Santander Consumer Finance, S.A. and dependent subsidiaries (Santander Consumer Finance Group)

Audit Report, Interim Condensed Consolidated Financial Statements and Interim Consolidated Management Report for the six-month period ended 30 June 2024

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

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Independent auditor's report on the interim condensed consolidated financial statements

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

Report on the interim condensed consolidated financial statements

Opinion

We have audited the interim condensed consolidated financial statements of Santander Consumer Finance, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 30 June 2024, and the income statement, statement of recognised income and expense, statements of changes in total equity, statement of cash flow and related notes, all condensed and consolidated, for the six-month period then ended.

In our opinion, the accompanying interim condensed consolidated financial statements of Santander Consumer Finance, S.A. and its subsidiaries for the six-month period then ended have been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Basis for opinion

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

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

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

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Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Estimation of the impairment adjustments of financial assets at amortized cost – loans and advances to customers – collectively determined	
The Group applies what is established by the International Financial Reporting Standard 9 (IFRS 9) with regard to the estimation of impairment adjustments on financial assets at amortized cost, under an expected loss model. Regarding the impairment adjustments collectively determined, the impairment calculation models for expected loss used by the Group incorporate estimates and elements of judgement that require periodic updates and, where appropriate, adjustments to the models, in the current macroeconomic environment of uncertainty. The main judgements and assumptions used by management are the following: ● The main estimates used in the calculation of the parameters as probability of default (*PD – Probability of Default*) and loss severity given default (*LGD – Loss Given Default*) of the expected loss models. ● The updating of the prospective information in the forward looking models and the estimation of additional adjustments, when appropriate, to the expected loss models to consider the effect of macroeconomic conditions in the current environment. The credit risk impairment determination is one of the most significant estimates in the preparation of the accompanying interim condensed consolidated financial statements as of 30 June 2024, therefore it has been considered as a key audit matter.	We have obtained, in collaboration with our credit risk specialists and macroeconomic forecasting experts, an understanding of Group management's process to estimate the impairment of financial assets at amortized cost - loans and advances to customers – over the estimation of impairment of financial assets assessed collectively. Additionally, we have made inquiries to management to obtain an understanding of the assessment of the potential impact of climate change on credit risk. Regarding internal control, we gained an understanding and tested controls for the main phases of the estimation process, paying particular attention to the determination of the most relevant assumptions in the estimation of the parameters, as well as, when appropriate, the monitoring and assessment of any post model adjustments. We also performed the following test of details: ● Tests of main models, with respect to: i) calculation and segmentation methods; ii) methodology used for the estimation of the expected loss parameters; iii) data used and main estimates used, and iv) staging criteria. ● Evaluation of the reasonableness of the main macroeconomic variables used in the scenarios of the *forward looking models* including, verification of the methodology, the assumptions used and the weighting of the macroeconomic scenarios.

Key audit matters	How our audit addressed the key audit matters
Refer to notes 1.d and 5 of the accompanying interim condensed consolidated financial statements as of 30 June 2024.	• Reperformance of the calculation of impairment assessed collectively based on the expected credit loss models parameters. In the tests described above, no differences have been identified, outside of a reasonable range.
Assessment of indications of goodwill impairment	
At least annually, the Group evaluates the existence of impairment indicators and, if applicable, estimates the recoverable amount of each Cash-Generating Unit (CGU) to which goodwill has been assigned, mainly using independent expert valuations. In view to its relevance to the Group, management pays special attention to goodwill from the Cash-Generating Units of Germany, Austria and Nordic countries (Scandinavia). With respect to the interim condensed consolidated financial statements, Group management has evaluated whether there has been, since the end of the previous year, any indication of impairment that would require the re-evaluation of the impairment calculation. As indicated in note 8, management has not identified any indications of impairment in any of the Cash-Generating Units where goodwill has been registered. The evaluation of impairment indicators requires a complex estimate to be made and entails a high component of judgment on the part of management and, therefore, the main assumptions made have been considered as a key audit matter. See notes 1.d and 8 of the attached interim condensed consolidated financial statements as of 30 June 2024.	Assisted by our valuation experts, we gained an understanding of the process carried out by management to evaluate goodwill impairment indicators. We have obtained, in collaboration with our valuation experts, an understanding of the process performed by management to assess for indications of goodwill impairment. In respect of internal control, we have conducted an understanding and test of controls over the assessment of indications of impairment of goodwill for the main CGUs, performed by the Group's management, including oversight of the process and related approvals. In addition, we performed test of details to verify the assessment of impairment indicators performed by management. These tests mainly included: • Analysis of the budget compliance of main CGUs. • Verification of the assumptions such as discount rates and perpetual growth rates, as the basis for the Group's management to assess the existence of impairment indicators. Based on the procedures performed, we believe that the determination by the Group that no indicators of impairment exist for the registered goodwill, during the first semester of 2024, is based on sufficient evidence in the context of the circumstances in which the interim condensed consolidated financial statements are prepared.

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

Emphasis of matters

We draw attention to note 1.c., which describes that these interim condensed consolidated financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and therefore the accompanying interim condensed consolidated financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2023. Our opinion is not modified in respect of this matter.

Other information: Interim consolidated management report

Other information comprises only the interim consolidated management report for the six-month period ended 30 June 2024, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the interim condensed consolidated financial statements. Our audit opinion on the interim condensed consolidated financial statements does not cover the interim consolidated management report. Our responsibility regarding the interim consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the interim consolidated management report and the interim condensed consolidated financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the interim consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the interim consolidated management report is consistent with that contained in the interim condensed consolidated financial statements for the six-month period ended 30 June 2024, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the audit committee for the interim condensed consolidated financial statements

The Parent company's directors are responsible for the preparation of the accompanying interim condensed consolidated financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007, and for such internal control as the directors determine is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the interim condensed consolidated financial statements.

Auditor’s responsibilities for the audit of the interim condensed consolidated financial statements

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures.

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

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

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were of most significance in the audit of the interim condensed consolidated financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

Appointment period

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

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

Services provided

Services provided to the Parent company and its subsidiaries for services other than the audit of the accounts were as follows: other legal reviews required by the auditor, assurance services, issuance of comfort letters, agreed-upon procedures services, regulatory compliance reviews and other services.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Jorge Fontcuberta Fernández (24293)

24 July 2024

SANTANDER CONSUMER FINANCE, S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

(Thousands of euros)

ASSETS	Note	30/06/2024	31/12/2023 (*)
CASH, CASH BALANCES AT CENTRAL BANK AND OTHER DEPOSITS ON DEMAND		**10,526,822**	**11,278,533**
FINANCIAL ASSETS HELD FOR TRADING	5	**227,586**	**323,898**
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	5	**1,384**	**1,543**
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	5	—	—
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	5	**528,470**	**174,863**
FINANCIAL ASSETS AT AMORTIZED COST	5	**122,728,273**	**121,125,887**
DERIVATIVES – HEDGE ACCOUNTING	16	**231,047**	**390,497**
CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HDGES OF INTEREST RISK		**(106,246)**	**(82,622)**
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		**863,000**	**825,970**
Investments in joint ventures		345,423	325,151
Associated entities		517,577	500,819
ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS		—	—
TANGIBLE ASSETS	7	**4,840,531**	**4,301,096**
Property, plant and equipment		4,834,591	4,295,156
For own -se		*356,857*	*370,591*
Leased out under operating lease		*4,477,734*	*3,924,565*
Investment property		5,940	5,940
Of which: Leased out under operating lease		—	—
Memorandum items: Acquired in financial lease		*246,763*	*261,736*
INTANGIBLE ASSETS	8	**2,236,204**	**2,253,001**
Goodwill		1,725,703	1,715,714
Other intangible assets		510,501	537,287
TAX ASSETS		**1,678,719**	**1,542,173**
Current tax assets		1,003,901	866,579
Deferred tax assets		674,818	675,594
OTHER ASSETS		**1,115,451**	**1,147,368**
Inventories		5,024	5,437
Other		1,110,427	1,141,931
NON-CURRENT ASSETS HELD FOR SALE	6	**81,473**	**65,281**
TOTAL ASSETS		**144,952,714**	**143,347,488**

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated balance sheets as at 30 June 2024.

SANTANDER CONSUMER FINANCE, S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

(Thousands of euros)

LIABILITIES	Note	30/06/2024	31/12/2023 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	9	**242,306**	**343,594**
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		—	—
FINANCIAL LIABILITIES AT AMORTIZED COST	9	**125,533,548**	**123,391,128**
DERIVATIVES – HEDGE ACCOUNTING	16	**304,132**	**440.267**
CHANGES IN THE FAIR VALUE OF HEDGES ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		—	—
LIABILITIES UNDER INSURANCE OR REINSURANCE CONTRACTS		—	—
PROVISIONS	10	**694,410**	**667.458**
Pensions and other post-retirement obligations		443,357	453.105
Other long-term employee benefits		31,511	30.282
Taxes and other legal contingencies		36,382	37.066
Contingent liabilities and commitments		19,983	21.058
Other provisions		163,177	125.947
TAX LIABILITIES		**2,054,643**	**1,911,989**
Current tax liabilities		346,468	285,510
Deferred tax liabilities		1,708,175	1,626,479
OTHER LIABILITIES		**1,995,612**	**2,214,372**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		—	—
TOTAL LIABILITIES		**130,824,651**	**128,968,808**
SHAREHOLDERS´ EQUITY	11	**12,359,715**	**12,536,885**
Capital		5,638,639	5,638,639
Called up paid capital		*5,638,639*	*5,638,639*
Unpaid capital which has been called up		—	—
Share premium		1,139,990	1,139,990
Equity instruments issued other than capital		1,200,000	1,200,000
Equity component of compound financial instrument		—	—
Other equity instruments issued		*1,200,000*	*1,200,000*
Other equity		—	—
Accumulated retained earnings		4,032,158	3,649,396
Revaluation reserves		—	—
Other reservations		(22,625)	4,919
(-) Own reserves		—	—
Profit attributable to shareholders of the parent		371,553	1,003,933
(-) Interim dividends		—	(99,992)
OTHER COMPREHENSIVE INCOME	11	**(701,003)**	**(678,242)**
Items not reclassified to profit or loss		(45,549)	(50,982)
Items that may be reclassified to profit or loss		(655,454)	(627,260)
NON-CONTROLLING INTEREST		**2,469,351**	**2,520,037**
Other comprehensive income		2,536	2,445
Other elements		2,466,815	2,517,592
EQUITY		**14,128,063**	**14,378,680**
TOTAL EQUITY AND LIABILITIES		**144,952,714**	**143,347,488**
MEMORANDUM ITEMS: OFF BALANCE SHEET AMOUNTS		26,191,048	25,642,721
Loan commitments granted	14	24,791,883	24,299,144
Financial guarantees granted	14	91,651	90,030
Other commitments granted	14	1,307,514	1,253,547

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated balance sheets as at 30 June 2024.

SANTANDER CONSUMER FINANCE, S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

	Note	Income / (Expenses)	
		30/06/2024	30/06/2023 (*)
INTEREST INCOME AND OTHER SIMILAR INCOME	12	3,783,106	2,928,163
Financial assets at fair value through other comprehensive income		*10,677*	*3,189*
Financial assets at amortized cost		*3,415,510*	*2,650,083*
Rest of interest income		*356,919*	*274,891*
INTEREST EXPENSES		(2,026,094)	(1,243,807)
NET INTEREST INCOME		**1,757,012**	**1,684,356**
DIVIDEND INCOME		2	—
SHARE OF RESULTS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD		31,497	25,371
COMMISSION INCOME	12	650,461	547,380
COMMISSION EXPENSES		(237,591)	(184,028)
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	12	68	22,047
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING, NET	12	(3,030)	481
GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS AND LIABILITIES MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS, NET		—	—
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET		—	—
GAINS OR LOSSES ARISING FROM HEDGE ACCOUNTING, NET	12	13,344	69,432
EXCHANGE DIFFERENCES, NET		73	(12,570)
OTHER OPERATING INCOME	12	292,079	285,986
OTHER OPERATING EXPENSES		(193,891)	(237,948)
INCOME FROM ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS		—	—
EXPENSES FROM LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS		—	—
GROSS INCOME		**2,310,024**	**2,200,507**
ADMINISTRATIVE EXPENSES		(934,439)	(940,823)
Staff costs		*(497,869)*	*(478,479)*
Other general administrative costs		*(436,570)*	*(462,344)*
DEPRECIATION AND AMORTISATION COST		(114,137)	(100,088)
PROVISIONS OR REVERSAL OF PROVISIONS, NET	10	(83,928)	(9,648)
IMPAIRMENT OR REVERSAL OF IMPAIRMENT OF FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	5	(467,013)	(351,807)
Financial assets at fair value through other comprehensive income		*23*	*42*
Financial assets at amortized cost		*(467,036)*	*(351,849)*
IMPAIRMENT OR REVERSAL OF IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES, NET		—	—
IMPAIRMENT OR REVERSAL OF IMPAIRMENT OF NON-FINANCIAL ASSETS		1,403	691
Tangible assets	*7*	*(1,375)*	*(797)*
Intangible assets	*8*	*(3,952)*	*(384)*
Others		*6,730*	*1,872*
GAINS OR LOSSES ON DERECOGNITION FROM NON-FINANCIAL ASSETS, NET	2	2,023	82,399
NEGATIVE GOODWILL RECOGNISED IN RESULTS		—	—
GAINS OR LOSSES ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	6	(297)	(517)
PROFIT OR LOSSES BEFORE TAX FROM CONTINUING OPERATIONS	12	**713,636**	**880,714**
TAX EXPENSE OR INCOME FROM CONTINUING ACTIVITIES	12	(212,508)	(242,239)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**501,128**	**638,475**
PROFIT OR LOSS AFTER-TAX FROM DISCONTINUED ACTIVITIES		—	—
PROFIT FOR THE PERIOD		**501,128**	**638,475**
Profit attributable to minority interests (non-controlling holdings)		*129,575*	*176,638*
Profit attributable to the parent		*371,553*	*461,837*
EARNINGS PER SHARE			
Basic	3	*0.173*	*0.221*
Diluted	3	*0.173*	*0.221*

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 form an integral part of the condensed consolidated income statements for the six-month period ended 30 June 2024.

