Financial Report

2022 | January - March

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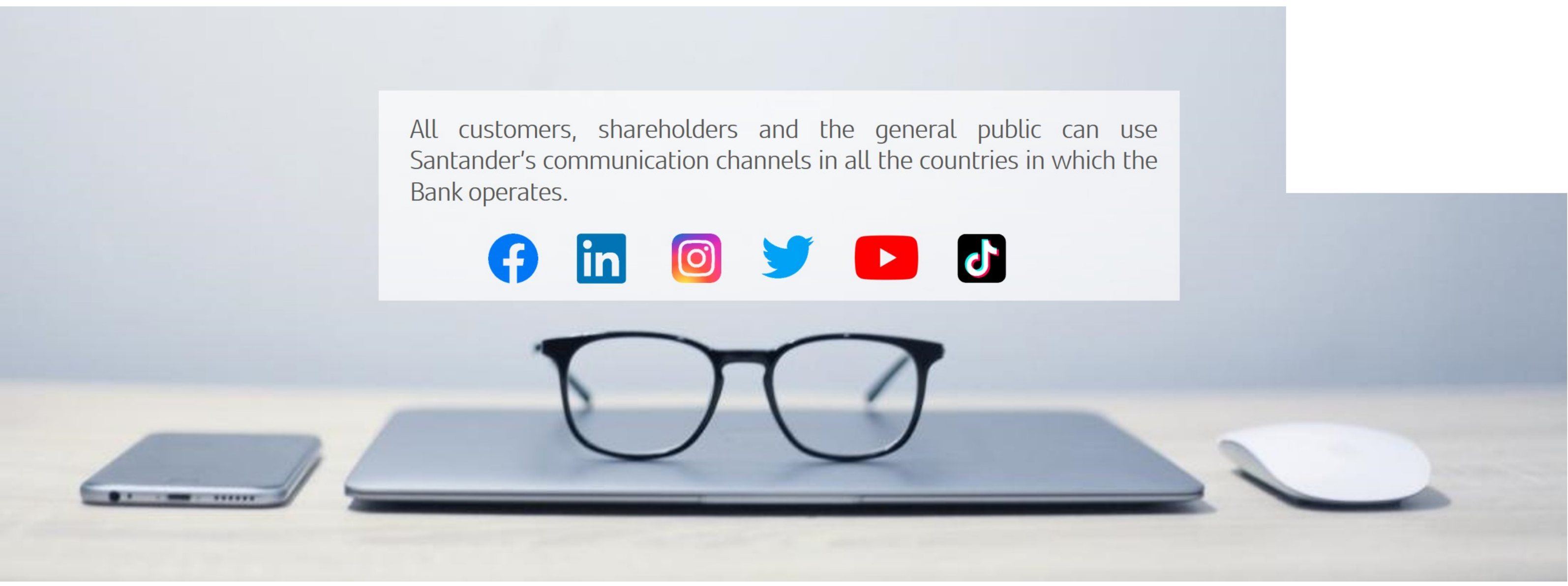
Santander

Index

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 25 April 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)	Mar-22	Dec-21	%	Mar-21	%	Dec-21
Total assets	**1,666,012**	1,595,835	4.4	1,562,879	6.6	1,595,835
Loans and advances to customers	**1,011,497**	972,682	4.0	939,760	7.6	972,682
Customer deposits	**957,820**	918,344	4.3	882,854	8.5	918,344
Total funds	**1,196,544**	1,153,656	3.7	1,095,970	9.2	1,153,656
Total equity	**99,378**	97,053	2.4	92,686	7.2	97,053

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

INCOME STATEMENT (EUR million)	Q1'22	Q4'21	%	Q1'21	%	2021
Net interest income	**8,855**	8,716	1.6	7,956	11.3	33,370
Total income	**12,305**	11,778	4.5	11,390	8.0	46,404
Net operating income	**6,770**	6,141	10.2	6,272	7.9	24,989
Profit before tax	**4,171**	3,831	8.9	3,102	34.5	14,547
Profit attributable to the parent	**2,543**	2,275	11.8	1,608	58.1	8,124

Changes in constant euros:

Q1'22 / Q4'21: NII: -1.5%; Total income: +1.5%; Net operating income: +6.4%; Profit before tax: +5.0%; Attributable profit: +7.9%

Q1'22 / Q1'21: NII: +6.2%; Total income: +3.3%; Net operating income: +2.3%; Profit before tax: +25.2%; Attributable profit: +46.8%

EPS, PROFITABILITY AND EFFICIENCY (%)	Q1'22	Q4'21	%	Q1'21	%	2021
EPS (euros)	**0.141**	0.124	13.2	0.085	65.7	0.438
RoE	**11.49**	10.60		9.80		9.66
RoTE	**14.21**	13.10		12.16		11.96
RoA	**0.71**	0.67		0.62		0.62
RoRWA	**1.95**	1.85		1.67		1.69
Efficiency ratio	**45.0**	47.9		44.9		46.2

UNDERLYING INCOME STATEMENT [(1)] (EUR million)	Q1'22	Q4'21	%	Q1'21	%	2021
Net interest income	**8,855**	8,716	1.6	7,956	11.3	33,370
Total income	**12,305**	11,778	4.5	11,390	8.0	46,404
Net operating income	**6,770**	6,141	10.2	6,272	7.9	24,989
Profit before tax	**4,171**	3,828	9.0	3,813	9.4	15,260
Profit attributable to the parent	**2,543**	2,275	11.8	2,138	18.9	8,654

Changes in constant euros:

Q1'22 / Q4'21: NII: -1.5%; Total income: +1.5%; Net operating income: +6.4%; Profit before tax: +5.0%; Attributable profit: +7.9%

Q1'22 / Q1'21: NII: +6.2%; Total income: +3.3%; Net operating income: +2.3%; Profit before tax: +2.7%; Attributable profit: +11.8%

UNDERLYING EPS AND PROFITABILITY [(1)] (%)	Q1'22	Q4'21	%	Q1'21	%	2021
Underlying EPS (euros)	**0.141**	0.124	13.2	0.116	21.8	0.468
Underlying RoE	**11.49**	10.60		10.44		10.29
Underlying RoTE	**14.21**	13.09		12.96		12.73
Underlying RoA	**0.71**	0.67		0.65		0.65
Underlying RoRWA	**1.95**	1.85		1.77		1.78

SOLVENCY (%)	Mar-22	Dec-21	Mar-21	Dec-21
Fully-loaded CET1 ratio	**12.12**	12.12	11.85	12.12
Fully-loaded total capital ratio	**16.15**	16.41	15.77	16.41

CREDIT QUALITY (%)	Q1'22	Q4'21	Q1'21	2021
Cost of credit (2)	**0.77**	0.77	1.08	0.77
NPL ratio	**3.26**	3.16	3.20	3.16
Total coverage ratio	**69**	71	74	71

MARKET CAPITALIZATION AND SHARES	Mar-22	Dec-21	%	Mar-21	%	Dec-21
Shares (millions)	**17,341**	17,341	0.0	17,341	0.0	17,341
Share price (euros)	**3.100**	2.941	5.4	2.897	7.0	2.941
Market capitalization (EUR million)	**53,756**	50,990	5.4	50,236	7.0	50,990
Tangible book value per share (euros)	**4.29**	4.12		3.84		4.12
Price / Tangible book value per share (X)	**0.72**	0.71		0.75		0.71

CUSTOMERS (thousands)	Q1'22	Q4'21	%	Q1'21	%	2021
Total customers	**154,762**	152,943	1.2	147,686	4.8	152,943
Loyal customers	**25,978**	25,548	1.7	23,334	11.3	25,548
Loyal retail customers	**23,799**	23,359	1.9	21,295	11.8	23,359
Loyal SME & corporate customers	**2,179**	2,189	(0.5)	2,040	6.8	2,189
Digital customers	**49,158**	47,489	3.5	44,298	11.0	47,489
Digital sales / Total sales (%)	**56**	55		50		54

OTHER DATA	Mar-22	Dec-21	%	Mar-21	%	Dec-21
Number of shareholders	**3,975,210**	3,936,922	1.0	3,937,711	1.0	3,936,922
Number of employees	**198,204**	197,070	0.6	190,175	4.2	197,070
Number of branches	**9,898**	9,879	0.2	10,817	(8.5)	9,879

(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 of 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 8 out of 9 markets

155 mn
total customers

02. Our scale

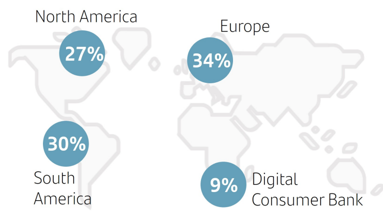
Local scale and global reach

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 H2'21.

2. Market share in lending as of December 2021 including only privately-owned banks. UK benchmark refers to the mortgage market. Digital Consumer Bank (DCB) refers to auto in Europe.

3. Q1'22 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

+58 %

Q1'21 EUR 1,608 mn

Q1'22 EUR 2,543 mn

+47 % in constant euros

Underlying attributable profit

+19 %

Q1'21 EUR 2,138 mn

Q1'22 EUR 2,543 mn

+12 % in constant euros

- In Q1'22, we achieved an attributable profit of €2,543 million, up 58% in euros versus the same period last year, when we recorded €530 million of net charges for restructuring costs.

  Underlying profit also amounted to €2,543 million due to no non-recurring charges in the quarter, and was 19% higher in euros (+12% in constant euros) compared to underlying profit in Q1'21 (excluding restructuring costs).

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

- In line with our strategy to deploy capital to the most profitable businesses, in Q1'22 we completed the acquisition of SC USA minority interests in the US. The acquisition of Amherst Pierpont was also completed, having obtained regulators' approval in April 2022.

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

Shareholder remuneration

EUR million

2020: Cash — 1,000

2021: Cash + Buyback — ~ 3,400

6 % dividend yield[1]

(1) Against Q1'22 average share price

TNAV per share + cash dividend

+13 % / Q1'21

- In applying the shareholder remuneration policy for 2021, the second payment against 2021 results was approved, which will be made in two parts:

  - A gross cash dividend of EUR 5.15 cents per share, which will be paid from 2 May 2022.
  - A second share buyback programme that will have a maximum amount of EUR 865 million, which started on 15 March 2022.

  As a result, the total amount allocated to shareholders would be around EUR 3.4 billion, equivalent to a 6% yield, based on Santander's average share price during Q1'22.

- In 2022, the boards' intention is to reach a payout of approximately 40% of underlying profit, which will include both the cash dividend and the share buybacks, which are each expected to account for 50% of the payout.

- TNAV per share increased to EUR 4.29, +13% year-on-year including the cash dividend per share paid in November 2021. TNAV per share grew 4% quarter-on-quarter.

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 between 2019 and the end of Q1'22 has mobilized more than EUR 69 billion. The Group is committed to mobilizing EUR 220 billion in green finance by 2030.

- Regarding the conflict in Ukraine, we are complying with international sanctions and we also announced that we will not engage in any new business with Russian companies.

  Since the beginning of the conflict, we have swiftly implemented measures to facilitate financial transactions for Ukrainians leaving the country and for residents in the countries where we operate, including:

  - Removing fees on all permitted transfers to Ukraine from Europe.
  - Suspending account and card fees for Ukrainian customers in Poland and providing free use of ATMs and access to cash in branches and via ATMs.
  - In addition, we are collaborating with several organizations through donations and support in assisting Ukrainian refugees.

GROWTH

Customers

+7 million

Q1'21 148 million

Q1'22 **155 million**

Loans and advances to customers +5% / Q1'21

Customer funds +5% / Q1'21

Note: changes in constant euros

- Total customers amounted to 155 million, +7 million compared to March 2021. Loyal customers reached 26 million, 11% higher year-on-year.
- Digital adoption continued to be key, as we now have more than 49 million digital customers, an increase of nearly 5 million customers since March 2021. In Q1'22, 56% of sales were made through digital channels (50% in March 2021).
- Business volumes continued to grow in a context of uncertainty. In this environment, and excluding the exchange rate impact, loans and advances to customers rose EUR 14,199 million (+1%) in the quarter and 5% year-on-year. Customer funds remained stable in the quarter and grew 5% year-on-year.
- Greater activity, together with higher interest rates and margin management, was reflected in net interest income and net fee income, which both grew 6% in constant euros (+11% and +10%, respectively, in euros).

PROFITABILITY

Underlying RoTE

+125 bps

Q1'21 13.0%

Q1'22 **14.2%**

- 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 66% year-on-year in the first quarter of 2022 to EUR 14.1 cents (+22% compared to Q1'21 underlying EPS).
- RoTE of 14.2%, RoRWA was 1.95%, both clearly exceeding Q1'21 and FY'21 figures.

STRENGTH

Cost of credit

-31 bps

Q1'21 1.08%

Q1'22 **0.77%**

- Regarding credit quality, the cost of credit stood at 0.77% (1.08% in March 2021).
- The NPL ratio was 3.26% (+6 bps year-on-year, including a 19 bp impact from the New Definition of Default application).
- Total loan-loss reserves reached EUR 24,778 million, with a coverage of 69%.

FL CET1

+9 bps

Q1'21 11.96%

Q1'22 **12.05%**

Note: proforma data. Both periods include the minority interest buyback in SC USA and the acquisition of Amherst Pierpont

- The fully-loaded CET1 ratio was 12.05% including the acquisition of Amherst Pierpont which closed in April 2022.

  In the quarter, net organic generation of 17 bps, resulting from gross organic generation of 40 bps from Q1'22 profit and a charge of 23 bps from divided accrual and the second share buyback programme.

GRUPO SANTANDER RESULTS

Grupo Santander. Summarized income statement

EUR million

	Q1'22	Q4'21	Change %	Change % excl. FX	Q1'21	Change %	Change % excl. FX
Net interest income	8,855	8,716	1.6	(1.5)	7,956	11.3	6.2
Net fee income (commission income minus commission expense)	2,812	2,692	4.5	1.7	2,548	10.4	5.9
Gains or losses on financial assets and liabilities and exchange differences (net)	387	343	12.8	10.6	651	(40.6)	(42.2)
Dividend income	68	109	(37.6)	(37.9)	65	4.6	5.1
Share of results of entities accounted for using the equity method	133	137	(2.9)	(5.7)	76	75.0	66.2
Other operating income / expenses	50	(219)	—	—	94	(46.8)	(56.4)
Total income	**12,305**	**11,778**	**4.5**	**1.5**	**11,390**	**8.0**	**3.3**
Operating expenses	(5,535)	(5,637)	(1.8)	(4.0)	(5,118)	8.1	4.5
Administrative expenses	(4,831)	(4,945)	(2.3)	(4.5)	(4,435)	8.9	5.2
Staff costs	*(2,863)*	*(3,011)*	*(4.9)*	*(6.7)*	*(2,688)*	*6.5*	*3.1*
Other general administrative expenses	*(1,968)*	*(1,934)*	*1.8*	*(0.9)*	*(1,747)*	*12.7*	*8.4*
Depreciation and amortization	(704)	(692)	1.7	(0.5)	(683)	3.1	(0.2)
Provisions or reversal of provisions	(455)	(808)	(43.7)	(44.9)	(959)	(52.6)	(53.4)
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss (net)	(2,123)	(1,407)	50.9	44.8	(2,056)	3.3	(1.3)
Impairment on other assets (net)	(35)	(97)	(63.9)	(64.4)	(138)	(74.6)	(75.7)
Gains or losses on non financial assets and investments, net	2	10	(80.0)	(84.5)	1	100.0	136.2
Negative goodwill recognized in results	—	—	—	—	—	—	—
Gains or losses on non-current assets held for sale not classified as discontinued operations	12	(8)	—	—	(18)	—	—
Profit or loss before tax from continuing operations	**4,171**	**3,831**	**8.9**	**5.0**	**3,102**	**34.5**	**25.2**
Tax expense or income from continuing operations	(1,302)	(1,169)	11.4	7.0	(1,143)	13.9	5.6
Profit from the period from continuing operations	**2,869**	**2,662**	**7.8**	**4.2**	**1,959**	**46.5**	**36.7**
Profit or loss after tax from discontinued operations	—	—	—	—	—	—	—
Profit for the period	**2,869**	**2,662**	**7.8**	**4.2**	**1,959**	**46.5**	**36.7**
Profit attributable to non-controlling interests	(326)	(387)	(15.8)	(18.1)	(351)	(7.1)	(11.1)
Profit attributable to the parent	**2,543**	**2,275**	**11.8**	**7.9**	**1,608**	**58.1**	**46.8**
EPS (euros)	**0.141**	**0.124**	**13.2**		**0.085**	**65.7**	
Diluted EPS (euros)	**0.140**	**0.124**	**13.2**		**0.085**	**65.7**	
Memorandum items:							
Average total assets	1,624,930	1,599,889	1.6		1,526,899	6.4	
Average stockholders' equity	88,532	85,844	3.1		81,858	8.2	

Executive summary

Profit (Q1'22 vs.Q1'21). In constant euros

Strong profit growth underpinned by our geographic and business diversification

Attributable profit	
EUR 2,543 mn	+47% vs Q1'21 +12% vs Q1'21 underlying att. profit

Performance (Q1'22 vs.Q1'21). In constant euros

Solid underlying profit growth backed by total income and controlled costs and provisions

Total income	Costs	Provisions
+3.3%	+4.5%	+0.7%

Efficiency

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

Group	Europe
45.0%	47.8%
-1.2 pp vs 2021	-4.4 pp vs 2021

Profitability

Strong improvement of the profitability ratios

RoTE		RoRWA	
14.2%		1.95%	
+2.1 pp	+1.3 pp [1]	+0.3 pp	+0.2 pp [2]

Changes vs. Q1'21 1. vs underlying RoTE 2. vs und. RoRWA

➔ Results performance compared to Q1'21

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 5 pp in revenue and 4 pp in costs.

▶ Total income

Total income of EUR 12,305 million in Q1'22, up 8% year-on-year. If the FX impact is excluded, total income increased 3%. This result shows the strength provided by our geographic and business diversification. Net interest income and net fee income accounted for 95% of total income. By line:

- **Net interest income** amounted to EUR 8,855 million, 11% higher compared to Q1'21. Stripping out the exchange rate impact, growth was 6%, mainly due to the increase in activity, greater volumes and higher interest rates.

By country, and at constant exchange rates, rises were recorded in the UK (+15%), Poland (+78%), Brazil (+7%), Mexico (+7%), Chile (+1%) and Argentina (+69%).

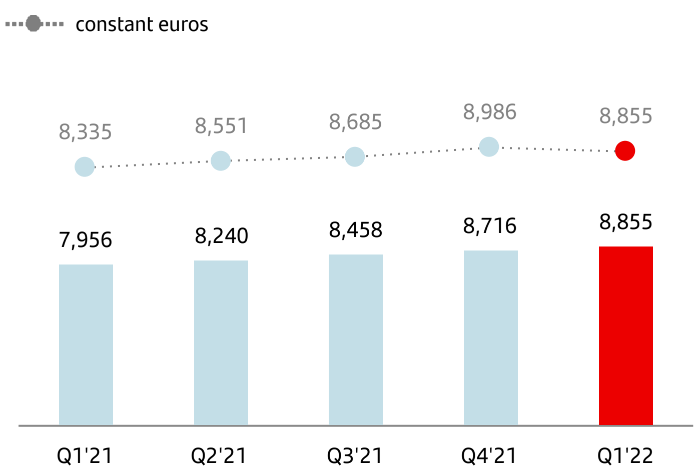
On the other hand, the US decreased 2%, mainly due to the Bluestem portfolio disposal in 2021. Excluding this impact, net interest income would have increased 1%. Declines in Spain (-7%, due to change in mix and lower ALCO volumes) and Portugal (-8%, due to ALCO portfolio sales in Q1'21).

- **Net fee income** rose 10% year-on-year to EUR 2,812 million. Excluding the exchange rate impact, it was 6% higher, driven by higher volumes and improved activity, with significant increases in high value-added products and services.

Fees relating to card turnover and points of sale increased 23% and 33%, respectively, and card transactions were 25% higher. New lending in Digital Consumer Bank rose 17%.

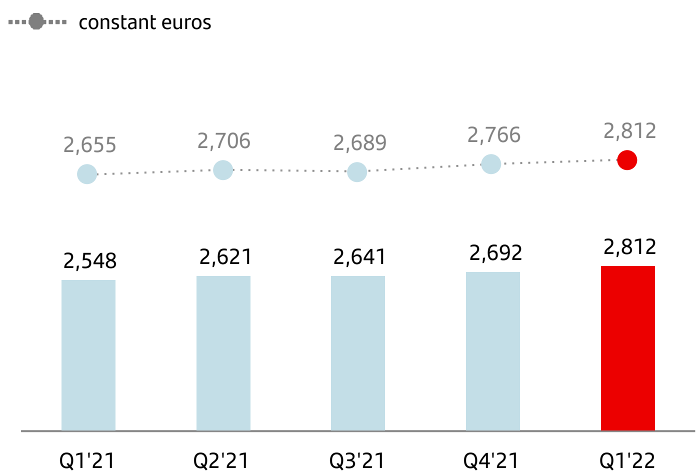
Net interest income

EUR million



Net fee income

EUR million



Wealth Management & Insurance (WM&I) grew 4% including fees ceded to the branch network, spurred by growth in assets under management and a 13% increase in protection insurance premiums. In Santander Corporate & Investment Banking (SCIB), fee income increased 9%, a very positive performance after the high figures recorded in Q1'21. Together, both businesses accounted for close to 50% of the Group's total fee income (SCIB: 19%; WM&I: 30%).

By region, Europe was up 7%, supported by growth in all countries except the UK (mainly due to the transfer of the SCIB business). North America decreased 8%, affected by the Bluestem portfolio disposal. Excluding it, fee income would have remained stable in the region and the US would have fallen following an excellent Q1'21 driven by SCIB and deposit initiatives. Mexico increased 13% driven by fee income from accounts, cards, insurance, corporates, SCIB and Getnet. South America was up 11% with growth in all countries and Digital Consumer Bank increased 9% driven by the aforementioned rise in new lending.

- **Gains on financial transactions**, accounted for 3% of total income and was 41% lower year-on-year at EUR 387 million (-42% excluding the exchange rate impact) weighed down by Spain and Portugal (lower ALCO portfolio volumes) and Brazil (SCIB). The Corporate Centre recorded lower gains on financial transactions affected by the negative impact of FX hedging, offset by the positive impact of exchange rates in the countries' results.

- **Dividend income** was EUR 68 million in Q1'22, recording no material change year-on-year (EUR 65 million in Q1'21).

- **The results of entities accounted for using the equity method** rose to EUR 133 million, due to the greater contribution from Group entities in Spain and Brazil.

- **Other operating income** recorded a gain of EUR 50 million compared to EUR 94 million in Q1'21, mainly due to Poland (higher provisions for the contribution to the BFG) and the US (lower leasing income).

▶ Costs

Operating costs amounted to EUR 5,535 million, 8% higher than Q1'21 (+4% excluding the exchange rate impact), due to the sharp increase in inflation. In real terms (excluding the impact of inflation), costs fell 3% in constant euros.

Our disciplined cost management enabled us to maintain one of the best efficiency ratios in the sector, with an efficiency ratio of 45.0% in Q1'22, improving 1.2 pp versus FY'21, mainly driven by Europe.

Our transformation plan continued to progress across countries towards a more integrated and digital operating model, which 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 2% in nominal terms, -7% in real terms, on the back of our transformation process and operating improvement. In real terms, widespread falls in the region: Spain was down 9%, the UK -5%, Portugal -16% and Poland decreased slightly. The region's efficiency ratio improved to 47.8%, a decrease of 4.4 pp versus FY'21.

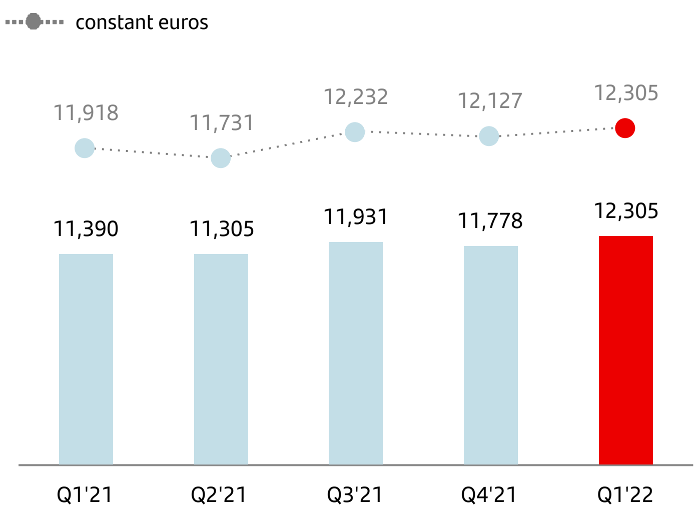
- In North America, costs increased 3%. In real terms, they dropped 4%. They remained stable in the US while Mexico recorded a 9% increase due to salary agreement and investments in digitalization. The efficiency ratio improved to 45.1% (-0.7 pp vs FY'21).

- In South America, higher costs (+16%) were significantly distorted by soaring average inflation in the region (15%) which was reflected in salary agreements (Brazil +11%) and greater overall expenses. Costs in Brazil rose 14%, just +4% in real terms. On the other hand, Chile and Argentina improved 3% and 6%, respectively, in real terms. The efficiency ratio was 35.4% (+0.3 pp vs FY'21).

- Costs in Digital Consumer Bank increased 7% affected by inflation, strategic investments and perimeter effects (Allane, TIMFin and Greece). Excluding these impacts, BAU costs rose 2% (-2% in real terms). The efficiency ratio stood at 49% (+2.0 pp vs FY'21).

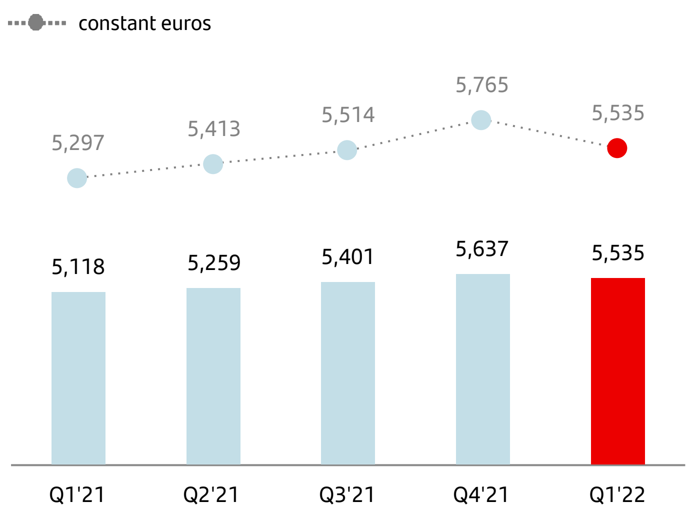
Total income

EUR million



Operating expenses

EUR million



▶ Provisions or reversal of provisions

Provisions (net of provisions reversals) amounted to EUR 455 million (EUR 959 million in Q1'21). 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) remained virtually unchanged at EUR 2,123 million compared to EUR 2,056 million in Q1'21.

▶ Impairment on other assets (net)

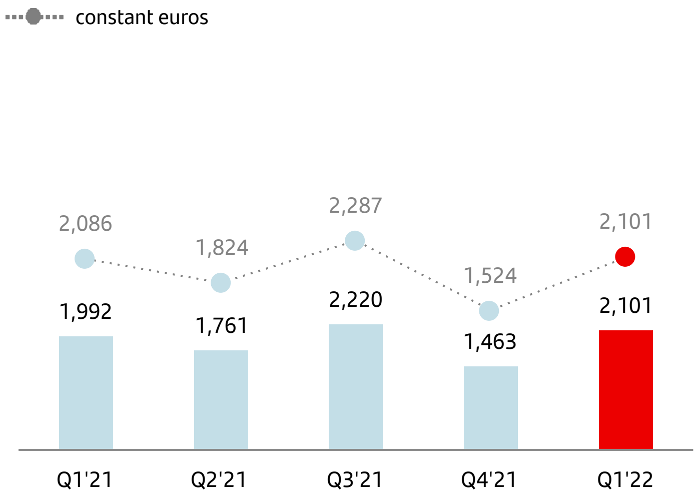
The impairment on other assets (net) stood at EUR 35 million, down from EUR 138 million in Q1'21.

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

EUR 2 million was recorded in this line in Q1'22 (EUR 1 million in Q1'21).

Net loan-loss provisions

EUR million



▶ Negative goodwill recognized in results

No negative goodwill was recorded in Q1'22 or Q1'21.

▶ 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 12 million in Q1'22, compared to -EUR 18 million in Q1'21.

▶ Profit before tax

Profit before tax was EUR 4,171 million in 2021, 34% higher year-on-year (+25% in constant euros).

▶ Income tax

Total corporate income tax was EUR 1,302 million (EUR 1,143 million in Q1'21).

▶ Attributable profit to non-controlling interests

Attributable profit to non-controlling interests amounted to EUR 326 million, down 7% year-on-year (-11% 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 2,543 million in Q1'22, compared to EUR 1,608 million in the same period of 2021. This represents a 58% increase in euros and +47% in constant euros, receiving an uplift from higher revenue, stable LLPs, lower minority interests and no results outside the ordinary course of our business.

RoTE stood at 14.21% (12.16% in Q1'21), RoRWA at 1.95% (1.67% in Q1'21) and earnings per share stood at EUR 0.141 (EUR 0.085 in Q1'21).

▶ Underlying profit attributable to the parent

Profit attributable to the parent recorded in Q1'22 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 Q1'22 amounted to EUR 2,543 million.

In Q1'21, 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 Q1'21 stood at EUR 2,138 million.

As a result, adjusted profit or underlying profit in Q1'22 was 19% higher in euros and +12% in constant euros compared to the same period of 2021.

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

The Group's cost of credit (considering the last 12 months) stood at 0.77% from 1.08% in March 2021, mainly due to lower provisions in Europe, Mexico and Digital Consumer Bank.

