Financial Report

2022 | January - June

santander.com

Santander

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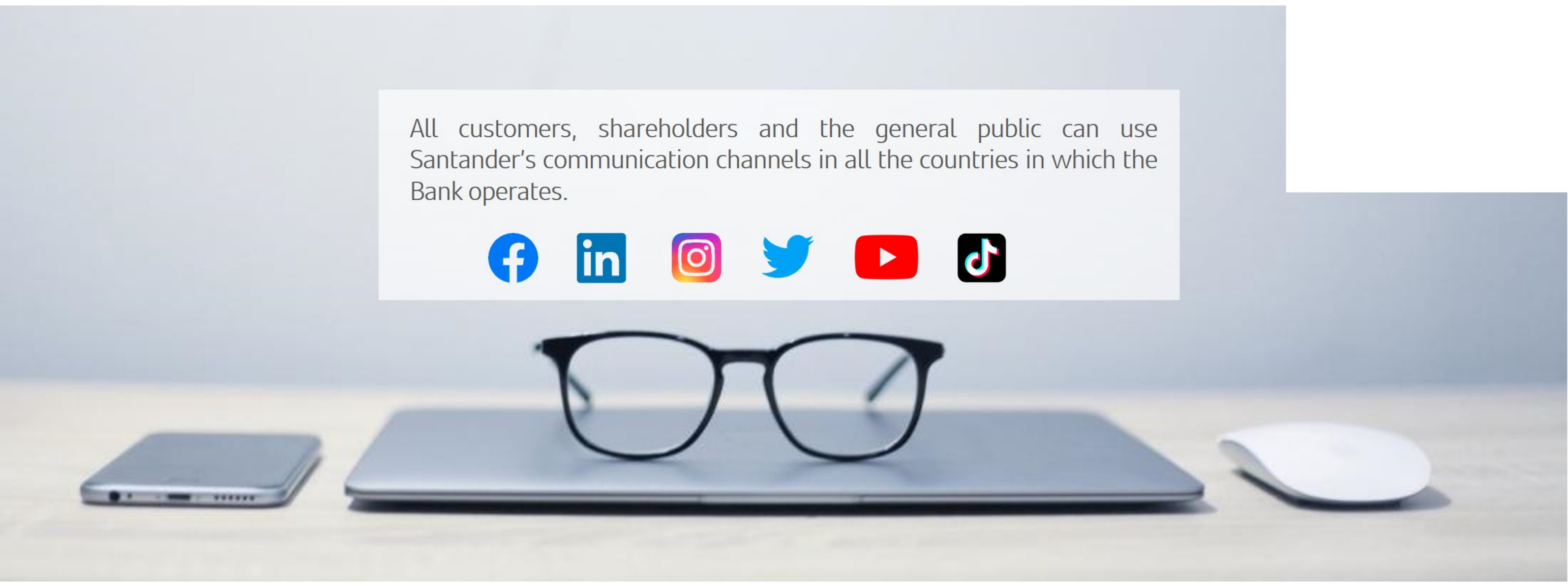


All customers, shareholders and the general public can use Santander's communication channels in all the countries in which the Bank operates.

This report was approved by the board of directors on 27 July 2022, following a favourable report from the audit committee. Important information regarding this report can be found on pages 89 and 90.

Key consolidated data

BALANCE SHEET (EUR million)	Jun-22	Mar-22	%	Jun-22	Jun-21	%	Dec-21
Total assets	**1,722,840**	1,666,012	3.4	**1,722,840**	1,568,636	9.8	1,595,835
Loans and advances to customers	**1,037,721**	1,011,497	2.6	**1,037,721**	954,518	8.7	972,682
Customer deposits	**973,787**	957,820	1.7	**973,787**	894,127	8.9	918,344
Total funds	**1,204,407**	1,196,544	0.7	**1,204,407**	1,121,969	7.3	1,153,656
Total equity	**97,462**	99,378	(1.9)	**97,462**	95,745	1.8	97,053

Note: Total funds includes customer deposits, mutual funds, pension funds and managed portfolios

INCOME STATEMENT (EUR million)	Q2'22	Q1'22	%	H1'22	H1'21	%	2021
Net interest income	**9,554**	8,855	7.9	**18,409**	16,196	13.7	33,370
Total income	**12,815**	12,305	4.1	**25,120**	22,695	10.7	46,404
Net operating income	**6,915**	6,770	2.1	**13,685**	12,318	11.1	24,989
Profit before tax	**3,744**	4,171	(10.2)	**7,915**	6,914	14.5	14,547
Profit attributable to the parent	**2,351**	2,543	(7.6)	**4,894**	3,675	33.2	8,124

Changes in constant euros:

Q2'22 / Q1'22: NII: +4.0%; Total income: +0.2%; Net operating income: -2.6%; Profit before tax: -14.4%; Attributable profit: -11.9%

H1'22 / H1'21: NII: +6.9%; Total income: +4.1%; Net operating income: +3.1%; Profit before taxes: +4.4%; Attributable profit: +20.8%

EPS, PROFITABILITY AND EFFICIENCY (%)	Q2'22	Q1'22	%	H1'22	H1'21	%	2021
EPS (euros)	**0.131**	0.141	(7.2)	**0.272**	0.197	38.1	0.438
RoE	**10.44**	11.49		**10.98**	9.53		9.66
RoTE	**13.10**	14.21		**13.69**	11.82		11.96
RoA	**0.63**	0.71		**0.66**	0.61		0.62
RoRWA	**1.76**	1.95		**1.86**	1.66		1.69
Efficiency ratio	**46.0**	45.0		**45.5**	45.7		46.2

UNDERLYING INCOME STATEMENT (1) (EUR million)	Q2'22	Q1'22	%	H1'22	H1'21	%	2021
Net interest income	**9,554**	8,855	7.9	**18,409**	16,196	13.7	33,370
Total income	**12,815**	12,305	4.1	**25,120**	22,695	10.7	46,404
Net operating income	**6,915**	6,770	2.1	**13,685**	12,318	11.1	24,989
Profit before tax	**3,744**	4,171	(10.2)	**7,915**	7,628	3.8	15,260
Profit attributable to the parent	**2,351**	2,543	(7.6)	**4,894**	4,205	16.4	8,654

Changes in constant euros:

Q2'22 / Q1'22: NII: +4.0%; Total income: +0.2%; Net operating income: -2.6%; Profit before tax: -14.4%; Attributable profit: -11.9%

H1'22 / H1'21: NII: +6.9%; Total income: +4.1%; Net operating income: +3.1%; Profit before tax: -4.8%; Attributable profit: +6.7%

UNDERLYING EPS AND PROFITABILITY (1) (%)	Q2'22	Q1'22	%	H1'22	H1'21	%	2021
Underlying EPS (euros)	**0.131**	0.141	(7.2)	**0.272**	0.227	19.5	0.468
Underlying RoE	**10.44**	11.49		**10.98**	10.17		10.29
Underlying RoTE	**13.10**	14.21		**13.69**	12.62		12.73
Underlying RoA	**0.63**	0.71		**0.66**	0.65		0.65
Underlying RoRWA	**1.76**	1.95		**1.86**	1.75		1.78

SOLVENCY (%)	Jun-22	Mar-22	Jun-22	Jun-21	Dec-21
Fully-loaded CET1 ratio	**12.05**	12.12	**12.05**	11.70	12.12
Fully-loaded total capital ratio	**15.95**	16.15	**15.95**	15.42	16.41

CREDIT QUALITY (%)	Q2'22	Q1'22	H1'22	H1'21	2021
Cost of credit (2)	**0.83**	0.77	**0.83**	0.94	0.77
NPL ratio	**3.05**	3.26	**3.05**	3.22	3.16
Total coverage ratio	**71**	69	**71**	73	71

MARKET CAPITALIZATION AND SHARES	Jun-22	Mar-22	%	Jun-22	Jun-21	%	Dec-21
Shares (millions)	**16,794**	17,341	(3.2)	**16,794**	17,341	(3.2)	17,341
Share price (euros)	**2.688**	3.100	(13.3)	**2.688**	3.220	(16.5)	2.941
Market capitalization (EUR million)	**45,143**	53,756	(16.0)	**45,143**	55,828	(19.1)	50,990
Tangible book value per share (euros)	**4.24**	4.29		**4.24**	3.98		4.12
Price / Tangible book value per share (X)	**0.63**	0.72		**0.63**	0.81		0.71

CUSTOMERS (thousands)	Q2'22	Q1'22	%	H1'22	H1'21	%	2021
Total customers	**156,896**	154,762	1.4	**156,896**	149,497	4.9	152,943
Loyal customers	**26,494**	25,978	2.0	**26,494**	24,196	9.5	25,548
Loyal retail customers	**24,361**	23,799	2.4	**24,361**	22,076	10.4	23,359
Loyal SME & corporate customers	**2,133**	2,179	(2.1)	**2,133**	2,121	0.6	2,189
Digital customers	**49,870**	49,158	1.4	**49,870**	45,444	9.7	47,489
Digital sales / Total sales (%)	**55**	56		**56**	52		54

OTHER DATA	Jun-22	Mar-22	%	Jun-22	Jun-21	%	Dec-21
Number of shareholders	**3,985,638**	3,975,210	0.3	**3,985,638**	3,879,232	2.7	3,936,922
Number of employees	**200,651**	200,294	0.2	**200,651**	192,843	4.0	199,177
Number of branches	**9,193**	9,248	(0.6)	**9,193**	9,423	(2.4)	9,229

(1) In addition to financial information prepared in accordance with International Financial Reporting Standards (IFRS) and derived from our consolidated financial statements, this report contains certain financial measures that constitute alternative performance measures (APMs) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015, and other non-IFRS measures, including the figures related to "underlying" results, which do not include the items recorded in the separate line of "net capital gains and provisions", above the line of profit attributable to the parent. Further details are provided in the "Alternative performance measures" section of the appendix to this report.

For further details on the APMs and non-IFRS measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the annual consolidated financial statements prepared under IFRS, please see our 2021 Annual Financial Report, published in the CNMV on 25 February 2022, our 20-F report for the year ending 31 December 2021 filed with the SEC in the United States on 1 March 2022, as updated by the Form 6-K filed with the SEC on 8 April 2022 in order to reflect our new organizational and reporting structure, as well as the "Alternative performance measures" section of the appendix to this report.

(2) Allowances for loan-loss provisions over the last 12 months / Average loans and advances to customers over the last 12 months.

Our business model is based on three pillars

01. Customer focus

Deepening the relationships with our customers

Top 3 NPS[1]
in 6 out of 9 markets

157 mn
total customers

02. Our scale

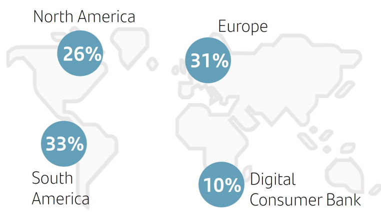
Local scale and global reach

Top 3 in lending[2]
in 10 of our markets

03. Diversification

Geographic and business diversification

Balanced profit distribution[3]



SCIB WM&I PagoNxt

1. NPS – internal benchmark of individual customers' satisfaction audited by Stiga / Deloitte in H1'22.
2. Market share in lending as of March 2022 including only privately-owned banks. UK benchmark refers to the mortgage market. Digital Consumer Bank (DCB) refers to auto in Europe.
3. H1'22 underlying attributable profit by region. Operating areas excluding Corporate Centre.

Our business model remains a source of great strength and resilience

Our corporate culture

The **Santander Way** remains unchanged to continue to deliver for all our stakeholders

Our purpose

To help people and businesses **prosper**.

Our aim

To be the best open financial services **platform**, by acting **responsibly** and earning the lasting **loyalty** of our people, customers, shareholders and communities.

Our how

Everything we do should be **Simple, Personal and Fair**.

HIGHLIGHTS OF THE PERIOD

Attributable profit

+33 %

H1'21 EUR 3,675 mn

H1'22 **EUR 4,894 mn**

+21 % in constant euros

Underlying attributable profit

+16 %

H1'21 EUR 4,205 mn

H1'22 **EUR 4,894 mn**

+7 % in constant euros

- In Q2'22, attributable profit amounted to EUR 2,351 million. The quarter-on-quarter comparison was affected by regulatory charges (Single Resolution Fund and, in Poland, Institutional Protection Scheme - IPS -). Excluding the regulatory charges, profit was 5% higher compared to the previous quarter (+1% in constant euros).

- In the first half of 2022, attributable profit rose to EUR 4,894 million, 33% more than in the first six months of 2021 (+21% in constant euros), when we recorded EUR 530 million of net charges for restructuring costs.

  Underlying profit also amounted to EUR 4,894 million, 16% higher (+7% in constant euros) versus the first half of 2021 (before restructuring costs).

- Our geographic and business diversification to some extent protects us from adverse circumstances and enables us to resiliently face the indirect impacts arising from the Russia-Ukraine conflict. Santander's presence in and exposure to Russia and Ukraine is negligible.

- In 2022, although it is difficult to make projections in the current environment, our strategy and business model are a clear competitive advantage. Under the main scenario we are considering, we believe we will meet the Group targets for the year announced at the Group's 2021 earnings presentation.

Shareholder remuneration

EUR million

2020 Cash 1,000

2021 Cash Buyback **~ 3,400**

7 % dividend yield[1]

- In applying the shareholder remuneration policy for 2021, the bank paid a second interim cash dividend of EUR 5.15 cents per share in May 2022 against 2021 results.

  In addition, a second share buyback programme was implemented for a total amount of EUR 865 million, in which 286,309,445 own shares were acquired, equivalent to 1.7% of the bank's share capital, whose redemption was executed by the board of directors on 28 June 2022.

  As a result, the total amount allocated to shareholders was around EUR 3.4 billion, equivalent to approximately 40% of the Group's underlying attributable profit in 2021.

- The board approved a payout for 2022 of approximately 40% of underlying attributable profit, which will include both the cash dividend and the share buybacks, which are each expected to account for 50% of the payout[2].

TNAV per share + cash dividend

+9 % / H1'21

- TNAV per share was EUR 4.24, +9% year-on-year including the cash dividend per share paid in November 2021 and May 2022. In the quarter, TNAV per share plus dividend remained largely unchanged.

Helping people and businesses prosper

We support the green transition of our customers, progress towards our climate change and decarbonization goals while building a more sustainable bank and a more inclusive society

- Santander is the leader in renewable energy financing and mobilized close to EUR 74.4 billion between 2019 and the end of H1'22. The Group's target is to mobilize EUR 220 billion in green finance by 2030.

- We have set three new decarbonization targets for 2030 (measured in emission reductions vs. 2019) in the energy (-29%), aviation (-33%) and steel (-32%) sectors.

- In the first half, we granted EUR 426 million in loans through our microfinance programmes in 8 countries.

- We were named Best Global Bank for Financial Inclusion by *Euromoney*, highlighting our programmes in South America and Mexico, and Best Bank for Corporate Responsibility in Central and Eastern Europe for our support to refugees from the Russia-Ukraine conflict.

(1) As % of H1'22 average share price.
(2) Implementation of the shareholder remuneration policy is subject to future corporate and regulatory decisions and approvals.

GROWTH

Customers

+7 million

H1'21 149 million

H1'22 **157 million**

Loans and advances to customers **+6%** / H1'21

Customer funds **+4%** / H1'21

Note: changes in constant euros

- Total customers amounted to 157 million, +7.4 million compared to June 2021. Loyal customers reached 26.5 million, 9% higher year-on-year.
- Digital adoption continued to be key, as we now have more than 50 million digital customers, an increase of 4 million since June 2021. In H1'22, 56% of sales were made through digital channels (52% in H1'21).
- Business volumes continued to grow in a context of uncertainty. In this environment, loans and advances to customers rose 3% in the quarter and +9% year-on-year. Customer deposits rose 2% in the quarter and +9% year-on-year. Excluding the exchange rate impact, gross loans and advances to customers excluding reverse repos were 2% higher compared to Q1'22 and +6% versus H1'21. Customer funds excluding repos increased 1% in the quarter and 4% year-on-year.
- Greater activity, together with higher interest rates and margin management, was reflected in the 14% rise in net interest income and a 13% increase in net fee income in euros (both grew +7% in constant euros).

PROFITABILITY

Underlying RoTE

+107 bps

H1'21 12.6%

H1'22 **13.7%**

- The increase in profit, underpinned by the positive performance across regions, Digital Consumer Bank (DCB) and the global businesses, was reflected in higher profitability.
- Sustained earnings per share growth, which rose 38% year-on-year to EUR 27.2 cents in H1'22 (+19% compared to H1'21 underlying EPS).
- RoTE of 13.7%, RoRWA was 1.86%, both clearly exceeding H1'21 and FY'21 figures.

STRENGTH

Cost of risk

-11 bps

H1'21 0.94%

H1'22 **0.83%**

FL CET1

0 bps

Q1'22 12.05%

Q2'22 **12.05%**

Note: Q1'22 *pro forma* data. Includes the acquisition of Amherst Pierpont

- Regarding credit quality, the cost of risk stood at 0.83% (0.94% in June 2021).
- The NPL ratio was 3.05%, 21 bps lower quarter-on-quarter and -17 bps year-on-year, mainly driven by the positive performance in Europe (favoured by portfolio sales in Spain) and somewhat offset by the increases in South America.
- Total loan-loss reserves reached EUR 24,195 million, with a coverage of 71% (+2 pp vs. Q1'22).
- The fully-loaded CET1 ratio was 12.05%.

  In the quarter, net organic generation of 18 bps, resulting from gross organic generation of 26 bps from Q2'22 profit and an 8 bp charge for a future dividend payment. In addition, negative impacts from market performance and corporate transactions, and positive impacts from models.

GRUPO SANTANDER RESULTS

Grupo Santander. Summarized income statement

EUR million

	Q2'22	Q1'22	Change %	Change % excl. FX	H1'22	H1'21	Change %	Change % excl. FX
Net interest income	9,554	8,855	7.9	4.0	18,409	16,196	13.7	6.9
Net fee income (commission income minus commission expense)	3,040	2,812	8.1	4.2	5,852	5,169	13.2	7.0
Gains or losses on financial assets and liabilities and exchange differences (net)	356	387	(8.0)	(11.0)	743	894	(16.9)	(20.7)
Dividend income	267	68	292.6	288.2	335	309	8.4	8.1
Share of results of entities accounted for using the equity method	179	133	34.6	30.8	312	163	91.4	80.8
Other operating income / expenses	(581)	50	—	—	(531)	(36)	—	—
Total income	**12,815**	**12,305**	**4.1**	**0.2**	**25,120**	**22,695**	**10.7**	**4.1**
Operating expenses	(5,900)	(5,535)	6.6	3.6	(11,435)	(10,377)	10.2	5.3
Administrative expenses	(5,162)	(4,831)	6.9	3.9	(9,993)	(8,996)	11.1	6.1
Staff costs	*(3,085)*	*(2,863)*	*7.8*	*4.9*	*(5,948)*	*(5,438)*	*9.4*	*4.8*
Other general administrative expenses	*(2,077)*	*(1,968)*	*5.5*	*2.3*	*(4,045)*	*(3,558)*	*13.7*	*8.0*
Depreciation and amortization	(738)	(704)	4.8	2.2	(1,442)	(1,381)	4.4	0.2
Provisions or reversal of provisions	(480)	(455)	5.5	3.9	(935)	(1,490)	(37.2)	(38.2)
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss (net)	(2,640)	(2,123)	24.4	17.9	(4,763)	(3,804)	25.2	17.2
Impairment on other assets (net)	(26)	(35)	(25.7)	(28.2)	(61)	(130)	(53.1)	(54.5)
Gains or losses on non-financial assets and investments, net	(6)	2	—	—	(4)	52	—	—
Negative goodwill recognized in results	—	—	—	—	—	—	—	—
Gains or losses on non-current assets held for sale not classified as discontinued operations	(19)	12	—	—	(7)	(32)	(78.1)	(78.1)
Profit or loss before tax from continuing operations	**3,744**	**4,171**	**(10.2)**	**(14.4)**	**7,915**	**6,914**	**14.5**	**4.4**
Tax expense or income from continuing operations	(1,072)	(1,302)	(17.7)	(21.9)	(2,374)	(2,474)	(4.0)	(12.8)
Profit from the period from continuing operations	**2,672**	**2,869**	**(6.9)**	**(11.0)**	**5,541**	**4,440**	**24.8**	**14.0**
Profit or loss after tax from discontinued operations	—	—	—	—	—	—	—	—
Profit for the period	**2,672**	**2,869**	**(6.9)**	**(11.0)**	**5,541**	**4,440**	**24.8**	**14.0**
Profit attributable to non-controlling interests	(321)	(326)	(1.5)	(4.0)	(647)	(765)	(15.4)	(20.3)
Profit attributable to the parent	**2,351**	**2,543**	**(7.6)**	**(11.9)**	**4,894**	**3,675**	**33.2**	**20.8**
EPS (euros)	**0.131**	**0.141**	**(7.2)**		**0.272**	**0.197**	**38.1**	
Diluted EPS (euros)	**0.130**	**0.140**	**(7.2)**		**0.271**	**0.196**	**38.1**	
Memorandum items:								
Average total assets	1,707,903	1,624,930	5.1		1,666,474	1,539,167	8.3	
Average stockholders' equity	90,035	88,532	1.7		89,125	82,669	7.8	

Executive summary

Profit (H1'22 vs H1'21). In constant euros

Strong profit growth underpinned by our geographic and business diversification

Attributable profit

EUR 4,894 mn

+21% vs H1'21

+7% vs H1'21 underlying att. profit

Performance (H1'22 vs H1'21). In constant euros

Profit growth driven by higher revenue, cost control and lower minority interest and tax burden

Total income	Costs	Provisions
+4.1%	+5.3%	+18.1%

Efficiency

The Group's efficiency ratio improved compared to FY'21, mainly driven by Europe

Group	Europe
45.5%	48.5%
-0.7 pp vs 2021	-3.7 pp vs 2021

Profitability

Strong improvement in our profitability ratios

RoTE	RoRWA
13.7%	1.86%
+1.9 pp / +1.1 pp [1]	+0.2 pp / +0.1 pp [2]

Changes vs H1'21 1. vs underlying RoTE 2. vs und. RoRWA

➔ Results performance compared to H1'21

The Group presents, both at the total level and for each of the business units, the changes in euros produced in the income statement, as well as variations excluding the exchange rate effect (FX), on the understanding that the latter provide a better analysis of the Group's management of the country units. For the Group as a whole, exchange rates had a positive impact of 7 pp in revenue and 5 pp in costs.

▶ Total income

Total income of EUR 25,120 million in the first half of 2022, up 11% year-on-year. Excluding the exchange rate impact, total income increased 4%. Net interest income and net fee income accounted for 97% of total income. By line:

- **Net interest income** amounted to EUR 18,409 million, 14% higher compared to the first half of 2021. Stripping out the exchange rate impact, growth was 7%, mainly due to the increase in activity, greater volumes and higher interest rates.

  By country, and at constant exchange rates, increases were recorded in the UK (+13%), Poland (+92%), Brazil (+2%), Mexico (+9%), Chile (+7%) and Argentina (+93%).

  On the other hand, the US remained unchanged, mainly due to the Bluestem portfolio disposal in 2021 (excluding this impact, net interest income would have increased 2%). Declines in Spain (-6%, due to lower ALCO volumes and some change of mix towards mortgages) and Portugal (-8%, due to ALCO portfolio sales in H1'21).

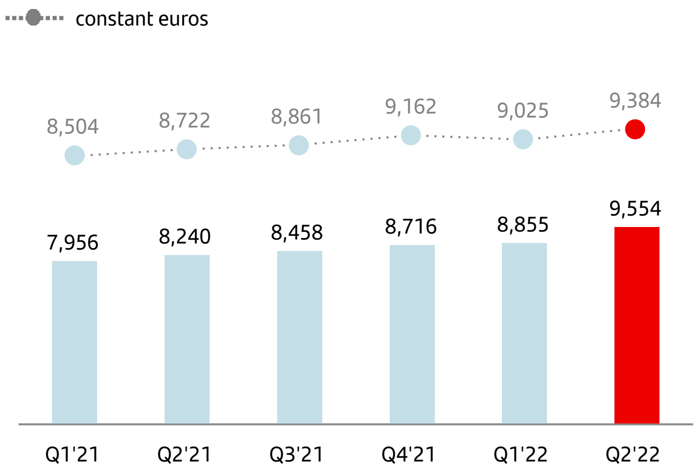
- **Net fee income** rose 13% year-on-year to EUR 5,852 million. Excluding the exchange rate impact, net fee income was 7% higher, driven by higher volumes and improved activity, with significant increases in high value-added products and services.

  Card and point of sale turnover increased 20% and 30%, respectively, and card transactions were 18% higher. Transactional fees rose 9%.

  In Wealth Management & Insurance (WM&I), net fee income from mutual funds and pensions grew 5% and insurance premiums rose 17%.

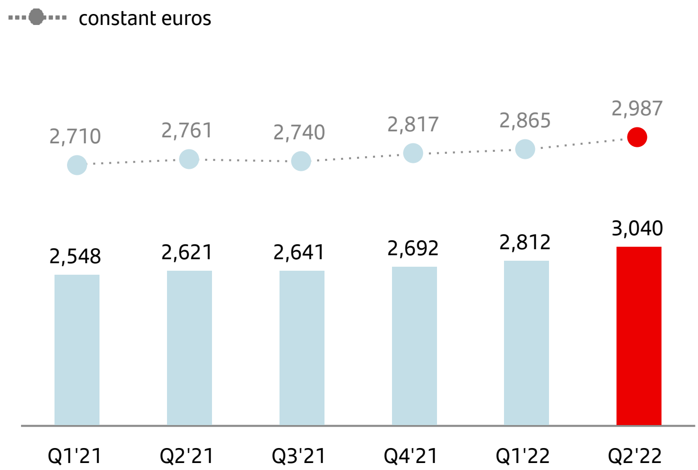
Net interest income

EUR million



Net fee income

EUR million



In Santander Corporate & Investment Banking (SCIB), net fee income increased 10%, underscored by double-digit growth in the core businesses. Together, both businesses accounted for close to 50% of the Group's total fee income (SCIB: 18%; WM&I: 30%).

By region, net fee income Europe was up 7%, supported by growth in all countries except the UK, mainly due to the transfer of its SCIB business. 1% decrease in North America, affected by the Bluestem portfolio disposal. Excluding it, fee income would have increased 4% in the region (the US would have fallen mainly due to lower fee income in SCIB). 16% increase in Mexico driven by fee income from insurance, cards and account management. +10% in South America driven by greater transactionality, with growth in all countries and +7% at Digital Consumer Bank driven by the rise in new lending.

- **Gains on financial transactions**, accounted for 3% of total income and were 17% lower year-on-year at EUR 743 million (-21% excluding the exchange rate impact), weighed down by the falls in Spain and Portugal, due to ALCO portfolio sales recorded in 2021, and the Corporate Centre, affected by the negative impact of FX hedging, offset by the positive impact of exchange rates in the countries' results.

- **Dividend income** was EUR 335 million in H1'22, increasing 8% in euros and constant euros.

- **The results of entities accounted for using the equity method** rose to EUR 312 million, due to the greater contribution from Group entities in Spain and Brazil.

- **Other operating income** recorded a loss of EUR 531 million compared to -EUR 36 million in H1'21, mainly due to the lower leasing income (approximately EUR 240 million less year-on-year), higher contribution to the SRF, higher provisions for the contribution to the BFG in Poland, where we also recorded an EUR 88 million contribution for the creation of an Institutional Protection Scheme along with several Polish local entities to strengthen the liquidity and solvency of the members of this newly established company, and impact of high inflation in Argentina.

▶ **Costs**

Operating costs amounted to EUR 11,435 million, 10% higher than H1'21 (+5% excluding the exchange rate impact), due to the sharp increase in inflation. In real terms (excluding the rise in average inflation), costs fell 4% in constant euros.

Our disciplined cost management enabled us to maintain one of the best efficiency ratios in the sector, which stood at 45.5% in H1'22, improving 0.2 pp versus June 2021 and -0.7 pp versus FY'21, mainly driven by Europe.

Our transformation plan continued to progress across countries towards a more integrated and digital operating model. This allows us to increase efficiencies and productivity with better business dynamics and improved customer service and satisfaction. The year-on-year cost trends in constant euros were as follows:

- In Europe, costs were down 1%, -7% in real terms, on the back of our transformation process and operating improvement. In real terms, falls across in the region: -11% in Spain, -5% in the UK, -17% Portugal and -1% Poland. The region's efficiency ratio improved to 48.5%, an improvement of 3.9 pp versus H1'21.

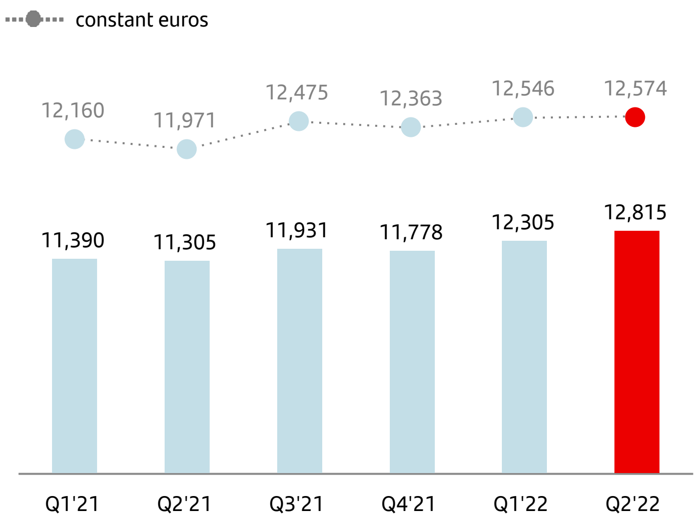
- In North America, costs increased 5%. In real terms, they dropped 3%. They remained stable in the US (-8% in real terms) while Mexico recorded an increase due to investments in digitalization and insourcing of employees. The efficiency ratio stood at 46.6% (+3.4 pp vs H1'21).

- In South America, the rise in costs (+16%) was significantly distorted by soaring average inflation in the region (17%) which was reflected in salary agreements (salary increase in Brazil in September 2021) and greater overall expenses. In real terms, costs in Brazil remained stable, in Chile they fell 2% and rose 3% in Argentina. The efficiency ratio was 35.3% (+0.8 pp vs H1'21).

- Costs at Digital Consumer Bank increased 2% affected by inflation, strategic investments and perimeter effects (Allane, TIMFin and Greece). In real terms, costs fell 3%. The efficiency ratio stood at 48.5% (-0.3 pp vs H1'21).

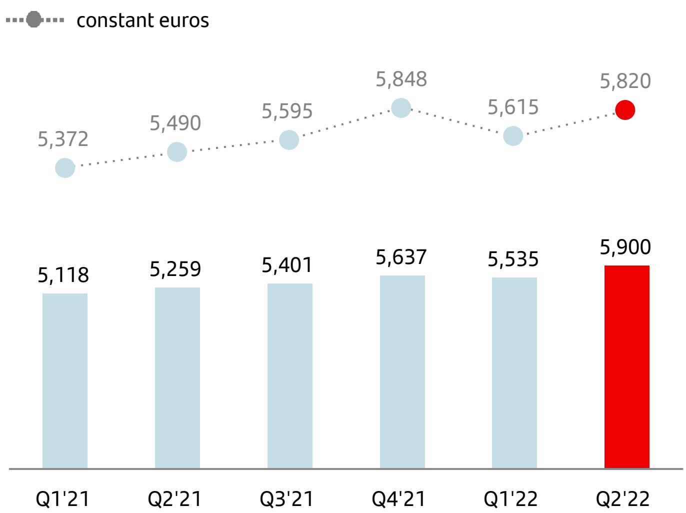
Total income

EUR million



Operating expenses

EUR million



▶ Provisions or reversal of provisions

Provisions (net of provisions reversals) amounted to EUR 935 million (EUR 1,490 million in H1'21). This item includes the charges for restructuring costs recorded in 2021 (EUR 530 million net of tax).

▶ Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss (net)

Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss (net) amounted to EUR 4,763 million, 25% higher than in the same period of 2021 (+17% in constant euros). This comparison was affected by the releases recorded in the UK and the US in Q2'21, the EUR 184 million charge for CHF mortgages recorded in Poland and DCB this year and the rise in Brazil, driven by individual volumes.

▶ Impairment on other assets (net)

The impairment on other assets (net) stood at EUR 61 million, down from EUR 130 million in H1'21.

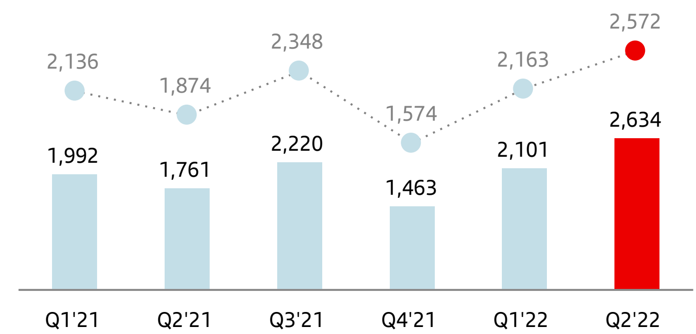
▶ Gains or losses on non-financial assets and investments (net)

-EUR 4 million was recorded in this line in H1'22 (EUR 52 million in H1'21).

Net loan-loss provisions

EUR million

constant euros



▶ Negative goodwill recognized in results

No negative goodwill was recorded in H1'22 or H1'21.

▶ Gains or losses on non-current assets held for sale not classified as discontinued operations

This item, which mainly includes impairment of foreclosed assets recorded and the sale of properties acquired upon foreclosure, totalled -EUR 7 million in H1'22, compared to -EUR 32 million in H1'21.

▶ Profit before tax

Profit before tax was EUR 7,915 million in H1'22, 14% higher year-on-year (+4% in constant euros).

▶ Income tax

Total corporate income tax was EUR 2,374 million (EUR 2,474 million in H1'21).

▶ Attributable profit to non-controlling interests

Attributable profit to non-controlling interests amounted to EUR 647 million, down 15% year-on-year (-20% excluding the exchange rate impact), mainly due to the buyback of minority interests of SC USA in the US.

▶ Attributable profit to the parent

Attributable profit to the parent amounted to EUR 4,894 million in H1'22, compared to EUR 3,675 million in the same period of 2021. This represents a 33% increase in euros and +21% in constant euros, receiving an uplift from higher revenue, lower minority interests and no results outside the ordinary course of our business.

RoTE stood at 13.69% (11.82% in H1'21), RoRWA at 1.86% (1.66% in H1'21) and earnings per share stood at EUR 0.272 (EUR 0.197 in H1'21).

▶ Underlying profit attributable to the parent

Profit attributable to the parent recorded in H1'22 was not affected by the recording of results that are outside the ordinary course of our business. As such, attributable profit and underlying profit attributable to the parent in H1'22 amounted to EUR 4,894 million.

In H1'21, profit attributable to the parent was affected by restructuring costs, mainly in the UK and Portugal. Excluding these charges from the line where they were recorded, and including them separately in the net capital gains and provisions line, adjusted profit or underlying profit attributable to the parent in H1'21 stood at EUR 4,205 million.

As a result, profit in H1'22 was 16% higher in euros and +7% in constant euros compared to the adjusted profit or underlying in the same period of 2021.

For more details, see 'Alternative Performance Measures' section in the appendix of this report.

The Group's cost of risk (considering the last 12 months) stood at 0.83%, slightly higher than FY'21 (0.77%) when we recorded releases mainly in the second and fourth quarters.

Before recording loan-loss provisions, Grupo Santander's underlying net operating income (total income less operating expenses) was EUR 13,685 million, 11% higher year-on-year in euros, +3% excluding the FX impact. This is the highest net operating income ever recorded in a first half of a year. The performance in constant euros is detailed below.

By line:

- Total income increased mainly due to net interest income (+7%) and net fee income (+7%), which maintained a positive quarterly growth trend given the greater commercial activity.
- Costs were up driven by soaring inflation.

By region:

- In Europe, net operating income increased 17% underscored by higher total income and lower costs.
- In North America, net operating income fell 9%, -6% excluding the impact from the sale of the Bluestem portfolio, dampened by lower fee income and leasing in the US. Growth in Mexico was 9%.
- In South America, net operating income growth was 7% with rises of 2% in Brazil, 17% in Chile and 88% in Argentina.
- In Digital Consumer Bank, net operating income increased 3%.

In H1'22, Grupo Santander's underlying RoTE was 13.69% (12.62% in H1'21), underlying RoRWA was 1.86% (1.75% in H1'21) and underlying earnings per share was EUR 0.272 (EUR 0.227 in H1'21).

