating income	28	14,571	16,895
Other operating expenses	28	(7,131)	(9,210)
TOTAL OPERATING INCOME, NET		1,906,316	2,063,730
Administrative expenses	29	(483,132)	(486,834)
Staff expenses		(302,389)	(291,449)
Other administrative expenses		(180,743)	(195,385)
Cash contributions to resolution funds and deposit guarantee schemes	30	(11,414)	(7,989)
Depreciation	11	(47,570)	(40,605)
Provisions or reversal of provisions	16	604	(31,332)
Commitments and guarantees given		9,112	1,806
Other provisions		(8,508)	(33,138)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	16	(5,964)	(12,992)
Financial assets at amortised cost		(5,964)	(12,992)
Impairment or reversal of impairment on non-financial assets	16	4,997	5,925
Other profit or loss, net	1.3 l)	(2,975)	(35,303)
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	31	794	2,817
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		1,361,656	1,457,417
Tax expense or income related to profit or loss from continuing operations	12	(397,851)	(486,068)
PROFIT OR LOSS FOR THE FINANCIAL YEAR		963,805	971,349
Attributable to non-controlling interests		-	4
Attributable to owners of the parent	20	963,805	971,345

The accompanying notes form an integral part of the consolidated statement of profit or loss for financial year ended December 31, 2025.

BANCO SANTANDER TOTTA, S.A.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR FINANCIAL YEAR ENDED DECEMBER 31, 2025

(Amounts expressed in thousands of Euros - tEuros)

	Notes	31-12-2025		31-12-2024	
		Attributable to owners of the parent	Attributable to non-controlling interests	Attributable to owners of the parent	Attributable to non-controlling interests
Profit or loss for the financial year		963,805	-	971,345	4
Other comprehensive income	19	(67,657)	-	(64,303)	-
Items that will not be reclassified to profit or loss					
Actuarial gains or losses on defined benefit pension plans	19				
. Gross amount		(3,367)	-	(19,430)	-
. Tax effect		-	-	6,950	-
Fair value changes of equity instruments measured at fair value through other comprehensive income					
. Gross amount	8	(14,100)	-	549	-
. Tax effect		49	-	(162)	-
Items that may be reclassified to profit or loss					
Cash flow hedges	19				
. Gross amount		(3,202)	-	1,159	-
. Tax effect		1,189	-	(98)	-
Debt securities at fair value through other comprehensive income					
Valuation gains or (-) losses taken to equity					
. Gross amount	8	(27,983)	-	(32,358)	-
. Tax effect		8,373	-	10,244	-
Valuation gains or (-) losses of loans and advances at fair value through other comprehensive income					
. Gross amount	8	(48,792)	-	(48,820)	-
. Tax effect		20,176	-	17,663	-
Total comprehensive income for the financial year		896,148	-	907,042	4

The accompanying notes form an integral part of the consolidated statement of other comprehensive income for financial year ended December 31, 2025.

BANCO SANTANDER TOTTA, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED DECEMBER 31, 2025

(Amounts expressed in thousands of Euros - tEuros)

	Capital	Share premium	Equity instruments issued other than capital	Accumulated other comprehensive income		Retained earnings	Other reserves	Interim dividends	Treasury shares	Profit or loss attributable to owners of the parent	Non-controlling interests	Total
				Fair value	Taxes							
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
Appropriation of profit or loss (Note 19)												
. Transfer to reserves	-	-	-	-	-	884,821	86,524	-	-	(971,345)	-	-
. Distribution of dividends	-	-	-	-	-	(839,168)	-	-	-	-	-	(839,168)
Deliberation of distribution of interim dividends on the financial year's results (Note 19)	-	-	-	-	-	-	-	(278,727)	-	-	-	(278,727)
Issue of "Additional Tier 1 Instruments" (Note 19)	-	-	500,000	-	-	-	-	-	-	-	-	500,000
Merger by incorporation of Taxagest, SGPS, Santander Totta, SGPS and others	-	-	300,000	-	-	-	(440,018)	-	24,975	-	(564)	(115,607)
Sale of equity instruments of the portfolio at fair value through other comprehensive income	-	-	-	-	-	-	(3)	-	-	-	-	(3)
Other	-	-	-	-	-	-	(16)	-	-	-	(69)	(85)
Consolidated comprehensive income for financial year 2025	-	-	-	(97,444)	29,787	884,818	-	-	-	963,805	-	896,148
Balances as at December 31, 2025	1,391,780	193,390	1,200,000	(452,735)	147,561	424,036	749,626	(278,727)	(19,147)	963,805	-	4,319,589

The accompanying notes form an integral part of the consolidated statement of changes in equity for financial year ended December 31, 2025.

BANCO SANTANDER TOTTA, S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR FINANCIAL YEAR ENDED DECEMBER 31, 2025

(Amounts expressed in thousands of Euros -
€Euros)

	Notes	31-12-2025	31-12-2024
CASH FLOW FROM OPERATING ACTIVITIES:			
Interest and commissions received		3,555,964	3,864,933
Payments of interest and commissions		(1,530,744)	(1,518,255)
Payments to staff and suppliers		(479,822)	(481,871)
Pension Fund contributions	30	(49,887)	(27,684)
Foreign exchange and other operating results		16,403	18,446
Recovery of uncollectable loans	16	-	517
Operating results before changes in operating assets and liabilities		<u>1,511,914</u>	<u>1,856,086</u>
(Increase) / Decrease in operating assets:			
Loans and advances to credit institutions		(51,353)	(2,062)
Financial assets held for trading		842,764	(84,152)
Credit granted and other balances receivable at amortised cost		(3,757,894)	(5,662,490)
Assets and liabilities at fair value through profit or loss		(468)	30,019
Non-current assets and disposal groups classified as held for sale		(43,214)	19,165
Investment property		30,612	11,543
Other assets		35	(166,116)
		<u>(2,979,518)</u>	<u>(5,854,093)</u>
Increase / (Decrease) in operating liabilities:			
Resources from credit institutions and central banks		848,606	(1,230,483)
Resources from customers and other debts		1,835,631	2,447,216
Financial liabilities held for trading		(839,518)	81,444
Other liabilities		(101,847)	(265,211)
		<u>1,742,872</u>	<u>1,032,966</u>
Net cash flow from operating activities before income taxes		275,268	(2,965,041)
Income tax paid		(488,752)	(430,353)
Net cash flow from operating activities		<u>(213,484)</u>	<u>(3,395,394)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Dividends received	24	7,241	8,222
Purchase of financial assets at fair value through other comprehensive income		1,830	(1,706)
Sale of financial assets at fair value through other comprehensive income		30,927	1,012
Income from financial assets at fair value through other comprehensive income		35,960	35,775
Purchase of property, plant and equipment and intangible assets	11	(64,090)	(40,759)
Sale of property, plant and equipment		2,565	3,048
Net cash flow from investing activities		<u>14,433</u>	<u>5,592</u>
CASH FLOW FROM FINANCING ACTIVITIES:			
Dividends paid	19	(1,117,895)	(840,821)
Repayment / Issue of debt securities and subordinated debt		834,691	201,298
Remuneration (interest) paid on debt issued	15	(232,490)	(210,193)
Remuneration (interest) paid on subordinated liabilities	15	(9,293)	(10,696)
Remuneration (interest) paid on "Additional Tier 1 Instruments"		-	(36,636)
Issue of "Additional Tier 1 Instruments"	19	500,000	
Net cash flow from financing activities		<u>(24,987)</u>	<u>(897,048)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(224,038)</u>	<u>(4,286,850)</u>
Cash and cash equivalents at the beginning of the period	5	1,997,910	6,284,760
Cash and cash equivalents at the end of the period	5	1,773,872	1,997,910

The accompanying notes form an integral part of the consolidated statement of cash flows for the financial year ended December 31, 2025.

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 2025 and 2024 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 context, on December 27, 2017, the Bank purchased the entire capital and voting rights of BAPOP, carrying out on that date its merger by incorporation.

Within the scope of the reorganisation process of the Santander Group in Portugal initiated in 2024, which foresaw the merger of Taxagest, SGPS, S.A. into the Bank and a subsequent merger of Santander Totta, SGPS, S.A. into the Bank, on February 28, 2025 these mergers by incorporation were registered with the Commercial Registry, with the transfer to the Bank of the entirety of the assets (assets, liabilities, rights and obligations) of Taxagest, SGPS, S.A. and of Santander Totta, SGPS, S.A. (“incorporated companies”) and the extinction of these entities, having taken place.

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.

It was the management bodies' intention that the share exchange ratio of these mergers by incorporation should ensure the neutrality of the investments made in the incorporated companies and, therefore, the criterion for allocating Bank shares to the majority shareholder and minority shareholders of the incorporated companies, through the merger, should guarantee, as far as possible, the neutrality of the merger with respect to their respective shareholdings in them.

The share exchange ratio was settled with the shares that the incorporated companies had in the Bank and that were available

to allocate to its shareholders, and it was not necessary to carry out a capital increase in the Bank in the context of these mergers by incorporation.

The aforementioned share exchange ratio was determined using commonly accepted valuation methodologies, as these are the most appropriate for this type of transaction.

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..

The aforementioned mergers by incorporation produced accounting and tax effects from the date of definitive registration, on February 28, 2025. The main impacts on the Bank's balance sheet due to the registration of the merger are as follows:

(Amounts expressed in thousands of Euros)	Bank before the merger	Santander Totta, SGPS	Merger adjustments	Bank after the merger
ASSETS				
Cash, cash balances at central banks and other demand deposits	2,527,986	430,027	(430,027)	2,527,986
Financial assets held for trading	1,564,618	-	-	1,564,618
Non-trading financial assets mandatorily at fair value through profit or loss	23,334	-	-	23,334
Financial assets at fair value through other comprehensive income	3,812,520	991,383	(991,250)	3,812,653
Equity instruments	174,580	133	-	174,713
Debt securities	1,208,021	991,250	(991,250)	1,208,021
Loans and advances	2,429,919	-	-	2,429,919
Financial assets at amortised cost	47,909,841	-	-	47,909,841
Derivatives – Hedge accounting	122,636	-	-	122,636
Investments in subsidiaries, joint ventures and associates	-	3,774,955	(3,774,955)	-
Tangible assets	382,841	-	-	382,841
Intangible assets	36,771	-	-	36,771
Tax assets	118,129	438,100	(418,076)	138,153
Other assets	252,646	-	-	252,646
Non-current assets and disposal groups classified as held for sale	20,128	-	-	20,128
TOTAL ASSETS	56,771,450	5,634,466	(5,614,309)	56,791,607
LIABILITIES				
Financial liabilities held for trading	1,571,876	-	-	1,571,876
Financial liabilities measured at amortised cost	49,620,120	1,835,057	(1,421,278)	50,033,900
Deposits	42,627,336	-	(430,027)	42,197,309
Debt securities issued	6,655,751	1,834,844	(991,250)	7,499,344
Other financial liabilities	337,034	213	-	337,247
Derivatives – Hedge accounting	66,624	-	-	66,624
Provisions	124,364	-	-	124,364
Tax liabilities	571,791	78,681	(418,076)	232,397
Share capital repayable on demand	33,976	-	-	33,976
Other liabilities	509,119	41	-	509,160
TOTAL LIABILITIES	52,497,869	1,913,780	(1,839,353)	52,572,295
EQUITY				
Capital	1,391,780	1,972,962	(1,972,962)	1,391,780
Share premium	193,390	-	-	193,390
Equity instruments issued other than capital	400,000	700,000	(400,000)	700,000
Accumulated other comprehensive income	(236,552)	-	-	(236,552)
Retained earnings and Other reserves	2,404,566	1,051,210	(1,442,950)	2,012,827
of which: Merger reserve	658,848	-	(391,740)	267,108
Treasury shares	(44,122)	(2,679)	27,654	(19,147)
Profit or loss attributable to owners of the parent	163,865	(807)	13,893	176,951
Non-controlling interests	654	-	(590)	64
TOTAL EQUITY	4,273,580	3,720,687	(3,774,955)	4,219,312
EQUITY AND TOTAL LIABILITIES	56,771,450	5,634,466	(5,614,309)	56,791,607

The information presented above before the merger corresponds to the financial statements of these entities on February 28, 2025, just prior to the merger, without any determination of fair values. The merger adjustments presented are mostly similar to those carried out in the monthly consolidation process of these entities in the Santander Group in Portugal until that date, namely:

- 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. (including the Bank's "€ 400,000,000 Fixed Rate Resetable Perpetual Additional Tier I" issue); and
- recording of the merger reserve then determined.

In this context, after the date of definitive registration, the Bank proceeded to extinguish the "€ 400,000,000 Fixed Rate Resetable Perpetual Additional Tier I" issue, acquired wholly by Santander Totta, SGPS, S.A., and the "Fixed Rate Perpetual Deeply Subordinated Additional Tier I Resetable Instruments" and the "Fixed Rate Resetable Perpetual Additional Tier 1 Instruments" issues, with an aggregate value of Euros 700,000 thousand, issued by Santander Totta, SGPS, S.A. and acquired wholly by Banco Santander, S.A., were maintained on 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.

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 278 branches (328 branches as at December 31, 2024). 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, 2025 were approved at the Board of Directors' meeting on April 28, 2026. 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, 2025, 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, 2025, are consistent with those used in preparing the consolidated financial statements with reference to December 31, 2024.

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.

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'. 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, as well as the disclosure of 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 adoption of the abovementioned amendment 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, 2026, and that the European Union has already endorsed:

- **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Amendment to classification and measurement of financial instruments'. 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) financial assets for which the interest component corresponds to a basic lending arrangement (contingent cash flows or linked to ESG targets); 2) financial assets with "non-recourse" features; and 3) contractually linked financial assets; iii) add new disclosure requirements for instruments with contractual conditions that can change cash flows; and iv) new disclosure requirements for equity instruments designated at fair value through other comprehensive income. 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'. 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, and the hedging designation can only be applied prospectively to new hedging relationships designated on or after the date of initial application.
- 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 derecognised. 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 measurement 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 (change of 'cost method' to "cost").

With the future adoption of the abovementioned amendments and improvements no material impacts are expected on the consolidated financial statements

Standards (new and amendments) published, which application is mandatory for annual periods beginning on or after January 1, 2027, and that the European Union has not yet endorsed:

- **IAS 21** (amendment), 'Translation to a Hyperinflationary Presentation Currency'. This amendment specifies the conversion procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if: (i) its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position to the presentation currency of a hyperinflationary economy; or (ii) it is translating to the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. In these cases, the income statement and financial position must be translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income, and expenses) at the spot exchange rate at the reporting date. Comparatives are also translated at the same exchange rate, except for the translation of a foreign operations, for which comparatives must be restated by applying the general price index, as provided for in IAS 29.
- **IFRS 18** (new standard), 'Presentation and Disclosure in Financial Statements'. 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, being fundamental the identification of the existence of any of the defined specific main business activities. 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" and "Profit or loss before financing and income taxes" in the statement of profit or loss. This standard also includes new disclosure requirements for management performance measures including reconciliation with the most similar specified subtotal defined in IFRS 18. 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'. 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.

- **IFRS 19** (amendment), 'Amendment to disclosure requirements'. The amendment aims to reduce disclosure requirements for changes to standards and new standards issued between February 2021 and May 2024, namely: IFRS 18: Presentation and Disclosure in Financial Statements; Amendments to IAS 7 – Supplier Finance Arrangements; IAS 12 – International Tax Reform – Pillar Two Model Rules; and Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The presentation of complete comparative information is mandatory unless an exemption applies.

With the future adoption of the abovementioned standards and amendments no material impacts are expected on the consolidated financial statements, except for IFRS 18 which will impact the presentation of and disclosure in 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, 2025 and 2024, the exchange rates of the main currencies other than the functional currency were:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Currency		
USD	1.1750	1.0389
GBP	0.8726	0.8292

c) Financial instruments

The classification of **financial assets** follows two main criteria:

- The business model under which financial assets are managed;
- 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 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.

The Bank adopted, in 2025, the IFRS 9 requirements applicable to 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 to a greater number of hedged elements, hedging instruments and types of risk.

Under the terms of IFRS 9, the application of hedge accounting is only possible when all the following requirements are met, both at the time of the hedging designation as well as at each reporting date:

- Existence of an economic relationship between the hedged asset and the hedging instrument. This implies that their values must move in opposite directions following changes in the same underlying risk;
- Non-existence of dominance of credit risk in the valuation changes of the hedged asset or the hedging instrument; and
- An adequate hedging ratio consistent with the Bank's risk management strategy is ensured.

For each hedging strategy that the Bank initiates, formal documentation is established that serves as a centralised register. This process details the essential elements of the relationship, namely the hedged element, the hedging instrument used and the specific nature of the risk that is intended to be mitigated. Additionally, this documentation defines the methodology that will be applied to test and validate the effectiveness of the hedging. The relationship is subsequently subject to continuous monitoring to ensure that the objectives and effectiveness criteria are permanently met.

If a hedging relationship ceases to meet the hedging effectiveness requirement, but the risk management objective for that relationship remains the same, the Bank adjusts the hedging ratio so that it meets the criteria again.

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 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 (13.3%), a base scenario (39.8%), a negative scenario (14.6%) and a climate scenario (32.8%) 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:

	<u>Years of useful life</u>
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 but rather a fixed amount (Euros 144.74 per active employee, Euros 100.08 per beneficiary and Euros 43.32 in the case of pensioners); 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 2025 and 2024, is as follows:

- IRC rate of 20% on taxable income (21% on December 31, 2024);
- 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 2026 (Law No. 73-A/2025) approved the decrease of the IRC rate to 19% on taxable income as from January 1, 2026, with a further decrease to 18% in 2027 and to 17% in 2028. Therefore, the tax rate used by the Bank in calculating and recording deferred taxes was 29%, 28% and 27%, depending on the moment of realisation of the asset/liability (2026, 2027 and subsequent periods, respectively).

The State Budget for 2025 (Law No. 45-A/2024) approved the decrease of the IRC rate to 20% on taxable income. Therefore, the tax rate used by the Bank in calculating and recording deferred taxes was 30%.

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 applied until financial year 2024 the Special Taxation of Groups of Companies Regime (RETGS). This regime corresponds to the sum of the taxable income / tax loss determined in the periodic separate returns of each company. The companies covered by this scheme were: Santander Totta, SGPS - the controlling company and Taxagest, the Bank, TottaUrbe and Gamma - controlled companies. The gain obtained by the application of the RETGS was allocated to the entities in question in a manner proportional to the taxable income of each company.

Due to the merger of Santander Totta, SGPS, S.A. through incorporation into the Bank on February 28, 2025, the

Santander Group ceased to apply the RETGS as from financial year 2025.

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.

On November 8, 2024, 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 16% (15% for 2024), 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, in order to validate whether, in relation to Portugal, 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 (29.87%) of a higher value than the transitional rate, which, for the 2024 tax year was 15% and for the 2025 tax year was 16%, 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 preliminary 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 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 ("ASSB"). 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.

Within the scope of the Constitutional Court's decisions on the ASSB in a manner favourable to the banking sector, namely:

- Constitutional Court Ruling No. 477/2025, declared the unconstitutionality, with general binding force, of the rule contained in Article 21(1)(a) of Law No. 27-A/2020, of July 24, in the segment that refers to the calculation of the tax related to the first half of 2020, due to violation of the principle of prohibition of retroactive taxation, arising from Article 103(3) of the Constitution of the Portuguese Republic ("CPR"); and
- Constitutional Court Ruling No. 478/2025, declared the unconstitutionality, with general binding force, of the provisions contained in Articles 1(2), 2, and 3(a) of the Regime creating the ASSB, contained in Annex VI of Law No. 27-A/2020, of July 24, due to violation of the principle of prohibition of arbitrariness, as a requirement of tax equality, arising from Article 13, and of the principle of contributory capacity, inherent in Articles 13 and 103(1), final part, all of the CPR;

the Bank recognised in the results caption the contributions received relating to financial years 2020 through 2024, in the amount of Euros 27,591 thousand.