Before recording loan-loss provisions, Grupo Santander's underlying net operating income (total income less operating expenses) was EUR 6,770 million, 8% higher year-on-year in euros, +2% excluding the FX impact.

By line:

- Total income increased mainly due to net interest income (+6%) and net fee income (+6%) which continued to recover, benefitting from greater commercial activity.
- Costs were up driven by soaring inflation. In real terms, they recorded overall decreases, except in Brazil and Mexico (salary agreements) and Digital Consumer Bank (strategic investments and perimeter).

By region:

- In Europe, net operating income increased 12% underscored by higher total income and lower costs.
- In North America, net operating income fell 4% excluding the impact from the sale of Bluestem, with a 6% rise in Mexico and an 8% fall in the US, dampened by lower fee income and leasing.
- In South America, growth was 7% with rises of 3% in Brazil, 14% in Chile and 86% in Argentina.
- In Digital Consumer Bank, net operating income increased 3%.

In Q1'22, the Grupo Santander's underlying RoTE was 14.21% (12.96% in Q1'21), underlying RoRWA was 1.95% (1.77% in Q1'21) and underlying earnings per share was EUR 0.141 (EUR 0.116 in Q1'21).

Summarized underlying income statement

EUR million			Change			Change	
	Q1'22	Q4'21	%	% excl. FX	Q1'21	%	% excl. FX
Net interest income	8,855	8,716	1.6	(1.5)	7,956	11.3	6.2
Net fee income	2,812	2,692	4.5	1.7	2,548	10.4	5.9
Gains (losses) on financial transactions (1)	387	343	12.8	10.6	651	(40.6)	(42.2)
Other operating income	251	27	829.6	908.4	235	6.8	(2.7)
Total income	**12,305**	**11,778**	**4.5**	**1.5**	**11,390**	**8.0**	**3.3**
Administrative expenses and amortizations	(5,535)	(5,637)	(1.8)	(4.0)	(5,118)	8.1	4.5
Net operating income	**6,770**	**6,141**	**10.2**	**6.4**	**6,272**	**7.9**	**2.3**
Net loan-loss provisions	(2,101)	(1,463)	43.6	37.8	(1,992)	5.5	0.7
Other gains (losses) and provisions	(498)	(850)	(41.4)	(42.6)	(467)	6.6	4.8
Profit before tax	**4,171**	**3,828**	**9.0**	**5.0**	**3,813**	**9.4**	**2.7**
Tax on profit	(1,302)	(1,165)	11.8	7.0	(1,324)	(1.7)	(8.2)
Profit from continuing operations	**2,869**	**2,663**	**7.7**	**4.2**	**2,489**	**15.3**	**8.6**
Net profit from discontinued operations	—	—	—	—	—	—	—
Consolidated profit	**2,869**	**2,663**	**7.7**	**4.2**	**2,489**	**15.3**	**8.6**
Non-controlling interests	(326)	(388)	(16.0)	(18.1)	(351)	(7.1)	(11.0)
Net capital gains and provisions	—	—	—	—	(530)	(100.0)	(100.0)
Profit attributable to the parent	**2,543**	**2,275**	**11.8**	**7.9**	**1,608**	**58.1**	**46.8**
Underlying profit attributable to the parent (2)	**2,543**	**2,275**	**11.8**	**7.9**	**2,138**	**18.9**	**11.8**

(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 Q1'22 and Q4'21, as profit was not affected by results outside the ordinary course of our business in either period.

As a result, profit in both cases recorded a 12% increase quarter-on-quarter.

In constant euros, growth was 8% compared to the fourth quarter. The performance of the main lines of the income statement in constant euros was as follows:

- Total income was 1% higher quarter-on-quarter boosted by Europe and North America. By line:

  Net interest income reduced 1% affected by the lower day count, which had an impact of close to EUR 200 million. Excluding it, net interest income would have increased 1%. By region, of note was the 4% rise in Europe, mainly driven by Poland.

  Net fee income rose 2% with positive performance across regions except South America, as the fourth quarter is seasonally higher. Gains on financial transactions grew driven by the US, Chile, Portugal and Brazil.

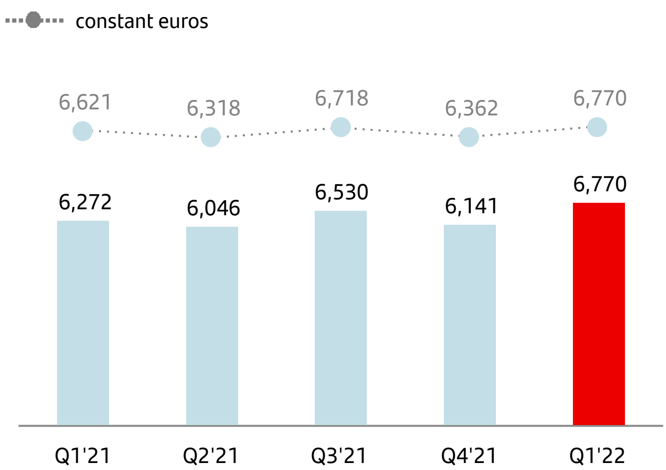
- Costs were 4% lower, with falls in Europe, North America and South America.

- Net loan-loss provisions increased 38% explained by the releases recorded in the fourth quarter, mainly in the US, the UK and Portugal.

- Other gains (losses) and provisions contracted 43% following the recording of the contribution to the Bank Levy in the UK (-EUR 62 million) and CHF mortgage related charges in Poland and Digital Consumer Bank of -EUR 134 million.

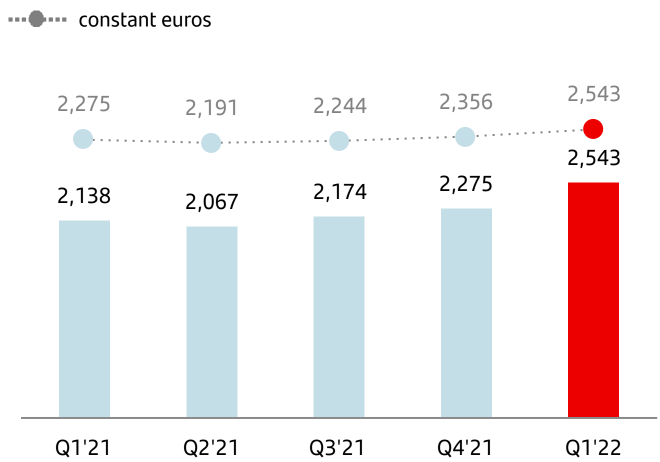
Net operating income

EUR million



Underlying profit attributable to the parent*

EUR million



(*) Excluding net capital gains and provisions.

Grupo Santander. Condensed balance sheet

EUR million

Assets	Mar-22	Mar-21	Change Absolute	Change %	Dec-21
Cash, cash balances at central banks and other demand deposits	198,501	192,925	5,576	2.9	210,689
Financial assets held for trading	148,472	109,643	38,829	35.4	116,953
Debt securities	37,256	39,212	(1,956)	(5.0)	26,750
Equity instruments	12,736	11,626	1,110	9.5	15,077
Loans and advances to customers	13,597	303	13,294	—	6,829
Loans and advances to central banks and credit institutions	26,719	2	26,717	—	14,005
Derivatives	58,164	58,500	(336)	(0.6)	54,292
Financial assets designated at fair value through profit or loss	18,191	61,289	(43,098)	(70.3)	21,493
Loans and advances to customers	8,239	27,001	(18,762)	(69.5)	10,826
Loans and advances to central banks and credit institutions	2,153	27,473	(25,320)	(92.2)	3,152
Other (debt securities an equity instruments)	7,799	6,815	984	14.4	7,515
Financial assets at fair value through other comprehensive income	97,894	113,370	(15,476)	(13.7)	108,038
Debt securities	86,152	101,496	(15,344)	(15.1)	97,922
Equity instruments	2,370	2,793	(423)	(15.1)	2,453
Loans and advances to customers	9,372	9,081	291	3.2	7,663
Loans and advances to central banks and credit institutions	—	—	—	—	—
Financial assets measured at amortized cost	1,096,679	981,581	115,098	11.7	1,037,898
Debt securities	50,391	26,430	23,961	90.7	35,708
Loans and advances to customers	980,289	903,375	76,914	8.5	947,364
Loans and advances to central banks and credit institutions	65,999	51,776	14,223	27.5	54,826
Investments in subsidiaries, joint ventures and associates	7,829	7,693	136	1.8	7,525
Tangible assets	33,781	33,386	395	1.2	33,321
Intangible assets	17,450	15,990	1,460	9.1	16,584
Goodwill	13,470	12,460	1,010	8.1	12,713
Other intangible assets	3,980	3,530	450	12.7	3,871
Other assets	47,215	47,002	213	0.5	43,334
Total assets	**1,666,012**	**1,562,879**	**103,133**	**6.6**	**1,595,835**
Liabilities and shareholders' equity					
Financial liabilities held for trading	97,866	71,293	26,573	37.3	79,469
Customer deposits	12,708	—	12,708	—	6,141
Debt securities issued	—	—	—	—	—
Deposits by central banks and credit institutions	13,032	—	13,032	—	7,526
Derivatives	55,908	55,935	(27)	—	53,566
Other	16,218	15,358	860	5.6	12,236
Financial liabilities designated at fair value through profit or loss	38,778	69,977	(31,199)	(44.6)	32,733
Customer deposits	29,285	49,394	(20,109)	(40.7)	25,608
Debt securities issued	5,902	4,538	1,364	30.1	5,454
Deposits by central banks and credit institutions	3,591	16,045	(12,454)	(77.6)	1,671
Other	—	—	—	—	—
Financial liabilities measured at amortized cost	1,389,315	1,290,475	98,840	7.7	1,349,169
Customer deposits	915,827	833,460	82,367	9.9	886,595
Debt securities issued	241,908	240,765	1,143	0.5	240,709
Deposits by central banks and credit institutions	194,581	189,095	5,486	2.9	191,992
Other	36,999	27,155	9,844	36.3	29,873
Liabilities under insurance contracts	812	1,102	(290)	(26.3)	770
Provisions	9,239	10,881	(1,642)	(15.1)	9,583
Other liabilities	30,624	26,465	4,159	15.7	27,058
Total liabilities	**1,566,634**	**1,470,193**	**96,441**	**6.6**	**1,498,782**
Shareholders' equity	121,368	115,620	5,748	5.0	119,649
Capital stock	8,670	8,670	—	—	8,670
Reserves	110,991	105,342	5,649	5.4	103,691
Profit attributable to the Group	2,543	1,608	935	58.1	8,124
Less: dividends	*(836)*	—	*(836)*	—	*(836)*
Other comprehensive income	(30,978)	(33,154)	2,176	(6.6)	(32,719)
Minority interests	8,988	10,220	(1,232)	(12.1)	10,123
Total equity	**99,378**	**92,686**	**6,692**	**7.2**	**97,053**
Total liabilities and equity	**1,666,012**	**1,562,879**	**103,133**	**6.6**	**1,595,835**

GRUPO SANTANDER BALANCE SHEET

Executive summary *

Loans and advances to customers (excl. reverse repos)

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

998 billion	+1% QoQ	+5% YoY

➔ **By segment** (YoY change):

Growth backed by individuals and large corporates

Individuals	SMEs and corporates	CIB and institutions
+6%	-4%	+11%

Customer funds (deposits excl. repos + mutual funds)

Increase in customer funds benefiting from the higher propensity to save derived from the health crisis

1,097 billion	0% QoQ	+5% YoY

➔ **By product** (YoY change):

Of note were demand deposits (which accounted for 66% of customer funds) and mutual funds

Demand	Time	Mutual funds
+6%	+2%	+6%

(*) Changes in constant euros

➔ Loans and advances to customers

Loans and advances to customers stood at EUR 1,011,497 million in March, 4% higher quarter-on-quarter and +8% year-on-year.

The Group uses gross loans and advances to customers excluding reverse repos (EUR 998,490 million) for the purpose of analysing traditional commercial banking loans. 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 first quarter of 2022, gross loans and advances to customers, excluding reverse repos and without the exchange rate impact, rose 1% quarter-on-quarter, as follows:

- In **Europe,** loans in Poland and the UK recorded a 2% increase, while in Spain they rose 1% and in Portugal they remained virtually stable (-0.4%). In the region as a whole, loans rose 2%.
- In **North America,** volumes rose 3%. Growth in Mexico was 4% and in the US +2%.
- In **South America**, loans remained broadly flat (+0.3%) as the 12% increase in Argentina was offset by flat performance in Brazil and Chile and the 2% fall in Uruguay.
- **Digital Consumer Bank (DCB)** had no material change, with Openbank growing 9%.

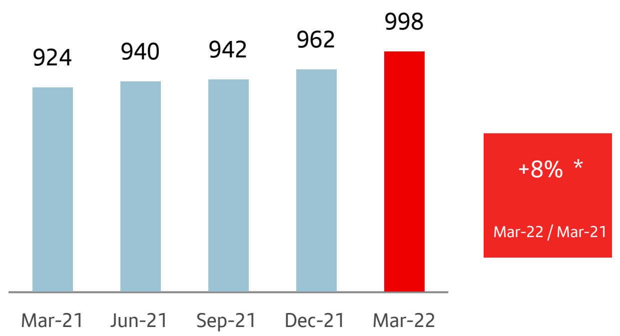
Compared to March 2021, gross loans and advances to customers (excluding reverse repos and the FX impact) grew 5%, as follows:

- In **Europe**, growth was 4%. Spain rose 6% due to individuals and private banking, Poland also +6%, driven by individuals, SMEs and CIB, Portugal +2% backed by mortgages and the UK increased 2% also driven by mortgages.
- **North America** rose 8%. The US grew 8% propelled by auto financing, while Mexico was up 9% with widespread rises across segments, except SMEs.
- Growth in **South America** was 9%, with Argentina increasing 44% driven by individuals, SMEs and corporates, Brazil +8% owing mainly to a positive performance in individuals and Chile rose 6% backed by individuals, CIB and corporates.
- **Digital Consumer Bank** was virtually stable. However, new lending rose 17%, increasing in most countries. Openbank increased 52%.

As of March 2022, gross loans and advances to customers excluding reverse repos maintained a balanced structure: individuals (63%), SMEs and corporates (21%) and SCIB and institutions (16%).

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

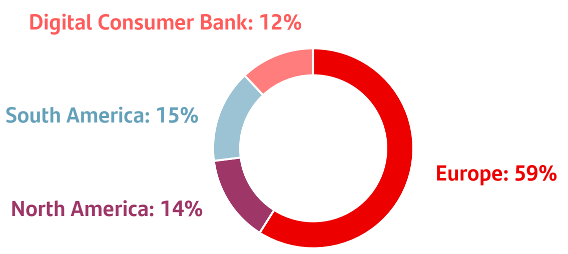
EUR billion



(*) In constant EUR: +5%

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

% operating areas. March 2022



Customer funds

Customer deposits amounted to EUR 957,820 million in March 2022, increasing 4% quarter-on-quarter and 8% 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 1,097,014 million in March 2022.

- **Compared to Q4'21**, customer funds remained flat, with the following performance excluding exchange rate impacts:
  - By product, customer deposits excluding repos rose 1% (demand deposits remained stable, while time deposits rose 6%) and mutual funds decreased 3%.
  - By primary segment, customer funds rose in North America (+3%) and DCB (+2%), offset by the falls in Europe and South America (both -1%). By country, declines in the UK, Poland, Brazil and Chile, and rises in Portugal, the US and Argentina. Mexico and Spain remained broadly stable.
- **Compared to March 2021**, customer funds were up 5%, excluding the exchange rate impact:
  - By product, deposits excluding repos rose 5%. Demand deposits grew 6% with rises in nine of our 10 core markets, and time deposits were 2% higher driven by growth in North and South America, partly offset by the fall in DCB and the flat performance in Europe. Mutual funds rose 6% with positive performance in most markets.
  - By country, customer funds increased 4% in Europe, with rises in Portugal and Spain (+8%) and Poland (+2%), while the UK was 1% lower. North America rose 8% (the US: +9%; Mexico: +5%) and South America +7%.
  - DCB rose 9%, where Openbank increased 18%.

With this performance, the weight of demand deposits as a percentage of total customer funds was 66%, time deposits accounted for 17% 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 quarter of 2022, the Group **issued**:

- Medium- and long-term covered bonds amounting to EUR 1,882 million and EUR 5,281 million of senior debt placed in the market.
- There were EUR 2,974 million of securitizations placed in the market.
- In order to strengthen the Group's situation, issuances to meet the TLAC requirement amounted to EUR 3,964 million (EUR 3,850 million of senior non-preferred and EUR 114 million of subordinated debt).
- Maturities of medium- and long-term debt of EUR 9,829 million.

The net loan-to-deposit ratio was 106%, the same as in March and December 2021. The ratio of deposits plus medium- and long-term funding to the Group's loans was 117%, underscoring the comfortable funding structure.

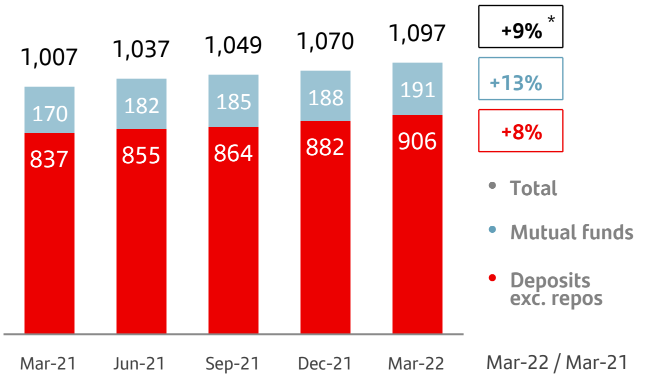
The Group's access to wholesale funding markets as well as the cost of issuances depends, in part, on the ratings of the **rating agencies**.

The ratings of Banco Santander, S.A. by the main rating agencies were: Fitch (A- senior non-preferred, A senior long-term and F2 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 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

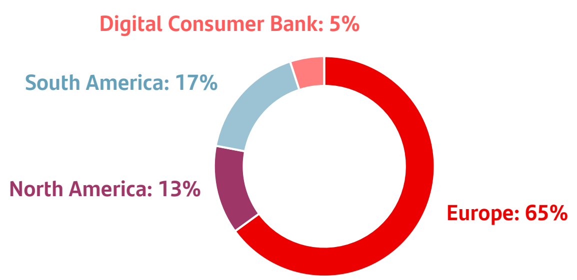
EUR billion



(*) In constant EUR: +5%

Customer funds

% operating areas. March 2022

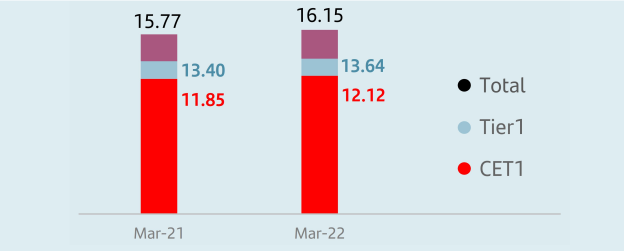


SOLVENCY RATIOS

Executive summary

Fully-loaded capital ratio

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



Fully-loaded CET1 ratio

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

Gross organic generation **+40 bps**

Shareholder remuneration -23 bps

TNAV per share

TNAV per share was **EUR 4.29**, 4% higher quarter-on-quarter and +13% year-on-year including cash dividends

At the end of March 2022, the total phased-in capital ratio (applying the IFRS 9 transitional arrangements) stood at 16.39% and the phased-in CET1 ratio at 12.33%. 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 CET1 management buffer of 347 bps.

The total fully-loaded capital ratio stood at 16.15% and the fully-loaded CET1 ratio at 12.12%. These ratios include the impact from minority buybacks in SC USA approved on 31 January 2022. If we also consider the impacts stemming from the acquisition of Amherst Pierpont (completed in April 2022), the fully-loaded CET1 ratio would be 12.05%, compared to 11.96% in December 2021 (also including the two aforementioned operations).

Growth in the quarter was driven by net organic generation of 17 bps, resulting from gross organic generation of 40 bps (from Q1'22 earnings and RWA management), and the charges from the second share buyback programme corresponding to 2021 (-15 bps) and the cash dividend accrual, corresponding to 20% of Q1'22 profit (-8 bps).

Additionally, in the quarter there were 3 bp and 5 bp reductions stemming from regulatory impacts and from markets performance, respectively.

The fully-loaded leverage ratio stood at 5.03%, and the phased-in at 5.10%.

Finally, the TNAV per share ended the year at EUR 4.29, a 4% increase quarter-on-quarter and an 13% increase year-on-year (including the EUR 4.85 cents cash dividend paid in November 2021).

Eligible capital. March 2022

EUR million

	Fully-loaded	Phased-in*
CET1	72,658	73,817
Basic capital	81,758	82,917
Eligible capital	**96,837**	**98,130**
Risk-weighted assets	599,445	598,789
CET1 capital ratio	**12.12**	**12.33**
Tier 1 capital ratio	**13.64**	**13.85**
Total capital ratio	**16.15**	**16.39**

Fully-loaded CET1 ratio performance

%

1. Including acquisition of SC USA minority interest (-0.08 pp) which closed on 31 January 2022 and the acquisition of Amherst Pierpont (-0.07 pp) which completed in April 2022.
2. Including a 15 bp charge from the second share buyback corresponding to 2021, and an 8 bp charge from the cash dividend accrual, corresponding to 20% of Q1'22 profit.

(*) 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 remained stable despite the macroeconomic uncertainties

Cost of credit[2]	NPL ratio	Coverage ratio
0.77%	3.26%	69%
0 bps vs Q4'21	+10 bps vs Q4'21	-2 pp vs Q4'21

Market risk

Despite the macroeconomic volatility and uncertainty caused by the situation in Ukraine, our risk profile remained stable with a slight increase in VaR levels

Q1'22 Average VaR EUR 13.8 million

Structural and liquidity risk

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

Liquidity Coverage Ratio (LCR)

157% -6 pp vs Q4'21

Operational risk

Losses were lower than the previous quarter

Ukraine conflict

Since the beginning of the Russian invasion of Ukraine on 24 February, the Group has reinforced the monitoring of all risks, with special attention to Poland due to its situation. The main transmission channels to the economies derived from the conflict are: inflation, due to the price of energy and non-energy commodities; financial markets, global financial flows and economic and political response and direct exposure to Ukraine/ Russia through trade and financial flows.

Santander has no presence in and negligible direct exposure to Russia and Ukraine. The bank has the necessary tools to manage the uncertainty generated by the current macroeconomic environment. The risk area has risk playbooks to deal with unexpected situations, the cyber teams are prepared for a possible contingency, although there has been no increase in the number of attacks in these months, and the Compliance teams are continuously reviewing the correct application of the sanctions established by the international community.

The Group's diversification is allowing us to face the crisis with resilience, since the conflict has had a greater impact in Europe, moderate in the United States, and neutral or positive in South America.

Credit risk management

Total risk: EUR 1,093,023 million, +5% vs Q1'21 in constant euros, despite the economic slowdown caused by the uncertainty arising from the conflict in Ukraine, together with new lockdowns in China due to the increase of covid-19 cases.

Credit impaired loans: EUR 35,670 million, a 4% increase compared to Q4'21, in constant euros, explained in part by the integration of the New Definition of Default (NDD), which accelerates the recognition of NPLs.

NPL ratio: 3.26%, 10 bps more quarter-on-quarter (which includes the integration of the NDD) and +6 bps year-on-year.

Loan-loss provisions: EUR 2,101 million, in line with the first quarter of 2021 (in constant euros).

Cost of credit: in line with the end of 2021, at 0.77%.

Total loan-loss reserves: EUR 24,778 million, stable in constant euros versus Q4'21.

Total coverage of credit impaired loans was 69% (-2 pp compared to the previous quarter). To fully understand this value, it is important to take into consideration 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 credit (%)[2]		NPL ratio (%)		Total coverage ratio (%)	
	Q1'22	Chg (%) / Q1'21	Q1'22	Chg (bps) / Q1'21	Q1'22	Chg (bps) / Q1'21	Q1'22	Chg (p.p.) / Q1'21
Europe	515	(13.5)	0.37	(13)	3.01	(26)	49.1	(0.9)
North America	439	4.4	0.93	(142)	2.83	45	110.5	(42.9)
South America	999	33.3	2.73	(8)	5.05	75	92.2	(6.2)
Digital Consumer Bank	148	(11.2)	0.44	(25)	2.27	4	99.4	(12.0)
TOTAL GROUP	**2,101**	**0.7**	**0.77**	**(31)**	**3.26**	**6**	**69.5**	**(4.5)**

(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

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

Regarding the moratoria programmes, 99.9% of the total amount granted (approx. EUR 92,100 million) had already expired by the end of March 2022, showing good repayment behaviour, with 7% classified in stage 3 (IFRS 9).

Government liquidity programmes ended the first quarter of 2022 at EUR 39,656 million. By geographic area, Spain accounts for 68% of total exposure to those programmes with an average ICO guarantee coverage of 77%.

Coverage ratio by stage

EUR billion

	Exposure[1]			Coverage		
	Mar-22	Dec-21	Mar-21	Mar-22	Dec-21	Mar-21
Stage 1	967	929	885	0.5%	0.5%	0.5%
Stage 2	68	71	70	8.0%	7.7%	8.1%
Stage 3	36	33	32	41.0%	41.3%	42.5%

(1) Exposure subject to impairment. Additionally, in March 2022 there are EUR 22 billion in loans and advances to customers not subject to impairment recorded at mark to market with changes through P&L (EUR 18 billion in December 2021 and EUR 27 billion in March 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 (%)	
	Q1'22	QoQ	YoY
Balance at beginning of period	33,234	0.6	4.6
Net additions	3,776	35.7	51.3
Increase in scope of consolidation	—	—	—
Exchange rate differences and other	1,063	943.8	139.4
Write-offs	(2,403)	(10.9)	7.6
Balance at period-end	**35,670**	**7.3**	**9.8**
Loan-loss allowances	**24,778**	**4.6**	**3.1**
For impaired assets	14,609	6.53	5.83
For other assets	10,169	1.85	(0.60)

Market risk

The risk associated to 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 first quarter 2022, the **VaR** fluctuated around an average value of EUR 13.8 million, stable due to our low market risk profile, despite the growing volatility of the market as a consequence of the situation in Ukraine. The quarter's closing VaR was EUR 14 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
First quarter	Average	Latest	Average
Total	**13.8**	**14.0**	**9.5**
Europe	11.1	11.4	7.9
North America	2.5	3.6	2.8
South America	8.3	8.9	4.6

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

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

EUR million

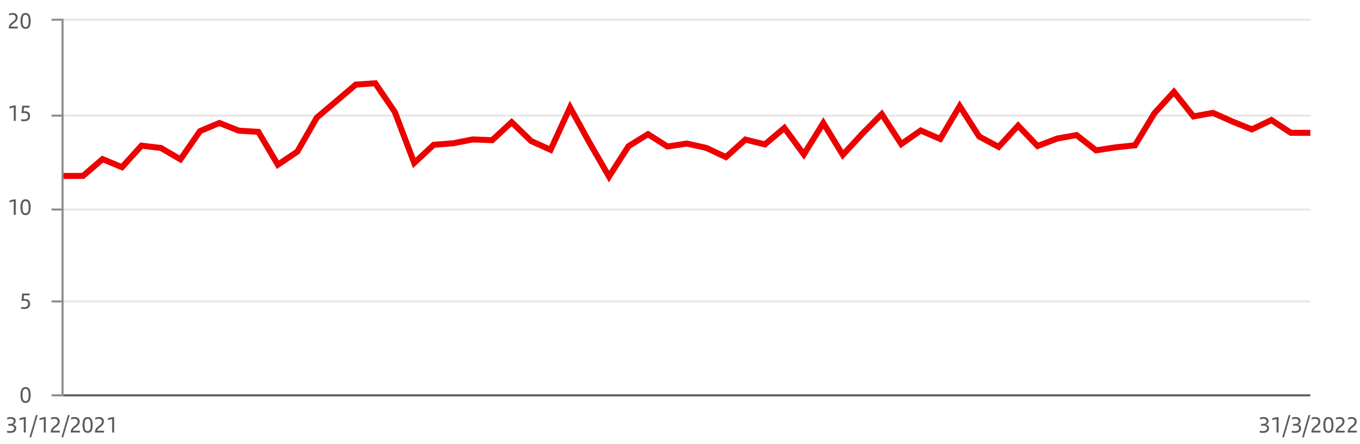
First quarter 2022	Min.	Avg.	Max.	Last
VaR total	**11.7**	**13.8**	**16.7**	**14.0**
Diversification effect	*(6.6)*	*(13.0)*	*(20.7)*	*(14.6)*
Interest rate VaR	8.1	11.0	14.4	11.8
Equity VaR	3.7	5.2	7.3	3.9
FX VaR	2.5	4.8	7.5	6.2
Credit spreads VaR	3.4	4.7	6.1	5.4
Commodities VaR	0.6	1.1	2.0	1.3

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: the surge in commodity prices continued to put pressure on inflation and challenge central banks' policies, leading to prospects of a potentially faster pace of interest rate hikes and high volatility in the markets. 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 increased moderately in the first quarter of 2022. The following aspects were closely monitored during this period:

- Monitoring of compliance with international financial measures and sanctions in the context of the Russia-Ukraine conflict.
- Cyber threats across the financial industry, focused also on alerts derived from the conflict previously mentioned, reinforcing monitoring and the bank's control environment mechanisms (patching, browsing control, data protection controls, etc.).
- IT risk, mainly related to transformation plans, proactive management of obsolete technology and IT services provided by third parties.
- Third party risk exposure, maintaining close oversight on critical providers, with focus on business continuity capabilities, supply chains, their cyber risk management and compliance with service level agreements.
- Evolution of new types of fraud, mainly in e-banking transactions (client fraud) and in the admission processes.
- Regulatory compliance, due to increasing regulatory requirements (such as ESG, operational resilience, among others) across the Group.

Regarding the first quarter performance, losses (in relative terms and by Basel categories) were lower than the previous quarter.