Summarized underlying income statement

EUR million			Change				Change	
	Q2'22	Q1'22	%	% excl. FX	H1'22	H1'21	%	% excl. FX
Net interest income	9,554	8,855	7.9	4.0	18,409	16,196	13.7	6.9
Net fee income	3,040	2,812	8.1	4.2	5,852	5,169	13.2	7.0
Gains (losses) on financial transactions [(1)]	356	387	(8.0)	(11.0)	743	894	(16.9)	(20.7)
Other operating income	(135)	251	—	—	116	436	(73.4)	(76.7)
Total income	**12,815**	**12,305**	**4.1**	**0.2**	**25,120**	**22,695**	**10.7**	**4.1**
Administrative expenses and amortizations	(5,900)	(5,535)	6.6	3.6	(11,435)	(10,377)	10.2	5.3
Net operating income	**6,915**	**6,770**	**2.1**	**(2.6)**	**13,685**	**12,318**	**11.1**	**3.1**
Net loan-loss provisions	(2,634)	(2,101)	25.4	18.9	(4,735)	(3,753)	26.2	18.1
Other gains (losses) and provisions	(537)	(498)	7.8	5.7	(1,035)	(937)	10.5	9.1
Profit before tax	**3,744**	**4,171**	**(10.2)**	**(14.4)**	**7,915**	**7,628**	**3.8**	**(4.8)**
Tax on profit	(1,072)	(1,302)	(17.7)	(21.9)	(2,374)	(2,658)	(10.7)	(18.4)
Profit from continuing operations	**2,672**	**2,869**	**(6.9)**	**(11.0)**	**5,541**	**4,970**	**11.5**	**2.6**
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Consolidated profit	**2,672**	**2,869**	**(6.9)**	**(11.0)**	**5,541**	**4,970**	**11.5**	**2.6**
Non-controlling interests	(321)	(326)	(1.5)	(4.0)	(647)	(765)	(15.4)	(20.3)
Net capital gains and provisions	—	—	—	—	—	(530)	(100.0)	(100.0)
Profit attributable to the parent	**2,351**	**2,543**	**(7.6)**	**(11.9)**	**4,894**	**3,675**	**33.2**	**20.8**
Underlying profit attributable to the parent [(2)]	**2,351**	**2,543**	**(7.6)**	**(11.9)**	**4,894**	**4,205**	**16.4**	**6.7**

(1) Includes exchange differences.
(2) Excludes net capital gains and provisions.

Results performance compared to the previous quarter

Underlying profit attributable to the parent and profit attributable to the parent recorded the same amount, both in Q2'22 and Q1'22, as profit was not affected by results outside the ordinary course of our business in either period.

As a result, profit in the second quarter amounted to EUR 2,351 million, an 8% decrease in euros and -12% in constant euros.

This performance was driven by the contribution to the SRF, which is usually recorded in the second quarter, in Spain, Portugal, Digital Consumer Bank and the Corporate Centre and the EUR 88 million contribution to the IPS in Poland, as previously explained.

Excluding these impacts, underlying attributable profit was 5% higher. Excluding the exchange rate impact, it rose 1%, as follows:

- Total income remained broadly in line with the previous quarter (+0.2%) due to the aforementioned contributions. Excluding these contributions, total income increased 4%.

Net interest income was up 4% supported by higher interest rates and volumes. By region, of note was the 6% rise in Europe, driven by Poland and the UK. In North America, net interest income growth was 4%, with a positive performance both in the US and Mexico, and South America also rose 4% backed by Chile and Argentina, which offset the fall in Brazil.

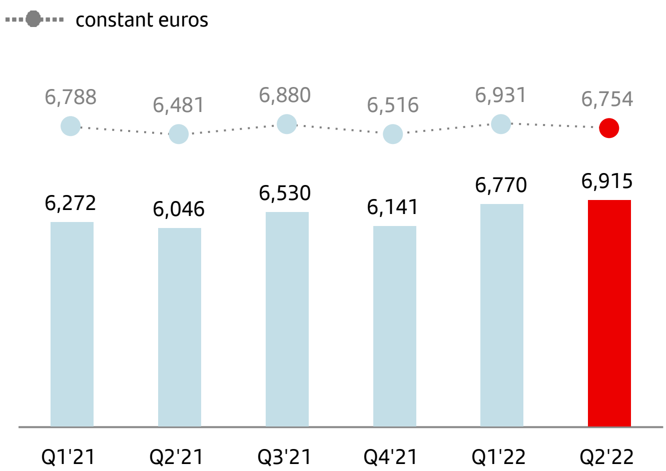
Net fee income rose 4% with positive performance across regions and Digital Consumer Bank.

Gains on financial transactions dropped 11%, partly due to FX hedging.

- Costs rose 4% affected by the overall increase in inflation.
- Net loan-loss provisions increased 19% mainly due to Poland (CHF mortgages) and Brazil, driven by individual volumes.

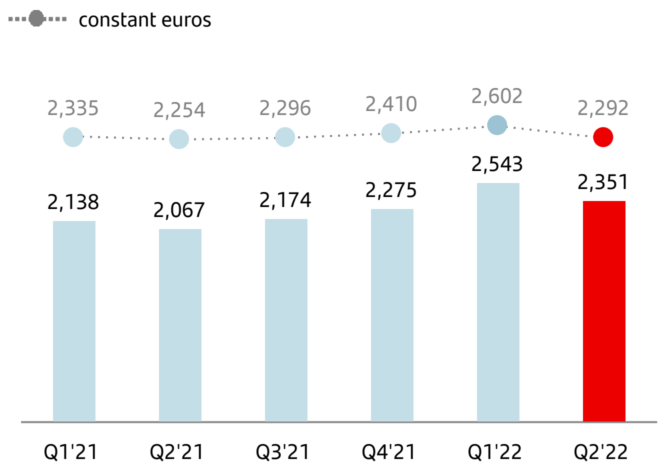
Net operating income

EUR million



Underlying profit attributable to the parent*

EUR million



(*) Excluding net capital gains and provisions.

Grupo Santander. Condensed balance sheet

EUR million

Assets	Jun-22	Jun-21	Change Absolute	Change %	Dec-21
Cash, cash balances at central banks and other demand deposits	211,276	183,091	28,185	15.4	210,689
Financial assets held for trading	163,235	102,792	60,443	58.8	116,953
Debt securities	41,668	34,114	7,554	22.1	26,750
Equity instruments	10,686	13,545	(2,859)	(21.1)	15,077
Loans and advances to customers	15,090	265	14,825	—	6,829
Loans and advances to central banks and credit institutions	27,076	—	27,076	—	14,005
Derivatives	68,715	54,868	13,847	25.2	54,292
Financial assets designated at fair value through profit or loss	16,870	61,324	(44,454)	(72.5)	21,493
Loans and advances to customers	7,755	25,353	(17,598)	(69.4)	10,826
Loans and advances to central banks and credit institutions	1,396	28,791	(27,395)	(95.2)	3,152
Other (debt securities an equity instruments)	7,719	7,180	539	7.5	7,515
Financial assets at fair value through other comprehensive income	91,998	114,505	(22,507)	(19.7)	108,038
Debt securities	82,664	103,549	(20,885)	(20.2)	97,922
Equity instruments	2,131	2,751	(620)	(22.5)	2,453
Loans and advances to customers	7,203	8,205	(1,002)	(12.2)	7,663
Loans and advances to central banks and credit institutions	—	—	—	—	—
Financial assets measured at amortized cost	1,129,690	1,003,417	126,273	12.6	1,037,898
Debt securities	57,520	29,038	28,482	98.1	35,708
Loans and advances to customers	1,007,673	920,695	86,978	9.4	947,364
Loans and advances to central banks and credit institutions	64,497	53,684	10,813	20.1	54,826
Investments in subsidiaries, joint ventures and associates	7,665	7,562	103	1.4	7,525
Tangible assets	34,640	32,678	1,962	6.0	33,321
Intangible assets	18,349	16,454	1,895	11.5	16,584
Goodwill	13,877	12,854	1,023	8.0	12,713
Other intangible assets	4,472	3,600	872	24.2	3,871
Other assets	49,117	46,813	2,304	4.9	43,334
Total assets	**1,722,840**	**1,568,636**	**154,204**	**9.8**	**1,595,835**
Liabilities and shareholders' equity					
Financial liabilities held for trading	114,406	68,982	45,424	65.8	79,469
Customer deposits	13,799	—	13,799	—	6,141
Debt securities issued	—	—	—	—	—
Deposits by central banks and credit institutions	14,860	—	14,860	—	7,526
Derivatives	67,152	52,440	14,712	28.1	53,566
Other	18,595	16,542	2,053	12.4	12,236
Financial liabilities designated at fair value through profit or loss	40,823	54,131	(13,308)	(24.6)	32,733
Customer deposits	31,463	38,005	(6,542)	(17.2)	25,608
Debt securities issued	5,597	5,491	106	1.9	5,454
Deposits by central banks and credit institutions	3,763	10,635	(6,872)	(64.6)	1,671
Other	—	—	—	—	—
Financial liabilities measured at amortized cost	1,427,721	1,310,433	117,288	9.0	1,349,169
Customer deposits	928,525	856,122	72,403	8.5	886,595
Debt securities issued	255,049	237,739	17,310	7.3	240,709
Deposits by central banks and credit institutions	203,511	182,770	20,741	11.3	191,992
Other	40,636	33,802	6,834	20.2	29,873
Liabilities under insurance contracts	858	1,014	(156)	(15.4)	770
Provisions	8,590	10,400	(1,810)	(17.4)	9,583
Other liabilities	32,980	27,931	5,049	18.1	27,058
Total liabilities	**1,625,378**	**1,472,891**	**152,487**	**10.4**	**1,498,782**
Shareholders' equity	122,037	117,552	4,485	3.8	119,649
Capital stock	8,397	8,670	(273)	(3.1)	8,670
Reserves (including treasury stock)	108,746	105,207	3,539	3.4	103,691
Profit attributable to the Group	4,894	3,675	1,219	33.2	8,124
Less: dividends	—	—	—	—	*(836)*
Other comprehensive income	(32,526)	(32,181)	(345)	1.1	(32,719)
Minority interests	7,951	10,374	(2,423)	(23.4)	10,123
Total equity	**97,462**	**95,745**	**1,717**	**1.8**	**97,053**
Total liabilities and equity	**1,722,840**	**1,568,636**	**154,204**	**9.8**	**1,595,835**

GRUPO SANTANDER BALANCE SHEET

Executive summary [1]

Loans and advances to customers (excl. reverse repos)

Loans and advances to customers maintained a positive growth trend, increasing both QoQ and YoY

1,015 EUR billion	+2% QoQ	+6% YoY

→ **By segment** (YoY changes):

Growth backed by individuals and large corporates

Individuals	SMEs and corporates	CIB
+7%	0%	+13%

Customer funds (deposits excl. repos + mutual funds)

Customer funds maintained its growth trend, mainly backed by customer deposits

1,099 EUR billion	+1% QoQ	+4% YoY

→ **By product** (YoY changes):

Demand deposits accounted for 65% of customer funds and mutual funds were impacted by market performance

Demand	Time	Mutual funds
+3%	+13%	-2%

(1) Changes in constant euros

→ Loans and advances to customers

Loans and advances to customers stood at EUR 1,037,721 million in June 2022, 3% higher quarter-on-quarter and +9% year-on-year.

For the purpose of analysing traditional commercial banking loans, the Group uses gross loans and advances to customers excluding reverse repos, which exceeded EUR 1 trillion (EUR 1,015,434 million). In addition, in order to facilitate the analysis of the Group's management, the comments below do not include the exchange rate impact.

In the quarter, gross loans and advances to customers, excluding reverse repos, rose 2%, with increases in all markets, as follows:

- In **Europe,** loans grew 2%. They rose 2% in Spain, the UK and Poland while in Portugal loans were 1% higher.
- In **North America,** growth in Mexico was 2% and 1% in the US. In the region as a whole, loans rose 1%.
- In **South America**, loans increased 5%, with Brazil increasing 3%, Chile +5%, Argentina +17% and Uruguay +6%.
- In **Digital Consumer Bank (DCB)** growth was 3%, with growth in Openbank of 14%.

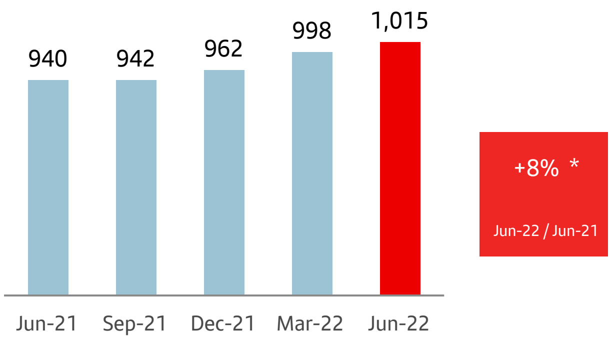
Compared to June 2021, gross loans and advances to customers (excluding reverse repos and the FX impact) grew 6%, with broad-based growth across countries, as follows:

- In **Europe**, growth was 5%. Poland rose 8% driven by corporates and institutions and CIB, Spain +7% due to individuals, private banking and institutions, the UK grew 4% backed by mortgages and Portugal increased 2% also driven by mortgages.
- **+7% in North America** as the US grew 5% propelled by auto financing, SCIB and WM, while Mexico was up 11% with rises in most segments, except SMEs.
- Growth in **South America** was 12%, with Argentina increasing 55% driven by auto, SMEs and corporates, Chile +11% backed by individuals, Brazil rose 9% owing to individuals and SMEs, and Uruguay recorded a 14% increase.
- **Digital Consumer Bank** increased 4%, receiving an uplift from new lending, which rose 10% year-on-year, and increased in most countries. Openbank increased 52%.

As of June 2022, gross loans and advances to customers excluding reverse repos maintained a balanced structure: individuals (61%), SMEs and corporates (25%) and SCIB (14%).

Gross loans and advances to customers (excl. reverse repos)

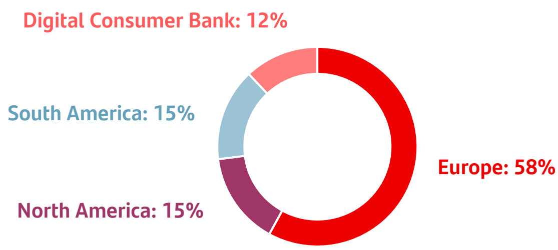
EUR billion



(*) In constant EUR: +6%

Gross loans and advances to customers (excl. reverse repos)

% operating areas. June 2022



Customer funds

Customer deposits amounted to EUR 973,787 million in June 2022, increasing 2% quarter-on-quarter and 9% year-on-year.

The Group uses customer funds (customer deposits excluding repos, plus mutual funds) for the purpose of analysing traditional retail banking funds, which amounted to EUR 1,098,708 million in June 2022. Just as for loans and advances to customers, the comments below do not include the exchange rate impact.

- **In the second quarter**, customer funds grew 1%, as follows:
  - By product, customer deposits excluding repos rose 1% while mutual funds decreased 3%.
  - By primary segment, customer funds rose in South America (+3%) and DCB (+2%), had no material change in Europe and declined in North America (-2%). By country, customer funds increased 18% in Argentina and 3% in Brazil, but declined 3% both in Poland and the US. The other countries remained stable.
- **Compared to June 2021**, customer funds were up 4%, excluding the exchange rate impact:
  - By product, deposits excluding repos rose 5%. Demand deposits grew 3% (with rises Europe and South America and falls in North America) and time deposits were 13% higher driven by all three regions, notably North America. Mutual funds dropped 2% with widespread falls across most countries due to the impact from markets and the rising interest rate environment.
  - By region, customer funds increased 4% in Europe, with rises in Spain (+9%), Portugal (+5%) and Poland (+1%), while the UK decreased 3%. 3% rise in North America (the US: +3%; Mexico: +3%) and +5% South America in (Brazil: +3%; Chile: -6%; Argentina: +73%; Uruguay: +18%).
  - 7% rise in DCB, where Openbank increased 14%.

With this performance, the weight of demand deposits as a percentage of total customer funds was 65%, time deposits accounted for 18% of the total and mutual funds 17%.

In addition to capturing customer deposits, the Group, for strategic reasons, maintains a selective policy of issuing securities in the international fixed income markets and strives to adapt the frequency and volume of its market operations to the structural liquidity needs of each unit, as well as to the receptiveness of each market.
In the first half of 2022, the Group **issued**:

- Medium- and long-term covered bonds amounting to EUR 5,158 million and EUR 12,421 million of senior debt placed in the market.
- There were EUR 5,592 million of securitizations placed in the market. Additionally, we extended the maturity of an additional EUR 160 million.
- In order to strengthen the Group's situation, issuances to meet the TLAC requirement amounted to EUR 5,091 million (EUR 4,974 million of senior non-preferred debt and EUR 117 million of subordinated debt).
- Maturities of medium- and long-term debt of EUR 17,243 million.

The net loan-to-deposit ratio was 107%, the same as in June 2021. The ratio of deposits plus medium- and long-term funding to the Group's loans was 116%, underscoring the comfortable funding structure.

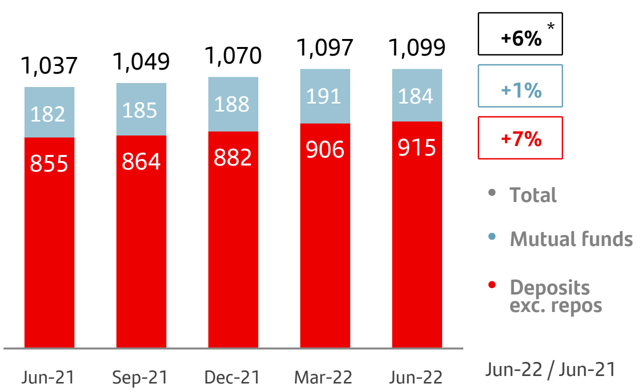
The Group's access to wholesale funding markets as well as the cost of issuances depends, in part, on the ratings of the **rating agencies**.

The ratings of Banco Santander, S.A. by the main rating agencies were: Fitch A- senior non-preferred debt, A senior long-term and F2/F1 senior short-term;, Moody's A2 long-term and P-1 short-term; and DBRS A High and R-1 Medium short-term. In December, Standard & Poor's (S&P) raised its long-term rating to A+ (from A) and maintained its short-term rating at A-1. Moody's, DBRS and Fitch maintained their stable outlooks. In March, S&P upgraded it to stable as a result of the sovereign's outlook upgrade.

Sometimes the methodology applied by the agencies limits a bank's rating to the sovereign rating of the country where it is headquartered. Banco Santander, S.A. is still rated above the sovereign debt rating of the Kingdom of Spain by Moody's, DBRS and S&P and at the same level by Fitch, which demonstrates our financial strength and diversification.

Customer funds

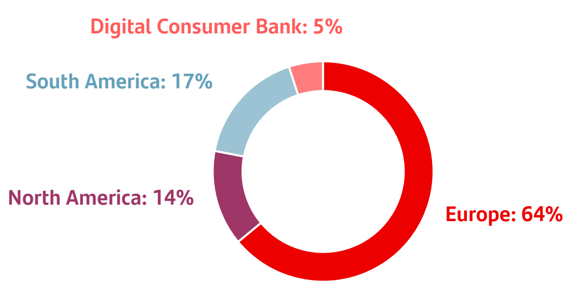
EUR billion



(*) In constant EUR: +4%

Customer funds

% operating areas. June 2022

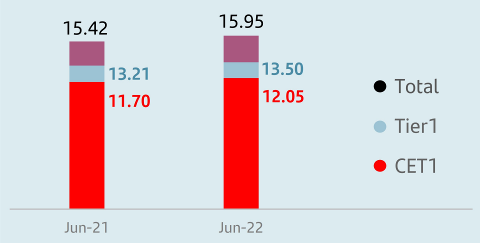


SOLVENCY RATIOS

Executive summary

Fully-loaded capital ratio

Fully-loaded CET1 ratio over 12% at the end of June 2022



Fully-loaded CET1 ratio

We continued to generate capital organically in the quarter, backed by profit and RWA management

Gross organic generation	**+26 bps**
Cash dividend accrual[2]	-8 bps

TNAV per share

TNAV per share was **EUR 4.24**, in line with the previous quarter and 9% higher year-on-year including cash dividends

At the end of June 2022, the total phased-in capital ratio (applying the IFRS 9 transitional arrangements) stood at 16.18% and the phased-in CET1 ratio at 12.25%. We comfortably meet the levels required by the European Central Bank on a consolidated basis (13.01% for the total capital ratio and 8.85% for the CET1 ratio). This results in a distance to the maximum distributable amount (MDA) of 307 bps and a CET1 management buffer of 340 bps.

The total fully-loaded capital ratio stood at 15.95% and the fully-loaded CET1 ratio at 12.05%.

We maintained strong net organic generation in the quarter, 18 bps, resulting from gross organic generation of 26 bps (from Q2'22 earnings and RWA management), and the -8 bps accrual for the future cash dividend payment, corresponding to 20% of Q2'22 profit.

Additionally, in the quarter there was a 5 bp reduction stemming from corporate transactions (mainly due to the increase in Ebury's stake), a 16 bp negative impact from markets (of which -13 bps from portfolio valuations) and a 3 bp positive impact from models and others.

The fully-loaded leverage ratio stood at 4.67%, and the phased-in at 4.73%, following the end of the temporary measures approved during the pandemic which permitted the exclusion of reserves with Eurosystem central banks.

Lastly, the TNAV per share ended June 2022 at EUR 4.24, in line with March 2022 including the EUR 5.15 cents cash dividend paid in May. Compared to the same period last year, TNAV per share increased 9%, including the previously mentioned dividend, and EUR 4.85 cents cash dividend paid in November 2021.

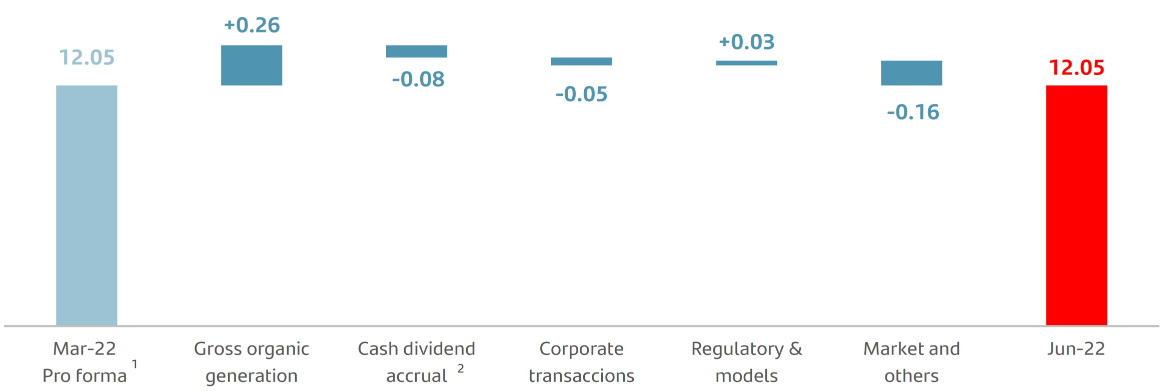
Eligible capital. June 2022

EUR million

	Fully-loaded	Phased-in*
CET1	72,964	74,091
Basic capital	81,758	82,885
Eligible capital	**96,585**	**97,850**
Risk-weighted assets	605,405	604,777
CET1 capital ratio	**12.05**	**12.25**
Tier 1 capital ratio	**13.50**	**13.71**
Total capital ratio	**15.95**	**16.18**

Fully-loaded CET1 ratio performance

%



(1) Data published in Q1'22, which included the acquisition of Amherst Pierpont (completed in April 2022).
(2) Cash dividend accrual corresponding to 20% of Q2'22 profit. The implementation of the shareholder remuneration policy is subject to future corporate and regulatory decisions and approvals.
(*) The phased-in ratio includes the transitory treatment of IFRS 9, calculated in accordance with article 473 bis of the Capital Requirements Regulation (CRR2) and subsequent modifications introduced by Regulation 2020/873 of the European Union. Total phased-in capital ratios include the transitory treatment according to chapter 4, title 1, part 10 of the CRR2.

RISK MANAGEMENT

Executive summary

Credit risk

Credit quality indicators remain at contained levels even in the current environment.

Cost of risk[2]	NPL ratio	Coverage ratio
0.83%	3.05%	71%
+6 bps vs Q1'22	-21 bps vs Q1'22	+2 pp vs Q1'22

Market risk

Despite the uncertainty caused by the Russia-Ukraine conflict, our risk profile remained stable with a slight increase in VaR levels

Q2'22 Average VaR EUR 13.5 million

Structural and liquidity risk

Robust and diversified liquidity buffer, with ratios well above regulatory requirements

Liquidity Coverage Ratio (LCR)

165% +8 pp vs Q1'22

Operational risk

Losses, by Basel categories, remained in line with the previous quarter

Russia-Ukraine conflict monitoring

As mentioned in the previous quarter, Santander's direct exposure to Russia and Ukraine is immaterial.

Nevertheless, we are continuously monitoring the geopolitical events with special focus on key indicators, as well as on the most affected customers due to the increased inflation (energy, oil and commodities prices) as a consequence of the Russia-Ukraine conflict.

The Compliance teams continue to review the correct application of the sanctions established by the international community and are carrying out assessments and analyses to provide senior management with the necessary data.

Credit risk management

Total risk: our exposure increased to EUR 1,121,726 million, +3% vs Q1'22 and +7% year-on-year in constant euros, despite the economic slowdown caused by the rise in interest rates to reduce inflation, the disruption of global production chains as a result of covid-19 outbreaks in Asia and the impact on energy and food prices from the Russia-Ukraine conflict.

Credit impaired loans: EUR 34,259 million, 3% lower in constant compared to the previous quarter, due to portfolio sales, mainly in Spain, together with proactive risk management.

NPL ratio: 3.05%, a 21 bp decrease quarter-on-quarter and -17 bps year-on-year, explained by the positive performance in Europe and North America (-37 bps and -12 bps vs Q1'22, respectively) somewhat mitigated by the rise in South America.

Loan-loss provisions amounted to EUR 4,735 million, an 18% increase compared to the previous year in constant euros, which led to a **cost of risk** of 0.83% (+6 bps in the quarter), currently with no signs of deterioration despite the current inflationary scenario.

This loan-loss provisions performance, together with the aforementioned portfolio sales, brought the **total loan-loss reserves** to EUR 24,195 million, a 2% decrease compared to Q1'22 in constant euros.

Total coverage of credit impaired loans stood at 71% (+2 pp compared to the previous quarter). Moreover, to fully understand this value, it should be noted that a significant part of our portfolios in Spain and the UK has real estate collateral, which requires lower coverage levels.

Key metrics performance by geographic area

	Loan-loss provisions[1]		Cost of risk (%)[2]		NPL ratio (%)		Total coverage ratio (%)	
	H1'22	Chg (%) / H1'21	H1'22	Chg (bps) / H1'21	H1'22	Chg (bps) / H1'21	H1'22	Chg (pp) / Q1'21
Europe	1,146	(4.3)	0.37	(12)	2.63	(67)	50.2	1.8
North America	962	48.8	1.09	(59)	2.71	43	111.4	(40.9)
South America	2,333	37.8	2.97	46	5.39	102	86.9	(11.2)
Digital Consumer Bank	287	(7.0)	0.44	(20)	2.22	5	97.4	(14.4)
TOTAL GROUP	**4,735**	**18.1**	**0.83**	**(11)**	**3.05**	**(17)**	**70.6**	**(2.2)**

(1) EUR million and % change in constant euros.

(2) Allowances for loan-loss provisions over the last 12 months / Average loans and advances to customers over the last 12 months.

For more detailed information regarding the countries, please see the Alternative Performance Measures section.

Regarding the measures implemented to mitigate the impact of the pandemic, all moratoria programmes granted by the Group had fully expired by the end of the second quarter, with a better-than-expected performance. As for government liquidity programmes, we are closely monitoring their performance as grace periods come to an end. This type of programme was mostly granted in Spain, where 87% have now expired and credit quality is in line with expectations, with no concerning signs of deterioration.

IFRS 9 stages evolution: the distribution of the portfolio remained stable in the quarter.

Coverage ratio by stage

EUR billion

	Exposure[1]			Coverage		
	Jun-22	Mar-22	Jun-21	Jun-22	Mar-22	Jun-21
Stage 1	998	967	904	0.5%	0.5%	0.5%
Stage 2	66	68	70	8.5%	8.0%	8.2%
Stage 3	34	36	33	40.1%	41.0%	42.2%

(1) Exposure subject to impairment. Additionally, in June 2022 there is EUR 23 billion in loans and advances to customers not subject to impairment recorded at mark to market with changes through P&L (EUR 22 billion in March 2022 and EUR 26 billion in June 2021).

Stage 1: financial instruments for which no significant increase in credit risk is identified since its initial recognition.

Stage 2: if there has been a significant increase in credit risk since the date of initial recognition but the impairment event has not materialized, the financial instrument is classified in Stage 2.

Stage 3: a financial instrument is catalogued in this stage when it shows effective signs of impairment as a result of one or more events that have already occurred resulting in a loss.

Credit impaired loans and loan-loss allowances

EUR million

		Change (%)	
	Q2'22	QoQ	YoY
Balance at beginning of period	35,670	7.3	9.8
Net additions	2,115	(44.0)	(17.4)
Increase in scope of consolidation	—	—	—
Exchange rate differences and other	(247)	—	—
Write-offs	(3,279)	36.5	54.7
Balance at period-end	**34,259**	**(4.0)**	**3.0**
Loan-loss allowances	**24,195**	**(2.4)**	**(0.2)**
For impaired assets	13,739	(6.0)	(2.1)
For other assets	10,456	2.8	2.4

Market risk

The risk associated with global corporate banking trading activity is mainly interest rate driven, focused on servicing our customers' needs and measured in daily VaR terms at 99%.

In the second quarter of 2022, the **VaR** fluctuated around an average value of EUR 13.5 million, reflecting our low market risk profile in an environment of high uncertainty caused by a new covid-19 outbreak in Asia, pressure from high global inflation and the Russia-Ukraine conflict. VaR rebounded slightly at the end of the period driven by increased volatility mainly due to the recent actions taken by central banks, who accelerated their policies to combat inflation. The quarter's closing VaR was EUR 17 million. These figures remain low compared to the size of the Group's balance sheet and activity.

Trading portfolios.[(1)] VaR by geographic region

EUR million

	2022		2021
Second quarter	Average	Latest	Average
Total	**13.5**	**16.6**	**9.1**
Europe	10.2	13.3	7.9
North America	2.0	2.1	2.4
South America	7.8	10.7	6.0

1. Activity performance in Santander Corporate & Investment Banking markets.

Trading portfolios.[(1)] VaR by market factor

EUR million

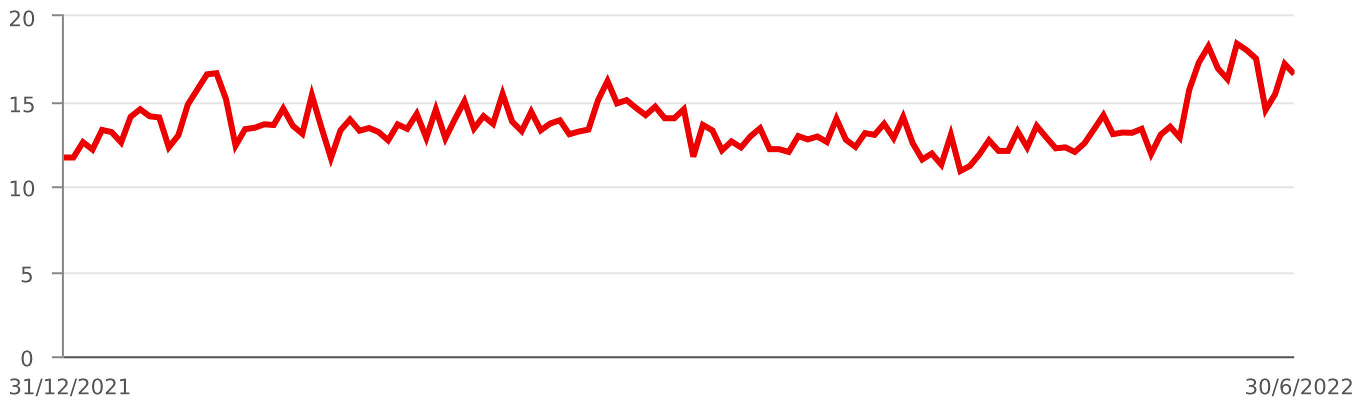
Second quarter 2022	Min.	Avg.	Max.	Last
VaR total	**10.9**	**13.5**	**18.4**	**16.6**
Diversification effect	*(8.8)*	*(14.1)*	*(28.0)*	*(18.8)*
Interest rate VaR	9.0	11.6	17.9	16.6
Equity VaR	3.2	4.2	5.6	3.4
FX VaR	2.7	5.2	10.3	5.3
Credit spreads VaR	3.8	5.1	8.5	6.1
Commodities VaR	1.0	1.5	4.0	4.0

1. Activity performance in Santander Corporate & Investment Banking markets.

Note: In the North America, South America and Asia portfolios, VaR corresponding to the credit spreads factor other than sovereign risk is not relevant and is included in the interest rate factor.

Trading portfolios[1]. VaR performance

EUR million



(1) Corporate & Investment Banking performance in financial markets.

Structural and liquidity risk

Structural exchange rate risk: mainly driven by transactions in foreign currencies related to permanent financial investments, their results and related hedges. Our dynamic management of this risk seeks to limit the impact of foreign exchange rate movements on the Group's core capital ratio. In the quarter, hedging of currencies impacting this ratio remained close to 100%.

Structural interest rate risk: uncertainty over the Russia-Ukraine conflict continued to put pressure on commodity prices, reflected in persistent high levels of inflation. The Central Banks latest actions suggest a faster upward adjustment in interest rates than initially expected, causing higher market volatility. In this context, our structural debt portfolios were negatively impacted, although risk remained at comfortable levels.

Liquidity risk: the Group maintained a comfortable liquidity risk position, supported by a robust and diversified liquidity buffer, with ratios well above regulatory limits.

Operational risk

In general, our operational risk profile remained stable in the second quarter of 2022, after a moderate increase in the first quarter. The following aspects were closely monitored during this period:

- The Russia-Ukraine conflict and the compliance with international financial measures and sanctions are still a priority.
- IT risks, mainly related to transformation plans due to business strategy and regulatory changes, proactive management of obsolete technology and IT services provided by third parties, in order to ensure availability for services and operations.
- Regulatory compliance, due to increasing regulatory requirements (such as ESG, operational resilience, data management regulations, among others) across the Group.
- Cyber threats across the financial industry, also focused on alerts derived from the Russia-Ukraine conflict, strengthening the bank's monitoring and control environment mechanisms.
- Third party risk exposure, maintaining a close oversight on critical providers, focusing on their control environment including business continuity capabilities, supply chains, cyber risk management and compliance with service level agreements.
- New types of fraud, mainly in online banking transactions (e.g. customer fraud) and in the loan admission processes (e.g. identity theft).
- Emerging risks derived from our transformation initiatives, consumer protection in different markets and climate risk.

Regarding the second quarter performance, losses (by Basel categories) remained in line with the previous quarter.

GENERAL BACKGROUND

Grupo Santander conducted its business in the second quarter of 2022 in an environment marked by market volatility, uncertainty stemming from the Russia-Ukraine conflict and the increase in inflation related to higher commodity prices, in particular energy and food. Other factors, such as China's zero-covid strategy and its impact on global production chains, have also exacerbated these issues and together have fuelled speculation of a potential future weakening of the global economy. Against this backdrop, central banks in industrialized countries moved ahead with monetary policy normalization, while policies in Latin America continued to tighten.

Country	GDP Change[1]	Economic performance
Eurozone	+5.4%	GDP in Q2'22 is expected to slow down due to the effect of the Russia-Ukraine conflict on business confidence, the persistence of supply issues and the rise in inflation. However, the labour market remained dynamic (unemployment rate of 6.6% in May, the lowest since the introduction of the euro). The rise in inflation concerned the ECB, who raised interest rate by 50 bps in July.
Spain	+6.3%	In Q2'22, the dynamism of the labour market remained, boosted by the end of covid-19-related restrictions. All this despite the uncertainty stemming from the Russia-Ukraine conflict and the tightening of financing conditions. Inflation continued to rise to 10.2% in June.
United Kingdom	+8.7%	Economic growth started to slow down in February due to higher energy and production costs, which had an impact on inflation (9.4% in June), in turn affecting households. Employment remained strong in an environment of tight labour supply (unemployment rate at 3.8%). To tackle high inflation, the BoE raised interest rates to 1.25% in June.
Portugal	+11.9%	The economy continued to expand, albeit at a slower pace, backed by both consumption and tourism. Despite rising inflation (8.7% in June) damaging purchasing power, the labour market remained robust (unemployment rate at 5.9%) and contributed to economic growth. Positive economic performance is having a favourable impact on public accounts (deficit reduction between January-April).
Poland	+8.5%	Economic growth is losing momentum in Q2'22 due to the consequences of the Russia-Ukraine conflict. Government measures to support households in the face of sharp price increases (CPI of 15.5% in June) and supply cuts, as well as the strong labour market (unemployment rate at 3%) should enable economic growth to slow down gradually. The official interest rate was raised to 6.5% to tame inflation.
United States	+3.5%	Inflation reached 9.1% in June. Core inflation stood at 5.9% and forecasts suggest it has not yet peaked. Employment grew at a healthy pace and unemployment stood at low levels (3.5%). The Fed accelerated rate hikes (to 1.5-1.75% in June) and expects further rapid raises this year, increasing fears of recession.
Mexico	+1.8%	The recovery of GDP growth that began in early 2022 continued in Q2'22 supported by industry and services. However, greater global uncertainty and heightened inflation (8% in June) could result in a slowdown. The central bank reaffirmed its commitment to price stability and accelerated the process of interest rate hikes (125 bps in Q2'22 to 7.75%) and maintained a restrictive policy.
Brazil	+1.7%	After a positive first quarter, economic growth remained dynamic in Q2'22, with expansion in services and manufacturing and a strong labour market. Inflation started to moderate slightly in May, but remained high (11.9% in June) and the central bank raised the official rate by 150 bps in Q2'22 to 13.25% and announced at least one more hike.
Chile	+7.2%	GDP growth weakened in 2022 following the strong growth recorded in 2021, as the effects of fiscal and monetary impulses of the previous year faded. Soaring inflation (12.5% in June) prompted the central bank to move ahead with monetary tightening, raising the official rate by 350 bps in Q2'22 and 75 bps in July to 9.75%.
Argentina	+6.0%	In the first technical review of the agreement with the IMF, Argentina met the established targets, allowing the refinancing of debt maturities with the organization. The economy showed some volatility, although economic slowdown prevailed in the last few months. Inflation remained high (5.5% monthly in Q2'22) and the central bank continued to raise the official rate (750 bps in Q2'22 to 52%).