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, 2025 and 2024, is as follows:

	31-12-2025				
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	Total
Net interest income	77,922	960,447	125,993	205,676	1,370,038
Dividend income	-	-	-	7,241	7,241
Net fee and commission income	58,908	451,943	31,241	(57,770)	484,322
Gains / Losses on financial operations ¹	15,882	7,629	2,917	10,847	37,275
Other operating income / expenses, net	-	2,149	-	5,291	7,440
Total operating income, net	152,712	1,422,168	160,151	171,285	1,906,316
Administrative expenses	(28,778)	(429,157)	(23,340)	(1,857)	(483,132)
Cash contributions to resolution funds and deposit guarantee schemes	-	-	-	(11,414)	(11,414)
Depreciation	(931)	(45,272)	(1,366)	(1)	(47,570)
Operating margin	123,003	947,739	135,445	158,013	1,364,200
Impairment and provisions, net of reversals ²	940	(18,818)	17,212	303	(363)
Other profit or loss, net	-	-	-	(2,975)	(2,975)
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-	794	794
Profit or loss before tax from continuing operations	123,943	928,921	152,657	156,135	1,361,656
Tax expense or income related to profit or loss from continuing operations	(37,183)	(278,676)	(45,797)	(36,195)	(397,851)
Profit or loss for the financial year attributable to the parent	86,760	650,245	106,860	119,940	963,805

	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

- 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, 2025 and 2024, 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:

	31-12-2025				Total
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	
Assets					
Financial assets at fair value through other comprehensive income – loan and advances	-	-	-	2,386,503	2,386,503
Financial assets at amortised cost					
Mortgage loans	-	25,263,261	-	-	25,263,261
Consumer loans	-	2,108,467	-	-	2,108,467
Other loans	2,976,975	6,181,932	6,201,127	8,259,054	23,619,088
Other balances receivable	-	34,149	-	404,713	438,862
Total allocated assets	2,976,975	33,587,809	6,201,127	11,050,270	53,816,181
Non-allocated assets					4,894,277
Total Assets					58,710,458
Liabilities					
Financial liabilities measured at amortised cost					
Deposits - Credit institutions	-	-	-	5,485,404	5,485,404
Deposits - Customers	858,641	30,803,154	7,789,997	-	39,451,792
Debt securities issued	-	-	-	7,868,936	7,868,936
Total allocated liabilities	858,641	30,803,154	7,789,997	13,354,340	52,806,132
Non-allocated liabilities					1,584,737
Total Liabilities					54,390,869
Guarantees and sureties (Off-balance sheet)	132,331	548,010	1,730,538	-	2,410,879

31-12-2024

	31-12-2024				Total
	Corporate Investment Banking	Retail Banking	Corporate Banking	Corporate Activities	
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 (Off-balance sheet)	141,902	581,683	1,407,783	-	2,131,368

As at December 31, 2025 and 2024, 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, 2025 and 2024, 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:

Company	Effective shareholding (%)		Net assets		Equity		Profit or loss for the financial year	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024	31-12-2025	31-12-2024	31-12-2025	31-12-2024
BANCO SANTANDER TOTTA, S.A.	Holding	Holding	61,616,609	57,068,289	4,275,422	4,115,659	946,464	993,282
TOTTA (IRELAND), PLC	100.00	100.00	523,527	474,178	462,095	466,082	11,430	916
TOTTA URBE - EMP.ADMIN. E CONSTRUÇÕES, S.A. ⁽¹⁾	100.00	100.00	91,446	91,166	89,335	88,330	1,006	2,568
TAXAGEST, SGPS, S.A.	-	99.00	-	56,442	-	56,395	-	402
NOVIMOVEST - Fundo de Investimento Imobiliário Aberto	78.86	78.74	126,142	163,549	121,648	159,252	2,494	3,989
GAMMA, Sociedade Financeira de Titularização de Créditos, S.A.	100.00	100.00	8,685	8,215	8,539	8,092	448	390
Securitisation operations managed by GAMMA, STC	-	-	3,961,452	2,035,290	-	-	-	-

(1) The net situation of this subsidiary includes supplementary capital contributions in the amount of Euros 99,760 thousand.

As at December 31, 2025 and 2024, 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
Securitisation operations managed by GAMMA, STC	Securitized 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, 2025 and 2024, the Novimovest Fund balance sheet was as follows:

	31-12-2025	31-12-2024
Property portfolio	95,877	126,490
Securities portfolio	19,984	-
Accounts receivable	3,486	3,910
Cash and banks	6,666	32,959
Accruals and deferrals	129	190
	<u>126,142</u>	<u>163,549</u>
Fund capital	121,648	159,252
Adjustments and provisions	2,483	1,796
Accounts payable	1,052	1,112
Accruals and deferrals	959	1,389
	<u>126,142</u>	<u>163,549</u>

As at December 31, 2025 and 2024, the consolidated profit or loss includes a gain of Euros 1,967 thousand and Euros 3,141 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:

	31-12-2025	31-12-2024
Cash	387,776	364,249
Demand deposits at central banks		
European Central Bank (ECB)	1,077,129	1,338,375
Other demand deposits at credit institutions		
Demand deposits	308,967	295,286
	<u>1,773,872</u>	<u>1,997,910</u>

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, 2025 and 2024, 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, 2025 and 2024, the investments under the overnight liquidity absorption mechanism were remunerated at 2% and 3%, respectively.

6. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

The captions of financial assets and liabilities held for trading have the following composition:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Financial assets held for trading		
Derivatives with positive fair value	706,932	1,549,696
Debt instruments	<u>19,984</u>	<u>-</u>
	<u><u>726,916</u></u>	<u><u>1,549,696</u></u>
Financial liabilities held for trading		
Derivatives with negative fair value	<u><u>717,902</u></u>	<u><u>1,557,421</u></u>

As at December 31, 2025 and 2024, the typologies of the derivatives recorded in these captions, are as follows:

	<u>31-12-2025</u>				<u>31-12-2024</u>			
	Notional value	Assets	Liabilities	Net	Notional value	Assets	Liabilities	Net
Forwards								
Purchases	381,381				270,374			
Sales	378,392	6,971	3,942	3,029	271,363	5,806	6,756	(950)
Currency swaps								
Purchases	661,687				678,553			
Sales	666,930	709	6,338	(5,629)	676,379	2,040	394	1,646
Interest rate swaps	29,609,850	690,038	698,465	(8,427)	27,472,190	1,523,736	1,532,200	(8,464)
Equity swaps	198,024	5,761	5,757	4	314,476	10,900	10,819	81
Currency options								
Purchases	80,563				41,505			
Sales	80,563	615	613	2	41,505	165	165	-
Equity options								
Purchases	-				94,787			
Sales	-				94,787	2,409	2,394	15
Interest rate caps & floors	913,342	2,838	2,787	51	1,092,213	4,640	4,693	(53)
	<u><u>32,970,732</u></u>	<u><u>706,932</u></u>	<u><u>717,902</u></u>	<u><u>(10,970)</u></u>	<u><u>31,048,132</u></u>	<u><u>1,549,696</u></u>	<u><u>1,557,421</u></u>	<u><u>(7,725)</u></u>

As at December 31, 2025, the captions of financial assets and liabilities held for trading are reduced by, approximately, Euros 545 thousand and Euros 1,293 thousand of "Credit Value Adjustments" and "Debit Value Adjustments", respectively (Euros 1,189 thousand and Euros 2,163 thousand as at December 31, 2024, respectively), in accordance with the methodology described in Note 36.

As at December 31, 2025 and 2024, 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	31-12-2025	31-12-2024
Equity Instruments	12,238	17,086

The movement in this caption during financial years 2025 and 2024 was as follows:

	31-12-2024	Purchases	Redemptions / Amortisations / Liquidations / Sales	Unrealised gains / losses	Realised gains / losses	31-12-2025
					(Note 26)	
Equity Instruments	17,086	109	(7,285)	2,328	-	12,238

	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

The redemptions that occurred in financial years 2025 and 2024 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:

	31-12-2025							
	Purchase cost	Interest receivable	Hedge adjustment	Fair value reserve			Other	Carrying amount
Positive reserve				Negative reserve	Total			
Debt securities								
Issued by public residents	1,169,119	30,328	(4,278)	7,387	(2,440)	4,947	(861)	1,199,255
Equity instruments	110,117	-	-	73,594	(25,721)	47,873	-	157,990
Loans and advances	2,300,000	31,153	(4,425)	59,775	-	59,775	-	2,386,503
	3,579,236	61,481	(8,703)	140,756	(28,161)	112,595	(861)	3,743,748

	31-12-2024							Carrying amount
	Purchase cost	Interest receivable	Hedge adjustment	Fair value reserve		Total	Other	
				Positive reserve	Negative reserve			
Debt securities								
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

The loans and advances correspond to a direct medium-/ long-term loan to the Portuguese State.

The movement under this caption during financial years 2025 and 2024, for Debt securities – Issued by public residents and Equity instruments, was as follows:

	31-12-2024	Purchases	Redemptions / Amortisations / Liquidations / Sales	Gains / Losses		Interest / Hedging / Other	31-12-2025
				unrealised	realised through Equity		
Equity instruments	174,336	4,085	(6,328)	(14,099)	(4)	-	157,990
Debt securities	1,240,223	-	(30,000)	(28,449)	-	17,481	1,199,255
	1,414,559	4,085	(36,328)	(42,548)	(4)	17,481	1,357,245

	31-12-2023	Purchases	Redemptions / Amortisations / Liquidations / Sales	Gains / Losses		Interest / Hedging / Other	31-12-2024
				unrealised	realised through Equity		
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

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:

Description	31-12-2025				31-12-2024			
	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	1,115,955	28,625	(301)	1,144,279	1,146,233	28,824	9,236	1,184,293
, Maturity between three and five years	52,677	1,699	217	54,593	-	-	-	-
, Maturity between five and ten years	-	-	-	-	53,326	1,699	489	55,514
, Maturity over ten years	487	4	(108)	383	487	4	(75)	416
	1,169,119	30,328	(192)	1,199,255	1,200,046	30,527	9,650	1,240,223

9. FINANCIAL ASSETS AT AMORTISED COST

The “Debt securities” sub-caption has the following composition:

	31-12-2025	31-12-2024
Securitised credit		
. Commercial paper	2,608,960	2,577,858
. Bonds	9,717,486	8,778,714
Interest receivable	177,425	161,388
Value adjustments of hedged assets	(3,653)	(19,090)
Deferred income	(1,544)	(1,991)
	<u>12,498,674</u>	<u>11,496,879</u>
Impairment of debt securities (Note 16)	(4,875)	(3,895)
	<u>12,493,799</u>	<u>11,492,984</u>

The “Loans and advances” sub-caption has the following composition:

	31-12-2025	31-12-2024
Loans and advances - Customers		
To corporate customers		
Overdrafts and current account loans	1,025,422	986,780
Factoring loans	2,394,752	1,921,499
Commercial book - other	138,341	168,186
Finance leasing	867,959	946,054
Loans	6,877,796	6,596,247
Other advances	43,058	38,979
To individuals		
Overdrafts and current account loans	91,126	92,900
Finance leasing	76,277	93,110
Loans	27,055,597	24,952,705
Other advances	558,755	516,738
	<u>39,129,083</u>	<u>36,313,198</u>
Interest receivable	103,577	124,821
Value adjustments of hedged assets	(18,051)	(21,543)
Commissions associated with amortised cost (net)	(5,389)	(6,453)
	<u>80,137</u>	<u>96,825</u>
Other balances receivable		
Margin / Escrow accounts	66,987	152,738
Cheques collectible	34,149	29,391
Sundry debtors and other cash equivalents	268,134	240,786
	<u>369,270</u>	<u>422,915</u>
Loans and advances - Credit institutions		
Loans	77,592	26,844
Interest receivable and deferred income	173	37
Commissions associated with amortised cost	(1,578)	(2,183)
	<u>76,187</u>	<u>24,698</u>
Loans and advances	<u>39,654,677</u>	<u>36,857,636</u>
Impairment of loans and advances - Customers and other balances receivable	(718,659)	(737,803)
Impairment of loans and advances - Credit institutions	(139)	(280)
Impairment of loans and advances (Note 16)	<u>(718,798)</u>	<u>(738,083)</u>
	<u>38,935,879</u>	<u>36,119,553</u>

As at December 31, 2025 and 2024, the sub-caption "Impairment of loans and advances - Customers and other balances receivable" includes Euros 6,457 thousand and Euros 6,675 thousand, respectively, of other balances receivable.

In financial years ended December 31, 2025 and 2024, portfolios of loans granted to individuals and companies were sold, with a carrying amount of Euros 72,810 thousand and Euros 86,837 thousand, respectively. As a result of these operations, net losses in the amount of Euros 8,429 thousand and net gains in the amount of Euros 5,824 thousand, were recorded in financial years 2025 and 2024, respectively (Note 16).

As at December 31, 2025 and 2024, 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 13,852,100 thousand and Euros 12,533,006 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 2025 and 2024 is presented in Note 16.

As at December 31, 2025 and 2024, the division, by stage, of the portfolio of financial assets at amortised cost, has the following breakdown:

	31-12-2025			31-12-2024		
	Gross amount	Impairment	Coverage	Gross amount	Impairment	Coverage
Stage 1	48,548,570	(54,577)	0.11%	44,245,291	(62,431)	0.14%
Stage 2	2,780,503	(126,694)	4.56%	3,226,337	(176,564)	5.47%
Stage 3	824,278	(542,402)	65.80%	882,887	(502,983)	56.97%
	<u>52,153,351</u>	<u>(723,673)</u>		<u>48,354,515</u>	<u>(741,978)</u>	

As at December 31, 2025 and 2024, the non-productive assets, net of impairment, are detailed as follows by counterpart and default date:

Counterparts	31-12-2025				
	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	20,044	19,927	-	117	-
Other financial companies	1,015	1,015	-	-	-
Non-financial companies	19,029	18,912	-	117	-
Loans and advances	261,832	125,165	32,117	98,055	6,495
Public sector	1,207	-	53	85	1,069
Other financial companies	1,536	90	18	1,428	-
Non-financial companies	103,600	52,895	11,477	36,688	2,540
Individuals	155,489	72,180	20,569	59,854	2,886
Total financial assets at amortised cost	281,876	145,092	32,117	98,172	6,495

Counterparts	31-12-2024				
	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

The evolution that occurred in the exposure and in the impairment of the financial assets at amortised cost in financial years 2025 and 2024, 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 31-12-2023	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
Transfers:								
Stage 1 to 2	(1,364,230)	1,364,230	-	-	(4,308)	51,466	-	47,158
Stage 1 to 3	(93,469)	-	93,469	-	(780)	-	60,582	59,802
Stage 2 to 3	-	(129,829)	129,829	-	-	(22,615)	71,114	48,499
Stage 2 to 1	993,596	(993,596)	-	-	5,163	(52,231)	-	(47,068)
Stage 3 to 2	-	56,197	(56,197)	-	-	7,329	(17,695)	(10,366)
Stage 3 to 1	5,672	-	(5,672)	-	19	-	(1,430)	(1,411)
Other	-	-	-	-	-	12,600	(10,800)	1,800
Write-offs and sales	-	-	(74,758)	(74,758)	-	-	(25,048)	(25,048)
Origination, net of amortisations	4,761,710	(742,836)	(145,280)	3,873,594	(7,948)	(46,419)	(37,304)	(91,671)
Balance as at 31-12-2025	48,548,570	2,780,503	824,278	52,153,351	54,577	126,694	542,402	723,673

In the 2024 financial year, the interest rate environment stabilised and there was no evidence of significant deterioration among individual customers. Accordingly, the Bank released the mortgage overlay built up in previous years, amounting to Euros 24 million, and reversed the related reclassification of Euros 509 million from Stage 1 to Stage 2.

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, 2025 and 2024, the property held by Novimovest had the following characteristics:

	31-12-2025	31-12-2024
Land – Urbanised	9,241	12,127
Finished constructions		
Leased	80,398	105,864
Non-leased	6,238	8,499
	<u>95,877</u>	<u>126,490</u>

On the other hand, during financial years 2025 and 2024, the property held by Novimovest generated, among other, the following annual income and expenses:

	31-12-2025	31-12-2024
Lease rentals (Note 28)	7,252	7,637
Taxes	(388)	(449)
Condominium charges	(190)	(317)
Maintenance and repairs	(313)	(379)
Insurance	(80)	(90)
	<u>6,281</u>	<u>6,402</u>

The movement under the sub-caption “Investment property”, during financial years 2025 and 2024, was as follows:

	Balance as at 31-12-2023	Additions	Fair value adjustment	Sales	Balance as at 31-12-2024	Additions	Fair value adjustment	Sales	Balance as at 31-12-2025
Property held by the Fund	138,032	-	(973)	(10,569)	126,490	-	1,959	(32,572)	95,877

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, 2025 and 2024, 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	
	31-12-2025	31-12-2024
Investment property	95,877	126,490

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, 2025 and 2024, 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		Valuation technique	Relevant inputs
		31-12-2025	31-12-2024		
Stª Cruz do Bispo - Lots 1, 2 and 3					
Retail Park Matosinhos	Leased	48,855	48,903	Income method / Comparative market method	Rental value per m ² Capitalisation rate
Warehouse in Perafita					
Warehouse in Matosinhos	Leased	-	16,145	Income method / Comparative market method	Rental value per m ² Capitalisation rate
Av. Antero de Quental, 9					
Offices and shop in Ponta Delgada	Leased	11,033	11,176	Income method / Comparative market method	Rental value per m ² Capitalisation rate
Land in Valongo	Land	9,241	9,669	Comparative market method / Cost method	Value of land and cost of construction and selling value per m ²
				Residual value method	
		69,129	85,893		

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 2025 and 2024 can be presented as follows:

	2025													
	31-12-2024			Additions	Write-offs and sales		Transfers to other assets		Depreciation	Reversal of impairment	31-12-2025			Carrying amount
	Gross amount	Accumulated depreciation	Impairment		Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation			Gross amount	Accumulated depreciation	Impairment	
			(Note 16)				(Note 13)			(Note 16)		(Note 16)		
Property, plant and equipment														
Property														
. Property for own use	325,471	(138,695)	(6,146)	1,715	(709)	535	(9,343)	4,934	(6,191)	3,646	317,134	(139,417)	(2,500)	175,217
. Leasehold expenditure	9,512	(7,380)	-	-	43	(58)	-	-	(420)	-	9,555	(7,858)	-	1,697
. Rights of use (Note 15)	47,699	(30,088)	-	3,231	(728)	-	-	-	(4,236)	-	50,202	(34,324)	-	15,878
. Other property	167	(85)	-	-	-	-	-	-	(2)	-	167	(87)	-	80
	<u>382,849</u>	<u>(176,248)</u>	<u>(6,146)</u>	<u>4,946</u>	<u>(1,394)</u>	<u>477</u>	<u>(9,343)</u>	<u>4,934</u>	<u>(10,849)</u>	<u>3,646</u>	<u>377,058</u>	<u>(181,686)</u>	<u>(2,500)</u>	<u>192,872</u>
Equipment	100,967	(45,390)	-	23,731	(6,396)	4,749	(405)	134	(11,493)	-	117,897	(52,000)	-	65,897
Other property, plant and equipment	2,133	(34)	-	-	-	-	-	-	-	-	2,133	(34)	-	2,099
	<u>103,100</u>	<u>(45,424)</u>	<u>-</u>	<u>23,731</u>	<u>(6,396)</u>	<u>4,749</u>	<u>(405)</u>	<u>134</u>	<u>(11,493)</u>	<u>-</u>	<u>120,030</u>	<u>(52,034)</u>	<u>-</u>	<u>67,996</u>
	<u>485,949</u>	<u>(221,672)</u>	<u>(6,146)</u>	<u>28,677</u>	<u>(7,790)</u>	<u>5,226</u>	<u>(9,748)</u>	<u>5,068</u>	<u>(22,342)</u>	<u>3,646</u>	<u>497,088</u>	<u>(233,720)</u>	<u>(2,500)</u>	<u>260,868</u>
Intangible assets														
Software	118,759	(83,849)	-	34,766	-	-	37	-	(25,228)	-	153,562	(109,077)	-	44,485
Software in progress	-	-	-	647	-	-	(37)	-	-	-	610	-	-	610
Other intangible assets	2,009	(2,009)	-	-	-	-	-	-	-	-	2,009	(2,009)	-	-
Goodwill	1,160	-	-	-	-	-	-	-	-	-	1,160	-	-	1,160
	<u>121,928</u>	<u>(85,858)</u>	<u>-</u>	<u>35,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,228)</u>	<u>-</u>	<u>157,341</u>	<u>(111,086)</u>	<u>-</u>	<u>46,255</u>