SANTANDER CONSUMER FINANCE, S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

	30/06/2024	30/06/2023 (*)
CONSOLIDATED PROFIT FOR THE PERIOD	**501,128**	**638,475**
OTHER RECOGNISED INCOME AND EXPENSE	**(22,670)**	**(42,815)**
Items that will not be reclassified to profit or loss	**5,341**	**(3,930)**
Actuarial gains or losses on defined benefit pension plans	7,948	(1,029)
Non-current assets held for sale	—	—
Other recognised income and expense of investments in subsidiaries, joint ventures and associates	14	115
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	867	(3,539)
Gains or losses resulting from the accounting for hedges of equity instruments measured at fair value through other comprehensive income, net	—	—
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	—	—
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	—	—
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk	—	—
Income tax relating to items that will not be reclassified	(3,488)	523
Items that may be reclassified to profit or loss	**(28,011)**	**(38,885)**
Hedges of net investments in foreign operations (effective portion)	4,232	183,002
Revaluation gains (losses)	*4,232*	*183,002*
Amounts transferred to income statement	—	—
Other reclassifications	—	—
Exchanges differences	(34,175)	(220,224)
Revaluation gains (losses)	*(34,175)*	*(234,853)*
Amounts transferred to income statement	—	*14,629*
Other reclassifications	—	—
Cash flow hedges (effective portion)	(8,634)	(21,859)
Revaluation gains (losses)	*(3,691)*	*(13,748)*
Amounts transferred to income statement	*(4,943)*	*(8,111)*
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Hedging instruments (items not designated)	—	—
Revaluation gains (losses)	—	—
Amounts transferred to income statement	—	—
Other reclassifications	—	—
Debt instruments at fair value with changes in other comprehensive income	(4,239)	790
Revaluation gains (losses)	*(4,216)*	*832*
Amounts transferred to income statement	*(23)*	*(42)*
Other reclassifications	—	—
Non-current assets held for sale	—	—
Revaluation gains (losses)	—	—
Amounts transferred to income statement	—	—
Other reclassifications	—	—
Share of other recognised income and expense of investments	8,913	13,938
Income tax relating to items that may be reclassified to profit or loss	5,892	5,468
TOTAL RECOGNISED INCOME AND EXPENSES	**478,458**	**595,660**
Attributable to non-controlling interest	*129,666*	*182,419*
Attributable to the parent	*348,792*	*413,241*

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated income statements of recognized income and expense for the six-month period ended 30 June 2024.

SANTANDER CONSUMER FINANCE S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2024

(Thousands of euros)

	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Accumulated retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit Attributable to shareholders of the parent	(-) Interim dividends	Other comprehensive income	Non-Controlling interest		Total
												Other cumulative comprehensive income	Other items	
Balance at 31-12-2023 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,649,396**	**—**	**4,919**	—	**1,003,933**	**(99,992)**	**(678,242)**	**2,445**	**2,517,592**	**14,378,680**
Adjustments due to errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance as at 01-01-2024	**5,638,639**	**1,139,990**	**1,200,000**	—	**3,649,396**	—	**4,919**	—	**1,003,933**	**(99,992)**	**(678,242)**	**2,445**	**2,517,592**	**14,378,680**
Total recognised income and expense	**—**	—	—	—	—	—	—	—	**371,553**	—	**(22,761)**	**91**	**129,575**	**478,458**
Other changes in equity	**—**	**—**	—	—	**382,762**	—	**(27,544)**	—	**(1,003,933)**	**99,992**	**—**	**—**	**(180,352)**	**(729,075)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exercise or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of financial liabilities into equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	—	(92,500)	(92,500)
Dividends (or remuneration to partners) (Note 3)	—	—	—	—	(499,959)	—	—	—	—	—	—	—	(87,911)	(587,870)
Purchase of own shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale or cancelation of own shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between equity components	—	—	—	—	882,721	—	21,220	—	(1,003,933)	99,992	—	—	—	—
Increase or (-) decrease in net worth resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other increases or (-) decreases in net worth	—	—	—	—	—	—	(48,764)	—	—	—	—	—	59	(48,705)
Balance as at 30-06-2024	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**4,032,158**	**—**	**(22,625)**	**—**	**371,553**	**—**	**(701,003)**	**2,536**	**2,466,815**	**14,128,063**

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of changes in total equity for the six-month period ended 30 June 2024.

SANTANDER CONSUMER FINANCE, S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023

(Thousands of euros)

	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Accumulated retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit Attributable to shareholders of the parent	(-) Interim dividends	Other comprehensive income	Non-Controlling interest		Total
												Other cumulative comprehensiv	Other items	
Balance as at 31-12-2022 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,629,337**	**—**	**20,847**	**—**	**1,242,860**	**(652,203)**	**(582,107)**	**(3,715)**	**2,558,540**	**14,192,188**
Adjustments due to errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments due to changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance at 01-01-2023 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,629,337**	**—**	**20,847**	**—**	**1,242,860**	**(652,203)**	**(582,107)**	**(3,715)**	**2,558,540**	**14,192,188**
Total recognised income and expense	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**461,837**	**—**	**(48,596)**	**5,781**	**176,638**	**595,660**
Other changes in equity	**—**	**—**	**—**	**—**	**12,059**	**—**	**12,434**	**—**	**(1,242,860)**	**652,203**	**2,998**	**2,998**	**(407,101)**	**(967,269)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exercise or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of financial liabilities into equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends (or remuneration to partners) (Note 3)	—	—	—	—	(507,477)	—	—	—	—	—	—	—	(203,031)	(710,508)
Purchase of own shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale or cancelation of own shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between equity components	—	—	—	—	519,536	—	68,123	—	(1,242,860)	652,203	2,998	2,998	(2,998)	—
Increase or (-) decrease in net worth resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	(283,658)	(283,658)
Share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other increases or (-) decreases in net worth	—	—	—	—	—	—	(55,689)	—	—	—	—	—	82,586	26,897
Balance at 30-06-2023 (*)	**5,638,639**	**1,139,990**	**1,200,000**	**—**	**3,641,396**	**—**	**33,281**	**—**	**461,837**	**—**	**(627,705)**	**5,064**	**2,328,077**	**13,820,579**

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of changes in total equity for the six-month period ended 30 June 2024.

SANTANDER CONSUMER FINANCE, S.A. AND DEPENDENT SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

	Note	30/06/2024	30/06/2023 (*)
A. CASH FLOWS FROM OPERATING ACTIVITIES		**954,594**	**3,789,577**
Profit for the period		**501,128**	**638,475**
Adjustments for cash flows from operating activities		**1,319,741**	**941,968**
Depreciation and amortization cost		*114,137*	*100,088*
Other adjustments		*1,205,604*	*841,880*
Net increase/(decrease) in operating assets		**2,406,223**	**9,583,434**
Financial assets held for trading		*(96,325)*	*(25,331)*
Non-trading financial assets mandatorily at fair value through profit or loss		*(158)*	*(313)*
Financial assets at fair value through profit or loss		—	—
Financial assets at fair value through other comprehensive income		*356,977*	*(135,277)*
Financial assets at amortized cost		*2,462,537*	*9,421,504*
Other operating assets		*(316,808)*	*322,851*
Net increase/(decrease) in operating liabilities		**1,744,411**	**11,927,031**
Financial liabilities held for trading		*(101,327)*	*17,502*
Financial liabilities designated at fair value through profit or loss		—	—
Financial liabilities at amortized cost		*2,251,287*	*11,836,052*
Other operating liabilities		*(405,549)*	*73,477*
Income tax recovered/(paid)		**(204,463)**	**(134,463)**
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(869,068)**	**(1,120,782)**
Payments		**1,255,038**	**2,236,520**
Tangible assets	7	*1,173,799*	*882,203*
Intangible assets		*58,858*	*64,925*
Investments		—	—
Subsidiaries and other business units		*22,381*	*1,289,392*
Non-current assets held for sale and associated liabilities		—	—
Other payments related to investment activities		—	—
Proceeds		**385,970**	**1,115,738**
Tangible assets		*370,097*	*242,236*
Intangible assets		—	—
Investments		—	*21,385*
Subsidiaries and other business units		*3,682*	*841,204*
Non-current assets held for sale and associated liabilities		*12,191*	*10,913*
Other payments related to investment activities		—	—
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(832,518)**	**(327,411)**
Payments		**832,518**	**893,209**
Dividends		*499,959*	*507,477*
Subordinated liabilities		*82,113*	*112,784*
Redemption of own equity instruments		—	—
Acquisition of own equity instruments		—	—
Other payments related to financing activities		*250,446*	*272,948*
Proceeds		**—**	**565,798**
Subordinated liabilities		—	*454,000*
Issuance of own equity instruments		—	—
Disposal of own equity instruments		—	—
Other charges related to financing activities		—	*111,798*
D. EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(4,719)**	**(16,060)**
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(751,711)**	**2,325,324**
F. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**11,278,533**	**6,826,225**
G. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**10,526,822**	**9,151,549**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Cash		*51,576*	*53,838*
Balances equivalents atcentral banks		*7,521,332*	*7,010,607*
Other financial assets		*2,953,914*	*2,087,104*
Less - Bank overdrafts refundable on demand		—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**10,526,822**	**9,151,549**
Of which: restricted cash		**—**	**—**

(*) Presented for comparison purposes only (Note 1.f).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statements of recognised income and expense for the six-month period ended 30 June 2024.

Santander Consumer Finance, S.A. and Subsidiaries forming Santander Consumer Finance Group

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2024

1. Introduction, basis of presentation of Interim Condensed Consolidated Financial Statements and other information

a) Introduction

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

The Bank's object is to receive funds from the public in the form of deposits, loans, temporary assignments of financial assets or other similar transactions entailing the obligation to return them, applying them, on their own account, to the granting of credits or transactions of a similar nature. Likewise, as a holding company of a financial group (Grupo Santander Consumer Finance, the "Group"), the Bank manages and handles the investments in its subsidiaries.

The Bank is part of the Santander Group, the parent entity of which (Banco Santander, S.A.) has a direct and indirect ownership interest in the share capital of the Bank at 30 June 2024 (see Explanatory Note 11). Its activity should be considered in the context of the activity and global strategy of the Santander Group; the Bank carries out significant transactions with Santander Group companies (see Explanatory Note 13). The Bank is not listed and, in both the first half of 2024 and in 2023, it carried on most of its direct business activities in Spain.

The Group engages in finance leasing, financing of third-party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities. Additionally, since December 2002, the Bank has been the head of a group of financial institutions which engage mainly in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities mainly in Germany, Italy, Austria, Germany, Germany, Italy, Austria and the United States. Poland, Netherlands, Norway, Finland, Sweden, France, Portugal, China, Denmark, Belgium, Switzerland, Greece, Canada, Ireland and Malta.

The Interim condensed consolidated financial statements (hereinafter, interim financial statements) of Santander Group for the six-month period ended June 30, 2024, have been prepared and formulated by its directors, at their meeting held on July 23, 2024. The consolidated financial statements of Santander Group for the year 2023 were approved by the general meeting of shareholders of Banco Santander held on March 22, 2024.

b) Foreign currency transactions

i. Presentation currency

The Group's presentation currency is the euro. Consequently, all balances and transactions denominated in currencies other than the euro are considered and classified for presentation purposes as foreign currency transactions.