(1) Year-on-year change for Q1'22.

DESCRIPTION OF SEGMENTS

We base segment reporting on financial information presented to the chief operating decision maker, which excludes certain statutory results items that distort year-on-year comparisons and are not considered for management reporting. This financial information (underlying basis) is computed by adjusting reported results for the effects of certain gains and losses (e.g. capital gains, write-downs, impairment of goodwill, etc.). These gains and losses are items that management and investors ordinarily identify and consider separately to better understand the underlying trends in the business.

Santander has aligned the information in this chapter with the underlying information used internally for management reporting and with that presented in the Group's other public documents.

Santander's executive committee has been selected to be its chief operating decision maker. The Group's operating segments reflect its organizational and managerial structures. The executive committee reviews internal reporting based on these segments to assess performance and allocate resources.

The segments are split by geographic area in which profits are earned and type of business. We prepare the information by aggregating the figures for Santander's various geographic areas and business units, relating it to both the accounting data of the business units integrated in each segment and that provided by management information systems. The same general principles as those used in the Group are applied.

With the aim of increasing transparency and improving capital allocation to continue enhancing our profitability, on 4 April 2022, we announced that, starting and effective with the financial information for the first quarter of 2022, inclusive, we would carry out the following modifications to our reporting:

a. Main changes in the composition of Grupo Santander's segments announced in April 2022

The main changes, which have been applied to management information for all periods included in the consolidated financial statements, are the following:

1. Reallocation of certain financial costs from the Corporate Centre to the country units:

- Further clarity in the MREL/TLAC regulation makes it possible to better allocate the cost of eligible debt issuances to the country units.
- Other financial costs, primarily associated with the cost of funding the excess capital held by the country units above the Group's CET1 ratio, have been reassigned accordingly.

2. Downsizing of Other Europe.

- The Corporate & Investment Banking branches of Banco Santander, S.A. in Europe and other business lines previously reported under 'Other Europe' have been now integrated into the Spain unit to reflect how the business will be managed and supervised, in line with other regions.

The Group recast the corresponding information of earlier periods considering the changes included in this section to facilitate a homogeneous comparison.

In addition to these changes, we completed the usual annual adjustment of the perimeter of the Global Customer Relationship Model between Retail Banking and Santander Corporate & Investment Banking and between Retail Banking and Wealth Management & Insurance.

The above-mentioned changes have no impact on the Group's reported consolidated financial figures.

b. Current composition of Grupo Santander segments

Primary segments

This primary level of segmentation, which is based on the Group's management structure, comprises five reportable segments: four operating areas plus the Corporate Centre. The operating areas are:

Europe: comprises all business activity carried out in the region, except that included in Digital Consumer Bank. Detailed financial information is provided on Spain, the UK, Portugal and Poland.

North America: comprises all the business activities carried out in Mexico and the US, which includes the holding company (SHUSA) and the businesses of Santander Bank, Santander Consumer USA (SC USA), the specialized business unit Banco Santander International, Santander Investment Securities (SIS) and Santander's New York branch.

South America: includes all the financial activities carried out by Grupo Santander through its banks and subsidiary banks in the region. Detailed information is provided on Brazil, Chile, Argentina, Uruguay, Peru and Colombia.

Digital Consumer Bank: includes Santander Consumer Finance, which incorporates the entire consumer finance business in Europe, Openbank and ODS.

Secondary segments

At this secondary level, Grupo Santander is structured into Retail Banking, Santander Corporate & Investment Banking (SCIB), Wealth Management & Insurance (WM&I) and PagoNxt.

Retail Banking: this covers all customer banking businesses, including consumer finance, except those of corporate banking which are managed through Santander Corporate & Investment Banking, asset management, private banking and insurance, which are managed by Wealth Management & Insurance. The results of the hedging positions in each country are also included, conducted within the sphere of their respective assets and liabilities committees.

Santander Corporate & Investment Banking: this business reflects revenue from global corporate banking, investment banking and markets worldwide including treasuries managed globally (always after the appropriate distribution with Retail Banking customers), as well as equity business.

Wealth Management & Insurance: includes the asset management business (Santander Asset Management), the corporate unit of Private Banking and International Private Banking in Miami and Switzerland (Santander Private Banking) and the insurance business (Santander Insurance).

PagoNxt: this includes digital payment solutions, providing global technology solutions for our banks and new customers in the open market. It is structured in four businesses: Merchant, International Trade, Payments and Consumer.

In addition to these operating units, both primary and secondary segments, the Group continues to maintain the area of Corporate Centre, that includes the centralized activities relating to equity stakes in financial companies, financial management of the structural exchange rate position, assumed within the sphere of the Group's assets and liabilities committee, as well as management of liquidity and of shareholders' equity via issuances, adapting this management to the changes described above.

As the Group's holding entity, this area manages all capital and reserves and allocations of capital and liquidity with the rest of businesses. It also incorporates goodwill impairment but not the costs related to the Group's central services (charged to the areas), except for corporate and institutional expenses related to the Group's functioning.

The businesses included in each of the primary segments in this report and the accounting principles under which their results are presented here may differ from the businesses included and accounting principles applied in the financial information separately prepared and disclosed by our subsidiaries (some of which are publicly listed) which in name or geographical description may seem to correspond to the business areas covered in this report. Accordingly, the results of operations and trends shown for our business areas in this document may differ materially from those of such subsidiaries.

The results of our business areas presented below are provided on the basis of underlying results only and generally including the impact of foreign exchange rate fluctuations. However, for a better understanding of the changes in the performance of our business areas, we also provide and discuss the year-on-year changes to our results excluding such exchange rate impacts.

On the other hand, certain figures contained in this report, including financial information, have been subject to rounding to enhance their presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this report may not conform exactly to the total figure given for that column or row.

January-June 2022

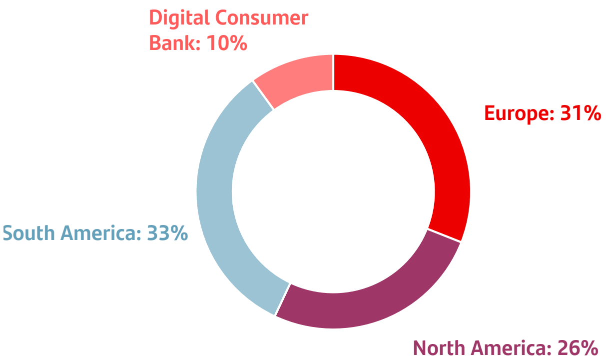
Main items of the underlying income statement

EUR million

Primary segments	Net interest income	Net fee income	Total income	Net operating income	Profit before tax	Underlying profit attributable to the parent
Europe	**5,820**	**2,316**	**8,581**	**4,417**	**2,693**	**1,839**
Spain	2,015	1,475	3,937	1,994	904	652
United Kingdom	2,418	202	2,633	1,285	995	736
Portugal	340	245	613	363	327	225
Poland	894	268	1,090	751	444	207
Other	152	126	307	25	23	18
North America	**4,483**	**937**	**5,780**	**3,088**	**2,061**	**1,578**
US	2,877	394	3,665	1,984	1,378	1,090
Mexico	1,606	529	2,096	1,166	747	546
Other	0	14	19	(62)	(64)	(58)
South America	**6,427**	**2,175**	**8,933**	**5,780**	**3,165**	**1,946**
Brazil	4,421	1,600	6,393	4,442	2,270	1,365
Chile	1,038	222	1,357	868	646	391
Argentina	732	264	821	345	168	145
Other	236	90	362	126	82	44
Digital Consumer Bank	**2,032**	**425**	**2,573**	**1,325**	**1,010**	**572**
Corporate Centre	**(353)**	**(1)**	**(747)**	**(926)**	**(1,014)**	**(1,040)**
TOTAL GROUP	**18,409**	**5,852**	**25,120**	**13,685**	**7,915**	**4,894**
Secondary segments						
Retail Banking	**16,714**	**3,791**	**20,635**	**11,610**	**5,997**	**3,991**
Corporate & Investment Banking	**1,714**	**1,027**	**3,612**	**2,324**	**2,291**	**1,531**
Wealth Management & Insurance	**329**	**655**	**1,222**	**726**	**705**	**515**
PagoNxt	**5**	**379**	**398**	**(50)**	**(64)**	**(104)**
Corporate Centre	**(353)**	**(1)**	**(747)**	**(926)**	**(1,014)**	**(1,040)**
TOTAL GROUP	**18,409**	**5,852**	**25,120**	**13,685**	**7,915**	**4,894**

Underlying attributable profit to the parent distribution*

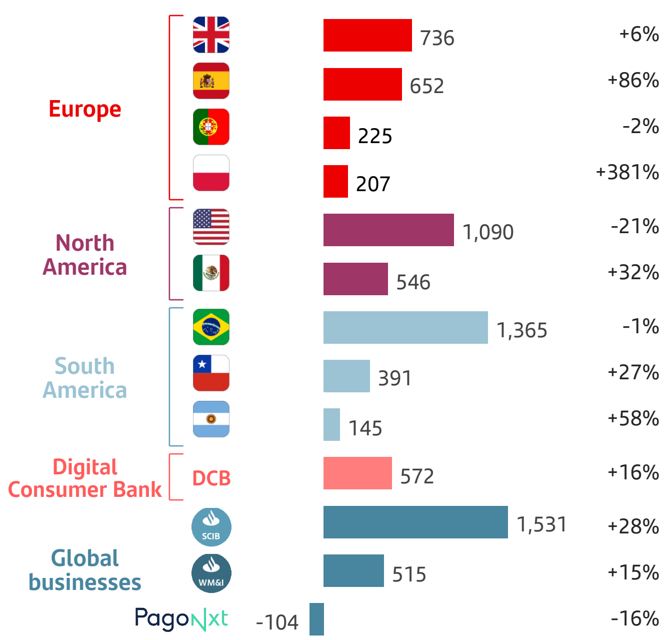
January - June 2022



(*) As a % of operating areas. Excluding the Corporate Centre.

Underlying attributable profit to the parent. H1'22

EUR million. % change YoY in constant euros



January-June 2021

Main items of the underlying income statement

EUR million

Primary segments	Net interest income	Net fee income	Total income	Net operating income	Profit before tax	Underlying profit attributable to the parent
Europe	**5,207**	**2,157**	**7,903**	**3,760**	**1,963**	**1,312**
Spain	2,139	1,378	3,901	1,874	512	351
United Kingdom	2,076	238	2,298	999	973	677
Portugal	370	210	715	427	333	229
Poland	475	253	759	438	127	44
Other	147	79	229	23	18	11
North America	**3,949**	**861**	**5,421**	**3,079**	**2,478**	**1,581**
US	2,610	432	3,684	2,152	1,996	1,253
Mexico	1,339	414	1,730	978	535	378
Other	0	14	7	(52)	(53)	(50)
South America	**5,326**	**1,770**	**7,303**	**4,785**	**3,105**	**1,639**
Brazil	3,696	1,330	5,199	3,697	2,350	1,178
Chile	1,008	190	1,251	770	591	321
Argentina	437	161	561	212	98	106
Other	185	88	292	107	66	35
Digital Consumer Bank	**2,010**	**395**	**2,486**	**1,272**	**888**	**485**
Corporate Centre	**(297)**	**(13)**	**(418)**	**(577)**	**(806)**	**(812)**
TOTAL GROUP	**16,196**	**5,169**	**22,695**	**12,318**	**7,628**	**4,205**

Secondary segments	Net interest income	Net fee income	Total income	Net operating income	Profit before tax	Underlying profit attributable to the parent
Retail Banking	**14,859**	**3,489**	**18,995**	**10,629**	**6,270**	**3,576**
Corporate & Investment Banking	**1,407**	**889**	**2,869**	**1,764**	**1,688**	**1,140**
Wealth Management & Insurance	**228**	**596**	**1,063**	**615**	**598**	**432**
PagoNxt	**(2)**	**209**	**189**	**(108)**	**(118)**	**(127)**
Corporate Centre	**(297)**	**(13)**	**(418)**	**(577)**	**(806)**	**(812)**
TOTAL GROUP	**16,196**	**5,169**	**22,695**	**12,318**	**7,628**	**4,205**

EUROPE

Underlying attributable profit

EUR 1,839 mn

Executive summary

→ We continue to **accelerate our business transformation in One Santander** in Europe, in order to achieve superior growth and a more efficient operating model. This should allow us to further **improve profitability and increase RoTE** in the coming years.

→ **Overall growth in volumes** quarter-on-quarter and in the last 12 months, when **loans and deposits both grew 5%** in constant euros.

→ **Higher revenue**, continued **efficiency improvement** and **better cost of risk**, led to an underlying attributable profit of EUR 1,839 million, up 40% year-on-year in euros and +38% excluding the exchange rate impact.

Strategy

Our goal with One Santander in Europe is to create a better bank where customers and our people feel a deep connection and that delivers sustainable value for our shareholders having a positive impact in society. In order to achieve our goals of growing our customer base and loyalty while delivering a more efficient and profitable business model, we are making progress in the business transformation through our action plan, defined around three main blocks:

- Grow our business by better serving our customers through regional simplification and an improved value proposition.
- Redefining customer interaction by enhancing our digital capabilities to offer comprehensive experiences (such as OneApp).
- Create a common operating model that embeds technology into our business, leveraging our scale in the region.

Key developments by country in the quarter:

- **Spain**: sustained customer base growth with strong commercial activity based on offering the best customer experience through all channels with a simple and innovative value proposition. We focused on product simplification and process automatization to reduce the cost to serve while accelerating the transition to an agile organization.
- **United Kingdom**: we continue to focus on growing the mortgage business. Our transformation programme continues to deliver efficiency improvements through the simplification and digitalization of key processes.
- **Portugal**: the digital and commercial transformation plans implemented in 2021 enabled us to continue executing our strategy to increase our customer base, by leveraging service quality. Customer revenue improved and costs decreased while maintaining an adequate risk management.

Loyal customers	Europe	Spain	UK	Portugal	Poland
Thousands	**10,536**	2,880	4,464	883	2,307
YoY change	**+4%**	+4%	+2%	+6%	+7%

Digital customers	Europe	Spain	UK	Portugal	Poland
Thousands	**16,816**	5,697	6,765	1,019	3,170
YoY change	**+7%**	+7%	+6%	+4%	+11%

- **Poland**: we remained focused on providing the best customer and employee experience, simplifying our products and internal processes through digitalization, while developing platforms to accelerate our progress towards our responsible banking commitments.

To deliver on our targets to tackle climate change, we developed a new governance structure, identifying five key verticals for which we have appointed business leaders in each country: green buildings, clean mobility, renewable energy, agro and circular economy. With this specialization, we strive to create business opportunities to help our customers through joint projects with other relevant players. In Spain, we are already developing a green commercial proposition based on retrofitting, that goes from awareness to turnkey products.

Business performance

We developed our activities in H1'22 amid a complex and uncertain macro environment marked by the continuation of the Russia-Ukraine conflict. This led to higher inflation and, therefore, lower growth forecasts, interest rates hikes in some countries, changes in expectations for eurozone interest rates, and higher market volatility.

Loans and advances to customers grew 4% year-on-year. In gross terms, excluding the exchange rate impact and reverse repurchase agreements, growth was 5%, primarily driven by the mortgage business (mainly in the UK and Spain, but also by the positive trends in Portugal) and cards (primarily in the UK and Portugal). Loans to corporates and SMEs slowed down due to previous government support programmes and a lower demand in previous months.

Customer deposits rose 4%. Excluding the exchange rate impact and repurchase agreements, customer deposits increased 5%, with positive trends in all countries except in the UK, where rising interest rates led to an increase in price competition to capture funds, especially in the retail segment. Mutual funds decreased due to the rising interest rate environment, mainly in Poland.

Results

Underlying attributable profit in the first half of 2022 was EUR 1,839 million, 40% higher than in the same period of 2021. Excluding the exchange rate impact, profit rose 38%, with the following detail:

- Total income was up 8%, driven by net interest income performance in the UK and Poland, benefitting from higher volumes and interest rate hikes in recent quarters. Net fee income increased in Spain, Poland and Portugal, partially offsetting lower non-recurring results due to ALCO portfolio sales recorded in 2021.
- Our transformation plans enabled us to lower costs by 1% in a high-inflation environment. In real terms, costs fell 7%.
- Loan-loss provisions decreased 4% year-on-year, even with the new provisions related to the CHF portfolio in Poland. Excluding this impact, loan-loss provisions dropped 13%, primarily driven by Spain.

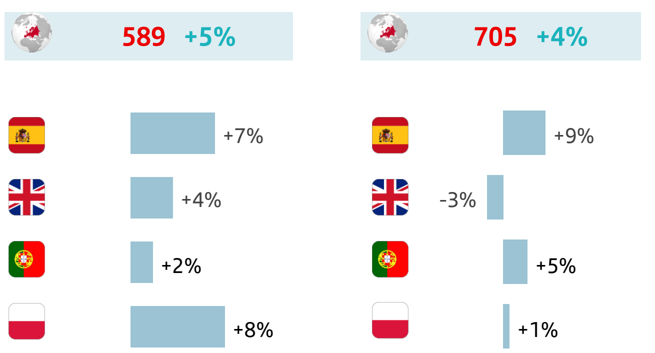
By country:

- **Spain:** underlying attributable profit recovered driven by strong net fee income growth, higher productivity and a sharp LLP reduction, which drove the six-month annualized cost of risk down to 0.61%.
- **United Kingdom:** underlying attributable profit increased, reflecting margin management after recent interest rate hikes and boosted by the mortgage business. The cost of risk remained low due to proper credit risk management.
- **Portugal:** underlying attributable profit fell slightly, mainly due to 2021 non-recurring results from ALCO portfolio sales. Continued positive performance in net fee income propelled by transactional and insurance businesses, while costs and provisions continued downward.
- **Poland:** underlying attributable profit increased five fold on the back of sharp NII growth. Costs rose reflecting inflationary pressures, while loan-loss provisions increased mainly due to higher provisioning required for the CHF mortgage portfolio.

In the quarter, underlying attributable profit decreased 19% primarily driven by higher regulatory charges: SRF in Spain and Portugal and Institutional Protection Scheme (IPS) in Poland.

Europe. Business performance

June 2022. EUR billion and YoY % change in constant euros



Gross loans and advances to customers excl. reverse repos

Customer deposits excl. repos + mutual funds

Europe. Underlying income statement

EUR million and % change

	Q2'22	/ Q1'22 %	excl. FX	H1'22	/ H1'21 %	excl. FX
Revenue	4,276	-1	0	8,581	+9	+8
Expenses	-2,104	+2	+2	-4,164	0	-1
Net operating income	**2,172**	**-3**	**-3**	**4,417**	**+17**	**+17**
LLPs	-631	+23	+23	-1,146	-5	-4
PBT	1,199	-20	-19	2,693	+37	+35
Underlying attrib. profit	**821**	**-19**	**-19**	**1,839**	**+40**	**+38**

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Spain

Underlying attributable profit

EUR 652 mn

Commercial activity and business performance

The quarter was marked by rising inflation, downward growth revisions and market instability. Against this backdrop, we consolidated the growth trend in customers.

In individuals, we maintained positive dynamics both in mortgage and consumer lending, increasing new lending volumes in the quarter. In addition, the insurance protection business continued to grow at double-digit rates year-on-year.

In corporates, we improved on Q1 figures, with quarter-on-quarter growth in factoring (+23%), confirming (+9%) and trade discount (+6%). The trend in long-term funding remained positive (+9%).

Transactional products maintained their year-on-year growth path, also improving our market shares in terms of volumes and number of customers in PoS.

As a result, loans and advances to customers grew 10% year-on-year (+7% in gross terms, excluding reverse repurchase agreements and the exchange rate impact), mainly backed by individuals, private banking and institutions. In the quarter, lending volumes rose 2%.

Customer funds increased 9% versus H1'21, notably deposits (+12% excluding repos) driven both by demand deposits (+9%) and time deposits (+27%). Market volatility continued to impact mutual fund assets under management, but assets under management remained virtually stable compared to June 2021.

Results

Underlying attributable profit in **the first half of 2022** amounted to EUR 652 million, 86% higher year-on-year. By line:

- Total income rose 1% year-on-year, backed by net fee income (+7%), compensating the fall in net interest income due to the lower contribution from the ALCO portfolio and the change of mix towards mortgages.
- The cost base continued to fall (-4%) despite soaring inflation and the expansion of the wholesale business, which reflects the progress in the transformation of the operating model.
- The NPL ratio improved further (3.83%; -133 bps year-on-year, partially driven by NPL sales), enabling us to continue reducing LLPs (-26%) and driving the six month annualized cost of credit to 0.61%.

Compared to the **first quarter**, underlying attributable profit declined 21%, impacted by the contribution to the Single Resolution Fund.

Spain. Underlying income statement

EUR million and % change

	Q2'22	/ Q1'22	H1'22	/ H1'21
Revenue	1,916	-5	3,937	+1
Expenses	-971	0	-1,943	-4
Net operating income	**945**	**-10**	**1,994**	**+6**
LLPs	-416	+6	-807	-26
PBT	385	-26	904	+77
Underlying attrib. profit	**287**	**-21**	**652**	**+86**

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United Kingdom

Underlying attributable profit

EUR 736 mn

Commercial activity and business performance

In the first half of 2022, we delivered a positive performance amid a challenging backdrop of rising inflation and interest rates.

We continued to adapt our operating model to meet the changing needs of our customers and increased remote banking capabilities. Our customers further utilized digital channels for banking services, with 70% of refinanced mortgage loans processed online, 90% of new current accounts opened through digital channels and digital transactions up 12% year-on-year.

In June 2022, we increased the rate on our 1|2|3 Current Account by 25 bps to 0.75% and our eSaver accounts by 50 bps. Santander UK remains the only bank in the UK to offer customers both cashback on household bills and interest on current account balances.

Loans and advances to customers decreased by 1% year-on-year. In gross terms and excluding reverse repos and the exchange rate impact, growth was 4%, supported by an increase of GBP 7.1 billion in net mortgage lending (GBP 18.9 billion in gross new lending) in a strong housing market.

Customer deposits declined by 6%. Excluding repos and the exchange rate impact, customer deposits contracted 3% primarily due to the CIB business transfer. This performance also reflected reductions in retail liability balances, as customers return to more normal spending patterns following the covid-19 pandemic.

Results

Underlying attributable profit in **the first half of 2022** increased 9% year-on-year to EUR 736 million, +6% excluding the exchange rate impact, as follows:

- Total income was up 11% driven by strong NII growth (+13%) benefitting from higher interest rates and a resilient mortgage market. This performance was partially offset by lower fee income due to the transfer of the CIB business.
- Operating expenses grew slightly due to technology investments and inflationary pressures. In real terms, costs were down 5% as we continue to see savings from our transformation programme. The efficiency ratio improved 5.3 pp to 51.2%.
- Loan-loss provisions rose to EUR 125 million (EUR 70 million release in H1'21), reflecting the impact of a downturn in the economic forecast and increased affordability in our retail portfolios. However, cost of risk remained very low.

In the quarter, underlying attributable profit decreased 3% in constant euros as higher revenue and efficiency improvement was offset by higher provisions.

United Kingdom. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	1,342	+4	+5	2,633	+15	+11
Expenses	-677	+1	+2	-1,348	+4	+1
Net operating income	**666**	**+7**	**+9**	**1,285**	**+29**	**+25**
LLPs	-74	+45	+46	-125	—	—
PBT	492	-2	-1	995	+2	-1
Underlying attrib. profit	**361**	**-4**	**-3**	**736**	**+9**	**+6**

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Portugal

Underlying attributable profit
EUR 225 mn

Commercial activity and business performance

Activity and business volumes continued to rise as a result of our strategy of selective growth, customer loyalty and improved service quality. As a result, we further increased the number of loyal (+6%) and digital (+4%) customers.

New mortgage lending maintained its momentum, with market shares over 20% and stock figures at record highs. As a result, loans and advances to customers increased 2% (as well as in gross terms and excluding reverse repos). On the other hand, good portfolio management reduced the NPL ratio 37 bps to 3.33%.

Customer funds were up 5%. Customer deposits increased 6%, as well as excluding repos, boosted by demand deposits (+10%), while mutual funds dropped 4%, reflecting the challenging market environment.

Results

Underlying attributable profit **in the first half of 2022** was 2% lower year-on-year at EUR 225 million, dampened by lower gains on financial transactions (-71%), which included ALCO capital gains recorded in 2021:

- Customer revenue grew 1% driven by the positive trend in net fee income (+17%), which mitigated weak NII performance, dampened by still low interest rates and reduced ALCO portfolio volumes.
- Costs continued on their downward trend (-13%), benefiting from the business and digital transformation and enabled the efficiency ratio to stand below 41%.
- Loan-loss provisions plummeted by 84%, driving the cost of risk to virtually 0%.

Compared to the **previous quarter**, profit was 48% lower, mainly due to the contribution to the SRF and to the banking sector, as net interest income and net fee income increased slightly, costs remained flat and loan-loss provisions decreased.

Portugal. Underlying income statement

EUR million and % change

	Q2'22	/ Q1'22	H1'22	/ H1'21
Revenue	281	-16	613	-14
Expenses	-125	0	-251	-13
Net operating income	**155**	**-25**	**363**	**-15**
LLPs	-3	-62	-11	-84
PBT	112	-48	327	-2
Underlying attrib. profit	**77**	**-48**	**225**	**-2**

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Poland

Underlying attributable profit
EUR 207 mn

Commercial activity and business performance

In H1'22 we remained focused on providing the best customer and employee experience. To this end, we further simplified our products and internal processes through digitalization, while developing platforms to accelerate our progress towards our responsible banking commitments. We also implemented several initiatives to strongly support Ukrainians.

In retail banking, we maximized the number of self-service products and increased digital sales and customer acquisition through digital channels. Regarding the bancassurance business, of note was the integration of Allianz, renaming our joint venture Santander Allianz.

In corporates, we enhanced the iBiznes24 digital platform in the quarter by extending its capabilities with Trade Finance products. In the wholesale platform, we facilitated operations of up to PLN 5 million, including multi-currency functionalities and streamlined operations with leasing products.

As a result, loans and advances to customers rose 5% year-on-year. Gross loans and advances to customers, excluding reverse repos and the exchange rate impact, increased 8% on the back of corporates and institutions and CIB, where we maintained our leadership position, mainly in the green transition sphere.

Customer deposits were 2% higher. Excluding repos and the exchange rate impact, they were up 6% strongly driven by time deposits (+89%), which benefited from interest rates hikes in recent quarters. Customer funds excluding repos rose 1% in constant euros.

Results

In **the first half of 2022**, a near five-fold increase in underlying attributable profit to EUR 207 million. By line and in constant euros:

- Total income was 47% higher year-on-year driven by a strong net interest income performance, which virtually doubled year-on-year following higher interest rates and greater volumes.
- Operating costs were 8% up, impacted by inflationary pressures, but decreased 1% in real terms.
- Loan-loss provisions were affected by CHF mortgage-related charges (previously reported in other gains (losses) and provisions). Excluding this impact, LLPs remained flat. The NPL ratio stood at 3.45%.

The **quarter-on-quarter** comparison showed a similar performance, with revenue growth (+14%) driven by net interest income.

Poland. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	579	+13	+14	1,090	+44	+47
Expenses	-173	+4	+5	-339	+5	+8
Net operating income	**406**	**+18**	**+19**	**751**	**+71**	**+75**
LLPs	-138	+117	+118	-202	+78	+82
PBT	208	-12	-11	444	+250	+258
Underlying attrib. profit	**95**	**-15**	**-15**	**207**	**+371**	**+381**

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NORTH AMERICA

Underlying attributable profit
EUR 1,578 mn

Executive summary

→ In North America, we continue leveraging our own **local individual strengths and capabilities** in Mexico and the US while capitalizing on **Group's scale and connectivity**.

→ In volumes, **loans and advances to customers** increased 7% in constant euros driven by growth in most segments in Mexico and in auto, Wealth Management and CIB in the US. **Customer funds** rose 3% in constant euros boosted by higher retail and corporate deposits in the US, and deposits and mutual funds in Mexico.

→ **Underlying attributable profit** remained broadly stable year-on-year in euros. In constant euros, profit was down 10% impacted by LLP normalization and lower lease income in the US, primarily due to an increase in the share of lease-end vehicles repurchased at dealerships. Strong profit increase in Mexico.

Strategy

In line with our strategy to deploy capital towards our businesses where we can grow profitably, during the first half of the year:

- After receiving Federal Reserve approval on 31 January 2022, SHUSA completed the acquisition of the remaining shares of common stock of Santander Consumer USA (SC USA).
- Santander US discontinued mortgage and home equity originations to focus efforts on products, services and digital capabilities that have greater potential for growth.

In terms of our regional strategy, synergies across countries leverage our joint initiatives, including:

- Further development and strengthening of the USMX trade corridor: SCIB and Commercial Banking continue to deepen relationships with existing customers, which was reflected in revenue growth, adding more than 180 new large clients to the Group in the last 4 years.
- Boost customer attraction and retention through loyalty strategies, while broadening our tailored products and services proposition for a more straightforward customer experience. We are taking advantage of successful proven businesses and improved interactions to drive customer loyalty, NPS and CX.
- Create synergies and reduce duplications in our business model, by leveraging our regional capabilities and sharing best practices to optimize expenses and improve profitability.
- Strengthen One Santander in North America, by unifying a common and regional approach by promoting a strong level of collaboration between both countries and the Group, to forge future growth within the region.
- In line with our global responsible banking agenda and public commitments, we are focusing on expanding and implementing sustainable finance opportunities within our businesses. Our regional operations are carbon neutral and we continue to contribute on building a more inclusive society, with more than 670,000 financially empowered people in the region during H1'22.

In addition, in terms of their **local priorities:**

United States

Santander US has refocused its business model towards a simpler, more integrated structure around four segments that benefit from the Group's connectivity or have a distinct competitive advantage: Consumer, Commercial, CIB and Wealth Management:

- After the acquisition of the remaining minority stake in SC USA, the amendment extension of the Stellantis agreement through 2025, the expansion of our partnership with AutoFi Inc., the new preferred finance partnership with Mitsubishi Motors North America (MMNA) and the increased ability to benefit from deposit funding, Santander US is well positioned to grow its Auto business profitably.
- Within our CIB business, Santander US closed its acquisition of APS, which will transform CIB's asset structuring and distribution capabilities, enhancing our fixed income markets business and creating self-clearing capabilities.

Loyal customers	North America	United States	Mexico
Thousands	4,477	364	4,113
YoY change	+8%	-5%	+10%

Digital customers	North America	United States	Mexico
Thousands	6,959	1,031	5,762
YoY change	+9%	+1%	+12%

- Top 10 CRE and Multifamily lender, funded by commercial deposits and serving leading US developers and investors.
- Leading brand in Latin American High Net Worth leveraging connectivity with Group.

Santander US announced a multi-year programme to accelerate its new consumer banking digital transformation strategy, leveraging Santander's global technology assets and expertise to expand our digital capabilities, increase efficiency and enhance the experience for customers across the United States.

During the quarter, Santander US resumed its capital distributions with a USD 1.5 billion dividend. In June, the Federal Reserve Board released the results of its Supervisory Stress Test. With minimum capital ratios ranked in the top quartile among participating banks, the results indicate that Santander US can remain well capitalized during times of severe market stress.

Mexico

We continue to focus on multi-channel innovation, promoting digital channels and strengthening our value proposition:

- We are strengthening synergies between lines of business, highlighting projects to increase profitability through attracting new payroll and portability, commercial alliances and customer referrals.
- We maintained the momentum of the LikeU credit card, our flagship product, reaching more than 635,000 cards issued since its launch 10 months ago. We continued to drive ongoing improvement in acceptance and security processes to provide a better experience for our customers and reduce fraud.
- Santander Personal is our digital and personalized channel for high-income customers, which has a module in Supermóvil through which customers receive investment advice and can take out products in an agile and secure way.
- We launched a tailored proposition, Hipoteca Integral, to serve the mixed-income population (fixed and variable), recognizing the total income of families, with the backing of the housing credit insurance of Sociedad Hipotecaria Federal. We also improved the conditions of our land acquisition offering, for high-potential and loyal customers.
- In auto, we increased financing of pre-owned vehicles, improving the mix (90% new cars and 10% pre-owned vs 97% and 3%, respectively, in 2020), to adapt to the current market situation and increase profitability.

In addition, we implemented cost of risk models by product line to improve the quality of the portfolio. In Plan Piso, we financed more than 120 dealers, mostly new customers.

- In SMEs, we made further progress with our customer attraction strategy through commercial agreements in strategic sectors and we continued to attract digital customers through our alliance with CONTPAQi. In the acquiring business, we continue to promote our main products (G-Mini, G-Advance, G-Smart and G-Store) by offering competitive rates and commissions.

Business performance

Loans and advances grew 30% year-on-year. In gross terms, excluding reverse repos and the exchange rate impact, they were up 7% boosted by growth in individuals and commercial loans in Mexico (except SMEs) and a positive performance in auto, CIB and WM in the US.

Customer deposits rose 34% year-on-year. Excluding repos and the exchange rate impact, customer deposits increased 4% mainly driven by positive dynamics in individual deposits in Mexico and the continued strong performance across most US businesses in a highly competitive market.

Results

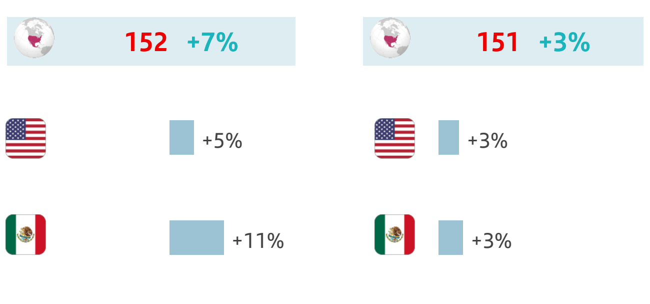
During the **first six months of 2022**, underlying attributable profit amounted to EUR 1,578 million, broadly stable in euros year-on-year. In constant euros, profit dropped 10% (-8% excluding the Bluestem portfolio divestiture). By line:

- Total income reduced 3% (-1% ex. divestiture), mainly affected by other operating income (-55%) primarily due to an increase in the share of lease-end vehicles repurchased at dealerships in the US. Net interest income increased 3% (+4% like-for-like) and net fee income fell 1% (+4% like-for-like), dampened by lower fees from the US's SafetyNet programme, which offset the strong performance in insurance, credit cards and account management in Mexico.
- Costs rose 5% primarily due to higher-than-expected inflation. However, strict cost control remains in both countries to absorb this impact.
- Loan-loss provisions increased 49%, mainly from the cost of risk normalization in the US, countered by the decrease in Mexico due to the positive performance in cards, SME and CIB portfolios.

In the quarter, underlying attributable profit fell 10% in constant euros due to lower lease income and higher costs. Net interest income and net fee income showed signs of recovery.

Business performance. June 2022

EUR billion and YoY % change in constant euros



Gross loans and advances to customers excl. reverse repos

Customer deposits excl. repos + mutual funds

North America. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	2,986	+7	+1	5,780	+7	-3
Expenses	-1,432	+14	+7	-2,692	+15	+5
Net operating income	**1,554**	**+1**	**-5**	**3,088**	**0**	**-9**
LLPs	-524	+19	+13	-962	+64	+49
PBT	1,011	-4	-10	2,061	-17	-25
Underlying attrib. profit	**772**	**-4**	**-10**	**1,578**	**0**	**-10**

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United States

Underlying attributable profit
EUR 1,090 mn

Commercial activity and business performance

Following record profits during H1'21, Santander US again exhibited a strong performance in H1'22, supported by the progress of our strategic initiatives. The foundational work conducted over recent years, the resilience and higher integration of our core business lines together with the strength of our balance sheet allows Santander US to perform in line with its financial goals despite more challenging market conditions.