2024

	31-12-2023			Additions	Write-offs and sales		Transfers		Transfers to other assets		Depreciation	31-12-2024			Carrying amount
	Gross amount	Accumulated depreciation	Impairment		Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation		Gross amount	Accumulated depreciation	Impairment	
	(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
	<u>381,569</u>	<u>(165,659)</u>	<u>(6,146)</u>	<u>4,259</u>	<u>(1,848)</u>	<u>429</u>	<u>(25)</u>	<u>-</u>	<u>(1,106)</u>	<u>269</u>	<u>(11,287)</u>	<u>382,849</u>	<u>(176,248)</u>	<u>(6,146)</u>	<u>200,455</u>
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
	<u>114,845</u>	<u>(58,808)</u>	<u>-</u>	<u>13,597</u>	<u>(25,361)</u>	<u>23,731</u>	<u>25</u>	<u>-</u>	<u>(6)</u>	<u>3</u>	<u>(10,350)</u>	<u>103,100</u>	<u>(45,424)</u>	<u>-</u>	<u>57,676</u>
	<u>496,414</u>	<u>(224,467)</u>	<u>(6,146)</u>	<u>17,856</u>	<u>(27,209)</u>	<u>24,160</u>	<u>-</u>	<u>-</u>	<u>(1,112)</u>	<u>272</u>	<u>(21,637)</u>	<u>485,949</u>	<u>(221,672)</u>	<u>(6,146)</u>	<u>258,131</u>
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
	<u>118,320</u>	<u>(86,187)</u>	<u>-</u>	<u>22,905</u>	<u>(19,297)</u>	<u>19,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,968)</u>	<u>121,928</u>	<u>(85,858)</u>	<u>-</u>	<u>36,070</u>

12. TAX ASSETS AND LIABILITIES

The composition of these captions is as follows:

	31-12-2025	31-12-2024
Current tax assets	16,636	2,286
Deferred tax assets	95,635	118,040
	<u>112,271</u>	<u>120,326</u>
Current tax liabilities		
IRC payable	3,988	-
Santander Totta, SGPS, S.A.	-	418,618
Other	9,234	1,248
Deferred tax liabilities	73,907	112,436
	<u>87,129</u>	<u>532,302</u>
Deferred taxes	<u>21,728</u>	<u>5,604</u>

Taxes in the statement of profit or loss have the following composition:

	31-12-2025	31-12-2024
Current taxes	384,187	453,720
Deferred taxes	13,664	32,348
	<u>397,851</u>	<u>486,068</u>

The movement in deferred tax assets and liabilities during financial years 2025 and 2024, is as follows:

	Balance as at 31-12-2024	Other comprehensive income	Profit or loss	Balance as at 31-12-2025
Provisions / Impairment temporarily not accepted for tax purposes:				
. Deferred tax assets	38,895	-	(9,645)	29,250
. Deferred tax liabilities	(5,054)	-	505	(4,549)
Revaluation of property, plant and equipment:				
. Deferred tax assets	277	-	(277)	-
. Deferred tax liabilities	(1,340)	-	239	(1,101)
Intangible assets	489	-	(192)	297
Pensions:				
. Early retirement pensions	41,995	-	(8,230)	33,765
. Retirement pensions	3,947	-	(329)	3,618
. Transfers of pension liabilities to Social Security	2,190	-	(469)	1,721
Financial assets at fair value through other comprehensive income	(85,640)	28,599	-	(57,041)
Hedging derivatives - Cash flows	(7,824)	1,189	-	(6,635)
Financial assets at fair value through profit or loss	26,595	-	(2,812)	23,783
Securitisation operations	(10,277)	-	7,640	(2,637)
Tax losses carried forward - Banif	157,699	-	-	157,699
Tax losses carried forward - Banif (impairment)	(157,699)	-	-	(157,699)
Other	1,351	-	(94)	1,257
	<u>5,604</u>	<u>29,788</u>	<u>(13,664)</u>	<u>21,728</u>

	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
	<u>10,306</u>	<u>27,646</u>	<u>(32,348)</u>	<u>5,604</u>

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 financial year 2022. 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 applied, until financial year 2024, the Special Taxation of Groups of Companies Regime (RETGS). This regime corresponds to the sum of the taxable income / tax loss determined in the periodic separate returns of each company. The companies covered by this scheme were: Santander Totta, SGPS – the controlling company and Taxagest, the Bank, TottaUrbe and Gamma – controlled companies.

Due to the merger of Santander Totta, SGPS, S.A. through incorporation in the Bank on February 28, 2025, the Santander Group ceased to apply the RETGS in financial year 2025.

13. OTHER ASSETS

The composition of this caption is as follows:

	31-12-2025	31-12-2024
Income receivable		
Placement of securities funds	11,776	4,169
Credit operations	50	50
Other services rendered	18,524	18,169
Other	2,782	3,424
Payment in kind, auctions and other assets received as payment in kind	85,981	48,776
Gold, other precious metals, coins and medals	3,145	3,145
Deferred expenses	957	996
Liabilities - pensions and other benefits (Note 33)		
Liabilities of the Bank	(1,097,537)	(1,121,259)
Bank - Pension Fund book value	1,160,586	1,151,632
Liabilities - London Branch	(27,909)	(29,356)
London Branch - Pension Fund book value	30,536	32,680
Liabilities - BAPOP	(151,422)	(151,438)
BAPOP - Pension Fund book value	195,171	191,701
Values in transit and other transactions to be settled	199,107	229,002
	<u>431,747</u>	<u>381,691</u>
Impairment of non-financial assets (Note 16)	<u>(26,175)</u>	<u>(29,228)</u>
	<u>405,572</u>	<u>352,463</u>

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 "Payment in kind, auctions and other assets received as payment in kind" during financial years 2025 and 2024 was as follows:

	31-12-2024			Additions	Sales / Write-offs	Transfers to/from NCAHFS	Transfers of property, plant and equipment	Impairment (Note 16)			31-12-2025		
	Gross amount	Impairment	Carrying amount					Increases	Reversals	Use	Gross amount	Impairment	Carrying amount
	(Note 16)					(Note 14)	(Note 11)				(Note 16)		
Assets received as payment in kind													
Property	16,463	(12,024)	4,439	-	-	9,269	-	(49)	1,319	-	25,732	(10,754)	14,978
Payment in kind	103	(103)	-	56,762	(9,145)	(15,918)	-	-	-	-	31,802	(103)	31,699
Auctions	2,843	(699)	2,144	1,136	(26)	(2,002)	-	-	46	-	1,951	(653)	1,298
Other	11,488	(10,798)	690	494	(1,507)	(787)	-	(83)	838	675	9,688	(9,368)	320
Own use property for sale	7,044	(3,166)	3,878	44	(3,555)	-	4,680	(1,557)	797	655	8,213	(3,271)	4,942
Other property for sale	10,835	(2,438)	8,397	-	(2,240)	-	-	-	119	293	8,595	(2,026)	6,569
	48,776	(29,228)	19,548	58,436	(16,473)	(9,438)	4,680	(1,689)	3,119	1,623	85,981	(26,175)	59,806

The additions verified in the sub-caption "Payment in kind" correspond to loan recoveries through payment in kind agreements.

	31-12-2023			Additions	Sales / Write-offs	Transfers to/from NCAHFS	Transfers of property, plant and equipment	Impairment (Note 16)			31-12-2024		
	Gross amount	Impairment	Carrying amount					Increases	Reversals	Use	Gross amount	Impairment	Carrying amount
	(Note 16)					(Note 14)	(Note 11)				(Note 16)		
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
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 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

As at December 31, 2025 and 2024, 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	2025				2024			
	No. properties	Gross amount	Impairment	Carrying amount	No. properties	Gross amount	Impairment	Carrying amount
Property								
Urban land	93	10,454	(237)	10,217	3	819	(230)	589
Rural land	7	486	(175)	311	4	265	(228)	37
Buildings								
. Residential	49	7,816	(5,206)	2,610	57	8,054	(5,941)	2,113
. Commercial	20	6,976	(5,136)	1,840	23	7,325	(5,625)	1,700
	169	25,732	(10,754)	14,978	87	16,463	(12,024)	4,439
Other property for sale								
Urban land	51	4,476	(521)	3,955	84	6,461	(742)	5,719
Rural land	3	3,347	(1,393)	1,954	4	3,455	(1,553)	1,902
Buildings								
. Residential	4	171	(17)	154	4	208	(17)	191
. Commercial	4	601	(95)	506	4	711	(126)	585
	62	8,595	(2,026)	6,569	96	10,835	(2,438)	8,397
	231	34,327	(12,780)	21,547	183	27,298	(14,462)	12,836

The determination of impairment losses is performed according to the methodology described in Note 14.

As at December 31, 2025 and 2024, the manner of determining the fair value of the "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 2025 and 2024, was as follows:

	31-12-2024				Transfers to/ from other assets	Impairment (Note 16)			31-12-2025		
	Gross amount	Accumulated impairment	Additions	Sales		Increases	Reversals	Use	Gross amount	Accumulated impairment	Carrying amount
Assets received as payment in kind											
Property	20,515	(8,282)	47	(7,403)	9,438	(467)	502	2,107	22,597	(6,140)	16,457
Equipment	1,749	(1,617)	388	(608)	-	(558)	444	356	1,529	(1,375)	154
Other assets	13,479	-	183	(10,969)	-	-	-	-	2,693	-	2,693
	35,743	(9,899)	618	(18,980)	9,438	(1,025)	946	2,463	26,819	(7,515)	19,304

	31-12-2023				Transfers to/ from other assets (Note 13)	Impairment (Note 16)			31-12-2024		
	Gross amount	Accumulated impairment	Additions	Sales		Increases	Reversals	Use	Gross amount	Accumulated impairment	Carrying amount
	(Note 16)								(Note 16)		
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

As at December 31, 2025 and 2024, the typology of the properties in the Assets received as payment in kind portfolio – property, was as follows:

Typology	2025				2024			
	No. properties	Gross amount	Impairment	Carrying amount	No. properties	Gross amount	Impairment	Carrying amount
Urban land	73	14,900	(4,608)	10,292	56	9,051	(5,399)	3,652
Rural land	3	84	(74)	10	3	84	(74)	10
Buildings								
· Residential	22	2,649	(501)	2,148	195	5,536	(1,799)	3,737
· Commercial	16	4,964	(957)	4,007	38	5,844	(1,010)	4,834
	114	22,597	(6,140)	16,457	292	20,515	(8,282)	12,233

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 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) Market method

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) Income method

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, 2025 and 2024, 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:

	31-12-2025	31-12-2024
Deposits - Credit institutions		
Sale operations with repurchase agreement	5,134,223	4,137,574
Deposits	351,090	506,163
Interest payable / deferred expenses	91	289
	<u>5,485,404</u>	<u>4,644,026</u>
Deposits - Customers		
Demand deposits	23,697,611	23,048,508
Term deposits	15,563,799	14,614,517
Advance notice deposits	16,000	1,000
Structured deposits	58	137,007
Saving deposits	136,156	183,391
Interest payable / deferred expenses	38,168	84,871
Value adjustments for hedging operations	-	(354)
	<u>39,451,792</u>	<u>38,068,940</u>
	<u>44,937,196</u>	<u>42,712,966</u>

As at December 31, 2025 and 2024, 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:

Type of subjacent	31-12-2025				Remaining period		
	Capital	Interest	Deferred expenses	Total	Up to 3 months	3 months to 1 year	1 to 3 years
Debt securities of national public issuers	336,300	-	(632)	335,668	335,668	-	-
Debt securities of foreign public issuers	74,347	-	9,711	84,058	322,302	(88,155)	(150,089)
Debt securities of other issuers	4,755,244	-	(40,747)	4,714,497	2,534,384	1,879,979	300,134
	<u>5,165,891</u>	<u>-</u>	<u>(31,668)</u>	<u>5,134,223</u>	<u>3,192,354</u>	<u>1,791,824</u>	<u>150,045</u>
	<u>4,191,119</u>	<u>-</u>	<u>(53,545)</u>	<u>4,137,574</u>	<u>1,584,666</u>	<u>2,185,812</u>	<u>367,096</u>

Type of subjacent	31-12-2024				Remaining period		
	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
	<u>4,191,119</u>	<u>-</u>	<u>(53,545)</u>	<u>4,137,574</u>	<u>1,584,666</u>	<u>2,185,812</u>	<u>367,096</u>

The sub-caption "Debt securities issued" has the following composition:

	31-12-2025			31-12-2024		
	Issued	Reacquired	Balance	Issued	Reacquired	Balance
Covered bonds						
Opening balance	10,831,400	(7,053,000)	3,778,400	9,769,900	(6,123,800)	3,646,100
Issued	1,900,000	(1,000,000)	900,000	2,061,500	(933,000)	1,128,500
Reacquired	-	(4,200)	(4,200)	-	-	-
Redeemed	(750,000)	750,000	-	(1,000,000)	3,800	(996,200)
Closing balance	11,981,400	(7,307,200)	4,674,200	10,831,400	(7,053,000)	3,778,400
Interest payable	-	-	77,082	-	-	62,647
Cost-related commissions	-	-	(19,532)	-	-	(22,513)
Hedging adjustments	-	-	7,173	-	-	33,056
	11,981,400	(7,307,200)	4,738,923	10,831,400	(7,053,000)	3,851,590
Bonds issued in the scope of securitisation operations						
Opening balance	2,010,303	(1,004,805)	1,005,498	2,715,184	(1,732,384)	982,800
Issued	2,587,001	(2,163,800)	423,201	404,001	-	404,001
Redeemed	(683,219)	236,176	(447,043)	(1,108,882)	727,579	(381,303)
Closing balance	3,914,085	(2,932,429)	981,656	2,010,303	(1,004,805)	1,005,498
Interest payable	-	-	3,476	-	-	2,375
Cost-related commissions	-	-	(8,863)	-	-	(21,975)
	3,914,085	(2,932,429)	976,269	2,010,303	(1,004,805)	985,898
Structured bonds						
Opening balance	339,678	-	339,678	294,175	(796)	293,379
Issued	168,600	-	168,600	112,900	-	112,900
Reacquired	-	-	-	-	(458)	(458)
Redeemed	(192,274)	-	(192,274)	(67,397)	1,254	(66,143)
Closing balance	316,004	-	316,004	339,678	-	339,678
Interest payable	-	-	3,499	-	-	5,202
	316,004	-	319,503	339,678	-	344,880
Other bonds						
Opening balance	650,000	-	650,000	650,000	-	650,000
Incorporated in the Merger	1,600,000	-	1,600,000	-	-	-
Reimbursed in the Merger	(650,000)	-	(650,000)	-	-	-
Closing balance	1,600,000	-	1,600,000	650,000	-	650,000
Interest payable	-	-	21,185	-	-	15,632
	1,600,000	-	1,621,185	650,000	-	665,632
Subordinated liabilities						
Opening balance	327,599	-	327,599	327,599	-	327,599
Incorporated in the Merger	200,000	-	200,000	-	-	-
Reimbursed in the Merger	(320,000)	-	(320,000)	327,599	-	327,599
Closing balance	207,599	-	207,599	327,599	-	327,599
Interest payable	-	-	5,457	-	-	149
	207,599	-	213,056	327,599	-	327,748
	18,019,088	(10,239,629)	7,868,936	14,158,980	(8,057,805)	6,175,748

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 2025 and 2024 related to debt securities issued, are as follows:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Interest and commissions payable as at December 31, 2024	41,517	14,677
Expenses incurred with debt securities issued	282,570	247,729
Interest and commissions payable as at December 31, 2025	<u>82,304</u>	<u>41,517</u>
Cash flows from financing activities – Remuneration payable on debt issued + Subordinated liabilities	<u><u>241,783</u></u>	<u><u>220,889</u></u>

Between May 2008 and December 2025, the Bank realised forty covered bond issues under the “€ 15,000,000,000 Covered Bonds Programme”. As at December 31, 2025 and 2024, the covered bonds had an autonomous set of net assets consisting of:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Loans and advances - Customers (Note 9)	13,852,100	12,533,006
Loan interest	44,771	39,069
Derivatives	<u>(599,270)</u>	<u>(1,410,008)</u>
	<u><u>13,297,601</u></u>	<u><u>11,162,067</u></u>

The sub-caption “Other financial liabilities” has the following composition:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Cheques and orders payable	60,452	57,690
Creditors and other resources		
Creditors for futures operations	17,291	22,454
Contributions to other healthcare systems	1,804	1,761
Public sector	41,544	48,653
Creditors for factoring contracts	108,261	76,479
Creditors for amounts payables	7,067	42,435
Other	21,731	30,403
Commitments for future rents	<u>16,053</u>	<u>17,797</u>
	<u><u>274,203</u></u>	<u><u>297,672</u></u>

Commitments for future rents correspond to the adoption of IFRS 16, and their movements during financial years 2025 and 2024, are as follows:

	Lease liabilities	Right of use (Note 11)
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
Depreciation 2025	(4,175)	(4,236)
Outs	(749)	(727)
Ins	277	276
Rent extensions and modifications	2,903	2,954
Balances as at December 31, 2025	16,053	15,878

During the same periods, the contractual cash flows are as follows:

	31-12- 2025	31-12- 2024
. Up to 1 year	4,261	4,097
. Up to 2 years	4,064	3,833
. Up to 3 years	3,160	3,675
. Up to 4 years	1,326	2,994
. Up to 5 years	1,146	1,099
. More than 5 years	2,096	2,099
	16,053	17,797

16. MOVEMENT IN PROVISIONS AND IMPAIRMENT

The movement in Provisions during financial years 2025 and 2024 was as follows:

	2025					31-12-2025
	31-12-2024	Increases	Reversals	Use	Transfers / Other	
Impairment for commitments and guarantees given (Note 22)	51,457	5,913	(15,025)	-	-	42,345
Restructuring	22,241	-	-	(7,753)	-	14,488
Other provisions	50,322	15,446	(6,938)	(9,167)	(1,940)	47,723
	124,020	21,359	(21,963)	(16,920)	(1,940)	104,556
	2024					31-12-2024
	31-12-2023	Increases	Reversals	Use	Transfers / Other	
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

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 settled commitments assumed.

The sub-caption "Other provisions" presented the following detail:

	31-12-2025	31-12-2024
Pensions and other post-employment defined benefit obligations (Note 35)	14,309	14,992
Tax issues	11,750	5,250
Legal issues and pending litigation	4,726	10,332
Other provisions	16,938	19,748
	<u>47,723</u>	<u>50,322</u>

The movement in Impairment during financial years 2025 and 2024 was as follows:

	2025					31-12-2025	Recoveries of uncollectibles and other	Gains / Losses on loan sales
	31-12-2024	Increases	Reversals	Use	Other			
Impairment or reversal of impairment of financial assets not measured								
at fair value through profit or loss:								
Impairment of debt securities (Note 9)	3,895	2,361	(1,381)	-	-	4,875	-	-
Impairment of loan and advances (Note 9)	738,083	66,760	(70,022)	(25,048)	9,025	718,798	(183)	8,429
	<u>741,978</u>	<u>69,121</u>	<u>(71,403)</u>	<u>(25,048)</u>	<u>9,025</u>	<u>723,673</u>	<u>(183)</u>	<u>8,429</u>
Impairment or reversal of impairment on non-financial assets:								
Property, plant and equipment (Note 11)	6,146	-	(3,646)	-	-	2,500	-	-
Other assets (Note 13)	29,228	1,689	(3,119)	(1,623)	-	26,175	-	-
Non-current assets held for sale (Note 14)	9,899	1,025	(946)	(2,463)	-	7,515	-	-
	<u>45,273</u>	<u>2,714</u>	<u>(7,711)</u>	<u>(4,086)</u>	<u>-</u>	<u>36,190</u>	<u>-</u>	<u>-</u>
	2024					31-12-2024	Recoveries of uncollectibles and other	Gains / Losses on loan sales
31-12-2023	Increases	Reversals	Use	Other				
Impairment or reversal of impairment of financial assets not measured								
at fair value through profit or loss:								
Impairment of debt securities	2,262	1,757	(124)	-	-	3,895	-	-
Impairment of loan and advances	794,770	118,513	(100,813)	(74,429)	42	738,083	(517)	(5,824)
	<u>797,032</u>	<u>120,270</u>	<u>(100,937)</u>	<u>(74,429)</u>	<u>42</u>	<u>741,978</u>	<u>(517)</u>	<u>(5,824)</u>
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	-	-
	<u>59,138</u>	<u>13,153</u>	<u>(19,078)</u>	<u>(7,940)</u>	<u>-</u>	<u>45,273</u>	<u>-</u>	<u>-</u>

17. SHARE CAPITAL REPAYABLE ON DEMAND

As at December 31, 2025 and 2024, 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:

	31-12-2025	31-12-2024
General administrative expenses	48,557	75,339
Staff expenses payable	93,407	90,100
Other charges payable	6,689	6,679
Deferred income	7,475	8,327
Other		
SEPA transfers	135,505	182,368
Other values in transit and other transactions to be settled	78,613	107,341
	<u>370,246</u>	<u>470,154</u>

As at December 31, 2025 and 2024, the other charges correspond, essentially, to accrued expenses related to the Bank's normal activity.