II. Translation of foreign currency into the presentation currency

Transactions denominated in currencies other than the presentation currencies of each Group entity performed by the consolidated entities (including those consolidated using the equity method) are initially recognized by applying the spot exchange rate at the date of the transaction. Subsequently, assets and liabilities denominated in currencies other than the presentation currency are translated into these entities' respective functional currencies (the currency of the principal economic environment in which the consolidated entity operates) using the closing exchange rate, with the exception of:

– Non-monetary items that are measured in terms of historical cost, which are translated into the presentation currency using the exchange rate at the date of the transaction.

– Non-monetary items that are measured at fair value, which are translated using the exchange rates at the date when the fair value was determined.

– The forward purchase and sale of currencies against other currencies other than the euro and of currencies against euros that do not hedge asset or liability positions are translated, as warranted, using the exchange rates established by the forward market as of the reporting date for the corresponding delivery or settlement date.

iii. Translation of functional currencies into euros

The financial statement balances of the consolidated entities (including those consolidated using the equity method) whose functional currency is not the euro are translated into euros as follows:

– Asset and liability balances are translated using the official Spanish spot exchange rate at the end of the reporting period, 30 June 2024.

– Income and expenses are translated using the average exchange rate for the period for all transactions performed during the period.

– The items comprising equity are translated at historical exchange rates.

iv. Recognition of exchange differences

Exchange differences arising upon the translation, using the criteria outlined above, of foreign currency balances into the presentation currency of each Group entity are recognized, generally, at their net amount within "Exchange differences, net" in the condensed consolidated income statement, with the exception of any exchange differences arising in respect of financial instruments classified at fair value through profit and loss, which are recognized in the income statement without differentiating them from the other changes arising in their fair value within "Gain or losses on financial assets and liabilities recognized at fair value through profit and loss, net".

However, the exchange differences arising on non-monetary items for which changes in their fair value are recognized in "Other accumulated results – Items that can be reclassified to profit and loss – Exchange differences" within equity on the condensed consolidated balance sheet (see note 11.d) until such gains or losses are realized. Upon realization, the exchange differences deferred in Group equity are reclassified to the condensed consolidated income statement.

Lastly, exchange differences arising upon consolidation from the translation into euros of the financial statements of consolidated entities whose presentation currency is not the euro are recognized with a balancing entry under "Other accumulated results – Items that may be reclassified to profit and loss – Exchange differences" within equity on the consolidated balance sheet.

c) Basis of presentation of consolidated intermediate summary financial statements

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards ("IFRSs") as previously adopted by the European Union ("EU-IFRS"). In order to adapt the accounting system of Spanish credit institutions these standards, the Bank of Spain issued Circular 4/2004, of December 22, on Public and Confidential Financial Reporting Rules and Formats, repealed on January 1, 2018 in virtue of the Circular 4/2017, of November 27, 2017 of the Bank of Spain, and its subsequent modifications, on Public and Confidential Financial Reporting Standards and Financial Statements Formats.

The Group's consolidated annual accounts for 2023 were authorized by the Bank's directors (at the board of directors meeting on 20 February 2024) in accordance with EU-IFRS, taking into account Bank of Spain Circular 4/2017 and its subsidiaries modifications, and International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS-IASB), using the basis of consolidation, accounting policies and measurement bases described in Note 2 to the aforementioned consolidated annual accounts and, accordingly, they presented fairly the Group's consolidated equity and consolidated financial position at 31 December 2023 and the consolidated results of its operations, the consolidated recognized income and expense, the changes in consolidated equity and the consolidated cash flows in 2023.

These interim financial statements were prepared and are presented in accordance with the International Accounting Standards (hereinafter, IAS 34), Interim Financial Reporting, for the preparation of interim condensed financial statements, in conformity with Article 12 of Royal Decree 1362/2007, and taking into account the requirements of Circular 3/2018, of June 28, of the Spanish National Securities Market Commission ("CNMV"). The aforementioned financial statements will be incorporated in the half-year financial report for the first semester of 2024 to be presented by the Group, in accordance with the aforementioned Circular 3/2018.In accordance with IAS 34, the interim financial report is intended only to provide an update on the content of the latest annual consolidated annual accounts authorized for issue, focusing on new activities, events and circumstances occurring during the six-month period, and does not duplicate information previously reported in those latest prepared consolidated annual accounts. Consequently, these interim financial statements do not include all the information that would be required for a complete set of consolidated annual accounts prepared in accordance with IFRSs and, accordingly, for a proper comprehension of the information included in these interim financial statements, they should be read together with Santander Consumer Finance Group's consolidated annual accounts for the year ended 31 December 2023.

The Group policies include presenting the interim financial statements for its use in the different markets using the Euro as its presentation currency. The amounts held in other currencies and the balances of entities whose functional currency is not the Euro, have been translated to the presentation currency in accordance with the criteria indicated in Note 2.a to the consolidated annual accounts for 2023. As indicated in that Note, for practical reasons, the balance sheet amount has been converted to the closing exchange rate, the equity to the historical type, and the income and expenses have been converted by applying the average exchange rate of the period; the application of such exchange rate or that corresponding to the date of each transaction does not lead to significant differences in the interim financial statements of the Group.

The accounting policies and methods used in the preparation of these consolidated interim financial statements are the same as those applied in the consolidated financial statements for 2023, except for the standards that came into force during the first six months of 2024, which are detailed below:

- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback without recognising any amount of the gain or loss that relates to the right of use retained. This new requirement does not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. Applicable, retrospectively, from 1 January 2024..

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

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

  They should be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Applicable from 1 January 2024.

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Additional disclosures are required for companies entering into supplier financing arrangements. The objective of the new disclosures is to provide information on Supplier Finance Arrangements (SFA) that allows investors to evaluate the effects on an entity's liabilities, cash flows and liquidity risk exposure (effective from 1 January 2024).

The aforementioned accounting standards and modifications have not had a significant effect on the interim financial statements of Grupo Santander Consumer Finance, other than those indicated above.

All accounting policies and measurement bases with a material effect on the interim financial statements for 30 June 2024 were applied in their preparation.

As of the date of preparation of these interim financial statements, there are no rules pending adoption by the European Union for the current year whose date of entry into force by the IASB is after 1 January 2024.

d) Use of estimates

The consolidated results and the determination of the consolidated equity are sensitive to the accounting principles and policies, valuation criteria and estimates used by the directors of Group Santander Consumer Finance in preparing the interim financial statements. The main accounting principles, policies, and valuation criteria are indicated in Note 2 of the consolidated annual accounts of the year 2023, except for those indicated in these interim financial statements due to the rules that have come into effect during the first six months of the year 2024.

The interim financial statements contain estimates made by the senior management of Grupo Santander Consumer Finance in order to quantify certain of the assets, liabilities, income, expenses and obligations reported in the consolidated entities. These estimates, which were made on the basis of the best information available, relate mainly to the following:

1. The impairment losses on certain assets – financial assets at fair value through other comprehensive income, financial assets at amortised cost, non-current assets held for sale, investments in subsidiaries, joint ventures and associates, tangible assets and intangible assets;

2. The assumptions used in the calculation of the post-employment benefit liabilities and commitments and other long-term commitments with employees;

3. The useful life of the tangible and intangible assets;

4. The measurement of goodwill impairment arising on consolidation;

5. The calculation of provisions and the consideration of contingent liabilities;

6. The fair value of certain unquoted assets and liabilities;

7. The recoverability of deferred tax assets and corporate tax expense;

8. The fair value of the identifiable assets acquired and the liabilities assumed in business combinations in accordance with IFRS 3.

To update the previous estimates, the Group's management has taken into account the current macroeconomic scenario and the situation of the war in Ukraine, as well as the challenges derived from the inflationary scenario, the recent turbulence in the world banking sector, mainly due to the bankruptcy of some regional banks in the United States, a specific case of a merger in Europe, which has contributed to generate greater uncertainty and volatility in the markets.

The Group's management has evaluated in particular the uncertainties caused by the current environment in relation to credit, liquidity and market risks, taking into account the best available information, to estimate the impact on the credit portfolio's impairment provision, and in the debt instruments' interest rates and valuation.

During the six months ended 30 June 2024, there have been no additional significant changes in the estimates made at the end of the 2023 financial year, other than those disclosed in these interim financial statements.

e) Contingent assets and liabilities

Note 2-n to the Group's consolidated financial statements for the year ended 31 December 2023 includes information on the contingent assets and liabilities at that date. During the six-month period ended 30 June 2024 there were no significant changes in the Group's contingent liabilities.

The Group did not have any material contingent assets as of 30 June 2024 or 31 December 2023.

f) Comparative information

The information contained in these interim financial statements for 2023 is presented solely and exclusively for comparative purposes with the information relating to the six-month period ended 30 June 2024.

In order to interpret the changes in the balances with respect to 31 December 2023, it is necessary to take into consideration the exchange rate effect arising from the volume of foreign currency balances held by the Group in view of its geographic diversity (see Note 45.a to the consolidated financial statements for the year ended 31 December 2023) and the impact of the appreciation/depreciation of the various currencies against the euro in the first six months of 2024, considering the exchange rates at the end of 2023: Polish Zloty (+0.8%), norwegian Krone (-1.8%), Swedish Krone (-2.2%), Danish Krone (-0.0%), Swiss Franc (-3.4%), Chinese Yuan Renminbi (+0.8%) and Canadian Dollar (-0.5%); as well as the evolution of average exchange rates between comparable periods: Polish Zloty (+5.1%), norwegian Krone (-0.7%), Swedish Krone (-0.7%), Danish Krone (-0.1%), Swiss Franc (+1.0%), Chinese Yuan Renminbi (-1.9%) and Canadian Dollar (-0.6%).

g) Seasonality of the Group´s transactions

In view of the business activities in which the Group companies engage, their transactions are not significantly cyclical or seasonal in nature. Therefore, no specific disclosures are included in these explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024.

h) Materiality

In determining the information to be disclosed about the various items comprising the interim financial statements or other matters, the Group has taken into account, in accordance with IAS 34, materiality in relation to the condensed interim consolidated financial statements for the six months ended 30 June 2024.

i) Events after the reporting period

From June 30, 2024 up to the date of preparation of the consolidated interim financial statements, no events other than those described in these explanatory notes have occurred that have a significant effect on the consolidated interim financial statements.

j) Single Resolution Fund

The SRB publishes an 15 February 2024 note indicating that an ex ante contribution to the Resolution Fund is not expected in 2024 for credit institutions from EU Member states participating in the Single Resolution Mechanism; since the latter has already reached its minimum target level of 1% of the covered deposits held in the Eurosystem, as stipulated in Article 69(1) of Regulation (EU) No 806/2014 (SRMR). During the first half of 2023 this contribution amounted to 40 million euros and was recorded under the heading “Other operating expenses”.

k) Individual disclosures about Santander Consumer Finance, S.A.

The individual information of Santander Consumer Finance, S.A (Group parent company) which were considered relevant for the purposes of the proper comprehension of the half-yearly condensed consolidated financial information were included in the related explanatory notes.

2. Santander Consumer Finance Group

Appendices I and II to the Group’s consolidated financial statements for 2023 provide relevant information on the Group companies that consolidated as of that date, and on those accounted for using the equity method.

Likewise, Note 3 to the aforementioned consolidated financial statements include a description of the most significant acquisitions and disposals of the companies performed by the Group during 2023 and 2022.

a. **Acquisitions and sales**

The most significant acquisitions and sales that have occurred during the first half of 2024 and 2023 of participations in the capital of Group entities, as well as other relevant corporate operations that have modified the consolidation perimeter od the Group during said periods, were as follows:

a.1 1) First semester of 2024

Santander Leasing AB

On 20 December 2023, the Group, through its Norwegian subsidiary Santander Consumer Mobility AS, signed an agreement to acquire 100% of the shares representing the share capital of Athlon Sweden AB, owned by Athlon Beheer International B.V. (a Dutch company). Athlon Sweden AB is located in Sweden and its main activity is providing multi-brand operational leasing and associated services, as well as fleet management for private and commercial vehicles.

Following the necessary authorizations, especially from competition authorities in Sweden, the acquisition was completed on 29 February 2024, for a total estimated price of 255,731,823 Swedish kronor (equivalent to 22.4 million of euros). According to the clauses established in the purchase agreement, the initial purchase price is subject to review based on the final figures corresponding to the transaction date. As of the issuance date of these summarized consolidated interim financial statements, the review process has not been completed.
The share capital of Athlon Sweden AB consists of 1,000 shares with a nominal value of 100 Swedish kronor each.