GENERAL BACKGROUND

Grupo Santander conducted its business in the first quarter of 2022 in an environment marked by market volatility and greater economic uncertainty stemming from the war between Ukraine and Russia. This event has had an impact on financial markets, commodity markets and consumer expectations in general. From a global perspective, it had generated a rise in inflation expectations, ratified by published figures and a slowdown in expected economic growth. This is expected to have an uneven impact by geographic area, with a stronger effect in Europe compared to other markets where the Group operates. In this context, some of the world's main central banks continued with their normalization of monetary policy, both through interest rate hikes and balance sheet reduction processes.

Country	GDP Change[1]	Economic performance
Eurozone	+5.4%	GDP growth accelerated in early Q1'22, but confidence indicators fell in March due to the effects of the war in Ukraine. Inflation (7.5% in March) continued to rise due to higher energy and food prices and increased employment. The ECB is withdrawing monetary stimulus measures, while fiscal policy remained expansionary.
Spain	+5.1%	The labour market ended 2021 with an unemployment rate of 13.3%, and continued to create jobs in Q1'22. In addition, tourism is recovering as pandemic restrictions are lifted, which, in principle, bodes well for continued economic expansion, although inflation at 9.8% in March and the effects of the war may act as a brake on economic growth.
United Kingdom	+7.4%	The consequences of the Russian invasion in Ukraine were reflected in a higher inflation rate (7.0% in March), which for the time being has not affected either economic growth or employment (the unemployment rate stood at 3.8%). To combat soaring inflation, the BoE raised interest rates to 0.75%.
Portugal	+4.9%	2022 continued with the positive trends of 2021: higher retail and new car sales and greater consumer confidence, which allowed the unemployment rate to continue to fall (6.2%). However, the war has increased uncertainty, raw material prices and overall costs, which was reflected in the CPI (5.3% in March).
Poland	+5.8%	Economic indicators for 2021 pointed to an already overheated economy with high inflation and unemployment at record lows. The international environment increased tensions resulting in inflation in March of 11% and an unemployment rate of 3%, so the central bank raised interest rates (to 4.5% in April) and further increases are not ruled out.
United States	+5.7%	The improvement in the covid-19 wave in Q1'22 supported strong growth rates in a quarter marked by rising inflation (8.5% in March), a very tight labour market (unemployment rate at 3.6%) and the beginning of the Fed's rate hikes, which points to a significant tightening of monetary policy going forward, with more rate hikes and the start of quantitative tightening.
Mexico	+4.8%	GDP growth started 2022 with a stronger-than-expected expansion, driven by the external sector. However, the international outlook and the sharp upturn in inflation (7.5% in March) could slow it down. The central bank, confirming its commitment to price stability, continued to raise the official rate (100 bps in Q1'22, to 6.50%) and maintained a restrictive tone going forward.
Brazil	+4.6%	The beginning of the year showed mixed performance across sectors, with reactivation in manufacturing and a slowdown in services. Inflation continued to soar (11.3% in March) and the central bank raised the official rate 200 bps in the quarter to 11.75%, positively impacting the exchange rate of the real.
Chile	+11.7%	2022 began with signs of certain economic slowdown, with a lower than initially expected GDP growth, dampened by the easing of fiscal and monetary stimulus. High inflation (9.4% in March) led the central bank to accelerate the pace of monetary tightening, raising the official rate by 300 bps in the quarter to 7.00%.
Argentina	+10.3%	The IMF approved the agreement with Argentina, allowing the refinancing of debt maturities, backed by an economic programme that pursues debt sustainability and inflation reduction. 2022 started with growth in manufacturing and construction industries. Inflation remained high (6.7% monthly in March) and the central bank raised the official rate 650 bps in Q1'22 and 250 bps in April, to 47.0%.

(1) Year-on-year change 2021

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 three businesses: Merchant Acquiring, International Trade 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-March 2022

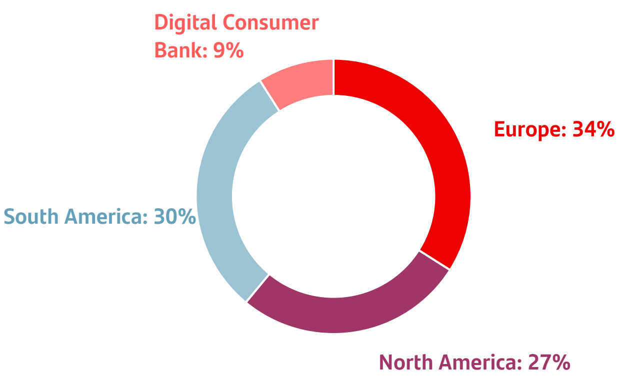
Main items of the underlying income statement

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	**2,839**	**1,154**	**4,305**	**2,245**	**1,494**	**1,018**
Spain	998	745	2,021	1,049	519	365
United Kingdom	1,192	92	1,291	620	503	375
Portugal	170	122	333	207	215	148
Poland	407	138	511	345	236	112
Other	72	56	149	24	22	17
North America	**2,131**	**443**	**2,795**	**1,535**	**1,050**	**806**
US	1,378	197	1,811	1,013	738	583
Mexico	753	245	982	549	340	249
Other	0	1	2	(28)	(28)	(26)
South America	**3,037**	**1,013**	**4,195**	**2,711**	**1,561**	**900**
Brazil	2,143	743	3,019	2,089	1,123	627
Chile	483	112	650	416	322	188
Argentina	300	121	364	147	71	59
Other	111	38	162	59	45	25
Digital Consumer Bank	**1,020**	**206**	**1,312**	**667**	**502**	**282**
Corporate Centre	**(172)**	**(3)**	**(301)**	**(388)**	**(437)**	**(462)**
TOTAL GROUP	**8,855**	**2,812**	**12,305**	**6,770**	**4,171**	**2,543**
Secondary segments						
Retail Banking	**8,094**	**1,816**	**10,095**	**5,695**	**3,159**	**2,055**
Corporate & Investment Banking	**786**	**521**	**1,763**	**1,148**	**1,142**	**759**
Wealth Management & Insurance	**145**	**321**	**587**	**343**	**338**	**245**
PagoNxt	**2**	**157**	**162**	**(28)**	**(32)**	**(54)**
Corporate Centre	**(172)**	**(3)**	**(301)**	**(388)**	**(437)**	**(462)**
TOTAL GROUP	**8,855**	**2,812**	**12,305**	**6,770**	**4,171**	**2,543**

Underlying attributable profit to the parent distribution*

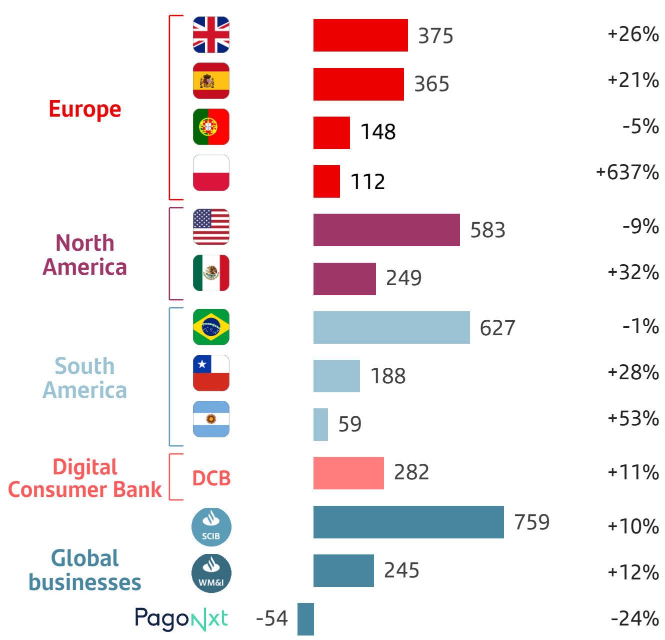
January - March 2022



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

Underlying attributable profit to the parent. Q1'22

EUR million. % change YoY in constant euros



January-March 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	**2,551**	**1,072**	**4,055**	**1,983**	**1,138**	**769**
Spain	1,074	684	2,068	1,052	449	302
United Kingdom	989	120	1,099	447	398	286
Portugal	185	99	420	274	226	156
Poland	233	127	349	191	51	15
Other	71	41	119	18	13	10
North America	**1,971**	**451**	**2,735**	**1,587**	**1,174**	**750**
US	1,310	241	1,875	1,127	947	598
Mexico	661	204	858	485	253	177
Other	0	7	2	(26)	(26)	(25)
South America	**2,570**	**842**	**3,535**	**2,316**	**1,500**	**770**
Brazil	1,778	632	2,519	1,797	1,152	560
Chile	497	95	614	378	277	152
Argentina	203	74	261	91	42	44
Other	92	41	140	51	30	14
Digital Consumer Bank	**996**	**188**	**1,244**	**643**	**446**	**249**
Corporate Centre	**(133)**	**(5)**	**(179)**	**(258)**	**(445)**	**(402)**
TOTAL GROUP	**7,956**	**2,548**	**11,390**	**6,272**	**3,813**	**2,138**

Secondary segments	Net interest income	Net fee income	Total income	Net operating income	Profit before tax	Underlying profit attributable to the parent
Retail Banking	**7,286**	**1,721**	**9,357**	**5,220**	**3,039**	**1,728**
Corporate & Investment Banking	**690**	**462**	**1,618**	**1,073**	**995**	**670**
Wealth Management & Insurance	**113**	**289**	**528**	**305**	**298**	**214**
PagoNxt	**(1)**	**81**	**67**	**(69)**	**(73)**	**(72)**
Corporate Centre	**(133)**	**(5)**	**(179)**	**(258)**	**(445)**	**(402)**
TOTAL GROUP	**7,956**	**2,548**	**11,390**	**6,272**	**3,813**	**2,138**

EUROPE

Underlying attributable profit
EUR 1,018 mn

Executive summary (changes in constant euros)

→ We are **accelerating our business transformation in One Santander** in Europe to achieve superior growth and a more efficient operating model that should allow us to **steadily increase our RoTE** in the coming years.

→ **Higher revenue**, continued **efficiency improvement** and lower provisions led to an **underlying attributable profit of EUR 1,018 million (+30% year-on-year).**

→ **Volumes growth** in the last 12 months: **loans up 4% year-on-year, deposits +5% and mutual funds +3%.**

Unless otherwise indicated, changes in the region and in countries with currencies other than the euro are reported at constant exchange rates. The balance sheet and P&L ratios, together with the changes at current exchange rates, are included in the appendix.

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 deliver on our targets 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, 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 progress areas by country in the quarter:

- **Spain**: our strategy focuses on increasing our customer base, providing the best customer experience in all channels through a simple and innovative product proposition tailored to high-value businesses. All this while reducing the cost of service thanks to product simplification and process automatization. We are also driving the transition towards a more agile organization that allows us to swiftly react to business challenges.
- **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 transformation implemented in 2021 enabled us to navigate the first quarter with a solid balance sheet position. We continued to improve customer loyalty and our technological capabilities and service quality while continuing to reduce the cost base.

Loyal customers	Europe	Spain	UK	Portugal	Poland
Thousands	10,342	2,777	4,425	867	2,271
YoY change	+4%	+3%	+4%	+6%	+6%

Digital customers	Europe	Spain	UK	Portugal	Poland
Thousands	16,582	5,512	6,744	1,019	3,130
YoY change	+6%	+4%	+6%	+5%	+11%

- **Poland**: 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.

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 energies, agro and circular economy. With this specialization, we expect 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.

To raise awareness across all areas in the region, we are working on three main enablers: the Sustainable Finance Classification System (SFCS), communication and training. All this will allow us to promote green culture and give it greater relevance. The implementation of the SFCS is almost complete in Spain and the UK, which is one of our greatest milestones, as it is a key tool for identifying green finance opportunities.

Business performance

Gross loans and advances to customers excluding reverse repurchase agreements were 4% higher spurred by rises in all countries, mortgage growth in the region and consumer lending.

Customer deposits excluding repurchase agreements grew 5% boosted by demand deposits. Mutual funds recorded lower growth due to the rising interest rate environment in some countries and market performance in the quarter. Customer funds grew 4%.

Results

Underlying attributable profit in **the first quarter of 2022** was EUR 1,018 million, 30% higher than in the same period of 2021, with the following detail:

- Total income was up 5%, with an excellent net interest income performance in the UK and Poland, benefitting from higher volumes and the interest rate hikes in recent quarters. Sharp growth in net fee income in Spain, Poland, Portugal and CIB.
- Our transformation plans enabled us to lower costs by 2% in a high-inflation environment. In real terms, costs fell 7%.
- Loan-loss provisions were 14% lower compared to Q1'21, due to positive risk management in the region and normalization in the cost of credit trends across countries.

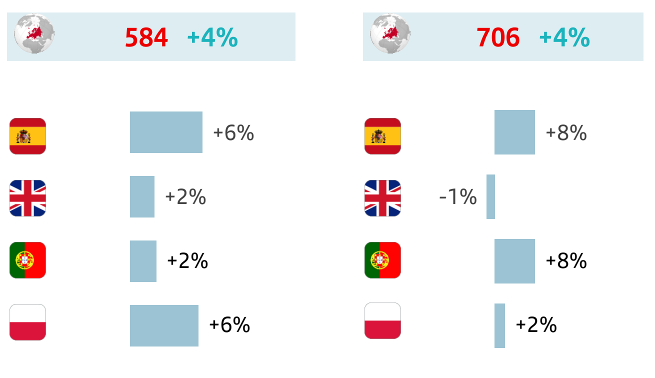
By country:

- **Spain:** underlying attributable profit surged 21% year-on-year driven by lower operating costs and a sharp LLP reduction, which drove the three-month annualized cost of credit down to 0.61%.
- **United Kingdom:** underlying attributable profit was 26% higher, reflecting positive NII performance backed by price management of both assets and liabilities and lower costs. The three-month annualized cost of credit stood at 0.08%
- **Portugal:** underlying attributable profit fell 5% dampened by net capital gains from ALCO portfolio sales recorded in 2021 and lower interest rates. Net fee income continued to perform well, while costs and provisions fell strongly.
- **Poland:** underlying attributable profit was six times higher propelled by strong revenue growth, which received an uplift from higher interest rates and net fee income. Loan-loss provisions reduced 5%.

In the quarter, underlying attributable profit increased 61% backed by total income and partly favoured by higher regulatory costs in Q4 (contribution to the DGF and Bank Levy).

Europe. Business performance

March 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

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	4,305	+10	+9	+6	+5
Expenses	-2,060	-3	-4	-1	-2
Net operating income	**2,245**	**+25**	**+25**	**+13**	**+12**
LLPs	-515	+24	+25	-14	-14
PBT	1,494	+59	+58	+31	+29
Underlying attrib. profit	**1,018**	**+62**	**+61**	**+32**	**+30**

Detailed financial information on page 56

Spain

Underlying attributable profit

EUR 365 mn

Commercial activity and business performance

The quarter was marked by accelerating inflation and increased market volatility. However, we maintained our loyal customer growth strategy.

In individuals, we doubled new residential mortgage lending compared to Q1'21 and exceeded pre-pandemic levels in consumer credit, gaining market share in both products. In addition, the insurance protection business continued to rise strongly, as in previous quarters, recording double-digit growth.

In corporates, activity continued to improve, with year-on-year growth in factoring (+39%), confirming (+31%) and trade discount (+9%). The trend in long-term funding changed and turned positive.

Transactional products maintained their year-on-year growth path, especially in our most dynamic products: card turnover (+32%), transfers (+26%) and PoS turnover (+56%).

As a result, gross loans and advances to customers, excluding reverse repurchase agreements, rose 6% year-on-year mainly backed by individuals and private banking. In the quarter, lending volumes rose 1%.

Customer funds excluding repos increased 8%, notably deposits (+9%) driven by demand deposits (+10%). In the quarter, mutual funds decreased for the first time after 7 quarters of continued growth, due to market volatility

Results

Underlying attributable profit in **the first quarter of 2022** amounted to EUR 365 million, 21% higher year-on-year. By line:

- In total income, net interest income fell due to the lower contribution from the ALCO portfolio and the change of mix. Conversely, net fee income increased 9% mainly driven by SCIB.
- The ongoing transformation process was reflected in lower costs (-4%) and improved efficiency (103 bps).
- The improvement in the NPL ratio (51 bps year-on-year) and the good portfolio coverage enabled LLPs to reduce 17%.

Compared to the **fourth quarter**, underlying attributable profit increased strongly, backed by higher revenue (improved customer margin and DGF contribution recorded in the fourth quarter) and lower provisions.

Spain. Underlying income statement

EUR million and % change

	Q1'22	/ Q4'21	/ Q1'21
Revenue	2,021	+10	-2
Expenses	-972	-7	-4
Net operating income	**1,049**	**+31**	**0**
LLPs	-391	-38	-17
PBT	519	+469	+16
Underlying attrib. profit	**365**	**+397**	**+21**

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United Kingdom

Underlying attributable profit

EUR 375 mn

Commercial activity and business performance

In the first quarter of 2022, we delivered a strong 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 to increase remote banking capabilities. Our customers further utilized digital channels for banking services, with 75% of refinanced mortgage loans conducted through new digital retention journeys, and 90% of new current accounts and 99% of credit cards opened through digital channels.

Following the Bank of England base rate increase on 28 March 2022, we increased the rate on our 1|2|3 Current Account to 0.5%. Santander UK remains the only bank in the UK to offer customers both cashback on household bills and interest on in-credit balances through a current account.

Gross loans excluding reverse repos and FX, grew by 2% both year-on-year and quarter-on-quarter, supported by an increase of GBP 3.6 billion in net mortgage lending (GBP 9.5 billion in gross new lending) in a strong housing market.

Customer funds excluding repos contracted 1% due to the CIB business transfer. On a like-for-like basis, deposits grew 1%. Mutual funds increased 1% year-on-year after a 5% decrease in the quarter due to market volatility.

Results

Underlying attributable profit in **the first quarter** rose 26% year-on-year to EUR 375 million, mainly driven by the strong performance in volumes and revenue:

- Total income was up 12% driven by strong NII growth (+15%) benefitting from higher interest rates. This performance was partially offset by lower fee income due to the transfer of the CIB business.
- Costs fell 1% on the back of our transformation programme, offsetting inflationary pressures.
- Loan-loss provisions increased 170%, reflecting risks related to the higher cost of living. However, the cost of credit remained low.

In the quarter, growth in net operating was not reflected in attributable profit, which was 11% lower, affected by higher provisions in the first quarter of 2022 compared to credit releases in the fourth quarter of 2021.

United Kingdom. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	1,291	+5	+4	+17	+12
Expenses	-672	+3	+1	+3	-1
Net operating income	**620**	**+8**	**+7**	**+38**	**+33**
LLPs	-51	—	—	+182	+170
PBT	503	-11	-12	+26	+21
Underlying attrib. profit	**375**	**-10**	**-11**	**+31**	**+26**

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Portugal

Underlying attributable profit
EUR 148 mn

Commercial activity and business performance

We continued to grow the number of loyal and digital customers, which was reflected in greater volumes.

Loyalty increased mainly driven by WM&I's value proposition, notably protection insurance and mutual funds.

New mortgage lending maintained market shares over 20%. Gross loans and advances to customers excluding reverse repos grew 2% year-on-year while reducing the NPL ratio 41 bps to 3.42%.

Customer deposits excluding repos rose 7%, boosted by demand deposits. Mutual funds grew 14% and customer funds were 8% higher than Q1'21.

Results

Underlying attributable profit **in the first quarter of 2022** was 5% lower year-on-year at EUR 148 million, dampened by the recording of ALCO capital gains (c.EUR 120 million) in Q1'21:

- Customer revenue grew 3% driven by the positive trend in net fee income (+23%), which mitigated the impact of lower interest rates in NII and lower ALCO portfolio volumes.
- Our continuous business transformation enabled us to reduce our cost base by 14% year-on-year.
- Loan-loss provisions plummeted by 77%, driving the cost of credit to 3 bps.

Compared to the **previous quarter**, underlying attributable profit was 7% higher, driven by the net operating income growth due to higher revenue and lower costs.

Portugal. Underlying income statement

EUR million and % change

	Q1'22	/ Q4'21	/ Q1'21
Revenue	333	+14	-21
Expenses	-125	-6	-14
Net operating income	**207**	**+31**	**-24**
LLPs	-8	—	-77
PBT	215	0	-5
Underlying attrib. profit	**148**	**+7**	**-5**

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Poland

Underlying attributable profit
EUR 112 mn

Commercial activity and business performance

This was a challenging quarter for our business in Poland, as we focus on helping the Ukrainians who moved to the country since the Russian invasion started. We helped our employees and Ukrainian customers through charity actions and financial support.

In retail banking, we continue to simplify our products and processes, maximize the number of self-service products and increase digital sales and customer acquisition through digital channels. All these initiatives delivered strong results, especially in retail and SMEs, bancassurance and brokerage.

In corporates, we remained focused on increasing revenue, as activity recovered to pre-pandemic levels, and maintaining our leadership position in CIB. We successfully acted as advisors in the acquisition of the largest photovoltaic platform in Poland and participated in two projects financing renewable energy sources.

Loans and advances to customers excluding reverse repos increased 6% year-on-year on the back of individuals, SMEs and CIB. In addition, we ranked second in terms of new business.

Customer deposits excluding repos were up 5% strongly driven by time deposits (+38%). Customer funds rose 2%.

Results

In **the first quarter of 2022**, underlying attributable profit was EUR 112 million, 6 times higher than in the first quarter of 2021. By line:

- Total income was 49% higher year-on-year driven by strong net interest income performance (+78%) after interest rate hikes.
- Operating costs were 7% up, impacted by inflationary pressures.
- The cost of credit improved significantly (0.65%, down 37 bps) as loan-loss provisions dropped 5%.

The **quarter-on-quarter** comparison showed a similar performance, with revenue growth driven by net interest income and lower costs.

Poland. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	511	+11	+11	+46	+49
Expenses	-166	-8	-7	+5	+7
Net operating income	**345**	**+23**	**+23**	**+80**	**+83**
LLPs	-64	+62	+61	-7	-5
PBT	236	+158	+158	+363	+370
Underlying attrib. profit	**112**	**+264**	**+263**	**+625**	**+637**

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NORTH AMERICA

Underlying attributable profit
EUR 806 mn

Executive summary (changes in constant euros)

→ In North America, the **Group's strategy** is to accelerate profitable growth in the US, and unify the regional approach while leveraging each countries' individual strengths by creating a joint value proposition to improve customer experience. All these while simplifying our regional business model to generate efficiencies.

→ In volumes, **loans and advances to customers** increased 8% driven by overall growth in Mexico and auto in the US. **Customer funds** surged 8% boosted by higher retail and corporate deposits in the US, deposits in Mexico and mutual funds.

→ **Underlying attributable profit** remained stable year-on-year impacted by the Bluestem portfolio disposal. On a like-for-like basis, profit was 4% higher, benefiting from the acquisition of the remaining common SC USA stock.

Unless otherwise indicated, changes in the region and countries are reported at constant exchange rates. The balance sheet and P&L ratios, together with the changes at current exchange rates, are included in the appendix.

Strategy

In line with our strategy to deploy capital towards our businesses where we can grow profitably, during the quarter:

- 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 the 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 has been reflected in revenue growth.
- Boost customer attraction and retention through loyalty strategies, while broadening our tailored products and services proposition for a more straightforward customer experience. Taking advantage of successful proven businesses and improved interactions to drive customer loyalty, NPS and CX.
- Continue to reduce duplication in the operating model, platform and architecture 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 strong level of collaboration between both countries and the Group, to forge future growth within the region.
- In full alignment with our Corporate & Sustainability strategy, we support the development of inclusive and sustainable societies by offering ESG oriented products. We are allocating resources exclusively to ESG transactions and incentives.

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

United States

A record 2021 performance paves the way for Santander US to remain a sustainable and profitable contributor to the Group's earnings. Santander US continues to make progress towards simplifying its business model across four core businesses: Consumer, Commercial, CIB and WM. Our strategic focus is to sustain growth in these business lines:

- The acquisition of SC USA minorities, closed during Q1'22, solidifies our Auto strategy to provide full spectrum lending leveraging a diversified funding strategy including low-cost deposits and our market asset backed securities capabilities.
- Global hub for USD-based capital markets and investment banking. APS acquisition will transform and expand CIB's asset structuring and distribution capabilities, enhance our fixed income markets business and create self-clearing capabilities for USD fixed income trading across the Group.

Loyal customers	North America	United States	Mexico
Thousands	4,363	361	4,002
YoY change	+7%	-6%	+9%

Digital customers	North America	United States	Mexico
Thousands	6,888	1,043	5,668
YoY change	+8%	0%	+10%

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

The acquisitions of Amherst Pierpont Securities (approved by the Fed in April) and Credit Agricole's Latam wealth management operations, along with the acquisition of SC USA minority interest, will improve our strategic focus and competitive position while enabling revenue and cost synergies.

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 have maintained solid traction with our flagship product launched in September 2021, the Like-U credit card. To date, more than 540 k cards have been issued.
- We relaunched Santander Personal, a remote, digital and personalized service channel for high income customers, which, in addition to e-mail and phone communication, has a new module in Supermóvil through which customers receive investment advice and can securely take out products.
- We continued to make progress with the alliance with Samsung and MasterCard through Members Wallet, which integrates services such as financing, payments and balance and transaction queries.
- In mortgages, we launched a tailored offer for Mexicans whose income is originated in the US, adjusted the terms of our mortgages to facilitate the attraction of mortgages from other banks and launched a preferential rate offer for customers in the Santander Black segment. Our digital platform, Hipoteca Online, processed 95% of the formalized mortgages, with a more agile process.
- In auto, we launched Caranty Credit, the result of an alliance with the Caranty marketplace. This is the first and only financing scheme in Mexico for individuals who wish to securely buy a pre-owned car directly from another individual. It is available to customers and non-customers.
- In SMEs, we have commercial alliances in strategic sectors (restaurants and pharmacies) to attract new customers, and we continue to attract digital customers through our alliance with CONTPAQi. We also boosted the acquiring business by offering state-of-the-art terminals (G-Mini and G-Smart) that enable face-to-face sales and remote collections through payment links. We launched Soriana paGo G Mini, a portable payment terminal created with Getnet technology that makes us the first bank in Mexico to implement a retail sales scheme.

Business performance

Gross loans and advances excluding reverse repos grew 8% year-on-year boosted by a solid growth pace in individuals and commercial loans in Mexico and rises in auto and CIB in the US.

Customer funds were 8% higher mainly driven by a better funding mix in Mexico and a continued strong performance across most US businesses.

Results

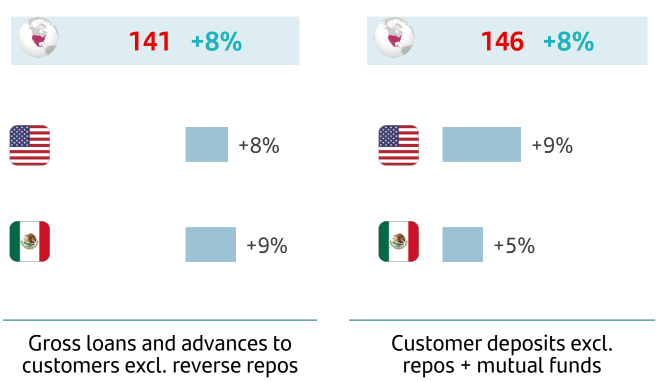
During the **first three months of 2022**, underlying attributable profit amounted to EUR 806 million. Excluding the impact of the Bluestem portfolio disposal, it was 4% higher, benefiting from the acquisition of SC USA's minority interests, as follows on a like-for-like basis:

- Total income reduced 1%. Net interest income increased 3%, with rises in both countries. In Mexico, NII grew boosted by loan growth and higher interest rates. Net fee income had no material change, affected by the decrease in the US. Other income was down 40% due to the ending of leasing contracts.
- Costs rose 3% primarily due to higher-than-expected inflation. However, strict cost control remains in both countries to absorb this impact going forward.
- Loan-loss provisions increased 22%, mainly from the cost of credit normalization in the US.

Underlying attributable profit increased 7% **quarter-on-quarter** primarily due to higher total income, lower costs and the positive impact of the acquisition of minority interests in SC USA.

Business performance. March 2022

EUR billion and YoY % change in constant euros



North America. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	2,795	+4	+2	+2	-5
Expenses	-1,260	-7	-9	+10	+3
Net operating income	**1,535**	**+15**	**+13**	**-3**	**-10**
LLPs	-439	+282	+294	+12	+4
PBT	1,050	-7	-9	-11	-17
Underlying attrib. profit	**806**	**+9**	**+7**	**+7**	**0**

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United States

Underlying attributable profit

EUR 583 mn

Commercial activity and business performance

Santander US has refocused the US business model with 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.

Gross loans and advances to customers excluding reverse repos grew 8% year-on-year led by growth in CIB, auto and WM. During that period, auto originations decreased 13% as volumes have been impacted by the global semi-conductor shortage pushing the Manheim value index to all-time highs in early 2022.

Customer deposits excluding reverse repos continued to exhibit strong performance across most US businesses, growing 8% year-on-year, while continuing to lower the overall cost of funds.

During the quarter, Santander US Auto announced the expansion of its partnership with AutoFi Inc. (AutoFi) to develop SC's end-to-end digital car buying experience. Santander US Auto also added a new preferred finance partnership with Mitsubishi Motors North America (MMNA) to provide customer and dealer financing.

Results

Underlying attributable profit in the **first quarter of 2022** was EUR 583 million (5% lower than Q1'21 adjusted for the Bluestem portfolio divestiture) largely due to more normalized lease and credit performance. By line on a like-for-like basis:

- Total income down 5%. Net interest income growth was impacted by rate pressure and run-off in Paycheck Protection Program related balances, but increased 1% due to focused deposit price management. Net fee income decreased 10% due to normalization in CIB and deposit fee initiatives in Consumer. Other operating income decreased 38%, primarily due to an increase in the share of lease-end vehicles repurchased at the dealership, which negatively impacts lease performance.
- Expenses were stable compared to prior year largely due to strong expense management in Consumer to offset growth initiatives across the portfolio. Efficiency ratio reached 44%.
- Loan-loss provisions increased 2x driven by normalization in credit performance as well as lower ACL reserve releases.
- During Q1'22, Santander US incurred a USD 30 million charge as part of an expense reduction programme aimed at lowering the cost to serve in our Consumer and Commercial businesses.