19. EQUITY

As at December 31, 2025 and 2024, 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:

	31-12-2025			31-12-2024		
	Number of shares	Shareholding %	Amount	Number of shares	Shareholding %	Amount
Banco Santander, S.A.	1,383,690,177	99.42%	1,383,690	-	-	-
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	6,326,736	0.45%	6,327	435,492	0.03%	436
Other	1,762,761	0.13%	1,763	531,600	0.04%	532
	<u>1,391,779,674</u>	<u>100.00%</u>	<u>1,391,780</u>	<u>1,391,779,674</u>	<u>100.00%</u>	<u>1,391,780</u>

The change occurring in the shareholder structure derives from the merger by incorporation in the Bank, on February 28, 2025, of Santander Totta, SGPS, S.A. and Taxagest, SGPS, S.A. (see Introductory note).

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.

Equity instruments issued other than capital

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. In the scope of the merger by incorporation of Santander Totta, SGPS, S.A. in the Bank on February 28, 2025 and the consequent integration in the Bank of the entire net assets of Santander Totta, SGPS, S.A., the Bank extinguished this issue.

Also as a result of this merger, the issuances “Fixed Rate Perpetual Deeply Subordinated Additional Tier I Resettable Instruments” and “Fixed Rate Resettable Perpetual Additional Tier 1 Instruments”, with an aggregate value of Euros 700,000 thousand, issued by Santander Totta, SGPS, S.A. and wholly acquired by Banco Santander, S.A., were maintained on the balance sheet:

- Issuance of “€ 400,000,000 Fixed Rate Perpetual Deeply Subordinated Additional Tier I Resettable Instruments”, perpetual subordinated bonds, of January 14, 2021, which qualify for the Tier 1 capital ratio, as Additional Tier 1 Capital, under Directive 2013/36/EU (or CRD IV – Capital Requirements Directive). This operation has no defined term, has an option for early redemption by the Bank from the end of the 5th year and an interest rate of 4.9% per annum for the first 5 years. Being an Additional Tier 1 instrument, the corresponding interest payment is decided at the discretion of the Bank and is also subject to a set of conditions.
- Issuance of “€ 300,000,000 Fixed Rate Resettable Perpetual Additional Tier 1 Instruments”, perpetual subordinated bonds, of February 22, 2024, that qualify for the Tier 1 capital ratio, as Additional Tier 1 Capital, under Directive 2013/36/EU (or CRD IV – Capital Requirements Directive). This operation has no defined term, has an option for early redemption by the Bank from the end of the 5th year and an interest rate of 8.007% per annum for the first 5 years. Being an Additional Tier 1 instrument, the corresponding interest payment is decided at the discretion of the Bank and is also subject to a set of conditions.

On May 27, 2025, the Bank issued the “€ 500,000,000 Fixed Rate Resettable Perpetual Additional Tier I” issuance, perpetual subordinated bonds that qualify for the Tier 1 capital ratio, as Additional Tier 1 Capital, under Directive 2013/36/EU (or CRD IV – Capital Requirements Directive), which were wholly acquired by Banco Santander, S.A.. This operation has no defined term, offers the option of early redemption by the Bank from the end of the 5th year and has an interest rate of 6.562% per annum for the first 5 years. Being an Additional Tier 1 instrument, the corresponding interest payment is decided at the discretion of the Bank and is also subject to a set of conditions.

Accumulated other comprehensive income

As at December 31, 2025 and 2024, the breakdown of the Accumulated other comprehensive income reserves was as follows:

	<u>31-12-2025</u>	<u>31-12-2024</u>
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)	(732,561)	(729,194)
Fair value changes of equity instruments measured at fair value through other comprehensive income	<u>47,874</u>	<u>61,974</u>
Total of Items that will not be reclassified to profit or loss	<u><u>(684,687)</u></u>	<u><u>(667,220)</u></u>
Items that may be reclassified to profit or loss		
Cash flow hedges	22,879	26,081
Fair value changes of debt securities at fair value through other comprehensive income	4,947	32,930
Fair value changes of loans and advances at fair value through other comprehensive income	<u>204,127</u>	<u>252,919</u>
Total of Items that may be reclassified to profit or loss	<u><u>231,953</u></u>	<u><u>311,930</u></u>
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	211,236
Fair value changes of equity instruments measured at fair value through other comprehensive income	<u>(185)</u>	<u>(234)</u>
Total of Items that will not be reclassified to profit or loss – tax effect	<u><u>211,051</u></u>	<u><u>211,002</u></u>
Items that may be reclassified to profit or loss – tax effect		
Cash flow hedges	(6,635)	(7,824)
Fair value changes of debt securities at fair value through other comprehensive income	(1,156)	(9,529)
Fair value changes of loans and advances at fair value through other comprehensive income	<u>(55,700)</u>	<u>(75,876)</u>
Total of Items that may be reclassified to profit or loss – tax effect	<u><u>(63,491)</u></u>	<u><u>(93,229)</u></u>
Accumulated other comprehensive income	<u><u>(305,174)</u></u>	<u><u>(237,517)</u></u>

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:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Retained earnings	<u><u>424,036</u></u>	<u><u>378,383</u></u>
Other reserves		
Legal reserve	823,707	724,379
Reserves of consolidated companies	141,615	154,572
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)
Through the incorporation of Santander Totta, SGPS and of Taxagest, SGPS	(391,740)	-
Other reserves	<u>(482,804)</u>	<u>(434,660)</u>
	<u><u>749,626</u></u>	<u><u>1,103,139</u></u>

Retained earnings

This caption recognises undistributed profits or losses of prior years.

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).

On March 28, 2025, the General Meeting deliberated to distribute dividends in respect of the net profit of 2024 in the amount of Euros 843,000 thousand (Euros 839,168 thousand paid).

On September 25, 2025, the Audit Committee approved the Board of Directors' request to distribute interim dividends in respect of the net profit of 2025 in the amount of Euros 280,000 thousand (Euros 278,727 thousand paid).

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 (see Introductory note).

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.

	31-12-2025	31-12-2024
Consolidated profit or loss attributable to owners of the parent	963,805	971,345
Weighted average number of ordinary shares issued	1,391,779,674	1,391,779,674
Weighted average number of treasury shares	7,709,531	15,028,807
Weighted average number of ordinary shares outstanding	1,384,070,143	1,376,750,867
Basic earnings per share attributable to owners of the parent (Euros)	0.696	0.706

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 2025 and 2024, the determination of the consolidated profit can be summarised as follows:

	31-12-2025		31-12-2024	
	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)	946,464	946,464	993,282	993,282
Profit or loss of remaining Group companies:				
Totta (Ireland), Plc.	11,430	11,430	13,686	13,686
Novimovest - Fundo de Investimento Imobiliário Aberto	2,494	1,967	3,989	3,141
Gamma, Sociedade Financeira de Titularização de Créditos, S.A.	448	448	390	390
Totta Urbe, Empresa de Administração e Construções, S.A.	1,006	1,006	2,568	2,568
Taxagest, SGPS, S.A.	-	-	402	398
	15,378	14,851	21,035	20,183
Adjustments to the consolidated results				
Annulment of intergroup dividends received:				
Totta (Ireland), Plc.		(14,526)		(22,323)
		(14,526)		(22,323)
Adjustments related to securitisation operations		17,072		(20,718)
Annulment of the impairment of investments in subsidiaries		-		1,000
Other		(56)		(79)
Profit or loss attributable to owners of the parent		963,805		971,345

21. NON-CONTROLLING INTERESTS

The value of third-party holdings in Group companies is broken down by entity, as follows:

	31-12-2025	31-12-2024
Taxagest, SGPS, S.A.	-	564
Other	-	69
	-	633

The change in this caption derives from the merger by incorporation in the Bank, on February 28, 2025, of Taxagest, SGPS, S.A. (see Introductory note).

22. OFF-BALANCE SHEET ITEMS

The breakdown of off-balance sheet liabilities is as follows:

	31-12-2025	31-12-2024
Guarantees given and other contingent liabilities		
Guarantees and sureties (Note 36)	591,716	398,315
Loan commitments granted (Note 36)		
Revocable	7,398,801	6,421,646
Irrevocable	705,479	875,957
	<u>8,104,280</u>	<u>7,297,603</u>
Other commitments granted		
Non-financial guarantees and sureties (Note 36)	1,819,163	1,733,053
Documentary credits outstanding (Note 36)	104,175	252,725
Other commitments granted	84	84
	<u>1,923,422</u>	<u>1,985,862</u>
Irrevocable payment commitments	33,608	68,277
	<u>1,957,030</u>	<u>2,054,139</u>
	<u>10,653,026</u>	<u>9,750,057</u>
Assets pledged as guarantee		
Bank of Portugal	152,000	196,000
Deposit Guarantee Fund	-	43,318
Investor Indemnity System	9,762	9,626
Assets pledged as guarantee in monetary policy operations	16,521,503	15,992,728
European Resolution Fund	26,451	26,451
	<u>16,709,716</u>	<u>16,268,123</u>
Liabilities for services provided		
Deposit and custodianship services	40,872,788	47,788,584
Values received for collection	818,071	773,157
	<u>41,690,859</u>	<u>48,561,741</u>

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:

	31-12-2025							
	Exposure				Impairment (Note 16)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments granted	7,777,355	309,219	17,706	8,104,280	6,071	5,174	1,014	12,259
Financial guarantees and sureties	551,784	22,820	17,112	591,716	439	440	12,131	13,010
Other commitments granted	1,762,838	77,917	82,667	1,923,422	462	859	15,755	17,076
	<u>10,091,977</u>	<u>409,956</u>	<u>117,485</u>	<u>10,619,418</u>	<u>6,972</u>	<u>6,473</u>	<u>28,900</u>	<u>42,345</u>

	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

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 assumed an irrevocable commitment to the Deposit Guarantee Fund to pay the remaining 10% of the annual contribution, if and when so requested. As at December 31, 2025, there was no unpaid amount in respect of this commitment (Euros 34,485 thousand as at December 31, 2024, which were paid in 2025). The assets pledged to the Bank of Portugal were reflected under the off-balance sheet items caption at their market value. In financial years 2025 and 2024, the Bank paid 100% of the annual contribution in the amounts of Euros 149 thousand and Euros 151 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, 2025 and 2024, these liabilities amounted to Euros 7,157 thousand and Euros 7,342 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 years 2025 and 2024 there were no contributions, with the amount of Euros 312 thousand presented in 2024 (Note 30) corresponding to regularisations of previous years.

As at December 31, 2025 and 2024, the liabilities related to unpaid amounts of the payment commitment to the Single Resolution Fund amounted to Euros 26,451 thousand.

On November 14, 2025, the Bank became aware that the Court of Justice of the European Union (CJEU) definitively resolved the appeal filed by a financial institution against the Single Resolution Fund concerning this commitment, confirming the judgment of the General Court of October 25, 2023, which ruled against that financial institution regarding the request for the return of guarantees associated with irrevocable payment commitments of an entity within its Group whose license had been revoked. In light of this decision, the Bank concluded that it is not necessary to modify the accounting records in relation to contribution commitments, nor to others of a similar nature.

23. NET INTEREST INCOME

The composition of this caption is as follows:

	2025			2024		
	Income	Expenses	Net	Income	Expenses	Net
Assets						
Cash and deposits at central banks and credit institutions	30,838	-	30,838	130,791	-	130,791
Financial assets held for trading	827,580	-	827,580	814,917	-	814,917
Financial assets at fair value through other comprehensive income						
Loans and advances	71,846	-	71,846	71,842	-	71,842
Debt securities	35,761	-	35,761	35,790	-	35,790
Financial assets at amortised cost						
Loans and advances - Credit institutions	11,213	(1)	11,212	8,984	(1)	8,983
Debt securities	359,163	(4,473)	354,690	305,771	(2,645)	303,126
Loans and advances - Customers	1,497,861	(42,667)	1,455,194	1,737,851	(49,998)	1,687,853
Hedge accounting	193,782	(124,246)	69,536	283,092	(121,653)	161,439
Other assets	41	-	41	666	-	666
Liabilities						
Financial liabilities held for trading	-	(820,945)	(820,945)	-	(808,901)	(808,901)
Financial liabilities measured at amortised cost						
Deposits - Central banks	-	-	-	-	(6,611)	(6,611)
Deposits - Credit institutions	-	(125,342)	(125,342)	-	(193,951)	(193,951)
Deposits - Customers	-	(256,881)	(256,881)	-	(382,442)	(382,442)
Debt securities issued	-	(282,570)	(282,570)	-	(247,729)	(247,729)
Lease liabilities	-	(429)	(429)	-	(425)	(425)
Other	-	(493)	(493)	-	(733)	(733)
	<u>3,028,085</u>	<u>(1,658,047)</u>	<u>1,370,038</u>	<u>3,389,704</u>	<u>(1,815,089)</u>	<u>1,574,615</u>

24. DIVIDEND INCOME

This caption refers to dividends received and has the following composition:

	2025	2024
Unicre - Instituição Financeira de Crédito, S.A.	2,522	4,276
SIBS - Sociedade Interbancária de Serviços, S.A.	4,681	3,934
VISA	38	12
	<u>7,241</u>	<u>8,222</u>

25. INCOME AND EXPENSES FROM FEES AND COMMISSIONS

The composition of these captions is as follows:

	2025	2024
Fee and commission income		
Securities	18,816	16,026
Corporate finance	2,670	3,360
Asset management	1,907	1,713
Custodianship services	5,876	6,129
Payment services		
Current accounts	108,731	108,980
Credit cards	22,681	21,599
Debit cards and other card payments	96,297	93,419
Transfers and other payment orders	18,185	21,328
Other fee and commission income related to payment services	2,957	1,139
Customer resources distributed but not managed		
Collective investment	37,088	34,306
Insurance products (Note 32)	143,097	134,978
Structured financial instruments	11,870	16,534
Loan commitments granted	8,851	8,042
Financial guarantees given	6,765	4,628
Loans granted	53,723	41,546
Other fee and commission income	19,055	24,001
	<u>558,569</u>	<u>537,728</u>
Fee and commission expenses		
Securities	(7,659)	(8,125)
Payment services	(44,984)	(51,365)
Financial guarantees received	(3,873)	(4,403)
Other fee and commission expenses	(17,731)	(21,659)
	<u>(74,247)</u>	<u>(85,552)</u>

26. GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES

The composition of these captions is as follows:

	2025	2024
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(49)	332
Financial liabilities measured at amortised cost – Debt securities issued	(49)	332
Gains or losses on financial assets and liabilities held for trading, net	15,169	1,829
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	2,328	276
Equity instruments (Note 7)	2,328	276
Gains or losses from hedge accounting, net	-	-
Hedging derivatives	(46,043)	(89,079)
Hedged element	46,043	89,079
Exchange differences, net	20,376	18,751

27. GAINS OR LOSSES ON DERECOGNITION OF NON-FINANCIAL ASSETS

The composition of this caption is as follows:

	<u>2025</u>	<u>2024</u>
Gains on investment property	587	557
Losses on investment property	(1,055)	(460)
Gains on other equipment	117	138
Losses on other equipment	(198)	(391)
	<u>(549)</u>	<u>(156)</u>

28. OTHER OPERATING INCOME AND EXPENSES

The composition of this caption is as follows:

	<u>2025</u>	<u>2024</u>
Other operating income		
Income from sundry services rendered	2,148	1,926
Rents earned - Novimovest (Note 11)	7,252	7,637
Fair value changes of investment property (Note 11)	1,773	1,853
Other	3,398	5,479
	<u>14,571</u>	<u>16,895</u>
Other operating expenses		
Fair value changes of investment property (Note 11)	186	(2,826)
Charges with customers	(3,118)	(3,637)
Other	(4,199)	(2,747)
	<u>(7,131)</u>	<u>(9,210)</u>

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

	2025	2024
Remuneration		
Management and supervisory bodies	8,370	8,668
Employees	189,468	182,819
Variable remuneration	33,555	34,866
	<u>231,393</u>	<u>226,353</u>
Mandatory social charges		
Charges on remuneration	51,984	50,625
Charges with pensions and other benefits (Note 33)	3,586	3,048
Charges with early retirement and indemnities	2,832	-
Other	905	896
	<u>59,307</u>	<u>54,569</u>
Other staff expenses		
Staff assignments	1,080	1,106
Complementary pension plan (Note 33)	421	399
Other	10,188	9,022
	<u>11,689</u>	<u>10,527</u>
	<u>302,389</u>	<u>291,449</u>

Other administrative expenses

	2025	2024
Specialised services	59,931	66,206
Maintenance of IT software and hardware	83,893	91,241
External supplies	7,850	8,361
Advertising and publishing	6,220	6,886
Communications	4,725	4,673
Travel, accommodation and entertainment expenses	4,403	4,417
Maintenance and repairs	3,379	3,300
Insurance	1,907	1,966
Other lease operations (short-term and low-value leases)	1,618	1,828
Other	6,817	6,507
	<u>180,743</u>	<u>195,385</u>

Statutory Audit Firm

The fees billed or to be billed by the audit firm and respective firms in the same network, in financial years 2025 and 2024, excluding the value added tax, were as follows:

	2025			2024		
	Bank	Group	Total	Bank	Group	Total
Audit and statutory audit	2,458	26	2,484	2,293	31	2,324
Other assurance services	741	-	741	802	15	817
Tax consulting services	-	-	-	-	-	-
Other services	1,207	-	1,207	1,270	-	1,270
	<u>4,406</u>	<u>26</u>	<u>4,432</u>	<u>4,365</u>	<u>46</u>	<u>4,411</u>

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 2025 and 2024) prepared for the consolidation of Banco Santander, S. A.;
- iii) Review of procedures for the safeguarding of customer assets, as required under Article 304^o-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; and
- vi) Verification of a set of indicators included in the Responsible Banking Report;

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:

	2025	2024
Contributions to Resolution Funds		
National Resolution Fund	10,858	6,932
Single Resolution Fund (Note 22)	-	312
Contributions to the Deposit Guarantee Fund (Note 22)	149	151
Other	407	594
	<u>11,414</u>	<u>7,989</u>

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 and Instructions No. 6/2013 and No. 7/2013, 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:

	2025			2024		
	Gains	Losses	Net	Gains	Losses	Net
Assets received as payment in kind	3,530	(2,634)	896	6,437	(1,664)	4,773
Other non-financial assets	7,210	(7,312)	(102)	3,898	(5,854)	(1,956)
	<u>10,740</u>	<u>(9,946)</u>	<u>794</u>	<u>10,335</u>	<u>(7,518)</u>	<u>2,817</u>

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:

	2025			2024		
	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.	35,430	-	35,430	35,895	-	35,895
Aegon Santander Portugal Vida - Companhia de Seguros de Vida, S.A.	54,894	-	54,894	50,528	-	50,528
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	-	50,028	50,028	-	46,063	46,063
Other	98	2,647	2,745	249	2,243	2,492
	<u>90,422</u>	<u>52,675</u>	<u>143,097</u>	<u>86,672</u>	<u>48,306</u>	<u>134,978</u>

As at December 31, 2025 and 2024, 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:

	<u>31-12-2025</u>	<u>31-12-2024</u>
Santander Totta Seguros - Companhia de Seguros de Vida, S.A.	9,003	8,978
Aegon Santander Portugal Vida - Companhia de Seguros de Vida, S.A.	4,382	4,381
Aegon Santander Portugal Não Vida - Companhia de Seguros, S.A.	4,285	3,994
Other	<u>6</u>	<u>6</u>
	<u>17,676</u>	<u>17,359</u>

These amounts refer, essentially, to the commissions calculated and not yet paid in respect of premiums of insurance marketed during the last quarter of 2025 and 2024.