The stock of loans and advances to customers grew 33% year-on-year. In gross terms, excluding reverse repos and the exchange rate impact, loans grew 5% led by growth in CIB, Consumer Auto and Wealth Management. Auto originations decreased 17% as stronger volumes in Core Non-Prime were offset by lower originations in Prime and Lease. Used car prices remain near all-time highs as new vehicle production continues to be impacted by global supply chain issues.

Customer deposits grew 43% year-on-year. After strong growth throughout 2021, customer deposits increased 5% excluding repos and the exchange rate impact, while maintaining deposit costs relatively stable despite the significantly higher rate environment.

Results

Underlying attributable profit **in the first half of 2022** was EUR 1,090 million, 13% lower in euros year-on-year. When measured in constant euros, profit was down 21% (19% lower adjusted for the Bluestem portfolio divestiture). By line:

- Total income decreased 10% (-7% ex-divestiture). Despite rate benefits and strong deposit pricing behaviour, net interest income fell due to the Bluestem portfolio sale (+2% excluding this impact) and auto loan pricing competition pressure. Net fee income also declined, driven by the Bluestem portfolio sale, lower capital markets fees and initiatives to lower consumer fees (SafetyNet). Other income was affected by reduced leasing income.
- Operating expenses were stable despite the inflationary pricing pressure on personnel costs. In real terms, costs decreased 8%.
- On the back of exceptionally low figures in H1'21, cost of risk remained at historically low levels, although loan-loss provisions increased 245% as we evaluate the impact of more adverse macroeconomic outlook on our customers.

Despite NII growth (+3%), underlying attributable profit was 18% lower **quarter-on-quarter in constant euros**, due to lower lease income, decreased capital markets activity and greater costs due to APS, while credit continues to perform well.

United States. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	1,854	+2	-3	3,665	-1	-10
Expenses	-883	+11	+5	-1,682	+10	0
Net operating income	**970**	**-4**	**-9**	**1,984**	**-8**	**-16**
LLPs	-338	+32	+26	-594	+280	+245
PBT	640	-13	-18	1,378	-31	-37
Underlying attrib. profit	**507**	**-13**	**-18**	**1,090**	**-13**	**-21**

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Mexico

Underlying attributable profit
EUR 546 mn

Commercial activity and business performance

In Mexico, we have gained market share in individual loans for 26 months running, and in total loans for six straight months. The positive performance in individual loans was driven by the mortgage and auto strategies that continued to bear fruit.

We are one of the largest mortgage originators in the country, with an innovative product range and an offering for each customer profile, such as Hipoteca Plus, Hipoteca Free and Hipoteca Integral. In auto, we further consolidated our position, becoming the third largest player in the market with a 14% market share. In addition, consumer credit showed a significant recovery in recent months.

The stock of loans and advances to customers grew 20% year-on-year. In gross terms, excluding reverse repos and the exchange rate impact, it was up 11%, supported by individual loans (mortgages: +12%, consumer: +12% and cards: +15%) and corporate loans (+16% in CIB and +8% in companies and institutions, which offset the 3% decline in SMEs).

Customer deposits grew 15% year-on-year. Excluding reverse repos and the exchange rate impact, customer deposits increased 2% boosted by time deposits and mutual funds were 6% higher.

Results

Underlying attributable profit **in the first half of 2022** of EUR 546 million, 45% higher in euros year-on-year. In constant euros, growth of 32%. By line:

- Total income rose 10%. Net interest income increased 9% supported by higher volumes and the rise in interest rates. Positive net fee income performance (+16%) mainly from credit cards, insurance and account management. Gains on financial transactions dropped due to gains on ALCO portfolio sales recorded in 2021 and a weak first half of the year in markets.
- Operating expenses increased 13%, affected by investments in digitalization and insourcing of employees.
- Loan-loss provisions dropped 23% due to the positive portfolio performance.

Compared to the previous quarter, underlying attributable profit increased 11% in constant euros driven by the upturn in net interest income (+5%), higher net fee income (+7%) and lower provisions (-7%).

Mexico. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	1,115	+14	+6	2,096	+21	+10
Expenses	-498	+15	+7	-930	+24	+13
Net operating income	**617**	**+12**	**+4**	**1,166**	**+19**	**+9**
LLPs	-184	+1	-7	-367	-15	-23
PBT	407	+20	+11	747	+40	+27
Underlying attrib. profit	**297**	**+19**	**+11**	**546**	**+45**	**+32**

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SOUTH AMERICA

Underlying attributable profit

EUR 1,946 mn

Executive summary

→ **We continued with our strategy to strengthen connectivity and share best practices across countries, capturing new business opportunities.**

→ **We remain focused on delivering profitable growth, increasing loyalty and customer attraction, as well as controlling risks and costs through the strength of our model.**

→ **Quarter-on-quarter and year-on-year growth in both gross loans and advances to customers and customer deposits, while we continue to expand ESG initiatives in the region.**

→ **Underlying attributable profit increased 19% year-on-year (+7% in constant euros) backed by positive revenue performance and a lower tax burden.**

Strategy

South America continued to be a region with great growth potential and opportunities for banking penetration and progress in financial inclusion. In this environment, we remained focused on growing the number of customers and enhancing digitalization, consolidating new technologies and innovative solutions.

We maintained our strategy of capturing synergies across business units:

- In **consumer finance**, we remained focused on exchanging positive experiences across countries such as the management platform for new and used vehicle financing and the consolidation of Cockpit in Chile, Argentina and Peru. Santander Chile, through Santander Consumer Finance, recorded a positive performance both in loans and results. In Uruguay, auto financing increased 38% year-on-year and in Perú, the financial entity specialized in auto loans continued to expand, reaching a 31.7% market share in new lending in June.
- In **payment methods**, we remained focused on e-commerce strategies and on the business of instant domestic and international transfers. Getnet, a successful model developed in Brazil, is delivering very positive results in other countries: in Chile, Getnet has more than 111,000 PoS terminals and in Argentina we remained the second largest company in payments processing. In Uruguay, we launched the digital onboarding for current accounts and credit cards.
- We continued to make headway in the development of **joint initiatives between SCIB and corporates** to deepen relationships with multinational clients, boosting loyalty and customer acquisition in all countries, especially in Chile and Argentina.
- We continued to **promote inclusive and sustainable businesses**, such as Prospera, our micro-credit programme, which was launched in Chile in the first quarter and continues to be implemented in Brazil (776,000 active customers), Uruguay (10,000 entrepreneurs), Colombia (present in 332 municipalities) and Peru (45,000 customers). In addition, we further developed our ESG initiatives. In Chile, we introduced the Eco card, a new range of sustainable cards made with recycled PVC, and, in Brazil, we began to replace plastic cards with environmentally friendly models. In Argentina, we made headway in new partnerships to promote sustainable activities.

The main initiatives by country were:

- **Brazil**: we continued to grow our customer base and increase loyalty. Our aim is to become the best consumer company in the country, build the best platform for corporates and consolidate our position in investments. In addition, we remained the only global bank in the wholesale segment with leadership in FX, Infrastructure, Equities, Agribusiness and Cash Management.

Loyal customers	South America	Brazil	Chile	Argentina	Other South America
Thousands	**11,147**	8,534	816	1,632	166
YoY change	**+16%**	+19%	+5%	+4%	+16%

Digital customers	South America	Brazil	Chile	Argentina	Other South America
Thousands	**25,269**	19,847	1,963	2,850	609
YoY change	**+11%**	+14%	+5%	+5%	-4%

To this end, we continue to boost our multi-channel strategy: in physical channels, where we serve over 15 million visits per month, of note was our Bank to Go model, which streamlines and tailors customer service. Regarding digital channels, we reached 537 million accesses per month and almost 4 million contracts monthly. In the remote channels, sales increased substantially and in the external channels, focused on geographic expansion, we produced BRL 1.3 billion per month in contracts.

- **Chile:** we remained focused on digital banking and enhancing customer service. We continued to promote Santander Life and Superdigital, which already have one million and 334,000 customers, respectively. Positive performance in Santander Consumer Finance, which accounted for 45% of new lending. In ESG, in order to boost banking and help micro-entrepreneurs with their business performance, we launched a current account integrated with Getnet and the Cuenta Life for SMEs.

- **Argentina:** we remained focused on optimizing and improving customer service, developing our open financial services platform, strengthening Getnet's value proposition, which exceeded 85,000 PoS, and MODO, a systemic solution that promotes digital payments and financial inclusion. In addition, we boosted consumer and auto lending and signed new commercial alliances in the quarter.

- **Uruguay:** we remained the country's leading privately-owned bank. Our offering and alliances with dealers enabled us to become the market leader in auto finance, with a 30% market share. Soy Santander, a fully-digital loyalty proposition for individuals, increased transactions by 15% year-on-year. In ESG, the carbon neutral credit for vehicle purchases reached 3,260 customers.

- **Peru:** our strategy focuses on supporting global companies and the corporate segment, boosting growth through joint initiatives between SCIB and corporates, combining tailored and value-added products. We made progress in digitalization, through our Office Banking and Nexus platforms, digital onboarding of customers and the use of data intelligence for internal controls. This was reflected in the significant increase in the number of customers and loyalty.

- **Colombia:** we continue to offer sustainable and inclusive financial solutions. In SCIB, we continued to participate in important operations for the country's development and launched joint initiatives with Corporate. Regarding consumer finance, we continued to consolidate our position in the new and used vehicle markets, with a 66% increase in our portfolio year-on-year. In ESG, we continued to promote Prospera and increased the number of credit lines granted to entrepreneurs, 30% of which went to the agricultural segment and 54% to female entrepreneurs.

Business performance

Loans and advances to customers rose 13% year-on-year. Gross loans and advances to customers (excluding reverse repos and exchange rates) increased 12% year-on-year, with rises in all country units.

Customer deposits were 8% higher year-on-year. Excluding the exchange rate impact and reverse repos, customer deposits rose 5%, with increases in all units except Chile and Peru. Mutual funds were 4% higher excluding the exchange rate impact.

Results

Underlying attributable profit in **the first six months of 2022** amounted to EUR 1,946 million, up 19% year-on-year. Excluding the exchange rate impact, it was 7% higher, as follows:

- In total income, of note was the performance in net interest income and net fee income (+9% and +10%, respectively) and the 48% rise in gains on financial transactions (Brazil, Chile and Argentina).

- Costs were 16% higher, heavily affected by inflation. In real terms, they decreased 1%, reflecting management efforts.

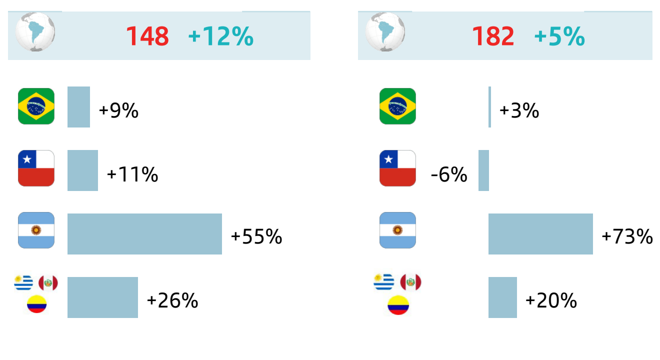
- Loan-loss provisions increased 38% mainly due to the rises recorded in the main countries. The cost of risk stood at 2.97%.

By **country**, of note was the strong profit growth recorded in all markets except Brazil, where it was slightly lower as the positive performance in revenue could not offset higher costs and provisions.

Compared to the **first quarter of 2022**, underlying attributable profit was up 8% in constant euros, benefitting from the increase in the main revenue lines and a lower tax burden.

South America. Business performance

June 2022. EUR billion and YoY % change in constant euros



Gross loans and advances to customers excl. reverse repos

Customer deposits excl. repos + mutual funds

South America. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	4,738	+13	+5	8,933	+22	+10
Expenses	-1,669	+12	+6	-3,153	+25	+16
Net operating income	**3,069**	**+13**	**+4**	**5,780**	**+21**	**+7**
LLPs	-1,335	+34	+23	-2,333	+56	+38
PBT	1,604	+3	-5	3,165	+2	-9
Underlying attrib. profit	**1,046**	**+16**	**+8**	**1,946**	**+19**	**+7**

Detailed financial information on page 66

Brazil

Underlying attributable profit

EUR 1,365 mn

Commercial activity and business performance

In Brazil, we remained focused on customer experience and satisfaction throughout the cycle, with simple and tailored solutions for each profile. As a result, we continued to expand commercial activity. In cards, turnover grew 17% year-on-year. In home equity, we are the leading private company with a 20% market share. In agribusiness, the portfolio increased 33% year-on-year. In auto, we remained the leader in individuals with a 23% market share. Additionally, we launched Green Building, which offers business financing for environmentally certified constructions.

In ESG, we continue to promote social and financial inclusion: Prospera Microfinance reached a portfolio of BRL 2.2 billion and we committed to use 100% renewable energy in our facilities by 2025.

As a result, we were named one of the Best Consumer Companies in the country by *Consumidor Moderno* magazine and as the Best of ESG 2022 in the financial services category by *Exame* magazine.

Loans and advances to customers rose 16% year-on-year. Gross loans and advances to customers excluding reverse repos and the exchange rate impact, grew 9% driven by the double-digit increase in individuals and SMEs, broadly absorbing a weaker performance in corporates and CIB.

Customer deposits surged 13%. Excluding the exchange rate impact and repos, they rose 4% year-on-year drien by time deposits (+7%), more than offsetting the fall in demand deposits (-3%).

Results

In the first half of 2022, underlying attributable profit amounted to EUR 1,365 million, +16% year-on-year. Excluding the exchange rate impact, profit dropped 1%, as follows:

- Total income rose 5% due to higher customer revenue (+2% due to higher average volumes and management of spreads, partially offset by initial negative sensitivity to interest rate increases) and higher gains on financial transactions.
- Costs rose 11%, strongly impacted by inflation, and were reflected in higher personnel expenses (salary increase approved in September 2021) and administrative costs. However, in real terms, costs remained flat and the efficiency ratio around 30%, one of the best globally.
- Net loan-loss provisions increased 41% due to the change of mix, with a greater weight of loans to individuals, which grew at double digit rates. The cost of risk was 4.26% (+74 bps compared to June 2021) and the NPL ratio was 6.34%.

Compared to the **first quarter**, profit was 6% higher in constant euros, driven by gains on financial transactions, fee income and a lower tax burden.

Brazil. Underlying income statement

EUR million and % change

	Q2'22	/ Q1'22 %	/ Q1'22 excl. FX	H1'22	/ H1'21 %	/ H1'21 excl. FX
Revenue	3,374	+12	0	6,393	+23	+5
Expenses	-1,022	+10	-2	-1,951	+30	+11
Net operating income	**2,352**	**+13**	**+1**	**4,442**	**+20**	**+2**
LLPs	-1,163	+37	+24	-2,015	+65	+41
PBT	1,146	+2	-9	2,270	-3	-18
Underlying attrib. profit	**737**	**+18**	**+6**	**1,365**	**+16**	**-1**

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Chile

Underlying attributable profit

EUR 391 mn

Commercial activity and business performance

We remained focused on improving customer satisfaction through the transformation of our commercial network and our digital banking proposition, expanding Santander Life and Superdigital. Getnet is firmly established in the country and has installed 111,000 PoS terminals, with a 20% market share.

At the beginning of the year, we launched the Santander Life SME account and Prospera, transactional products integrated with Getnet, which are aimed at boosting banking penetration and helping micro-entrepreneurs to improve their businesses. As a result, we exceeded 4 million customers in the country and remained first in service quality in terms of NPS.

In volumes, loans and advances to customers decreased 2% year-on-year. Gross loans and advances to customers excluding reverse repurchase agreements and at constant exchange rates, were 11% higher, mainly driven by individuals (+11% boosted by the impact that charges in the UF had on mortgages and growth in cards), corporates and institutions (+12%) and CIB (+61%).

Customer deposits dropped 16%. Excluding the exchange rate impact and repurchase agreements, customer deposits decreased 7% as customers are normalizing their liquidity levels, following strong growth in 2021, due to the withdrawal of pension funds and state aids during the pandemic.

Results

Underlying attributable profit **in the first half of 2022** amounted to EUR 391 million, 22% higher year-on-year. In constant euros, profit grew 27%, as follows:

- Total income rose 13% driven by the increase in net interest income (positive impact from the UF portfolio and greater volumes), the double-digit rise in net fee income (greater customer base and transactionality) and gains on financial transactions (+48% driven by business with customers).
- Costs rose 6%, below inflation (8%), which enabled net operating income to increase 17% and the efficiency ratio to improve to 36.0% (-2.4 pp year-on-year).
- Loan-loss provisions were 17% higher, the NPL ratio remained virtually stable and the cost of risk fell to 0.89%. NPL indicators remain better than pre-pandemic levels, although they are expected to normalize.

In **the second quarter,** profit rose 8% in constant euros boosted by the growth in net interest income, following the rise in inflation, and a lower tax burden.

Chile. Underlying income statement

EUR million and % change

	Q2'22	/ Q1'22 %	/ Q1'22 excl. FX	H1'22	/ H1'21 %	/ H1'21 excl. FX
Revenue	707	+9	+8	1,357	+8	+13
Expenses	-255	+9	+8	-489	+2	+6
Net operating income	**452**	**+9**	**+8**	**868**	**+13**	**+17**
LLPs	-110	+16	+16	-205	+13	+17
PBT	323	0	-1	646	+9	+14
Underlying attrib. profit	**204**	**+9**	**+8**	**391**	**+22**	**+27**

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Argentina

Underlying attributable profit

EUR 145 mn

Commercial activity and business performance

Santander Argentina remained centred on improving customer service through innovation and process digitalization. The number of loyal customers increased and our app was the best rated among banking app. We continue to build our open financial services platform, strengthening the value proposition of Getnet, Santander Consumer, Superdigital and MODO.

In addition, we signed new alliances in the quarter, for example with Gentos, to boost the livestock business through a sustainable approach; the commercial alliance with Acindar Pymes, which will provide better access to financing for initiatives related to renewable energy; and the SuperClub+ programme, which provides benefits for Aerolíneas Argentinas' tourism products.

Loans and advances to customers were up 37% year-on-year. In gross terms, excluding reverse repos and the exchange rate impact, loans and advances to customers rose 55% year-on-year, driven by auto loans, SMEs and corporates.

Customer deposits increased 45% with respect June 2021. Excluding repos and the exchange rate impact, customer deposits rose 67% with growth in demand (+65%) and time (+71%) deposits, and mutual funds were 94% higher. As a result, customer funds increased 73% in constant euros.

These high growth rates, as in the case of results, are impacted by high inflation in the country.

Results

Underlying attributable profit **in the first half of 2022** was EUR 145 million, 37% higher compared to the first half of 2021. At constant exchange rates, profit was 58% higher. By line:

- Total income grew 69%, underpinned by net interest income (+93%), net fee income (+88%, mainly driven by transactional fees and mutual funds) and gains on financial transactions (+102%). This performance clearly outstripped inflation.
- Costs rose 57%, in line with inflation and at a much slower pace than revenue. This drove a 4.2 pp improvement in the efficiency ratio, which improved to 58.0% and net operating income rose 88%.
- Loan-loss provisions increased due to extraordinarily low levels in the first six months of 2021 (following large pandemic-related provisioning in 2020). The cost of risk stood at 3.07%, lower than in June 21 and in line with December 2021.

In the second quarter, profit surged 60% in constant euros, mainly due to customer revenue.

Argentina. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	458	+26	+40	821	+46	+69
Expenses	-260	+20	+34	-477	+36	+57
Net operating income	**198**	**+34**	**+49**	**345**	**+63**	**+88**
LLPs	-33	-15	-4	-72	+48	+71
PBT	97	+38	+52	168	+72	+98
Underlying attrib. profit	**86**	**+45**	**+60**	**145**	**+37**	**+58**

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Other South America

Uruguay

Gross loans and advances to customers, excluding reverse repurchase agreements and the exchange rate impact were up 14% year-on-year. Customer deposits excluding repos and exchange rates rose 2%, spurred by time deposits (+31%).

Underlying attributable profit **in the first six months** of EUR 60 million, up 18% year-on-year and +3% in constant euros, as follows:

- Total income up 8% boosted by net interest income following interest rate hikes and higher inflation and gains on financial transactions.
- Costs remained virtually flat (+0.5%). As a result, the efficiency ratio stood at 45.0% (-3.1 pp year-on-year).
- Loan-loss provisions rose, normalizing following the low levels recorded in 2021. The cost of risk remained low (1.34%) and the NPL ratio fell to 2.72%.

Compared to the **previous quarter,** underlying attributable profit declined 5% in constant euros due to LLP normalization, partly mitigated by higher gains on financial transactions and lower costs.

Peru

Gross loans and advances to customers excluding reverse repos and the exchange rate impact rose 22% year-on-year and customer deposits (excluding repos and at constant exchange rates) were 2% lower dampened by time deposits (-5%), as demand deposits were 5% higher.

In **the first half of 2022,** underlying attributable profit amounted to EUR 33 million, 29% higher year-on-year. Excluding the exchange rate impact, growth was 18%, as follows:

- Total income rose 14%, mainly led by net interest income (+33%). Costs rose 49%, mainly driven by inflation and the launch of new businesses.
- Loan-loss provisions dropped 44% and the cost of risk remained very low (0.31%).

Colombia

Gross loans and advances to customers (excluding reverse repos and the exchange rate impact) were 61% higher year-on-year. Customer deposits (excluding repos and exchange rates) rose 57% due to demand deposits (+125%).

In the first half of 2022, underlying attributable profit of EUR 13 million, 11% higher year-on-year. At constant exchange rates, profit was 9% higher, due to:

- Total income growth of 29% (driven by net interest income and gains on financial transactions) and a 60% rise in costs.
- Loan-loss provisions dropped 37% and the cost of risk improved 50 bps year-on-year to 0.22%.

Other South America. Underlying income statement

EUR million and % change

	Net operating income			Underlying attrib. profit		
		/ H1'21			/ H1'21	
	H1'22	%	excl. FX	H1'22	%	excl. FX
Uruguay	110	+31	+14	60	+18	+3
Peru	56	+8	-1	33	+29	+18
Colombia	25	+5	+3	13	+11	+9

DCB DIGITAL CONSUMER BANK

Underlying attributable profit

EUR 572 mn

Executive summary

→ **Continuing to reinforce auto leadership via new strategic alliances, leasing and subscription.** In H1, we signed the binding agreement with Stellantis, continued BNPL deployment and new leasing contracts showed double-digit growth.

→ **New lending +10% year-on-year in constant euros.** In auto, global production issues dampened the new auto market. In this context, we gained market share in new and used cars in most markets. Strong year-on-year increase in consumer new lending.

→ Underlying attributable profit amounted to **EUR 572 million, improving 18% year-on-year in euros.** In constant euros, +16% due to net fee income (+7% year-on-year) and cost of risk improvement. RoRWA remained high, c.2%.

Strategy

Digital Consumer Bank (DCB) is the leading consumer finance bank in Europe, created through the combination of Santander Consumer Finance's (SCF) scale and leadership in consumer finance in Europe, and Openbank's retail banking and digital capabilities.

SCF is Europe's consumer finance leader, present in 18 countries (16 in Europe including the recent launch in Greece, China and Canada) and works through more than 130,000 associated points of sale (mainly auto dealers and retail merchants). In addition, it is developing pan-European initiatives to boost Direct business across its footprint.

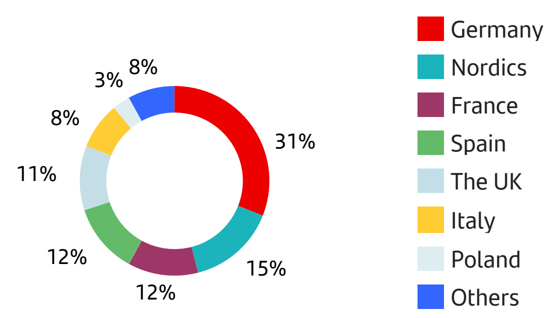
Openbank is the largest 100% digital bank in Europe. It offers current accounts, cards, loans, mortgages, a state-of-the-art robo-advisor service and open platform brokerage services. Openbank is currently active in Spain, the Netherlands, Germany and Portugal, and we are working on its expansion across Europe and the Americas.

DCB's aim is to generate synergies for both businesses:

- **SCF** is dedicated to helping our customers and partners (OEMs, car dealers and retailers) to enhance their sales capacity by financing their products and developing advanced technologies to give them a competitive edge. SCF is the top mobility financer and provider in Europe.

Digital Consumer Bank. Loan distribution

June 2022



- **Openbank** will continue to focus on customer loyalty and engagement targets by applying Openbank's IT and business philosophy, while ensuring an unbeatable time to market.

Our main priorities for 2022 are to:

- **Secure leadership in global digital consumer lending** focusing on growth and transformation within three dimensions:
  - **Auto**: strengthen our auto financing leadership position, gain market share, reinforce the leasing business and develop subscription services. SCF is focusing on providing its partners advanced digital financing capabilities to support their sales growth strategy and the best customer experience. We had a EUR 93 billion loan book at the end of June.
  - **Consumer Non-Auto**: gain market share in consumer lending and develop buy now, pay later (BNPL) 2.0 to strengthen our top 3 position in Europe. We had a loan book of EUR 20 billion as of 30 June. In Retail, the aim is to continue improving digital capabilities to increase loyalty among our 3.8 million customers (Openbank and SC Germany Retail), boosting digital banking activity.
  - **Simplification and efficiency** from self-contained banks to European hubs (Western Hub, Nordics, Germany) through: legal structure simplification, shared services and IT commonality, and capital and liquidity optimization.
- **Increase profit leveraging strategic operations initiated in 2021**, e.g. Stellantis (Auto), leasing and subscription launch and BNPL development (Non-Auto).
- **Launch of tech transformation projects** to seize on the fast-growing transition to online, support digital customer base expansion and provide our partners with digital tools to achieve a single European digital connection (via auto marketplaces). **All this while maintaining high profitability and one of the best efficiency ratios in the sector**.

To contribute to the transition to a greener economy, we continue to develop new business solutions and partnerships. In 2021, we financed >140,000 fully-electric vehicles and >23,000 solar panels. In H1'22, in the context of a shrinking new car market, we financed 71,000 fully-electric vehicles (+72% year-on-year) and solar panel financing grew 69% year-on-year. Electric chargers and green heating systems financing is also booming.

We are actively partnering several European, American, Japanese and Chinese OEMs with strong electric product portfolios to develop joint solutions within our footprint to capture growth in a market that is evolving towards reduced emissions.

Business performance

New lending increased 10% year-on-year in H1'22, despite impacts from the covid-19 Omicron wave, the microchip crisis and global supply chain disruptions from the Russia-Ukraine conflict.

In this environment, we further increased market share in new and used cars and most countries. New car registrations in Europe fell 14% in H1 while our new car volumes were up 2%. Regarding used vehicles, new lending rose 19% compared to a 10% fall in the European market.

In Auto, "tactical" leasing solutions, together with a commercial focus, generated a 16% increase in new contracts year-on-year. We also started to develop our proprietary digital leasing platform for Europe (gradual rollout expected to start before year end) with the ambition of disrupting the market.

SCF's new subscription service Wabi is live in Spain, Norway and Germany and will expand to other countries in the coming years. In June, SCF launched Ulity, its new, white-label platform for developing vehicle subscription-based solutions for companies.

In H1, we expanded our partnership with Stellantis in a transaction expected to complete in H1'23 (following the required authorizations). We also entered into a long-term global partnership with Piaggio Group, Europe's leader in scooters.

In Non-Auto, Zinia, our new buy now, pay later initiative is already achieving outstanding results in Germany, with more than 3 million contracts since its launch and more than 33 thousand merchants connected. The focus for 2022 is the full roll out of the new tech stack and to the Netherlands and Spain.

The TIMFin joint venture in 2021 represented a strategic alliance with the leading Italian Telco, a new vertical for DCB. The company has >1 million contracts since launch as well as >5,700 active points of sale.

The stock of loans and advances to customers increased 4% year-on-year. In gross terms, excluding reverse repos and the exchange rate impact, it also increased 4% to EUR 119 billion.

These good results have been achieved in an unstable environment where higher fuel prices and inflation are generating uncertainty and reducing our customers' disposable income. We will keep a prudent market approach and remain vigilant so to react quickly to any specific event affecting our activity.

Results

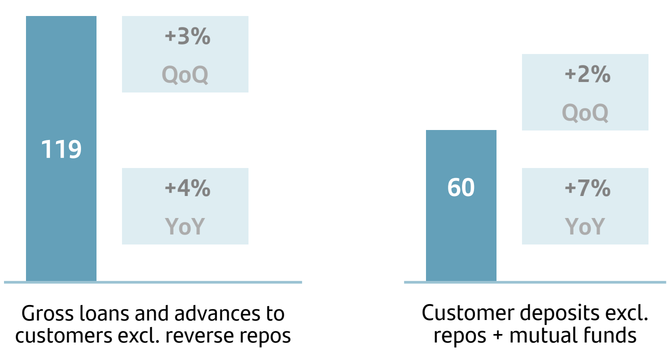
Underlying attributable profit **in the first half** was EUR 572 million, 18% higher in euros year-on-year (RoRWA c.2%). In constant euros growth of 16% year-on-year, by line:

- Total income rose 3% mainly driven by growth in net fee income (+7%) due to increased volumes and leasing activity. Net interest income increased 1%.
- Costs grew 2% affected by inflation, strategic investments to boost future income and lower running costs, and perimeter effects (Allane, TIMFin and Greece). In real terms, costs fell 3%. The efficiency ratio stood at 48.5% (34 bp improvement on H1'21).
- Loan-loss provisions fell 7% driven by the maintained good credit quality performance. Cost of risk fell a further 20 bps to 0.44%.
- By country, the largest contribution to underlying attributable profit came from Germany (EUR 183 million), the UK (EUR 126 million), the Nordic countries (EUR 126 million), France (EUR 87 million) and Spain (EUR 76 million).

Compared to the previous quarter, underlying attributable profit increased 3% despite the SRF charge in the quarter (+18% excluding it) due to strength in net fee income, lower costs and decreases in provisions (even with a EUR 23 million CHF mortgage-related charge).

Activity

June 2022. EUR billion and % change in constant euros



Digital Consumer Bank. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	1,261	-4	-4	2,573	+3	+3
Expenses	-603	-6	-6	-1,248	+3	+2
Net operating income	**658**	**-1**	**-1**	**1,325**	**+4**	**+3**
LLPs	-139	-6	-6	-287	-7	-7
PBT	508	+1	+2	1,010	+14	+13
Underlying attrib. profit	**290**	**+3**	**+3**	**572**	**+18**	**+16**

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Corporate Centre

Underlying attributable profit
-EUR 1,040 mn

Executive summary

→ In the current environment, the Corporate Centre continued with its role supporting the Group.

→ The Corporate Centre's objective is to monitor the Group's strategy and aid the operating units by contributing value and carrying out the corporate function of oversight and control. It also carries out functions related to financial and capital management.

→ Underlying attributable loss increased 28% compared to the first half of 2021, mainly due to the fall in gains on financial transactions due to exchange rate differences from the hedging of results and costs from the higher liquidity buffer, partially offset by lower provision charges.

Strategy and functions

The Corporate Centre contributes value to the Group in various ways:

- Making the Group's governance more solid, through global control frameworks and supervision.
- Fostering the exchange of best practices in cost management, which enables us to be one of the most efficient banks in the sector.
- Contributing to the launch of projects that will be developed by our global businesses aimed at leveraging our worldwide presence to generate economies of scale.

It also coordinates the relationship with European regulators and supervisors and develops functions related to financial and capital management, as follows:

- **Financial Management functions**:
  - Structural management of liquidity risk associated with funding the Group's recurring activity and stakes of a financial nature.
  - This activity is carried out by the different funding sources (issuances and other), always maintaining an adequate profile in volumes, maturities and costs. The price of these operations with other Group units is the market rate that includes all liquidity concepts (which the Group supports by immobilizing funds during the term of the operation) and regulatory requirements (TLAC/MREL).
  - Interest rate risk is also actively managed in order to dampen the impact of interest rate changes on net interest income, conducted via high credit quality, very liquid and low capital consumption derivatives.
  - Strategic management of the exposure to exchange rates in equity and dynamic in the countervalue of the units' annual results in euros. Net investments in equity are currently covered by EUR 20,336 million (mainly Brazil, the UK, Mexico, Chile, the US, Poland and Norway) with different instruments (spot, fx, forwards).
- **Management of total capital and reserves:** efficient capital allocation to each of the units in order to maximize shareholder return.

Results

In the first half of 2022, underlying attributable loss of EUR 1,040 million, 28% higher than in H1'21 (-EUR 812 million), as follows:

- Net interest income decreased due to the higher liquidity buffer.
- Lower gains on financial transactions (EUR 276 million less than in H1'21), due to negative foreign currency hedging results (-EUR 300 million), that partly offset the positive performance of exchange rates in the countries' results.
- This was largely offset by the sharp decrease in provisions compared to the same period of the previous year.

Corporate Centre. Underlying income statement

EUR million

	Q2'22	Q1'22	Chg.	H1'22	H1'21	Chg.
Total income	-446	-301	+48%	-747	-418	+79%
Net operating income	-538	-388	+39%	-926	-577	+60%
PBT	-577	-437	+32%	-1,014	-806	+26%
Underlying attrib. profit	-577	-462	+25%	-1,040	-812	+28%

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Retail Banking

Underlying attributable profit
EUR 3,991 mn

Executive summary

Results. (H1'21 vs. H1'22). % change in constant euros

Profit increased driven by total income, a slight efficiency improvement and lower minority interests and tax burden

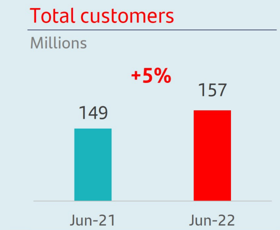
Total income	Costs	Provisions
+2%	+3%	+26%

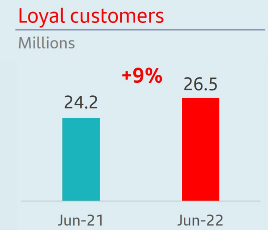
Business performance. EUR bn. % change in constant euros

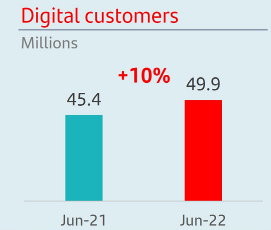
Continued growth in asset and liability volumes at a mid-single digit

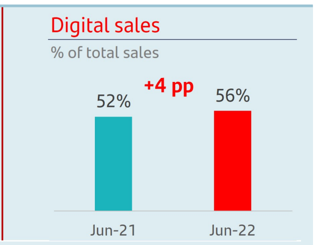
Loans and advances to customers	Customer funds
842 +5% YoY	804 +3% YoY

Customers









Commercial activity

We continued to accelerate the implementation and development of our digital transformation, focusing on our multi-channel strategy and the digitalization of processes and businesses. Our aim is to ensure personalized support tailored to the needs of each customer, which also adresses one of our main priorities: the continuous improvement our customer service.

In addition, we rolled out several commercial initiatives, with tailored products and services for each segment, as explained in the comments regarding the regions and countries:

- In individuals, mortgages continued to grow in the majority of our markets, with positive trends in Spain, the UK and Portugal, where new mortgage lending reached record highs. We also introduced new products such as Hipoteca Integral in Mexico, which considers a family's total income, gives a previously excluded segment of the population the opportunity to access mortgages.

  We are also digitalizing the processes for granting consumer loans in most countries.

- In auto finance, we made headway in new alliances and partnerships and renewing existing ones, both in Europe and the US.

- Regarding corporates, we continued to offer differentiated products and services for SMEs, companies and SCIB, while launching joint initiatives between them to deepen relationships with multinational clients. For example, we launched Green Building in Brazil, which offers business financing for environmentally certified construction projects for SMEs and wholesale banking.

These initiatives allowed us to reach 157 million customers across the Group. The number of loyal customers increased 9% year-on-year to 26.5 million, digital customers rose 10% year-on-year to 49.9 million and digital sales accounted for 56% of total sales.

Results

Underlying attributable profit in **the first half of 2022** was EUR 3,991 million, 12% higher year-on-year. Excluding the exchange rate impact, it was 3% higher, as follows:

- Total income grew 2% driven by higher net interest income (+6%) and net fee income (+3%) which offset lower gains on financial transactions.
- Costs increased 3%, affected by inflation. Net operating income grew 1% and efficiency stood at 43.7%.
- Loan-loss provisions rose 26%, mainly driven by the increases in North and South America.
- Lower tax burden and lower impacts from minority interests.