Underlying attributable profit was 11% higher **quarter-on-quarter**, primarily driven by lower expenses (lower variable cost and donations), greater other results and the effect from the acquisition of minority interests in SC USA.

United States. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	1,811	+2	+1	-3	-10
Expenses	-798	-6	-8	+7	-1
Net operating income	**1,013**	**+10**	**+9**	**-10**	**-16**
LLPs	-256	—	—	+55	+44
PBT	738	-12	-13	-22	-27
Underlying attrib. profit	**583**	**+12**	**+11**	**-2**	**-9**

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Mexico

Underlying attributable profit

EUR 249 mn

Commercial activity and business performance

Our mortgage and auto strategy is bearing fruit. We are one of the largest mortgage originators in the country, and we have innovative products such as Hipoteca Plus and Hipoteca Free.

In auto, we further consolidated our value proposition through strategic alliances.

Gross loans and advances to customers, excluding reverse repurchase agreements, were up 9% driven by loans to individuals (mortgages +9%; consumer lending +6%; and cards +9%), as well as corporate loans (companies +10% and SCIB +11% offset a 6% decline in SMEs).

Customer deposits excluding repos were 4% higher year-on year, propelled by demand deposits (+7%). Mutual funds were up 5%.

Results

Underlying attributable profit **in the first quarter of 2022** of EUR 249 million, 32% higher year-on-year. By line:

- Total income rose 7% supported by higher volumes and the rise in interest rates (4.4% in Q1'21 vs 6.0% in Q1'22). Positive net fee income performance (+13%) mainly from accounts management, credit cards, insurance, Corporate Banking, SCIB and Getnet. Gains on financial transactions dropped due to capital gains stemming from ALCO portfolio sales recorded in 2021, and a weak first quarter in markets.
- Operating expenses increased 9%, affected by Getnet. Excluding this impact, costs were 6% higher, mainly due to the higher price of materials, affected by inflation of 7% and the salary agreement.
- Loan-loss provisions dropped 25% due to higher provisions in 2021 and the positive portfolio performance.

Against the previous quarter, underlying attributable profit increased 6% driven by the upturn in net fee income and lower costs (-10%) which offset the rise provisions.

Mexico. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	982	+8	+5	+14	+7
Expenses	-432	-7	-10	+16	+9
Net operating income	**549**	**+24**	**+20**	**+13**	**+6**
LLPs	-183	+25	+22	-20	-25
PBT	340	+17	+13	+35	+26
Underlying attrib. profit	**249**	**+9**	**+6**	**+40**	**+32**

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SOUTH AMERICA

Underlying attributable profit
EUR 900 mn

Executive summary (changes in constant euros)

→ **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.**

→ **Year-on-year growth in both gross loans and advances to customers and customer deposits, underpinned by innovation in our product and service proposition. In addition, we are expanding ESG initiatives in the region.**

→ **Underlying attributable profit increased 8% year-on-year backed by positive customer revenue performance.**

Unless otherwise indicated, changes in the region and countries are reported at constant exchange rates. The balance sheet and P&L ratios, together with the changes at current exchange rates, are included in the appendix.

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, leveraging business opportunities, exchanging positive experiences across countries and enhancing digitalization and customer loyalty.

We maintained our strategy of capturing synergies across business units:

- In **consumer finance**, our initiatives continued to perform well. We exported Santander Brasil's experience to other countries, such as its new and used vehicle financing platform and the introduction of Cockpit, a platform to streamline management of car dealerships, in Chile, Argentina and Peru. Santander Chile recorded a positive performance in auto, both in terms of loans and results. In Uruguay, auto financing through Creditel continued to deliver positive results.
- In **payment methods**, we remained focused on e-commerce strategies and on the business of instant domestic and international transfers. Getnet's expansion to other countries, after its successful development in Brazil, is having great acceptance and positive results. In Chile, Getnet has installed more than 88,000 PoS terminals one year after its implementation and in Argentina we remained the second largest company in payments processing.
- 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 (744,000 active customers), Uruguay (10,000 entrepreneurs), Colombia (9,664 centres and present in 212 municipalities) and Peru (22,000 customers). In addition, we further developed our ESG initiatives. In Brazil, for example, we channelled more than BRL 3.2 billion in socio-environmental businesses (approximately EUR 550 mn).
- The main initiatives by country were:
  - **Brazil:** we continued to grow our customer base and increase loyalty. Our aim is to become the best provider of consumer lending in the country. In cards, credit turnover increased 25%. In auto, we remained market leaders with a 24% market share in individuals. Santander Auto reached 20% penetration in new insurance contracts. We launched several initiatives for our multi-channel strategy and in physical channels, we introduced Bank to Go, which enables greater mobility for commercial managers and the capturing of opportunities. In digital channels, account openings rose 141% and GENT& exceeded 21 million interactions per month.

Loyal customers	South America	Brazil	Chile	Argentina	Other South America
Thousands	10,960	8,337	831	1,613	180
YoY change	+21%	+27%	+7%	+4%	+26%

Digital customers	South America	Brazil	Chile	Argentina	Other South America
Thousands	24,899	19,633	1,996	2,653	617
YoY change	+15%	+18%	+16%	-1%	-1%

- **Chile:** we remained focused on digital banking and enhancing customer service. We continued to promote Santander Life and Superdigital, which already have 976,000 and 292,000 customers, respectively. In acquiring, Getnet continued its expansion and in Santander Consumer Finance, new lending grew 56% and results were 76% higher year-on-year. In ESG, our ambition is to build six solar plants to make the bank's energy source 100% renewable.

- **Argentina:** we continue to develop our open financial services platform, strengthening the value proposition of: Getnet, which remained the second largest company in payments processing; Superdigital, with a free virtual account and a prepaid MasterCard; MODO, a systemic solution that promotes digital payment and financial inclusion. In addition, Santander Consumer continued to boost consumer and auto lending.

- **Uruguay:** we strengthened our position as the country's leading privately-owned bank. Our offering and alliances with dealers enabled us to become the market leader in auto finance. We also accelerated our digital and technological transformation strategy with Soy Santander. In ESG, we continue to promote the launch of the carbon neutral credit for vehicle purchases.

- **Peru:** our strategy focuses on supporting global companies and the corporate segment. We have been very active in international issuances of Peruvian companies. In Corporate, we continued to expand our activity with companies in other countries. We are the market leaders in auto. This was reflected in the increase in the number of customers and loyalty.

- **Colombia:** we continued to expand in the country. In SCIB, we continued to participate in relevant operations to the country's development. In Corporates, we carried out joint offers with SCIB. Regarding consumer finance, we consolidated our position in the new and used vehicle markets. In ESG, we remained committed to entrepreneurs and micro-credits, making a difference and contributing to financial inclusion.

Business performance

Gross loans and advances to customers (excluding reverse repos) increased 9% year-on-year, with rises in all country units.

Customer deposits excluding repos grew 6% primarily boosted by demand deposits (+9%) and, to a lesser extent, time deposits (+5%). Mutual funds were up 8%, mainly due to the increase in Brazil and Argentina. As a result, customer funds rose 7%.

Results

Underlying attributable profit in **the first quarter** amounted to EUR 900 million, up 8% year-on-year, as follows:

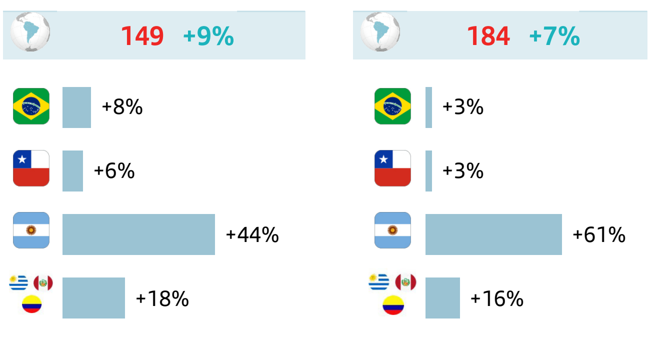
- In total income, of note was the performance in net interest income and net fee income (+10% and +11% respectively) due to increased transactionality. Gains on financial transactions rose 4% due to Chile and Argentina.
- Costs were 16% higher, heavily affected by inflation. In real terms, they only rose 0.5%, reflecting management efforts.
- Loan-loss provisions increased 33% driven by Brazil. The cost of credit improved 8 bps to 2.73%.

By **country**, of note was the strong profit growth recorded in Chile (+28%) and Argentina (+53%). In Uruguay, it was 3% higher, backed by net interest income. In Brazil, it was slightly lower as the positive performance in customer revenue could not offset higher costs and provisions.

Compared to the **fourth quarter**, underlying attributable profit was down 1% affected by seasonality, as customer revenue was very high in Q4.

South America. Business performance

March 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

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	4,195	+4	-3	+19	+10
Expenses	-1,484	+1	-4	+22	+16
Net operating income	**2,711**	**+5**	**-2**	**+17**	**+7**
LLPs	-999	+15	+7	+46	+33
PBT	1,561	0	-6	+4	-5
Underlying attrib. profit	**900**	**+5**	**-1**	**+17**	**+8**

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Brazil

Underlying attributable profit
EUR 627 mn

Commercial activity and business performance

We continued to expand our customer base and increase loyalty. The number of total customers rose 12% year-on-year and digital ones were 27% higher, backed by our multi-channel and customer-centric strategy.

In cards, we remained focused on quality and profitability, recording significant growth in credit turnover (+25% year-on-year) and we continued to work under the premise of a better risk profile, with 95% of new customers being account holders. We further strengthened our auto platform, where we are the market leaders. Santander Auto started to market truck insurance and in Webmotors, we expanded our transactions in the steps of the sales process through new partnerships and acquisitions.

In Usecasa (home equity) the portfolio increased by 30%. We launched Desindivida Santander, which offers special conditions for taking out or renegotiating loans for individuals and corporates, and introduced instalment credit for transactions through Pix.

Gross loans and advances to customers excluding reverse repos grew 8% year-on-year driven by individuals.

Customer deposits excluding repos increased 3% year-on-year, mainly driven by time deposits (+3%) and, to a lesser extent, demand deposits (+1%). Mutual funds were up 5%. As a result, customer funds rose 3%.

Results

First quarter underlying attributable profit amounted to EUR 627 million, recording a slight decrease year-on-year. Of note:

- Total income rose 6% due to the positive performance of net interest income (+7% due to higher volumes) and net fee income, mainly from transactional fees.
- Costs rose 14%, strongly impacted by inflation, and were reflected in higher personnel expenses (11% salary increase approved in September 2021) and administrative costs.
- Net loan-loss provisions increased 38% due to a larger individuals portfolio. The cost of credit was 3.94% (+15 bps compared to March 2021). The NPL ratio was 5.68% and coverage of 101%.

Compared to the **fourth quarter**, underlying attributable profit was 2% higher as higher gains on financial transactions, lower costs and the reduced tax burden more than offset the decrease in customer revenue after the high levels recorded in Q4 (cards and insurance).

Brazil. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	3,019	8	-1	+20	+6
Expenses	-930	+7	-2	+29	+14
Net operating income	**2,089**	**+8**	**-1**	**+16**	**+3**
LLPs	-852	+16	+6	+55	+38
PBT	1,123	+3	-6	-2	-14
Underlying attrib. profit	**627**	**+12**	**+2**	**+12**	**-1**

Detailed financial information on page 67

Chile

Underlying attributable profit
EUR 188 mn

Commercial activity and business performance

We remained focused on improving customer satisfaction through the transformation of our commercial network, with new Workcafé branch openings. We continued to expand Santander Life and Superdigital, and Getnet, which was launched a year ago, has a 20% market share in PoS.

In the quarter, we rolled our Prospera, a current account integrated with Getnet which is aimed at boosting banking penetration and helping microentrepreneurs prosper. As a result, we exceeded 4.1 million customers in the country and remained first in NPS.

In volumes, gross loans and advances to customers excluding reverse repurchase agreements rose 6%. By segment, of note were individuals (+8%), as well as growth in CIB and corporates, which more than offset the fall in SMEs (-16%) following the uptick in 2020 and H1'21 driven by state-backed loans.

Customer deposits excluding repurchase agreements increased 6%, on the back of demand deposits (+8%), despite its slowdown due to the sharp rise in interest rates, making time deposits more attractive. The latter rose 4% driven by the retail segment, partially offset by the efforts made to reduce wholesale balances, in order to control the cost of funds. Mutual funds decreased 7%. As a result, customer funds were 3% higher.

Results

Underlying attributable profit **in the first quarter or 2022** amounted to EUR 188 million, 28% higher year-on-year, as follows:

- Total income rose 10% driven by the 23% increase in net fee income and the 109% jump in gains on financial transactions. Weaker NII growth (+1%) due to the higher cost of funds.
- Costs rose 3%, well below inflation (6%), which enabled net operating income to increase 14% and the efficiency ratio to improve to 36.0% (-2.4 pp year-on-year).
- Loan-loss provisions were 2% lower, enabling the cost of credit to stay at 0.83% and the NPL ratio at 4.70%.

In **the quarter,** profit rose 4%, as the high gains on financial transactions and lower costs more than offset lower revenue from net interest income and increased provisions.

Chile. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	650	+5	+1	+6	+10
Expenses	-234	+1	-3	-1	+3
Net operating income	**416**	**+7**	**+3**	**+10**	**+14**
LLPs	-95	+26	+20	-5	-2
PBT	322	+7	+3	+17	+21
Underlying attrib. profit	**188**	**+8**	**+4**	**+23**	**+28**

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Argentina

Underlying attributable profit
EUR 59 mn

Commercial activity and business performance

Santander Argentina remained centred on improving customer service through innovation, the enhancement of customer care models and process digitalization. Loyal customers increased 4% year-on-year and our app was the best rated among banking apps.

We continue to build our open financial services platform, strengthening the value proposition of Getnet, Santander Consumer, Superdigital and MODO.

In the quarter, of note was the renewal of the SuperClub+ loyalty programme, with benefits for customers who use the bank's products and services the most.

In addition, in order to strengthen our position in the agro digital market, we signed an agreement with Agrofy, the market place specialized in this area, which will facilitate auto purchases through Santander Argentina.

Gross loans and advances to customers excluding reverse repurchase agreements rose 44% year-on-year, driven by loans to individuals, SMEs and corporates.

Customer deposits excluding repurchase agreements rose 50%, mutual funds were 100% higher and customer funds increased 61%.

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 quarter of 2022** was EUR 59 million, 53% higher compared to the first quarter of 2021. By line:

- Total income grew 59%, underpinned by net interest income (+69%) and net fee income (+86%), mainly driven by transactional fees and mutual funds. Gains on financial transactions increased 86%. This performance clearly outstripped inflation.
- Costs rose 45%, at a slower pace than inflation and total income. The efficiency ratio improved 5.8 pp to 59.6% and net operating income rose 86%.
- Loan-loss provisions increased due to extraordinarily low levels in 2021 (following large pandemic-related provisioning in 2020). The cost of credit stood at 3.31%.

In the quarter, profit was 34% lower, due to impacts from the change in year in hyperinflation accounting.

Argentina. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	364	-21	-19	+39	+59
Expenses	-217	-14	-12	+27	+45
Net operating income	**147**	**-30**	**-28**	**+63**	**+86**
LLPs	-39	-25	-23	+179	+219
PBT	71	-40	-38	+66	+90
Underlying attrib. profit	**59**	**-36**	**-34**	**+34**	**+53**

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Other South America

Uruguay

Gross loans and advances to customers, excluding reverse repurchase agreements were up 10% year-on-year. Customer deposits excluding repos rose 2%, spurred by demand deposits (+5%), which offset the fall in time deposits.

Underlying attributable profit **in the first quarter** of EUR 29 million, up 3% year-on-year, as follows:

- Total income increased 3% boosted by net interest income which more than offsets fee income stability and lower gains on financial transactions.
- Costs grew 2%, well below inflation. As a result, the efficiency ratio stood at 46.6% (-72 bps year-on-year).
- Loan-loss provisions increased 13%. The cost of credit remained low (1.19%) and the NPL ratio was 3.02%.

Compared to the **previous quarter,** underlying attributable profit declined 8% due to the high levels of net fee income and gains on financial transactions recorded in the fourth quarter, together with LLP normalization.

Peru

Gross loans and advances to customers excluding reverse repos rose 23% year-on-year and customer deposits excluding repos were 8% lower dampened by time deposits (-18%), as demand deposits were 14% higher.

In **the first quarter of 2022,** underlying attributable profit amounted to EUR 17 million, 38% higher year-on-year, as follows:

- Total income rose 16%, mainly led by net interest income (+30%) and gains on financial transactions. Costs rose 55%, mainly driven by inflation and the launch of new businesses.
- Loan-loss provisions dropped 82% and the cost of credit remained very low (0.31%).

Colombia

Gross loans and advances to customers excluding reverse repos were 31% higher year-on-year. Customer deposits excluding repos rose 32% due to demand deposits (+58%).

In the first quarter of 2022, underlying attributable profit of EUR 7 million, 52% higher year-on-year, due to:

- Total income growth of 41% (driven by net interest income and net fee income), and 58% rise in costs.
- Lower loan-loss provisions (-40%). Cost of credit improved 30 bps year-on-year to 0.31%.

Other South America. Underlying income statement

EUR million and % change

	Net operating income			Underlying attrib. profit	
		/ Q1'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Uruguay	49	12	+5	+10	+3
Peru	26	+3	0	+43	+38
Colombia	13	+24	+26	+49	+52

DCB DIGITAL CONSUMER BANK

Underlying attributable profit

EUR 282 mn

Executive summary (changes in constant euros)

→ **New strategic alliances, leasing and subscriptions are reinforcing auto leadership. In Q1, we signed the binding agreement with Stellantis, continued BNPL deployment and new leasing contracts grew 48% following launch of leasing in all markets in 2021.**

→ **New lending +17% year-on-year, increasing market share. In auto, global production issues dampened the new auto market but was offset by higher used car vehicle volumes. Strong year-on-year increase in consumer new lending.**

→ **Underlying attributable profit was EUR 282 million, improving 11% year-on-year, due higher revenue (+5% year- on-year) and cost of credit improvement. RoRWA rose to 2.0% (32 bp improvement year-on-year).**

Unless otherwise indicated, changes are reported at constant exchange rates. In the tables below and in the appendix, these changes are included together with the changes at current exchange rates.

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 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 direct and C2C financing capabilities.

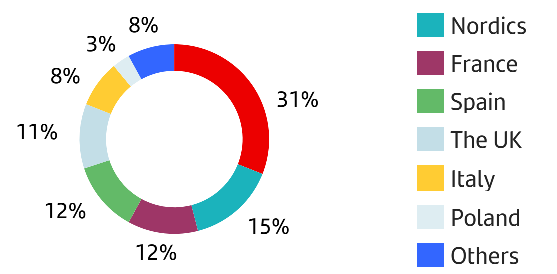
Openbank is the largest 100% digital bank in Europe. It offers current accounts, cards, loans, mortgages, a state-of-the-art robo-advisor service and open platform brokerage services. Openbank is currently active in Spain, the Netherlands, Germany and Portugal, and we are working on expansion across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

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

- **SCF** will be dedicated to supporting our customers and partners (OEMs, car dealers, retailers and individuals) and developing advanced technologies to give them a competitive edge, to become the top mobility financer and provider in Europe.

Digital Consumer Bank. Loan distribution

March 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 advanced digital financing capabilities to its partners to support their sales growth strategy. We had a EUR 91 billion loan book at the end of March.
  - **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 are serving customers through 63,000 physical and digital points of sale and had a loan book of EUR 19 billion. In Retail, we will improve digital capabilities to increase loyalty among our 3.7 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) and BNPL development (Non-Auto).
- **Launch a tech transformation project** to seize on the fast-growing transition to online and support digital customer base expansion **while maintaining high profitability and one of the best efficiency ratios in the sector**.

To grow our business and contribute to the transition to a greener economy, we will continue developing new business solutions and partnerships. In 2021, we financed more than 140,000 fully electric vehicles, a figure which will significantly grow in 2022. We also financed electric chargers, solar panels (more than 23,000 in 2021), green heating systems, etc. We are also an active issuer in the green bond market, with 4 issuances in the last 4 quarters.

In 2022, we will maintain our focus on further enhancing green finance propositions in both auto and consumer loans.

Business performance

In Q1'22, new lending increased 17% year-on-year, absorbing the impacts of the covid-19 Omicron wave, the microchip crisis and global supply chain disruptions stemming from the war in Ukraine.

In this environment, though new car registrations in Europe fell 11% in Q1, our new car volumes were 13% up in the same period. Regarding used vehicles, new lending rose 29%, compared to the European used car market which increased 3%. This allowed us further increase market share in both segments and most countries.

In Auto, "tactical" leasing solutions generated a 48% increase in new contracts year-on-year. We also started to develop our proprietary digital leasing platform for Europe (expected to go live by 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 France, Switzerland and Italy this year.

In Q1, we expanded our partnership with Stellantis, with the transaction expected to complete in H1 2023 (following the required authorizations). SCF also entered into a long-term global partnership with Piaggio Group, the leader in Europe's scooter segment. We will provide retail financial services to support Piaggio's sales and dealer network.

In Non-Auto, Zinia, our new buy now, pay later initiative in Germany, is already achieving outstanding results, with more than 2.5 million contracts.

The TIMFin joint venture in 2021 represented a strategic alliance with the leading Italian Telco, a new vertical for DCB. The company has more than 960,000 contracts as well as 5,700 active points of sale.

The stock of loans and advances to customers excluding reverse repos increased 1% year-on-year to EUR 117 billion, as recent positive trends business activity were partially offset by current uncertainties.

Despite the good results achieved year to date, the unstable environment, higher fuel prices and inflation is generating uncertainty and reducing our customers' disposable income. We will keep a prudent market approach and remain vigilant so to react quickly to any concrete event affecting our activity.

Results

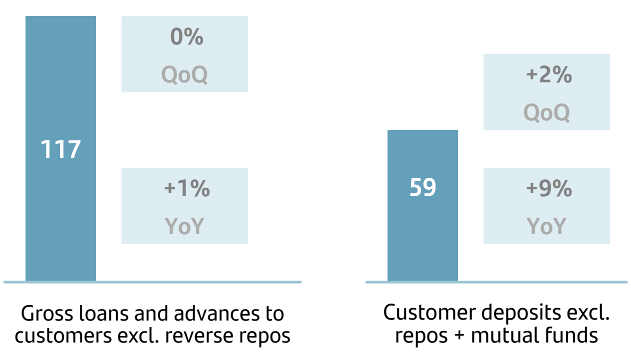
Underlying attributable profit **in the first quarter** was EUR 282 million, 11% higher year-on-year. By line:

- Total income increased 5% compared to Q1'21 mainly driven by growth in net fee income (+9%) due to increased volumes and leasing activity. Net interest income was 2% higher.
- Costs increased 7% affected by inflation, strategic investments to boost future income and lower running costs, and perimeter effects (Allane, TIMFin and Greece). Excluding these impacts, BAU costs rose 2% (-2% in real terms). The efficiency ratio stood at 49%.
- Loan-loss provisions dropped 11% driven by the maintained good credit quality performance. There was a 25 bp improvement in the cost of credit to 0.44%.
- By country, the largest contribution to underlying attributable profit came from Germany (EUR 101 million), the UK (65 million), France (EUR 48 million), the Nordic countries (EUR 45 million) and Spain (EUR 34 million).

Compared to the previous quarter, underlying attributable profit decreased 21% mainly due to higher provisions (+90%), as there were higher portfolio sales in Q4'21. Income remained stable.

Activity

March 2022. EUR billion and % change in constant euros



Digital Consumer Bank. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	1,312	+1	0	+5	+5
Expenses	-645	+7	+7	+7	+7
Net operating income	**667**	**-5**	**-5**	**+4**	**+3**
LLPs	-148	+89	+90	-11	-11
PBT	502	-9	-9	+12	+11
Underlying attrib. profit	**282**	**-21**	**-21**	**+13**	**+11**

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Corporate Centre

Underlying attributable profit
EUR -462 mn

Executive summary

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

→ We offer a combination of on-site and remote working, maintaining a high level of flexibility to meet individual needs.

→ The Corporate Centre's objective is to 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 15% compared to the first quarter 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 21,305 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

First quarter underlying attributable loss of EUR 462 million, 15% higher than in Q1'21 (-EUR 402 million), as follows:

- Falls were recorded in net interest income (due to the higher liquidity buffer) and gains on financial transactions (EUR 75 million less than in 2021), due to negative foreign currency hedging results, offset by the positive performance of exchange rates in the countries' results. We also recorded a negative tax impact due to the higher results of those businesses operating in Spain.
- This was partly offset by the sharp decrease in provisions compared to the same period of the previous year.

Corporate centre. Underlying income statement

EUR million

	Q1'22	Q4'21	Chg.	Q1'21	Chg.
Total income	-301	-177	+70%	-179	+68%
Net operating income	-388	-274	+41%	-258	+50%
PBT	-437	-343	+27%	-445	-2%
Underlying attrib. profit	-462	-303	+52%	-402	+15%

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Retail Banking

Underlying attributable profit
EUR 2,055 mn

Executive summary

Results. (Q1'21 vs. Q1'22). % change in constant euros

Profit growth driven by higher volumes and total income, and efficiency and cost of credit improvement

Total income	Costs	Provisions
+3%	+3%	+12%

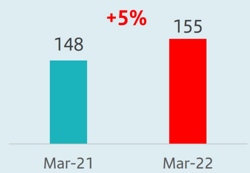
Business performance. EUR bn. % change in constant euros

Loans and advances to customers rose 3% and customer funds increased 5% year-on-year

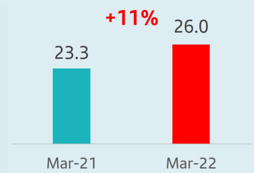
Loans and advances to customers	Customer funds
832 +3% YoY	807 +5% YoY

Customers

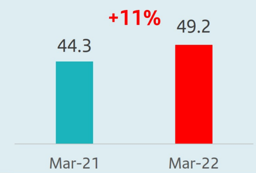
Total customers
Millions



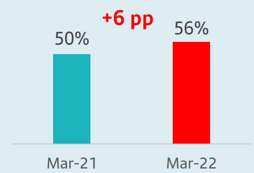
Loyal customers
Millions



Digital customers
Millions



Digital sales
% of total sales



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Commercial activity

We continued to accelerate the implementation and development of our digital transformation strategy, focusing on our multi-channel strategy and the digitalization of processes and businesses.

Our aim is to ensure a personalized support tailored to the needs of each customer, which also responds to one of our main goals: the continuous improvement our customer service. Our efforts enabled us to rank top 3 in customer satisfaction, measured by NPS, in eight of our markets.

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. Of note were:

- In individuals, mortgages continued to grow strongly in the majority of our markets, boosted by innovative products such as Hipoteca Plus and Hipoteca Free in Mexico. We are also digitalizing processes to grant consumer loans in most markets.
- In auto finance, we made headway in new alliances and partnerships and renewing existing ones, both in Europe and the US. Brazil exported its two platforms to other countries: Cockpit and its new and used vehicle financing platform.
- 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.

These initiatives allowed us to achieve 155 million customers across the Group. The number of loyal customers increased 11% year-on-year to 26 million, digital customers rose 11% year-on-year to more than 49 million and digital sales accounted for 56% of total sales.

Results

Underlying attributable profit in **the first quarter of 2022** was EUR 2,055 million, 12% higher year-on-year. By line:

- Total income grew 3% driven by positive net interest income performance (+6%) which offset lower gains on financial transactions.
- Costs increased 3%, affected by inflation. Net operating income grew 3% and efficiency stood at 43.6%
- Loan-loss provisions rose 12%, 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

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	10,095	+2	-1	+8	+3
Expenses	-4,399	-1	-3	+6	+3
Net operating income	**5,695**	**+4**	**0**	**+9**	**+3**
LLPs	-2,111	+53	+46	+18	+12
PBT	3,159	-5	-9	+4	-2
Underlying attrib. profit	**2,055**	**+3**	**0**	**+19**	**+12**

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Santander Corporate & Investment Banking

Underlying attributable profit
EUR 759 mn

Executive summary

Results. (Q1'22 vs. Q1'21). % change in constant euros

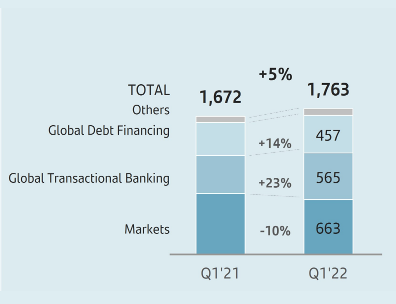
Total income	Underlying att. profit
+5%	+10%
Efficiency ratio	**RoTE**
35%	24.8%

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*



-4%

+11%

+17%

* EUR million and % change in constant euros

Other highlights in the quarter

WayCarbon acquisition

SCIB received numerous awards from: Risk.net, PFI Awards, Global Finance

Leading the rankings of various products: Structured finance, DCM

Top 3

Green Global

Financial, capital structure and risk solutions advisor of: Global Infrastructure Partners

In the partial sale of Hornsea to: TRIG, equitix

Unless otherwise indicated, changes are reported at constant exchange rates. In the tables below and in the appendix, these changes are included together with the changes at current exchange rates.

Strategy

In an uncertain geopolitical environment amid the situation in Ukraine, our priority has been to support our clients in these times of supply chain disruption, inflation and volatility, 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 Digital Solutions Group (DSG) in order to support our clients in their sustainable development and digital transformation, respectively.