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, 2025 and 2024, as well as the respective coverage, are detailed as follows:

	<u>Santander</u>		<u>BAPOP</u>	
	<u>31-12-2025</u>	<u>31-12-2024</u>	<u>31-12-2025</u>	<u>31-12-2024</u>
Estimate of liabilities for past services (Note 13):				
- Pensions:				
. Active employees	180,179	177,984	67,569	66,488
. Pensioners	90,450	85,089	7,249	7,513
. Retired staff and early retired staff	<u>669,730</u>	<u>697,521</u>	<u>66,673</u>	<u>67,663</u>
	940,359	960,594	141,491	141,664
- Healthcare system (SAMS)	145,269	148,768	9,474	9,312
- Death allowance	4,730	4,914	457	462
- End-of-career awards	<u>7,179</u>	<u>6,983</u>	<u>-</u>	<u>-</u>
	<u>1,097,537</u>	<u>1,121,259</u>	<u>151,422</u>	<u>151,438</u>
Coverage of liabilities (Note 13):				
- Net assets of the Fund	<u>1,160,586</u>	<u>1,151,632</u>	<u>195,171</u>	<u>191,701</u>
Excess / (Insufficient) funding	<u>63,049</u>	<u>30,373</u>	<u>43,749</u>	<u>40,263</u>
Actuarial and financial deviations generated in the period				
- Change in assumptions	<u>(8,968)</u>	<u>28,411</u>	<u>(2,559)</u>	<u>2,431</u>
- Experience adjustments:				
. Other actuarial (gains) or losses	13,784	28,113	1,800	811
. Financial (gains) or losses	<u>(80)</u>	<u>(33,556)</u>	<u>(1,304)</u>	<u>(6,325)</u>
	<u>13,704</u>	<u>(5,443)</u>	<u>496</u>	<u>(5,514)</u>
	<u>4,736</u>	<u>22,968</u>	<u>(2,063)</u>	<u>(3,083)</u>

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, 2025 and 2024, the main assumptions used by the Bank to determine its liabilities for retirement pensions were as follows:

	2025	2024
Mortality Table		
. Female	TV 99/01 ⁽⁻²⁾	TV 99/01 ⁽⁻²⁾
. Male	TV 88/90 ⁽⁻¹⁾	TV 88/90
Technical actuarial rate (discount rate)	4.00%	3.50%
Salary growth rate		
. Year 2025	-	2.50%
. Year 2026	2.00%	2.00%
. After 2026	1.00%	0.75%
Pension growth rate		
. Year 2025	-	2.50%
. Year 2026	1.75%	1.75%
. After 2026	0.75%	0.50%
Social security's annual salary revalorisation rate	0.75%	-
. No. 1 of Article 27	-	0.45%
. No. 2 of Article 27	-	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 2025 and 2024, can be detailed as follows:

	Santander		BAPOP	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024
Liabilities at beginning of financial year (Note 13)	1,121,259	1,089,386	151,438	147,425
Cost of current services	1,888	1,524	492	417
Interest expense	37,647	36,548	4,113	3,976
Actuarial (gains) or losses	4,816	56,524	(759)	3,242
Early retirements	7,288	11,931	1,385	2,035
Amounts paid	(77,796)	(77,099)	(5,765)	(6,170)
Employee contributions	2,435	2,445	518	513
Liabilities at end of financial year (Note 13)	1,097,537	1,121,259	151,422	151,438

As at December 31, 2025 and 2024, the estimated payment plans for the coming ten years, are analysed as follows:

Year	Santander		BAPOP	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024
2026	77,125	77,706	5,896	5,727
2027	74,543	75,824	5,846	5,748
2028	72,629	72,683	5,790	5,652
2029	70,326	70,364	5,870	5,581
2030	69,103	67,842	5,741	5,616
2031	67,937	66,280	5,563	5,498
2032	67,517	64,942	5,773	5,304
2033	67,245	64,416	5,923	5,465
2034	65,524	63,851	6,263	5,620
2035	64,153	61,980	6,450	5,860
	<u>696,102</u>	<u>685,888</u>	<u>59,115</u>	<u>56,071</u>

The expenses for the financial year relating to pensions include the cost of current services and the net interest expense. In financial years 2025 and 2024, the expense with pensions has the following composition (Note 29):

	2025	2024
Cost of current services	2,380	1,941
Interest expense	41,760	40,524
Income from assets calculated using the discount rate	(41,760)	(40,524)
Defined benefit plan	2,380	1,941
Defined contribution plan	1,196	1,094
London Branch plan	10	13
	<u>3,586</u>	<u>3,048</u>

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 6,353 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 11 years, including those in active service and pensioners.

The movement in actuarial deviations during financial years 2025 and 2024 was as follows:

	Santander		BAPOP	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024
Deviations at beginning of financial year	750,690	727,722	(27,960)	(24,877)
Actuarial (gains) or losses	4,816	56,524	(759)	3,242
Financial (gains) or losses	(80)	(33,556)	(1,304)	(6,325)
Deviations at end of financial year	755,426	750,690	(30,023)	(27,960)

The Santander Pension Fund was managed until November 30, 2025 by Santander Pensões - Sociedade Gestora de Fundos de Pensões, S.A.; as from that date it, together with the BAPOP Pension Fund, is managed by Santander Totta Seguros – Companhia de Seguros de Vida, S.A..

As at December 31, 2025 and 2024, the number of participants of the plans was the following:

	Santander		BAPOP	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024
Active employees				
Defined benefits plan	3,057	3,109	598	607
Defined contribution plan	1,437	1,309	80	82
Pensioners	1,612	1,551	33	33
Retired staff and early retired staff	6,554	6,626	243	235
	12,660	12,595	954	957

The main demographic changes occurring in financial years 2025 and 2024, 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, 2023	1,210	87	3,217	626	6,687	224	1,508	31
Exits:								
. Of active employees	(78)	(5)	(35)	(10)	-	-	-	-
. Due to mortality	(2)	-	(5)	(1)	(165)	(1)	(58)	-
. Other	-	-	-	-	-	-	(6)	(1)
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
Exits:								
. Of active employees	(76)	(2)	(22)	(11)	-	-	-	-
. Due to mortality	-	-	(4)	-	(165)	(1)	(60)	-
. Other	-	-	(5)	-	-	-	(6)	(1)
Transfers	(4)	-	(53)	(6)	(196)	(4)	-	-
Entries	208	-	32	8	289	13	127	1
Total number as at December 31, 2025	1,437	80	3,057	598	6,554	243	1,612	33

The movement in the Bank's Pension Funds during financial years 2025 and 2024 was as follows:

	Santander		BAPOP	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024
Fund value at beginning of financial year (Note 13)	1,151,632	1,130,449	191,701	186,351
Bank contributions (monetary)	46,588	25,733	3,300	706
Employee contributions	2,435	2,445	518	513
Profit or loss of the Fund:				
Income from assets calculated using discount rate	37,647	36,548	4,113	3,976
Income of the Fund above / (below) the discount rate	80	33,556	1,304	6,325
Amounts paid	(77,796)	(77,099)	(5,765)	(6,170)
Fund value at end of financial year (Note 13)	1,160,586	1,151,632	195,171	191,701

The yields of the Pension Funds amounted, in 2025, to 3.39% in Santander and 3.61% in BAPOP, and, in 2024, to 6.45% in Santander and 6.21% 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:

<u>Asset class</u>	<u>Buckets considered</u>
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%

The Santander and BAPOP Pension Fund were classified as falling under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) as from 2023.

As at December 31, 2025 and 2024, the composition of the Pension Funds was as follows:

	Santander		BAPOP	
	31-12-2025	31-12-2024	31-12-2025	31-12-2024
Debt securities:				
. Rating A	12,523	9,978	25,454	5,511
. Rating AA	56,360	58,400	11,520	19,545
. Rating AAA	65,728	56,840	19,079	21,058
. Rating BBB	144,404	189,711	47,089	53,033
. Rating BB	14,595	14,579	3,616	2,714
. Rating B	886	857	-	214
. Without rating attributed to the issue or the issuer	9,024	13,170	-	-
Commercial paper	-	-	-	7,021
Real estate funds	43,219	52,313	300	335
Securities funds	713,205	671,842	76,375	75,921
Deposits	49,724	42,079	12,190	6,784
Property				
. Commercial spaces	34,131	31,152	-	-
. Land	1,350	1,350	-	-
Equity instruments:				
. Portuguese shares – unlisted	952	693	-	-
. Foreign shares – listed	-	-	-	-
Derivative financial instruments	(160)	400	(5)	67
Other	14,645	8,268	(447)	(502)
	<u>1,160,586</u>	<u>1,151,632</u>	<u>195,171</u>	<u>191,701</u>

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:

	31-12-2025				31-12-2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	401,254	-	9,024	410,278	432,440	-	13,170	445,610
Commercial paper	-	-	-	-	7,021	-	-	7,021
Investment funds	789,580	-	43,519	833,099	747,763	-	52,648	800,411
Equity instruments	-	-	952	952	-	-	693	693
Derivative financial instruments	(165)	-	-	(165)	467	-	-	467
Property	-	-	35,481	35,481	-	-	32,502	32,502
Other	-	-	76,112	76,112	-	-	56,629	56,629
	<u>1,190,669</u>	<u>-</u>	<u>165,088</u>	<u>1,355,757</u>	<u>1,187,691</u>	<u>-</u>	<u>155,642</u>	<u>1,343,333</u>

As at December 31, 2025 and 2024, the Pension Funds' portfolio included the following assets related to companies of the Santander Group in Portugal:

	31-12-2025	31-12-2024
Leased property	17,589	13,855
Securities (including units in funds managed)	130,692	134,452
	<u>148,281</u>	<u>148,307</u>

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 2025 and 2024, the premium paid by the Bank amounted to Euros 421 thousand and Euros 399 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 be 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, 2025 and 2024, 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:

	31-12-2025	31-12-2024
	100% S3NMA_Light / 100% S3NFA_Light	100% S3NMA_Light / 100% S3NFA_Light
Mortality table		
Technical actuarial rate (discount rate)	5.6%	5.5%
Salary growth rate	2.8%	3.1%
Pension growth rate	2.1%	2.1%
Inflation rate	2.8%	3.1%

As at December 31, 2025 and 2024, the liabilities for the defined benefit pension plan and their coverage were as follows:

	31-12-2025	31-12-2024
Estimated liabilities for past service (Note 13)	27,909	29,356
Coverage of liabilities (Note 13)	30,536	32,680
Excess / (Insufficient) funding	2,627	3,324

The movement in liabilities for past services in financial years 2025 and 2024, can be detailed as follows:

	31-12-2025	31-12-2024
Liabilities at beginning of financial year (Note 13)	29,356	31,175
Cost of current services	10	13
Interest expense	1,494	1,440
Actuarial (gains) or losses	(1,458)	(1,880)
Amounts paid	(1,493)	(1,392)
Liabilities at end of financial year (Note 13)	27,909	29,356

The movement in the Fund in financial years 2025 and 2024 was as follows:

	31-12-2025	31-12-2024
Book value at beginning of financial year (Note 13)	32,680	32,815
Profit or loss of the fund:		
· Income from assets calculated using discount rate	1,494	1,440
· Income of the Fund above / (below) the discount rate	(2,153)	(1,426)
Bank contributions	9	1,243
Amounts paid	(1,494)	(1,392)
Book value at end of financial year (Note 13)	<u>30,536</u>	<u>32,680</u>

The movement in actuarial deviations in financial years 2025 and 2024 was as follows:

	31-12-2025	31-12-2024
Deviations at beginning of financial year (Note 19)	6,464	6,919
Actuarial (gains) / losses	(1,458)	(1,880)
Financial (gains) / losses	2,153	1,425
Deviations at end of financial year (Note 19)	<u>7,159</u>	<u>6,464</u>

As at December 31, 2025 and 2024, the portfolio of the Pension Fund of the former London Branch included the following assets:

	31-12-2025	31-12-2024
Debt securities	6,738	6,757
Equity instruments	6,876	9,153
Other	16,922	16,770
Fund value	<u>30,536</u>	<u>32,680</u>

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, 2025 and 2024, 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:

	2025		2024	
	(Decrease) / Increase		(Decrease) / Increase	
	in %	in amount	in %	in amount
Change in discount rate:				
. Increase of 0.5%	(5.1%)	(64,099)	(5.2%)	(66,797)
. Decrease of 0.5%	5.6%	70,529	5.8%	73,709
Change in salary growth rate:				
. Increase of 0.5%	2.7%	33,799	2.7%	34,232
. Decrease of 0.5%	(2.2%)	(28,069)	(2.2%)	(28,501)
Change in pension growth rate:				
. Increase of 0.5%	6.5%	81,666	6.7%	85,388
. Decrease of 0.5%	(6.0%)	(74,739)	(6.1%)	(78,011)
Change in mortality table:				
. Two more years	(5.4%)	(68,041)	(5.5%)	(69,653)
. Two less years	5.4%	66,995	5.4%	68,664

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

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, class A, B and C bonds, with different levels of subordination and rating, and consequently, remuneration.

Issued debt	Amount		Rating		Redemption date	Remuneration	
	Initial	Current	S&P	Fitch		Up to early redemption date	
Class A	558,600	93,528	AAA	AAA	August, 2061	Euribor 3M + 0.2%	
Class B	41,400	13,413	NR	NR	August, 2061	Euribor 3M + 0.5%	
	<u>600,000</u>	<u>106,941</u>					
Class C	57,668	33,477	NR	NR	August, 2061	Residual income of the securitised portfolio	
	<u>657,668</u>	<u>140,418</u>					

Hipototta 13

In January 2018, the Bank carried out a new securitisation in the amount of Euros 2,200,000 thousand, in which mortgage loans were assigned. The loans were assigned to Gamma STC, which financed the transaction through the issue of Hipototta 13, class 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.

Issued debt	Amount		Rating		Redemption date	Remuneration
	Initial	Current	DBRS	Fitch		Up to early redemption date
Class A	1,716,000	232,368	AA (sf)	A+(sf)	October, 2072	Euribor 3M + 0.6%
Class B	484,000	484,000	NR	NR	October, 2072	Euribor 3M + 1%
	<u>2,200,000</u>	<u>716,368</u>				
Class C	66,000	33,000	NR	NR	October, 2072	Residual income of the securitised portfolio
	<u>2,266,000</u>	<u>749,368</u>				
VFN	0.001	0.001	NR	NR	October, 2072	No remuneration

Hipototta 14

In July 2025, the Bank carried out a new securitisation in the amount of Euros 2,121,400 thousand, in which mortgage loans were assigned. The loans were assigned to Gamma STC, which financed the transaction through the issue of Hipototta 14, class 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.

Issued debt	Amount		Rating		Redemption date	Remuneration
	Initial	Current	DBRS	Fitch		Up to early redemption date
Class A	1,591,200	1,534,418	AAA	AA+	October, 2079	Euribor 3M + 0.8%
Class B	530,200	530,200	NR	NR	October, 2079	Euribor 3M + 1.5%
	<u>2,121,400</u>	<u>2,064,618</u>				
Class C	42,400	42,400	NR	NR	October, 2079	Residual income of the securitised portfolio
	<u>2,163,800</u>	<u>2,107,018</u>				

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, except for 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.

Issued debt	Amount		Rating		Redemption date	Remuneration
	Initial	Current	Moody's	Fitch		Up to early redemption date
Class A	520,000	160,314	Aa2	AA+(sf)	June, 2033	Euribor 3M + 0.80%
Class B	25,000	7,707	A3(sf)	AA+(sf)	June, 2033	Euribor 3M + 1.10%
Class C	40,000	12,332	Baa3	A+(sf)	June, 2033	Euribor 3M + 2%
Class D	25,000	7,707	Ba2	BBB (sf)	June, 2033	Euribor 3M + 8%
Class E	40,000	12,332	NR	NR	June, 2033	Euribor 3M + 11.85%
Class F	6,500	0	NR	NR	June, 2033	Euribor 3M + 12.5%
	<u>656,500</u>	<u>200,392</u>				
Class X	9,430	1	NR	NR	June, 2033	Residual income of the securitised portfolio
	<u>665,930</u>	<u>200,393</u>				

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, except for classes R and X (excess spread) which were acquired by the Bank. This operation had 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.

Issued debt	Amount		Rating		Redemption date	Remuneration
	Initial	Current	Moody's	Fitch		Up to early redemption date
Class A	320,000	233,347	Aaa	AA-	February, 2034	Euribor 3M + 0.90%
Class B	15,400	11,230	Aa2	A	February, 2034	Euribor 3M + 1.30%
Class C	24,600	17,939	Baa1	BBB	February, 2034	Euribor 3M + 1.90%
Class D	15,400	11,230	Ba1	BB	February, 2034	Euribor 3M + 3.40%
Class E	24,600	17,939	NR	NR	February, 2034	Euribor 3M + 5.35%
Class F	4,000	2,000	NR	NR	February, 2034	Euribor 3M + 5.85%
	<u>404,000</u>	<u>293,685</u>				
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
	<u>404,001</u>	<u>293,686</u>				

Consumer Totta 3

In October 2025, the Bank carried out a third securitisation operation in the amount of Euros 419,000 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 3 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, except for classes R and X (excess spread) which were acquired by the Bank. 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.

Issued debt	Amount		Rating		Redemption date	Remuneration
	Initial	Current	Moody's	Fitch		Up to early redemption date
Class A	347,800	347,800	Aaa	AA+	October, 2035	3mth Euribor + 0.75%
Class B	27,200	27,200	A1	A	October, 2035	3mth Euribor + 1.20%
Class C	20,900	20,900	Baa2	BBB	October, 2035	3mth Euribor + 1.50%
Class D	14,700	14,700	Ba1	BBB-	October, 2035	3mth Euribor + 2.65%
Class E	8,400	8,400	Ba2	BB	October, 2035	3mth Euribor + 3.30%
Class F	4,200	4,200	B2	BB+	October, 2035	3mth Euribor + 3.18%
	<u>423,200</u>	<u>423,200</u>				
Class R	0,001	0,001	NR	NR	October, 2035	3mth Euribor + 4%
Class X	<u>1</u>	<u>1</u>	NR	NR	October, 2035	Residual income of the securitised portfolio
	<u>423,201</u>	<u>423,201</u>				

During the 2024 financial year, operations Hipototta No. 4 and Hipototta No. 5 were terminated early. As a result, the Bank repurchased the loans and advances from Fondos Hipototta FTC, and these funds were subsequently liquidated. Hipotottas (No. 4 and nº 5) PLC received the reimbursement for the Fondos Hipototta FTC securitisation units and redeemed the issued bonds.

During the 2025 financial year, operations Atlantes Mortgage No.2 and No.4 were terminated early.