Retail Banking. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	10,541	+4	+1	20,635	+9	+2
Expenses	-4,626	+5	+2	-9,025	+8	+3
Net operating income	**5,915**	**+4**	**-1**	**11,610**	**+9**	**+1**
LLPs	-2,621	+24	+18	-4,732	+35	+26
PBT	2,838	-10	-14	5,997	-4	-12
Underlying attrib. profit	**1,936**	**-6**	**-10**	**3,991**	**+12**	**+3**

Detailed financial information on page 73

Santander Corporate & Investment Banking

SCIB

Underlying attributable profit

EUR 1,531 mn

Executive summary

Results. (H1'22 vs. H1'21). % change in constant euros

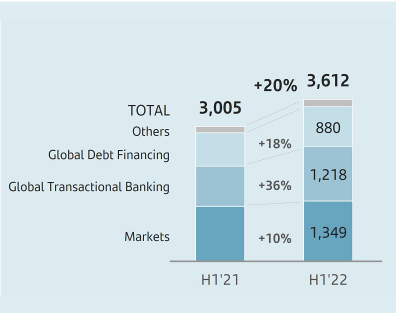
Total income	Underlying att. profit
+20%	+28%
Efficiency ratio	**RoTE**
35.7%	24.3%

Our aim and strategic priorities

- Become one of the main **CIB players** in the region, strengthening our advisory capabilities through the **pan-European platform**
- Consolidate our **pan-regional leadership position** in the majority of countries and products
- **Raise the level of our CIB franchise** and integrate Amherst Pierpont Securities

Become our clients' **strategic advisor** of choice with a greater focus on **ESG** and **digital solutions**

Revenue growth by business and region*



+11%

+31%

+29%

* Constant EUR million

Other highlights in the quarter

WayCarbon acquisition

SCIB received numerous awards from: Euromoney, GlobalCapital, GTR Global Trade Review

Strategic agreement to accelerate energy transition (InnoEnergy)

Top 3: Structured Finance, Green Finance, Debt Capital Markets

Strategy

In a challenging macroeconomic environment due to geopolitical uncertainty arising from the Russia-Ukraine conflict, our priority has been to support our clients in these difficult times, while ensuring compliance with international restrictions and sanctions.

In this context, SCIB continued to make headway in the execution of its strategy to transform the business and become our clients' strategic advisor of choice, via specialized high value-added products and services; focusing on ESG and the digital transformation.

Our goal with this transformation is to become one of the leading investment banks in Europe. To this end, SCIB is strengthening its client advisory services through a pan-European platform, consolidating its leadership in Latin America in most countries and products, and continues to accelerate growth in the US, focusing on the integration of broker-dealer Amherst Pierpont Securities (APS) as a first step towards achieving its growth ambitions.

To accelerate the execution of our strategy within the sustainability sphere, in April 2022 , Banco Santander completed its plan to acquire 80% of WayCarbon Soluções Ambientais e Projetos de Carbono ('WayCarbon'), a leading Brazil-based ESG consultancy firm that provides three core services: ESG consultancy; ESG strategy management software; and carbon credit trading.

This alliance further strengthens our commitment to the energy transition and our leadership in sustainable projects and renewable energy financing. In addition, we will expand our product portfolio in voluntary carbon markets, reforestation and conservation programmes, among others.

In ESG, of note in the quarter was Santander's role as financial advisor and intermediary for SCR Sibelco N.V. ("Sibelco") in the acquisition of 93.8% of Krynicki Recykling S.A.'s share capital, a Polish glass recycling company, for approximately PLN 375 million. This transaction will allow Sibelco to strengthen its market position in the glass recycling sector in Poland and the European Economic Community.

In Debt Capital Markets (DCM), SCIB acted as structurer for State Grid International Development and CFE (large Chinese and Mexican utilities) in their first green and sustainability bond issuances, respectively. In addition, SCIB structured a sustainable financing framework for Hexagon, a UK housing association. This structure enabled the client to issue a sustainability instrument, with an offering that will enable this not-for-profit organization to deliver on its commitment to provide safe, warm and energy-efficient homes for its residents.

Global Transaction Banking (GTB) closed the first sustainability-linked transaction to finance the acquisition of aircraft and several financings for the supply of components for the manufacture of electric vehicles and the construction of renewable energy plants. In addition, regarding supply chain disruptions, GTB continued to support our clients by providing new products to facilitate access to supplies and inventory management.

Of note in the Digital Solutions Group (DSG) was its activity in M&A in the digital environment and advising Telepass on the acquisition of Eurotoll.

1st **Q2 2022 Awards**

EUROMONEY	Best Investment Bank in Spain
GTR Global Trade Review	Best Supply Chain Finance Bank
GlobalCapital	Most Impressive Bank for Latin American Bonds
Global Finance	Best Bank for Sustainable Finance in Chile & Poland
BAFT	Best Trade Financer in Latam

Results

Underlying attributable profit **in the first half of 2022** amounted to EUR 1,531 million (26% of the Group's total operating areas), 34% higher than in H1'21, becoming one of the best in SCIB's history, backed by double-digit growth across core businesses, notably GTB and GDF. In constant euros, profit was 28% higher, by line:

Revenue performance by business was as follows:

- **Markets**: 10% increase vs H1'21. Macroeconomic uncertainty led to risk reductions, where different assets suffered losses. The only gains were recorded in FX portfolios, due to increased volatility in currencies and commodities.

  By region, in Markets Europe & Asia, this uncertainty resulted in lower sales activity with clients. On the other hand, good management of the Market Making teams allowed us to protect the value of our trading books.

  In Latin America, we recorded excellent results despite the slowdown in activity compared to the first quarter of 2022. Positive contribution from virtually all countries with strong, double-digit increases, except Peru and Uruguay.

- **GDF (Global Debt Financing)**: in a geopolitical environment of rising inflation and volatility, total income was 18% higher compared to H1'21. Despite government bond market volumes falling by more than 25% globally and in Europe, SCIB gained market share, and ranked in Europe's top 5 for corporate clients and financial institutions.

  Regarding Structured Finance, we continue to lead League Tables globally, participating in relevant transactions in the renewable energy sector, within our ESG strategy, such as Origis Energy Debt Raise or Great Pathfinder.

- **GTB (Global Transactional Banking)**: revenue grew 36% year-on-year. Cash Management continued the trend set in the first quarter, with significant growth both in terms of transactionality and revenue from liabilities, favoured by the rise in interest rates in Latin America. Trade & Working Capital Solutions continued to support its clients through new solutions that facilitate access to supplies, inventory management and working capital optimization.

  This strong performance allowed us to receive awards from experts, being named: Best Supply Chain Finance Bank Global and Best Trade Finance Bank in Latin America by *Global Trade Review*; Best Supply Chain Finance Provider of the Year by *BCR;* and Best Trade Financier in Latin America by *Trade Finance Global*.

  Export Finance is the leader in ESG financing. Of note was Santander's role as Green Loan Coordinator, Underwriter and Mandated Lead Arranger in a EUR 1 billion green facility with Iberdrola, 95% guaranteed by a European ECA, being Iberdrola's largest ECA-backed green loan in the last 20 years.

- **CF (Corporate Finance)**: strong performance in Mergers and Acquisitions (M&A), 31% increase in total income in the first half of 2021, although partially offset by the slowdown in Equity Capital Markets due to stagnation in the global equity placement markets.

  In the Telecommunications, Media & Technology (TMT) industry, there continues to be a strong appetite for investment, where Santander remains very active. Of note were two M&A transactions for a total amount of over EUR 3 billion.

  In Energy, Santander maintained its leadership position as financial advisor in the renewable energy market. It is worth highlighting the advisory services provided to Q-Energy in the sale of a EUR 1 billion asset portfolio.

  In CRH (Consumer Retail Healthcare), Santander continued to strengthen its Consumer and Retail franchise. Also noteworthy was the sale of 75% of HFEB to the Canadian pension fund PSP.

  In Infrastructures, despite the current challenging environment, Santander continued to be a key player in the sector. Of note was its advising role to the consortium between Globalvia and Kinetic in the acquisition of Go-Ahead, a listed UK transport company. The transaction, worth over EUR 1.2 billion, is Santander's first takeover bid as advisor in the UK.

Operating expenses increased 12% year-on-year due to investments in products and franchises under development. However, at 35.7%, efficiency remained at lower levels than the previous year and well below the sector.

Sharp improvement in **loan-loss provisions** compared to the first half of 2021, which was still heavily affected by the macroeconomic deterioration caused by the covid-19 pandemic.

Compared to the **previous quarter,** underlying attributable profit increased 2% but fell slightly in constant euros (-1%), dampened by higher costs and the contribution to the SRF.

SCIB. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	1,849	+5	+1	3,612	+26	+20
Expenses	-673	+9	+7	-1,289	+17	+12
Net operating income	**1,176**	**+2**	**-1**	**2,324**	**+32**	**+25**
LLPs	10	-25	-27	23	—	—
PBT	1,149	+1	-3	2,291	+36	+28
Underlying attrib. profit	**772**	**+2**	**-1**	**1,531**	**+34**	**+28**

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Wealth Management & Insurance

Underlying attributable profit
EUR 515 mn

Executive summary

Results (H1'22 vs. H1'21). % change in constant euros

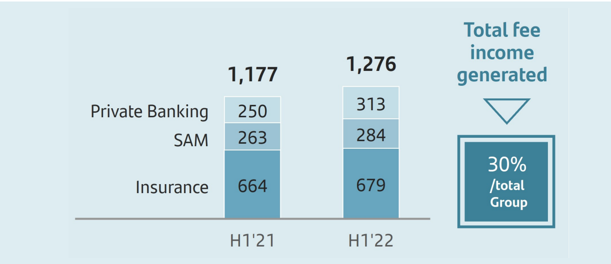
Total fee income generated[1]	Total contribution to profit[1]	Assets under management (AuMs)	RoTE
+6%	+15%	-4%	57.1%

Growth drivers H1'22

Private Banking	Asset Management	Insurance
Net new money	AuMs	Gross written premiums
EUR 5.8 bn	EUR 189 bn	+17%
(2.3% of total CAL)	(-4% vs June 21)	vs June 21

Total contribution to profit by business

Constant EUR million (incl. fee income ceded to the Group)



(1) Excluding insurance one-offs in 2021

Other highlights in the period

Private Banking	SAM	Insurance
Customer growth +5% vs June 21	**SRI*** EUR 14.5 bn (Total WM&I: EUR 30.1 bn)	**Fee income**[1] EUR 795 mn +6% vs. H1'21

* Sustainable Responsible Investment

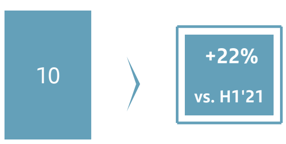
Commercial activity

We maintain our objective to become the best responsible Wealth & Protection Manager in Europe and Latin America, being one of the Group's growth drivers:

- In **Private Baking**, despite market volatility and inflationary pressures, we continued to leverage our scale to enable clients to benefit from our global platform and to foster collaboration across markets and segments, with collaboration volumes increasing 22% to EUR 9.6 billion. We are the leader in the large flow of investment from Latin America to Spain and the United States.

Collaboration volumes

Constant EUR billion



We continue to renew our value proposition, widening our product range according to market trends, with a particular focus on alternative products, collateralized lending, investment banking and ESG. We also continued to grow our discretionary advisory service, to offer our clients value-added solutions tailored to their specific investment needs and risk profiles, which account for 11.6% of total assets under management, 0.4% more than the same period last year.

Our range of alternative products exceeded EUR 2.59 billion (EUR 1.67 billion in H1'21) in both Santander Asset Management (SAM) and third-party funds. In the first six months, we launched several funds, such as Laurion, Blackrock, Compass, Ameris, Sancus and Qualitas.

Our real estate investment service, where we are capturing a large part of the existing flow between Latin America and Europe and the United States, reached a total volume of EUR 109 million through transactions in the period.

Our Sustainable Responsible Investment (SRI) products amounted to EUR 18.3 billion, (classified according to Article 8 or 9 under the SFDR or similar criteria applicable in Latin America).

- In **Santander Asset Management,** market volatility affected overall asset valuations and investment flows. We continued to improve and complete our local and global product proposition. We made further headway in our ESG strategy, offering 35 products globally, and assets under management (including sustainability strategies) of around EUR 14.5 billion. The range of alternative products aimed primarily at our institutional clients and Family Offices is becoming increasingly robust, with 5 funds already launched with EUR 689 million of AuMs and EUR 307 million already invested.

  Regarding our operational and technological transformation, we launched the new Santander Activa management service in Spain in June, a fully digital (available on the web and app) automated portfolio management service (robo-advisor), that offers a quick and simple take-out process.

- In **Insurance**, we maintained a healthy growth rate in premiums, mainly in the protection business. The credit-related business was slightly affected by the macroeconomic environment, especially in Brazil and Chile.

Protection insurance sales were particularly strong in Europe. The new savings value proposition developed in Spain was particularly successful, completing the range of unit linked products.

In the Americas, we continued to consolidate the improvements to our value proposition, with healthy dynamics in the distribution mix through channels and in non-credit related insurance sales. It is worth highlighting helpS, our new, fully-digital assistance proposal in Brazil that enables us to access new customer segments.

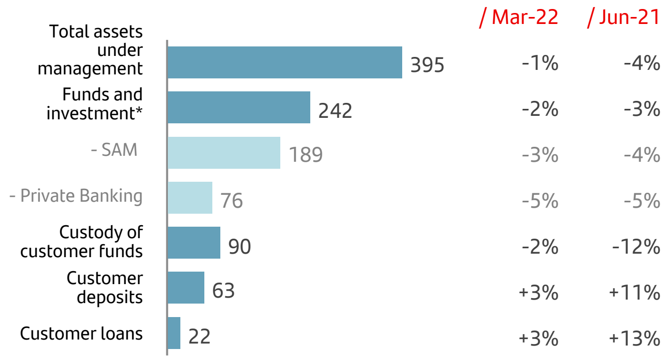
The motor vehicle insurance business was 8% higher. The Autocompara platform, which operates in Argentina, Brazil, Chile, Mexico and Uruguay, reached 1.6 million active policies (+4% year-on-year). Regarding our digital strategy, we continued to increase the number of insurance policies distributed through our digital channels at double-digit rates, which now account for 20% of the total sales volumes (+21% year-on-year).

Business performance

Total assets under management amounted to EUR 395 billion, 4% lower year-on-year, dampened by markets since early 2022, especially in Europe.

Business performance: SAM and Private Banking

Constant EUR billion



Note: Total assets marketed and/or managed in 2022 and 2021.
(*) Total adjusted private banking customer funds managed by SAM.

- In **Private Banking**, the volume of customer assets and liabilities reached EUR 251.4 billion, 3% lower than in June 2021, affected by custody valuations. Net new money amounted to EUR 5.8 billion (2.3% of total volume). Net profit in H1'22 was EUR 313 million, up 25% compared to H1'21, primarily backed by growth in total income. Private Banking customers increased 5% to 115,000 clients.
- In **SAM,** total assets under management decreased 4% compared to June 2021 to EUR 189 billion. Net sales recorded outflows of EUR 1.747 billion (0.9% of the total). Total contribution to the Group's profit (including ceded fee income) was EUR 284 million, 8% higher year-on-year.
- In **Insurance,** the volume of gross written premiums in H1'22 amounted to EUR 5.5 billion (+17% year-on-year), with protection premiums growing 9% despite lower lending demand in Latin America. Total fee income rose 2% (+6% excluding the impact from insurance portfolio buybacks in 2021) and fee income from protection insurance was 5% higher. Total contribution to profit stood at EUR 679 million, +2% year-on-year (+13% excluding insurance earn-out one-offs and insurance portfolio buybacks in 2021).

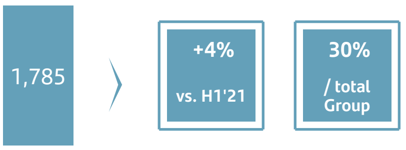
Results

Underlying attributable profit was EUR 515 million **in the first half of 2022,** up 15% year-on-year in constant euros (+29% excluding insurance one-offs in 2021), as follows:

- Total income increased 10% due to higher revenue as a result of improved margins and net fee income, and the increase in the insurance protection business, especially non-credit related (+18% excluding the impact of insurance one-offs in 2021). Total fee income generated amounted to EUR 1,785 million (+4% year-on-year; +6% excluding insurance one-offs in 2021) and represented 30% of the Group's total.

Total fee income generated

Constant EUR million



- Operating expenses were 5% higher year-on-year, due to the investments carried out together with higher costs related to increased commercial activity and the perimeter of several operations, such as the acquisition of Crédit Agricole's business in Miami in 2021.
- As a result, net operating income rose 14%.

The total contribution to the Group (including net profit and total fees generated net of tax) was EUR 1,276 million in H1'22, 8% higher than in the same period of 2021 (+15% excluding insurance one-offs in 2021).

Compared to the previous quarter, underlying attributable profit increased 7% primarily due to the positive performance in total income and cost stability.

Total contribution to profit

EUR million and % change in constant euros

Q2'22	H1'22
662	1,276
+8% / Q1'22	+8% / H1'21

WM&I. Underlying income statement

EUR million and % change

	Q2'22	/ Q1'22 %	/ Q1'22 excl. FX	H1'22	/ H1'21 %	/ H1'21 excl. FX
Revenue	635	+8	+5	1,222	+15	+10
Expenses	-252	+3	0	-496	+10	+5
Net operating income	**384**	**+12**	**+9**	**726**	**+18**	**+14**
LLPs	-9	—	—	-8	-15	-14
PBT	367	+9	+6	705	+18	+14
Underlying attrib. profit	**270**	**+10**	**+7**	**515**	**+19**	**+15**

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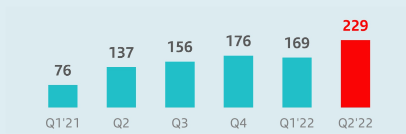
PagoNxt

Underlying attributable profit
-EUR 104 mn

Executive summary

Revenue performance

Solid revenue growth*



+87%
H1'22 vs. H1'21

Our business

Merchants	International Trade	Payments	Consumers
Global payments solutions for all merchant segments	International trading solutions for business	Wholesale account-to-account payment solutions	Financial marketplace for the underbanked

Our main strategic priorities

- Scaling up our **global technology platform**
- Accelerating our **commercial growth**
- Pursuing the **open market opportunity**

Main growth drivers

Merchants Total Payments Volume*	Active merchants	International Trade active customers
+35% H1'22 vs H1'21	**+5%** Jun-22 vs Jun-21	**>25k**

(*) Constant EUR million

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Strategy

PagoNxt aims to achieve a global leadership position in payments through our distinctive, holistic and customer-centric value proposition. We are one-of-a-kind paytech business providing customers with a one-stop shop for innovative payments and integrated value-added solutions.

We address several high-growth and strategic business segments, namely:

- **Merchants**: providing global and integrated acquiring, processing and value-added solutions for physical and e-commerce merchants of all sizes.

Getnet

- **International Trade:** delivering specialized cross-border trading solutions – payments, FX, cash management, trade finance – for business customers, in a large and global addressable market yet to be fully digitalized.

Ebury OneTrade

- **Payments**: providing wholesale account-to-account payments processing and instant connectivity to schemes in multiple geographies through a highly-scalable model.

PaymentsHub

- **Consumer**: providing a financial marketplace for the economic inclusion of the underbanked and low-income population, with a focus on Latin America.

superdigital

PagoNxt's technology platform and specialist teams serve the payments needs of Grupo Santander and additionally cater for open market opportunities beyond Santander's business.

PagoNxt's strategy is anchored on the following key levers:

- Scaling up our global, cloud-native, data-driven, secure and efficient platform. We operate a connected, real-time, flexible and highly scalable technology platform that is fully cloud and API-based to ensure access to PagoNxt's latest features through a single integration. We process and generate insights to help our customers and their businesses leverage the full power of data and make data-driven decisions.
- Accelerating commercial growth by continuing to strengthen our commerce and international trade ecosystem, our offerings and our distribution through Santander's commercial muscle.
- Decisively pursuing the open market opportunity through direct commercialization and distribution partnerships, increasing our market penetration in Europe, North America and South America and extending our footprint in additional strategic regions.

Business performance

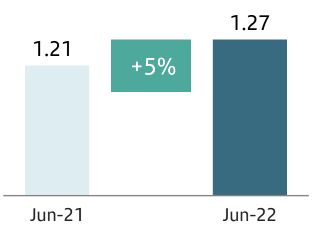
In the first half of the year, PagoNxt had several important achievements, effectively responding to the current market challenges:

- Getnet continued its growth, reaching 1.27 million active merchants (+5% vs. Jun-21) and EUR 74.6 billion in Total Payments Volume (TPV), 35% higher compared to the first half of 2021.
  - TPV in Getnet Brazil grew 23% in H1 boosted by our e-commerce proposition, which has become one of our main growth drivers, positioning us as one of the main players in the industry. Our growth strategy is also centred on leveraging our relationship with Santander Brasil, pursuing opportunities through all sales channels (digital, call centre, branches, Prospera). Additionally, we are boosting our independent channel through partnerships, direct sales (owned and third parties, including franchises) and digital sales. Our ambition is to be the one-stop-shop platform for solutions for SMEs and long-tail customers. In Q2, PagoNxt announced its plan to acquire the minority interests in Getnet Brazil.
  - Getnet Europe, our pan-European acquirer, grew significantly in H1. TPV increased 53% and active merchants rose 15% year-on-year, mainly driven by our exposure to high-growth verticals in Spain. In addition, we continue to develop our open market strategy in the region, with an initial focus on developing solutions for highly specialized industries, such as airlines and mobility. Through our activity with European merchants, our presence in the region now includes nine countries.
  - Getnet Mexico continued to fuel growth, with TPV increasing by 38% in H1 year-on-year. This rise was driven by the progressive recovery across key sectors and by the development of the open market distribution channel through partnerships with financial institutions, independent software vendors (ISVs) and payment ecosystems.
- Our One Trade platform continued to develop new and innovative solutions to become the core provider of international capabilities to Grupo Santander. In the last quarter, the platform expanded its reach, implementing new cross-border payments capabilities for Santander España and new Trading FX capabilities for Santander Chile.
- More broadly in Grupo Santander payments, PagoNxt is accelerating its roadmap to become the wholesale payments provider of Santander, centralizing all types of non-card payments.
- In the quarter, Ebury extended its B2B cross-border trade presence and portfolio in the open market, acquiring the Brazilian fintech, Bexs.
- On the consumer side, our Superdigital business recorded 637 thousand active users in Brazil, Argentina and Uruguay in Q2. The global platform will shortly be launched in Colombia, Peru and Mexico.

Merchant Acquiring

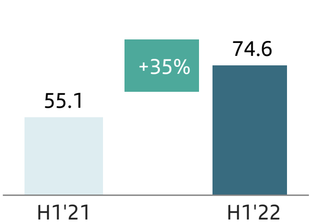
Active merchants

Millions



Total Payments Volume

Constant EUR billion



Results

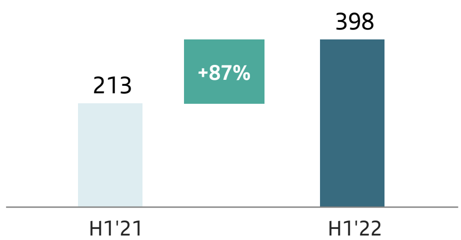
In the first half of 2022, underlying attributable loss decreased year-on-year to -EUR 104 million, compared to -EUR 123 million in the first half of 2021.

Total income was EUR 398 million, an 87% increase in constant euros compared to the first half of 2021, backed by the overall increase in business activity and volumes across regions, especially in our Merchant and Trade businesses (Getnet, Ebury).

This revenue growth keeps PagoNxt on track to achieve its 50% revenue growth target for 2022.

PagoNxt. Revenue performance

Constant EUR million and % change in constant euros



In the period, PagoNxt has continued its investment phase to develop and implement its global technology.

Compared to the previous quarter, underlying attributable profit was similar and stood at -EUR 50 million.

PagoNxt. Underlying income statement

EUR million and % change

		/ Q1'22			/ H1'21	
	Q2'22	%	excl. FX	H1'22	%	excl. FX
Revenue	236	+46	+35	398	+110	+87
Expenses	-258	+36	+31	-447	+50	+43
Net operating income	**-22**	**-22**	**0**	**-50**	**-54**	**-50**
LLPs	-9	+222	+199	-11	+142	+107
PBT	-33	+5	+25	-64	-46	-42
Underlying attrib. profit	**-50**	**-8**	**-3**	**-104**	**-18**	**-16**

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RESPONSIBLE BANKING

Responsible Banking targets

This quarter we set three new decarbonization targets and continued to make progress on the other medium-term commitments:

		2018	2019	2020	2021	H1'22	2025/ 2030 target
	Electricity from renewable sources	43%	50%	57%	75%		100%
	Green finance raised and facilitated (€)		19bn	33.8bn	65.7bn	74.4bn	120bn by 2025 220bn by 2030
	AuMs in Socially Responsible Investments (€)				27.0bn	30.1bn	100bn by 2025
	Thermal coal-related power & mining phase out (€)				7.0 bn		0 by 2030
	Emissions intensity of power generation portfolio		0.21	0.17			0.11 tCO_2e / MWh in 2030
New	Absolute emissions of energy portfolio		23.84				16.98 $mtCO_2e$ in 2030
New	Emissions intensity of aviation portfolio		92.47				61.71 $grCO_2e$/ RPK in 2030
New	Emissions intensity of steel portfolio		1.58				1.07 tCO_2e/ tCS in 2030
	Financially empowered people		2mn	5mn	7mn	9mn	10mn by 2025
	Women in senior positions	20%	23%	23.7%	26.3%	27.9%	30% by 2025
	Equal pay gap	3%	2%	1.5%	1.0%		~0% by 2025

--> From...to... Accumulated

More information available on our corporate website.

Note: H1'22 data provisional and not audited

Q2'22 highlights

☑ We announced three new decarbonization targets for 2030 (measured in emissions reductions vs 2019) in the following sectors: energy[1] (-29%), aviation (-33%) and steel (-32%).

☑ We appointed a new Head of Green Finance to drive the transition to a greener economy for our customers.

☑ *Euromoney* named us Best Global Bank for Financial Inclusion, highlighting our programmes in South America and Mexico, and Best Bank for Corporate Responsibility in Central and Eastern Europe for our support to refugees from Russia-Ukraine conflict.

Of note among the implemented initiatives were:

Environmental

- In line with our commitment to grant EUR 120 billion in green finance by 2025 and EUR 220 billion by 2030, we mobilized **EUR 8.7 billion in green finance** in the first half of 2022, reaching **EUR 74.4 billion since 2019**.
- The volume of **AuMs in socially responsible investments** amounted to **EUR 30.1 billion**.
- We continued to support our wholesale customers, through:
  - The EUR 1 billion **green export loan** with Iberdrola. The funds will mainly finance the purchase of turbines for wind farms in Europe.
  - Participation in the issuance of **green bonds** for the ICO and the Junta de Andalucía, for EUR 500 million each.
  - New partnerships: SCIB and EIT InnoEnergy will work together to foster innovation in the development of sustainable energy solutions. Agreement with EcoVadis to incorporate ESG metrics in the bank's global confirming programmes.

(1) Energy refers to Oil & Gas. Further detail on our Climate Finance Report 2021 - June 2022.

- New features and products for our customers:
  - In Spain, we added a **carbon footprint calculator** on our app and website that considers the customer's entire transaction, allows them to offset their own footprint and gives eco-advice for its reduction. We also offer a "turnkey" service that includes everything from the online simulation of the home renovation to the management of European aid and the energy efficiency loan.
  - In the UK, we introduced the **Green Mortgages Hub** platform to inform and promote energy efficiency in our customers' homes.
  - In Brazil, we designed a **Sustainable Business Plan** for financing real estate projects that includes environmental certifications and the ability to significantly reduce waste and water and energy consumption.

Social

- We continue to strengthen our **financial inclusion and empowerment** proposition:
  - We have financially empowered more than 9 million people since 2019, making headway towards our 10 million target in 2025, mainly driven by the expansion of our financial education programmes in the UK (The Numbers Game) and Poland (Finansiaki), as well as Tuiio, our financing programme in Mexico.
  - We have granted over **EUR 426 million in loans** through our microfinance programmes in 8 countries.
  - In Mexico, we launched **Hipoteca Integral**, backed by Sociedad Hipotecaria Federal (SHF, the federal mortgage company), enabling access to mortgages to eight million families that do not have stable incomes.
  - In Portugal, we made headway in our **proposal for senior customers** by opening a call centre intended for 70+ customers to improve the experience of this segment.
  - In the US, we extended our partnership with **Operation HOPE**, an NGO specialized in financial education and inclusion, to continue supporting people from all walks of life.
- We promote a diverse and inclusive workplace: Santander's headquarters hosted the **EMEA Women in Payments Symposium**. The event, sponsored by Santander Women's Network, brought together female professionals in the payments industry, in order to boost professional development and gender equality.
- We support the communities where we operate:
  - Santander Universities, opened new calls for scholarship applications (7,900 spots) related to sustainability and the development of key skills for the labour market, together with Harvard Business Publishing, LSE and Cambridge Judge School.
  - We continue to support Ukraine through Poland's recent partnership with the United Nations High Commissioner for Refugees, enabling rapid and safe arrival to the country.

Governance

- We introduced new mandatory ESG training for all employees. In addition, jointly with the International Association for Sustainable Economy, we provide employees with an internal and an external certification. The latter is aimed at those employees who are involved in the Responsible Banking agenda.
- We published **annual sustainability reports** in Mexico, Portugal and Brazil.

Q2'22 Awards

- ☑ *IR Magazine* gave Santander awards for **Best Annual Report** and **Best ESG Materiality Reporting.**
- ☑ In Brazil, *Exame* magazine named us **Best ESG** in the financial institutions category.
- ☑ In Spain, we received the **IMEF - MEF 2022 Gender Equality Award** and we entered the **Best LinkedIn Companies 2022** ranking.
- ☑ In Poland, we were awarded with **the gold leaf in the CSR Leaves** awards, as well as being named, together with the Santander Fundakja foundation, in the Responsible Business in Poland best practice report.
- ☑ We ranked among the **top 10 companies to work for in Uruguay** by *Great Place to Work* for companies with over 150 employees.

EUROMONEY AWARDS FOR EXCELLENCE 2022 GLOBAL BEST BANK FOR FINANCIAL INCLUSION

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

Bloomberg Gender-Equality Index 2022

CORPORATE GOVERNANCE

A responsible bank has a solid governance model with well-defined functions, it manages risks and opportunities prudently and defines its long-term strategy looking out for the interests of all its stakeholders and society in general

→Changes in the board of directors

On 17 June, it was announced that, following a favourable report from the nomination committee and after a rigorous succession process, the bank's board of directors had proposed, the currently CEO of Santander México and regional head of North America, Mr Hector Grisi, as Group CEO and member of the board effective 1 January 2023, subject to the corresponding approvals. Mr Grisi's appointment will take place once regulatory approvals have been obtained. Mr Grisi will succeed Mr José Antonio Álvarez, who, after the transition period, will remain on the board of directors as non-executive vice chair.

On 21 April, once the corresponding regulatory approval was obtained, Mr Germán de la Fuente joined the board of directors as an independent director, filling the vacancy of Mr Álvaro Cardoso de Souza.

Mr R. Martín Chávez resigned, for personal reasons, as an independent director of Banco Santander effective on 1 July, thereby stepping down from the committees he had been assigned. Mr Chávez remains a director of PagoNxt.

→Changes in the composition of the board committees

Ms Ana Botín has been appointed as chair of the innovation and technology committee, replacing Mr R. Martín Chávez, effective on 18 April 2022.

Mr Germán de la Fuente joined the audit committee on 21 April 2022.

→Share capital. Amendment of Article 5 of the Bylaws

On 1 April, the board of directors reduced the bank's share capital in the amount of EUR 129,965,136.50 by cancelling 259,930,273 of its own shares acquired in the buy-back programme carried out between October and November 2021 within the framework of the shareholder remuneration against 2021 results. The reduction was approved by the general shareholders' meeting on 1 April 2022 and was registered in the Commercial Registry of Cantabria on 25 April 2022.

Likewise, on 28 June 2022, a second share capital reduction in the amount of EUR 143,154,722.50 was executed by the board, as a result the cancellation of 286,309,445 of its own shares acquired in the buy-back programme carried out between March and May 2022 within the framework of the shareholder remuneration against 2021 results. The reduction was approved by the general shareholders' meeting on 1 April 2022, which delegated to the board the power to set its terms in all matters not specified and was registered in the Commercial Registry of Cantabria on 1 July 2022.

Following the aforementioned reductions, the bank's share capital has been set at EUR 8,397,200,792, represented by 16,794,401,584 shares with a nominal value of EUR 0.50 for each share, belonging to the same class and with the same rights.

→Other amendments of the Bylaws

On 26 May, once the ECB provided authorization for the amendments to the Bylaws approved at the ordinary general shareholders' meeting on 1 April 2022 (Articles 6, 12, 16, 19, 26, 29, 45, 48, 52, 58, 59, 59 bis of the Bylaws and the introduction of a new Article 64 bis), they were registered in the Commercial Registry of Cantabria. Their purpose is to:

- conform them to the amendments introduced in the Spanish Companies Act and introduce certain technical clarifications regarding to the right to know the identity of the ultimate beneficiary of the shares and the time at which newly-issued shares are transferable, the directors' remuneration, capital reductions, convertible securities and the powers of the audit committee with respect to the directors' report and related party transactions;
- clarify that the board can establish direct reporting lines from other executives to the board itself or to its committees;

- allow the board of directors to appoint more than one vice secretary and reflect this possibility in the regulation of the presiding committee of the general shareholders' meeting;
- provide for the ability of directors to attend the meetings remotely if there are justified grounds as determined by the board or the chair of the meeting; and
- include a technical clarification regarding the distribution of dividends other than in cash or own funds instruments of the Bank, in accordance with the criteria of the European Banking Authority.

→Amendment of the Rules and Regulations of the General Shareholders' Meeting

Likewise, on 26 May 2022, the amendments to the Rules and regulations of the general shareholders' meeting approved at the general meeting on 1 April 2022 (Articles 6, 13, 17 and 19, the elimination of the Additional Provision and the introduction of a new Article 15 bis) were registered in the Commercial Registry of Cantabria and submitted to the National Securities Market Commission. The amendments were introduced to conform the regulatory text to the amendments to the Bylaws approved by the general shareholders' meeting and to the amendments implemented to the Spanish Companies Act regarding attendance at the general meeting remotely, as well as to modify the minimum time that may be allocated to the shareholders presentations at the general meeting.

→Amendment of the Rules and Regulations of the Board of Directors

On 13 June 2022, the amendments to the Rules and regulations of the board of directors (Articles 3, 8, 13, 17, 19, 27 and 33) were registered in the Commercial Registry of Cantabria and submitted to the National Securities Market Commission. The amendments were introduced to conform to the amended Bylaws, as approved by the general shareholders' meeting, to clarify the term of office of directors appointed by co-option and to strengthen coordination between the audit committee and the responsible banking, sustainability and culture committee.

SANTANDER SHARE

In application of the shareholder remuneration policy for 2021, the bank paid a second cash dividend of EUR 5.15 cents per share against 2021 results. In addition, as detailed in the Corporate Governance chapter, a second share buyback programme was implemented for a total amount of EUR 865 million, equivalent to 1.7% of the bank's share capital, whose redemption was executed by the board of directors on 28 June 2022.

As a result, total shareholder remuneration totalled around EUR 3.4 billion, equivalent to a share of approximately 40% of 2021 underlying attributable profit.

→ Share price performance

Santander's shares are listed in 5 markets, in Spain, Mexico, Poland, the US (as an ADR) and the UK (as a CDI).

The OECD has identified several factors that are contributing to the downturn of the global economy, including heightened inflation that is in turn reducing disposable income and lowering consumption, economic uncertainty that deters business investment and threatens to curb supply in the coming years, China's zero-covid-19 policy that is disrupting global supply chains and the Russia-Ukraine conflict that is negatively affecting the distribution of basic food and energy commodities.

The decisions taken by central banks to combat soaring inflation, including interest rate hikes in the US, the UK and Latin America, as well as the increasingly accelerated reduction of the asset purchase programme by the European Central Bank (ECB) have had a negative impact on our share price performance.

In recent weeks, concerns about inflation and a potential recession forced the main central banks to act more aggressively. Therefore, the Fed raised interest rates by another 75 basis points, compared with the expected 50 bp increase, and the ECB raised interest rate by 50 bps in July. Moreover, the ECB announced its new tool to tackle the so-called financial fragmentation,which arises from the increase in the risk premiums of South-European countries; the Transmission Protection Instrument (TPI).

The impact of these measures is leading to a depreciation trend in currency exchange rates against the dollar, which is now close to parity with the euro.