Our goal with this transformation is to become one of the leading investment banks in Europe by strengthening our client advisory services through a pan-European platform, consolidate our leadership in Latin America in most countries and products, and continue to accelerate growth in the US, following the regulatory approval for the acquisition of broker-dealer Amherst Pierpont (APS).

To accelerate the execution of our strategy within the sustainability sphere, Banco Santander completed in April 2022 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.

Leveraging WayCarbon, SCIB will increase its product portfolio in the voluntary carbon market and in reforestation and forest conservation programmes, among others. This alliance further strengthens SCIB's commitment to the energy transition and its leadership in sustainable projects and renewable energy financing.

Within the ESG sphere, of note was the sustainable bond issuance by Mexico's Federal Electricity Commission (CFE) and the Hornsea Project One ("Hornsea 1") M&A transaction.

Regarding the first, CFE (the main generation company in Mexico and the Americas in terms of installed capacity) issued green bonds totalling USD 1.75 billion, the largest green issuance ever made by a company in Latin America.

Secondly, the Renewables Infrastructure Group and Equitix partnered to acquire a 12.5% interest in Hornsea 1, which, located in the North Sea, is the world's largest offshore wind farm. In this operation, Santander provided a comprehensive M&A solution as financial advisor and advisor on capital structure and risk solutions.

In the first quarter, and as part of the Group's growth strategy in digital transformation, of note was the capital increase of eDreams, one of the world's largest and most innovative online travel companies. The key role of the DSG (Digital Solutions Group) is to support the development and digital transformation of both our current customer base and a new client portfolio from the technology industry with a different profile than that of traditional investment banking.

Q1 2022 Awards

1st

Risk.net — Risk Solutions House of the Year

FX-W — Best Bank in Latam and best at USD/BRL

Global Finance — Best Cash Management Bank in Chile and Brasil

PFI Awards — Global Financial adviser of the year
Deal of the year:
- Europe Deal
- Europe Fiber Deal
- Europe Data Deal
- APAC Telecom Deal
- Americas Green Deal

Results

Underlying attributable profit **in the first quarter of 2022** amounted to EUR 759 million (25% of the Group's total operating areas), 10% higher than in Q1'21, the best quarter in SCIB's history, strongly backed by GDF and GDF.

Revenue performance by business was as follows:

- **Markets**: 10% decrease vs Q1'21. Macroeconomic uncertainty affected customer sales activity, particularly in Europe and Asia.

  In Latin America, our leadership position enabled us to capture the capital movement of emerging markets from Europe to Latin America, which is benefiting from the commodity price surge.

  Lastly, strong market volatility combined with the good management of the Market Making teams, allowed us to protect the value of our trading books, with a special emphasis on exchange rate hedging products and equity derivatives activity.

- **GDF (Global Debt Financing)**: total income was 14% higher compared to Q1'21 despite the sharp decline in debt issuance volumes and the commodity crisis that has affected most of our clients. These falls were offset by the roll-out of the Leverage Finance initiative, with growth well above that of the previous year, and by the positive performance of the Structured Finance business, which is also one of the main focuses of our ESG strategy.

- **GTB (Global Transactional banking)**: revenue grew 23% year-on-year. Cash Management started the year with strong growth in its key indicators, both in terms of transactionality and liability revenue, due to the improvement in commercial activity and the rise in interest rates in several Latin American countries. Trade & Working Capital Solutions continued to recover to pre-pandemic levels, growing 20% year-on-year. Export Finance remained focused on ESG transactions.

- **CF (Corporate Finance)**: strong performance in Mergers and Acquisitions (M&A), doubling total income in the first quarter of 2021, partially offsetting the slowdown in Equity Capital Markets.

  In M&A, we continued to be very active in renewable energy transactions in the first quarter. We also recorded a strong beginning of the year in the infrastructure market, where of note was the acquisition of the water and waste group Nuevo Suez by GIP, Meridiam & CDP, creating one of the main assets in Europe. This enabled the franchise to maintain its position as a reference advisor in Europe and Latin America.

  In the Telecommunications, Media & Technology (TMT) industry, the sale of 50% of FiBrasil to CDPQ in Brazil was awarded by IJGlobal in the Telecom Deal of the Year category. Likewise, in January, the creation of a FiberCo between Telefónica Colombia and KKR was successfully closed, with the objective of reaching 4.3 million households for a value of USD 500 million.

  As for Equity Capital Markets (ECM) after several years of strong growth, activity in the first quarter stalled, affected by geopolitical uncertainty. As markets recover, takeover bids have become a key source of income for the bank. In Spain and Portugal, of note was IFM's takeover bid for Caixa.

  Lastly, the ESG and DSG teams have been transversally involved in numerous operations in different sectors and geographic areas.

Operating expenses increased 10% compared to 2020 due to investments in products and franchises under development. However, efficiency (35%) was stable year-on-year and remained a benchmark in the sector.

Sharp improvement in **loan-loss provisions** compared to the first quarter of 2021, which was still heavily affected by the macroeconomic deterioration caused by the pandemic. A better-than-expected economic environment until the outbreak of the war in Ukraine allowed for the release of provisions and an improved credit outlook for the customer portfolio.

Compared to the **previous quarter,** total income rose 28% and underlying attributable profit surged 72%, primarily from lower costs and provisions.

SCIB. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	1,763	+30	+28	+9	+5
Expenses	-615	-9	-11	+13	+10
Net operating income	**1,148**	**+71**	**+67**	**+7**	**+3**
LLPs	13	—	—	—	—
PBT	1,142	+92	+88	+15	+11
Underlying attrib. profit	**759**	**+75**	**+72**	**+13**	**+10**

Detailed financial information on page 73

Wealth Management & Insurance

Underlying attributable profit
EUR 245 mn

Executive summary

Results (Q1'22 vs. Q1'21). % change in constant euros

Solid performance across our three businesses

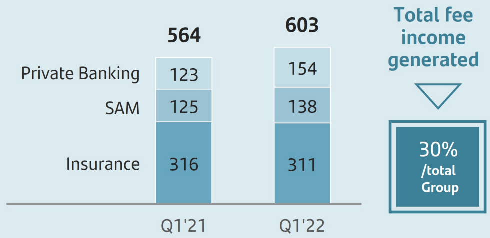
Total fee income generated[1]	Total contribution to profit[1]	Assets under management	RoTE
+7%	+14%	+2%	55.3%

Growth drivers Q1'22

Private Banking	Asset Management	Insurance
Net new money	AuMs	Gross written premiums
EUR 2.8 bn	EUR 198 bn	+2%
(1.1% of total CAL)	(Total WM&I: EUR 401 bn)	vs. March 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. March 21	ESG AuMs EUR 11.4 bn (Total WM&I: EUR 27.1 bn)	Fee income[1] EUR 369 mn +7% vs. Q1'21

Unless otherwise indicated, changes are reported at constant exchange rates. In the tables below and in the appendix, these changes are included together with the changes at current exchange rates.

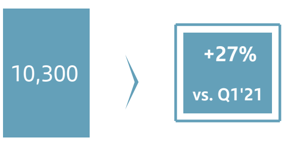
Commercial activity

Our objective remains becoming the best responsible Wealth & Protection Manager in Europe and Latin America, with Wealth Management & Insurance (WM&I) being one of the Group's growth drivers:

- In **Private Baking**, despite market volatility, we continued to leverage our global scale to enable clients to benefit from our global platform and to foster collaboration across markets and segments, with collaboration volumes increasing 27% to EUR 10.3 billion. We are the leader in the large flow of investment from Latin America to Spain and the United States.

Collaboration volumes

Constant EUR million



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 11.5% of total assets under management).

Our range of alternative products exceeded EUR 2.2 billion (EUR 1.4 billion Q1'21) in both Santander Asset Management (SAM) and third parties. In the quarter, we launched Laurion, Blackrock, Compass, Sancus and Qualitas.

Of note was our live real estate investment service, where we are capturing a large part of the existing flow between Latin America and Europe and the United States, with a total volume of EUR 94 million in the quarter.

As regards the ESG investment range, through both SAM and third-party products, assets under management amounted to EUR 17.6 billion, (classified according to Article 8 or 9 under the Sustainable Finance Disclosure Regulation - SFDR- or similar criteria applicable in Latin America). We expect to provide ESG discretionary management in all our markets by year-end.

- In **Santander Asset Management,** market volatility, especially in Europe, affected overall asset valuations and investment flows. We continued to improve and complete our local and global product offering, providing solutions aimed at covering the different investment needs of our clients. We made further headway in our ESG strategy, offering 31 ESG products globally, and assets under management of around EUR 11.4 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 270 million of AuMs and EUR 669 million of investment commitments.

  Regarding our operational and technological transformation, we made further headway in the regionalization of management, as well as in the deployment of the Aladdin platform in all our countries. We are also preparing our European Robo-advisor offering so it can be launched in Spain in the coming quarter.

- In **Insurance**, we maintained a healthy growth rate in premiums, mainly in the protection business. We are making progress with specific plans in each country that will allow us to have satisfied and better protected customers over time.

Of note in Europe was the positive start to the year of non-credit related insurance, which accounted for 60% of total protection insurance sales.

In the Americas, we also started the year with very positive dynamics with the launch of new products, such as Ben Assist in Brazil, a fully-digital assistance proposal that enables us to access new customer segments.

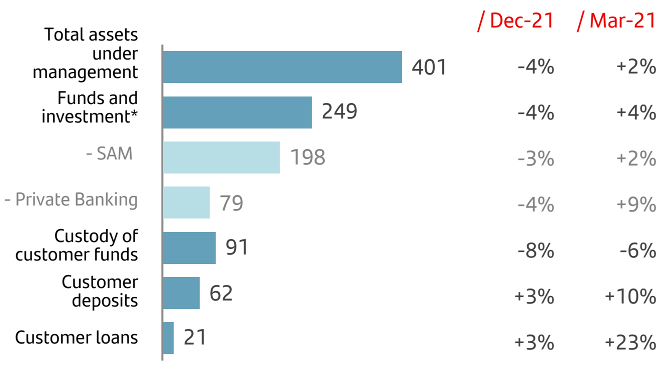
The motor vehicle insurance business was 7% higher and already accounts for 7% of total insurance fee income. The Autocompara platform, which operates in Argentina, Brazil, Chile, Mexico and Uruguay, reached 1.8 million active policies (+4% year-on-year). Lastly, regarding our digital strategy, we increased the number of insurance policies distributed through our digital channels at double-digits, which now account for 24% of the total sales volumes (+50% year-on-year).

Business performance

Total assets under management amounted to EUR 401 billion, 2% higher year-on-year, dampened by strong market volatility since early 2022, especially in Europe, which reduced asset valuation.

Business performance: SAM and Private Banking

Constant EUR million



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

- In **Private Banking**, the volume of customer assets and liabilities reached EUR 252.9 billion, 4% higher than in March 2021, affected by the valuations of custody. Net new money amounted to EUR 2.8 billion (1.1% of total volume). Net profit in Q1'22 was EUR 154 million, up 25% compared to Q1'21, primarily backed by growth in net fee income (+8%). Threshold Private Banking customers stood at 116,000 clients.

- In **SAM,** total assets under management increased 2% compared to March 2021 to EUR 198 billion. Net sales recorded outflows of EUR 1.0 billion (0.2% of the total). Total contribution to the Group's profit (including ceded fee income) was EUR 138 million, 10% higher year-on-year.

- In **Insurance,** the volume of gross written premiums in Q1'22 amounted to EUR 2.2 billion (+2% year-on-year), with protection premiums growing 13% despite lower lending demand in Latin America. Total fee income rose 2% (+7% excluding one-off earn-outs and insurance portfolio buybacks in 2021) and fee income from protection insurance was 8% higher. Total contribution to profit (including ceded fee income) decreased 2% year-on-year to EUR 311 million (+11% excluding insurance one-offs in 2021).

Results

Underlying attributable profit was EUR 245 million **in the first quarter of 2022,** up 12% year-on-year (+26% excluding insurance one-offs in 2021), as follows:

- Total income increased 8% mainly driven by the higher volume of assets under management, net fee income growth, and greater insurance protection activity. Total fee income generated, including fees ceded to the branch network amounted to EUR 852 million (+4% year-on-year; +7% excluding insurance one-offs in 2021) and represented 30% of the Group's total.

Total fee income generated

Constant EUR million

852

+4% vs. Q1'21

30% / total Group

- Operating expenses were 6% higher than in 2020, 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.

- Net operating income rose 10%.

The total contribution to the Group (including net profit and total fees generated net of tax) was EUR 603 million in Q1'22, 7% higher than the same period of 2021 (+14% excluding insurance one-offs in 2021).

Compared to the previous quarter, underlying attributable profit increased 19% primarily due to higher other operating income. On the other hand, the sum of net interest income and net fee income remained relatively flat.

Total contribution to profit

EUR million and % change in constant euros

Q1'22	Q1'22
603	603
+1% / Q4'21	+7% / Q1'21

WM&I. Underlying income statement

EUR million and % change

		/ Q4'21		/ Q1'21	
	Q1'22	%	excl. FX	%	excl. FX
Revenue	587	+11	+9	+11	+8
Expenses	-244	+3	+1	+9	+6
Net operating income	**343**	**+17**	**+15**	**+12**	**+10**
LLPs	—	—	—	—	0
PBT	338	+24	+22	+14	+11
Underlying attrib. profit	**245**	**+21**	**+19**	**+15**	**+12**

Detailed financial information on page 74

PagoNxt

Underlying attributable profit
EUR -54 mn

Executive summary

PagoNxt

Combining our most innovative payments businesses into a single, autonomous company:

PagoNxt

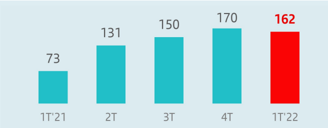
Merchant Acquiring

Become a leading global acquirer through the expansion of our Getnet platform

Total Payment Volumes	SAN banks w/Getnet	Total active merchants
+40% Q1'22 vs Q1'21	6	+7% Mar-22 vs Mar-21

PagoNxt quarterly revenue performance

Revenue of **EUR 162 million** in Q1'22 (+122% YoY)*



(*) % change in constant EUR

International Trade

For SMEs & Corporates who operate internationally and want state-of-the-art digital solutions

SAN banks W/ OneTrade	OneTrade active SMEs and Corporates	Ebury active SMEs and Corporates
8	~ 8,000	>15,000

Data as of 31 March 2022

Unless otherwise indicated, changes are reported at constant exchange rates. In the tables below and in the appendix, these changes are included together with the changes at current exchange rates.

Strategy

PagoNxt aims to accelerate commerce for merchants and their connected ecosystem of customers and business partners. PagoNxt's stronghold is in its digital commerce proposition for merchants and exposure to fast-growing markets, complemented by distinctive assets progressively connecting corporates and consumers. We fulfil this mission through:

- Our strong track record serving merchants through a digital commerce proposition. We serve merchants of different sizes according to their payment needs with a full suite of merchant service products including PoS payments, e-commerce and omnichannel, with local and cross-border coverage. Additionally, we offer value-added solutions beyond merchant services, leveraging both our in-house product development and third-party providers.

Getnet

- Reinforcing adjacencies to deliver value to businesses and consumers. We are developing solutions to expand our breadth of payment services and cover all aspects of the commerce network. Through the combination of two cutting edge platforms, One Trade and Ebury, PagoNxt already offers a comprehensive portfolio to serve the international trade needs of SMEs and institutions globally, providing them with a simple and secure solution to move money internationally and helping them thrive without borders. This is complemented by the instant payment capabilities of our Payments Hub.

OneTrade

PaymentsHub

Ebury

Similarly, on the consumer side, our Superdigital platform provides innovative financial solutions which support the long-tail, the underbanked and low-income population across Latin America through a low cost-to-serve model.

- Extracting value from our progressively integrated value proposition, leveraging our shared cloud-native, data-driven global payments platform. We operate a connected, real-time, flexible and highly scalable technology platform that is fully cloud, API-based, and enterprise-ready 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.

- Santander's distribution network and open market capabilities. Our connection to Santander provides us with privileged access to 155 million customers and proven distribution capabilities, which allows us to scale up faster and reduce acquisition costs.

- We are further expanding our global reach by leveraging the synergies with Santander's existing presence and by developing open market distribution capabilities beyond Santander's footprint.

Business performance

PagoNxt brings together innovative and disruptive payment solutions with the aim of achieving a global leadership position in payments.

In the last quarter, PagoNxt had several important achievements:

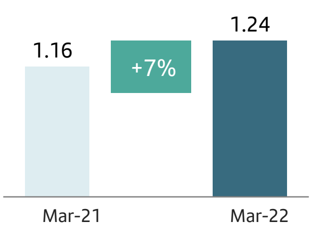
- Getnet, our payment solution for merchants, continued its growth trajectory, reaching 1.23 million active merchants and EUR 34.1 billion in Total Payments Volume (TPV), up 40% year-on-year.
  - Getnet Brazil's TPV grew 26% boosted by our e-commerce proposition, which has become one of our main growth drivers in the country (in Q1, e-commerce represented 24% of overall TPV). Additionally, our growth strategy is also centred on other pillars such as: expanding the independent channel, through partnerships with other financial institutions and with independent software vendors (ISVs), diversifying revenue streams through pre-payment credit, providing value-added services, and excelling in service quality and customer experience.
  - Getnet Europe, which started to operate in 2021 as a pan-European acquirer, grew significantly in Q1, driven by the strong business performance in Spain, where TPV increased 56% and active merchants rose 17% year-on-year. Primary growth drivers in the region include our joint customer acquisition campaigns with Santander España and the reactivation of merchant's activity, especially in the hospitality industry. In addition, we continue to develop our open market strategy in the region with an initial focus on high-growth industries, such as airlines.
  - Getnet Mexico continued to fuel growth, with TPV increasing by 45% and active merchants by 11% year-on-year. These rises were driven by the activity recovery across key sectors, particularly in our airlines and hospitality verticals, and by the development of the open market distribution channel through partnerships with financial institutions, ISVs and payment ecosystems.
- Our One Trade business, which is connected to SME and corporate customers in 8 countries, continues to develop new and innovative international payments, FX and trade finance solutions.

  In the quarter, the One Trade platform expanded its capabilities to provide international payments in real time between Spain and Brazil, shortening payment times in Brazil's local currency from several days to minutes and removing the need for intermediaries and FX documentation. In addition, One Trade is planning to launch real time payments in other international corridors in the coming months.
- On the consumer side, our Superdigital platform is progressing on its marketplace strategy to facilitate economic inclusion for the underbanked and low-income population in Latin America. In the quarter, Superdigital added new products to its digital wallet and payments proposition, including loans, cashback, insurance, and credit cards, in partnership with the Santander banks in Brazil and Argentina, and with the consumer finance businesses in LatAm.

Merchant Acquiring

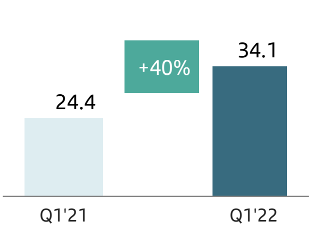
Active merchants

Millions



Total Payments Volume

EUR billion



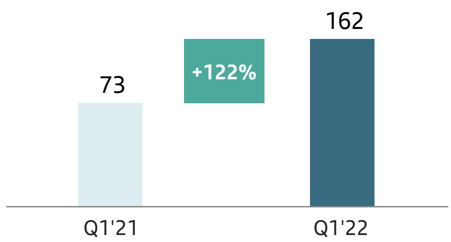
Results

In the first quarter of 2022, underlying attributable profit decreased year-on-year to -EUR 54 million, compared to -EUR 73 million in the first quarter of 2021.

Total income doubled year-on-year to EUR 162 million, backed by overall positive activity and volumes performance across regions, especially in Merchant Acquiring (strong increase in the number of transactions, merchants and total payments volumes in most countries).

PagoNxt. Revenue performance

Constant EUR million and % change in constant euros



In addition, PagoNxt continues its investment phase in developing projects and platforms.

PagoNxt. Underlying income statement

EUR million and % change

	Q1'22	/ Q4'21 %	/ Q4'21 excl. FX	/ Q1'21 %	/ Q1'21 excl. FX
Revenue	162	+1	-4	+143	+122
Expenses	-190	-2	-5	+40	+35
Net operating income	**-28**	**-16**	**-7**	**-59**	**-59**
LLPs	-3	-16	-23	+14	+1
PBT	-32	-11	-3	-57	-56
Underlying attrib. profit	**-54**	**+16**	**+22**	**-25**	**-24**

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RESPONSIBLE BANKING

Santander Responsible Banking targets

In 2019 we announced 11 public commitments to boost our ESG agenda. In 2021, we fulfilled all commitments set for 2019-2021 and set new public commitments including the first decarbonization targets. In this quarter, we continued to make progress on the remaining targets set for the medium term (2025-2030):

	2018	2019	2020	2021	Q1'22	Target
Women in senior positions	20%	22.7%	23.7%	26.3%		30% by 2025
Equal Pay Gap	3%	2%	1.5%	1.0%		~0% by 2025
People financially empowered (cumulative)		2.0mn	4.9mn	7.5mn		10mn by 2025
Green Finance raised and facilitated (€ cumulative)		19bn	33.8bn	65.7bn	69.3bn	120bn by 2025 220bn by 2030
Electricity from renewable sources	43%	50%	57%	75%		100% by 2025
New Thermal coal-related power & mining phase out (€)				7bn		0 by 2030
New Reduce emission intensity in power generation portfolio		0.23 tCO_2e/MWh				0.18 tCO_2e/MWh by 2025 0.11 tCO_2e/MWh by 2030
New Sustainable investment (€bn AuM in sustainable funds)				27bn	27bn	100bn by 2025

--> From...To   Cumulative target

More information available on our corporate website.

Note: Q1'22 provisional and not audited data

Q1'22 Highlights

- We have disclosed our progress in 2021 in the **Responsible Banking chapter of the Annual Report**.
- We **released a sustainable finance rating system** (SFCS) that allows us to measure and target funding towards green and/or social initiatives.
- Regarding the **Ukrainian conflict**, we have channelled more than EUR 2.2 million in direct donations and more than EUR 10 million in donations from our customers. In addition, among other initiatives: we enabled current account openings for refugees and removed fees on transfers to Ukraine; we made the facilities of the bank's headquarters available to house refugees, including children undergoing cancer treatment and their families; we chartered two planes, one to Spain and the other to Portugal; we offer support measures to Ukrainian employees and their families; and nearly 1,000 employees volunteered to help.

We continue working to become a more sustainable bank, embedding ESG in our business, culture and management. Of note among the implemented initiatives were:

Environmental

- In line with our commitment to the transition to a green economy, we continue to make progress in granting EUR 120 billion in green finance by 2025 and EUR 220 billion by 2030. In the first quarter we mobilized **EUR 3.6 billion in green finance**, reaching **EUR 69.3 billion since 2019**.
- Regarding investment products, we also progressed on our commitment to reach **EUR 100 billion of sustainable assets under management**. At the end of March, we had EUR 27.1 billion.
- In April 2022 we completed the **acquisition** of 80% of **WayCarbon**, a leading Brazil-based **ESG consultancy firm** to continue to support our customers in their energy transition. This firm provides ESG consultancy; management software to support the tracking and implementation of ESG strategies; and carbon credit trading.
- SCIB created **Santander Green investment**, a platform to invest in renewable energy projects. We have already invested in nine solar and wind projects in Spain, whose combined capacity amounts to c.500 MW.

In the first quarter, we continued to support our customers in their green transition:

- **Electric car financing** of over **EUR 1 billion** and over **EUR 2 billion** in **green buildings**.
- **Renewable energy financing**: SCIB signed an agreement to build the world's largest offshore wind farm in the United Kingdom and six onshore wind farms in Poland, and to acquire another onshore wind farm in Portugal for EUR 360 million.
- **Partnership with Enel** to finance the installation of solar panels, lithium batteries and energy efficiency solutions.

Social

- We continue to offer our best response to promote **financial inclusion and empowerment**. We have granted over **EUR 1,750 million in loans to over 1.5 million entrepreneurs** through our **microfinance programmes since 2019**. We are active in 8 countries with microfinance proposals.
- In Spain, we adapted our **support proposition to the senior segment, ensuring the best service and preventing digitalization from becoming a barrier**. This proposal includes, among others, the extension of teller opening hours, preferential attention in the Contact Centre, simplified user experience in digital channels, training sessions to bring digitalization closer and financial education programmes.
- Santander España will allocate **EUR 1,000 million in mortgages for 5,000 young people** to access their first home, reducing the initial outlay by up to 15% compared to a standard mortgage.
- Santander Chile participated in the placement of **social bonds of the Republic of Chile** for a total amount of **USD 4 billion**.
- SCF, with the support of Fundación Universia, launched **microcredits in Spain to facilitate access to upskilling and reskilling programmes** for adults. Participation in these programmes, according to the WEF (World Economic Forum), mitigates the risk of job loss.
- Through Santander Universities, we announced the **six winning projects in the Santander X Global Award**, an international university entrepreneurship competition, from the more than 800 startups that participated. We have also opened the **new editions of the Santander W50 and Emerging Leaders Scholarships**, to promote female leadership, in collaboration with the London School of Economics and Political Science.

Governance

- We are strongly **engaging top management with ESG goals**, with 20% of long-term incentives in scorecard considering 5 ESG KPIs.
- We continue to strengthen a structured ESG training and awareness model. This quarter we introduced a **new mandatory training programme** for all bank employees.
- We changed our **corporate behaviours**, which guide us in our day-to-day work and help us accelerate our transformation: think customer, drive change, act now, move together and speak up.
- We rolled out a new **model of active listening to employees**, changing from an annual survey to a continuous listening model regarding: engagement, flexibility, peer relations, inclusion, well-being and other relevant topics.

2022 Awards

- Santander was the world's **highest-scoring bank** and second highest-scoring company in the **2022 Bloomberg Gender-Equality Index**.
- We also **improved our position in ShareAction** and were included in **S&P's 2022 Global Sustainability Yearbook** , were we ranked second.
- We were awarded the **Top Employer 2022 certification in Chile** and ranked second company in the world with **best working conditions in Spain.**
- Santander Private Banking was named **best private bank in Latin America in ESG** in the *Euromoney Private Banking and Wealth Management Survey 2022*.

EUROMONEY AWARDS FOR EXCELLENCE 2021 WORLD 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

(1) Aggregated data 2019-Q1'22. Unaudited Q1'22 provisional monitoring data.

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

→2022 Ordinary general shareholders' meeting

On 1 April 2022, the ordinary general shareholders' meeting of Banco Santander was held, on second call, at the El Solaruco Training Center (Ciudad Grupo Santander) in Boadilla del Monte. Shareholders were able to attend in person and by telematic means.

A total of 644,750 shareholders, owning 68.776% of share capital, attended the general meeting in person or by proxy. This breaks the Bank's general meeting quorum record.

The proposed resolutions submitted by the board to the general meeting were approved with an average of 98.4% votes in favour, being the Bank's management during the 2021 financial year supported with a 99.71%.

Full information on the resolutions passed at the general meeting can be found on corporate website (www.santander.com).

→Changes in the board of directors

At the aforementioned general meeting the appointment of Mr Germán de la Fuente as a new independent director was approved, filling the vacancy left by Mr Álvaro Cardoso de Souza as of the same date. The effectiveness of his appointment is subject to obtaining the corresponding regulatory approval.

→Amendment of the Bylaws

The aforementioned general meeting approved, subject to the applicable regulatory approval, the amendment of 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, with the purpose of:

- conforming them to the amendments introduced in the Spanish Companies Act and introducing certain technical clarifications in relation 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, the capital reductions, the convertible securities and the powers of the audit committee regarding the directors' report and related party transactions;
- clarifying that the board can establish direct reporting lines from other executives to the board itself or to its committees;
- including the ability of the board of directors to appoint more than one vicesecretary and reflect this possibility in the regulation of the presiding committee of the general shareholders' meeting;
- providing 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
- including 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

The general meeting also approved the amendment of Articles 6, 13, 17 and 19, the elimination of the Additional Provision and the introduction of a new Article 15 bis of the Rules and Regulations of the General Shareholders' Meeting in order to conform the regulatory text to the amendments to the Bylaws approved by the general meeting and to the amendments introduced in the Spanish Companies Act regarding attendance at the meeting by distance means of communication, 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 for the Board of Directors

On February 24, the Board approved, subject to the entry into force of the amendments to the Bylaws approved by the general meeting indicated above, the amendment of articles 3, 8, 13, 17, 19, 27 and 33 of the Rules and Regulations of the Board of Directors in order to conform them with the provisions of the Bylaws whose amendment was approved by the general meeting, to introduce a technical clarification regarding 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.

→Changes in the management structure

On 24 February the following changes in the group´s management structure were announced to accelerate digital transformation initiatives and sharpen operational to the best open financial services platform:

- The chair is responsible for the long-term strategy of the Group, including new tech digital growth engines, namely PagoNxt and the Digital Consumer Bank.
- Business units (regions and global businesses) continue reporting to the chief executive officer, as well as the chief financial officer and Investment Platforms & Corporate Investments. Additionally, he is responsible for Regulatory & Supervisory Relations and for embedding the sustainability policy of the Group in the day-to-day management of Group businesses and the support & control functions.

In line with the amendments to the Rules and Regulations of the Board of Directors and with governance best practice, the chief executive officer will report exclusively to the board.

Risk, Compliance and Internal Audit functions have free and unfettered access to the board and its committees, without prejudice to the regular reporting lines to the chair and chief executive officer.

SANTANDER SHARE

In applying the shareholder remuneration policy for 2021, the second payment of remuneration against 2021 results was approved, which will be made in two parts:

- A gross cash dividend of EUR 5.15 cents per share, which will be paid from 2 May 2022.
- A second share buyback programme that will have a maximum amount of EUR 865 million, equivalent to 20% of the Group's underlying profit in the second half of 2021.

The repurchase programme will have the following characteristics:

- Expected duration from 15 March 2022 to 18 May 2022, however, the Bank reserves the right to terminate the buyback programme if, prior to its expiry date, the maximum monetary amount is reached or if any other circumstances so advise.
- The average purchase price of shares will not exceed EUR 4.12, corresponding to the tangible book value per share at 31 December 2021.
- The maximum number of shares that may be acquired will depend on the average price at which they are acquired, but will not exceed 10% of the Bank's share capital.