35. RELATED ENTITIES

The Bank's related entities with which it maintained balances or transactions in financial year 2025 are as follows:

Name of the related entity	Registered office
Entities that, directly or indirectly, control the Bank	
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
AHLC - Promoção Imobiliária, Lda.	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 Digital Services, S.L.	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 Facility Management España, S.L.	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
Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	Mexico
Santander Bank Polska S.A.	Poland
	United Kingdom
Santander Financial Services plc	
Banco Santander International SA	Switzerland

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 balances as at December 31, 2025 and 2024, and the transactions maintained during these financial years with related parties were as follows:

	31-12-2025	
	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	44,322	2,064
Financial assets held for trading	647,647	-
Financial assets at fair value through other comprehensive income	-	133
Financial assets at amortised cost	17,653	8,084
Derivatives - hedge accounting	20,380	-
Intangible assets	-	2,407
Other assets	14	17,939
Liabilities:		
Financial liabilities held for trading	663,552	6,814
Financial liabilities measured at amortised cost		
Deposits - Credit institutions	140,489	26,169
Deposits - Customers	-	399,827
Debt securities issued	1,858,635	197,518
Other financial liabilities	10	4,981
Derivatives - hedge accounting	4,985	-
Other liabilities	-	2,683
Profit or Loss:		
Interest income	850,570	4,177
Interest expenses	870,717	11,231
Fee and commission income	2,664	146,940
Fee and commission expenses	3,263	938
Gains or losses on financial assets and liabilities held for trading, net	(10,139)	(2,737)
Exchange differences, net	(4,944)	-
Other operating income and expenses, net	1	5
Administrative expenses	11,314	52,872
Depreciation	-	2,036
Off-balance sheet items:		
Financial guarantees granted	37,543	705
Loan commitments granted	119,269	32,935
Other commitments granted	126,592	3,621
Loan commitments received	-	116,300
Foreign exchange operations and derivatives	30,515,428	101,698
Liabilities for services rendered	412,795	3,969,006
Customer resources distributed but not managed	-	7,592,649

	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

Transactions with related entities arise from the normal course of business and are carried out under market conditions.

GOVERNING BODIES

As at December 31, 2025 and 2024, advances or loans granted to members of the Board of Directors of the Bank, amounted to Euros 418 thousand and Euros 456 thousand, respectively. The deposits of members of the Board of Directors were granted at market conditions. As at December 31, 2025 and 2024, fixed and variable remuneration amounted to Euros 8,370 thousand and Euros 8,668 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, 2025 and 2024, liabilities with this plan amounted to Euros 14,309 thousand and Euros 14,992 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, 2025 and 2024:

	31-12-2025			
	Fair value	Amortised cost	Book value	Fair value
<u>Assets</u>				
Cash, cash balances at central banks and other demand deposits	-	1,773,872	1,773,872	1,773,819
Financial assets held for trading	726,916	-	726,916	726,916
Non-trading financial assets mandatorily				
at fair value through profit or loss	12,238	-	12,238	12,238
Financial assets at fair value through other comprehensive income	3,743,748	-	3,743,748	3,743,748
Financial assets at amortised cost	-	51,429,678	51,429,678	50,998,901
Derivatives – Hedge accounting	83,859	-	83,859	83,859
	<u>4,566,761</u>	<u>53,203,550</u>	<u>57,770,311</u>	<u>57,339,481</u>
<u>Liabilities</u>				
Financial liabilities held for trading	717,902	-	717,902	717,902
Financial liabilities measured at amortised cost				
Deposits	-	44,937,196	44,937,196	44,933,487
Debt securities issued	-	7,868,936	7,868,936	7,943,434
Other financial liabilities	-	274,203	274,203	274,203
Derivatives – Hedge accounting	4,986	-	4,986	4,986
	<u>722,888</u>	<u>53,080,335</u>	<u>53,803,223</u>	<u>53,874,012</u>
	31-12-2024			
	Fair value	Amortised cost	Book value	Fair value
<u>Assets</u>				
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
	<u>5,549,740</u>	<u>49,610,447</u>	<u>55,160,187</u>	<u>55,268,846</u>
<u>Liabilities</u>				
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
	<u>1,575,765</u>	<u>49,186,386</u>	<u>50,762,151</u>	<u>50,774,578</u>

As at December 31, 2025 and 2024, the carrying amount of the financial instruments measured at fair value, by valuation methodology, was as follows:

	31-12-2025			
	Methodology to determine fair value			
	Quotations on active market (Level 1)	Other valuation techniques (Level 2) (Level 3)		Total
<u>Assets</u>				
Financial assets held for trading	19,984	704,379	2,553	726,916
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	12,238	12,238
Financial assets at fair value through other comprehensive income	152,366	3,435,403	155,979	3,743,748
Derivatives – Hedge accounting	-	83,859	-	83,859
	<u>172,350</u>	<u>4,223,641</u>	<u>170,770</u>	<u>4,566,761</u>
<u>Liabilities</u>				
Financial liabilities held for trading	-	714,145	3,757	717,902
Derivatives – Hedge accounting	-	4,986	-	4,986
	<u>-</u>	<u>719,131</u>	<u>3,757</u>	<u>722,888</u>
	31-12-2024			
	Methodology to determine fair value			
	Quotations on active market (Level 1)	Other valuation techniques (Level 2) (Level 3)		Total
<u>Assets</u>				
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
	<u>182,204</u>	<u>5,175,353</u>	<u>192,183</u>	<u>5,549,740</u>
<u>Liabilities</u>				
Financial liabilities held for trading	-	1,553,880	3,541	1,557,421
Derivatives – Hedge accounting	-	18,344	-	18,344
	<u>-</u>	<u>1,572,224</u>	<u>3,541</u>	<u>1,575,765</u>

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:

	31-12-2025			
	Methodology to determine fair value			
	Quotations on active market (Level 1)	Other valuation techniques (Level 2)	(Level 3)	Total
Assets				
Cash, cash balances at central banks and other demand deposits	-	1,773,819	-	1,773,819
Financial assets at amortised cost	8,493,871	537,621	41,967,409	50,998,901
	<u>8,493,871</u>	<u>2,311,440</u>	<u>41,967,409</u>	<u>52,772,720</u>
Liabilities				
Financial liabilities measured at amortised cost				
Deposits	-	5,490,420	39,443,067	44,933,487
Debt securities issued	-	4,767,148	3,176,286	7,943,434
Other financial liabilities	-	-	274,203	274,203
	<u>-</u>	<u>10,257,568</u>	<u>42,893,556</u>	<u>53,151,124</u>
31-12-2024				
Methodology to determine fair value				
	Quotations on active market (Level 1)	Other valuation techniques (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
	<u>7,594,544</u>	<u>2,515,473</u>	<u>39,609,089</u>	<u>49,719,106</u>
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
	<u>-</u>	<u>8,537,539</u>	<u>40,661,274</u>	<u>49,198,813</u>

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 2025 and 2024, 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, 2023	24,853	24,627	170,293
Purchases	-	23	3,055
Sales	-	-	(1,503)
Reimbursements	-	(7,840)	-
Fair value changes	(22,014)	276	413
Balances as at December 31, 2024	2,839	17,086	172,258
Purchases	-	109	4,085
Sales	-	-	(6,327)
Reimbursements	-	(7,285)	-
Fair value changes	(286)	2,328	(14,037)
Balances as at December 31, 2025	2,553	12,238	155,979

The interest rate curves for the most representative terms and currencies used in the valuation of financial instruments were as follows:

	31-12-2025		31-12-2024	
	EUR	USD	EUR	USD
Overnight	2.05%	4.16%	3.09%	4.89%
1 month	1.97%	4.07%	2.96%	4.77%
3 months	2.06%	4.02%	2.75%	4.70%
6 months	2.16%	3.93%	2.62%	4.62%
9 months	2.16%	3.82%	2.45%	4.55%
1 year	2.17%	3.73%	2.34%	4.50%
3 years	2.38%	3.61%	2.19%	4.37%
5 years	2.58%	3.73%	2.24%	4.35%
7 years	2.75%	3.89%	2.29%	4.36%
10 years	2.97%	4.12%	2.36%	4.38%

Hedge accounting

As at December 31 2025 and 2024, the detail of hedging derivatives and financial instruments designated as hedged items was as follows:

	31-12-2025					
	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	1,000,347	1,007,229	(21,704)	985,525	1,222,462	14,327
Financial assets at fair value through other comprehensive income	3,366,000	3,515,959	(8,703)	3,507,256	3,366,000	10,660
Financial liabilities measured at amortised cost						
Debt securities issued	(2,350,000)	(2,399,637)	(7,173)	(2,406,810)	2,350,000	31,007
Cash flow hedging: - Financial assets at amortised cost	3,000,000	3,000,000	-	3,000,000	3,000,000	22,879
	<u>5,016,347</u>	<u>5,123,551</u>	<u>(37,580)</u>	<u>5,085,971</u>	<u>9,938,462</u>	<u>78,873</u>
	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
	<u>6,410,944</u>	<u>6,464,701</u>	<u>(84,304)</u>	<u>6,380,397</u>	<u>10,668,824</u>	<u>126,329</u>

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:

	31-12-2025					Total
	Up to 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	More than 3 years	
Interest rate swaps	98	(31,218)	53,402	597	-	22,879

	31-12-2024					Total
	Up to 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	More than 3 years	
Interest rate swaps	-	-	(14,238)	40,312	-	26,074

The gains and losses recognised in the statements of profit or loss for financial years 2025 and 2024, from fair value hedging transactions, presented the following detail:

	31-12-2025			31-12-2024		
	Hedged element	Hedging instrument	Net	Hedged element	Hedging instrument	Net
Financial assets at amortised cost	17,774	(17,774)	-	80,660	(80,660)	-
Financial assets at fair value through other comprehensive income	2,741	(2,741)	-	36,052	(36,052)	-
Financial liabilities measured at amortised cost						
Deposits - Customers	(355)	355	-	(1,757)	1,757	-
Debt securities issued	25,883	(25,883)	-	(25,876)	25,876	-
	46,043	(46,043)	-	89,079	(89,079)	-

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:

<u>Split</u>	<u>Weighting</u>
. 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, 2025 and 2024, the maximum exposure to the credit risk and the respective carrying amount of the financial instruments was as follows:

	31-12-2025		31-12-2024	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Cash, cash balances at central banks and other demand deposits	1,773,872	1,773,872	1,997,910	1,997,910
Financial assets held for trading	726,916	726,916	1,549,696	1,549,696
Non-trading financial assets mandatorily				
at fair value through profit or loss	12,238	12,238	17,086	17,086
Financial assets at fair value through other comprehensive income	3,743,748	3,743,748	3,838,285	3,838,285
Financial assets at amortised cost	51,429,678	59,533,958	47,612,537	54,910,140
Derivatives – Hedge accounting	83,859	83,859	144,673	144,673
	<u>57,770,311</u>	<u>65,874,591</u>	<u>55,160,187</u>	<u>62,457,790</u>
Guarantees given (Note 22)				
Financial guarantees and sureties	591,716	591,716	398,315	398,315
Non-financial guarantees and sureties	1,819,163	1,819,163	1,733,053	1,733,053
Documentary credits outstanding	104,175	104,175	252,725	252,725
	<u>2,515,054</u>	<u>2,515,054</u>	<u>2,384,093</u>	<u>2,384,093</u>

The maximum exposure in “Financial assets at amortised cost” is as follows:

	31-12-2025	31-12-2024
Carrying amount	51,429,678	47,612,537
Other commitments granted (Note 22):		
Revocable	7,398,801	6,421,646
Irrevocable	705,479	875,957
Maximum exposure	<u>59,533,958</u>	<u>54,910,140</u>

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 2025 were as follows:

	2025	2026	2027	2028	2029
GDP (annual change)					
<i>Base Scenario</i>	1.65%	1.85%	1.64%	1.67%	1.67%
<i>Positive Scenario</i>	1.77%	2.38%	2.12%	2.16%	2.16%
<i>Negative Scenario</i>	1.31%	-0.32%	-1.72%	-0.69%	1.27%
<i>Climate Scenario</i>	0.89%	1.28%	1.77%	1.70%	1.68%
Unemployment (annual change)					
<i>Base Scenario</i>	6.45%	6.45%	6.51%	6.57%	6.63%
<i>Positive Scenario</i>	6.14%	5.91%	5.86%	5.89%	5.94%
<i>Negative Scenario</i>	6.41%	8.01%	9.42%	9.23%	8.61%
<i>Climate Scenario</i>	6.51%	7.75%	8.66%	8.40%	7.75%
Real Estate Prices (annual change)					
<i>Base Scenario</i>	11.92%	4.48%	3.90%	3.75%	3.68%
<i>Positive Scenario</i>	15.08%	6.80%	5.15%	4.89%	4.83%
<i>Negative Scenario</i>	14.50%	0.63%	-3.43%	-1.28%	1.26%
<i>Climate Scenario</i>	14.44%	0.61%	-3.59%	-1.38%	1.36%
CPI (annual change)					
<i>Base Scenario</i>	2.18%	2.07%	2.13%	2.03%	1.96%
<i>Positive Scenario</i>	2.43%	2.37%	2.38%	2.32%	2.23%
<i>Negative Scenario</i>	2.36%	2.06%	2.09%	2.04%	1.98%
<i>Climate Scenario</i>	2.35%	2.09%	2.19%	2.19%	2.13%
10-year Treasury Bonds					
<i>Base Scenario</i>	2.77%	2.67%	2.83%	2.94%	3.01%
<i>Positive Scenario</i>	2.75%	2.64%	2.81%	2.92%	2.98%
<i>Negative Scenario</i>	2.77%	2.68%	2.86%	2.96%	3.01%
<i>Climate Scenario</i>	2.95%	2.93%	3.09%	3.20%	3.24%

The Base scenario assumes that the Portuguese economy will continue to grow in line with its potential over the projection horizon, with average GDP growth of around 1.7%, supported mainly by domestic demand, the resilience of the labour market and the execution of European funds, namely the RRP (Recovery and Resilience Plan). Inflation should gradually converge to values close to the ECB's target, allowing for a gradual normalisation of financial conditions, albeit in a context of relatively high interest rates for a prolonged period. The labour market remains robust, with the unemployment rate stabilised at historically low levels, while property prices register a progressive slowdown after recent strong growth. This scenario presupposes the absence of significant adverse shocks and financial stability and is considered the most likely scenario.

The Positive scenario is characterised by more favourable economic performance, supported by a faster recovery of the European economy, more benign financial conditions and more efficient execution of European funds, boosting productivity gains. In this context, GDP growth is higher than in the base scenario, the labour market remains particularly dynamic, with the unemployment rate remaining below 6% and domestic demand is more robust. Inflation remains under control, reflecting productivity gains that offset wage pressures, while the real estate market shows balanced evolution, with moderate price growth. This scenario reflects a more favourable macroeconomic picture, with positive impacts on credit quality.

The Negative scenario incorporates a materialisation of adverse risks, including a more pronounced slowdown in economic activity in the Eurozone, increased geopolitical uncertainty and a deterioration in consumer and business confidence. The Portuguese economy enters a period of stagnation or temporary contraction, with GDP registering negative variations in some years of the projection horizon, reflecting the weakness of external and internal demand. The labour market deteriorates gradually, with a significant increase in the unemployment rate, putting pressure on household disposable income and consumption. The real estate market undergoes a moderate price correction and credit slows down, in a context of more restrictive financial conditions and lower risk appetite.

The Climate scenario assumes the occurrence of a disorderly climate transition, characterised by an abrupt acceleration of the decarbonisation process, with a negative impact on economic activity in the medium term. The increase in energy costs and the effort of structural adjustment lead to GDP growth below potential, accompanied by a significant increase in the unemployment rate to levels close to 9%. Domestic demand weakens, the real estate market cools, and the volume of credit and deposits shows more restrained growth. This scenario reflects the materialisation of climate transition risks and is used to ensure the explicit incorporation of these risks in the calculation of expected losses.

Internal Probability of Default (PD) Models

As described in Note 1.3.c), the PD is estimated using internal models developed in accordance with the IFRS 9 framework, supported by observed historical information and prospective macroeconomic projections.

Three distinct methodological approaches are applied to estimate this parameter, depending on the nature of the portfolios:

- (i) "Retail with Maturity" methodology, for portfolios with a defined contractual maturity;
- (ii) "Retail without Term Structure" methodology, applicable to certain retail segments; and
- (iii) Debtor-level methodology ("Obligor-Level"), applied to corporate portfolios.

Portfolio segmentation for the purpose of estimating PDs is carried out based on internal risk variables, including, among others, the level of irregularities and payment behaviour, LTV, internal scoring and rating systems, product characteristics, ageing of operations and other variables relevant to differentiating credit risk.

The estimates are determined from a Point-in-Time perspective, converge to long-term average values and incorporate multiple macroeconomic scenarios, reflecting current economic conditions and future expectations.

The PD models are subject to periodic monitoring and calibration, to ensure the parameters reflect adequately the risk profile of the portfolios and the current economic framework.

	Stage 1		Stage 2		Stage 3	
	Gross amount	Average PD	Gross amount	Average PD	Gross amount	Average PD
Covered loans	12,455,296	0.1%	21,500	10.2%	21,878	100.0%
Loans and advances - Customers						
Companies	10,258,650	0.6%	686,523	15.6%	411,232	100.0%
Individuals	25,389,469	0.3%	2,072,480	17.6%	390,866	100.0%
	<u>35,648,119</u>		<u>2,759,003</u>		<u>802,098</u>	
Other balances receivable	368,968	1.0%	-	-	302	100.0%
Loans and advances – Credit institutions	76,187	0.4%	-	-	-	-
	<u>48,548,570</u>		<u>2,780,503</u>		<u>824,278</u>	
Guarantees and commitments given	10,091,977	0.5%	409,956	7.0%	117,485	100.0%

For sensitivity analysis purposes, a 100% weighting is assumed in extreme scenarios. In a 100% negative scenario the impact on impairment would be + Euros 27.3 million (+ Euros 50.2 million as at December 31, 2024), in a 100% positive scenario it would be - Euros 37.4 million (- Euros 38.6 million as at December 31, 2024), which represents an impact on the total impairment recorded as at December 31, 2025 of +3.6% and -4.9% (+6.4% and -4.9% at year-end 2024) respectively, according to the following detail:

	100% Positive Scenario					
	Stage 1		Stage 2		Stage 3	
	Gross amount	Average PD	Gross amount	Average PD	Gross amount	Average PD
Covered loans	12,455,296	0.1%	21,500	8.9%	21,878	100.0%
Loans and advances - Customers						
Companies	10,298,998	0.5%	646,175	14.7%	411,232	100.0%
Individuals	25,504,332	0.3%	1,957,617	17.8%	390,866	100.0%
	<u>35,803,330</u>		<u>2,603,792</u>		<u>802,098</u>	
Other balances receivable	368,968	0.9%	-	-	302	100.0%
Loans and advances – Credit institutions	76,187	0.4%	-	-	-	-
	<u>48,703,781</u>		<u>2,625,292</u>		<u>824,278</u>	
Guarantees and commitments given	10,104,590	0.5%	397,343	6.9%	117,485	100.0%

	100% Negative Scenario					
	Stage 1		Stage 2		Stage 3	
	Gross amount	Average PD	Gross amount	Average PD	Gross amount	Average PD
Covered loans	12,455,296	0.1%	21,500	12.4%	21,878	100.0%
Loans and advances - Customers						
Companies	10,215,641	0.6%	729,532	16.9%	411,232	100.0%
Individuals	25,269,545	0.3%	2,192,404	17.6%	390,866	100.0%
	<u>35,485,186</u>		<u>2,921,936</u>		<u>802,098</u>	
Other balances receivable	368,968	1.0%	-	-	302	100.0%
Loans and advances – Credit institutions	76,187	0.4%	-	-	-	-
	<u>48,385,637</u>		<u>2,943,436</u>		<u>824,278</u>	
Guarantees and commitments given	10,084,194	0.5%	417,739	7.1%	117,485	100.0%

As at December 31, 2025 and 2024, the concentration by activity sector of the portfolio of loans and advances at amortised cost, was as follows:

Activity sector	31-12-2025			
	Gross amount	Impairment	Carrying amount	Concentration %
Agriculture, animal husbandry, hunting, forestry and fisheries	326,132	(8,478)	317,654	0.82%
Extractive industries	14,582	(1,125)	13,457	0.03%
Manufacturing	1,525,068	(82,709)	1,442,359	3.70%
Electricity, gas, steam, hot and cold water and cold air	542,524	(173)	542,351	1.39%
Water catchment, treatment and distribution; sanitation, waste management and depollution	30,312	(1,621)	28,691	0.07%
Construction	880,495	(37,227)	843,268	2.17%
Wholesale and retail trade; motor vehicle and motorcycle repairs	1,957,575	(86,500)	1,871,075	4.81%
Transport and storage	439,924	(41,979)	397,945	1.02%
Accommodation, catering and similar	1,081,718	(22,653)	1,059,065	2.72%
Information and communication activities	97,922	(3,674)	94,248	0.24%
Real estate activities	1,228,260	(25,097)	1,203,163	3.09%
Consultancy, scientific, technical and similar activities	711,728	(20,632)	691,096	1.77%
Administrative and support activities	325,700	(16,197)	309,503	0.79%
Public administration and defence; mandatory social security	82	(4)	78	0.00%
Education	68,390	(1,343)	67,047	0.17%
Human healthcare and social support activities	245,457	(4,192)	241,265	0.62%
Artistic, shows, sports and recreational activities	87,131	(5,943)	81,188	0.21%
Other services	235,353	(6,567)	228,786	0.59%
Loans and advances - Financial institutions	947,893	(5,662)	942,231	2.42%
Loans and advances - Public sector	1,054,391	(12,762)	1,041,629	2.68%
Loans and advances - Individuals:				
. Mortgage	25,312,647	(126,893)	25,185,754	64.69%
. Consumer and other	2,541,393	(207,367)	2,334,026	5.99%
	<u>39,654,677</u>	<u>(718,798)</u>	<u>38,935,879</u>	<u>100.00%</u>