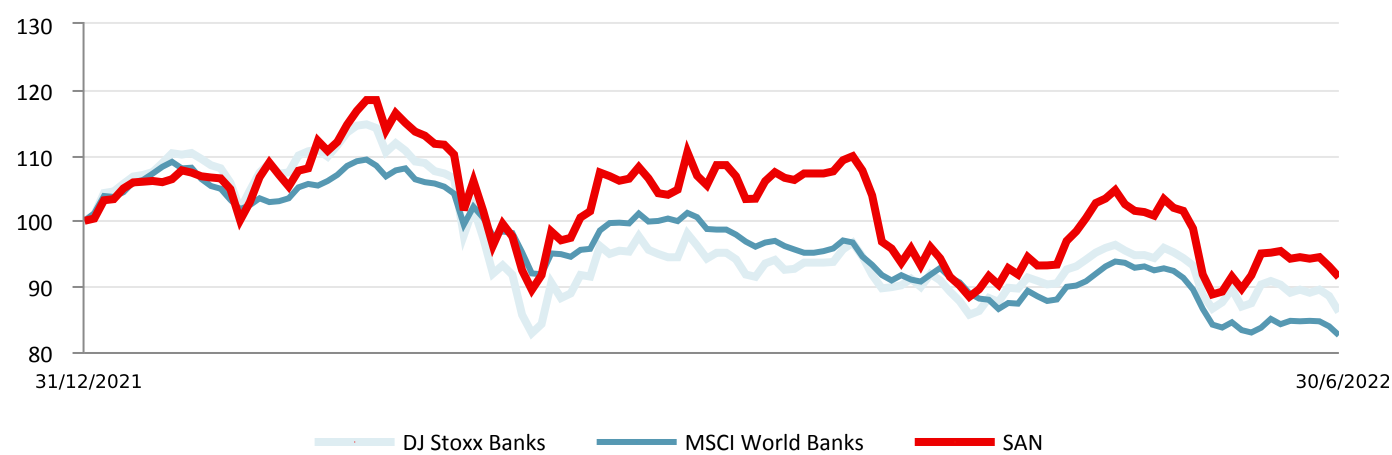
In this environment, the Santander share price ended the first six months with an 8.6% decrease versus December 2021, a better performance than that of the main comparable indices, primarily due to its very limited exposure to Russia and Ukraine, geographic diversification, good Q1'22 results and a positive performance of Latin American currencies.

The main global equity markets ended the first half with declines. The banking sector recorded an overall worse performance, affected by the different exposures to Russia. The DJ Stoxx Banks fell 13.9% and the MSCI World Banks 17.4%, compared to the 7.1% Ibex 35 decrease and the 9.7% DJ Stoxx 50 decline.

Share price

START 31/12/2021 €2.941	**END** 30/06/2022 €2.688
Maximum 10/02/2022 €3.482	**Minimum** 07/03/2022 €2.490

Comparative share performance



→Market capitalization and trading

As at 30 June 2022, Santander was the second largest bank in the Eurozone by market capitalization and the 37th in the world among financial entities (EUR 45,143 million).

The share's weighting in the DJ Stoxx Banks index was 6.8% and 12.4% in the DJ Euro Stoxx Banks. In the domestic market, its weight in the Ibex 35 as at end-June was 10.6%.

A total of 8,157 million shares were traded in the period for an effective value of EUR 24,486 million and a liquidity ratio of 47%.

The daily trading volume was 64.2 million shares with an effective value of EUR 193 million.

2nd Bank in the Eurozone by market capitalization

EUR 45,143 million

The Santander share

June 2022

Shares and trading data	
Shares (number)	16,794,401,584
Average daily turnover (number of shares)	64,228,243
Share liquidity (%)	47
(Number of shares traded during the year / number of shares)	

Stock market indicators	
Price / Tangible book value (X)	0.63
Free float (%)	99.98

→Shareholder base

The total number of Santander shareholders at 30 June 2022 was 3,985,638, of which 3,453,534 were European (75.10% of the capital stock) and 520,769 from the Americas (23.84% of the capital stock).

Excluding the board, which holds 1.10% of the Bank's capital stock, retail shareholders account for 42.59% and institutional shareholders account for 56.31%.

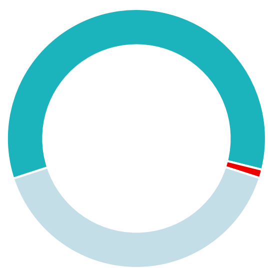
Share capital distribution by geographic area

June 2022

The Americas 23.84% | Europe 75.10% | Other 1.06%

Share capital distribution by type of shareholder

June 2022



Institutions 56.31%

Board * 1.10%

Retail 42.59%

(*) Shares owned or represented by directors.

2022

APPENDIX

- Financial information
  - Group
  - Segments
- Alternative Performance Measures
- Interim condensed consolidated financial statements
- Glossary
- Important information

Net fee income. Consolidated

EUR million

	Q2'22	Q1'22	Change (%)	H1'22	H1'21	Change (%)
Fees from services	1,772	1,597	11.0	3,369	2,843	18.5
Wealth management and marketing of customer funds	1,004	923	8.8	1,927	1,783	8.1
Securities and custody	264	292	(9.6)	556	543	2.4
Net fee income	**3,040**	**2,812**	**8.1**	**5,852**	**5,169**	**13.2**

Underlying operating expenses. Consolidated

EUR million

	Q2'22	Q1'22	Change (%)	H1'22	H1'21	Change (%)
Staff costs	3,085	2,863	7.8	5,948	5,438	9.4
Other general administrative expenses	2,077	1,968	5.5	4,045	3,558	13.7
Information technology	596	565	5.5	1,161	1,048	10.8
Communications	108	100	8.0	208	199	4.5
Advertising	144	121	19.0	265	233	13.7
Buildings and premises	192	167	15.0	359	332	8.1
Printed and office material	24	23	4.3	47	42	11.9
Taxes (other than tax on profits)	139	141	(1.4)	280	264	6.1
Other expenses	874	851	2.7	1,725	1,440	19.8
Administrative expenses	**5,162**	**4,831**	**6.9**	**9,993**	**8,996**	**11.1**
Depreciation and amortization	738	704	4.8	1,442	1,381	4.4
Operating expenses	**5,900**	**5,535**	**6.6**	**11,435**	**10,377**	**10.2**

Operating means. Consolidated

	Employees[1]			Branches[2]		
	Jun-22	Jun-21	Change	Jun-22	Jun-21	Change
Europe	**63,579**	**66,398**	**(2,819)**	**3,178**	**3,401**	**(223)**
Spain	26,272	26,152	120	1,921	1,951	(30)
United Kingdom	20,320	22,451	(2,131)	450	553	(103)
Portugal	4,977	6,049	(1,072)	386	418	(32)
Poland	10,468	10,443	25	413	471	(58)
Other	1,542	1,303	239	8	8	—
North America	**43,779**	**41,670**	**2,109**	**1,859**	**1,920**	**(61)**
US	14,943	15,610	(667)	486	544	(58)
Mexico	28,236	25,543	2,693	1,373	1,376	(3)
Other	600	517	83	—	—	—
South America	**75,588**	**67,198**	**8,390**	**3,786**	**3,788**	**(2)**
Brazil	53,743	45,115	8,628	2,936	2,940	(4)
Chile	9,921	10,628	(707)	306	332	(26)
Argentina	8,514	8,814	(300)	407	408	(1)
Other	3,410	2,641	769	137	108	29
Digital Consumer Bank	**15,894**	**15,834**	**60**	**370**	**314**	**56**
Corporate Centre	**1,811**	**1,743**	**68**			
Total Group	**200,651**	**192,843**	**7,808**	**9,193**	**9,423**	**(230)**

(1) UK and Poland figures have been changed to headcount to align with the other units.
(2) Branch data for Brazil has been adjusted to the show number of physical branches rather than operating units.

Underlying net loan-loss provisions. Consolidated

EUR million

	Q2'22	Q1'22	Change (%)	H1'22	H1'21	Change (%)
Non-performing loans	2,988	2,409	24.0	5,397	4,353	24.0
Country-risk	—	1	(100.0)	1	(1)	—
Recovery of written-off assets	(354)	(309)	14.6	(663)	(599)	10.7
Net loan-loss provisions	**2,634**	**2,101**	**25.4**	**4,735**	**3,753**	**26.2**

Loans and advances to customers. Consolidated

EUR million

			Change		
	Jun-22	Jun-21	Absolute	%	Dec-21
Commercial bills	57,171	42,529	14,642	34.4	49,603
Secured loans	563,525	522,412	41,113	7.9	542,404
Other term loans	288,070	275,974	12,096	4.4	269,526
Finance leases	39,139	38,054	1,085	2.9	38,503
Receivable on demand	13,244	9,995	3,249	32.5	10,304
Credit cards receivable	21,884	18,459	3,425	18.6	20,397
Impaired assets	32,402	32,136	266	0.8	31,645
Gross loans and advances to customers (excl. reverse repos)	**1,015,435**	**939,559**	**75,876**	**8.1**	**962,382**
Reverse repos	45,738	38,536	7,202	18.7	33,264
Gross loans and advances to customers	**1,061,173**	**978,095**	**83,078**	**8.5**	**995,646**
Loan-loss allowances	23,452	23,577	(125)	(0.5)	22,964
Loans and advances to customers	**1,037,721**	**954,518**	**83,203**	**8.7**	**972,682**

Total funds. Consolidated

EUR million

			Change		
	Jun-22	Jun-21	Absolute	%	Dec-21
Demand deposits	717,516	685,086	32,430	4.7	717,728
Time deposits	197,420	169,491	27,929	16.5	164,259
Mutual funds	183,773	182,491	1,282	0.7	188,096
Customer funds	**1,098,709**	**1,037,068**	**61,641**	**5.9**	**1,070,083**
Pension funds	14,250	15,858	(1,608)	(10.1)	16,078
Managed portfolios	32,597	29,493	3,104	10.5	31,138
Repos	58,851	39,550	19,301	48.8	36,357
Total funds	**1,204,407**	**1,121,969**	**82,438**	**7.3**	**1,153,656**

Eligible capital (phased-in) [1]. Consolidated

EUR million

			Change		
	Jun-22	Jun-21	Absolute	%	Dec-21
Capital stock and reserves	117,619	115,678	1,941	1.7	114,806
Attributable profit	4,894	3,675	1,219	33.2	8,124
Dividends	(979)	(2,102)	1,124	(53.4)	(1,731)
Other retained earnings	(32,506)	(34,048)	1,542	(4.5)	(34,395)
Minority interests	6,971	6,347	625	9.8	6,736
Goodwill and intangible assets	(17,084)	(15,823)	(1,261)	8.0	(16,064)
Other deductions	(4,825)	(2,862)	(1,962)	68.6	(5,076)
Core CET1	**74,091**	**70,864**	**3,227**	**4.6**	**72,402**
Preferred shares and other eligible tier 1	8,794	9,109	(315)	(3.5)	10,050
Tier 1	**82,885**	**79,973**	**2,913**	**3.6**	**82,452**
Generic funds and eligible tier 2 instruments	14,965	12,567	2,398	19.1	14,865
Eligible capital	**97,850**	**92,539**	**5,311**	**5.7**	**97,317**
Risk-weighted assets	604,777	584,999	19,778	3.4	578,930
CET1 capital ratio	**12.25**	**12.11**	**0.14**		**12.51**
Tier 1 capital ratio	**13.71**	**13.67**	**0.03**		**14.24**
Total capital ratio	**16.18**	**15.82**	**0.36**		**16.81**

(1) The phased-in ratio includes the transitory treatment of IFRS 9, calculated in accordance with article 473 bis of the Regulation on Capital Requirements (CRR) and subsequent amendments introduced by Regulation 2020/873 of the European Union. Total phased-in capital ratios include the transitory treatment according to chapter 4, title 1, part 10 of the CRR2.

EUROPE

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	2,981	5.0	5.6	5,820	11.8	10.5
Net fee income	1,162	0.7	0.7	2,316	7.3	7.0
Gains (losses) on financial transactions [1]	170	(14.6)	(14.8)	370	(21.1)	(21.5)
Other operating income	(37)	—	—	76	8.6	9.5
Total income	**4,276**	**(0.7)**	**(0.3)**	**8,581**	**8.6**	**7.7**
Administrative expenses and amortizations	(2,104)	2.1	2.5	(4,164)	0.5	(0.5)
Net operating income	**2,172**	**(3.2)**	**(2.8)**	**4,417**	**17.5**	**16.7**
Net loan-loss provisions	(631)	22.6	22.9	(1,146)	(4.6)	(4.3)
Other gains (losses) and provisions	(342)	45.2	45.8	(578)	(2.8)	(2.6)
Profit before tax	**1,199**	**(19.8)**	**(19.4)**	**2,693**	**37.2**	**35.0**
Tax on profit	(331)	(21.5)	(21.1)	(753)	19.3	17.7
Profit from continuing operations	**867**	**(19.1)**	**(18.7)**	**1,940**	**45.7**	**43.2**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**867**	**(19.1)**	**(18.7)**	**1,940**	**45.7**	**43.2**
Non-controlling interests	(47)	(15.1)	(14.5)	(102)	401.7	412.6
Underlying profit attributable to the parent	**821**	**(19.4)**	**(18.9)**	**1,839**	**40.2**	**37.7**
Balance sheet						
Loans and advances to customers	609,342	1.1	1.8	609,342	4.2	4.2
Cash, central banks and credit institutions	234,343	4.0	4.5	234,343	16.7	16.4
Debt instruments	66,134	(2.2)	(1.9)	66,134	(14.6)	(14.0)
Other financial assets	47,046	5.5	5.4	47,046	(4.8)	(4.9)
Other asset accounts	29,091	(1.1)	(0.9)	29,091	(10.9)	(11.1)
Total assets	**985,956**	**1.7**	**2.3**	**985,956**	**4.3**	**4.3**
Customer deposits	626,163	0.4	1.1	626,163	4.5	4.7
Central banks and credit institutions	173,956	4.4	4.5	173,956	12.7	11.3
Marketable debt securities	72,129	2.4	3.5	72,129	(8.7)	(8.5)
Other financial liabilities	58,095	16.0	16.0	58,095	5.9	5.7
Other liabilities accounts	11,151	0.2	0.6	11,151	(6.8)	(6.4)
Total liabilities	**941,494**	**2.1**	**2.7**	**941,494**	**4.7**	**4.6**
Total equity	**44,462**	**(6.8)**	**(6.3)**	**44,462**	**(2.2)**	**(2.1)**
Memorandum items:						
Gross loans and advances to customers [2]	589,371	0.9	1.5	589,371	4.8	4.8
Customer funds	705,411	(0.1)	0.5	705,411	3.5	3.8
Customer deposits [3]	*608,753*	*0.7*	*1.4*	*608,753*	*5.2*	*5.4*
Mutual funds	*96,658*	*(5.2)*	*(5.0)*	*96,658*	*(5.9)*	*(5.7)*
Ratios (%), operating means and customers						
Underlying RoTE	7.86	(1.81)		8.80	2.13	
Efficiency ratio	49.2	1.3		48.5	(3.9)	
NPL ratio	2.63	(0.37)		2.63	(0.67)	
Total coverage ratio	50.19	1.1		50.2	1.8	
Number of employees	63,579	0.9		63,579	(4.2)	
Number of branches	3,178	(1.2)		3,178	(6.6)	
Number of loyal customers (thousands)	10,536	1.9		10,536	3.9	
Number of digital customers (thousands)	16,816	1.4		16,816	7.1	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Spain

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	H1'22	/ H1'21 %
Net interest income	1,017	2.0	2,015	(5.8)
Net fee income	730	(2.1)	1,475	7.1
Gains (losses) on financial transactions [1]	84	(35.2)	215	(20.7)
Other operating income	84	(43.1)	232	104.5
Total income	**1,916**	**(5.2)**	**3,937**	**0.9**
Administrative expenses and amortizations	(971)	(0.1)	(1,943)	(4.1)
Net operating income	**945**	**(9.9)**	**1,994**	**6.4**
Net loan-loss provisions	(416)	6.3	(807)	(25.6)
Other gains (losses) and provisions	(144)	4.0	(283)	1.7
Profit before tax	**385**	**(25.9)**	**904**	**76.7**
Tax on profit	(98)	(36.6)	(252)	56.0
Profit from continuing operations	**287**	**(21.4)**	**652**	**86.2**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**287**	**(21.4)**	**652**	**86.2**
Non-controlling interests	—	(87.8)	—	(80.9)
Underlying profit attributable to the parent	**287**	**(21.4)**	**652**	**86.1**
Balance sheet				
Loans and advances to customers	266,419	3.8	266,419	9.6
Cash, central banks and credit institutions	148,909	6.5	148,909	22.7
Debt instruments	31,648	0.7	31,648	(18.4)
Other financial assets	42,115	3.1	42,115	(8.3)
Other asset accounts	18,545	0.0	18,545	(5.7)
Total assets	**507,636**	**4.2**	**507,636**	**8.3**
Customer deposits	311,889	3.6	311,889	13.3
Central banks and credit institutions	92,908	4.9	92,908	3.0
Marketable debt securities	25,533	(2.3)	25,533	(13.6)
Other financial liabilities	51,315	16.3	51,315	2.9
Other liabilities accounts	5,974	(0.5)	5,974	21.2
Total liabilities	**487,620**	**4.6**	**487,620**	**8.4**
Total equity	**20,017**	**(6.0)**	**20,017**	**5.0**
Memorandum items:				
Gross loans and advances to customers [2]	253,429	2.3	253,429	7.0
Customer funds	376,818	1.8	376,818	8.5
Customer deposits [3]	*302,690*	*3.2*	*302,690*	*11.7*
Mutual funds	*74,128*	*(3.5)*	*74,128*	*(2.7)*
Ratios (%), operating means and customers				
Underlying RoTE	5.77	(1.60)	6.62	2.70
Efficiency ratio	50.7	2.6	49.4	(2.6)
NPL ratio	3.83	(0.64)	3.83	(1.33)
Total coverage ratio	49.4	(1.0)	49.4	3.7
Number of employees	26,272	0.7	26,272	0.5
Number of branches	1,921	(1.5)	1,921	(1.5)
Number of loyal customers (thousands)	2,880	3.7	2,880	4.4
Number of digital customers (thousands)	5,697	3.3	5,697	7.4

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

United Kingdom

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	1,227	2.9	4.3	2,418	16.5	13.1
Net fee income	110	19.1	20.6	202	(15.0)	(17.5)
Gains (losses) on financial transactions [1]	6	10.9	12.3	12	—	—
Other operating income	—	—	—	1	19.6	16.1
Total income	**1,342**	**4.0**	**5.4**	**2,633**	**14.6**	**11.2**
Administrative expenses and amortizations	(677)	0.8	2.1	(1,348)	3.8	0.7
Net operating income	**666**	**7.4**	**8.9**	**1,285**	**28.7**	**24.9**
Net loan-loss provisions	(74)	44.7	46.4	(125)	—	—
Other gains (losses) and provisions	(99)	50.8	52.5	(165)	76.5	71.3
Profit before tax	**492**	**(2.0)**	**(0.7)**	**995**	**2.2**	**(0.8)**
Tax on profit	(132)	3.5	4.9	(259)	(12.7)	(15.3)
Profit from continuing operations	**361**	**(3.9)**	**(2.6)**	**736**	**8.8**	**5.6**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**361**	**(3.9)**	**(2.6)**	**736**	**8.8**	**5.6**
Non-controlling interests	—	—	—	—	—	—
Underlying profit attributable to the parent	**361**	**(3.9)**	**(2.6)**	**736**	**8.8**	**5.6**

Balance sheet	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Loans and advances to customers	259,566	(1.1)	0.7	259,566	(0.6)	(0.4)
Cash, central banks and credit institutions	65,291	(4.6)	(2.8)	65,291	4.0	4.2
Debt instruments	6,178	(6.5)	(4.9)	6,178	(25.5)	(25.4)
Other financial assets	575	29.8	32.1	575	(37.0)	(36.9)
Other asset accounts	5,269	(6.7)	(5.0)	5,269	(29.9)	(29.8)
Total assets	**336,878**	**(2.0)**	**(0.2)**	**336,878**	**(1.1)**	**(0.9)**
Customer deposits	229,033	(3.4)	(1.6)	229,033	(6.0)	(5.8)
Central banks and credit institutions	45,991	2.0	3.8	45,991	50.2	50.5
Marketable debt securities	43,115	5.9	7.8	43,115	(3.1)	(3.0)
Other financial liabilities	3,013	(6.4)	(4.7)	3,013	12.0	12.2
Other liabilities accounts	1,911	(4.3)	(2.6)	1,911	(48.3)	(48.2)
Total liabilities	**323,063**	**(1.5)**	**0.3**	**323,063**	**(0.6)**	**(0.5)**
Total equity	**13,815**	**(11.3)**	**(9.7)**	**13,815**	**(10.8)**	**(10.6)**

Memorandum items:	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Gross loans and advances to customers [2]	250,841	(0.3)	1.5	250,841	3.4	3.6
Customer funds	228,556	(2.4)	(0.7)	228,556	(3.1)	(2.9)
Customer deposits [3]	*220,998*	*(2.1)*	*(0.3)*	*220,998*	*(2.7)*	*(2.6)*
Mutual funds	*7,557*	*(11.4)*	*(9.8)*	*7,557*	*(12.0)*	*(11.9)*

Ratios (%), operating means and customers	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Underlying RoTE	10.66	(0.21)		10.78	0.38	
Efficiency ratio	50.4	(1.6)		51.2	(5.3)	
NPL ratio	1.17	(0.26)		1.17	(0.13)	
Total coverage ratio	32.9	6.8		32.9	(4.4)	
Number of employees	20,320	0.4		20,320	(9.5)	
Number of branches	450	—		450	(18.6)	
Number of loyal customers (thousands)	4,464	0.9		4,464	1.9	
Number of digital customers (thousands)	6,765	0.3		6,765	5.8	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Portugal

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	H1'22	/ H1'21 %
Net interest income	171	0.5	340	(8.0)
Net fee income	123	0.6	245	16.8
Gains (losses) on financial transactions [1]	14	(52.0)	44	(71.4)
Other operating income	(27)	—	(16)	(6.9)
Total income	**281**	**(15.6)**	**613**	**(14.3)**
Administrative expenses and amortizations	(125)	(0.1)	(251)	(13.3)
Net operating income	**155**	**(25.1)**	**363**	**(15.0)**
Net loan-loss provisions	(3)	(61.8)	(11)	(84.4)
Other gains (losses) and provisions	(40)	—	(24)	1.0
Profit before tax	**112**	**(47.7)**	**327**	**(1.7)**
Tax on profit	(35)	(47.7)	(101)	(2.0)
Profit from continuing operations	**78**	**(47.7)**	**226**	**(1.5)**
Net profit from discontinued operations	—	—	—	—
Consolidated profit	**78**	**(47.7)**	**226**	**(1.5)**
Non-controlling interests	—	(18.5)	(1)	59.2
Underlying profit attributable to the parent	**77**	**(47.8)**	**225**	**(1.6)**

Balance sheet	Q2'22	/ Q1'22 %	H1'22	/ H1'21 %
Loans and advances to customers	39,565	1.1	39,565	2.0
Cash, central banks and credit institutions	11,725	16.9	11,725	34.4
Debt instruments	7,986	(6.5)	7,986	(11.5)
Other financial assets	1,391	(3.0)	1,391	(4.3)
Other asset accounts	1,406	12.3	1,406	1.7
Total assets	**62,072**	**2.8**	**62,072**	**4.6**
Customer deposits	43,769	1.7	43,769	5.6
Central banks and credit institutions	10,169	10.1	10,169	7.0
Marketable debt securities	2,699	3.0	2,699	8.7
Other financial liabilities	285	12.0	285	30.5
Other liabilities accounts	1,327	(7.2)	1,327	(21.6)
Total liabilities	**58,249**	**3.0**	**58,249**	**5.2**
Total equity	**3,823**	**0.5**	**3,823**	**(5.0)**
Memorandum items:				
Gross loans and advances to customers [2]	40,564	1.1	40,564	1.8
Customer funds	47,550	0.9	47,550	4.8
Customer deposits [3]	*43,769*	*1.7*	*43,769*	*5.6*
Mutual funds	*3,781*	*(7.7)*	*3,781*	*(4.0)*

Ratios (%), operating means and customers	Q2'22	/ Q1'22 %	H1'22	/ H1'21 %
Underlying RoTE	8.32	(6.67)	11.73	0.29
Efficiency ratio	44.6	7.0	40.9	0.5
NPL ratio	3.33	(0.09)	3.33	(0.37)
Total coverage ratio	74.3	1.4	74.3	1.3
Number of employees	4,977	(0.6)	4,977	(17.7)
Number of branches	386	(0.8)	386	(7.7)
Number of loyal customers (thousands)	883	1.9	883	5.9
Number of digital customers (thousands)	1,019	—	1,019	3.9

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Poland

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	486	19.4	20.2	894	88.1	92.2
Net fee income	130	(5.7)	(5.1)	268	5.8	8.1
Gains (losses) on financial transactions [1]	44	238.9	240.3	57	38.7	41.7
Other operating income	(81)	70.6	71.5	(129)	—	—
Total income	**579**	**13.5**	**14.2**	**1,090**	**43.6**	**46.7**
Administrative expenses and amortizations	(173)	4.4	5.0	(339)	5.5	7.8
Net operating income	**406**	**17.8**	**18.6**	**751**	**71.5**	**75.2**
Net loan-loss provisions	(138)	117.4	118.4	(202)	78.0	81.8
Other gains (losses) and provisions	(60)	31.6	32.4	(106)	(46.6)	(45.5)
Profit before tax	**208**	**(11.7)**	**(11.1)**	**444**	**250.4**	**257.9**
Tax on profit	(66)	(4.1)	(3.5)	(135)	116.5	121.1
Profit from continuing operations	**142**	**(14.8)**	**(14.2)**	**309**	**379.5**	**389.8**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**142**	**(14.8)**	**(14.2)**	**309**	**379.5**	**389.8**
Non-controlling interests	(47)	(14.0)	(13.4)	(102)	398.5	409.2
Underlying profit attributable to the parent	**95**	**(15.2)**	**(14.6)**	**207**	**370.7**	**380.8**
Balance sheet						
Loans and advances to customers	30,245	0.9	2.2	30,245	4.7	8.9
Cash, central banks and credit institutions	3,779	0.2	1.5	3,779	100.1	108.2
Debt instruments	13,011	(8.6)	(7.4)	13,011	(14.2)	(10.8)
Other financial assets	841	20.3	21.8	841	8.1	12.5
Other asset accounts	1,714	7.6	8.9	1,714	33.2	38.6
Total assets	**49,591**	**(1.3)**	**(0.1)**	**49,591**	**3.3**	**7.5**
Customer deposits	36,558	(3.6)	(2.4)	36,558	1.5	5.6
Central banks and credit institutions	4,644	10.0	11.4	4,644	103.1	111.4
Marketable debt securities	782	(15.4)	(14.3)	782	(68.3)	(67.0)
Other financial liabilities	1,160	10.6	11.9	1,160	37.4	42.9
Other liabilities accounts	1,609	27.8	29.4	1,609	29.7	35.0
Total liabilities	**44,753**	**(1.4)**	**(0.1)**	**44,753**	**4.4**	**8.7**
Total equity	**4,838**	**(1.1)**	**0.1**	**4,838**	**(6.4)**	**(2.6)**
Memorandum items:						
Gross loans and advances to customers [2]	30,972	0.4	1.7	30,972	3.6	7.8
Customer funds	39,684	(4.3)	(3.1)	39,684	(2.6)	1.3
Customer deposits [3]	*36,556*	*(3.6)*	*(2.4)*	*36,556*	*1.5*	*5.6*
Mutual funds	*3,128*	*(11.7)*	*(10.6)*	*3,128*	*(34.1)*	*(31.5)*
Ratios (%), operating means and customers						
Underlying RoTE	12.38	(2.59)		13.70	10.99	
Efficiency ratio	29.9	(2.6)		31.1	(11.2)	
NPL ratio	3.45	(0.04)		3.45	(1.13)	
Total coverage ratio	76.0	(2.5)		76.0	3.6	
Number of employees	10,468	1.5		10,468	0.2	
Number of branches	413	(1.7)		413	(12.3)	
Number of loyal customers (thousands)	2,307	1.6		2,307	6.5	
Number of digital customers (thousands)	3,170	1.3		3,170	11.2	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Other Europe

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	80	10.3	7.6	152	3.5	(0.5)
Net fee income	69	23.1	19.7	126	58.2	47.0
Gains (losses) on financial transactions [(1)]	21	2.2	(1.6)	42	107.6	77.7
Other operating income	(12)	—	—	(12)	(29.0)	(32.2)
Total income	**158**	**5.9**	**2.9**	**307**	**34.0**	**26.0**
Administrative expenses and amortizations	(158)	26.2	23.7	(282)	36.9	30.8
Net operating income	**1**	**(97.9)**	**—**	**25**	**8.6**	**(11.2)**
Net loan-loss provisions	(1)	(53.7)	(51.0)	(2)	(52.5)	(54.8)
Other gains (losses) and provisions	1	—	—	—	(85.2)	(85.3)
Profit before tax	**1**	**(95.8)**	**(99.5)**	**23**	**26.9**	**(0.3)**
Tax on profit	(1)	(80.1)	(84.4)	(6)	(14.2)	(27.7)
Profit from continuing operations	**—**	**—**	**—**	**17**	**52.6**	**15.0**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**—**	**—**	**—**	**17**	**52.6**	**15.0**
Non-controlling interests	1	614.0	614.0	1	199.4	197.7
Underlying profit attributable to the parent	**1**	**(96.2)**	**(99.8)**	**18**	**56.2**	**18.4**
Balance sheet						
Loans and advances to customers	13,547	(4.5)	(9.9)	13,547	5.0	(6.9)
Cash, central banks and credit institutions	4,640	36.2	29.4	4,640	(23.1)	(32.0)
Debt instruments	7,310	7.1	6.3	7,310	18.2	16.8
Other financial assets	2,125	83.7	73.1	2,125	572.7	379.6
Other asset accounts	2,157	(9.7)	(12.0)	2,157	(22.7)	(26.3)
Total assets	**29,779**	**6.5**	**2.1**	**29,779**	**5.5**	**(3.9)**
Customer deposits	4,914	9.5	3.6	4,914	54.3	38.4
Central banks and credit institutions	20,244	4.0	—	20,244	(6.7)	(14.9)
Marketable debt securities	—	—	—	—	—	975.0
Other financial liabilities	2,322	61.1	53.1	2,322	90.7	72.5
Other liabilities accounts	330	(25.2)	(25.4)	330	(19.1)	(19.6)
Total liabilities	**27,809**	**7.6**	**3.2**	**27,809**	**4.9**	**(4.4)**
Total equity	**1,970**	**(7.7)**	**(11.8)**	**1,970**	**14.6**	**3.1**
Memorandum items:						
Gross loans and advances to customers [(2)]	13,565	(4.5)	(9.8)	13,565	5.0	(6.9)
Customer funds	12,803	(3.7)	(5.5)	12,803	5.1	2.1
Customer deposits [(3)]	*4,740*	*10.0*	*3.9*	*4,740*	*57.5*	*40.4*
Mutual funds	*8,063*	*(10.2)*	*(10.2)*	*8,063*	*(12.1)*	*(12.1)*
Resources						
Number of employees	1,542	11.3		1,542	18.3	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

NORTH AMERICA

EUR million

		/ Q1'22			/ H1'21	
Underlying income statement	**Q2'22**	**%**	**% excl. FX**	**H1'22**	**%**	**% excl. FX**
Net interest income	2,352	10.3	4.0	4,483	13.5	3.1
Net fee income	494	11.6	4.7	937	8.8	(1.0)
Gains (losses) on financial transactions [(1)]	39	(51.2)	(55.3)	120	(7.4)	(15.9)
Other operating income	101	(27.7)	(31.9)	240	(50.1)	(54.9)
Total income	**2,986**	**6.9**	**0.6**	**5,780**	**6.6**	**(3.2)**
Administrative expenses and amortizations	(1,432)	13.7	7.4	(2,692)	14.9	4.6
Net operating income	**1,554**	**1.2**	**(5.0)**	**3,088**	**0.3**	**(9.1)**
Net loan-loss provisions	(524)	19.3	12.5	(962)	63.6	48.8
Other gains (losses) and provisions	(19)	(57.4)	(62.0)	(65)	442.9	396.7
Profit before tax	**1,011**	**(3.8)**	**(9.8)**	**2,061**	**(16.9)**	**(24.7)**
Tax on profit	(229)	(2.9)	(8.9)	(464)	(22.8)	(30.0)
Profit from continuing operations	**782**	**(4.0)**	**(10.0)**	**1,596**	**(15.0)**	**(23.0)**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**782**	**(4.0)**	**(10.0)**	**1,596**	**(15.0)**	**(23.0)**
Non-controlling interests	(10)	17.7	9.5	(18)	(93.8)	(94.4)
Underlying profit attributable to the parent	**772**	**(4.3)**	**(10.2)**	**1,578**	**(0.2)**	**(9.7)**
Balance sheet						
Loans and advances to customers	163,729	12.3	5.9	163,729	29.6	14.6
Cash, central banks and credit institutions	35,174	(4.4)	(9.8)	35,174	(5.1)	(16.0)
Debt instruments	45,137	15.1	8.9	45,137	27.1	12.8
Other financial assets	13,945	23.1	16.5	13,945	28.4	14.2
Other asset accounts	23,878	8.4	2.2	23,878	14.0	0.8
Total assets	**281,862**	**10.4**	**4.2**	**281,862**	**22.1**	**8.1**
Customer deposits	154,450	10.7	4.4	154,450	34.2	18.7
Central banks and credit institutions	31,023	9.8	3.9	31,023	1.1	(10.4)
Marketable debt securities	40,708	6.3	0.2	40,708	6.3	(6.1)
Other financial liabilities	20,813	38.0	30.8	20,813	46.5	30.4
Other liabilities accounts	6,764	5.2	(0.7)	6,764	12.5	(0.4)
Total liabilities	**253,758**	**11.5**	**5.2**	**253,758**	**24.2**	**9.9**
Total equity	**28,104**	**1.8**	**(3.9)**	**28,104**	**6.2**	**(5.9)**
Memorandum items:						
Gross loans and advances to customers [(2)]	151,578	7.2	1.1	151,578	20.6	6.7
Customer funds	151,098	3.6	(2.2)	151,098	16.2	2.8
Customer deposits [(3)]	*123,599*	*3.5*	*(2.3)*	*123,599*	*17.5*	*4.0*
Mutual funds	*27,498*	*3.9*	*(1.7)*	*27,498*	*10.4*	*(2.1)*
Ratios (%), operating means and customers						
Underlying RoTE	11.79	(0.72)		12.17	(2.08)	
Efficiency ratio	48.0	2.9		46.6	3.4	
NPL ratio	2.71	(0.12)		2.71	0.43	
Total coverage ratio	111.4	0.9		111.4	(40.9)	
Number of employees	43,779	(0.2)		43,779	5.1	
Number of branches	1,859	—		1,859	(3.2)	
Number of loyal customers (thousands)	4,477	2.6		4,477	8.3	
Number of digital customers (thousands)	6,959	1.0		6,959	9.4	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

United States

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	1,499	8.8	3.3	2,877	10.2	(0.1)
Net fee income	198	0.5	(4.8)	394	(8.8)	(17.3)
Gains (losses) on financial transactions (1)	31	(53.7)	(57.5)	98	9.2	(1.0)
Other operating income	126	(25.3)	(29.9)	296	(46.4)	(51.4)
Total income	**1,854**	**2.4**	**(3.0)**	**3,665**	**(0.5)**	**(9.8)**
Administrative expenses and amortizations	(883)	10.7	5.2	(1,682)	9.8	(0.5)
Net operating income	**970**	**(4.2)**	**(9.4)**	**1,984**	**(7.8)**	**(16.5)**
Net loan-loss provisions	(338)	32.2	26.0	(594)	280.2	244.6
Other gains (losses) and provisions	7	—	—	(12)	—	—
Profit before tax	**640**	**(13.3)**	**(18.2)**	**1,378**	**(31.0)**	**(37.4)**
Tax on profit	(133)	(14.2)	(19.1)	(288)	(39.7)	(45.4)
Profit from continuing operations	**507**	**(13.1)**	**(18.0)**	**1,090**	**(28.2)**	**(34.9)**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**507**	**(13.1)**	**(18.0)**	**1,090**	**(28.2)**	**(34.9)**
Non-controlling interests	—	—	—	—	(100.0)	(100.0)
Underlying profit attributable to the parent	**507**	**(13.1)**	**(18.0)**	**1,090**	**(13.0)**	**(21.2)**
Balance sheet						
Loans and advances to customers	124,681	14.1	7.3	124,681	33.0	17.2
Cash, central banks and credit institutions	21,368	(9.0)	(14.4)	21,368	(16.0)	(26.0)
Debt instruments	22,276	32.4	24.5	22,276	39.9	23.2
Other financial assets	5,859	22.3	15.0	5,859	63.8	44.3
Other asset accounts	19,455	8.2	1.7	19,455	12.7	(0.7)
Total assets	**193,639**	**12.3**	**5.6**	**193,639**	**24.2**	**9.4**
Customer deposits	113,256	13.6	6.8	113,256	42.7	25.7
Central banks and credit institutions	14,682	18.1	11.0	14,682	(15.6)	(25.7)
Marketable debt securities	32,489	3.7	(2.5)	32,489	1.1	(10.9)
Other financial liabilities	8,620	73.1	62.8	8,620	121.1	94.8
Other liabilities accounts	4,450	1.9	(4.2)	4,450	14.7	1.0
Total liabilities	**173,497**	**13.6**	**6.8**	**173,497**	**26.9**	**11.8**
Total equity	**20,142**	**2.9**	**(3.3)**	**20,142**	**4.7**	**(7.8)**
Memorandum items:						
Gross loans and advances to customers (2)	111,590	7.2	0.8	111,590	19.3	5.1
Customer funds	101,521	3.0	(3.1)	101,521	16.4	2.5
Customer deposits (3)	*88,015*	*3.6*	*(2.6)*	*88,015*	*18.8*	*4.7*
Mutual funds	*13,506*	*(0.7)*	*(6.6)*	*13,506*	*2.7*	*(9.5)*
Ratios (%), operating means and customers						
Underlying RoTE	10.49	(1.95)		11.50	(3.95)	
Efficiency ratio	47.7	3.6		45.9	4.3	
NPL ratio	2.64	(0.11)		2.64	0.64	
Total coverage ratio	121.0	(1.2)		121.0	(64.7)	
Number of employees	14,943	(3.9)		14,943	(4.3)	
Number of branches	486	(0.4)		486	(10.7)	
Number of loyal customers (thousands)	364	0.8		364	(4.9)	
Number of digital customers (thousands)	1,031	(1.2)		1,031	0.6	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Mexico