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

The Santander share is listed in 5 markets, in Spain, Mexico and Poland as an ordinary share, in the US as an ADR and in the UK as a CDI.

The quarter began marked by the rapid spread of the Omicron variant, which dampened the IMF's optimism in economic recovery, worsened by the invasion of Ukraine, which led to significant risk aversion.

Concerns recording inflation have forced central banks to take action, despite the impact on economic growth:

- In Europe, the European Central Bank (ECB) will reduce its asset purchase programme at a faster pace with a view to ending it in the third quarter, when it could raise interest rates.
- The Bank of England (BoE) raised its base rate twice by 25 bps to 0.75%, at pre-pandemic levels.
- In the US, the Fed began its hikes raising rates by 25 bps to 0.5% and expects to announce the start of the reduction in the size of its balance sheet at an upcoming meeting.
- Finally, in Latin America, central bank hikes were more forceful, especially in Brazil, where the Selic stood at 11.75%, and Mexico, where the rate reached 6.5%.

In this environment, the Santander share ended the quarter with a 5.4% increase, a better performance than that of the main comparable indexes, helped by its very limited exposure to Russia and Ukraine, geographic diversification, good 2021 results and a positive performance of Latin American currencies.

The main global equity markets, which recorded strong volatility, ended the quarter with declines. The banking sector recorded an overall worse performance, affected by its different exposures to Russia. The DJ Stoxx Banks dropped 5.8% and the MSCI World Banks fell 1.3%, compared to the Ibex 35 3.1% decrease and the DJ Stoxx 50 2.8% decline.

Share price

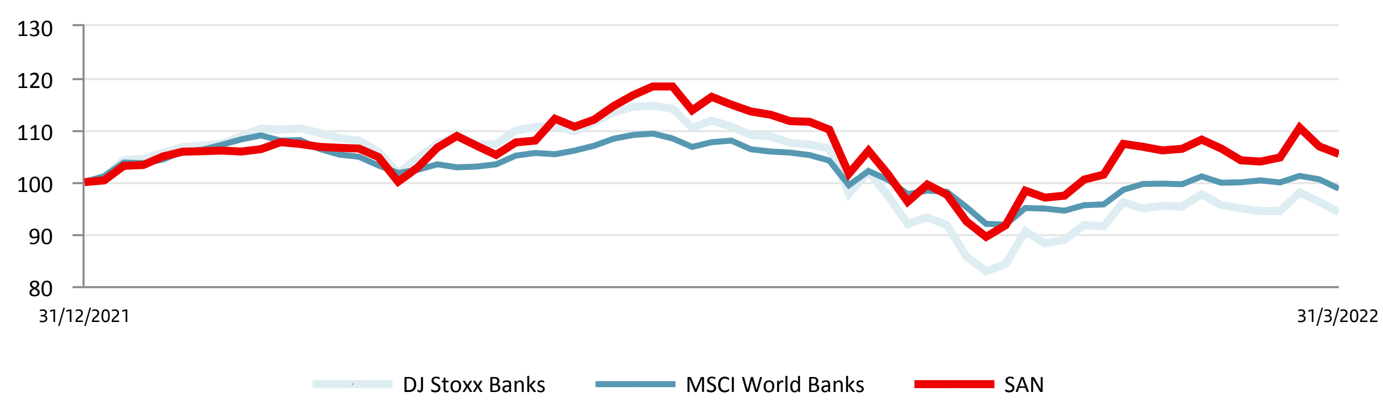
START 31/12/2021
€2.941

END 31/03/2022
€3.100

Maximum 10/02/2022
€3.482

Minimum 07/03/2022
€2.490

Comparative share performance



Market capitalization and trading

As at 31 March 2022, Santander was the second largest bank in the Eurozone by market capitalization and the 34th in the world among financial entities (EUR 53,756 million).

The share's weighting in the DJ Stoxx Banks index was 7.2% and 12.7% in the DJ Euro Stoxx Banks. In the domestic market, its weight in the Ibex 35 as at end March was 10.7%.

A total of 4,179 million shares were traded in the period for an effective value of EUR 12,896 million and a liquidity ratio of 24%.

The daily trading volume was 65.3 million shares with an effective value of EUR 202 million.

2nd Bank in the Eurozone by market capitalization

EUR 53,756 million

Shareholder base

The total number of Santander shareholders at 31 March 2022 was 3,975,210, of which 3,458,899 were European (75.67% of the capital stock) and 505,025 from the Americas (23.06% of the capital stock).

Excluding the board, which holds 1.06% of the Bank's capital stock, retail shareholders account for 40.05% and institutional shareholders account for 58.89%.

The Santander share

March 2022

Shares and trading data	
Shares (number)	17,340,641,302
Average daily turnover (number of shares)	65,289,381
Share liquidity (%)	24
(Number of shares traded during the year / number of shares)	

Stock market indicators	
Price / Tangible book value (X)	0.72
Free float (%)	98.08

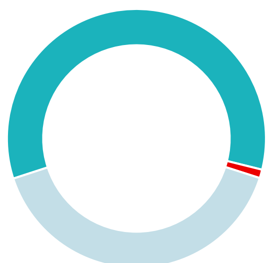
Share capital distribution by geographic area

March 2022

The Americas	Europe	Other
23.06%	75.67%	1.27%

Share capital distribution by type of shareholder

March 2022



(*) 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

	Q1'22	Q4'21	Change (%)	Q1'21	Change (%)
Fees from services	1,597	1,563	2.2	1,414	12.9
Wealth management and marketing of customer funds	923	898	2.8	852	8.3
Securities and custody	292	231	26.4	282	3.5
Net fee income	**2,812**	**2,692**	**4.5**	**2,548**	**10.4**

Underlying operating expenses. Consolidated

EUR million

	Q1'22	Q4'21	Change (%)	Q1'21	Change (%)
Staff costs	2,863	3,011	(4.9)	2,688	6.5
Other general administrative expenses	1,968	1,934	1.8	1,747	12.7
Information technology	565	586	(3.6)	495	14.1
Communications	100	102	(2.0)	97	3.1
Advertising	121	146	(17.1)	118	2.5
Buildings and premises	167	180	(7.2)	164	1.8
Printed and office material	23	24	(4.2)	19	21.1
Taxes (other than tax on profits)	141	164	(14.0)	140	0.7
Other expenses	851	732	16.3	714	19.2
Administrative expenses	**4,831**	**4,945**	**(2.3)**	**4,435**	**8.9**
Depreciation and amortization	704	692	1.7	683	3.1
Operating expenses	**5,535**	**5,637**	**(1.8)**	**5,118**	**8.1**

Operating means. Consolidated

	Employees			Branches		
	Mar-22	Mar-21	Change	Mar-22	Mar-21	Change
Europe	**60,943**	**67,189**	**(6,246)**	**3,217**	**4,108**	**(891)**
Spain	26,095	27,788	(1,693)	1,950	2,608	(658)
United Kingdom	18,689	21,581	(2,892)	450	564	(114)
Portugal	5,009	6,245	(1,236)	389	438	(49)
Poland	9,764	10,306	(542)	420	490	(70)
Other	1,386	1,269	117	8	8	—
North America	**43,874**	**39,727**	**4,147**	**1,859**	**1,947**	**(88)**
US	15,544	15,991	(447)	488	571	(83)
Mexico	27,794	23,280	4,514	1,371	1,376	(5)
Other	536	456	80	—	—	—
South America	**75,784**	**65,692**	**10,092**	**4,451**	**4,441**	**10**
Brazil	53,865	43,384	10,481	3,606	3,591	15
Chile	10,235	10,769	(534)	314	335	(21)
Argentina	8,549	9,070	(521)	407	408	(1)
Other	3,135	2,469	666	124	107	17
Digital Consumer Bank	**15,856**	**15,830**	**26**	**371**	**321**	**50**
Corporate Centre	**1,747**	**1,737**	**10**			
Total Group	**198,204**	**190,175**	**8,029**	**9,898**	**10,817**	**(919)**

Underlying net loan-loss provisions. Consolidated

EUR million

	Q1'22	Q4'21	Change (%)	Q1'21	Change (%)
Non-performing loans	2,409	1,918	25.6	2,299	4.8
Country-risk	1	1	—	(1)	—
Recovery of written-off assets	(309)	(456)	(32.2)	(306)	1.0
Net loan-loss provisions	**2,101**	**1,463**	**43.6**	**1,992**	**5.5**

Loans and advances to customers. Consolidated

EUR million

			Change		
	Mar-22	Mar-21	Absolute	%	Dec-21
Commercial bills	51,291	37,596	13,695	36.4	49,603
Secured loans	555,672	517,421	38,251	7.4	542,404
Other term loans	287,025	274,791	12,234	4.5	269,526
Finance leases	39,063	37,340	1,723	4.6	38,503
Receivable on demand	10,229	8,578	1,651	19.2	10,304
Credit cards receivable	21,429	17,106	4,323	25.3	20,397
Impaired assets	33,781	31,598	2,183	6.9	31,645
Gross loans and advances to customers (excl. reverse repos)	**998,490**	**924,430**	**74,060**	**8.0**	**962,382**
Reverse repos	37,033	38,734	(1,701)	(4.4)	33,264
Gross loans and advances to customers	**1,035,523**	**963,164**	**72,359**	**7.5**	**995,646**
Loan-loss allowances	24,026	23,404	622	2.7	22,964
Loans and advances to customers	**1,011,497**	**939,760**	**71,737**	**7.6**	**972,682**

Total funds. Consolidated

EUR million

			Change		
	Mar-22	Mar-21	Absolute	%	Dec-21
Demand deposits	721,056	667,513	53,543	8.0	717,728
Time deposits	185,018	170,172	14,846	8.7	164,259
Mutual funds	190,940	169,634	21,306	12.6	188,096
Customer funds	**1,097,014**	**1,007,319**	**89,695**	**8.9**	**1,070,083**
Pension funds	15,266	15,767	(501)	(3.2)	16,078
Managed portfolios	32,518	27,715	4,803	17.3	31,138
Repos	51,746	45,169	6,577	14.6	36,357
Total funds	**1,196,544**	**1,095,970**	**100,574**	**9.2**	**1,153,656**

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

EUR million

			Change		
	Mar-22	Mar-21	Absolute	%	Dec-21
Capital stock and reserves	119,514	115,830	3,684	3.2	114,806
Attributable profit	2,543	1,608	936	58.2	8,124
Dividends	(509)	(1,069)	560	(52.4)	(1,731)
Other retained earnings	(31,322)	(35,078)	3,756	(10.7)	(34,395)
Minority interests	7,252	6,789	464	6.8	6,736
Goodwill and intangible assets	(16,624)	(15,682)	(942)	6.0	(16,064)
Other deductions	(7,038)	(2,770)	(4,269)	154.1	(5,076)
Core CET1	**73,817**	**69,627**	**4,189**	**6.0**	**72,402**
Preferred shares and other eligible tier 1	9,101	9,103	(3)	—	10,050
Tier 1	**82,917**	**78,731**	**4,186**	**5.3**	**82,452**
Generic funds and eligible tier 2 instruments	15,213	12,819	2,394	18.7	14,865
Eligible capital	**98,130**	**91,550**	**6,580**	**7.2**	**97,317**
Risk-weighted assets	598,789	567,797	30,993	5.5	578,930
CET1 capital ratio	**12.33**	**12.26**	**0.06**		**12.51**
Tier 1 capital ratio	**13.85**	**13.87**	**-0.02**		**14.24**
Total capital ratio	**16.39**	**16.12**	**0.26**		**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. Additionally, the Tier 1 and total phased-in capital ratios include the transitory treatment according to chapter 2, title 1, part 10 of the aforementioned CRR.

EUROPE

EUR million

		/ Q4'21		/ Q1'21	
Underlying income statement	**Q1'22**	**%**	**% excl. FX**	**%**	**% excl. FX**
Net interest income	2,839	4.5	3.9	11.3	9.5
Net fee income	1,154	4.2	4.1	7.7	7.1
Gains (losses) on financial transactions (1)	199	6.7	7.0	(47.9)	(48.0)
Other operating income	113	—	—	127.2	124.3
Total income	**4,305**	**9.9**	**9.5**	**6.2**	**4.9**
Administrative expenses and amortizations	(2,060)	(3.1)	(3.6)	(0.6)	(2.0)
Net operating income	**2,245**	**25.4**	**24.9**	**13.2**	**12.2**
Net loan-loss provisions	(515)	23.8	25.1	(13.6)	(13.5)
Other gains (losses) and provisions	(236)	(45.9)	(46.4)	(5.4)	(5.4)
Profit before tax	**1,494**	**59.3**	**58.1**	**31.3**	**29.2**
Tax on profit	(422)	44.4	43.7	15.1	13.5
Profit from continuing operations	**1,073**	**65.9**	**64.5**	**39.1**	**36.6**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**1,073**	**65.9**	**64.5**	**39.1**	**36.6**
Non-controlling interests	(55)	206.1	206.0	—	—
Underlying profit attributable to the parent	**1,018**	**61.9**	**60.5**	**32.3**	**29.9**

Balance sheet					
Loans and advances to customers	602,498	2.0	2.3	3.5	3.0
Cash, central banks and credit institutions	225,433	2.9	3.0	4.1	3.7
Debt instruments	67,635	0.8	1.1	(11.5)	(11.6)
Other financial assets	44,594	19.7	19.7	(6.6)	(6.7)
Other asset accounts	29,415	(1.3)	(1.2)	(13.2)	(13.5)
Total assets	**969,576**	**2.7**	**3.0**	**1.4**	**0.9**
Customer deposits	623,625	0.7	0.9	4.5	4.1
Central banks and credit institutions	166,622	6.6	6.7	1.8	1.1
Marketable debt securities	70,408	(4.4)	(4.1)	(20.1)	(20.5)
Other financial liabilities	50,082	29.4	29.4	(0.9)	(1.0)
Other liabilities accounts	11,129	1.8	2.1	(14.5)	(14.7)
Total liabilities	**921,867**	**2.5**	**2.8**	**1.1**	**0.7**
Total equity	**47,709**	**6.3**	**6.6**	**7.2**	**6.7**

Memorandum items:					
Gross loans and advances to customers (2)	584,377	1.5	1.7	4.6	4.2
Customer funds	706,399	(0.8)	(0.5)	4.7	4.4
Customer deposits (3)	*604,415*	*0.1*	*0.4*	*5.0*	*4.6*
Mutual funds	*101,984*	*(5.6)*	*(5.5)*	*3.1*	*3.0*

Ratios (%), operating means and customers					
Underlying RoTE	9.66	3.63		1.70	
Efficiency ratio	47.8	(6.4)		(3.3)	
NPL ratio	3.01	(0.11)		(0.26)	
Total coverage ratio	49.06	(0.4)		(0.9)	
Number of employees	60,943	—		(9.3)	
Number of branches	3,217	(0.8)		(21.7)	
Number of loyal customers (thousands)	10,342	0.1		4.1	
Number of digital customers (thousands)	16,582	2.1		6.1	

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

Spain

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q1'21 %
Net interest income	998	(3.0)	(7.1)
Net fee income	745	1.8	8.9
Gains (losses) on financial transactions [1]	130	(31.4)	(37.8)
Other operating income	148	—	46.9
Total income	**2,021**	**9.9**	**(2.3)**
Administrative expenses and amortizations	(972)	(6.5)	(4.3)
Net operating income	**1,049**	**31.4**	**(0.3)**
Net loan-loss provisions	(391)	(38.2)	(17.2)
Other gains (losses) and provisions	(139)	86.9	6.1
Profit before tax	**519**	**468.5**	**15.6**
Tax on profit	(154)	766.2	4.6
Profit from continuing operations	**365**	**396.6**	**21.0**
Net profit from discontinued operations	—	—	—
Consolidated profit	**365**	**396.6**	**21.0**
Non-controlling interests	—	—	(59.5)
Underlying profit attributable to the parent	**365**	**396.9**	**20.9**

Balance sheet	Q1'22	/ Q4'21 %	/ Q1'21 %
Loans and advances to customers	256,690	3.4	6.2
Cash, central banks and credit institutions	139,820	6.9	5.4
Debt instruments	31,423	4.6	(15.8)
Other financial assets	40,861	18.3	(8.2)
Other asset accounts	18,537	(0.7)	(12.7)
Total assets	**487,332**	**5.4**	**2.0**
Customer deposits	301,171	3.1	9.1
Central banks and credit institutions	88,610	6.5	(12.1)
Marketable debt securities	26,134	(8.6)	(14.7)
Other financial liabilities	44,117	29.8	(2.7)
Other liabilities accounts	6,002	15.5	2.5
Total liabilities	**466,034**	**5.1**	**1.6**
Total equity	**21,298**	**12.1**	**12.9**

Memorandum items:			
Gross loans and advances to customers [2]	247,713	0.9	6.0
Customer funds	370,237	(0.2)	8.1
Customer deposits [3]	*293,407*	*1.0*	*8.9*
Mutual funds	*76,830*	*(4.3)*	*5.1*

Ratios (%), operating means and customers			
Underlying RoTE	7.38	5.84	0.55
Efficiency ratio	48.1	(8.5)	(1.0)
NPL ratio	4.47	(0.25)	(0.51)
Total coverage ratio	50.4	(1.0)	2.4
Number of employees	26,095	0.3	(6.1)
Number of branches	1,950	(0.1)	(25.2)
Number of loyal customers (thousands)	2,777	0.2	3.0
Number of digital customers (thousands)	5,512	1.9	4.2

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

United Kingdom

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	1,192	3.6	2.1	20.6	15.5
Net fee income	92	12.2	11.4	(23.3)	(26.6)
Gains (losses) on financial transactions [(1)]	6	—	—	—	—
Other operating income	1	(56.5)	(57.4)	(59.3)	(61.0)
Total income	**1,291**	**5.3**	**3.9**	**17.5**	**12.5**
Administrative expenses and amortizations	(672)	2.6	1.3	3.0	(1.3)
Net operating income	**620**	**8.4**	**7.0**	**38.5**	**32.6**
Net loan-loss provisions	(51)	—	—	181.6	169.7
Other gains (losses) and provisions	(66)	(64.8)	(65.6)	112.4	103.4
Profit before tax	**503**	**(10.7)**	**(11.9)**	**26.2**	**20.9**
Tax on profit	(127)	(12.7)	(13.7)	13.0	8.2
Profit from continuing operations	**375**	**(10.0)**	**(11.3)**	**31.4**	**25.9**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**375**	**(10.0)**	**(11.3)**	**31.4**	**25.9**
Non-controlling interests	—	—	—	—	—
Underlying profit attributable to the parent	**375**	**(10.0)**	**(11.3)**	**31.4**	**25.9**

Balance sheet	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Loans and advances to customers	262,522	0.4	1.0	0.2	(0.6)
Cash, central banks and credit institutions	68,408	(5.6)	(5.1)	3.5	2.6
Debt instruments	6,610	(15.6)	(15.2)	(28.4)	(29.0)
Other financial assets	443	13.9	14.6	(44.3)	(44.8)
Other asset accounts	5,645	(0.4)	0.2	(16.8)	(17.5)
Total assets	**343,628**	**(1.2)**	**(0.7)**	**(0.4)**	**(1.2)**
Customer deposits	237,009	(2.4)	(1.8)	(1.9)	(2.7)
Central banks and credit institutions	45,088	2.2	2.8	55.5	54.2
Marketable debt securities	40,731	(0.2)	0.4	(22.6)	(23.3)
Other financial liabilities	3,220	25.9	26.5	2.0	1.2
Other liabilities accounts	1,998	(18.2)	(17.7)	(46.5)	(46.9)
Total liabilities	**328,045**	**(1.4)**	**(0.8)**	**(0.6)**	**(1.4)**
Total equity	**15,583**	**2.9**	**3.4**	**4.9**	**4.0**
Memorandum items:					
Gross loans and advances to customers [(2)]	251,514	1.5	2.1	2.9	2.1
Customer funds	234,275	(1.5)	(0.9)	(0.5)	(1.3)
Customer deposits [(3)]	*225,742*	*(1.3)*	*(0.8)*	*(0.6)*	*(1.4)*
Mutual funds	*8,532*	*(5.1)*	*(4.6)*	*2.2*	*1.3*

Ratios (%), operating means and customers	Q1'22	/ Q4'21	/ Q1'21
Underlying RoTE	10.87	(1.10)	1.90
Efficiency ratio	52.0	(1.4)	(7.3)
NPL ratio	1.42	(0.01)	0.07
Total coverage ratio	26.1	0.4	(14.3)
Number of employees	18,689	—	(13.4)
Number of branches	450	—	(20.2)
Number of loyal customers (thousands)	4,425	(0.7)	3.5
Number of digital customers (thousands)	6,744	1.6	5.5

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

Portugal

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q1'21 %
Net interest income	170	(2.6)	(8.5)
Net fee income	122	5.1	23.1
Gains (losses) on financial transactions [1]	30	—	(80.0)
Other operating income	11	(0.6)	—
Total income	**333**	**13.7**	**(20.8)**
Administrative expenses and amortizations	(125)	(6.4)	(14.1)
Net operating income	**207**	**30.7**	**(24.4)**
Net loan-loss provisions	(8)	—	(77.4)
Other gains (losses) and provisions	15	—	—
Profit before tax	**215**	**—**	**(5.1)**
Tax on profit	(67)	(12.7)	(5.3)
Profit from continuing operations	**148**	**7.0**	**(5.0)**
Net profit from discontinued operations	—	—	—
Consolidated profit	**148**	**7.0**	**(5.0)**
Non-controlling interests	—	(19.7)	100.8
Underlying profit attributable to the parent	**148**	**7.1**	**(5.1)**

Balance sheet			
Loans and advances to customers	39,123	(0.4)	2.3
Cash, central banks and credit institutions	10,026	3.5	31.5
Debt instruments	8,544	0.6	(8.3)
Other financial assets	1,434	(9.6)	(2.1)
Other asset accounts	1,252	3.5	(15.9)
Total assets	**60,379**	**0.2**	**3.8**
Customer deposits	43,036	1.6	7.4
Central banks and credit institutions	9,236	(2.1)	(3.8)
Marketable debt securities	2,619	(0.5)	4.8
Other financial liabilities	255	8.1	20.4
Other liabilities accounts	1,430	6.4	(19.1)
Total liabilities	**56,576**	**1.0**	**4.5**
Total equity	**3,802**	**(10.4)**	**(4.9)**

Memorandum items:			
Gross loans and advances to customers [2]	40,117	(0.4)	2.1
Customer funds	47,132	0.9	7.9
Customer deposits [3]	*43,036*	*1.6*	*7.4*
Mutual funds	*4,096*	*(5.6)*	*13.6*

Ratios (%), operating means and customers			
Underlying RoTE	14.99	1.62	(0.47)
Efficiency ratio	37.7	(8.1)	2.9
NPL ratio	3.42	(0.01)	(0.41)
Total coverage ratio	72.8	1.2	3.6
Number of employees	5,009	(1.2)	(19.8)
Number of branches	389	(1.0)	(11.2)
Number of loyal customers (thousands)	867	0.7	6.2
Number of digital customers (thousands)	1,019	1.9	5.0

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

Poland

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	407	35.1	35.4	75.1	78.0
Net fee income	138	4.3	4.4	8.8	10.6
Gains (losses) on financial transactions [1]	13	(6.3)	(6.9)	(35.2)	(34.1)
Other operating income	(48)	—	—	57.8	60.4
Total income	**511**	**11.0**	**11.2**	**46.2**	**48.6**
Administrative expenses and amortizations	(166)	(7.6)	(7.4)	4.9	6.7
Net operating income	**345**	**22.8**	**23.2**	**80.3**	**83.3**
Net loan-loss provisions	(64)	61.9	61.3	(6.5)	(5.0)
Other gains (losses) and provisions	(46)	(69.6)	(69.4)	(36.9)	(35.9)
Profit before tax	**236**	**158.1**	**158.4**	**362.9**	**370.5**
Tax on profit	(69)	57.3	57.8	125.9	129.6
Profit from continuing operations	**167**	**250.7**	**250.2**	**714.7**	**728.1**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**167**	**250.7**	**250.2**	**714.7**	**728.1**
Non-controlling interests	(55)	226.5	226.5	989.2	—
Underlying profit attributable to the parent	**112**	**263.8**	**263.2**	**625.5**	**637.3**

Balance sheet	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Loans and advances to customers	29,973	0.5	1.5	6.3	6.5
Cash, central banks and credit institutions	3,771	27.1	28.4	1.5	1.7
Debt instruments	14,230	(5.6)	(4.7)	0.7	0.9
Other financial assets	699	39.0	40.4	(29.6)	(29.5)
Other asset accounts	1,593	12.3	13.5	20.8	21.0
Total assets	**50,267**	**1.0**	**2.0**	**4.0**	**4.2**
Customer deposits	37,921	—	1.0	4.6	4.8
Central banks and credit institutions	4,220	26.6	27.9	62.2	62.5
Marketable debt securities	924	(42.9)	(42.3)	(60.1)	(60.0)
Other financial liabilities	1,049	51.6	53.1	13.2	13.4
Other liabilities accounts	1,259	(17.6)	(16.8)	6.7	6.9
Total liabilities	**45,374**	**0.6**	**1.6**	**4.8**	**5.0**
Total equity	**4,893**	**4.2**	**5.2**	**(3.3)**	**(3.1)**
Memorandum items:					
Gross loans and advances to customers [2]	30,836	0.6	1.6	5.5	5.7
Customer funds	41,464	(2.0)	(1.0)	2.0	2.2
Customer deposits [3]	*37,919*	—	*1.0*	*4.6*	*4.8*
Mutual funds	*3,544*	*(19.6)*	*(18.7)*	*(19.2)*	*(19.1)*

Ratios (%), operating means and customers	Q1'22	/ Q4'21	/ Q1'21
Underlying RoTE	14.98	10.94	13.06
Efficiency ratio	32.5	(6.5)	(12.8)
NPL ratio	3.50	(0.11)	(1.32)
Total coverage ratio	78.5	4.6	8.2
Number of employees	9,764	0.5	(5.3)
Number of branches	420	(4.5)	(14.3)
Number of loyal customers (thousands)	2,271	1.2	5.7
Number of digital customers (thousands)	3,130	4.4	11.3

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

Other Europe

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	72	17.9	16.6	2.2	(0.4)
Net fee income	56	26.9	25.3	35.7	28.8
Gains (losses) on financial transactions [1]	21	915.8	—	14.4	4.5
Other operating income	—	—	—	—	—
Total income	**149**	**50.3**	**48.6**	**25.9**	**20.0**
Administrative expenses and amortizations	(125)	5.4	4.4	24.2	20.2
Net operating income	**24**	**—**	**—**	**35.1**	**18.5**
Net loan-loss provisions	(1)	—	—	(55.8)	(58.0)
Other gains (losses) and provisions	(1)	(95.2)	(95.4)	(49.2)	(49.3)
Profit before tax	**22**	**—**	**—**	**67.2**	**41.6**
Tax on profit	(5)	(40.3)	(39.4)	(14.6)	(23.0)
Profit from continuing operations	**17**	**—**	**—**	**132.1**	**87.6**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**17**	**—**	**—**	**132.1**	**87.6**
Non-controlling interests	—	—	—	(96.5)	(96.5)
Underlying profit attributable to the parent	**17**	**—**	**—**	**67.2**	**43.0**

Balance sheet					
Loans and advances to customers	14,190	19.4	17.2	20.0	13.8
Cash, central banks and credit institutions	3,407	5.7	3.9	(46.9)	(49.8)
Debt instruments	6,829	21.5	21.5	5.9	5.2
Other financial assets	1,157	428.8	390.8	—	—
Other asset accounts	2,388	(15.4)	(15.9)	(22.1)	(23.9)
Total assets	**27,971**	**17.7**	**16.2**	**0.8**	**(3.2)**
Customer deposits	4,488	6.7	4.9	47.3	40.6
Central banks and credit institutions	19,468	20.6	19.2	(9.9)	(13.5)
Marketable debt securities	—	—	—	—	—
Other financial liabilities	1,441	17.6	15.9	63.1	56.7
Other liabilities accounts	440	5.6	5.5	(7.5)	(7.6)
Total liabilities	**25,838**	**17.5**	**16.0**	**(0.7)**	**(4.6)**
Total equity	**2,133**	**20.0**	**18.1**	**23.4**	**18.1**

Memorandum items:					
Gross loans and advances to customers [2]	14,197	19.3	17.1	19.9	13.7
Customer funds	13,292	(5.4)	(5.9)	7.2	6.0
Customer deposits [3]	*4,310*	*7.1*	*5.2*	*50.2*	*43.0*
Mutual funds	*8,982*	*(10.4)*	*(10.4)*	*(5.7)*	*(5.7)*