Details of the acquired business are out below:

Business acquired	Main activity	Date of acquisition	Ownership interest (voting rights acquired)	Purchase consideration (millions of euros)
Athlon Sweden AB	Operating leasing and fleet management services	29/02/2024	100%	22.4

Below is the breakdown of the net assets of the acquired business recorded in the consolidated interim financial statements as of 30 June 2024:

	Carrying ammount (millions of euros)
Cash	3.7
Vehicles	127.3
Non-current assets	0.0
Current assets	13.5
Financial liabilities at amortized cost	(124.4)
Non-current and current liabilities	(10.7)
Net assets	**9.4**
Purchase consideration	22.4
Goodwill	13.0

Net cash flow in acquisition:

	Millions of euros
Cash paid	22.4
Less: Cash and cash equivalents	(3.7)
Total	**18.7**

As of the issuance date of these summarized consolidated interim financial statements, provisional accounting for the business combination has been performed. According to IFRS 3, there is a one-year period from the acquisition date to complete the allocation study of the purchase price to the acquired net assets. It is not expected that any adjustments resulting from the Group Management's evaluation of the allocation of the purchase price to the acquired net assets will be significant.

The Administrators of the Parent Company have not identified indications as of the acquisition date suggesting that the acquired accounts receivable might not be fully collectible.

The contribution of this business to the Group's net profit since the acquisition date is immaterial. Similarly, the result this business would have contributed to the Group if the transaction had occurred on 1 January 2024, is also immaterial.

On 14 March 2024, the company's corporate name was changed to Santander Leasing AB.

Santander Consumer Mobility AS and Santander Consumer Mobility AB

On 14 August 2023, Santander Consumer Finance, S.A. acquired 100% of the shares of the company NFH 230521 AS from Nytt Foretak AS for 47,500 Norwegian krone (equivalent to 4,000 euros) in Norway, intending to develop operational leasing activities in the Nordics.

The share capital of this company consisted of 3,000 shares with a nominal value of 10 Norwegian krone each, forming a capital of 30,000 Norwegian krone (equivalent to 2,600 euros).

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

On 6 October 2023, Santander Consumer Finance, S.A. transferred 10 million of euros to the aforementioned company, which was finally contributed as a capital increase on 19 December 2023. These 10 million of euros were equivalent to 113,655,000 Norwegian krone. The capital increase did not involve issuing new shares, as it was recorded as follows:

- Capital increase by 60,000 Norwegian kroner by increasing the nominal value of shares from 10 Norwegian kroner to 30 Norwegian kroner each.
- Issuance premium of 37,865 Norwegian kroner per share, making a total of 113,595,000 Norwegian kroner.

Furthermore, on 6 October 2023, Santander Consumer Mobility AS acquired 100% of the shares of Goldcup 33672 AB in Sweden from Between Bolagsrätt Sundsvall AB for 25,000 Swedish kronor (equivalent to 2,000 euros), in order to develop operating leasing activity in Sweden.

On 20 October 2023 changed its name to be called Santander Consumer Mobility AB.

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

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

- Capital increase by 60,000 Norwegian kroner by increasing the nominal value of shares from 30 Norwegian kroner to 50 Norwegian kroner each.
- Share premium of 89,147.89 Norwegian kroner per share for a total of 267,443,670 Norwegian kroner.

After the increases, the company's share capital consists of 3,000 shares with a nominal value of 50 Norwegian kroner each, forming a share capital of 150,000 Swedish krona (0.13 million euros). Additionally, each share has a share premium of 127,012.89 Swedish krona, forming a total share premium of 381,038,670 Swedish krona (33 million euros).

As of the issuance date of these summarized consolidated interim financial statements, the company has not started its activity.

a.1) Exercise 2. 2023

Santander Consumer Leasing Belgium Branch

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

Ethias Lease N.V.

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

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

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

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

Drive Revel, S.L

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

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

In August in 2023, Andaluza de Inversiones, S.A. signed the second capital increase already agreed in 2022 by Drive Revel, S.L: 770 shares of 1 euro of nominal value each and an assumption premium of 5,196.51 euros per share, having paid a total of 4,002,079 76 euros, held after this extension a total of 962 shares representing 10.76% of the share capital of the aforementioned company.

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

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

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

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

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

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

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

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

	Carrying amount (thousands of euros)
Cash	2.4
Customers	53.6
Non-current assets	21.1
Current assets	56.5
Financial liabilities at amortized cost	(165.7)
Non-current and current liabilities	(418.0)
Net assets	**(450.1)**
Purchase consideration (*)	2,230.9
Goodwill	2,681.0

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

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

Net cash flow in acquisition:

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

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

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

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

In 2023, the partners delivered a participative loan to the company of 550,000 euros with no fixed repayment deadline.

Reorganization of the global agreement with Stellantis

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

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

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

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

The acquisition of origination rights meant the recognition of an intangible property in the consolidated balance sheets as at 30 June 2023 for an initial amount of 134.7 million euros (As of 31 December 2023, the amount finally capitalized amounted to 140.7 million euros), which are amortized in the duration of the agreement (8.5 years) counted from 3 April 2023.The amount provided as amortization to 30 June 2023 amounted to 3.9 million euros (raising the allocation to the amortization of 31 December 2023 to 12.3 million euros).

The assets and liabilities transferred to the joint ventures of Santander Consumer Finance Group resulted in a payment by the corresponding Opel and FCA companies to the joint ventures of 0.3 million euros and 6 million euros, respectively, the day of closing the transaction, 3 April 2023, having been calculated on estimated amounts and subject to review. As of the date of issuance of the consolidated intermediate summary financial statements as of 30 June 2023, only the transfers from the Netherlands, Belgium, Portugal and Poland corresponding to OPEL had been closed, having generated an additional payment from OPEL companies of 0.2 million euros. In the second half of 2023, all transfers of assets and liabilities were closed (including those closed to 30 June 2023). an additional payment by the joint ventures to the corresponding Opel companies of 0.1 million euros and an additional payment by FCA to the Italian joint venture of 0.2 million euros.

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

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

As part of the aforementioned reorganization, the joint ventures of Belgium, France, Italy, the Netherlands, Poland and Spain sold, on 3 April 2023, the origination rights of the operational lease business (Vision Client) B2B to the corresponding companies of Leasys in each country for a total amount of 64.5 million euros, which were recorded as profit on sale in the consolidated income statement as of 30 September 2023.

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

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

Acquisition of Opel portfolios by joint ventures in Italy and Spain

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

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

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

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

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

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

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

The share capital of PSA Finance UK Limited consisted of 437,280 shares with a nominal value of 1 pound each. The estimated sale price at the closing date was 368,614,513.41 pounds, equivalent to 419,261,275.48 euros. After the final review of the transaction data in the first half of 2024, the definitive sale price amounted to 372,908,000 pounds, equivalent to 424,288,483.01 euros.

The share capital of PSA Bank Deutschland GmbH consisted of 1,464,448 shares with a nominal value of 1 euro each. The estimated sale price at the closing date was 613,896,021.62 euros. After the final review of the transaction data in the first half of 2024, the definitive sale price amounted to 606,782,000 euros.

The capital gains recorded from both transactions in the consolidated profit and loss account as of June 30, 2023, as well as the effects of the final adjustments registered in the first half of 2024, are not significant.

Santander Consumer Finance, Inc.

As of 17 March 2023, Santander Consumer Finance, S.A. Acquired from Banco Santander, S.A., 100% of the shares of Santander Consumer Finance, Inc., a Canadian company. Santander Consumer Finance, Inc. shares 100% of the share capital of Santander Consumer, Inc. The share capital of Santander Consumer Finance, Inc. consists of 30,451,553 shares.

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

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

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

(*) The acquisition was made with retroactive effects on 1 March 2023, so the company's results from 1 March 2023 belonged entirely to SANTANDER CONSUMER FINANCE.

The detail of the net assets of the acquired business was as follows:

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

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

Net cash flow in acquisition:

	Millions of Euros
Cash paid	148.7
Less: Cash and cash equivalents	(4.8)
Total	**143.9**

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

MCE Bank Group

In November 2022, Santander Consumer Bank AG reached an agreement to acquire 100% of the shares of MCE BANK, GmbH with an effective date 31 March 2023, with 40,903,360 shares with a total value of 40,903,360 euros, with a nominal value of 1 euro each.

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

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

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

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

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

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

Business acquired	**Main activity**	**Acquisition date**	**Ownership interest (voting rights) acquired**	**Purchase consideration (millions of euros)**
MCE Bank Group	Financial services associated with the automotive sector and the collection of deposits	31/05/2023 (*)	100%	95.4 (**)

(*) The acquisition was made with retroactive effect on 1 April 2023, so the company's results belong entirely to SANTANDER CONSUMER FINANCE since that date.
(**) Includes the cash disbursement of the purchase price of the shares plus other transaction costs.

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

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

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

During the second half of 2023, the accounting for the business combination was closed. The adjustments identified in the study conducted by the management of the Group of the price allocation to net assets acquired were not considered significant and consequently, the Group Management considered recording a purchase difference as a negative consolidation difference in the consolidated income statement as of 31 December 2023, without considering such adjustments at fair value.

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

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

Likewhise, on November 2022, Santander Consumer Bank AG reached an agreement with Emil Frey Automobil Holding DeutschlandGmbH to sell 9.99% of its stake in MCE BANK GMBH. As of 11 August 2023, the aforementioned sale was made for a price of 14.5 million euros.

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

On 30 May 2023, a corporate reorganization was carried out in the Group by which Banque Stellantis France, S.A. (Former PSA Banque France, S.A. And owned 50% by Santander Consumer Banque, S.A and 50% by Stellantis Financial Services, S.A.) it acquired 100% of the stake in Stellantis Financial Services Belux, S.A. and Stellantis Financial Services Nederland, B.V. prior to the acquisition, both were already controlled entities, 100% of which were owned by Stellantis Financial Services España, E.F.C., S.A. (formerly PSA Financial Services Spain, E.F.C., S.A.), which in turn is 50% owned by Santander Consumer Finance S.A. and 50% by Stellantis Financial Services, S.A.Both purchase transactions were carried out at consolidated accounting securities after obtaining the corresponding authorizations from the European and local authorities.

As part of this reorganization, on April 4, 2024, Stellantis Financial Services España, E.F.C. reduced its capital by 185,000,000 euros through the redemption of 18,500,000 shares with a nominal value of 10 euros each, with each shareholder receiving 92,500,000 euros corresponding to their respective ownership percentages.

Vizolution

As of 31 December 2022, Santander Consumer Finance, S.A, held a 10% stake (99 3,239,956 shares) in the share capital of Vizolution Limited, a British company whose corporate purpose was to create software products that would facilitate the closing of online financing operations. This stake was acquired at the end of 2018 for a value of 6,500 thousand pounds sterling.

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

As a result of the agreements reached on 12 June 2023, during the month of July in 2023, Santander Consumer Finance, S.A held 2.28% (29,070 shares) of the company Lightico valued at 2,380 thousand US dollars, in exchange for its participation in Vizolution Limited. As a result of the agreements reached on 12 June 2023, Santander Consumer Finance, S.A. Adjusted the value of the interest in Vizolution Limited, having recorded a loss of a non-significant amount for the purposes of the interim condensed consolidated financial statements as of 30 June 2023.

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

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

- Santander Consumer Bank, S.p.A contributed 5 million, of which 4 million euros are contributed through the conversion of the capital increase made in 2022 mentioned above into share capital and disbursed 1 million euros.
- Agba, S.p.A disbursed 1 million euros.
- AutoTorino S.p.A disbursedt of 1 million euros.

After the capital increase, the share capital of Drive, S.r.l. is 8 5 million euros, with Santander Consumer Bank, S.p.A holding 75% of the share capital and Agba, S.p.A and AutoTorino S.p.A, each hold 12% of the share capital.

Also, in December 2023, in the company Santander Consumer Renting, S.r.l, a capital increase was carried out directly under the heading Reserves and without issuing any shares amounting to 4.5 million euros.

There have been no other significant changes in the consolidation perimeter of the Group.

b. Impairments of investments in subsidiaries, joint ventures and associates.

As of 30 June 2024 and 2023, there have been no impairments based on the value of investments in subsidiaries and affiliates.

3. Shareholder remuneration system and earnings per share

a) Shareholder remuneration system

On 22 May 2024, at the Extraordinary General Meeting of Shareholders, it was resolved, upon the proposal of the Board of Directors, to pay a dividend charged to freely distributable reserves of 499.959 thousands of euros, disbursed on 30 June 2024.