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	853	13.3	5.3	1,606	20.0	9.3
Net fee income	283	15.5	7.4	529	27.6	16.2
Gains (losses) on financial transactions (1)	9	(32.1)	(38.4)	22	(45.8)	(50.7)
Other operating income	(30)	3.1	(4.5)	(60)	(4.3)	(12.8)
Total income	**1,115**	**13.6**	**5.6**	**2,096**	**21.2**	**10.3**
Administrative expenses and amortizations	(498)	15.2	7.1	(930)	23.7	12.6
Net operating income	**617**	**12.3**	**4.4**	**1,166**	**19.2**	**8.6**
Net loan-loss provisions	(184)	0.5	(7.0)	(367)	(15.0)	(22.6)
Other gains (losses) and provisions	(26)	(0.2)	(7.6)	(53)	361.0	319.8
Profit before tax	**407**	**19.6**	**11.4**	**747**	**39.6**	**27.1**
Tax on profit	(99)	19.9	11.6	(182)	43.5	30.7
Profit from continuing operations	**308**	**19.5**	**11.3**	**565**	**38.4**	**26.0**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**308**	**19.5**	**11.3**	**565**	**38.4**	**26.0**
Non-controlling interests	(11)	24.9	16.5	(19)	(37.0)	(42.6)
Underlying profit attributable to the parent	**297**	**19.3**	**11.1**	**546**	**44.5**	**31.6**

Balance sheet	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Loans and advances to customers	39,007	6.8	1.5	39,007	19.6	6.8
Cash, central banks and credit institutions	13,499	2.7	(2.3)	13,499	18.2	5.6
Debt instruments	22,860	2.1	(2.9)	22,860	16.7	4.3
Other financial assets	7,915	21.1	15.1	7,915	8.6	(2.9)
Other asset accounts	4,179	10.6	5.2	4,179	21.9	8.9
Total assets	**87,459**	**6.2**	**1.0**	**87,459**	**17.6**	**5.1**
Customer deposits	41,011	2.9	(2.2)	41,011	14.8	2.6
Central banks and credit institutions	16,211	2.8	(2.2)	16,211	22.2	9.2
Marketable debt securities	8,219	17.9	12.2	8,219	33.3	19.1
Other financial liabilities	12,026	19.5	13.6	12,026	17.2	4.7
Other liabilities accounts	2,262	10.7	5.3	2,262	7.2	(4.3)
Total liabilities	**79,729**	**6.7**	**1.5**	**79,729**	**18.1**	**5.5**
Total equity	**7,730**	**0.7**	**(4.2)**	**7,730**	**13.3**	**1.2**

Memorandum items:	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Gross loans and advances to customers (2)	39,943	7.2	2.0	39,943	24.4	11.2
Customer funds	49,393	4.4	(0.7)	49,393	15.2	2.9
Customer deposits (3)	*35,401*	*2.8*	*(2.2)*	*35,401*	*13.8*	*1.7*
Mutual funds	*13,992*	*8.8*	*3.5*	*13,992*	*18.9*	*6.2*

Ratios (%), operating means and customers	Q2'22	/ Q1'22		H1'22	/ H1'21	
Underlying RoTE	16.83	2.12		15.81	2.79	
Efficiency ratio	44.6	0.6		44.4	0.9	
NPL ratio	2.95	(0.14)		2.95	(0.15)	
Total coverage ratio	84.1	4.6		84.1	(6.5)	
Number of employees	28,236	1.6		28,236	10.5	
Number of branches	1,373	0.1		1,373	(0.2)	
Number of loyal customers (thousands)	4,113	2.8		4,113	9.7	
Number of digital customers (thousands)	5,762	1.7		5,762	11.6	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Other North America

EUR million

		/ Q1'22			/ H1'21	
Underlying income statement	**Q2'22**	**%**	**% excl. FX**	**H1'22**	**%**	**% excl. FX**
Net interest income	—	—	—	—	32.6	32.6
Net fee income	13	—	—	14	(1.9)	(1.9)
Gains (losses) on financial transactions (1)	—	—	—	1	165.7	165.7
Other operating income	5	—	—	4	—	—
Total income	**17**	**897.3**	**897.3**	**19**	**157.9**	**157.9**
Administrative expenses and amortizations	(51)	73.1	73.0	(81)	36.3	36.3
Net operating income	**(34)**	**21.6**	**21.5**	**(62)**	**18.9**	**18.9**
Net loan-loss provisions	(1)	—	—	(1)	—	—
Other gains (losses) and provisions	—	899.8	899.8	(1)	(15.9)	(15.9)
Profit before tax	**(36)**	**28.5**	**28.4**	**(64)**	**21.2**	**21.2**
Tax on profit	3	66.0	65.1	5	84.4	84.4
Profit from continuing operations	**(33)**	**25.8**	**25.7**	**(59)**	**17.8**	**17.8**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**(33)**	**25.8**	**25.7**	**(59)**	**17.8**	**17.8**
Non-controlling interests	1	614.0	614.0	1	216.7	216.7
Underlying profit attributable to the parent	**(32)**	**23.5**	**23.4**	**(58)**	**16.8**	**16.8**
Balance sheet						
Loans and advances to customers	41	526.5	526.5	41	129.2	129.2
Cash, central banks and credit institutions	308	61.3	61.3	308	43.9	43.9
Debt instruments	—	—	—	—	—	—
Other financial assets	171	—	—	171	—	—
Other asset accounts	243	(8.8)	(8.8)	243	(8.4)	(8.4)
Total assets	**764**	**64.4**	**64.4**	**764**	**53.1**	**53.1**
Customer deposits	184	—	—	184	—	—
Central banks and credit institutions	130	144.5	144.4	130	706.9	706.9
Marketable debt securities	—	—	—	—	—	—
Other financial liabilities	167	424.0	424.0	167	260.5	260.5
Other liabilities accounts	51	164.0	164.0	51	126.9	126.9
Total liabilities	**532**	**357.9**	**357.8**	**532**	**457.5**	**457.5**
Total equity	**232**	**(33.4)**	**(33.4)**	**232**	**(42.5)**	**(42.5)**
Memorandum items:						
Gross loans and advances to customers (2)	45	556.9	556.9	45	141.2	141.2
Customer funds	184	—	—	184	—	—
Customer deposits (3)	*184*	—	—	*184*	—	—
Mutual funds	—	—	—	—	—	—
Resources						
Number of employees	600	11.9		600	16.1	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

SOUTH AMERICA

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	3,390	11.6	4.0	6,427	20.7	9.2
Net fee income	1,162	14.8	6.9	2,175	22.9	10.0
Gains (losses) on financial transactions [1]	380	68.6	64.9	606	58.2	48.0
Other operating income	(195)	142.6	183.4	(275)	56.9	64.8
Total income	**4,738**	**12.9**	**4.9**	**8,933**	**22.3**	**10.2**
Administrative expenses and amortizations	(1,669)	12.5	6.1	(3,153)	25.2	15.7
Net operating income	**3,069**	**13.2**	**4.3**	**5,780**	**20.8**	**7.4**
Net loan-loss provisions	(1,335)	33.6	22.9	(2,333)	56.4	37.8
Other gains (losses) and provisions	(130)	(13.8)	(19.2)	(281)	49.7	40.0
Profit before tax	**1,604**	**2.7**	**(5.4)**	**3,165**	**1.9**	**(9.3)**
Tax on profit	(389)	(23.6)	(31.8)	(897)	(24.7)	(34.6)
Profit from continuing operations	**1,215**	**15.5**	**7.5**	**2,268**	**18.5**	**7.1**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**1,215**	**15.5**	**7.5**	**2,268**	**18.5**	**7.1**
Non-controlling interests	(169)	10.6	4.6	(322)	17.2	10.6
Underlying profit attributable to the parent	**1,046**	**16.3**	**7.9**	**1,946**	**18.7**	**6.6**

Balance sheet	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Loans and advances to customers	140,767	(0.9)	4.6	140,767	12.8	11.0
Cash, central banks and credit institutions	51,061	2.3	6.7	51,061	1.2	(1.7)
Debt instruments	59,378	(1.5)	3.2	59,378	18.9	13.7
Other financial assets	24,049	25.6	36.0	24,049	93.1	96.8
Other asset accounts	18,746	3.0	7.9	18,746	15.4	11.3
Total assets	**294,001**	**1.5**	**6.9**	**294,001**	**15.8**	**13.1**
Customer deposits	134,690	(1.3)	3.6	134,690	8.2	5.7
Central banks and credit institutions	47,517	4.5	10.1	47,517	6.2	3.2
Marketable debt securities	32,457	1.5	7.5	32,457	41.3	40.6
Other financial liabilities	45,501	9.7	16.2	45,501	43.4	39.7
Other liabilities accounts	10,819	3.2	9.4	10,819	18.3	13.8
Total liabilities	**270,984**	**1.9**	**7.3**	**270,984**	**16.3**	**13.6**
Total equity	**23,017**	**(2.8)**	**2.2**	**23,017**	**10.7**	**7.5**

Memorandum items:	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Gross loans and advances to customers [2]	147,965	(0.7)	4.8	147,965	13.8	11.9
Customer funds	181,506	(1.5)	3.4	181,506	7.8	5.1
Customer deposits [3]	*124,100*	*—*	*5.0*	*124,100*	*7.4*	*5.4*
Mutual funds	*57,407*	*(4.5)*	*(0.1)*	*57,407*	*8.8*	*4.5*

Ratios (%), operating means and customers	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Underlying RoTE	21.43	1.60		20.80	0.57	
Efficiency ratio	35.2	(0.2)		35.3	0.8	
NPL ratio	5.39	0.33		5.39	1.02	
Total coverage ratio	86.9	(5.3)		86.9	(11.2)	
Number of employees	75,588	(0.3)		75,588	12.5	
Number of branches	3,786	(0.4)		3,786	(0.1)	
Number of loyal customers (thousands)	11,147	1.7		11,147	15.7	
Number of digital customers (thousands)	25,269	1.5		25,269	11.4	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Brazil

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	2,279	6.4	(4.9)	4,421	19.6	2.1
Net fee income	857	15.4	3.7	1,600	20.3	2.6
Gains (losses) on financial transactions (1)	245	171.6	151.3	335	63.3	39.3
Other operating income	(7)	—	—	36	—	—
Total income	**3,374**	**11.8**	**0.2**	**6,393**	**23.0**	**4.9**
Administrative expenses and amortizations	(1,022)	9.9	(1.6)	(1,951)	29.9	10.8
Net operating income	**2,352**	**12.6**	**1.0**	**4,442**	**20.1**	**2.5**
Net loan-loss provisions	(1,163)	36.6	23.6	(2,015)	64.8	40.6
Other gains (losses) and provisions	(43)	(62.2)	(69.8)	(157)	26.4	7.8
Profit before tax	**1,146**	**2.0**	**(9.0)**	**2,270**	**(3.4)**	**(17.6)**
Tax on profit	(327)	(22.6)	(32.3)	(751)	(28.1)	(38.7)
Profit from continuing operations	**819**	**16.9**	**5.1**	**1,519**	**16.3**	**(0.8)**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**819**	**16.9**	**5.1**	**1,519**	**16.3**	**(0.8)**
Non-controlling interests	(81)	11.4	(0.2)	(154)	20.4	2.7
Underlying profit attributable to the parent	**737**	**17.5**	**5.7**	**1,365**	**15.9**	**(1.1)**

Balance sheet	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Loans and advances to customers	85,642	(0.6)	3.0	85,642	16.2	7.1
Cash, central banks and credit institutions	37,700	4.6	8.4	37,700	15.5	6.4
Debt instruments	41,215	(6.7)	(3.3)	41,215	9.4	0.8
Other financial assets	8,344	3.5	7.3	8,344	40.0	29.0
Other asset accounts	13,387	2.3	6.0	13,387	14.1	5.2
Total assets	**186,289**	**(0.7)**	**2.9**	**186,289**	**15.2**	**6.2**
Customer deposits	86,561	(1.0)	2.6	86,561	13.0	4.1
Central banks and credit institutions	27,661	(2.6)	1.0	27,661	(4.1)	(11.6)
Marketable debt securities	22,359	1.6	5.3	22,359	64.9	51.9
Other financial liabilities	28,255	(0.8)	2.8	28,255	25.9	16.0
Other liabilities accounts	6,084	4.6	8.5	6,084	(8.4)	(15.6)
Total liabilities	**170,920**	**(0.7)**	**2.9**	**170,920**	**15.4**	**6.3**
Total equity	**15,369**	**(0.4)**	**3.3**	**15,369**	**13.1**	**4.2**
Memorandum items:						
Gross loans and advances to customers (2)	91,266	(0.2)	3.5	91,266	18.0	8.7
Customer funds	121,810	(0.6)	3.0	121,810	11.4	2.7
Customer deposits (3)	*76,693*	*1.9*	*5.6*	*76,693*	*13.2*	*4.3*
Mutual funds	*45,118*	*(4.5)*	*(1.0)*	*45,118*	*8.6*	—

Ratios (%), operating means and customers	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Underlying RoTE	21.93	0.95		21.46	(0.61)	
Efficiency ratio	30.3	(0.5)		30.5	1.6	
NPL ratio	6.34	0.66		6.34	1.79	
Total coverage ratio	92.3	(8.8)		92.3	(20.0)	
Number of employees	53,743	(0.2)		53,743	19.1	
Number of branches	2,936	(0.7)		2,936	(0.1)	
Number of loyal customers (thousands)	8,534	2.4		8,534	19.4	
Number of digital customers (thousands)	19,847	1.1		19,847	13.6	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Chile

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	554	14.8	14.0	1,038	3.0	7.0
Net fee income	110	(2.1)	(2.8)	222	16.4	21.0
Gains (losses) on financial transactions [1]	49	(23.8)	(24.4)	114	41.9	47.6
Other operating income	(7)	(33.2)	(33.8)	(17)	(40.4)	(38.0)
Total income	**707**	**8.7**	**8.0**	**1,357**	**8.5**	**12.8**
Administrative expenses and amortizations	(255)	8.8	8.1	(489)	1.7	5.7
Net operating income	**452**	**8.7**	**8.0**	**868**	**12.7**	**17.2**
Net loan-loss provisions	(110)	16.4	15.6	(205)	12.8	17.3
Other gains (losses) and provisions	(19)	—	—	(17)	—	—
Profit before tax	**323**	**0.2**	**(0.5)**	**646**	**9.2**	**13.5**
Tax on profit	(31)	(43.9)	(44.5)	(86)	(31.0)	(28.3)
Profit from continuing operations	**292**	**9.3**	**8.5**	**560**	**19.9**	**24.6**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**292**	**9.3**	**8.5**	**560**	**19.9**	**24.6**
Non-controlling interests	(88)	10.8	10.1	(168)	15.0	19.6
Underlying profit attributable to the parent	**204**	**8.6**	**7.9**	**391**	**22.1**	**26.9**

Balance sheet	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Loans and advances to customers	39,247	(6.4)	4.9	39,247	(1.7)	11.6
Cash, central banks and credit institutions	7,310	(6.6)	4.6	7,310	(37.8)	(29.4)
Debt instruments	10,829	7.9	21.0	10,829	30.2	47.8
Other financial assets	15,450	40.8	57.8	15,450	145.5	178.6
Other asset accounts	3,401	9.6	22.8	3,401	18.0	33.8
Total assets	**76,237**	**3.2**	**15.6**	**76,237**	**10.2**	**25.1**
Customer deposits	28,014	(10.7)	—	28,014	(15.9)	(4.6)
Central banks and credit institutions	14,432	18.5	32.8	14,432	23.7	40.4
Marketable debt securities	9,445	(0.4)	11.6	9,445	4.0	18.0
Other financial liabilities	15,991	34.2	50.4	15,991	87.8	113.2
Other liabilities accounts	3,865	7.4	20.3	3,865	106.6	134.5
Total liabilities	**71,746**	**4.7**	**17.3**	**71,746**	**11.3**	**26.3**
Total equity	**4,491**	**(15.6)**	**(5.5)**	**4,491**	**(4.7)**	**8.1**

Memorandum items:						
Gross loans and advances to customers [2]	40,389	(6.4)	4.9	40,389	(1.8)	11.4
Customer funds	34,989	(11.3)	(0.6)	34,989	(17.3)	(6.2)
Customer deposits [3]	*27,292*	*(12.4)*	*(1.9)*	*27,292*	*(18.0)*	*(6.9)*
Mutual funds	*7,697*	*(7.1)*	*4.0*	*7,697*	*(14.8)*	*(3.3)*

Ratios (%), operating means and customers	Q2'22	/ Q1'22		H1'22	/ H1'21	
Underlying RoTE	23.94	2.58		22.74	4.14	
Efficiency ratio	36.1	—		36.0	(2.4)	
NPL ratio	4.70	(0.01)		4.70	0.13	
Total coverage ratio	60.4	(0.4)		60.4	(3.5)	
Number of employees	9,921	(3.1)		9,921	(6.7)	
Number of branches	306	(2.5)		306	(7.8)	
Number of loyal customers (thousands)	816	(1.8)		816	5.0	
Number of digital customers (thousands)	1,963	(1.7)		1,963	5.1	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Argentina

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	432	44.1	58.9	732	67.4	92.9
Net fee income	143	18.6	31.9	264	63.4	88.3
Gains (losses) on financial transactions (1)	63	20.5	33.9	115	75.2	101.8
Other operating income	(180)	65.4	81.6	(289)	180.3	223.0
Total income	**458**	**25.8**	**39.6**	**821**	**46.4**	**68.7**
Administrative expenses and amortizations	(260)	20.1	33.5	(477)	36.5	57.3
Net operating income	**198**	**34.3**	**48.6**	**345**	**62.9**	**87.7**
Net loan-loss provisions	(33)	(15.2)	(4.0)	(72)	48.0	70.6
Other gains (losses) and provisions	(67)	78.4	95.4	(105)	61.0	85.5
Profit before tax	**97**	**38.0**	**52.5**	**168**	**71.5**	**97.7**
Tax on profit	(11)	1.9	14.2	(22)	—	—
Profit from continuing operations	**86**	**44.6**	**59.5**	**146**	**36.6**	**57.4**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**86**	**44.6**	**59.5**	**146**	**36.6**	**57.4**
Non-controlling interests	—	(8.7)	3.0	—	(42.1)	(33.3)
Underlying profit attributable to the parent	**86**	**44.8**	**59.7**	**145**	**37.2**	**58.0**

Balance sheet	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Loans and advances to customers	6,098	11.3	18.0	6,098	36.8	57.6
Cash, central banks and credit institutions	3,615	30.1	38.0	3,615	12.7	29.9
Debt instruments	4,511	4.6	11.0	4,511	106.2	137.6
Other financial assets	35	15.6	22.6	35	(54.9)	(48.0)
Other asset accounts	1,062	2.0	8.2	1,062	27.2	46.5
Total assets	**15,320**	**12.3**	**19.1**	**15,320**	**42.3**	**64.0**
Customer deposits	11,279	14.0	21.0	11,279	44.8	66.9
Central banks and credit institutions	719	37.4	45.8	719	(13.0)	0.3
Marketable debt securities	156	(14.0)	(8.8)	156	146.3	183.8
Other financial liabilities	956	3.2	9.5	956	41.7	63.2
Other liabilities accounts	400	(31.7)	(27.5)	400	27.5	46.9
Total liabilities	**13,510**	**11.6**	**18.4**	**13,510**	**39.8**	**61.1**
Total equity	**1,810**	**17.9**	**25.1**	**1,810**	**64.5**	**89.5**
Memorandum items:						
Gross loans and advances to customers (2)	6,336	10.3	17.0	6,336	34.4	54.9
Customer funds	14,822	10.9	17.7	14,822	49.8	72.6
Customer deposits (3)	*11,279*	*14.0*	*21.0*	*11,279*	*44.8*	*66.9*
Mutual funds	*3,543*	*2.1*	*8.3*	*3,543*	*67.9*	*93.5*

Ratios (%), operating means and customers	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Underlying RoTE	23.13	4.80		20.93	(2.67)	
Efficiency ratio	56.8	(2.7)		58.0	(4.2)	
NPL ratio	2.48	(0.73)		2.48	(0.86)	
Total coverage ratio	171.1	9.4		171.1	3.5	
Number of employees	8,514	(0.4)		8,514	(3.4)	
Number of branches	407	—		407	(0.2)	
Number of loyal customers (thousands)	1,632	1.2		1,632	4.0	
Number of digital customers (thousands)	2,850	7.4		2,850	4.9	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

Other South America

EUR million

		/ Q1'22			/ H1'21	
Underlying income statement	**Q2'22**	**%**	**% excl. FX**	**H1'22**	**%**	**% excl. FX**
Net interest income	125	12.2	2.3	236	27.4	14.3
Net fee income	52	38.8	27.8	90	2.9	(5.7)
Gains (losses) on financial transactions [(1)]	23	25.0	16.6	41	31.4	21.1
Other operating income	(1)	(81.4)	(85.2)	(6)	(52.7)	(55.2)
Total income	**199**	**22.6**	**12.3**	**362**	**23.7**	**11.8**
Administrative expenses and amortizations	(132)	27.4	19.8	(236)	27.3	18.5
Net operating income	**67**	**14.0**	**(0.5)**	**126**	**17.5**	**1.0**
Net loan-loss provisions	(28)	113.4	97.4	(41)	5.5	(4.2)
Other gains (losses) and provisions	(1)	59.9	44.4	(2)	30.8	17.6
Profit before tax	**37**	**(16.2)**	**(29.6)**	**82**	**24.3**	**3.4**
Tax on profit	(19)	(0.9)	(10.2)	(39)	23.1	11.2
Profit from continuing operations	**18**	**(28.1)**	**(44.0)**	**43**	**25.4**	**(2.8)**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**18**	**(28.1)**	**(44.0)**	**43**	**25.4**	**(2.8)**
Non-controlling interests	1	553.5	550.5	1	171.3	167.1
Underlying profit attributable to the parent	**19**	**(25.4)**	**(41.5)**	**44**	**26.7**	**(1.6)**
Balance sheet						
Loans and advances to customers	9,780	15.7	11.2	9,780	45.5	26.0
Cash, central banks and credit institutions	2,436	(25.5)	(30.1)	2,436	(14.6)	(28.4)
Debt instruments	2,823	58.4	48.4	2,823	58.5	33.6
Other financial assets	220	186.6	180.5	220	72.6	58.4
Other asset accounts	895	(6.9)	(9.4)	895	12.3	5.7
Total assets	**16,154**	**11.0**	**5.9**	**16,154**	**31.6**	**13.3**
Customer deposits	8,836	13.1	5.5	8,836	30.2	8.0
Central banks and credit institutions	4,706	7.0	6.5	4,706	37.6	26.1
Marketable debt securities	497	65.1	53.0	497	90.4	57.7
Other financial liabilities	299	81.7	75.8	299	174.2	151.1
Other liabilities accounts	470	(3.1)	(8.3)	470	46.1	24.9
Total liabilities	**14,807**	**12.5**	**7.3**	**14,807**	**35.9**	**16.4**
Total equity	**1,347**	**(2.8)**	**(7.0)**	**1,347**	**(2.4)**	**(12.3)**
Memorandum items:						
Gross loans and advances to customers [(2)]	9,973	15.7	11.1	9,973	45.1	25.6
Customer funds	9,885	10.9	3.1	9,885	44.7	20.0
Customer deposits [(3)]	*8,836*	*13.1*	*5.5*	*8,836*	*30.2*	*8.0*
Mutual funds	*1,049*	*(4.8)*	*(13.3)*	*1,049*	—	—
Resources						
Number of employees	3,410	8.8		3,410	29.1	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

DIGITAL CONSUMER BANK

EUR million

		/ Q1'22			/ H1'21	
Underlying income statement	**Q2'22**	**%**	**% excl. FX**	**H1'22**	**%**	**% excl. FX**
Net interest income	1,012	(0.7)	(0.5)	2,032	1.1	0.6
Net fee income	219	6.1	6.2	425	7.5	7.5
Gains (losses) on financial transactions [1]	18	—	—	18	96.8	96.0
Other operating income	12	(86.1)	(85.9)	98	37.6	31.7
Total income	**1,261**	**(3.9)**	**(3.6)**	**2,573**	**3.5**	**3.0**
Administrative expenses and amortizations	(603)	(6.5)	(6.3)	(1,248)	2.8	2.5
Net operating income	**658**	**(1.3)**	**(1.1)**	**1,325**	**4.2**	**3.4**
Net loan-loss provisions	(139)	(5.9)	(5.8)	(287)	(6.8)	(7.0)
Other gains (losses) and provisions	(11)	(36.3)	(36.1)	(28)	(62.9)	(62.6)
Profit before tax	**508**	**1.3**	**1.5**	**1,010**	**13.7**	**12.5**
Tax on profit	(122)	10.8	11.0	(233)	1.6	1.2
Profit from continuing operations	**385**	**(1.4)**	**(1.2)**	**777**	**17.9**	**16.5**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**385**	**(1.4)**	**(1.2)**	**777**	**17.9**	**16.5**
Non-controlling interests	(96)	(12.5)	(12.3)	(205)	18.1	17.8
Underlying profit attributable to the parent	**290**	**2.8**	**3.2**	**572**	**17.9**	**16.0**
Balance sheet						
Loans and advances to customers	116,796	2.3	3.2	116,796	3.6	3.9
Cash, central banks and credit institutions	14,484	(17.8)	(17.1)	14,484	(16.0)	(15.8)
Debt instruments	7,830	48.0	49.0	7,830	36.5	37.2
Other financial assets	134	34.3	35.0	134	223.5	224.3
Other asset accounts	7,627	4.0	4.5	7,627	17.7	17.6
Total assets	**146,871**	**1.6**	**2.5**	**146,871**	**3.3**	**3.5**
Customer deposits	57,556	1.1	2.0	57,556	6.5	6.8
Central banks and credit institutions	39,369	6.7	7.8	39,369	6.8	6.9
Marketable debt securities	31,043	(3.0)	(2.2)	31,043	(8.0)	(7.8)
Other financial liabilities	1,687	9.8	10.5	1,687	16.0	16.3
Other liabilities accounts	4,632	3.6	4.2	4,632	10.1	10.3
Total liabilities	**134,286**	**1.9**	**2.7**	**134,286**	**3.1**	**3.3**
Total equity	**12,584**	**(1.1)**	**0.3**	**12,584**	**5.4**	**5.9**
Memorandum items:						
Gross loans and advances to customers [2]	119,348	2.2	3.2	119,348	3.3	3.6
Customer funds	59,765	0.8	1.6	59,765	6.4	6.7
Customer deposits [3]	*57,556*	*1.1*	*2.0*	*57,556*	*6.5*	*6.8*
Mutual funds	*2,209*	*(7.3)*	*(7.3)*	*2,209*	*2.8*	*2.8*
Ratios (%), operating means and customers						
Underlying RoTE	11.39	(1.21)		11.99	1.65	
Efficiency ratio	47.8	(1.4)		48.5	(0.3)	
NPL ratio	2.22	(0.04)		2.22	0.05	
Total coverage ratio	97.4	(1.9)		97.4	(14.4)	
Number of employees	15,894	0.2		15,894	0.4	
Number of branches	370	(0.3)		370	17.8	
Number of total customers (thousands)	19,388	1.1		19,388	(0.2)	

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

CORPORATE CENTRE

EUR million

Underlying income statement	Q2'22	Q1'22	%	H1'22	H1'21	%
Net interest income	(181)	(172)	5.0	(353)	(297)	18.9
Net fee income	2	(3)	—	(1)	(13)	(92.8)
Gains (losses) on financial transactions [1]	(253)	(119)	113.0	(371)	(96)	288.4
Other operating income	(15)	(7)	108.9	(22)	(12)	82.6
Total income	**(446)**	**(301)**	**48.1**	**(747)**	**(418)**	**78.8**
Administrative expenses and amortizations	(92)	(87)	6.0	(179)	(160)	12.3
Net operating income	**(538)**	**(388)**	**38.7**	**(926)**	**(577)**	**60.4**
Net loan-loss provisions	(4)	(1)	268.2	(5)	(163)	(96.7)
Other gains (losses) and provisions	(34)	(48)	(28.2)	(82)	(66)	25.0
Profit before tax	**(577)**	**(437)**	**32.0**	**(1,014)**	**(806)**	**25.8**
Tax on profit	(1)	(25)	(96.7)	(26)	(5)	434.9
Profit from continuing operations	**(577)**	**(462)**	**24.9**	**(1,040)**	**(811)**	**28.2**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**(577)**	**(462)**	**24.9**	**(1,040)**	**(811)**	**28.2**
Non-controlling interests	—	—	—	—	(1)	(98.6)
Underlying profit attributable to the parent	**(577)**	**(462)**	**25.0**	**(1,040)**	**(812)**	**28.1**

Balance sheet	Q2'22	Q1'22	%	H1'22	H1'21	%
Loans and advances to customers	7,087	6,901	2.7	7,087	5,832	21.5
Cash, central banks and credit institutions	108,644	87,582	24.0	108,644	71,908	51.1
Debt instruments	6,928	5,000	38.6	6,928	1,605	331.7
Other financial assets	522	2,261	(76.9)	522	2,016	(74.1)
Other asset accounts	129,429	132,306	(2.2)	129,429	118,374	9.3
Total assets	**252,610**	**234,051**	**7.9**	**252,610**	**199,736**	**26.5**
Customer deposits	928	1,193	(22.2)	928	1,017	(8.8)
Central banks and credit institutions	69,730	57,936	20.4	69,730	38,664	80.3
Marketable debt securities	84,309	75,134	12.2	84,309	69,217	21.8
Other financial liabilities	287	947	(69.7)	287	534	(46.3)
Other liabilities accounts	9,063	8,162	11.0	9,063	8,009	13.2
Total liabilities	**164,317**	**143,371**	**14.6**	**164,317**	**117,441**	**39.9**
Total equity	**88,292**	**90,679**	**(2.6)**	**88,292**	**82,295**	**7.3**

Memorandum items:	Q2'22	Q1'22	%	H1'22	H1'21	%
Gross loans and advances to customers [2]	7,172	6,962	3.0	7,172	6,138	16.9
Customer funds	928	1,193	(22.2)	928	1,021	(9.2)
Customer deposits [3]	*928*	*1,193*	*(22.2)*	*928*	*1,017*	*(8.8)*
Mutual funds	—	—	—	—	*4*	*(100.0)*

Resources	Q2'22	Q1'22	%	H1'22	H1'21	%
Number of employees	1,811	1,747	3.7	1,811	1,743	3.9

(1) Includes exchange differences.
(2) Excluding reverse repos.
(3) Excluding repos.

RETAIL BANKING

EUR million

		/ Q1'22			/ H1'21	
Underlying income statement	Q2'22	%	% excl. FX	H1'22	%	% excl. FX
Net interest income	8,620	6.5	2.6	16,714	12.5	5.7
Net fee income	1,975	8.8	4.9	3,791	8.7	2.6
Gains (losses) on financial transactions [(1)]	153	189.2	210.0	206	(46.5)	(48.2)
Other operating income	(208)	—	—	(76)	—	—
Total income	**10,541**	**4.4**	**0.5**	**20,635**	**8.6**	**2.0**
Administrative expenses and amortizations	(4,626)	5.1	2.2	(9,025)	7.9	2.9
Net operating income	**5,915**	**3.9**	**(0.8)**	**11,610**	**9.2**	**1.3**
Net loan-loss provisions	(2,621)	24.2	17.8	(4,732)	34.9	25.8
Other gains (losses) and provisions	(456)	7.2	4.8	(881)	3.4	1.2
Profit before tax	**2,838**	**(10.2)**	**(14.0)**	**5,997**	**(4.4)**	**(12.2)**
Tax on profit	(650)	(23.3)	(27.6)	(1,499)	(26.0)	(32.8)
Profit from continuing operations	**2,188**	**(5.3)**	**(9.0)**	**4,499**	**5.9**	**(2.1)**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**2,188**	**(5.3)**	**(9.0)**	**4,499**	**5.9**	**(2.1)**
Non-controlling interests	(251)	(1.6)	(3.9)	(507)	(24.3)	(28.6)
Underlying profit attributable to the parent	**1,936**	**(5.8)**	**(9.7)**	**3,991**	**11.6**	**2.7**

(1) Includes exchange differences.

CORPORATE & INVESTMENT BANKING

EUR million

		/ Q1'22			/ H1'21	
Underlying income statement	Q2'22	%	% excl. FX	H1'22	%	% excl. FX
Net interest income	928	18.1	14.5	1,714	21.8	16.4
Net fee income	506	(3.0)	(5.9)	1,027	15.5	9.9
Gains (losses) on financial transactions [(1)]	429	1.5	(2.3)	851	55.9	48.4
Other operating income	(13)	—	—	20	(25.8)	(19.8)
Total income	**1,849**	**4.9**	**1.4**	**3,612**	**25.9**	**20.2**
Administrative expenses and amortizations	(673)	9.5	6.5	(1,289)	16.6	11.9
Net operating income	**1,176**	**2.5**	**(1.3)**	**2,324**	**31.7**	**25.4**
Net loan-loss provisions	10	(25.3)	(26.8)	23	—	—
Other gains (losses) and provisions	(36)	93.1	89.4	(55)	630.1	—
Profit before tax	**1,149**	**0.7**	**(3.1)**	**2,291**	**35.7**	**28.5**
Tax on profit	(325)	(1.1)	(6.1)	(654)	37.6	27.9
Profit from continuing operations	**824**	**1.4**	**(1.8)**	**1,637**	**35.0**	**28.7**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**824**	**1.4**	**(1.8)**	**1,637**	**35.0**	**28.7**
Non-controlling interests	(52)	(2.6)	(6.9)	(106)	45.7	34.2
Underlying profit attributable to the parent	**772**	**1.7**	**(1.4)**	**1,531**	**34.3**	**28.4**

(1) Includes exchange differences.

WEALTH MANAGEMENT & INSURANCE

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	184	26.4	23.8	329	44.3	39.0
Net fee income	334	4.0	1.6	655	9.9	5.2
Gains (losses) on financial transactions (1)	29	(4.0)	(5.9)	58	(1.7)	(4.7)
Other operating income	89	(1.7)	(6.4)	179	(0.5)	(3.3)
Total income	**635**	**8.3**	**5.4**	**1,222**	**14.9**	**10.5**
Administrative expenses and amortizations	(252)	3.1	0.2	(496)	10.5	5.5
Net operating income	**384**	**12.0**	**9.2**	**726**	**18.1**	**14.2**
Net loan-loss provisions	(9)	—	—	(8)	(14.5)	(13.8)
Other gains (losses) and provisions	(8)	66.6	64.2	(13)	103.9	106.2
Profit before tax	**367**	**8.5**	**5.7**	**705**	**17.7**	**13.7**
Tax on profit	(81)	3.4	1.3	(159)	9.9	6.7
Profit from continuing operations	**286**	**10.1**	**7.0**	**546**	**20.2**	**15.9**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**286**	**10.1**	**7.0**	**546**	**20.2**	**15.9**
Non-controlling interests	(16)	6.1	2.4	(30)	41.2	35.7
Underlying profit attributable to the parent	**270**	**10.3**	**7.3**	**515**	**19.2**	**14.9**

(1) Includes exchange differences.