Resources					
Number of employees	1,386	(4.7)		9.2	

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

NORTH AMERICA

EUR million

		/ Q4'21		/ Q1'21	
Underlying income statement	**Q1'22**	**%**	**% excl. FX**	**%**	**% excl. FX**
Net interest income	2,131	2.2	(0.1)	8.1	0.9
Net fee income	443	11.7	9.3	(1.8)	(8.2)
Gains (losses) on financial transactions [1]	81	237.2	244.4	(17.5)	(23.0)
Other operating income	139	(22.7)	(22.7)	(35.1)	(39.7)
Total income	**2,795**	**4.0**	**1.9**	**2.2**	**(4.6)**
Administrative expenses and amortizations	(1,260)	(6.6)	(8.8)	9.7	2.6
Net operating income	**1,535**	**14.8**	**12.8**	**(3.3)**	**(9.8)**
Net loan-loss provisions	(439)	281.8	294.0	11.6	4.4
Other gains (losses) and provisions	(46)	(52.2)	(54.5)	129.8	114.6
Profit before tax	**1,050**	**(6.8)**	**(8.6)**	**(10.5)**	**(16.7)**
Tax on profit	(236)	(0.7)	(2.4)	(17.9)	(23.4)
Profit from continuing operations	**815**	**(8.4)**	**(10.2)**	**(8.1)**	**(14.5)**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**815**	**(8.4)**	**(10.2)**	**(8.1)**	**(14.5)**
Non-controlling interests	(8)	(94.3)	(94.4)	(93.8)	(94.2)
Underlying profit attributable to the parent	**806**	**8.7**	**6.6**	**7.5**	**—**
Balance sheet					
Loans and advances to customers	145,838	6.1	3.5	18.9	11.8
Cash, central banks and credit institutions	36,811	5.6	2.8	17.2	10.1
Debt instruments	39,217	1.9	(1.5)	1.4	(5.5)
Other financial assets	11,328	(9.8)	(12.9)	(6.2)	(12.7)
Other asset accounts	22,032	3.0	0.6	1.4	(4.4)
Total assets	**255,227**	**4.3**	**1.5**	**12.6**	**5.7**
Customer deposits	139,565	14.4	11.4	16.2	9.2
Central banks and credit institutions	28,255	(19.6)	(21.9)	23.0	14.7
Marketable debt securities	38,291	0.6	(1.7)	0.3	(5.5)
Other financial liabilities	15,077	2.9	(0.8)	9.6	1.9
Other liabilities accounts	6,431	3.8	1.0	9.4	2.5
Total liabilities	**227,619**	**5.4**	**2.5**	**13.3**	**6.3**
Total equity	**27,607**	**(3.8)**	**(6.2)**	**7.3**	**1.0**
Memorandum items:					
Gross loans and advances to customers [2]	141,391	5.4	2.8	15.1	8.2
Customer funds	145,866	6.3	3.4	14.6	7.6
Customer deposits [3]	*119,404*	*7.6*	*4.7*	*14.2*	*7.3*
Mutual funds	*26,462*	*1.0*	*(2.1)*	*16.7*	*9.1*
Ratios (%), operating means and customers					
Underlying RoTE	12.51	0.53		(1.39)	
Efficiency ratio	45.1	(5.1)		3.1	
NPL ratio	2.83	0.41		0.45	
Total coverage ratio	110.5	(24.4)		(42.9)	
Number of employees	43,874	0.6		10.4	
Number of branches	1,859	—		(4.5)	
Number of loyal customers (thousands)	4,363	2.1		7.1	
Number of digital customers (thousands)	6,888	1.7		8.2	

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

United States

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	1,378	1.6	(0.1)	5.2	(2.1)
Net fee income	197	11.7	10.5	(18.3)	(23.9)
Gains (losses) on financial transactions [(1)]	67	139.3	139.5	(3.9)	(10.5)
Other operating income	169	(19.6)	(20.0)	(33.3)	(37.9)
Total income	**1,811**	**2.3**	**0.8**	**(3.4)**	**(10.0)**
Administrative expenses and amortizations	(798)	(6.2)	(7.9)	6.7	(0.6)
Net operating income	**1,013**	**10.1**	**8.9**	**(10.1)**	**(16.3)**
Net loan-loss provisions	(256)	—	—	54.6	44.0
Other gains (losses) and provisions	(19)	(82.4)	(83.3)	32.9	23.8
Profit before tax	**738**	**(12.3)**	**(13.5)**	**(22.1)**	**(27.4)**
Tax on profit	(155)	(18.1)	(19.2)	(31.7)	(36.4)
Profit from continuing operations	**583**	**(10.6)**	**(11.8)**	**(19.0)**	**(24.6)**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**583**	**(10.6)**	**(11.8)**	**(19.0)**	**(24.6)**
Non-controlling interests	—	(100.0)	(100.0)	(100.0)	(100.0)
Underlying profit attributable to the parent	**583**	**12.3**	**11.0**	**(2.4)**	**(9.1)**

Balance sheet					
Loans and advances to customers	109,292	5.5	3.5	19.1	12.7
Cash, central banks and credit institutions	23,477	(2.3)	(4.2)	10.7	4.7
Debt instruments	16,831	3.0	1.0	11.1	5.1
Other financial assets	4,789	12.5	10.3	33.6	26.5
Other asset accounts	17,986	2.0	—	0.7	(4.7)
Total assets	**172,375**	**4.0**	**2.0**	**15.2**	**9.0**
Customer deposits	99,689	19.9	17.6	19.2	12.8
Central banks and credit institutions	12,435	(43.3)	(44.4)	44.6	36.8
Marketable debt securities	31,322	(0.5)	(2.4)	(0.7)	(6.0)
Other financial liabilities	4,979	23.3	21.0	35.3	28.0
Other liabilities accounts	4,368	5.5	3.5	25.7	18.9
Total liabilities	**152,792**	**5.6**	**3.6**	**16.7**	**10.4**
Total equity	**19,582**	**(7.1)**	**(8.8)**	**5.0**	**(0.7)**

Memorandum items:					
Gross loans and advances to customers [(2)]	104,127	4.4	2.4	13.9	7.8
Customer funds	98,564	7.3	5.3	15.3	9.1
Customer deposits [(3)]	*84,963*	*9.2*	*7.2*	*14.6*	*8.5*
Mutual funds	*13,601*	*(3.5)*	*(5.3)*	*19.3*	*12.9*

Ratios (%), operating means and customers					
Underlying RoTE	12.44	1.15		(2.67)	
Efficiency ratio	44.1	(4.0)		4.2	
NPL ratio	2.75	0.42		0.64	
Total coverage ratio	122.2	(28.1)		(61.0)	
Number of employees	15,544	(0.8)		(2.8)	
Number of branches	488	—		(14.5)	
Number of loyal customers (thousands)	361	(4.6)		(6.2)	
Number of digital customers (thousands)	1,043	0.7		(0.1)	

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

Mexico

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	753	3.2	—	13.9	6.9
Net fee income	245	16.4	12.9	20.4	12.9
Gains (losses) on financial transactions [1]	13	—	—	(54.2)	(57.0)
Other operating income	(30)	13.9	10.8	(14.1)	(19.4)
Total income	**982**	**7.8**	**4.6**	**14.4**	**7.3**
Administrative expenses and amortizations	(432)	(7.3)	(10.2)	15.9	8.8
Net operating income	**549**	**23.6**	**20.1**	**13.2**	**6.2**
Net loan-loss provisions	(183)	25.4	22.3	(19.6)	(24.5)
Other gains (losses) and provisions	(26)	305.8	292.1	408.4	377.0
Profit before tax	**340**	**16.5**	**12.9**	**34.6**	**26.3**
Tax on profit	(83)	67.8	63.1	35.6	27.2
Profit from continuing operations	**257**	**6.1**	**2.8**	**34.3**	**26.0**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**257**	**6.1**	**2.8**	**34.3**	**26.0**
Non-controlling interests	(9)	(40.7)	(42.4)	(40.3)	(44.0)
Underlying profit attributable to the parent	**249**	**9.1**	**5.6**	**40.3**	**31.7**
Balance sheet					
Loans and advances to customers	36,540	7.9	3.3	18.2	9.2
Cash, central banks and credit institutions	13,144	24.1	18.7	31.7	21.7
Debt instruments	22,386	1.0	(3.3)	(4.9)	(12.1)
Other financial assets	6,538	(21.2)	(24.6)	(23.0)	(28.8)
Other asset accounts	3,780	8.8	4.1	4.5	(3.4)
Total assets	**82,387**	**5.1**	**0.6**	**7.6**	**(0.5)**
Customer deposits	39,864	2.7	(1.7)	9.4	1.1
Central banks and credit institutions	15,767	19.4	14.3	9.8	1.5
Marketable debt securities	6,969	5.9	1.4	4.8	(3.1)
Other financial liabilities	10,067	(4.7)	(8.8)	0.1	(7.5)
Other liabilities accounts	2,044	1.1	(3.2)	(14.4)	(20.9)
Total liabilities	**74,711**	**5.0**	**0.4**	**6.9**	**(1.2)**
Total equity	**7,676**	**6.6**	**2.0**	**15.6**	**6.8**
Memorandum items:					
Gross loans and advances to customers [2]	37,257	8.5	3.8	18.5	9.5
Customer funds	47,291	4.3	(0.2)	13.3	4.7
Customer deposits [3]	*34,430*	*3.6*	*(0.8)*	*13.0*	*4.4*
Mutual funds	*12,860*	*6.2*	*1.6*	*14.0*	*5.4*
Ratios (%), operating means and customers					
Underlying RoTE	14.71	0.04		2.29	
Efficiency ratio	44.0	(7.2)		0.6	
NPL ratio	3.09	0.36		(0.12)	
Total coverage ratio	79.5	(15.5)		(16.0)	
Number of employees	27,794	1.9		19.4	
Number of branches	1,371	—		(0.4)	
Number of loyal customers (thousands)	4,002	2.7		8.5	
Number of digital customers (thousands)	5,668	2.2		10.0	

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

Other North America

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	—	92.1	92.1	675.7	675.7
Net fee income	1	(91.2)	(91.2)	(86.9)	(86.9)
Gains (losses) on financial transactions [1]	1	—	—	298.5	298.5
Other operating income	—	(91.8)	(91.8)	(92.4)	(92.4)
Total income	**2**	**(68.1)**	**(68.1)**	**(16.2)**	**(16.2)**
Administrative expenses and amortizations	(30)	(9.7)	(9.7)	6.2	6.2
Net operating income	**(28)**	**1.9**	**1.9**	**8.0**	**8.0**
Net loan-loss provisions	—	—	—	—	—
Other gains (losses) and provisions	—	—	—	(67.5)	(67.5)
Profit before tax	**(28)**	**328.5**	**437.1**	**7.3**	**7.3**
Tax on profit	2	76.9	76.9	121.6	121.6
Profit from continuing operations	**(26)**	**376.9**	**528.6**	**3.5**	**3.5**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**(26)**	**376.9**	**528.6**	**3.5**	**3.5**
Non-controlling interests	—	—	—	(46.4)	(46.4)
Underlying profit attributable to the parent	**(26)**	**322.2**	**437.4**	**3.9**	**3.9**
Balance sheet					
Loans and advances to customers	7	(66.6)	(66.6)	(58.2)	(58.2)
Cash, central banks and credit institutions	191	(17.4)	(17.4)	(13.3)	(13.3)
Debt instruments	—	—	—	—	—
Other financial assets	—	27.6	27.6	(64.9)	(64.9)
Other asset accounts	267	(5.3)	(5.3)	4.5	4.5
Total assets	**465**	**(12.8)**	**(12.8)**	**(5.6)**	**(5.6)**
Customer deposits	12	7.6	7.6	(2.6)	(2.6)
Central banks and credit institutions	53	109.8	109.8	—	—
Marketable debt securities	—	—	—	—	—
Other financial liabilities	32	(41.5)	(41.5)	16.3	16.3
Other liabilities accounts	19	(40.1)	(40.1)	14.8	14.8
Total liabilities	**116**	**(5.5)**	**(5.5)**	**91.5**	**91.5**
Total equity	**348**	**(15.0)**	**(15.0)**	**(19.3)**	**(19.3)**
Memorandum items:					
Gross loans and advances to customers [2]	7	(65.7)	(65.7)	(59.4)	(59.4)
Customer funds	12	7.6	7.6	(2.6)	(2.6)
Customer deposits [3]	*12*	*7.6*	*7.6*	*(2.6)*	*(2.6)*
Mutual funds	—	—	—	—	—
Resources					
Number of employees	536	(18.2)		17.5	

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

SOUTH AMERICA

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	3,037	(0.9)	(7.2)	18.1	10.0
Net fee income	1,013	1.8	(4.5)	20.3	11.1
Gains (losses) on financial transactions (1)	225	77.8	69.0	9.8	4.0
Other operating income	(80)	(42.5)	(43.3)	(3.2)	1.5
Total income	**4,195**	**3.6**	**(3.0)**	**18.7**	**10.1**
Administrative expenses and amortizations	(1,484)	1.4	(4.3)	21.8	15.6
Net operating income	**2,711**	**4.9**	**(2.2)**	**17.0**	**7.4**
Net loan-loss provisions	(999)	15.2	6.6	46.1	33.3
Other gains (losses) and provisions	(151)	(6.9)	(11.4)	14.1	7.6
Profit before tax	**1,561**	**0.5**	**(6.3)**	**4.0**	**(4.6)**
Tax on profit	(509)	(8.5)	(15.4)	(14.9)	(23.5)
Profit from continuing operations	**1,052**	**5.4**	**(1.1)**	**16.6**	**8.4**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**1,052**	**5.4**	**(1.1)**	**16.6**	**8.4**
Non-controlling interests	(153)	6.6	0.6	15.7	11.1
Underlying profit attributable to the parent	**900**	**5.3**	**(1.4)**	**16.8**	**8.0**

Balance sheet	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Loans and advances to customers	142,061	14.6	(0.5)	22.9	8.8
Cash, central banks and credit institutions	49,929	15.8	1.1	13.3	(3.3)
Debt instruments	60,299	17.2	0.5	25.5	5.9
Other financial assets	19,144	(19.6)	(29.6)	32.9	22.2
Other asset accounts	18,198	17.5	1.7	21.2	4.3
Total assets	**289,632**	**12.3**	**(2.5)**	**22.2**	**6.4**
Customer deposits	136,530	13.3	(1.4)	22.3	7.1
Central banks and credit institutions	45,488	2.6	(11.4)	(0.3)	(14.2)
Marketable debt securities	31,976	36.3	17.8	52.5	35.5
Other financial liabilities	41,484	2.5	(11.5)	31.6	13.1
Other liabilities accounts	10,484	21.8	5.7	39.4	19.9
Total liabilities	**265,962**	**12.0**	**(2.8)**	**22.4**	**6.6**
Total equity	**23,670**	**15.9**	**0.9**	**19.1**	**4.0**
Memorandum items:					
Gross loans and advances to customers (2)	148,963	15.5	0.3	23.6	9.4
Customer funds	184,264	13.6	(1.4)	22.6	6.7
Customer deposits (3)	*124,154*	*12.0*	*(2.2)*	*20.4*	*6.2*
Mutual funds	*60,110*	*17.1*	*0.2*	*27.3*	*7.7*

Ratios (%), operating means and customers	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Underlying RoTE	19.83	(0.78)		0.57	
Efficiency ratio	35.4	(0.8)		0.9	
NPL ratio	5.05	0.55		0.75	
Total coverage ratio	92.2	(6.1)		(6.2)	
Number of employees	75,784	1.1		15.4	
Number of branches	4,451	(0.4)		0.2	
Number of loyal customers (thousands)	10,960	3.1		21.1	
Number of digital customers (thousands)	24,899	4.9		15.1	

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

Brazil

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	2,143	2.5	(6.2)	20.5	6.8
Net fee income	743	5.9	(3.0)	17.5	4.1
Gains (losses) on financial transactions [1]	90	87.4	71.1	(28.9)	(37.0)
Other operating income	43	—	—	—	—
Total income	**3,019**	**7.9**	**(1.2)**	**19.8**	**6.2**
Administrative expenses and amortizations	(930)	6.8	(2.1)	28.6	14.0
Net operating income	**2,089**	**8.4**	**(0.7)**	**16.3**	**3.1**
Net loan-loss provisions	(852)	15.9	6.1	55.2	37.6
Other gains (losses) and provisions	(114)	11.1	1.8	18.8	5.3
Profit before tax	**1,123**	**3.1**	**(5.6)**	**(2.5)**	**(13.6)**
Tax on profit	(423)	(9.1)	(16.8)	(20.0)	(29.1)
Profit from continuing operations	**700**	**12.2**	**2.7**	**12.4**	**(0.4)**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**700**	**12.2**	**2.7**	**12.4**	**(0.4)**
Non-controlling interests	(73)	17.3	7.4	16.1	2.9
Underlying profit attributable to the parent	**627**	**11.6**	**2.2**	**12.0**	**(0.7)**

Balance sheet	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Loans and advances to customers	86,194	17.9	(1.5)	34.8	7.4
Cash, central banks and credit institutions	36,053	26.9	6.1	16.0	(7.6)
Debt instruments	44,173	19.1	(0.5)	22.2	(2.7)
Other financial assets	8,064	(20.4)	(33.5)	33.1	6.0
Other asset accounts	13,092	21.7	1.7	27.7	1.7
Total assets	**187,575**	**17.6**	**(1.7)**	**27.2**	**1.3**
Customer deposits	87,451	17.4	(1.9)	30.9	4.3
Central banks and credit institutions	28,389	2.6	(14.3)	(6.0)	(25.2)
Marketable debt securities	22,013	60.2	33.9	91.2	52.3
Other financial liabilities	28,481	11.7	(6.7)	31.0	4.3
Other liabilities accounts	5,815	10.1	(8.0)	15.2	(8.3)
Total liabilities	**172,149**	**17.4**	**(1.9)**	**27.2**	**1.3**
Total equity	**15,426**	**20.7**	**0.9**	**26.9**	**1.0**

Memorandum items:	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Gross loans and advances to customers [2]	91,440	19.4	(0.2)	36.1	8.4
Customer funds	122,533	16.6	(2.6)	29.9	3.4
Customer deposits [3]	*75,286*	*16.0*	*(3.1)*	*28.9*	*2.7*
Mutual funds	*47,248*	*17.5*	*(1.8)*	*31.4*	*4.7*

Ratios (%), operating means and customers	Q1'22	/ Q4'21	/ Q1'21
Underlying RoTE	20.98	0.09	(0.41)
Efficiency ratio	30.8	(0.3)	2.1
NPL ratio	5.68	0.80	1.26
Total coverage ratio	101.1	(10.1)	(15.4)
Number of employees	53,865	1.9	24.2
Number of branches	3,606	(0.2)	0.4
Number of loyal customers (thousands)	8,337	3.7	26.7
Number of digital customers (thousands)	19,633	7.0	18.2

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

Chile

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	483	(4.8)	(8.4)	(2.8)	1.0
Net fee income	112	12.1	7.8	18.1	22.6
Gains (losses) on financial transactions (1)	65	207.9	185.8	100.9	108.6
Other operating income	(10)	44.1	31.0	(0.1)	3.8
Total income	**650**	**4.6**	**0.6**	**5.9**	**9.9**
Administrative expenses and amortizations	(234)	0.7	(3.3)	(0.7)	3.1
Net operating income	**416**	**6.9**	**2.9**	**10.0**	**14.2**
Net loan-loss provisions	(95)	25.9	20.0	(5.5)	(1.9)
Other gains (losses) and provisions	1	—	—	—	—
Profit before tax	**322**	**7.4**	**3.5**	**16.6**	**21.1**
Tax on profit	(55)	17.9	11.6	—	3.8
Profit from continuing operations	**267**	**5.5**	**1.9**	**20.7**	**25.3**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**267**	**5.5**	**1.9**	**20.7**	**25.3**
Non-controlling interests	(80)	(0.2)	(3.5)	15.2	19.6
Underlying profit attributable to the parent	**188**	**8.1**	**4.4**	**23.2**	**27.9**
Balance sheet					
Loans and advances to customers	41,930	10.8	0.4	2.9	6.6
Cash, central banks and credit institutions	7,828	15.6	4.7	25.0	29.5
Debt instruments	10,032	(8.4)	(17.0)	13.1	17.2
Other financial assets	10,973	(18.5)	(26.2)	34.5	39.4
Other asset accounts	3,103	5.5	(4.4)	(0.1)	3.6
Total assets	**73,866**	**2.6**	**(7.0)**	**10.0**	**14.0**
Customer deposits	31,375	6.3	(3.7)	3.1	6.8
Central banks and credit institutions	12,176	0.6	(8.9)	7.1	10.9
Marketable debt securities	9,481	2.3	(7.3)	2.2	5.9
Other financial liabilities	11,911	(13.9)	(22.0)	32.6	37.4
Other liabilities accounts	3,599	41.5	28.2	100.1	107.3
Total liabilities	**68,542**	**1.9**	**(7.7)**	**10.8**	**14.8**
Total equity	**5,324**	**13.2**	**2.6**	**0.7**	**4.4**
Memorandum items:					
Gross loans and advances to customers (2)	43,153	10.8	0.5	2.6	6.3
Customer funds	39,453	4.2	(5.5)	(0.4)	3.2
Customer deposits (3)	*31,164*	*5.7*	*(4.2)*	*2.6*	*6.3*
Mutual funds	*8,289*	*(0.9)*	*(10.2)*	*(10.3)*	*(7.1)*
Ratios (%), operating means and customers					
Underlying RoTE	21.36	(0.56)		4.17	
Efficiency ratio	36.0	(1.4)		(2.4)	
NPL ratio	4.70	0.27		(0.04)	
Total coverage ratio	60.7	(2.6)		(2.7)	
Number of employees	10,235	(3.2)		(5.0)	
Number of branches	314	(3.7)		(6.3)	
Number of loyal customers (thousands)	831	(0.2)		6.6	
Number of digital customers (thousands)	1,996	(1.0)		15.9	

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

Argentina

EUR million

		/ Q4'21		/ Q1'21	
Underlying income statement	Q1'22	%	% excl. FX	%	% excl. FX
Net interest income	300	(16.9)	(14.5)	47.8	68.8
Net fee income	121	(18.8)	(16.3)	63.3	86.5
Gains (losses) on financial transactions [1]	52	33.3	35.5	63.3	86.4
Other operating income	(109)	26.9	30.8	129.1	161.6
Total income	**364**	**(21.4)**	**(19.2)**	**39.3**	**59.1**
Administrative expenses and amortizations	(217)	(13.9)	(11.7)	27.0	45.0
Net operating income	**147**	**(30.3)**	**(28.1)**	**62.5**	**85.5**
Net loan-loss provisions	(39)	(25.4)	(23.0)	179.1	218.7
Other gains (losses) and provisions	(38)	(10.3)	(8.1)	10.4	26.1
Profit before tax	**71**	**(39.7)**	**(37.7)**	**66.2**	**89.7**
Tax on profit	(11)	(54.4)	(52.0)	—	—
Profit from continuing operations	**60**	**(36.0)**	**(34.1)**	**33.4**	**52.3**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**60**	**(36.0)**	**(34.1)**	**33.4**	**52.3**
Non-controlling interests	—	(67.1)	(66.1)	(24.9)	(14.3)
Underlying profit attributable to the parent	**59**	**(35.8)**	**(33.8)**	**33.7**	**52.7**

Balance sheet					
Loans and advances to customers	5,481	5.9	12.3	27.2	45.2
Cash, central banks and credit institutions	2,779	(47.0)	(43.8)	(23.8)	(13.0)
Debt instruments	4,312	217.6	236.8	167.7	205.7
Other financial assets	30	(67.2)	(65.2)	(53.6)	(47.0)
Other asset accounts	1,042	7.8	14.3	26.0	43.9
Total assets	**13,644**	**6.3**	**12.7**	**30.4**	**48.9**
Customer deposits	9,893	7.9	14.4	31.6	50.2
Central banks and credit institutions	523	(19.4)	(14.5)	(36.4)	(27.4)
Marketable debt securities	182	(11.0)	(5.6)	172.5	211.1
Other financial liabilities	927	(8.5)	(3.0)	33.0	51.9
Other liabilities accounts	585	31.9	39.9	80.5	106.1
Total liabilities	**12,109**	**5.5**	**11.9**	**28.4**	**46.7**
Total equity	**1,535**	**13.4**	**20.3**	**48.7**	**69.8**

Memorandum items:					
Gross loans and advances to customers [2]	5,747	5.4	11.7	26.5	44.4
Customer funds	13,364	12.4	19.2	40.7	60.6
Customer deposits [3]	*9,893*	*7.9*	*14.4*	*31.6*	*50.2*
Mutual funds	*3,471*	*27.6*	*35.2*	*75.2*	*100.1*

Ratios (%), operating means and customers					
Underlying RoTE	18.33	(14.01)		(1.74)	
Efficiency ratio	59.6	5.2		(5.8)	
NPL ratio	3.21	(0.41)		0.89	
Total coverage ratio	161.7	7.8		(70.7)	
Number of employees	8,549	(0.8)		(5.7)	
Number of branches	407	(1.0)		(0.2)	
Number of loyal customers (thousands)	1,613	1.3		4.1	
Number of digital customers (thousands)	2,653	(2.8)		(1.3)	

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

Other South America

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	111	5.4	1.3	20.3	14.7
Net fee income	38	(17.6)	(20.3)	(8.6)	(12.3)
Gains (losses) on financial transactions (1)	18	(1.7)	(6.6)	29.1	25.7
Other operating income	(5)	14.9	12.9	(35.5)	(36.4)
Total income	**162**	**(2.0)**	**(5.8)**	**15.6**	**10.5**
Administrative expenses and amortizations	(104)	(5.8)	(8.2)	15.7	12.1
Net operating income	**59**	**5.8**	**(1.4)**	**15.4**	**7.7**
Net loan-loss provisions	(13)	196.7	184.0	(35.4)	(37.8)
Other gains (losses) and provisions	(1)	(78.2)	(78.4)	(10.6)	(16.0)
Profit before tax	**45**	**(5.0)**	**(12.1)**	**51.4**	**38.1**
Tax on profit	(20)	(0.9)	(6.1)	21.8	16.6
Profit from continuing operations	**25**	**(8.0)**	**(16.3)**	**86.9**	**61.4**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**25**	**(8.0)**	**(16.3)**	**86.9**	**61.4**
Non-controlling interests	—	—	—	(47.6)	(47.9)
Underlying profit attributable to the parent	**25**	**(5.2)**	**(14.0)**	**84.7**	**59.9**
Balance sheet					
Loans and advances to customers	8,456	8.2	(1.7)	28.7	18.5
Cash, central banks and credit institutions	3,270	20.3	10.0	7.0	(3.3)
Debt instruments	1,782	(13.5)	(21.2)	23.9	10.8
Other financial assets	77	(35.6)	(39.0)	(36.4)	(38.9)
Other asset accounts	962	16.2	12.1	16.2	12.1
Total assets	**14,547**	**7.4**	**(1.9)**	**21.1**	**10.9**
Customer deposits	7,811	6.6	(3.6)	14.2	2.3
Central banks and credit institutions	4,400	13.2	4.0	36.9	30.4
Marketable debt securities	301	17.9	6.8	164.1	147.2
Other financial liabilities	165	22.9	16.0	60.4	50.9
Other liabilities accounts	485	42.7	31.1	39.4	27.3
Total liabilities	**13,161**	**10.2**	**0.3**	**24.0**	**13.2**
Total equity	**1,385**	**(13.0)**	**(18.3)**	**(0.8)**	**(6.9)**
Memorandum items:					
Gross loans and advances to customers (2)	8,623	8.3	(1.7)	28.4	18.1
Customer funds	8,914	20.8	9.3	29.6	16.0
Customer deposits (3)	*7,811*	*6.6*	*(3.6)*	*14.2*	*2.3*
Mutual funds	*1,103*	—	—	—	—
Resources					
Number of employees	3,135	7.9		27.0	

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

DIGITAL CONSUMER BANK

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	1,020	0.6	0.4	2.4	1.6
Net fee income	206	0.8	0.7	9.3	9.2
Gains (losses) on financial transactions [1]	—	(88.7)	(88.9)	(97.7)	(97.7)
Other operating income	86	1.9	1.1	68.6	63.3
Total income	**1,312**	**0.6**	**0.4**	**5.5**	**4.6**
Administrative expenses and amortizations	(645)	7.5	7.3	7.4	6.8
Net operating income	**667**	**(5.3)**	**(5.5)**	**3.7**	**2.6**
Net loan-loss provisions	(148)	89.4	89.9	(10.9)	(11.2)
Other gains (losses) and provisions	(17)	(76.9)	(76.8)	(44.6)	(45.1)
Profit before tax	**502**	**(9.0)**	**(9.4)**	**12.5**	**10.9**
Tax on profit	(111)	(7.7)	(8.2)	(5.1)	(6.0)
Profit from continuing operations	**391**	**(9.4)**	**(9.7)**	**18.7**	**16.9**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**391**	**(9.4)**	**(9.7)**	**18.7**	**16.9**
Non-controlling interests	(109)	42.2	42.0	36.4	36.2
Underlying profit attributable to the parent	**282**	**(20.5)**	**(20.9)**	**13.0**	**10.8**

Balance sheet	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Loans and advances to customers	114,198	0.2	—	1.2	0.8
Cash, central banks and credit institutions	17,623	(19.2)	(19.4)	4.2	3.7
Debt instruments	5,290	0.2	(0.1)	(11.0)	(11.2)
Other financial assets	100	111.9	112.1	156.6	155.7
Other asset accounts	7,335	5.7	5.7	15.0	14.3
Total assets	**144,547**	**(2.3)**	**(2.6)**	**1.7**	**1.3**
Customer deposits	56,907	2.9	2.5	6.7	6.2
Central banks and credit institutions	36,910	(1.8)	(1.9)	(0.3)	(0.8)
Marketable debt securities	32,000	(12.8)	(13.0)	(5.0)	(5.4)
Other financial liabilities	1,536	10.0	9.9	(0.2)	(0.5)
Other liabilities accounts	4,470	(2.1)	(2.2)	13.8	13.5
Total liabilities	**131,823**	**(2.8)**	**(3.0)**	**1.8**	**1.3**
Total equity	**12,724**	**2.6**	**2.1**	**1.2**	**0.5**
Memorandum items:					
Gross loans and advances to customers [2]	116,798	0.2	(0.1)	1.0	0.5
Customer funds	59,291	2.5	2.2	9.6	9.1
Customer deposits [3]	*56,907*	*2.9*	*2.5*	*6.7*	*6.2*
Mutual funds	*2,384*	*(4.5)*	*(4.5)*	*206.0*	*206.0*

Ratios (%), operating means and customers	Q1'22	/ Q4'21	/ Q1'21
Underlying RoTE	12.60	(2.39)	2.26
Efficiency ratio	49.2	3.1	0.9
NPL ratio	2.27	0.14	0.04
Total coverage ratio	99.4	(8.4)	(12.0)
Number of employees	15,856	0.1	0.2
Number of branches	371	20.1	15.6
Number of total customers (thousands)	19,181	(1.3)	(0.5)

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

CORPORATE CENTRE

EUR million

Underlying income statement	Q1'22	Q4'21	%	Q1'21	%
Net interest income	(172)	(165)	4.2	(133)	29.2
Net fee income	(3)	(12)	(74.0)	(5)	(36.7)
Gains (losses) on financial transactions [(1)]	(119)	5	—	(44)	169.4
Other operating income	(7)	(5)	45.3	3	—
Total income	**(301)**	**(177)**	**69.6**	**(179)**	**68.1**
Administrative expenses and amortizations	(87)	(97)	(10.2)	(79)	10.1
Net operating income	**(388)**	**(274)**	**41.4**	**(258)**	**50.3**
Net loan-loss provisions	(1)	13	—	(154)	(99.2)
Other gains (losses) and provisions	(48)	(82)	(41.6)	(33)	47.0
Profit before tax	**(437)**	**(343)**	**27.4**	**(445)**	**(1.7)**
Tax on profit	(25)	40	—	42	—
Profit from continuing operations	**(462)**	**(303)**	**52.4**	**(402)**	**14.9**
Net profit from discontinued operations	—	—	(100.0)	—	—
Consolidated profit	**(462)**	**(303)**	**52.4**	**(402)**	**14.9**
Non-controlling interests	—	—	—	—	(99.3)
Underlying profit attributable to the parent	**(462)**	**(303)**	**52.3**	**(402)**	**15.0**

Balance sheet	Q1'22	Q4'21	%	Q1'21	%
Loans and advances to customers	6,901	6,787	1.7	6,632	4.1
Cash, central banks and credit institutions	87,582	88,918	(1.5)	89,695	(2.4)
Debt instruments	5,000	1,555	221.5	1,450	244.9
Other financial assets	2,261	2,203	2.6	2,005	12.8
Other asset accounts	132,306	116,007	14.1	119,024	11.2
Total assets	**234,051**	**215,470**	**8.6**	**218,806**	**7.0**
Customer deposits	1,193	1,042	14.5	974	22.4
Central banks and credit institutions	57,936	53,061	9.2	62,315	(7.0)
Marketable debt securities	75,134	74,302	1.1	64,354	16.8
Other financial liabilities	947	431	119.6	1,085	(12.7)
Other liabilities accounts	8,162	7,113	14.7	8,106	0.7
Total liabilities	**143,371**	**135,950**	**5.5**	**136,834**	**4.8**
Total equity	**90,679**	**79,520**	**14.0**	**81,972**	**10.6**
Memorandum items:					
Gross loans and advances to customers [(2)]	6,962	6,813	2.2	6,972	(0.1)
Customer funds	1,193	1,042	14.5	992	20.3
Customer deposits [(3)]	*1,193*	*1,042*	*14.5*	*974*	*22.4*
Mutual funds	—	—	—	*18*	*(100.0)*

Resources	Q1'22	Q4'21	%	Q1'21	%
Number of employees	1,747	1,724	1.3	1,737	0.6

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

RETAIL BANKING

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	8,094	1.6	(1.5)	11.1	5.9
Net fee income	1,816	0.8	(2.1)	5.5	1.1
Gains (losses) on financial transactions (1)	53	(79.7)	(79.9)	(77.0)	(77.3)
Other operating income	132	—	—	10.2	(5.6)
Total income	**10,095**	**1.8**	**(1.2)**	**7.9**	**2.9**
Administrative expenses and amortizations	(4,399)	(0.7)	(3.0)	6.4	2.7
Net operating income	**5,695**	**3.9**	**0.3**	**9.1**	**3.1**
Net loan-loss provisions	(2,111)	52.5	46.1	18.4	12.4
Other gains (losses) and provisions	(425)	(44.0)	(45.1)	6.8	4.4
Profit before tax	**3,159**	**(5.4)**	**(8.7)**	**4.0**	**(2.5)**
Tax on profit	(848)	(15.4)	(19.0)	(15.6)	(21.6)
Profit from continuing operations	**2,311**	**(1.2)**	**(4.2)**	**13.6**	**7.1**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**2,311**	**(1.2)**	**(4.2)**	**13.6**	**7.1**
Non-controlling interests	(256)	(26.3)	(28.5)	(16.5)	(19.8)
Underlying profit attributable to the parent	**2,055**	**3.2**	**—**	**18.9**	**11.7**

(1) Includes exchange differences.