The following is the cash remuneration paid by the Bank to its shareholders during the first six months of 2024 and 2023:

	First semester 2024			First semester 2023		
	% of par value	Euros per share	Amount (thousands of euros)	% of par value	Euros per share	Amount (thousands of euros)
Ordinary shares	100%	0.266	499,959	100%	0.270	507,477
Other shares (no vote, redeemable, etc.)	—	—	—	—	—	—
Total remuneration paid	100%	—	499,959	100%	—	507,477
Remuneration charged against profit or loss	100%	—	—	100%	—	—
Remuneration charged against reserves or the share premium account	100%	0.266	499,959	100%	0.270	507,477
In-Kind Remuneration	—	—	—		—	—

b) Earning per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the period, excluding, as the case may be, the average number of treasury shares held in the period.

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (any share options, warrants and convertible debt instruments that might exist).

Accordingly, the detail of earnings per share as of 30 June 2024 and 2023 is as follows:

	Thousands of euros	
	30/06/2024	30/06/2023
Consolidated profit of the year attributable to the Parent (thousands of euros)	371,553	461,837
Remuneration of contingently convertible preference shares PPC (thousands of euros)	(46,520)	(47,051)
Dilutive effect of changes in profit for the period arising from potential conversion of ordinary shares	*325,033*	*414,786*
Of which:		—
Profit or loss from discontinued activities (non controlling interest net) (thousands of euros)	—	—
Profit or loss from continuing operations (PPCC net) (thousands of euros)	*325,033*	*414,786*
Weighted average number of shares outstanding	1,879,546,172	1,879,546,172
Adjusted number of shares	1,879,546,172	1,879,546,172
Diluted earnings per share (euros)	0.173	0.221
Of which:		
From continuing operations (euros)	*0.173*	*0.221*

4. Remuneration and other benefits paid to the Bank´s Directors and Senior Managers

In the first half of 2024, changes took place in the composition of the Board of Directors of Santander Consumer Finance, S.A., ceasing to work a director and incorporating 2 new directors, thus adding a total of 11 directors as of 30 June 2024 (10 as of 31 December 2023).

Remuneration paid by Santander Consumer Finance, S.A. to independent directors unrelated to the Santander Group and Independent directors.

Certain criteria are established for setting directors' remuneration at the proposal of the Remuneration Committee. Those who perform executive functions in any of the Santander Group companies do not receive any remuneration for their Board and committee duties. Independent directors unrelated to the Santander Group receive remuneration for the performance of their director duties and for each of their committee positions.

In compliance with the above criteria, during the first six months of 2024, it has been agreed to set a 1,500 thousand euros the maximum annual amount to be distributed among the directors, as remuneration for their functions, all of them corresponding to six directors not related to the Santander Group and independents. The remunerations paid to this group of directors during the first half of 2024 and 2023 is as follows:

	Thousands of euros	
	30/06/2024	**30/06/2023**
Unrelated and independent directors		
Type of remuneration-		
Fixed salary remuneration of executive Directors	—	—
Variable remuneration in cash of executive Directors	—	—
Bylaw-stipulated emoluments and allowances of Directors (1)(2)	614	654
Other (except insurance premiums)	—	—
Sub-total	**614**	**654**
Transactions with shares and/or other financial instruments	—	—
	614	**654**

(1) As of 30 June 2024, the bylaw-stipulated emoluments and allowances of directors reflect the remuneration corresponding to the 2024 financial year. As of 30 June 2023, the directors' statutory attentions and allowances reflect the remuneration corresponding to the financial year 2023.
(2) In 2024, bylaw-stipulated emoluments and allowances of 2023 have been paid, and outstanding payments were paid to two directors who ceased their activity in 2023. The remuneration of another director who ceased his activity in 2023 is still pending payment.

Other information on remuneration paid by other Santander Group entities

The following table shows both the fixed remuneration and other benefits paid to directors remunerated by other Santander Group entities.

The Santander Group's supplementary pension obligations to all active and retired personnel include those relating to current and former directors of the Bank who perform (or have performed) executive functions in the Santander Group. Directors who perform such duties in any of the Santander Group companies do not receive any post-employment or other benefits as remuneration for holding office at Santander Consumer Finance, S.A.

	Thousands of euros	
	30/06/2024	**30/06/2023**
Other remuneration paid by Grupo Santander to the members of the Board of Directors		
Fixed salary compensation in cash	3,001	4,148
Other benefits		
Advances	—	—
Loans granted	—	—
Pension funds and plans: Endowments and/or contributions (1)	*906*	*1,077*
Pension funds and plans: Accrued rights (2)	*58,451*	*55,754*
Life insurance premiums	*395*	*334*
Guarantees provided for directors	—	—

(1) These correspond to the endowments and/or contributions made during the first six months of 2024 and 2023 in respect o retirement pensions and complementary benefits for widowhood, orphans hood and permanent disability.
(2) Corresponds to the rights accrued by the directors in matters of pensions.

The total sum insured under life and other insurance policies for the Bank's Directors amounted to 28,828 thousand euros at 30 June 2024 (33,629 thousand euros at 30 June 2023). The cost of these insurance policies is assumed by Santander Group entities not included in the Santander Consumer Finance Group.

Remuneration of senior management

The amounts related to remunerations of senior management, at June 2024 and 2023, excluding the executive directors, that have been fully paid by other entities of the Santander Group, not integrated into the Santander Consumer Finance Group are summarized below:

	Thousands of euros	
	30/06/2024	**30/06/2023**
Senior Management (1):		
Total remuneration of senior management	2,581	2,646

(1) The number of senior managers of the Santander Consumer Finance, excluding executive directors, is 16 as of 30 June 2024 (16 as of 30 June 2023).

The variable annual remuneration (or bonuses) received for fiscal year 2023, both for directors and the rest of senior management, were included in the information on remuneration included in the annual report for that year. Similarly, the variable remuneration attributable to the 2024 results, which will be submitted for approval by the Board of Directors for approval at the appropriate time, will be included in the financial statements for the current year.

Funds and pension plans of senior management

	Thousands of euros	
	30/06/2024	**30/06/2023**
Senior management:		
Pension funds: Endowments and/or contributions (1)	528	576

(1) Corresponds to the allocations and/or contributions made during the first six months of 2024 and 2023 as retirement pensions. These contributions have been made by Santander Group entities not integrated in the Santander Consumer Finance Group.

The information presented of the remuneration of the Board of Directors and Senior Management considers the composition of these groups corresponding to the first six months of the period ending 30 June 2024.

5. Financial assets

a) Breakdown

The detail, by nature and category for measurement purposes, of the Group's financial assets other than the balances of “Cash, Cash Balances with Central Banks and other deposits on demand” and “Derivatives - Hedge Accoutning” as at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of euros				
	30/06/2024				
	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets designated at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost
Derivatives	227,586	—	—	—	—
Equity instruments	—	42	—	24,374	—
Debt securities	—	637	—	504,096	4,337,405
Loans and advances	—	705	—	—	118,390,868
Central banks	—	—	—	—	—
Credit institutions	—	—	—	—	*694,454*
Customers	—	*705*	—	—	*117,696,414*
Total	**227,586**	**1,384**	**—**	**528,470**	**122,728,273**

	Thousands of euros				
	31/12/2023				
	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets designated at fair value through profit or loss	Financial assets at fair value through other comprehensiv e income	Financial assets at amortized cost
Derivatives	323,898	—	—	—	—
Equity instruments	—	41	—	23,526	—
Debt securities	—	844	—	151,337	4,189,837
Loans and advances	—	658	—	—	116,936,050
Central banks	—	—	—	—	—
Credit institutions	—	—	—	—	*1,428,325*
Customers	—	*658*	—	—	*115,507,725*
Total	**323,898**	**1,543**	**—**	**174,863**	**121,125,887**

Hereafter, it is included the gross exposure of impaired financial assets by stages of impairment as of 30 June 2024 and 31 December 2023:

	Thousands of euros							
	30/06/2024				31/12/2023			
	Gross amount				Gross amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets at fair value through other comprehensive income	**504,113**	**—**	**—**	**504,113**	**151,377**	**—**	**—**	**151,377**
Debt instruments	504,113	—	—	504,113	151,377	—	—	151,377
Loans and advances	—	—	—	—	—	—	—	—
Central banks	—	—	—	—	—	—	—	—
Credit institutions	—	—	—	—	—	—	—	—
Customers	—	—	—	—	—	—	—	—
Financial assets at amortized cost	**115,639,563**	**6,595,575**	**2,823,764**	**125,058,902**	**116,699,915**	**4,049,096**	**2,512,918**	**123,261,929**
Debt instruments	4,337,426	—	—	4,337,426	4,189,866	—	—	4,189,866
Loans and advances	111,302,137	6,595,575	2,823,764	120,721,476	112,510,049	4,049,096	2,512,918	119,072,063
Central banks	—	—	—	—	—	—	—	—
Credit institutions	696,808	—	—	696,808	1,427,407	3,614	—	1,431,021
Customers	110,605,329	6,595,575	2,823,764	120,024,668	111,082,642	4,045,482	2,512,918	117,641,042
Total	**116,143,676**	**6,595,575**	**2,823,764**	**125,563,015**	**116,851,292**	**4,049,096**	**2,512,918**	**123,413,306**

During the second quarter of 2024, the Group updated its classification system for stage 2 operations, based on accumulated experience and backtesting exercises carried out in recent years. This update involved lowering the threshold for identifying a significant risk increase related to a rise in Probability of Default (PD) since the time of granting, now set at 200%.

This update resulted in a substantial increase in stage 2 exposure without implying greater overall risk for the portfolio. Consequently, it did not lead to an increase in provisions for the stage 2 classified portfolio. This change improves the profile of this portfolio, as the new stage 2 entries have lower PDs than those in stage 2 before the update.

b) Valuation adjustments for impairment of loans and advances

The following is the movement that has taken place, during the six-month periods ended 30 June 2024 and 2023, in the balance of provisions that cover losses due to impairment of assets which comprise the heading balance of financial assets at amortized cost:

	Thousands of euros	
	30/06/2024	30/06/2023
Balance at beginning of period	2,136,042	1,958,114
Net impairment losses charged to income for the period (*)	564,190	472,133
Of which:		
Impairment charges	*1,383,877*	*1,150,665*
Impairment losses reversed with a credit to income	*(819.687)*	*(678.532)*
Perimeter change	—	*(37.452)*
Write-off of impaired balances against recorded impairment allowance	*(334.304)*	*(365.268)*
Exchange differences and other (**)	(35.299)	2,170
Balance at the end of the period	**2,330,629**	**2,029,697**
Of which:		
Depending of their determination:		
Impaired assets	*1,576,021*	*1,267,267*
Other assets	*754,608*	*762,430*
Of which:		
Calculated individually	*155,223*	*158,728*
Calculated collectively	*2,175,406*	*1,870,969*

(*) These net impairment losses are recognized under "Impairment or reversal of impairment of financial assets not measured at fair value through profit and loss, net – Financial assets on amortized cost " in the accompanying half-yearly condensed consolidated income statements.

(**) It includes, solely for the purposes of breakdown and to facilitate the comparability of the information, the adjustments made for credit risk in the estimate of the initial fair value of the financial assets acquired in business combinations and included in this category, made during the six-month period.

Suspended assets recovered during the first six months of 2024 and 2023 amounted to 97,154 thousand of euros and 120,284 thousands of euros, respectively. These amounts are recorded in the "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss – Financial assets at amortized cost" item of the respective summarized consolidated semi-annual profit and loss accounts. Additionally, no losses due to renegotiation or contractual modifications were recognized in the profit and loss account. Considering these amounts, the recorded impairment of financial assets at amortized cost is 467,036 thousands of euros (351,849 thousands of euros in 2023).