PAGONXT

EUR million

Underlying income statement	Q2'22	/ Q1'22 %	/ Q1'22 % excl. FX	H1'22	/ H1'21 %	/ H1'21 % excl. FX
Net interest income	3	85.6	72.1	5	—	—
Net fee income	222	41.2	30.9	379	82.0	63.3
Gains (losses) on financial transactions (1)	(2)	—	—	(1)	—	—
Other operating income	13	501.1	446.2	15	—	—
Total income	**236**	**45.6**	**35.0**	**398**	**110.1**	**86.8**
Administrative expenses and amortizations	(258)	35.6	30.5	(447)	50.2	42.9
Net operating income	**(22)**	**(22.2)**	**(0.3)**	**(50)**	**(54.3)**	**(50.5)**
Net loan-loss provisions	(9)	222.5	198.9	(11)	142.2	107.2
Other gains (losses) and provisions	(3)	171.4	153.4	(4)	(28.6)	(31.6)
Profit before tax	**(33)**	**4.6**	**24.8**	**(64)**	**(45.5)**	**(41.8)**
Tax on profit	(15)	(28.7)	(39.3)	(36)	278.7	180.4
Profit from continuing operations	**(48)**	**(8.8)**	**(3.4)**	**(101)**	**(21.2)**	**(18.6)**
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	**(48)**	**(8.8)**	**(3.4)**	**(101)**	**(21.2)**	**(18.6)**
Non-controlling interests	(2)	44.2	24.9	(3)	—	—
Underlying profit attributable to the parent	**(50)**	**(7.6)**	**(2.7)**	**(104)**	**(18.5)**	**(15.8)**

(1) Includes exchange differences.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

In addition to the financial information prepared under IFRS, this consolidated directors' report contains financial measures that constitute alternative performance measures ('APMs') to comply with the guidelines on alternative performance measures issued by the European Securities and Markets Authority on 5 October 2015 and non-IFRS measures.

The financial measures contained in this consolidated directors' report that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander but are not defined or detailed in the applicable financial information framework or under IFRS and have neither been audited nor reviewed by our auditors.

We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, the way in which Santander defines and calculates these APMs and non-IFRS measures may differ from the calculations and by other companies with similar measures and, therefore, may not be comparable.

The APMs and non-IFRS measures we use in this document can be categorised as follows:

Underlying results

In addition to IFRS results measures, we present some results measures which are non-IFRS measures and which we refer to as underlying measures. These underlying measures allow in our view a better year-on-year comparability as they exclude items outside the ordinary performance of our business which are grouped in the non-IFRS line net capital gains and provisions and are further detailed on page 12 of this report.

In addition, in the section "Financial information by segments", relative to the primary and secondary segments, results are presented on an underlying basis in accordance with IFRS 8, and reconciled on an aggregate basis to our IFRS consolidated results to the consolidated financial statements, which are set out below.

Reconciliation of underlying results to statutory results

EUR million

	January-June 2022		
	Underlying results	Adjustments	Statutory results
Net interest income	18,409	—	18,409
Net fee income	5,852	—	5,852
Gains (losses) on financial transactions (1)	743	—	743
Other operating income	116	—	116
Total income	**25,120**	**—**	**25,120**
Administrative expenses and amortizations	(11,435)	—	(11,435)
Net operating income	**13,685**	**—**	**13,685**
Net loan-loss provisions	(4,735)	—	(4,735)
Other gains (losses) and provisions	(1,035)	—	(1,035)
Profit before tax	**7,915**	**—**	**7,915**
Tax on profit	(2,374)	—	(2,374)
Profit from continuing operations	**5,541**	**—**	**5,541**
Net profit from discontinued operations	—	—	—
Consolidated profit	**5,541**	**—**	**5,541**
Non-controlling interests	(647)	—	(647)
Profit attributable to the parent	**4,894**	**—**	**4,894**

(1) Includes exchange differences.

Reconciliation of underlying results to statutory results

EUR million

	January-June 2021		
	Underlying results	Adjustments	Statutory results
Net interest income	16,196	—	16,196
Net fee income	5,169	—	5,169
Gains (losses) on financial transactions (1)	894	—	894
Other operating income	436	—	436
Total income	**22,695**	**—**	**22,695**
Administrative expenses and amortizations	(10,377)	—	(10,377)
Net operating income	**12,318**	**—**	**12,318**
Net loan-loss provisions	(3,753)	—	(3,753)
Other gains (losses) and provisions	(937)	(714)	(1,651)
Profit before tax	**7,628**	**(714)**	**6,914**
Tax on profit	(2,658)	184	(2,474)
Profit from continuing operations	**4,970**	**(530)**	**4,440**
Net profit from discontinued operations	—	—	—
Consolidated profit	**4,970**	**(530)**	**4,440**
Non-controlling interests	(765)	—	(765)
Profit attributable to the parent	**4,205**	**(530)**	**3,675**

(1) Includes exchange differences.

Explanation of adjustments:

Restructuring costs for a net impact of -EUR 530 million, mainly in the UK and Portugal.

Profitability and efficiency ratios

The purpose of the profitability and efficiency ratios is to measure the ratio of profit to capital, to tangible capital, to assets and to risk weighted assets, while the efficiency ratio measures how much general administrative expenses (personnel and other) and amortization costs are needed to generate revenue.

Additionally, the goodwill adjustments have been removed from the RoTE numerator as, since they are not considered in the denominator, we believe this calculation is more correct.

Ratio	Formula	Relevance of the metric
RoE (Return on equity)	Attributable profit to the parent ――― Average stockholders' equity [1] (excl. minority interests)	This ratio measures the return that shareholders obtain on the funds invested in the Bank and as such measures the company's ability to pay shareholders.
Underlying RoE	Underlying attributable profit to the parent ――― Average stockholders' equity [1] (excl. minority interests)	This ratio measures the return that shareholders obtain on the funds invested in the Bank excluding items outside the ordinary performance of our business.
RoTE (Return on tangible equity)	Attributable profit to the parent [2] ――― Average stockholders' equity [1] (excl. minority interests) - intangible assets	This indicator is used to evaluate the profitability of the company as a percentage of its tangible equity. It's measured as the return that shareholders receive as a percentage of the funds invested in the entity less intangible assets.
Underlying RoTE	Underlying attributable profit to the parent ――― Average stockholders' equity [1] (excl. minority interests) - intangible assets	This indicator measures the profitability of the tangible equity of a company arising from ordinary activities, i.e. excluding items outside the ordinary performance of our business.
RoA (Return on assets)	Consolidated profit ――― Average total assets	This metric measures the profitability of a company as a percentage of its total assets. It is an indicator that reflects the efficiency of the company's total funds in generating profit.
Underlying RoA	Underlying consolidated profit ――― Average total assets	This metric measures the profitability of a company as a percentage of its total assets, excluding non-recurring results. It is an indicator that reflects the efficiency of the company's total funds in generating underlying profit.
RoRWA (Return on risk weighted assets)	Consolidated profit ――― Average risk-weighted assets	The return adjusted for risk is a derivative of the RoA metric. The difference is that RoRWA measures profit in relation to the bank's risk-weighted assets.
Underlying RoRWA	Underlying consolidated profit ――― Average risk-weighted assets	This relates the consolidated profit (excluding items outside the ordinary performance of our business) to the bank's risk-weighted assets.
Efficiency ratio	Operating expenses [3] ――― Total income	One of the most commonly used indicators when comparing productivity of different financial entities. It measures the amount of funds used to generate the bank's total income.

1. Stockholders' equity = Capital and Reserves + Accumulated other comprehensive income + Attributable profit to the parent + Dividends.
2. Excluding the adjustment to the valuation of goodwill.
3. Operating expenses = Administrative expenses + amortizations.

Profitability and efficiency [(1) (2) (3) (4)]	Q2'22	Q1'22	H1'22	H1'21
RoE	**10.44%**	**11.49%**	**10.98%**	**9.53%**
Attributable profit to the parent	9,404	10,173	9,789	7,880
Average stockholders' equity (excluding minority interests)	90,035	88,532	89,125	82,669
Underlying RoE	**10.44%**	**11.49%**	**10.98%**	**10.17%**
Attributable profit to the parent	9,404	10,173	9,789	7,880
(-) Net capital gains and provisions	—	—	—	-530
Underlying attributable profit to the parent	9,404	10,173	9,789	8,410
Average stockholders' equity (excluding minority interests)	90,035	88,532	89,125	82,669
RoTE	**13.10%**	**14.21%**	**13.69%**	**11.82%**
Attributable profit to the parent	9,404	10,173	9,789	7,880
(+) Goodwill impairment	—	—	—	—
Attributable profit to the parent (excluding goodwill impairment)	9,404	10,173	9,789	7,880
Average stockholders' equity (excluding minority interests)	90,035	88,532	89,125	82,669
(-) Average intangible assets	18,255	16,959	17,630	16,015
Average stockholders' equity (excl. minority interests) - intangible assets	71,780	71,573	71,495	66,654
Underlying RoTE	**13.10%**	**14.21%**	**13.69%**	**12.62%**
Attributable profit to the parent	9,404	10,173	9,789	7,880
(-) Net capital gains and provisions	—	—	—	-530
Underlying attributable profit to the parent	9,404	10,173	9,789	8,410
Average stockholders' equity (excl. minority interests) - intangible assets	71,780	71,573	71,495	66,654
RoA	**0.63%**	**0.71%**	**0.66%**	**0.61%**
Consolidated profit	10,688	11,476	11,082	9,410
Average total assets	1,707,903	1,624,930	1,666,474	1,539,167
Underlying RoA	**0.63%**	**0.71%**	**0.66%**	**0.65%**
Consolidated profit	10,688	11,476	11,082	9,410
(-) Net capital gains and provisions	—	—	—	-530
Underlying consolidated profit	10,688	11,476	11,082	9,940
Average total assets	1,707,903	1,624,930	1,666,474	1,539,167
RoRWA	**1.76%**	**1.95%**	**1.86%**	**1.66%**
Consolidated profit	10,688	11,476	11,082	9,410
Average risk weighted-assets	606,154	588,776	597,276	567,231
Underlying RoRWA	**1.76%**	**1.95%**	**1.86%**	**1.75%**
Consolidated profit	10,688	11,476	11,082	9,410
(-) Net capital gains and provisions	—	—	—	-530
Underlying consolidated profit	10,688	11,476	11,082	9,940
Average risk-weighted assets	606,154	588,776	597,276	567,231
Efficiency ratio	**46.0%**	**45.0%**	**45.5%**	**45.7%**
Underlying operating expenses	5,900	5,535	11,435	10,377
Operating expenses	5,900	5,535	11,435	10,377
Net capital gains and provisions impact in operating expenses	—	—	—	—
Underlying total income	12,815	12,305	25,120	22,695
Total income	12,815	12,305	25,120	22,695
Net capital gains and provisions impact on total income	—	—	—	—

(1) Averages included in the RoE, RoTE, RoA and RoRWA denominators are calculated using 4 months' worth of data in the case of quarterly figures (from March to June in Q2 and December to March in Q1) and 7 months in the case of annual figures (from December to June).

(2) For periods less than one year, and if there are results in the net capital gains and provisions line, the profit used to calculate RoE and RoTE is the annualized underlying attributable profit to which said results are added without annualizing.

(3) For periods less than one year, and if there are results in the net capital gains and provisions line, the profit used to calculate RoA and RoRWA is the annualized underlying consolidated profit, to which said results are added without annualizing.

(4) The risk weighted assets included in the denominator of the RoRWA metric are calculated in line with the criteria laid out in the CRR (Capital Requirements Regulation).

Efficiency ratio

	H1'22			H1'21		
	%	Total income	Operating expenses	%	Total income	Operating expenses
Europe	**48.5**	**8,581**	**4,164**	**52.4**	**7,903**	**4,143**
Spain	49.4	3,937	1,943	52.0	3,901	2,027
United Kingdom	51.2	2,633	1,348	56.5	2,298	1,299
Portugal	40.9	613	251	40.4	715	289
Poland	31.1	1,090	339	42.3	759	321
North America	**46.6**	**5,780**	**2,692**	**43.2**	**5,421**	**2,343**
US	45.9	3,665	1,682	41.6	3,684	1,531
Mexico	44.4	2,096	930	43.5	1,730	752
South America	**35.3**	**8,933**	**3,153**	**34.5**	**7,303**	**2,518**
Brazil	30.5	6,393	1,951	28.9	5,199	1,502
Chile	36.0	1,357	489	38.5	1,251	481
Argentina	58.0	821	477	62.3	561	349
Digital Consumer Bank	**48.5**	**2,573**	**1,248**	**48.8**	**2,486**	**1,214**

Underlying RoTE

	H1'22			H1'21		
	%	Underlying profit attributable to the parent	Average stockholders' equity (excl. minority interests) - intangible assets	%	Underlying profit attributable to the parent	Average stockholders' equity (excl. minority interests) - intangible assets
Europe	**8.80**	**3,677**	**41,777**	**6.68**	**2,623**	**39,298**
Spain	6.62	1,305	19,711	3.91	701	17,912
United Kingdom	10.78	1,472	13,649	10.40	1,353	13,011
Portugal	11.73	451	3,842	11.44	458	4,004
Poland	13.70	415	3,027	2.71	88	3,253
North America	**12.17**	**3,156**	**25,935**	**14.25**	**3,162**	**22,199**
US	11.50	2,180	18,952	15.46	2,506	16,216
Mexico	15.81	1,092	6,904	13.02	755	5,803
South America	**20.80**	**3,891**	**18,712**	**20.22**	**3,278**	**16,210**
Brazil	21.46	2,730	12,719	22.07	2,355	10,669
Chile	22.74	783	3,443	18.60	641	3,447
Argentina	20.93	291	1,389	23.60	212	898
Digital Consumer Bank	**11.99**	**1,144**	**9,538**	**10.34**	**970**	**9,381**

Credit risk indicators

The credit risk indicators measure the quality of the credit portfolio and the percentage of non-performing loans covered by provisions.

Ratio	Formula	Relevance of the metric
NPL ratio (Non-performing loans)	Credit impaired loans and advances to customers, customer guarantees and customer commitments granted ————— Total Risk [1]	The NPL ratio is an important variable regarding financial institutions' activity since it gives an indication of the level of risk the entities are exposed to. It calculates risks that are, in accounting terms, declared to be credit impaired as a percentage of the total outstanding amount of customer credit and contingent liabilities.
Total coverage ratio	Total allowances to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted ————— Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	The total coverage ratio is a fundamental metric in the financial sector. It reflects the level of provisions as a percentage of the credit impaired assets. Therefore it is a good indicator of the entity's solvency against client defaults both present and future.
Cost of risk	Allowances for loan-loss provisions over the last 12 months ————— Average loans and advances to customers over the last 12 months	This ratio quantifies loan-loss provisions arising from credit risk over a defined period of time for a given loan portfolio. As such, it acts as an indicator of credit quality.

(1) Total risk = Total loans and advances and guarantees to customers (including credit impaired assets) + contingent liabilities granted that are credit impaired

Credit risk (I)	Jun-22	Mar-22	Jun-22	Jun-21
NPL ratio	**3.05%**	**3.26%**	**3.05%**	**3.22%**
Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	34,259	35,670	34,259	33,266
Gross loans and advances to customers registered under the headings “financial assets measured at amortized cost” and "financial assets designated at fair value through profit or loss" classified in stage 3 (OCI), excluding POCI (Purchased or Originated Credit Impaired) that is currently impaired	*32,100*	*33,447*	*32,100*	*31,705*
POCI exposure (Purchased or Originated Credit Impaired) that is currently impaired	*303*	*334*	*303*	*431*
Customer guarantees and customer commitments granted classified in stage 3	*1,846*	*1,879*	*1,846*	*1,122*
Doubtful exposure of loans and advances to customers at fair value through profit or loss	*10*	*10*	*10*	*8*
Total risk	1,121,726	1,093,023	1,121,726	1,032,084
Impaired and non-impaired gross loans and advances to customers	*1,061,172*	*1,035,523*	*1,061,172*	*978,096*
Impaired and non-impaired customer guarantees and customer commitments granted	*60,554*	*57,500*	*60,554*	*53,988*

Credit risk (II)

	Jun-22	Mar-22	Jun-22	Jun-21
Total coverage ratio	**71%**	**69%**	**71%**	**73%**
Total allowances to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted	24,195	24,778	24,195	24,239
Total allowances to cover impairment losses on loans and advances to customers measured at amortized cost and designated at fair value through OCI	*23,452*	*24,025*	*23,452*	*23,577*
Total allowances to cover impairment losses on customer guarantees and customer commitments granted	*743*	*753*	*743*	*662*
Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	34,259	35,670	34,259	33,266
Gross loans and advances to customers registered under the headings "financial assets measured at amortized cost" and "financial assets designated at fair value through profit or loss" classified in stage 3 (OCI), excluding POCI (Purchased or Originated Credit Impaired) that is currently impaired	*32,100*	*33,447*	*32,100*	*31,705*
POCI exposure (Purchased or Originated Credit Impaired) that is currently impaired	*303*	*334*	*303*	*431*
Customer guarantees and customer commitments granted classified in stage 3	*1,846*	*1,879*	*1,846*	*1,122*
Doubtful exposure of loans and advances to customers at fair value through profit or loss	*10*	*10*	*10*	*8*

Cost of risk	**0.83%**	**0.77%**	**0.83%**	**0.94%**
Underlying allowances for loan-loss provisions over the last 12 months	8,417	7,545	8,417	8,899
Average loans and advances to customers over the last 12 months	1,010,282	985,401	1,010,282	948,351

NPL ratio

	H1'22			H1'21		
	%	Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	Total risk	%	Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	Total risk
Europe	**2.63**	**17,264**	**656,029**	**3.30**	**20,804**	**629,681**
Spain	3.83	11,565	301,693	5.16	14,344	277,793
United Kingdom	1.17	3,046	261,116	1.30	3,424	263,318
Portugal	3.33	1,410	42,310	3.71	1,539	41,517
Poland	3.45	1,162	33,640	4.58	1,496	32,675
North America	**2.71**	**4,811**	**177,452**	**2.28**	**3,149**	**137,802**
US	2.64	3,551	134,761	2.00	2,043	102,175
Mexico	2.95	1,260	42,646	3.10	1,106	35,627
South America	**5.39**	**8,720**	**161,884**	**4.36**	**6,215**	**142,500**
Brazil	6.34	6,364	100,389	4.55	3,920	86,157
Chile	4.70	2,032	43,271	4.57	1,985	43,472
Argentina	2.48	159	6,422	3.34	158	4,728
Digital Consumer Bank	**2.22**	**2,664**	**119,753**	**2.18**	**2,521**	**115,838**

Total coverage ratio

	H1'22			H1'21		
	%	Total allowances to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted	Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	%	Total allowances to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted	Credit impaired loans and advances to customers, customer guarantees and customer commitments granted
Europe	**50.2**	**8,665**	**17,264**	**48.4**	**10,061**	**20,804**
Spain	49.4	5,713	11,565	45.7	6,559	14,344
United Kingdom	32.9	1,004	3,046	37.4	1,280	3,424
Portugal	74.3	1,047	1,410	73.0	1,123	1,539
Poland	76.0	883	1,162	72.4	1,084	1,496
North America	**111.4**	**5,362**	**4,811**	**152.3**	**4,796**	**3,149**
US	121.0	4,298	3,551	185.7	3,794	2,043
Mexico	84.1	1,060	1,260	90.6	1,002	1,106
South America	**86.9**	**7,580**	**8,720**	**98.1**	**6,098**	**6,215**
Brazil	92.3	5,876	6,364	112.3	4,403	3,920
Chile	60.4	1,227	2,032	63.9	1,268	1,985
Argentina	171.1	272	159	167.6	265	158
Digital Consumer Bank	**97.4**	**2,596**	**2,664**	**111.9**	**2,820**	**2,521**

Cost of risk

	H1'22			H1'21		
	%	Underlying allowances for loan-loss provisions over the last 12 months	Average loans and advances to customers over the last 12 months	%	Underlying allowances for loan-loss provisions over the last 12 months	Average loans and advances to customers over the last 12 months
Europe	**0.37**	**2,237**	**604,293**	**0.49**	**2,865**	**581,334**
Spain	0.79	2,043	259,039	0.91	2,246	247,145
United Kingdom	-0.02	-52	249,120	0.09	208	243,289
Portugal	-0.05	-21	40,194	0.41	158	39,035
Poland	0.95	288	30,398	0.88	259	29,529
North America	**1.09**	**1,584**	**145,667**	**1.67**	**2,136**	**127,577**
US	0.78	856	110,316	1.34	1,289	96,047
Mexico	2.05	726	35,430	2.74	847	30,929
South America	**2.97**	**4,092**	**137,575**	**2.51**	**2,981**	**118,697**
Brazil	4.26	3,507	82,420	3.51	2,331	66,377
Chile	0.89	364	41,056	1.07	430	40,092
Argentina	3.07	164	5,324	3.94	142	3,614
Digital Consumer Bank	**0.44**	**506**	**116,090**	**0.64**	**735**	**114,798**

Other indicators

The market capitalization indicator provides information on the volume of tangible equity per share. The loan-to-deposit ratio (LTD) identifies the relationship between net customer loans and advances and customer deposits, assessing the proportion of loans and advances granted by the Group that are funded by customer deposits.

The Group also uses gross customer loan magnitudes excluding reverse repurchase agreements (repos) and customer deposits excluding repos. In order to analyse the evolution of the traditional commercial banking business of granting loans and capturing deposits, repos and reverse repos are excluded, as they are mainly treasury business products and highly volatile.

Ratio	Formula	Relevance of the metric
TNAV per share (Tangible equity net asset value per share)	Tangible book value [1] Number of shares excluding treasury stock	This is a very commonly used ratio used to measure the company's accounting value per share having deducted the intangible assets. It is useful in evaluating the amount each shareholder would receive if the company were to enter into liquidation and had to sell all the company's tangible assets.
Price / tangible book value per share (X)	Share price TNAV per share	This is one of the most commonly used ratios by market participants for the valuation of listed companies both in absolute terms and relative to other entities. This ratio measures the relationship between the price paid for a company and its accounting equity value.
LTD ratio (Loan-to-deposit)	Net loans and advances to customers Customer deposits	This is an indicator of the bank's liquidity. It measures the total (net) loans and advances to customers as a percentage of customer deposits.
Loans and advances (excl. reverse repos)	Gross loans and advances to customers excluding reverse repos	In order to aid analysis of the commercial banking activity, reverse repos are excluded as they are highly volatile treasury products.
Deposits (excl. repos)	Customer deposits excluding repos	In order to aid analysis of the commercial banking activity, repos are excluded as they are highly volatile treasury products.
PAT + After tax fees paid to SAN (in Wealth Management & Insurance)	Net profit + fees paid from Santander Asset Management and Santander Insurance to Santander, net of taxes, excluding Private Banking customers	Metric to assess Wealth Management & Insurance's total contribution to Grupo Santander profit.

(1) Tangible book value = Stockholders' equity - intangible assets

Others	Jun-22	Mar-22	Jun-22	Jun-21
TNAV (tangible book value) per share	**4.24**	**4.29**	**4.24**	**3.98**
Tangible book value	71,162	72,940	71,162	68,917
Number of shares excl. treasury stock (million)	16,791	17,008	16,791	17,306
Price / Tangible book value per share (X)	**0.63**	**0.72**	**0.63**	**0.81**
Share price (euros)	2.688	3.100	2.688	3.220
TNAV (tangible book value) per share	4.24	4.29	4.24	3.98
Loan-to-deposit ratio	**107%**	**106%**	**107%**	**107%**
Net loans and advances to customers	1,037,721	1,011,497	1,037,721	954,518
Customer deposits	973,787	957,820	973,787	894,127

	Q2'22	Q1'22	H1'22	H1'21
PAT + After tax fees paid to SAN (in WM&I) (Constant EUR million)	**662**	**614**	**1,276**	**1,177**
Profit after tax	282	264	546	471
Net fee income net of tax	380	350	730	706

Local currency measures

We make use of certain financial measures in local currency to help in the assessment of our ongoing operating performance. These non-IFRS financial measures include the results of operations of our subsidiary banks located outside the Eurozone, excluding the impact of foreign exchange. Because changes in foreign currency exchange rates do not have an operating impact on the results, we believe that evaluating their performance on a local currency basis provides an additional and meaningful assessment of performance to both management and the company's investors.

The Group presents, at both the Group level as well as the business unit level, the **real changes in the income statement as well as the changes excluding the exchange rate effect**, as it considers the latter facilitates analysis, since it enables businesses movements to be identified without taking into account the impact of converting each local currency into euros.

Said variations, excluding the impact of exchange rate movements, are calculated by converting P&L lines for the different business units comprising the Group into our presentation currency, the euro, applying the average exchange rate for the first half of 2022 to all periods contemplated in the analysis.

The Group presents, at both the Group level as well as the business unit level, the **changes in euros in the balance sheet as well as the changes excluding the exchange rate effect** for loans and advances to customers excluding reverse repos and customer funds (which comprise deposits and mutual funds) excluding repos. As with the income statement, the reason is to facilitate analysis by isolating the changes in the balance sheet that are not caused by converting each local currency into euros.

These changes excluding the impact of exchange rate movements are calculated by converting loans and advances to customers excluding reverse repos and customer funds excluding repos, into our presentation currency, the euro, applying the closing exchange rate on the last working day of June 2022 to all periods contemplated in the analysis.

The average and period-end exchange rates for the main currencies in which the Group operates are set out in the table below.

Exchange rates: 1 euro / currency parity

	Average (income statement)		Period-end (balance sheet)		
	H1'22	H1'21	Jun-22	Mar-22	Jun-21
US dollar	1.092	1.205	1.045	1.111	1.186
Pound sterling	0.842	0.868	0.860	0.845	0.858
Brazilian real	5.527	6.480	5.473	5.280	5.941
Mexican peso	22.142	24.316	21.073	22.157	23.587
Chilean peso	902.582	868.037	979.495	874.158	863.161
Argentine peso	122.552	110.020	130.825	123.315	113.539
Polish zloty	4.634	4.537	4.702	4.644	4.519

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- **CONSOLIDATED BALANCE SHEET**
- **CONSOLIDATED INCOME STATEMENT**

NOTE: The following financial information for the first six months of 2022 and 2021 (attached herewith) corresponds to the condensed consolidated financial statements prepared in accordance with the International Financial Reporting Standards.

Interim condensed consolidated balance sheet

EUR million

ASSETS	Jun-22	Dec-21	Jun-21
Cash, cash balances at central banks and other deposits on demand	211,276	210,689	183,091
Financial assets held for trading	163,235	116,953	102,792
Non-trading financial assets mandatorily at fair value through profit or loss	5,845	5,536	4,838
Financial assets designated at fair value through profit or loss	11,025	15,957	56,486
Financial assets at fair value through other comprehensive income	91,998	108,038	114,505
Financial assets at amortized cost	1,129,690	1,037,898	1,003,417
Hedging derivatives	6,735	4,761	5,430
Changes in the fair value of hedged items in portfolio hedges of interest risk	(1,769)	410	1,434
Investments	7,665	7,525	7,562
Joint ventures entities	1,971	1,692	1,620
Associated entities	5,694	5,833	5,942
Assets under insurance or reinsurance contracts	310	283	276
Tangible assets	34,640	33,321	32,678
Property, plant and equipment	33,621	32,342	31,712
For own-use	*13,513*	*13,259*	*12,921*
Leased out under an operating lease	*20,108*	*19,083*	*18,791*
Investment property	1,019	979	966
Of which : Leased out under an operating lease	*838*	*839*	*863*
Intangible assets	18,349	16,584	16,454
Goodwill	13,877	12,713	12,854
Other intangible assets	4,472	3,871	3,600
Tax assets	29,025	25,196	24,707
Current tax assets	8,293	5,756	4,956
Deferred tax assets	20,732	19,440	19,751
Other assets	10,981	8,595	9,889
Insurance contracts linked to pensions	128	149	162
Inventories	7	6	5
Other	10,846	8,440	9,722
Non-current assets held for sale	3,835	4,089	5,077
TOTAL ASSETS	**1,722,840**	**1,595,835**	**1,568,636**

Interim condensed consolidated balance sheet

EUR million

LIABILITIES	Jun-22	Dec-21	Jun-21
Financial liabilities held for trading	114,406	79,469	68,982
Financial liabilities designated at fair value through profit or loss	40,823	32,733	54,131
Financial liabilities at amortized cost	1,427,721	1,349,169	1,310,433
Hedging derivatives	9,269	5,463	6,573
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	(94)	248	427
Liabilities under insurance or reinsurance contracts	858	770	1,014
Provisions	8,590	9,583	10,400
Pensions and other post-retirement obligations	2,525	3,185	3,454
Other long term employee benefits	1,071	1,242	1,407
Taxes and other legal contingencies	2,242	1,996	2,169
Contingent liabilities and commitments	743	733	661
Other provisions	2,009	2,427	2,709
Tax liabilities	10,085	8,649	9,154
Current tax liabilities	2,853	2,187	2,711
Deferred tax liabilities	7,232	6,462	6,443
Other liabilities	13,720	12,698	11,777
Liabilities associated with non-current assets held for sale	—	—	—
TOTAL LIABILITIES	**1,625,378**	**1,498,782**	**1,472,891**

EQUITY			
Shareholders' equity	122,037	119,649	117,552
Capital	8,397	8,670	8,670
Called up paid capital	8,397	8,670	8,670
Unpaid capital which has been called up	—	—	—
Share premium	46,273	47,979	47,979
Equity instruments issued other than capital	672	658	641
Equity component of the compound financial instrument	—	—	—
Other equity instruments issued	672	658	641
Other equity	151	152	165
Accumulated retained earnings	66,698	60,273	60,280
Revaluation reserves	—	—	—
Other reserves	(5,038)	(4,477)	(3,762)
(-) Own shares	(10)	(894)	(96)
Profit attributable to shareholders of the parent	4,894	8,124	3,675
(-) Interim dividends	—	(836)	—
Other comprehensive income (loss)	(32,526)	(32,719)	(32,181)
Items not reclassified to profit or loss	(3,809)	(4,241)	(4,962)
Items that may be reclassified to profit or loss	(28,717)	(28,478)	(27,219)
Non-controlling interest	7,951	10,123	10,374
Other comprehensive income	(2,090)	(2,104)	(1,817)
Other items	10,041	12,227	12,191
TOTAL EQUITY	**97,462**	**97,053**	**95,745**
TOTAL LIABILITIES AND EQUITY	**1,722,840**	**1,595,835**	**1,568,636**

MEMORANDUM ITEMS: OFF BALANCE SHEET AMOUNTS			
Loan commitments granted	275,865	262,737	247,154
Financial guarantees granted	12,881	10,758	12,121
Other commitments granted	91,195	75,733	81,277

Interim condensed consolidated income statement

EUR million

	H1'22	H1'21
Interest income	30,869	21,933
Financial assets at fair value through other comprehensive income	*2,211*	*1,292*
Financial assets at amortized cost	*26,073*	*19,149*
Other interest income	*2,585*	*1,492*
Interest expense	(12,460)	(5,737)
Interest income/ (charges)	**18,409**	**16,196**
Dividend income	335	309
Income from companies accounted for using the equity method	312	163
Commission income	7,792	6,676
Commission expense	(1,940)	(1,507)
Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net	233	344
Financial assets at amortized cost	*28*	*77*
Other financial assets and liabilities	*205*	*267*
Gain or losses on financial assets and liabilities held for trading, net	718	347
Reclassification of financial assets at fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*718*	*347*
Gains or losses on non-trading financial assets and liabilities mandatorily at fair value	(15)	10
Reclassification of financial assets at fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*(15)*	*10*
Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net	756	221
Gain or losses from hedge accounting, net	128	57
Exchange differences, net	(1,077)	(85)
Other operating income	819	1,167
Other operating expenses	(1,461)	(1,289)
Income from assets under insurance and reinsurance contracts	1,349	769
Expenses from liabilities under insurance and reinsurance contracts	(1,238)	(683)
Total income	**25,120**	**22,695**
Administrative expenses	(9,993)	(8,996)
Staff costs	(5,948)	(5,438)
Other general and administrative expenses	(4,045)	(3,558)
Depreciation and amortization	(1,442)	(1,381)
Provisions or reversal of provisions, net	(935)	(1,490)
Impairment or reversal of impairment of financial assets not measured at fair value	(4,763)	(3,804)
Financial assets at fair value through other comprehensive income	*(1)*	*(19)*
Financial assets at amortized cost	*(4,762)*	*(3,785)*
Impairment of investments in subsidiaries, joint ventures and associates, net	—	—
Impairment on non-financial assets, net	(61)	(130)
Tangible assets	*(24)*	*(125)*
Intangible assets	*(29)*	*(3)*
Others	*(8)*	*(2)*
Gain or losses on non-financial assets and investments, net	(4)	52
Negative goodwill recognized in results	—	—
Gains or losses on non-current assets held for sale not classified as discontinued operations	(7)	(32)
Operating profit/(loss) before tax	**7,915**	**6,914**
Tax expense or income from continuing operations	(2,374)	(2,474)
Profit/(loss) for the period from continuing operations	**5,541**	**4,440**
Profit/(loss) after tax from discontinued operations	—	—
Profit/(loss) for the period	**5,541**	**4,440**
Profit attributable to non-controlling interests	647	765
Profit/(loss) attributable to the parent	4,894	3,675
Earnings/(losses) per share		
Basic	0.27	0.20
Diluted	0.27	0.20

GLOSSARY

- **Active customer**: Those customers who comply with the minimum balance, income and/or transactionality requirements as defined according to the business area
- **ADR**: American Depositary Receipt
- **ALCO**: Assets and Liabilities Committee
- **APIs:** Application Programming Interface
- **APM**: Alternative Performance Measures
- **AuMs**: Assets under management
- **bn**: Billion
- **bps**: basis points
- **CAL**: consumer, assets and liabilities
- **CDI**: CREST Depository Interest
- **CET1**: Core equity tier 1
- **CIB**: Corporate & Investment Banking
- **CNMV**: Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*)
- **DCB**: Digital Consumer Bank
- **DGF**: Deposit guarantee fund
- **Digital customers**: Every consumer of a commercial bank's services who has logged on to their personal online banking and/or mobile banking in the last 30 days
- **EBA**: European Banking Authority
- **ECB**: European Central Bank
- **EPS**: Earnings per share
- **ESG:** Environmental, Social and Governance
- **ESMA:** European Securities and Markets Authority
- **Fed**: Federal Reserve
- **Financially empowered people:** People (unbanked, underbanked or financially vulnerable), who are given access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education.
- **FX**: Foreign Exchange
- **GDP**: Gross Domestic Product
- **ICO**: *Insitituto de Crédito Oficial* (Official Credit Institution)
- **IFRS 9**: International Financial Reporting Standard 9, regarding financial instruments
- **IMF**: International Monetary Fund
- **IPO**: Initial Public Offering
- **LCR**: Liquidity Coverage Ratio
- **LLPs**: Loan-loss provisions
- **Loyal customers**: Active customers who receive most of their financial services from the Group according to the commercial segment that they belong to. Various engaged customer levels have been defined taking profitability into account.
- **MDA**: Maximum Distribution Amount
- **mn**: Million
- **NII**: Net Interest Income
- **NPLs**: Non-performing loans
- **NPS**: Net Promoter Score
- **PBT:** Profit before tax
- **POS**: Point of Sale
- **pp**: percentage points
- **PPI:** Payment protection insurance
- **QoQ**: Quarter-on- quarter
- **Repos**: Repurchase agreements
- **RoA**: Return on assets
- **RoE**: Return on equity
- **RoRWA**: Return on risk weighted assets
- **RoTE**: Return on tangible equity
- **RWAs**: Risk weighted assets
- **SAM**: Santander Asset Management
- **SBNA**: Santander Bank N.A.
- **SCF**: Santander Consumer Finance
- **SCIB**: Santander Corporate & Investment Banking
- **SC USA**: Santander Consumer USA
- **SEC**: Securities and Exchanges Commission
- **SH USA**: Santander Holdings USA, Inc.
- **SMEs**: Small and medium enterprises
- **SRF**: Single resolution fund
- **TLAC**: The total loss-absorption capacity requirement which is required to be met under the CRD V package
- **TLTRO**: Targeted longer-term refinancing operations
- **TNAV**: Tangible net asset value
- **VaR**: Value at Risk
- **WM&I**: Wealth Management & Insurance
- **YoY**: Year-on- year

IMPORTANT INFORMATION

Non-IFRS and alternative performance measures

This report contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the "management adjustment" line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors' Report included in our Annual Report on Form 20-F for the year ended 31 December 2021. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2021 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC") on 1 March 2022, as updated by the Form 6-K filed with the SEC on 8 April 2022 in order to reflect our new organizational and reporting structure, as well as the section "Alternative performance measures" of the annex to this Banco Santander, S.A. ("Santander") Q2 2022 Financial Report, published as Inside Information on 28 July 2022. These documents are available on Santander's website (www.santander.com). Underlying measures, which are included in this report, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

Forward-looking statements

Banco Santander, S.A. ("Santander") advises that this report contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. Found throughout this report, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, in addition to others discussed elsewhere in this report, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the war in Ukraine or the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US (5) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit of the European Union and increased regulation in response to financial crises; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management's focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire Group or significant subsidiaries.

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this report and are informed by the knowledge, information and views available on such date. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise.

No offer

The information contained in this report is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this report. No investment activity should be undertaken on the basis of the information contained in this report. In making this report available Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

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Historical performance is not indicative of future results

Statements about historical performance or accretion must not be construed to indicate that future performance, share price or results (including earnings per share) in any future period will necessarily match or exceed those of any prior period. Nothing in this report should be taken as a profit forecast.

Third Party Information

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