Activity sector	31-12-2024			
	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%

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, 2025 and 2024, the breakdown of performing and non-performing exposures was as follows:

	31-12-2025			31-12-2024		
	Gross amount	Impairment	Coverage	Gross amount	Impairment	Coverage
Performing exposures	51,329,073	(181,271)	0.4%	47,471,628	(238,995)	0.5%
Non-performing exposures						
. Covered loans	21,878	(1,833)	8.4%	20,415	(131)	0.6%
. Individuals	390,865	(235,383)	60.2%	392,185	(186,398)	47.5%
. Companies	411,535	(305,186)	74.2%	470,287	(316,454)	67.3%
	824,278	(542,402)		882,887	(502,983)	
	52,153,351	(723,673)		48,354,515	(741,978)	

The degree of coverage of non-performing exposures, net of impairment, by real guarantees was as follows:

	31-12-2025			31-12-2024		
	Carrying amount	Collateral	Coverage	Carrying amount	Collateral	Coverage
Non-performing exposures						
. Covered loans	20,045	-		20,284	-	
. Individuals	155,482	112,273	72.2%	205,787	181,232	88.1%
. Companies	106,349	37,668	35.4%	153,833	78,122	50.8%
	<u>281,876</u>	<u>149,941</u>		<u>379,904</u>	<u>259,354</u>	

Forborne exposures

In accordance with Bank of Portugal Instruction No. 04/2018, 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, 2025 and 2024, the breakdown of forborne exposures was as follows:

	31-12-2025			31-12-2024		
	Gross amount	Impairment	Coverage	Gross amount	Impairment	Coverage
Performing exposures	300,698	(18,174)	6.0%	327,446	(26,817)	8.2%
Non-performing exposures						
. Individuals	130,229	(74,084)	56.9%	140,894	(64,676)	45.9%
. Companies	175,067	(128,930)	73.6%	277,299	(187,748)	67.7%
	<u>305,296</u>	<u>(203,014)</u>		<u>418,193</u>	<u>(252,424)</u>	
	<u>605,994</u>	<u>(221,188)</u>		<u>745,639</u>	<u>(279,241)</u>	

The movements occurring during financial years 2025 and 2024 in the forborne exposures were as follows:

	Gross amount	Impairment	Carrying amount
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
Entry into perimeter	108,874	23,323	85,551
Amortisation of debt	(126,534)	(36,784)	(89,750)
Cures	(44,971)	(2,110)	(42,861)
Portfolio sales	(72,499)	(22,601)	(49,898)
Other changes	(4,515)	(19,881)	15,366
Balances as at December 31, 2025	605,994	221,188	384,806

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, 2025 and 2024, the composition of encumbered and unencumbered assets is as follows:

	31-12-2025			
	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	-	-	1,386,096	-
Equity instruments	-	-	170,228	171,139
Debt securities	1,579,101	1,559,674	12,113,953	12,092,682
Loans and advances	12,750,927	-	28,571,455	-
Other assets	-	-	2,138,698	-
	14,330,028	1,559,674	44,380,430	12,263,821

	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

As at December 31, 2025 and 2024, liabilities associated with encumbered assets and the collateral received are as follows:

	31-12-2025	
	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	4,944,415	7,101,115
Other	348,942	867,177
	5,293,357	7,968,292

	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
	<u>4,283,668</u>	<u>7,103,665</u>

As at December 31, 2025 and 2024, 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:

	31-12-2025	31-12-2024
Cash, cash balances at central banks and other demand deposits (Note 5)		
Cash, cash balances at central banks		
Rating S&P		
AAA+ / AAA / AAA-	-	-
A+ / A / A-	1,077,129	-
BBB+ / BBB / BBB-	-	1,338,375
Not subject	387,776	364,249
	<u>1,464,905</u>	<u>1,702,624</u>
Other demand deposits		
Rating S&P		
A+ / A / A-	198,359	199,117
AA+ / AA / AA-	96,392	79,527
AAA+ / AAA / AAA-	9,450	1,183
BB+ / BB / BB-	277	377
BBB+ / BBB / BBB-	3,429	5,428
Without external rating	1,060	9,654
	<u>308,967</u>	<u>295,286</u>
	<u>1,773,872</u>	<u>1,997,910</u>
Financial assets at fair value through other comprehensive income (Note 8)		
Debt securities and Loans and advances		
Rating S&P		
A+ / A / A-	3,585,758	3,663,949
-BBB+ / BBB / BBB-	-	-
Without external rating	-	-
	<u>3,585,758</u>	<u>3,663,949</u>

	31-12-2025	31-12-2024
Financial assets at amortised cost (Note 9)		
Debt securities		
Rating S&P		
A+ / A / A-	7,345,740	5,768,181
AA+ / AA / AA-	1,063,351	592,591
BBB+ / BBB / BBB-	-	1,077,489
Without external rating	4,089,583	4,058,618
of which with internal rating:		
Reduced credit risk	3,805,418	3,902,137
Medium credit risk	283,632	154,012
High credit risk	533	2,469
	12,498,674	11,496,879
Loans and advances – Credit institutions		
Rating S&P		
A+ / A / A-	61,484	16,422
BBB+ / BBB / BBB-	3,434	7,785
Without external rating	11,269	491
	76,187	24,698
Loans and advances – Customers and other balances receivable		
Internal rating		
Reduced credit risk	33,474,278	30,716,660
Medium credit risk	4,362,022	4,474,874
High credit risk	906,176	680,063
Unrated	836,014	961,341
	39,578,490	36,832,938
	52,153,351	48,354,515
Off-balance sheet exposures (Note 22)	31-12-2024	31-12-2023
Reduced credit risk	9,638,772	8,601,146
Medium credit risk	409,956	602,346
High credit risk	117,484	72,763
Unrated	453,206	405,525
	10,619,418	9,681,780

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 Capital, Assets and Liabilities 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, 2025 and 2024, the breakdown of the projected (not discounted) cash flows of the financial instruments, in keeping with their contractual maturities, was as follows:

	31-12-2025								Total
	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	
<u>Assets</u>									
Cash, cash balances at central banks and other demand deposits	1,618,855	155,017							1,773,872
Financial assets held for trading	-	19,984	-	-	-	-	-	706,932	726,916
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	14,977	-	14,977
Financial assets at fair value through other comprehensive income	5	1,051,466	74,012	251,203	100,514	2,448,596	110,117	-	4,035,913
Financial assets at amortised cost	456,514	3,292,501	6,703,367	13,047,326	13,842,429	24,754,680	-	-	62,096,817
Derivatives – Hedge accounting	-	-	-	-	-	-	-	83,859	83,859
	2,075,374	4,518,968	6,777,379	13,298,529	13,942,943	27,203,276	125,094	790,791	68,732,354
<u>Liabilities</u>									
Financial liabilities held for trading	-	-	-	-	-	-	-	717,902	717,902
Financial liabilities measured at amortised cost									
Deposits - Credit institutions	351,090	3,207,157	1,812,290	152,257	-	-	-	-	5,522,794
Deposits - Customers	23,699,167	8,721,049	6,954,061	183,884	118,715	1,088	-	-	39,677,964
Debt securities issued	758	76,510	1,616,959	3,502,925	1,588,668	1,979,765	-	-	8,765,585
Derivatives – Hedge accounting	-	-	-	-	-	-	-	4,986	4,986
	24,051,015	12,004,716	10,383,310	3,839,066	1,707,383	1,980,853	-	722,888	54,689,231

	31-12-2024							Derivatives	Total
	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		
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

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.

MARKET RISK

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, 2025 and 2024, the breakdown of financial instruments by exposure to interest-rate risk was as follows:

	31-12-2025				
	Exposure to		Not remunerated	Derivatives	Total
	Fixed rate	Floating rate			
Assets					
Cash, cash balances at central banks and other demand deposits	155,000	922,129	696,743	-	1,773,872
Financial assets held for trading	19,984	-	-	706,932	726,916
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	12,238	-	12,238
Financial assets at fair value through other comprehensive income	3,469,119	-	274,629	-	3,743,748
Financial assets at amortised cost	15,255,684	36,344,424	(170,430)	-	51,429,678
Derivatives – Hedge accounting	-	-	-	83,859	83,859
	18,899,787	37,266,553	813,180	790,791	57,770,311
Liabilities					
Financial liabilities held for trading	-	-	-	717,902	717,902
Financial liabilities measured at amortised cost					
Deposits - Credit institutions	34,894	5,450,419	91	-	5,485,404
Deposits - Customers	17,334,330	22,079,294	38,168	-	39,451,792
Debt securities issued	6,109,535	1,669,924	89,477	-	7,868,936
Other financial liabilities	-	-	274,203	-	274,203
Derivatives – Hedge accounting	-	-	-	4,986	4,986
	23,478,759	29,199,637	401,939	722,888	53,803,223
31-12-2024					
	Exposure to		Not remunerated	Derivatives	Total
	Fixed rate	Floating rate			
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

As at December 31, 2025 and 2024, the detail of the financial instruments by exposure to interest-rate risk, by rate intervals, is as follows:

	31-12-2025							
	Rate intervals					Not subject to		Total
	[<1%]	[1%-3%]	[3%-5%]	[5%-10%]	[>10%]	Interest-rate risk	Derivatives	
Assets								
Cash, cash balances at central banks and other demand deposits	922,120	155,000	-	-	-	696,752	-	1,773,872
Financial assets held for trading	-	-	19,984	-	-	-	706,932	726,916
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	12,238	-	12,238
Financial assets at fair value through other comprehensive income	99,955	332	3,368,832	-	-	274,629	-	3,743,748
Financial assets at amortised cost	203,801	16,823,020	32,138,805	1,838,086	596,396	(170,430)	-	51,429,678
Derivatives – Hedge accounting	-	-	-	-	-	-	83,859	83,859
	1,225,876	16,978,352	35,527,621	1,838,086	596,396	813,189	790,791	57,770,311
Liabilities								
Financial liabilities held for trading	-	-	-	-	-	-	717,902	717,902
Financial liabilities measured at amortised cost								
Deposits - Credit institutions	340,328	5,144,985	-	-	-	91	-	5,485,404
Deposits - Customers	32,673,340	6,391,896	348,388	-	-	38,168	-	39,451,792
Debt securities issued	500,000	1,785,840	4,706,208	619,968	167,443	89,477	-	7,868,936
Derivatives – Hedge accounting	-	-	-	-	-	4,986	-	4,986
	33,513,668	13,322,721	5,054,596	619,968	167,443	132,722	717,902	53,529,020
31-12-2024								
	Rate intervals					Not subject to		Total
	[<1%]	[1%-3%]	[3%-5%]	[5%-10%]	[>10%]	Interest-rate risk	Derivatives	
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

As at December 31, 2025 and 2024, 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:

	31-12-2025							Not subject to interest-rate risk	Total
	Date intervals								
	1 month	3 months	6 months	1 year	2 to 3 years	4 to 5 years	>5 years		
Assets									
Cash, cash balances at central banks and other demand deposits	1,077,120	-	-	-	-	-	-	696,752	1,773,872
Financial assets held for trading	15,841	37,374	198,089	109,690	224,941	86,283	54,698	-	726,916
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	-	12,238	12,238
Financial assets at fair value through other comprehensive income	-	1,016,000	-	-	99,955	52,677	2,300,487	274,629	3,743,748
Financial assets at amortised cost	5,631,947	9,351,780	10,554,909	5,903,633	7,167,783	2,427,824	10,562,232	(170,430)	51,429,678
Derivatives – Hedge accounting	16,862	4,209	(30,164)	71,013	15,150	8,607	(1,818)	-	83,859
	6,741,770	10,409,363	10,722,834	6,084,336	7,507,829	2,575,391	12,915,599	813,189	57,770,311
Liabilities									
Financial liabilities held for trading	18,563	37,872	206,679	118,462	150,494	92,142	93,690	-	717,902
Financial liabilities measured at amortised cost									
Deposits - Credit institutions	1,773,414	1,776,725	1,625,181	159,993	150,000	-	-	91	5,485,404
Deposits - Customers	7,314,998	6,044,116	5,638,937	2,234,526	585,616	5,210,225	12,385,206	38,168	39,451,792
Debt securities issued	-	-	-	857,599	3,297,600	1,126,600	2,497,660	89,477	7,868,936
Derivatives – Hedge accounting	(211)	337	836	2,013	2,162	(102)	(49)	-	4,986
	9,106,764	7,859,050	7,471,633	3,372,593	4,185,872	6,428,865	14,976,507	127,736	53,529,020

	31-12-2024							Not subject to interest-rate risk	Total
	Date intervals								
	1 month	3 months	6 months	1 year	2 to 3 years	4 to 5 years	>5 years		
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

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, 2025 and 2024, 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:

	31-12-2025		31-12-2024	
	+100 bp's change	-100 bp's change	+100 bp's change	-100 bp's change
<u>Assets</u>				
Cash and cash balances at central banks	(34)	34	(74)	74
Financial assets at fair value through other comprehensive income	(5,504)	5,705	(70,731)	76,412
Financial assets at amortised cost	(1,250,005)	1,329,207	(1,260,982)	1,348,069
	<u>(1,255,543)</u>	<u>1,334,946</u>	<u>(1,331,787)</u>	<u>1,424,555</u>
Derivatives – Hedge accounting	<u>28,134</u>	<u>(37,589)</u>	<u>15,832</u>	<u>7,586</u>
<u>Liabilities</u>				
Financial liabilities measured at amortised cost				
Deposits - Central banks	-	-	-	-
Deposits - Credit institutions	(6,975)	6,982	(15,494)	15,597
Deposits - Customers	(974,720)	1,043,777	(905,324)	958,958
Debt securities issued	(159,016)	164,805	(205,000)	218,963
Other financial liabilities	(30,996)	32,233	(5,288)	5,443
	<u>(1,171,707)</u>	<u>1,247,797</u>	<u>(1,131,106)</u>	<u>1,198,961</u>

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.

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, 2025 and 2024, the detail of the financial instruments by currency was as follows:

	31-12-2025			
	Euros	US dollars	Other currencies	Total
<u>Assets</u>				
Cash, cash balances at central banks and other demand deposits	1,620,139	95,674	58,059	1,773,872
Financial assets held for trading	724,849	773	1,294	726,916
Non-trading financial assets mandatorily at fair value through profit or loss	12,238	-	-	12,238
Financial assets at fair value through other comprehensive income	3,741,354	2,394	-	3,743,748
Financial assets at amortised cost	50,939,887	479,038	10,753	51,429,678
Derivatives – Hedge accounting	83,715	-	144	83,859
	57,122,182	577,879	70,250	57,770,311
<u>Liabilities</u>				
Financial liabilities held for trading	708,004	9,669	229	717,902
Financial liabilities measured at amortised cost				
Deposits - Credit institutions	5,437,316	47,786	302	5,485,404
Deposits - Customers	38,266,329	978,495	206,968	39,451,792
Debt securities issued	7,868,936	-	-	7,868,936
Other financial liabilities	260,358	13,575	270	274,203
Derivatives – Hedge accounting	4,470	516	-	4,986
	52,545,413	1,050,041	207,769	53,803,223

	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

As at December 31, 2025 and 2024, the VaR associated with the exchange-rate risk corresponded to:

	31-12-2025	31-12-2024
VaR 99% percentile	31	31

ASSET-PRICE RISK

Financial instruments – trading

As at December 31, 2025 and 2024, the Bank had no risk associated with asset prices regarding its trading financial instruments, and so the VaR associated with this risk is zero.

Offsetting of financial assets and liabilities

As at December 31, 2025 and 2024, 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:

Counterpart	31-12-2025			
	Financial assets / liabilities presented in the financial statements	Financial instruments	Cash collateral handed in as guarantee	Net amount
Financial institutions	60,128	-	(14,475)	45,653
Group companies	(5,495)	-	5,292	(203)
	54,633	-	(9,183)	45,450

Counterpart	31-12-2024				
	Financial assets / liabilities presented in the financial statements	Related amounts not offset in the financial statements			Net amount
		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	

As at December 31, 2025 and 2024, the value of the repo operations, by type of counterpart, is as follows:

Counterpart	31-12-2025				
	Financial liabilities presented in the financial statements	Related amounts not offset in the financial statements			Net amount
		Financial instruments	Cash collateral handed in as guarantee	Net amount	
Financial institutions	(5,134,223)	5,165,891	(58,856)	(27,188)	

Counterpart	31-12-2024				
	Financial liabilities presented in the financial statements	Related amounts not offset in the financial statements			Net amount
		Financial instruments	Cash collateral handed in as guarantee	Net amount	
Financial institutions	(4,137,574)	4,191,119	(63,165)	(9,620)	

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 aim 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 2025, the CET1 phasing in ratio is 14.4% and the total capital phasing in ratio is 24.1%, comfortably meeting the minimum requirements of 7.0% and 10.5%, 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, 2025 and 2024 (both in BIS III - Phasing in):

	Amounts in millions of Euros	
	Dec/25	Dec/24
A – LEVEL 1 OWN FUNDS (TIER I)	3,362	2,896
Eligible Capital (includes additional instruments eligible as Tier I)	2,766	1,941
Eligible Reserves and Results (excl. Non-controlling Interests)	868	1,244
Eligible Non-controlling Interests	-	-
Deductions from Base Own Funds	(272)	(289)
B – LEVEL 2 OWN FUNDS (TIER II)	260	386
Subordinated liabilities with undetermined maturity	206	323
Eligible Non-controlling Interests	-	-
Other Elements / Deductions from Complementary Own Funds	53	63
C – DEDUCTIONS FROM TOTAL OWN FUNDS	-	-
D - TOTAL ELIGIBLE OWN FUNDS (A+B+C)	3,622	3,282
E – RISK-WEIGHTED ASSETS	15,050	16,053
RATIOS		
TIER I (A/E)	22.3%	18.0%
CORE CAPITAL (CET1)	14.4%	15.6%
TIER II (B/E)	1.7%	2.4%
CAPITAL ADEQUACY RATIO (D/E)	24.1%	20.4%
LEVERAGE	5.8%	5.7%

Note: the amounts presented in the table above are unaudited

38. COMPETITION AUTHORITY AND OTHER LITIGATION

In 2012, the Competition Authority ("AdC") instituted administrative-offence proceedings against several banks, including Banco Santander Totta, for alleged signs of infringement of Article 9 of Law 19/2012, of May 8 (Competition Act), with the respective final decision being issued on September 9, 2019, resulting in the sentencing of the banks to the payment of fines, which in the case of the Bank totalled Euros 35 million, plus a fine of Euros 650 thousand applied on Banco Popular Portugal.

Nevertheless, on October 21, 2019, the Bank judicially challenged the final decision of the AdC, with the Court of Competition, Regulation and Supervision (Tribunal da Concorrência, Regulação e Supervisão ("TCRS")) issuing its final sentence on September 20, 2024, maintaining the fine applied to the Bank (and to the other banks in general) by the AdC.

The Bank appealed to the Lisbon Court of Appeal, as did the other parties involved in the process. In line with what had been its position throughout the entire process, the Bank strongly refuted all the arguments underlying the decision of the AdC, with its position being supported, namely, by the opinion of distinguished Law Professors, attesting to the absence of any unlawful conduct by the institution.

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 and the Competition Authority appealed the Judgment to the Constitutional Court, and the latter, in August 2025, decided not to take cognisance of the subject matter of the appeals, upholding the Judgment of the Court of Appeal in its precise terms.