The following movement of the loan loss provision broken down by impairment stage of loans and advances to customers recognized under "Financial assets at amortized cost" as at 30 June 2024 and 2023 has taken place:

	Thousands of euros			
	30/06/2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowances at the beginning of the period	453,705	266,237	1,413,375	2,133,317
Transfers between phases	(86,778)	138,829	363,506	415,557
Net change in exposure and changes in credit risk	7,869	(29,448)	170,496	148,917
Write-offs	—	—	(334,304)	(334,304)
Exchange differences and other	8	1,811	(37,052)	(35,233)
Carrying amount at period-end	**374,804**	**377,429**	**1,576,021**	**2,328,254**

	Thousands of euros			
	30/06/2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowances at the beginning of the period	476,717	250,728	1,228,609	1,956,054
Transfers between phases	(23,232)	15,779	287,863	280,410
Net change in exposure and changes in credit risk	33,760	(9,129)	166,338	190,969
Write-offs	—	—	(365,268)	(365,268)
Exchange differences and other	2,539	12,438	(50,275)	(35,298)
Carrying amount at period-end	**489,784**	**269,816**	**1,267,267**	**2,026,867**

In the first half of 2024 and 2023, the Group sold the following portfolios of written-off loans:

Company	Millions of euros	
	30/06/2024	30/06/2023
	Nominal value	Nominal value
Santander Consumer Bank AS (Norway)	73	101
Santander Consumer Finance OY (Finland)	18	23
Santander Consumer Bank S.P.A (Italy)	—	40
Santander Consumer Bank AG (Germany)	1	3
Financiera El Corte Inglés E.F.C., S.A. (Spain)	—	68
Santander Consumer Finance, S.A. (Spain)	174	125
Of which		
**Branch Spain in Netherlands*	4	4
Total	**266**	**360**

The sale price of the written-off loan portfolios made in the first half of the 2024 was 55 million euros (90 million euros as of 30 June 2023). The result obtained from these sales (profit) has been recorded as a credit to "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss – Financial assets at amortized cost" in the accompanying consolidated income statement.

c) Impaired assets at financial assets at amortized cost portfolio

The detail of the changes in the six-month periods ended 30 June 2024 and 2023 in the balance of financial assets classified as amortized cost and considered to be doubtful due to credit risk is as follows:

	Thousands of euros	
	30/06/2024	30/06/2023
Balance at the beginning of the period	2,512,918	2,180,048
Net additions	652,462	471,376
Written-off assets	(334,304)	(365,268)
Perimeter	—	(45,142)
Exchange differences and other	(7,312)	(22,768)
Balance at the end of the period	**2,823,764**	**2,218,246**

This amount, after deducting the related allowances, represents the Group's best estimate of the discounted value of the flows that are expected to be recovered from the non-performing assets.

d) Guarantees received

The following is a breakdown of the guarantees received value for the loans and receivables portfolio to ensure collection of financial assets classified as financial assets at amortized cost – loans and advances, identifying between real guarantees and other guarantees, as of 30 June 2024 and 31 December 2023:

	Thousands of euros	
	30/06/2024	**31/12/2023**
Real Guarantees value	44,039,761	42,401,631
Of which: Guarantees doubtful risks	*263,148*	*226,473*
Other guarantees value	868,054	834,729
Of which: Guarantees doubtful risks	*4,581*	*3,543*
Total value of the guarantees received	**44,907,815**	**43,236,360**

e) Fair value of financial assets not measured at fair value

Following is a comparison of the carrying amounts of the Group's financial assets measured at other than fair value and their respective fair values at 30 June 2024 and 31 December 2023:

	Thousands of euros			
	30/06/2024		**31/12/2023**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables	118,390,868	117,477,537	116,936,050	115,589,091
Central banks	—	—	—	—
Loans and advances to credit institutions	694,454	694,614	1,428,325	1,451,456
Loans and advances to customers	117,696,414	116,782,923	115,507,725	114,137,635
Debt securities	4,337,405	4,339,074	4,189,837	4,154,302
ASSETS	**122,728,273**	**121,816,611**	**121,125,887**	**119,743,393**

The main methods and inputs used in estimated of the fair values of the financial assets in the foregoing table are detailed in Note 44.c to the consolidated financial statements for 2023 and in Note 16 of these financial statements.

6. Non-current assets held for sale classified elements

The detail, by nature, of the Group's non-current assets held for sale at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of euros	
	30/06/2024	**31/12/2023**
Tangible asset	**81,473**	**65,281**
Of which:		
Foreclosed assets	6,747	5,199
Of which, real estate assets in Spain	*1,929*	*2,399*
Other tangible assets for sale	74,726	60,082

The balance of provisions as of 30 June 2024 is 11,894 thousand euros (15,491 thousand euros in December 2023). The provisions made during the first six months of 2024 and 2023 amounted to 5,885 and 2,400 thousand euros respectively and the recoveries made during those periods amounted to 5,738 and 1,830 thousand euros.

The following table shows the breakdown as of 30 June 2024 and 31 December 2023 of the foreclosed assets for the Spanish business:

Thousands of euros	30/06/2024		31/12/2023	
	Gross carrying amount	Accumulated impairment charges	Gross carrying amount	Accumulated impairment charges
Real estate assets arising from financing provided to construction and property development companies	—	—	—	—
Of which:	—	—	—	—
Completed Buildings	—	—	—	—
Residential	—	—	—	—
Other	—	—	—	—
Land	—	—	—	—
Development Land	—	—	—	—
Other land	—	—	—	—
Real estate assets from home purchase mortgage loans to households	9,970	8,213	14,214	12,025
Other real estate assets foreclosed or received in lieu of debt repayment	1,219	1,047	1,287	1,077
Total property assets	**11,189**	**9,260**	**15,501**	**13,102**

7. Tangible asset

a) Changes in the period

During the first six months of 2024 and 2023, the Group acquired tangible assets for 1,173,799 and 882,203 thousands of euros, respectively.

Likewise, during the first six months of 2024 and 2023, there were disposals of tangible assets whose sale was 369,544 and 241,828 thousand of euros, respectively, generating a net profit of 553 thousand of euros during the first half of 2024 and a net profit of 409 thousand euros during the first half of 2023.

As of June 2024, the Group has tangible assets under fiance lease for the amount of 246,763 thousand euros (261,736 thousand euros as of December 31, 2023).

b) Property, equipment and equipment commitments

As of 30 June 2024 and 2023, the Group had no significant purchase commitments for property, equipment and equipment.

8. Intangible asset

a) Goodwill

The detail of the balances recorded under the heading "Intangible assets – Goodwill" in the accompanying interim condensed consolidated balance sheets, based on the units giving rise there to, is as follows:

	Thousands of euros	
	30/06/2024	**31/12/2023**
Germany	1,297,469	1,297,469
Austria	98,074	98,074
Nordics (Scandinavia)	215,759	205,561
Netherlands	13,897	13,897
Spain	86,914	87,123
Portugal	2,681	2,681
Canada	10,909	10,909
	1,725,703	**1,715,714**

During the first half of 2024, goodwill increased by 9,989 thousand of euros due to the acquisition of "Santander Leasing AB" for 12,901 thousand of euros (Sweden) (see note 2), offset by currency exchange rate in Nordics (Scandinavia).

Note 14 to the consolidated annual accounts for the year ended 31 December 2023 includes detailed information on the procedures followed by the Group to analyze the potential impairment of the goodwill recognized with respect to its recoverable amount and to recognize the related impairment losses, where appropriate.

The accounting standard (IAS 36) requires that a Cash Generating Unit (CGU) to which goodwill has been allocated, should be subjected to an annual impairment test as long as there are signs of impairment.

Accordingly, based on the analysis performed of the available information on the performance of the various cash generating units which might evidence the existence of indicators of impairment, Grupo Santander´s directors concluded that in the first six months of 2024 no indicators of impairment existed (see note 1.d).

b) Other intangible assets

In the first half of 2024, impairment losses due to obsolescence of intangible assets have been recognized amounting to 3,952 thousands of euros, which have been recorded in the "Impairment or reversal of the impairment of non-financial assets – Intangible assets" of the condensed consolidated income statement. In the first half of 2023, impairment losses due to obsolescence of intangible assets have been recognized amounting to 384 thousands of euros, which have been recognized under "Impairment on non-financial assets, net – Intangible assets" in the condensed consolidated income statement.

9. Financial liabilities

a) Breakdown

The detail, by nature and category for measurement purposes, of the Group's financial liabilities other than the balances of "Hedging Derivatives" in the accompanying condensed consolidated balance sheets at 30 June 2024 an 31 December 2023 is as follows:

	Thousands of euros			Thousands of euros		
	30/06/2024			31/12/2023		
	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or	Financial liabilities at amortized cost	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities at amortized cost
Derivatives	242,306	—	—	343,594	—	—
Short positions	—	—	—	—	—	—
Deposits:	—	—	71,959,196	—	—	69,985,114
Central banks		—	*1,526,672*	—	—	*5,465,555*
Credit institutions	—	—	*16,861,948*	—	—	*15,675,219*
Customers	—	—	*53,570,576*	—	—	*48,844,340*
Debt securities	—	—	51,384,411	—	—	51,605,223
Other financial liabilities	—	—	2,189,941	—	—	1,800,791
Total	**242,306**	**—**	**125,533,548**	**343,594**	**—**	**123,391,128**

As of 30 June 2024, the conditional long-term financing balance of the European Central Bank's TLTRO (Targeted Longer-Term Refinancing Operation) amounts to 1,457 million of euros, corresponding to the total balance of the TLTRO III. As of 31 December 2023 the balance was 5,329 thousand of euros, with the main maturities and amortizations corresponding to Germany, Spain and Italy.

As of 30 June 2024, the expense recognized in the consolidated income statement for TLTROs III amounts to 81.9 million of euros (224.3 million of euros as of 30 June 2023).

b) Information on issues, repurchases or refunds of debt securities issued

The composition of the balance of debt securities issued based on their nature is:

	Thousands of euros	
	30/06/2024	**31/12/2023**
Bonds and debentures outstanding	39,192,204	37,145,196
Mortgage noted	—	—
Promissory notes and other securities	10,983,105	13,228,238
Subordinate bonds	1,209,102	1,231,789
Total debt securities issued	**51,384,411**	**51,605,223**

The table below contains the outstanding balance of debt securities that had been issued by the Bank or any other entity of the Group, excluding promissory notes as of June 30, 2024 and 2023. Likewise, a detail of the movement experienced during the first six months of 2024 and 2023 is shown:

	Thousands of euros					
	30/06/2024					
	Opening balance 01/01/2024	**Perimeter**	**Issuances of placements**	**Repurchases or redemptions**	**Exchange rate and other adjustments**	**Closing balance at 30/06/2024**
Bonds and obligations in circulation	37,145,196	—	8,162,546	(6,167,639)	52,101	39,192,204
Total bonds and debentures outstanding	**37,145,196**	**—**	**8,162,546**	**(6,167,639)**	**52,101**	**39,192,204**

	Thousands of euros					
	30/06/2023					
	Opening balance 01/01/2023	**Perimeter**	**Issuances of placements**	**Repurchases or redemptions**	**Exchange rate and other adjustments**	**Closing balance at 30/06/2023**
Bonds and obligations in circulation	31,242,461	(1,467,263)	4,471,884	(3,737,268)	(33,924)	30,475,890
Total bonds and debentures outstanding	**31,242,461**	**(1,467,263)**	**4,471,884**	**(3,737,268)**	**(33,924)**	**30,475,890**

At the Bank's General Shareholders' Meeting held on 20 March 2024, the Board of Directors was authorized to issue multi-currency fixed-income securities up to 45,000 million euros. Subsequently, the Board of Directors delegated these powers to the Bank's Executive Committee in its meeting on 22 May 2024. The Executive Committee, at its meeting on 6 June 2024, authorized the renewal of the "Euro Medium Term Notes" Issuance Program for a maximum outstanding nominal balance of 25,000 million euros.

In 2024, the Executive Committee, during its meeting on 6 June 2024, approved a new "Euro Commercial Paper" issuance program to replace the existing one, with a maximum outstanding nominal balance not exceeding 10,000 million euros. These fixed-income securities have a maturity ranging from a minimum of one day to a maximum of 364 days. This program was listed on the Irish Stock Exchange on 13 June 2024.

c) Other issues guaranteed by the Group

As of 30 June 2024 and 2023, there were no debt securities issued by associated entities or by third parties (outside the Group) that were guaranteed by the Bank or any other entity in the Group.

d) **Fair value of financial liabilities not measured at fair value**

Following is a comparison of the carrying amounts of the Group's financial liabilities measured at other than fair value and their respective fair values at 30 June 2024 and 31 December 2023:

	Millions of euros			
	30/06/2024		31/12/2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Short positions				
Deposits:	71,959,196	72,101,572	69,985,114	69,993,948
Central banks	1,526,672	1,542,650	5,465,555	5,487,117
Credit institutions	16,861,948	16,900,517	15,675,219	15,862,282
Customers	53,570,576	53,658,405	48,844,340	48,644,549
Debt instruments	51,384,411	51,456,791	51,605,223	51,579,484
Liabilities	**123,343,607**	**123,558,363**	**121,590,337**	**121,573,432**

Other financial liabilities amounting to 2,189,941 thousands of euros and 1,800,791 thousands of euros are also recognized in June 2024 and December 2023, respectively.

The main valuation methods and inputs used to estimate the fair value of the Group's financial liabilities are detailed in Note 44.c of the 2023 consolidated financial statements and Note 16 of these interim financial statements.