CORPORATE & INVESTMENT BANKING

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	786	0.1	(2.0)	13.8	10.5
Net fee income	521	23.6	21.4	12.9	9.0
Gains (losses) on financial transactions (1)	422	656.5	615.2	(1.0)	(4.6)
Other operating income	33	(62.1)	(62.7)	(14.5)	(16.2)
Total income	**1,763**	**30.5**	**27.7**	**9.0**	**5.5**
Administrative expenses and amortizations	(615)	(9.4)	(11.1)	12.9	9.6
Net operating income	**1,148**	**70.9**	**66.8**	**6.9**	**3.3**
Net loan-loss provisions	13	—	—	—	—
Other gains (losses) and provisions	(19)	159.6	115.9	(35.8)	(37.2)
Profit before tax	**1,142**	**92.4**	**87.5**	**14.7**	**10.5**
Tax on profit	(329)	142.6	133.0	13.1	7.6
Profit from continuing operations	**813**	**77.5**	**73.8**	**15.4**	**11.7**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**813**	**77.5**	**73.8**	**15.4**	**11.7**
Non-controlling interests	(54)	115.9	108.1	57.5	46.3
Underlying profit attributable to the parent	**759**	**75.3**	**71.8**	**13.2**	**9.9**

(1) Includes exchange differences.

WEALTH MANAGEMENT & INSURANCE

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	145	14.9	13.0	28.9	25.3
Net fee income	321	(4.5)	(5.8)	10.9	7.5
Gains (losses) on financial transactions [1]	30	26.8	26.0	(18.0)	(19.8)
Other operating income	90	103.7	92.5	0.8	(1.2)
Total income	**587**	**10.6**	**8.7**	**11.0**	**8.0**
Administrative expenses and amortizations	(244)	2.6	0.9	9.4	5.8
Net operating income	**343**	**17.0**	**15.0**	**12.2**	**9.6**
Net loan-loss provisions	0	—	—	—	—
Other gains (losses) and provisions	(5)	71.2	72.8	34.9	30.7
Profit before tax	**338**	**24.3**	**22.2**	**13.6**	**10.8**
Tax on profit	(78)	35.2	34.4	7.1	4.6
Profit from continuing operations	**260**	**21.3**	**18.9**	**15.7**	**12.8**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**260**	**21.3**	**18.9**	**15.7**	**12.8**
Non-controlling interests	(15)	21.8	19.1	34.1	31.0
Underlying profit attributable to the parent	**245**	**21.3**	**18.9**	**14.7**	**11.9**

(1) Includes exchange differences.

PAGONXT

EUR million

Underlying income statement	Q1'22	/ Q4'21 %	/ Q4'21 % excl. FX	/ Q1'21 %	/ Q1'21 % excl. FX
Net interest income	2	(39.7)	(43.4)	—	—
Net fee income	157	9.0	3.1	93.3	79.4
Gains (losses) on financial transactions [1]	1	—	—	(3.6)	(0.5)
Other operating income	2	(84.9)	(85.2)	—	—
Total income	**162**	**0.7**	**(4.5)**	**142.7**	**122.3**
Administrative expenses and amortizations	(190)	(2.2)	(4.8)	40.1	35.2
Net operating income	**(28)**	**(16.1)**	**(6.6)**	**(59.5)**	**(58.8)**
Net loan-loss provisions	(3)	(16.4)	(22.6)	13.8	1.3
Other gains (losses) and provisions	(1)	—	—	(39.5)	(42.2)
Profit before tax	**(32)**	**(11.0)**	**(3.0)**	**(56.7)**	**(56.2)**
Tax on profit	(21)	133.1	118.0	—	—
Profit from continuing operations	**(53)**	**18.4**	**24.9**	**(27.0)**	**(26.5)**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**(53)**	**18.4**	**24.9**	**(27.0)**	**(26.5)**
Non-controlling interests	(1)	(42.3)	(42.4)	—	—
Underlying profit attributable to the parent	**(54)**	**15.5**	**21.6**	**(24.8)**	**(24.3)**

(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-March 2022		
	Underlying results	Adjustments	Statutory results
Net interest income	8,855	—	8,855
Net fee income	2,812	—	2,812
Gains (losses) on financial transactions [(1)]	387	—	387
Other operating income	251	—	251
Total income	**12,305**	**—**	**12,305**
Administrative expenses and amortizations	(5,535)	—	(5,535)
Net operating income	**6,770**	**—**	**6,770**
Net loan-loss provisions	(2,101)	—	(2,101)
Other gains (losses) and provisions	(498)	—	(498)
Profit before tax	**4,171**	**—**	**4,171**
Tax on profit	(1,302)	—	(1,302)
Profit from continuing operations	**2,869**	**—**	**2,869**
Net profit from discontinued operations	—	—	—
Consolidated profit	**2,869**	**—**	**2,869**
Non-controlling interests	(326)	—	(326)
Profit attributable to the parent	**2,543**	**—**	**2,543**

(1) Includes exchange differences.

Reconciliation of underlying results to statutory results

EUR million

	January-March 2021		
	Underlying results	Adjustments	Statutory results
Net interest income	7,956	—	7,956
Net fee income	2,548	—	2,548
Gains (losses) on financial transactions (1)	651	—	651
Other operating income	235	—	235
Total income	**11,390**	**—**	**11,390**
Administrative expenses and amortizations	(5,118)	—	(5,118)
Net operating income	**6,272**	**—**	**6,272**
Net loan-loss provisions	(1,992)	—	(1,992)
Other gains (losses) and provisions	(467)	(711)	(1,178)
Profit before tax	**3,813**	**(711)**	**3,102**
Tax on profit	(1,324)	181	(1,143)
Profit from continuing operations	**2,489**	**(530)**	**1,959**
Net profit from discontinued operations	—	—	—
Consolidated profit	**2,489**	**(530)**	**1,959**
Non-controlling interests	(351)	—	(351)
Profit attributable to the parent	**2,138**	**(530)**	**1,608**

(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)	$\frac{\text{Attributable profit to the parent}}{\text{Average stockholders' equity}^{1}\text{ (excl. minority interests)}}$	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	$\frac{\text{Underlying attributable profit to the parent}}{\text{Average stockholders' equity}^{1}\text{ (excl. minority interests)}}$	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)	$\frac{\text{Attributable profit to the parent}^{2}}{\text{Average stockholders' equity}^{1}\text{ (excl. minority interests) - intangible assets}}$	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	$\frac{\text{Underlying attributable profit to the parent}}{\text{Average stockholders' equity}^{1}\text{ (excl. minority interests) - intangible assets}}$	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)	$\frac{\text{Consolidated profit}}{\text{Average total assets}}$	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	$\frac{\text{Underlying consolidated profit}}{\text{Average total assets}}$	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)	$\frac{\text{Consolidated profit}}{\text{Average risk-weighted assets}}$	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	$\frac{\text{Underlying consolidated profit}}{\text{Average risk-weighted assets}}$	This relates the consolidated profit (excluding items outside the ordinary performance of our business) to the bank's risk-weighted assets.
Efficiency ratio	$\frac{\text{Operating expenses}^{3}}{\text{Total income}}$	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]	Q1'22	Q4'21	Q1'21
RoE	**11.49%**	**10.60%**	**9.80%**
Attributable profit to the parent	10,173	9,100	8,022
Average stockholders' equity (excluding minority interests)	88,532	85,844	81,858
Underlying RoE	**11.49%**	**10.60%**	**10.44%**
Attributable profit to the parent	10,173	9,100	8,022
(-) Net capital gains and provisions	—	—	-530
Underlying attributable profit to the parent	10,173	9,100	8,552
Average stockholders' equity (excluding minority interests)	88,532	85,844	81,858
RoTE	**14.21%**	**13.10%**	**12.16%**
Attributable profit to the parent	10,173	9,100	8,022
(+) Goodwill impairment	—	-6	—
Attributable profit to the parent (excluding goodwill impairment)	10,173	9,106	8,022
Average stockholders' equity (excluding minority interests)	88,532	85,844	81,858
(-) Average intangible assets	16,959	16,340	15,892
Average stockholders' equity (excl. minority interests) - intangible assets	71,573	69,504	65,965
Underlying RoTE	**14.21%**	**13.09%**	**12.96%**
Attributable profit to the parent	10,173	9,100	8,022
(-) Net capital gains and provisions	—	—	-530
Underlying attributable profit to the parent	10,173	9,100	8,552
Average stockholders' equity (excl. minority interests) - intangible assets	71,573	69,504	65,965
RoA	**0.71%**	**0.67%**	**0.62%**
Consolidated profit	11,476	10,652	9,426
Average total assets	1,624,930	1,599,889	1,526,899
Underlying RoA	**0.71%**	**0.67%**	**0.65%**
Consolidated profit	11,476	10,652	9,426
(-) Net capital gains and provisions	—	—	-530
Underlying consolidated profit	11,476	10,652	9,956
Average total assets	1,624,930	1,599,889	1,526,899
RoRWA	**1.95%**	**1.85%**	**1.67%**
Consolidated profit	11,476	10,652	9,426
Average risk weighted-assets	588,776	577,112	563,776
Underlying RoRWA	**1.95%**	**1.85%**	**1.77%**
Consolidated profit	11,476	10,652	9,426
(-) Net capital gains and provisions	—	—	-530
Underlying consolidated profit	11,476	10,652	9,956
Average risk-weighted assets	588,776	577,112	563,776
Efficiency ratio	**45.0%**	**47.9%**	**44.9%**
Underlying operating expenses	5,535	5,637	5,118
Operating expenses	5,535	5,637	5,118
Net capital gains and provisions impact in operating expenses	—	—	—
Underlying total income	12,305	11,778	11,390
Total income	12,305	11,778	11,390
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 December to March in Q1 and September to December in Q4).

(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

	Q1'22			Q1'21		
	%	Total income	Operating expenses	%	Total income	Operating expenses
Europe	**47.8**	**4,305**	**2,060**	**51.1**	**4,055**	**2,072**
Spain	48.1	2,021	972	49.1	2,068	1,016
United Kingdom	52.0	1,291	672	59.3	1,099	652
Portugal	37.7	333	125	34.7	420	146
Poland	32.5	511	166	45.2	349	158
North America	**45.1**	**2,795**	**1,260**	**42.0**	**2,735**	**1,149**
US	44.1	1,811	798	39.9	1,875	748
Mexico	44.0	982	432	43.4	858	373
South America	**35.4**	**4,195**	**1,484**	**34.5**	**3,535**	**1,219**
Brazil	30.8	3,019	930	28.7	2,519	723
Chile	36.0	650	234	38.4	614	236
Argentina	59.6	364	217	65.3	261	171
Digital Consumer Bank	**49.2**	**1,312**	**645**	**48.3**	**1,244**	**600**

Underlying RoTE

	Q1'22			Q1'21		
	%	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	**9.66**	**4,071**	**42,135**	**7.96**	**3,077**	**38,635**
Spain	7.38	1,461	19,805	6.83	1,208	17,697
United Kingdom	10.87	1,501	13,816	8.96	1,142	12,743
Portugal	14.99	592	3,948	15.46	624	4,033
Poland	14.98	449	2,996	1.91	62	3,232
North America	**12.51**	**3,224**	**25,772**	**13.90**	**3,000**	**21,587**
US	12.44	2,333	18,756	15.11	2,391	15,827
Mexico	14.71	995	6,766	12.42	709	5,711
South America	**19.83**	**3,598**	**18,144**	**19.26**	**3,082**	**16,002**
Brazil	20.98	2,509	11,963	21.39	2,241	10,477
Chile	21.36	751	3,514	17.19	609	3,543
Argentina	18.33	238	1,296	20.08	178	885
Digital Consumer Bank	**12.60**	**1,128**	**8,950**	**10.34**	**998**	**9,656**

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 credit	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)	Mar-22	Dec-21	Mar-21
NPL ratio	**3.26%**	**3.16%**	**3.20%**
Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	35,670	33,234	32,473
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	*33,447*	*31,288*	*31,139*
POCI exposure (Purchased or Originated Credit Impaired) that is currently impaired	*334*	*358*	*459*
Customer guarantees and customer commitments granted classified in stage 3	*1,879*	*1,578*	*866*
Doubtful exposure of loans and advances to customers at fair value through profit or loss	*10*	*10*	*9*
Total risk	1,093,023	1,051,115	1,014,552
Impaired and non-impaired gross loans and advances to customers	*1,035,523*	*995,646*	*963,163*
Impaired and non-impaired customer guarantees and customer commitments granted	*57,500*	*55,469*	*51,389*

Credit risk (II)

	Mar-22	Dec-21	Mar-21
Total coverage ratio	**69%**	**71%**	**74%**
Total allowances to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted	24,778	23,698	24,034
Total allowances to cover impairment losses on loans and advances to customers measured at amortized cost and designated at fair value through OCI	*24,025*	*22,964*	*23,404*
Total allowances to cover impairment losses on customer guarantees and customer commitments granted	*753*	*734*	*630*
Credit impaired loans and advances to customers, customer guarantees and customer commitments granted	35,670	33,234	32,473
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	*33,447*	*31,288*	*31,139*
POCI exposure (Purchased or Originated Credit Impaired) that is currently impaired	*334*	*358*	*459*
Customer guarantees and customer commitments granted classified in stage 3	*1,879*	*1,578*	*866*
Doubtful exposure of loans and advances to customers at fair value through profit or loss	*10*	*10*	*9*

	Mar-22	Dec-21	Mar-21
Cost of credit	**0.77%**	**0.77%**	**1.08%**
Underlying allowances for loan-loss provisions over the last 12 months	7,545	7,436	10,257
Average loans and advances to customers over the last 12 months	985,401	968,931	949,230

NPL ratio

	Q1'22			Q1'21		
	%	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	**3.01**	**19,486**	**648,236**	**3.26**	**20,451**	**626,457**
Spain	4.47	13,103	293,082	4.98	13,764	276,170
United Kingdom	1.42	3,760	264,012	1.35	3,570	264,492
Portugal	3.42	1,432	41,837	3.84	1,570	40,937
Poland	3.50	1,175	33,584	4.82	1,527	31,701
North America	**2.83**	**4,490**	**158,440**	**2.39**	**3,191**	**133,655**
US	2.75	3,260	118,655	2.11	2,106	99,838
Mexico	3.09	1,230	39,777	3.21	1,085	33,810
South America	**5.05**	**8,192**	**162,088**	**4.30**	**5,657**	**131,459**
Brazil	5.68	5,705	100,434	4.42	3,283	74,342
Chile	4.70	2,152	45,767	4.74	2,113	44,547
Argentina	3.21	185	5,777	2.32	106	4,568
Digital Consumer Bank	**2.27**	**2,658**	**117,190**	**2.23**	**2,585**	**115,965**

Total coverage ratio

	Q1'22			Q1'21		
	%	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	**49.1**	**9,559**	**19,486**	**50.0**	**10,227**	**20,451**
Spain	50.4	6,601	13,103	48.0	6,607	13,764
United Kingdom	26.1	983	3,760	40.5	1,445	3,570
Portugal	72.8	1,043	1,432	69.2	1,086	1,570
Poland	78.5	923	1,175	70.3	1,073	1,527
North America	**110.5**	**4,962**	**4,490**	**153.4**	**4,896**	**3,191**
US	122.2	3,984	3,260	183.2	3,858	2,106
Mexico	79.5	978	1,230	95.6	1,036	1,085
South America	**92.2**	**7,552**	**8,192**	**98.4**	**5,567**	**5,657**
Brazil	101.1	5,768	5,705	116.5	3,825	3,283
Chile	60.7	1,307	2,152	63.4	1,340	2,113
Argentina	161.7	299	185	232.4	246	106
Digital Consumer Bank	**99.4**	**2,642**	**2,658**	**111.4**	**2,881**	**2,585**

Cost of credit

	Q1'22			Q1'21		
	%	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**	**2,212**	**596,899**	**0.51**	**2,936**	**581,073**
Spain	0.88	2,239	253,847	0.79	1,959	248,825
United Kingdom	-0.08	-212	255,668	0.21	517	251,856
Portugal	0.03	11	40,030	0.38	148	38,558
Poland	0.65	195	30,085	1.02	303	29,560
North America	**0.93**	**1,255**	**135,676**	**2.34**	**3,064**	**130,792**
US	0.49	509	103,050	2.12	2,130	100,393
Mexico	2.22	746	33,660	3.00	933	31,064
South America	**2.73**	**3,566**	**130,860**	**2.81**	**3,282**	**116,996**
Brazil	3.94	3,018	76,591	3.79	2,500	65,923
Chile	0.83	335	40,465	1.33	532	39,838
Argentina	3.31	165	4,997	4.55	165	3,636
Digital Consumer Bank	**0.44**	**509**	**115,407**	**0.69**	**793**	**114,564**

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	Mar-22	Dec-21	Mar-21
TNAV (tangible book value) per share	**4.29**	**4.12**	**3.84**
Tangible book value	72,940	70,346	66,476
Number of shares excl. treasury stock (million)	17,008	17,063	17,311
Price / Tangible book value per share (X)	**0.72**	**0.71**	**0.75**
Share price (euros)	3.100	2.941	2.897
TNAV (tangible book value) per share	4.29	4.12	3.84
Loan-to-deposit ratio	**106%**	**106%**	**106%**
Net loans and advances to customers	1,011,497	972,682	939,760
Customer deposits	957,820	918,344	882,854

	Q1'22	Q4'21	Q1'21
PAT + After tax fees paid to SAN (in WM&I) (Constant EUR million)	**603**	**594**	**564**
Profit after tax	260	218	230
Net fee income net of tax	343	376	334

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 quarter 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 March 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)		
	Q1'22	Q1'21	Mar-22	Dec-21	Mar-21
US dollar	1.122	1.204	1.111	1.133	1.174
Pound sterling	0.837	0.873	0.845	0.840	0.852
Brazilian real	5.847	6.597	5.280	6.319	6.629
Mexican peso	23.002	24.514	22.157	23.152	23.981
Chilean peso	905.715	872.443	874.158	964.502	843.574
Argentine peso	119.644	106.777	123.315	116.302	108.004
Polish zloty	4.619	4.545	4.644	4.597	4.634

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Condensed consolidated balance sheet

EUR million

ASSETS	Mar-22	Dec-21	Mar-21
Cash, cash balances at central banks and other deposits on demand	198,501	210,689	192,925
Financial assets held for trading	148,472	116,953	109,643
Non-trading financial assets mandatorily at fair value through profit or loss	5,798	5,536	4,639
Financial assets designated at fair value through profit or loss	12,393	15,957	56,650
Financial assets at fair value through other comprehensive income	97,894	108,038	113,370
Financial assets at amortized cost	1,096,679	1,037,898	981,581
Hedging derivatives	4,460	4,761	6,222
Changes in the fair value of hedged items in portfolio hedges of interest risk	(968)	410	1,581
Investments	7,829	7,525	7,693
Joint ventures entities	1,870	1,692	1,552
Associated entities	5,959	5,833	6,141
Assets under insurance or reinsurance contracts	301	283	267
Tangible assets	33,781	33,321	33,386
Property, plant and equipment	32,836	32,342	32,406
For own-use	*13,548*	*13,259*	*12,953*
Leased out under an operating lease	*19,288*	*19,083*	*19,453*
Investment property	945	979	980
Of which : Leased out under an operating lease	*809*	*839*	*866*
Intangible assets	17,450	16,584	15,990
Goodwill	13,470	12,713	12,460
Other intangible assets	3,980	3,871	3,530
Tax assets	27,532	25,196	24,129
Current tax assets	7,202	5,756	4,846
Deferred tax assets	20,330	19,440	19,283
Other assets	11,896	8,595	10,397
Insurance contracts linked to pensions	127	149	163
Inventories	7	6	6
Other	11,762	8,440	10,228
Non-current assets held for sale	3,994	4,089	4,406
TOTAL ASSETS	**1,666,012**	**1,595,835**	**1,562,879**

Condensed consolidated balance sheet

EUR million

LIABILITIES	Mar-22	Dec-21	Mar-21
Financial liabilities held for trading	97,866	79,469	71,293
Financial liabilities designated at fair value through profit or loss	38,778	32,733	69,977
Financial liabilities at amortized cost	1,389,315	1,349,169	1,290,475
Hedging derivatives	8,078	5,463	6,639
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	(38)	248	395
Liabilities under insurance or reinsurance contracts	812	770	1,102
Provisions	9,239	9,583	10,881
Pensions and other post-retirement obligations	3,013	3,185	3,779
Other long term employee benefits	1,105	1,242	1,590
Taxes and other legal contingencies	2,269	1,996	2,004
Contingent liabilities and commitments	753	733	630
Other provisions	2,099	2,427	2,878
Tax liabilities	9,618	8,649	8,035
Current tax liabilities	2,713	2,187	2,111
Deferred tax liabilities	6,905	6,462	5,924
Other liabilities	12,966	12,698	11,396
Liabilities associated with non-current assets held for sale	—	—	—
TOTAL LIABILITIES	**1,566,634**	**1,498,782**	**1,470,193**
EQUITY			
Shareholders' equity	121,368	119,649	115,620
Capital	8,670	8,670	8,670
Called up paid capital	8,670	8,670	8,670
Unpaid capital which has been called up	—	—	—
Share premium	47,979	47,979	47,979
Equity instruments issued other than capital	662	658	635
Equity component of the compound financial instrument	—	—	—
Other equity instruments issued	662	658	635
Other equity	152	152	158
Accumulated retained earnings	68,463	60,273	60,293
Revaluation reserves	—	—	—
Other reserves	(5,197)	(4,477)	(3,642)
(-) Own shares	(1,068)	(894)	(81)
Profit attributable to shareholders of the parent	2,543	8,124	1,608
(-) Interim dividends	(836)	(836)	—
Other comprehensive income (loss)	(30,978)	(32,719)	(33,154)
Items not reclassified to profit or loss	(3,611)	(4,241)	(5,354)
Items that may be reclassified to profit or loss	(27,367)	(28,478)	(27,800)
Non-controlling interest	8,988	10,123	10,220
Other comprehensive income	(1,818)	(2,104)	(1,820)
Other items	10,806	12,227	12,040
TOTAL EQUITY	**99,378**	**97,053**	**92,686**
TOTAL LIABILITIES AND EQUITY	**1,666,012**	**1,595,835**	**1,562,879**
MEMORANDUM ITEMS: OFF BALANCE SHEET AMOUNTS			
Loan commitments granted	279,232	262,737	242,898
Financial guarantees granted	11,053	10,758	12,231
Other commitments granted	86,308	75,733	74,867

Condensed consolidated income statement

EUR million

	Q1'22	Q1'21
Interest income	13,972	10,753
Financial assets at fair value through other comprehensive income	*1,077*	*651*
Financial assets at amortized cost	*11,852*	*9,407*
Other interest income	*1,043*	*695*
Interest expense	(5,117)	(2,797)
Interest income/ (charges)	**8,855**	**7,956**
Dividend income	68	65
Income from companies accounted for using the equity method	133	76
Commission income	3,747	3,306
Commission expense	(935)	(758)
Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net	29	284
Financial assets at amortized cost	*36*	*32*
Other financial assets and liabilities	*(7)*	*252*
Gain or losses on financial assets and liabilities held for trading, net	1,801	1,228
Reclassification of financial assets at fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*1,801*	*1,228*
Gains or losses on non-trading financial assets and liabilities mandatorily at fair value	43	(3)
Reclassification of financial assets at fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*43*	*(3)*
Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net	292	398
Gain or losses from hedge accounting, net	95	2
Exchange differences, net	(1,873)	(1,258)
Other operating income	438	558
Other operating expenses	(460)	(494)
Income from assets under insurance and reinsurance contracts	390	403
Expenses from liabilities under insurance and reinsurance contracts	(318)	(373)
Total income	**12,305**	**11,390**
Administrative expenses	(4,831)	(4,435)
Staff costs	(2,863)	(2,688)
Other general and administrative expenses	(1,968)	(1,747)
Depreciation and amortization	(704)	(683)
Provisions or reversal of provisions, net	(455)	(959)
Impairment or reversal of impairment of financial assets not measured at fair value	(2,123)	(2,056)
Financial assets at fair value through other comprehensive income	*(9)*	*(29)*
Financial assets at amortized cost	*(2,114)*	*(2,027)*
Impairment of investments in subsidiaries, joint ventures and associates, net	—	—
Impairment on non-financial assets, net	(35)	(138)
Tangible assets	*(4)*	*(133)*
Intangible assets	*(28)*	*(4)*
Others	*(3)*	*(1)*
Gain or losses on non financial assets and investments, net	2	1
Negative goodwill recognized in results	—	—
Gains or losses on non-current assets held for sale not classified as discontinued operations	12	(18)
Operating profit/(loss) before tax	**4,171**	**3,102**
Tax expense or income from continuing operations	(1,302)	(1,143)
Profit/(loss) for the period from continuing operations	**2,869**	**1,959**
Profit/(loss) after tax from discontinued operations	—	—
Profit/(loss) for the period	**2,869**	**1,959**
Profit attributable to non-controlling interests	326	351
Profit/(loss) attributable to the parent	2,543	1,608
Earnings/(losses) per share		
Basic	0.14	0.08
Diluted	0.14	0.08

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
- **bn**: Billion
- **bps**: basis points
- **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
- **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.
- **LCR**: Liquidity Coverage Ratio
- **mn**: Million
- **NPLs**: Non-performing loans
- **NPS**: Net Promoter Score
- **PBT:** Profit before tax
- **POS**: Point of Sale
- **pp**: percentage points
- **PPI:** Payment protection insurance
- **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

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") Q1 2022 Financial Report, published as Inside Information on 26 April 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.

Neither this report nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this report is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

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

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

This document is a translation of a document originally issued in Spanish. Should there be any discrepancies between the English and the Spanish versions, only the original Spanish version should be binding.

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