Consequently, the Judgment of the Lisbon Court of Appeal of February 10, 2025, which recognised the prescription of the administrative offence proceedings, became final on September 9, 2025, putting an end to the process without there having been a conviction and/or the application of a fine.

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, one of the suits was extinguished due to dismissal of the case. 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

Adverse Weather Events

At the end of January 2026, Storm "Kristin" occurred, an extreme weather phenomenon that significantly affected several regions of the country, with relevant impacts in terms of infrastructure, economic activity, and the operation of businesses and individuals.

Considering information released by the Bank of Portugal with reference to December 31, 2025, loans from the banking sector to companies and individuals with tax residence in municipalities in a state of emergency totalled Euros 32 thousand million. This amount was split into Euros 10.5 thousand million in loans to companies (with the Bank's share being approximately 10%) and Euros 21.5 thousand million to individuals (with the Bank's share being approximately 15%). The Bank is monitoring the evolution of the situation, especially regarding possible impacts on the quality of the loan portfolio and the value of assets given as collateral.

Furthermore, the Bank made available to its customers all the necessary means to respond to their needs, namely through

the provision of financial support solutions appropriate to the identified situations, including public measures (moratoriums and lines of credit from the Banco Português de Fomento (Portuguese Development Bank) and internal offers.

This event occurred after December 31, 2025, and therefore, under IAS 10 – Events after the Reporting Period, it is considered a non-adjustable subsequent event, as it does not provide evidence of conditions that existed at the reporting date.

Geopolitical Tensions in the Middle East

At the end of February 2026, geopolitical tensions in the Middle East worsened, involving the United States of America, Israel and Iran. This conflict contributed to increased uncertainty in international financial markets, notably through greater volatility in energy prices, currency markets and capital markets.

Given the existing uncertainty regarding the magnitude of the effects stemming from the aforementioned events, which are still dependent on future developments, the Board of Directors is not in a position to estimate at this time, with adequate reliability, the future impacts on the national economy and, in particular, on the Bank's financial situation.

Under these circumstances, the Board of Directors will maintain regular and continuous monitoring of the effects of these events in order to update the estimates used whenever relevant information becomes available, adopting the most appropriate response measures to the estimated or verified impacts.

40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on April 28, 2026.

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, 2025, 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		Balance sheet	Interest payable / Deferred commissions	Value adjustments through hedging operations	Total	Interest rate	Date issued	Date maturing	Index
		Subscribed Issued	by the Group								
Structured bonds											
Credit Linked Notes due January 2042	EUR	27,736	-	27,736	684	-	28,420	Floating	31/05/2022	31/01/2042	Euribor 3M + 8.7%
Credit Linked Notes due May 2043	EUR	54,476	-	54,476	384	-	54,860	Floating	13/04/2023	15/08/2037	Euribor 3M + 9%
Credit Linked Notes due December 2043	EUR	65,192	-	65,192	950	-	66,142	Floating	03/08/2023	02/05/2043	Euribor 3M + 8%
Credit Linked Notes due December 2045	EUR	168,600	-	168,600	1,481	-	170,081	Floating	25/06/2024	27/12/2043	Euribor 3M + 6.75%
Total		316,004	-	316,004	3,499	-	319,503				
Covered bonds											
Hipotecárias XX	EUR	750,000	750,000	-	(282)	-	(282)	1.201%	07/12/2017	07/12/2027	Fixed rate
Hipotecárias XXI	EUR	1,000,000	1,000,000	-	(248)	-	(248)	1.481%	10/04/2017	10/04/2027	Fixed rate
Hipotecária XXIII	EUR	1,000,000	20,000	980,000	902	-	980,902	1.250%	26/09/2017	26/09/2027	Fixed rate
Hipotecária XXIV	EUR	1,100,000	1,100,000	-	(734)	-	(734)	0.412%	05/07/2019	05/07/2029	Fixed rate
Hipotecária XXVI	EUR	750,000	750,000	-	(677)	-	(677)	0.00%	28/10/2020	28/10/2030	Fixed rate
Hipotecária XXVII	EUR	750,000	750,000	-	(453)	-	(453)	0.64%	04/03/2022	04/03/2029	Fixed rate
Hipotecária XXVIII	EUR	750,000	-	750,000	15,208	-	765,208	3.38%	19/04/2023	19/04/2028	Fixed rate
Hipotecária XXIX	EUR	1,000,000	1,000,000	-	(828)	-	(828)	3.55%	02/06/2023	02/06/2030	Fixed rate
Hipotecária XXX	EUR	850,000	-	850,000	8,963	4,523	863,486	3.75%	11/09/2023	11/09/2026	Fixed rate
Hipotecária XXXI	EUR	25,700	800	24,900	189	-	25,089	3.85%	16/10/2023	16/10/2028	Fixed rate
Hipotecária XXXII	EUR	27,300	200	27,100	115	-	27,215	3.74%	15/11/2023	15/11/2028	Fixed rate
Hipotecária XXXIII	EUR	16,900	1,300	15,600	(4)	-	15,596	3.05%	28/12/2023	28/12/2028	Fixed rate
Hipotecária XXXIV	EUR	11,900	600	11,300	311	-	11,611	3.11%	05/02/2024	05/02/2029	Fixed rate
Hipotecária XXXV	EUR	1,000,000	-	1,000,000	21,872	6,654	1,028,526	3.25%	15/02/2024	15/02/2031	Fixed rate
Hipotecária XXXVI	EUR	49,600	1,100	48,500	1,282	-	49,782	3.29%	07/03/2024	07/03/2029	Fixed rate
Hipotecária XXXVII	EUR	1,000,000	933,200	66,800	703	-	67,503	3.40%	29/05/2024	29/05/2029	Fixed rate
Hipotecária XXXVIII	EUR	1,000,000	1,000,000	-	(1,113)	-	(1,113)	2.98%	27/01/2025	27/01/2032	Fixed rate
Hipotecária XXXIX	EUR	500,000	-	500,000	9,468	(4,004)	505,464	2.63%	19/02/2025	19/02/2030	Fixed rate
Hipotecária XL	EUR	400,000	-	400,000	2,876	-	402,876	Floating	11/03/2025	11/03/2028	Euribor 6m+ 0.344%
Total		11,981,400	7,307,200	4,674,200	57,550	7,173	4,738,923				
		Issue amount				Value adjustments					

BANCO SANTANDER TOTTA, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

Securities issued	Currency	Issued	Subscribed by the Group	Balance sheet	Interest payable / Deferred commissions	through hedging operations	Total	Interest rate	Date issued	Date maturing	Index
Bonds issued under securitisation operations											
Atlantes Mortgage 3 - Class A	EUR	93,528	29,149	64,379	169	-	64,548	Floating	30/10/2008	20/08/2061	Euribor 3M + 0.20%
Atlantes Mortgage 3 - Class B	EUR	13,413	13,413	-	-	-	-	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
Hipototta nº13 Class A	EUR	232,368	232,368	-	-	-	-	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	-	-	-	-	-	-	Floating	09/01/2018	23/10/2072	
Hipototta nº14 Class A	EUR	1,534,418	1,534,418	-	-	-	-	Floating	16/07/2025	28/10/2079	Euribor 3M + 0.80%
Hipototta nº14 Class B	EUR	530,200	530,200	-	-	-	-	Floating	16/07/2025	28/10/2079	Euribor 3M + 1.5%
Hipototta nº14 Class C	EUR	42,400	42,400	-	-	-	-	Floating	16/07/2025	28/10/2079	Residual return generated by securitised portfolio
Consumer Totta 1 class A	EUR	160,314	-	160,314	25	-	160,339	Floating	30/09/2022	28/06/2033	Euribor 3M + 0.80%
Consumer Totta 1 class B	EUR	7,707	-	7,707	1	-	7,708	Floating	30/09/2022	28/06/2033	Euribor 3M + 1.10%
Consumer Totta 1 class C	EUR	12,332	-	12,332	3	-	12,335	Floating	30/09/2022	28/06/2033	Euribor 3M + 2%
Consumer Totta 1 class D	EUR	7,707	-	7,707	4	-	7,711	Floating	30/09/2022	28/06/2033	Euribor 3M + 8%
Consumer Totta 1 class E	EUR	12,332	-	12,332	(1,689)	-	10,643	Floating	30/09/2022	28/06/2033	Euribor 3M + 11.85%
Consumer Totta 1 class X	EUR	1	1	-	-	-	-	Floating	30/09/2022	28/06/2033	Residual return generated by securitised portfolio
Consumer Totta 2 class A	EUR	233,347	-	233,347	707	-	234,054	Floating	26/09/2024	25/02/2034	Euribor 3M + 0.90%
Consumer Totta 2 class B	EUR	11,230	-	11,230	39	-	11,269	Floating	26/09/2024	25/02/2034	Euribor 3M + 1.30%
Consumer Totta 2 class C	EUR	17,939	-	17,939	73	-	18,012	Floating	26/09/2024	25/02/2034	Euribor 3M + 1.90%
Consumer Totta 2 class D	EUR	11,230	-	11,230	63	-	11,293	Floating	26/09/2024	25/02/2034	Euribor 3M + 3.40%
Consumer Totta 2 class E	EUR	17,939	-	17,939	(2,998)	-	14,941	Floating	26/09/2024	25/02/2034	Euribor 3M + 5.35%
Consumer Totta 2 class F	EUR	2,000	-	2,000	16	-	2,016	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
Consumer Totta 3 class A	EUR	347,800	-	347,800	1,885	-	349,685	Floating	23/10/2025	23/10/2035	Euribor 3m + 0.75%
Consumer Totta 3 class B	EUR	27,200	-	27,200	171	-	27,371	Floating	23/10/2025	23/10/2035	Euribor 3m + 1.20%
Consumer Totta 3 class C	EUR	20,900	-	20,900	144	-	21,044	Floating	23/10/2025	23/10/2035	Euribor 3m + 1.50%
Consumer Totta 3 class D	EUR	14,700	-	14,700	134	-	14,834	Floating	23/10/2025	23/10/2035	Euribor 3m + 2.65%
Consumer Totta 3 class E	EUR	8,400	-	8,400	(4,176)	-	4,224	Floating	23/10/2025	23/10/2035	Euribor 3m + 3.30%
Consumer Totta 3 class F	EUR	4,200	-	4,200	42	-	4,242	Floating	23/10/2025	23/10/2035	Euribor 3m + 3.18%
Consumer Totta 3 class R	EUR	-	-	-	-	-	-	Floating	23/10/2025	23/10/2035	Euribor 3m + 4%
Consumer Totta 3 class X	EUR	1	1	-	-	-	-	Floating	23/10/2025	23/10/2035	Residual return generated by securitised portfolio
Total		3,914,085	2,932,429	981,656	(5,387)	-	976,269				
		Issue amount			Value adjustments						

BANCO SANTANDER TOTTA, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

Securities issued	Currency	Issued	Subscribed by the Group	through sheet	Interest payable / Deferred commissions	through hedging operations	Total	Interest rate	Date issued	Date maturing	Index
<u>Other bonds issued</u>											
Senior Holdco	EUR	500,000	-	500,000	1,831	-	501,831	0.68%	17/06/2021	17/06/2027	Fixed rate
Senior Non-Preferred 6NC5 Fixed-to-Fixed Reset Rate Notes	EUR	600,000	-	600,000	10,727	-	610,727	3.08%	03/06/2022	03/06/2028	Fixed rate
Senior Non-Preferred 6NC5 Fixed-to-Fixed Reset Rate Notes due June 2030	EUR	500,000	-	500,000	8,627	-	508,627	4.06%	30/07/2024	30/07/2030	Fixed rate
Total		1,600,000	-	1,600,000	21,185	-	1,621,185				
<u>Subordinated liabilities</u>											
OB.BANCO SANTANDER TOTTA SA 7.5% 06/10/2026	EUR	7,599	-	7,599	136	-	7,735	7.50%	06/10/2016	06/10/2026	Fixed rate
Subordinated 10NC5 Fixed-to-Fixed Reset Rate Tier 2	EUR	200,000	-	200,000	5,321	-	205,321	4.71%	09/06/2022	09/06/2032	Fixed rate
Total		207,599	-	207,599	5,457	-	213,056				
TOTAL		18,019,088	10,239,629	7,779,459	82,304	7,173	7,868,936				

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, 2025 (which shows total assets of Euros 58.710.458 thousands and total equity of Euros 4.319.589 thousands including a profit attributable to the owners of the parent of Euros 963.805 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, 2025, and their consolidated financial performance and their consolidated 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.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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Impairment losses of financial assets at amortized cost - loans and advances to customers – and provisions for guarantees and commitments granted (notes 1.3 (c), 2, 9, 16 and 36 attached to the consolidated financial statements of the Bank)

The significant amounts of loans and advances to customers and of off-balance sheet exposures, represented by guarantees provided and other commitments, and of the associated impairment losses and provisions, whose determination require the processing of a significant volume of data and the application of a set of complex assumptions and judgments by the management of the Bank, justify that these constitute key matters for the purpose of our audit. As at December 31, 2025, the gross amount of loans and advances to customers was Euros 39,232,660 thousand and the corresponding impairment losses recognized as at that date amounted to Euros 712,202 thousand. The off-balance sheet exposures, represented by guarantees provided and other commitments, amounted to Euros 10,619,418 thousand and the corresponding provisions recognized at that date amounted to Euros 42,345 thousand.

In accordance with IFRS 9 – Financial Instruments and the accounting policy disclosed in note 1.3 (c) attached to the Bank's consolidated financial statements as at December 31, 2025, for the most significant exposures classified in “stage 3”, determined in terms of the Bank's total amount of exposures and of possible indications of non-performance, the Bank undertakes an impairment loss quantification process, which includes an individual impairment quantification analysis. The 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 future cash flows from the fulfilment of their responsibilities (going concern approach); and/or (ii) 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 (gone concern approach).

For exposures not covered by the individual analysis, the Bank develops collective analysis models to

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, and of the provisions for off-balance sheet exposures, 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 and provisions.

On a sample basis, we analysed a group of customers falling within the Bank's individual analysis perimeter, as at December 31, 2025, with the objective of: (i) reviewing the conclusions and the results obtained by the Bank in its individual analyses and measurements of impairment; and (ii) formulating our own judgment as to the existence of situations of significant increase in credit risk or default; the economic and financial situation of the customers, the predictability of the expected cash flows from the respective businesses and the prospects of recovering the loans and advances.

For the portfolio for which the impairment losses are assessed through the collective analysis model, and with the involvement of internal specialists in the matters in question whenever considered necessary, a set of specific procedures was developed with the objective of (i) reviewing the application of the criteria used by the Bank in marking situations of significant increase in credit risk or default, and (ii) assessing how the assumptions considered by management cover all the risk variables, through comparison with historical performance and recoveries of the Bank's loans and advances to customers portfolio, as well as forward looking information and the methodologies defined by the Bank to determine the post model adjustments.

Our audit procedures also included a review of the disclosures for loans and advances to customers and the off-balance sheet exposures, as well as the related

Key Audit Matter

calculate impairment losses, based (i) on a set of marking criteria of situations of significant increase in credit risk or of default, (ii) on the internal historical information of defaults and recoveries of the Bank, as well as (iii) on forward looking information through the incorporation of a set of potential duly weighted scenarios, of relevant macroeconomic and financial variables, and on other judgments defined by management (post model adjustments).

Considering all the above, any changes in the assumptions or methodologies used by the Bank in the analysis and quantification of impairment losses of the loans and advances to customers portfolio, and of the provisions for off-balance sheet exposures, 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 and provisions recognized in each period.

Fair value of financial instruments measured at fair value not quoted in an active market – level 3 of the fair value hierarchy (notes 1.3 (c), 2, 6, 7, 8 and 36 attached to the consolidated financial statements of the Bank)

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 in level 3 of the fair value hierarchy was a relevant matter for the purpose of our audit. As disclosed in the notes attached to the consolidated financial statements of the Bank as at December 31, 2025, the balance sheet balances at that date of the financial instruments measured using techniques that rely on non-observable market variables (level 3 of the fair value hierarchy), amount to Euros 170,770 thousand of assets and Euros 3,757 thousand of liabilities, including value adjustments arising from hedge accounting. As at December 31, 2025, the financial instruments thus classified essentially comprise: (i) trading derivatives; and (ii) equity instruments.

For the financial instruments classified in level 3 of the fair value hierarchy, the Bank determines fair value using (i) prices obtained from independent counterparties; (ii) prices used in recent analogous

Summary of the Audit Approach

impairment losses and provisions, contained in the accompanying notes to the Bank's consolidated financial statements, considering the applicable accounting standards in force.

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 and data used in the calculation of fair value for the financial instruments not quoted in an active market and classified in level 3 of the fair value hierarchy.

Among the procedures carried out, for a sample of financial instruments not quoted in an active market, classified in level 3 of the fair value hierarchy, including the value adjustments arising from hedge accounting, we highlight the following: (i) the understanding of the Bank's governance process regarding the revision and approval of the main assumptions and valuation models used as well as the analysis of internal documents that support the decision making; (ii) the understanding of the methodologies, main assumptions and data used by the Bank and the analysis of their reasonableness under the circumstances, through comparison with market information collected from external and independent

Key Audit Matter

market transactions; (iii) discounted cash flow models; and/or (iv) other methodologies depending on the nature of the investment and market context of the instruments, which involve a high level of judgment in defining the assumptions and data to be used.

In this context, changes in the assumptions and in the measurement techniques used by the Bank may give rise to material impacts on the determination of the fair value of these financial instruments recognized in the Bank's consolidated financial statements.

Summary of the Audit Approach

sources, whenever available; and (iii) the analytical review of the fair value of those financial instruments, comparing same 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 in 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.

Pension and other post-employment benefits liabilities (notes 1.3 (j), 2, 13 and 33 attached to the consolidated financial statements of the Bank)

As at December 31, 2025, the Bank's liabilities for past services regarding its directors, employees, retirees and pensioners amounted to Euros 1,276,868 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 mostly financed by linked pension funds, the net asset value of which, at the end of financial year 2025, amounted to Euros 1,386,293 thousand.

According to the internal policies and procedures in force, these liabilities are estimated based on actuarial valuations performed by an independent 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 tables, pension and salary growth rates, among others, defined by management and adjusted to the characteristics of the post-employment benefits and the population of directors, employees, retirees and pensioners of the Bank, and to the current and future behaviour of these variables.

In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on the measurement of the pension and other post-employment benefits liabilities and of the assets held for their respective coverage, so this issue was considered a key matter for the purpose of our audit.

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 and financing needs is correct and complete, and that the fair value determination process of the Pension Fund assets is adequate.

The audit work included the analysis of the actuarial study prepared by the independent actuary with reference to December 31, 2025, the verification, using sampling, of the data included in the actuarial study and meetings with management and contacts with 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, whenever available, and involving, for the effect, our internal specialists in actuarial matters.

A conformity review was also performed of: (i) the beneficiaries' historical information used to calculate the liabilities; (ii) the accounting recognition of plan curtailments or liquidations, of costs related to past services and of other changes in assumptions and estimates that occurred during the financial year; and (iii) the fair value of the linked pension funds' assets, recalculating same, independently, on a sample basis.

Key Audit Matter

Summary of the Audit Approach

Our audit procedures also included a review of the disclosures on the pension and post-employment benefits liabilities 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 - Banco Internacional do Funchal, S.A. ("Banif")

(notes 1.3 (c), 9 and 12 attached to the consolidated financial statements of the Bank)

As mentioned in Note 12, in the scope of the resolution measure applied to Banif arising from the decision of the Board of Directors of Banco de Portugal dated December 20, 2015 ("transaction"), and bearing in mind the understandings and subsequent clarifications communicated to the Bank by same 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 financial years 2009 through 2014. Following the decision of the Ministry of Finance of June 30, 2020 rejecting the hierarchical appeal presented by the Bank in relation to the aforementioned Order, the Bank claimed, in 2020, compensation in the amount of Euros 157,699 thousand, in cash or 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 indemnity 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, this was a relevant matter for the purpose of our audit.

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 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 assessment 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 financial statements, considering the applicable accounting standards in force.

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 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 were 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, 2025 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 compliance with the requirements established in 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 5 December 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 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 at this date.

- 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, 2026

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