10. Provisions

The detail of "Provisions" in the accompanying condensed consolidated balance sheets as at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of euros	
	30/06/2024	31/12/2023
Provisions for pensions and other post-retirement obligations	443,357	453,105
Provisions and other long-term employee remuneration	31,511	30,282
Provisions for taxes and other legal contingencies	36,382	37,066
Commitments assumed and guarantees conferred	19,983	21,058
Other provisions	163,177	125,947
Total	**694,410**	**667,458**

The balance of the headings "Provisions for taxes and other legal contingencies" and "Other provisions" includes provisions for restructuring and tax litigation and legales and claims relating to consumer credit agreements mainly in Germany and Spain. Have been estimated using calculation procedures, consistent with the conditions of uncertainty inherent in the obligations they cover, the final moment of the exit of resources that incorporate economic benefits for the Group for each of the obligations is determined in some cases without a fixed period of cancelation, and in other cases, depending on the ongoing litigation. In addition, as of 30 June 2024 under the heading "Remaining provisions" includes the amount of provisions for the restructuring costs of the Group's business, mainly in Germany, which are pending incurrence.

As of 30 June 2024, the balance under the heading "Provisions or reversal of provisions" of the accompanying consolidated summary income account includes mainly envelopes made in the period by SANTANDER CONSUMER BANK AG (Germany), for 59,287 thousand euros for restructuring expenses.

The main legal processes affecting the Group are the following:

Swiss Francs Mortgage Portfolio (CHF) in Poland: 3 October 2019, the CJEU resolved a question for a preliminary ruling in connection with a court proceeding against a bank not linked to the Santander Group, declaring certain terms in the loan agreements indexed to CHF unfair. The CJEU has left it up to the Polish courts to decide whether the contract can continue to exist without the unfair term, in which case they will have to decide whether the effects of the annulment of the contract are detrimental to consumers. If the contract is still in force, the court may only integrate it with supplementary provisions of national law and decide on the applicable rate in accordance with those provisions.

In 2021, the Supreme Court was expected to take a position on key issues in disputes related to foreign currency-based loans, clarifying discrepancies and unifying jurisprudence. The Supreme Court met several times, with the last session taking place on 2 September 2021. However, the Supreme Court has not ruled on the issue and has instead referred questions to the CJEU for a preliminary ruling on certain constitutional aspects of the Polish judicial system. A new hearing has not been set and a comprehensive pronouncement of the Supreme Court on this matter is not expected in the short term. In the absence of a pronouncement by the Supreme Court, it is difficult to expect full unification of the decisions handed down by the courts, so it will be the decisions of the Supreme Court and the CJEU on individual issues that will shape the case law on this matter.

On 15 June 2023, the European Court of Justice (CJEU) passed judgement on case C-520/21 confirming that national law must be applied to determine the effects of the declaration of nullity of an agreement, in view of the principles deriving from Directive 93/13/EEC. The CJEU also found that, in the event of the termination of a loan agreement due to the annulment of an abusive clause, bank claims for reimbursement exceeding the nominal amount of loan principal and, if applicable, late-payment interest are contrary to the aims of Directive 93/13/EEC, since this would allow a similar profit to be made as that which would arise from the normal enforcement of the agreement, thus eliminating the deterrent effect.

The CJEU also found that, under European legislation, there is nothing to prevent consumers from claiming an indemnity from the bank exceeding the reimbursement of instalments paid, although it stipulated that such claim must be assessed in the light of all circumstances affecting the case, such that any benefits for consumers arising from the nullity of the agreement may not exceed the amount necessary to restore the factual and legal situation the consumer would be in had the defective agreement not been signed, and may not be an excessive penalty for the professional (proportionality principle).

On April 25, 2024, the Civil Division of the Supreme Court issued a judgment stating that: (i) if a clause regarding the method of fixing the exchange rate of a foreign currency is declared abusive and non-binding, based on current case law it cannot be replaced by another clause determining an alternative method of fixing the exchange rate; (ii) if it is not possible to set an exchange rate that is binding on the parties, the contract will not be binding. Furthermore, with regard to issues related to the cancellation of the contract, the Supreme Court notes that: (i) as a result of the invalidity of the contract, if the bank has paid all or part of the loan amount to the borrower and the borrower has made repayments of the loan, independent claims arise for the reimbursement of the respective payments in favor of each party (the so-called two-condition theory); (ii) the limitation period for the bank's claim for reimbursement of amounts paid under the contract begins on the day after the day on which the borrower challenged the validity of the terms of the contract; (iii) there is no legal basis for either party to claim interest or other considerations for the use of its funds in the period between the undue payment and the date on which reimbursement is due. The criteria set by the Supreme Court in this latest judgment could qualify the previous pronouncements described above. Nine Supreme Court judges did not participate in the resolution because they raised questions of a constitutional nature and six judges presented dissenting opinions mainly on questions related to the maintenance of the agreement after the elimination of abusive clauses. The justification of the aforementioned judgment is still pending publication.

Santander Consumer Bank S.A. (Poland) estimates legal risk using a model that considers different possible outcomes and regularly reviews judgments on this matter in order to verify changes in jurisprudence.

As of 30 June 2024, Santander Consumer Bank S.A. (Poland) records a portfolio of loans denominated in or indexed to CHF for an approximate amount of PLN 1,341 (311 million euros). On the same date, a provision of PLN 1,341 million (311 million euros) is recognized for the CHF mortgage portfolio. The amount adjusted against the profit and loss account in the first half of 2024 was PLN 562.7 million (EUR 130.6 million). These provisions reflect the best estimate as of 30 June 2024. Santander Consumer Bank, S.A (Poland) will carry on monitoring and assessing the suitability of these provisions.

In December 2020, the KNF announced a high-level proposal on voluntary arrangements between banks and borrowers whereby loans denominated in Swiss francs would be subject to settlement as zloty loans bearing interest indexed to the WIBOR rate plus the applicable spread. Following the CJEU's judgement of 15 June 2023, the KNF stated that banks should continue to reach agreements with borrowers within the framework of the above-mentioned proposal. The Bank has prepared agreement proposals that take into account both the key aspects of the conversion of CHF mortgage loans, as proposed by the KNF's chairperson, and the Bank's internally defined terms and conditions. The proposals will be presented to customers. The approach currently followed to calculate provisions for legal risks takes this information into consideration.

The Group's stake in Santander Consumer Bank, S.A. (Poland) was accounted for using the equity method and at 30 June 2023 was 40%.

Note 21 of the report of the Group's consolidated annual accounts for the financial year 2023 describes the main tax risks that affected the Group at that date.

During the first half of 2024, there have been no significant variations in the aforementioned and no litigation or tax audits have been initiated against the Group that could have a significant effect on the interim financial statements, other than those described in this note.

The amount of payments arising from other litigation made by the Group during the first half of 2024 and 2023 in relation to these condensed consolidated interim financial statements is not significant.

11. Shareholder's equity

In the six-month periods ended 30 June 2024 and 2023, there were no other quantitative or qualitative changes in the Group's equity other than those indicated in the accompanying consolidated statements of changes in total equity.

a) Share Capital

As of 30 June 2024 and 31 December 2023, the Bank's share capital consisted of 1,879,546,172 fully subscribed and paid registered shares of 3 euros par value each, all with the same voting and dividend rights.

As of 30 June 2024 and 31 December 2023, Banco Santander, S.A. held 1,879,546,152 shares and Cántabro Catalana de Inversiones, S.A. 20 shares.

b) Breakdown of other comprehensive income - Items not reclassified to profit or loss and Items that may be reclassified to profit or loss

	Thousands of euros	
	30/06/2024	**31/12/2023**
Other comprehensive income accumulated	**(701,003)**	**(678,242)**
Items not reclassified to profit or loss	***(45,549)***	***(50,982)***
Actuarial gains or losses on defined benefit pension plans	(56,824)	(61,399)
Non-current assets and disposal groups held for sale	—	—
Shares in other income and expenses recognised in investments, joint ventures and associates	213	199
Other valuation adjustments	—	—
Changes in fair value of equity instruments measured at fair value with changes in other comprehensive income	11,062	10,218
Items that may be reclassified into profit and loss	***(655,454)***	***(627,260)***
Hedge of net investments in foreign business (effective portion)	41,775	37,543
Exchange differences	(668,646)	(634,720)
Hedging derivatives. Cash flow hedges (effective portion)	(7,684)	(2,512)
Changes in fair value of debt instruments measured at fair value with changes in other comprehensive income	(2,301)	(60)
Hedging instruments (items not designated)	—	—
Non-current assets and disposal held for sale	—	—
Share in other income and expenses recognised in investments, joint ventures and associates	(18,598)	(27,511)

c) Other comprehensive income – items not reclassified to profit or loss – actuarial gains or losses in defined benefit pension plans

The balance of Other comprehensive income - Items not reclassified to profit or loss - Actuarial gains or losses on defined benefit pension plans include the actuarial gains or losses generated in the period and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), less the administrative expenses and taxes inherent to the plan, and any change in the effect of the asset ceiling. Its variation is shown in the condensed consolidated statement of recognized income and expense.

During the first six months of 2024, actuarial losses (net of actuarial gains) on defined benefit pension plans amounts to 8 million, mainly due to the increase in the German interest rate (3.57 per cent to 3.74 per cent).

d) Other comprehensive income – items that can be reclassified into profit or loss – net investment hedges in foreign business (effective share) and foreign exchange conversion

Other comprehensive income - Items that may be reclassified to profit or loss - Hedges of net investments in foreign operations (effective portion) includes the net amount of the changes in value of hedging instruments in hedges of net investments in foreign operations, in respect of the portion of these changes considered to be effective hedges.

Other comprehensive income - Items that may be reclassified to profit or loss - Exchange differences present the net amount of exchange differences arising from non-monetary items whose fair value is adjusted with a balancing entry in equity and from the translation into euros of the balances of consolidated entities whose functional currency is not the euro.

12. Segment ed information

This primary level of segmentation, which is based on the Group's management structure, comprises six segments relating to four operating areas. The operating areas, which include all the business activities carried on therein by the Group, are Spain and Portugal, Italy, Germany, Scandinavia, France and Other. Note 45 to the Group's consolidated financial statements for the year ended 31 December 2023 includes the corresponding segment information for 2023 and 2022.

In accordance with the requirements of Circular 5/2015 of the Comisión Nacional del Mercado de Valores, below, the detail by the geographical arear indicated in the before aforementioned Circular of the balance of Interest income for the six-month periods ended 30 June 2024 and 2023 is as follows:

Geographical area	Interest income and similar income by Geographical Area (Thousands of euros)			
	Individual		Consolidated	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Spain	461,056	341,797	737,899	635,401
Abroad:				
European Union	567,110	312,141	2,391,961	1,751,890
OECD countries	8,117	1,928	653,246	540,872
Other countries	11,944	8,330	—	—
	587,171	322,399	3,045,207	2,292,762
Total	**1,048,227**	**664,196**	**3,783,106**	**2,928,163**

Following is the breakdown of revenue by the geographical segments used by the Group. For the purposes of the table below, revenue is deemed to be that recognized under “Interest income”, “Dividend income”, “Commission income”, “Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net”; “Gain or losses on financial assets and liabilities held for trading, net”; “Gain or losses and financial liabilities measured at fair value through profit or loss, net”; “Gain or losses from hedge accounting net”; and “Other operating income” in the accompanying consolidated income statements for the six-month periods ended 30 June 2024 and 2023:

Segments	Revenue (thousands of euros)					
	Revenue from external customers		Inter-segment revenue		Total revenue	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Spain and Portugal	853,205	772,516	568,547	305,127	1,421,752	1,077,643
Italy	675,603	417,679	20,929	13,819	696,532	431,498
Germany	1,442,240	1,154,133	373,862	272,632	1,816,102	1,426,765
Nordics (Scandinavia)	687,383	582,850	22,328	26,067	709,711	608,917
France	677,929	544,039	389,983	287,485	1,067,912	831,524
Rest	399,670	382,272	218,723	138,478	618,393	520,750
Inter-segment adjustments and eliminations	—	—	(1,594,372)	(1,043,608)	(1,594,372)	(1,043,608)
Total	**4,736,030**	**3,853,489**	**—**	**—**	**4,736,030**	**3,853,489**

Likewise, following is the reconciliation of the Group's consolidated profit before tax for the six-month periods ended 30 June 2024 and 2023, broken down by business segment, to the profit before tax per the condensed consolidated income statements for these periods:

Segments	Consolidated profit (Thousands of euros)	
	30/06/2024	30/06/2023
Spain and Portugal	50,448	67,832
France	133,966	171,503
Italy	51,276	62,280
Germany	123,412	101,692
Nordics (Scandinavia)	122,317	136,985
Rest	19,709	98,183
Total result of reported segments	**501,128**	**638,475**
(+/-) Unallocated profit/loss	—	—
(+/-) Elimination of inter-segment profit/loss	—	—
(+/-) Other profit/loss	—	—
(+/-) Income tax and/or profit from discontinued operations	212,508	242,239
Profit before taxes	**713,636**	**880,714**

13. Related parties

The Group's related parties are deemed to include, in addition to its subsidiaries, associates and jointly controlled entities, the Bank's “key management personnel” (the members of its Board of Directors and its senior managers, together with their close family members) and the entities over which the key management personnel may exercise significant influence or control.

Following is a detail of the transactions performed by the Group with its related parties in the first six months of 2024 and 2023, distinguishing between significant shareholders, members of the Bank's Board of Directors, the Bank's executive vice presidents, Group entities and other related parties, including the entities from Grupo Santander.

Related party transactions were made on terms equivalent to those that prevail in arm's-length transactions or, when this was not the case, the related compensation in kind was recognized:

Expenses and income	Thousands of euros				
	30/06/2024				
	Significant shareholders	**Directors and executives**	**Group Companies or Entities**	**Other Related Parties (*)**	**Total**
Expenses:					
Financial expenses	184,507	—	186	208,499	393,192
Leases	—	—	—	—	—
Services received	40	—	—	—	40
Purchase of goods	—	—	—	—	—
Other expenses	23,860	—	1,826	73,023	98,709
	208,407	**—**	**2,012**	**281,522**	**491,941**
Income:					
Financial income	91,798	—	3,269	—	95,067
Dividends received	—	—	—	—	—
Services rended	—	—	285	5,300	5,585
Sale of goods (finished or in progress)	—	—	—	—	—
Other income	124,098	—	69,980	18,871	212,949
	215,896	**—**	**73,534**	**24,171**	**313,601**

(*) This includes basically the income and expenses relating to Santander Group companies that do not belong to the Santander Consumer Finance Group and to other related parties.

Other transactions	Thousands of euros				
	30/06/2024				
	Significant shareholders	**Directors and executives**	**Individuals, Group companies or entities**	**Other Related Parties (*)**	**Total**
Financing agreements: Loans and capital contributions (lender)	(995,477)	—	(6,950)	4,090	(998,337)
Financing agreements: Loans and capital contributions (borrower)	911,624	—	(5,260)	446,291	1,352,655
Guarantees provided	306	—	—	—	306
Guarantees received	—	—	—	—	—
Obligations acquired	(174)	—	—	(128)	(302)
Dividends and other distributed profits	—	—	—	—	—
Other transactions	(196,097)	—	(6,405)	28,112	(174.,90)

(*) This includes basically the income and expenses relating to Santander Group companies that do not belong to the Santander Consumer Finance Group and to other related parties.

Period end closing balances	Thousands of euros				
	30/06/2024				
	Significant shareholders	Directors and executives	Individuals, Group companies or entities	Other Related Parties (*)	Total
Debit balances:					
Clients and commercial debtors	—	—	—	—	—
Loans and credits granted	208,335	—	174,665	7,173	390,173
Other collection rights	823,119	—	10,883	33,547	867,549
	1,031,454	**—**	**185,548**	**40,720**	**1,257,722**
Credit balances:					
Suppliers and creditors granted		—	—	—	—
Loans and credits received	1,705,770	—	32,613	11,916,985	13,655,368
Other payment obligations	9,950,865	—	33,414	121,714	10,105,993
	11,656,635	**—**	**66,027**	**12,038,699**	**23,761,361**

Expenses and income	Thousands of euros				
	30/06/2023				
	Significant shareholders	Directors and executives	Individuals, Group companies or entities	Other Related Parties (*)	Total
Expenses:					
Financial costs	101,714	—	—	160,551	262,265
Leases	—	—	—	—	—
Services received	25	—	—	—	25
Purchase of goods (finished or in progress)	—	—	—	—	—
other expenses	18,682	—	2,086	63,493	**84,261**
	120,421	**—**	**2,086**	**224,044**	**346,551**
Income:					
Financial income	91,784	—	1,091	—	92,875
Dividends received	—		—	—	—
Services rendered	111	—	294	2,794	3,199
Sale of goods (finished or in progress)	—		—	—	—
Other income	295,029	—	64,498	17,325	376,852
	386,924	**—**	**65,883**	**20,119**	**472,926**

(*) This includes basically the transactions performed with Santander Group companies that do not belong to the Santander Consumer Finance Group and with other related parties.

Other transactions	Thousands of euros				
	30/06/2023				
	Significant shareholders	Directors and executives	Individuals, Group companies or entities	Other Related Parties (*)	Total
Financing agreements: loans and capital contributions (lender)	2,153,475	—	(20,419)	8,758	2,141,813
Financing agreements: Loans and capital contributions (borrower)	(6,085,017)	—	(46,448)	9,507,532	3,376,067
Guarantees provided	8,384	—	—	—	8,384
Guarantees received	—	—	—	—	—
Obligations acquired	(3,384)	—	—	—	(3,384)
Dividends and other distributed benefits	—	—	—	—	—
Other operations	(2,428,012)	—	1,508	5,404	(2,421,100)

(*) This includes basically the transactions performed with Santander Group companies that do not belong to the Santander Consumer Finance Group and with other related parties.

Balances Closing of the period	Thousands of euros				
	30/06/2023				
	Significant shareholders	Directors and executives	Individuals, Group companies or entities	Other Related Parties (*)	Total
Debt balances:					
Customers and commercial debtors	—	—	—	—	—
Loans and credits granted	1,203,812	—	181,616	3,083	1,388,511
Other collection rights	1,027,832	—	8,532	23,792	1,060,156
	2,231,644	**—**	**190,148**	**26,875**	**2,448,667**
Credit balances:					
Suppliers and creditors granted	—	—	—	—	—
Loans and credits received	794,146	—	37,873	11,470,695	12,302,714
Other payment obligations	9,959,482	—	24,660	140,068	10,124,210
	10,753,628	**—**	**62,533**	**11,610,763**	**22,426,924**

14. Off-balance sheet exposures

The off-balance-sheet exposures related to balances representing loans commitments financial guarantees and other commitment granted (revocable and non revocable).

Financial guarantees granted includes financial guarantees contracts such as financial bank guarantees, credit derivatives, and risks arising from derivatives granted to third parties; non financial guarantees include other guarantees and irrevocable documentary credits.

Contingent commitments provided includes all off-balance-sheet exposures, which are not classified as guarantees provided, including drawable by third parties.

	Thousands of euros	
	30/06/2024	31/12/2023
Loan commitments granted	**24,791,883**	**24,299,144**
Of which doubtful	*31,422*	*26,138*
Financial guarantees granted	**91,651**	**90,030**
Of which doubtful	—	—
Bank sureties	91,651	90,030
Credit derivatives sold	—	—
Other commitments granted	**1,307,514**	**1,253,547**
Of which doubtful	*568*	*1,716*
Other granted guarantees	625,982	597,501
Other	681,532	656,046

The breakdown of the off-balance sheet exposures and impairment granted as of 30 June de 2024 and 31 December 2023 by impairment phases is 25,522,130 thousands of euros and 25,528,907 thousands of euros of exposure and 16,501 and 17,299 thousands of euros of provision fund in stage 1, 636,928 thousands of euros and 85,960 thousands of euros of exposure and 1,928 thousands of euros and 1,270 thousands of euros of provision fund in stage 2, and 31,990 thousands of euros and 27,854 thousands of euros of exposure and 1,554 thousands of euros and 2,489 thousands of euros of provisioning fund in stage 3, respectively.

15. Average headcount and number of offices

The average number of employees at the Group and at the Bank, by gender, in the six-month periods ended 30 June 2024 and 2023 is as follows:

	Bank		Other		Group	
	30/06/2024	**30/06/2023**	**30/06/2024**	**30/06/2023**	**30/06/2024**	**30/06/2023**
Men	550	565	5,510	5,215	6,060	5,780
Women	568	552	5,366	5,477	5,934	6,029
	1,118	**1,117**	**10,876**	**10,692**	**11,994**	**11,809**

The average number of offices as of June 30, 2024 and 2023 is as follows:

Number of branches	Group	
	30/06/2024	**30/06/2023**
Spain	46	47
Foreign	241	263
	287	**310**

16. Other disclosures:

a) Valuation techniques for financial assets and liabilities

The following table shows a summary of the fair values, at 30 June 2024 and 31 December 2023, of the financial assets and liabilities indicated below, classified on the basis of the various measurement methods used by the Group to determine their fair value:

	Thousands of euros					
	30/06/2024			31/12/2023		
	Published price quotations in active markets	Internal models (*)	Total	Published price quotations in active markets	Internal models (*)	Total
Financial assets held for trading	—	227,586	**227,586**	—	323,898	**323,898**
Non-trading financial assets mandatorily at fair value through profit or loss	7	1,377	**1,384**	4	1,539	**1,543**
Financial assets designated at fair value through profit or loss	—	—	**—**	—	—	**—**
Financial assets at fair value through other comprehensive income	519,054	9,416	**528,470**	165,936	8,927	**174,863**
Derivatives – Hedge Accounting (asset)	—	231,047	**231,047**	—	390,497	**390,497**
Financial liabilities held for trading	—	242,306	**242,306**	—	343,594	**343,594**
Financial liabilities designated at fair value through profit or loss	—	—	**—**	—	—	**—**
Derivatives – Hedge Accounting (Liabilities)	—	304,132	**304,132**	—	440,267	**440,267**
Liabilities under insurance or reinsurance contracts	—	—	**—**	—	—	**—**

(*) Substantially all of the main variables (inputs) used by the models are obtained from observable market data (Level 2, pursuant to IFRS 13, Fair value measurement).

Financial instruments at fair value, determined on the basis of published price quotations in active markets (Level 1), or whose valuation is based on models or techniques that use directly or indirectly observable data (Level 2), include government debt securities, private-sector debt securities, derivatives traded in organized markets, securitized assets, shares, short positions and fixed-income securities issued.

In cases where price quotations cannot be observed, management makes its best estimate of the price that the market would set, using its different models. In order to make these estimates, various techniques are employed, including the extrapolation of observable market data. In general, the best evidence of the fair value of a financial instrument on initial recognition is the transaction price, as well as the fair value of the instrument that can be obtained from other market transactions performed with the same or similar instruments or can be measured by using a valuation technique in which the variables used include observable market data, such as interest rates.

Most of the instruments recognized at fair value in the consolidated balance sheet, calculated using internal models, are interest rate swaps (IRSs) and cross currency swaps, which are measured using discounted cash flows by the present value method. This valuation method is also used to calculate the fair value of certain financial instruments measured at amortized cost in the balance sheet. Expected future cash flows are discounted using the yield curves of the related currencies. In general, the yield curves are developed by observable market data and, therefore, this valuation method does not include the use of assumptions that could have a significant effect on the calculation of the fair value of these financial instruments.

Instruments whose valuation models depend on unobservable variables in listed markets, (Level 3), can consider aspects such as the terms of the underlying contracts, prepayment rates or even information extracted from the markets, seeking not to incorporate significant subjectivity.

The Group did not make any material transfers of financial instruments between one measurement method and another in the first half of 2024. Also, there were no changes in the valuation technique used to measure financial instruments.

Santander Group to which Santander Consumer Group belongs has developed a formal process for the systematic valuation and management of financial instruments, which has been implemented worldwide across all the Group's units. The governance scheme for this process distributes responsibilities between two independent divisions: Financial Management (in charge of management of financial products) and Risk (on a periodic basis, monitoring of pricing models and market data, computation of risk metrics, new transaction approval policies, market risk control and implementation of fair value adjustment policies).

The approval of new products follows a sequence of steps (request, development, validation, integration in corporate systems and quality assurance) before the product is brought into production. This process ensures that pricing systems have been properly reviewed and are stable before they are used.
The most important products and families of derivatives, and the related valuation techniques and inputs, by asset class, are detailed below:

Interest Rate and Fixed Income

The range of fixed income instruments includes simple instruments, such as interest rate and cross-currency swaps, which are measured using estimated cash flow projections that are then discounted to present value by factoring in the basis spread (swap and cross currency), depending on the frequency of the payments and currency in which each leg of the derivative is denominated.

The inputs used in these valuation models are market-observable data such as deposit rates, futures, cross-currency swap rates and basis spreads. These inputs can be used to calculate different interest rate curves, depending on the frequency of the related payments, as well as discount curves for each currency.

Fixed income instruments include products, such as bonds, treasury bills or promissory notes, whose valuation, as described above, can be made by observing their price in listed markets, models built from observable data or other techniques in the cases in which neither of the two previous alternatives is possible.

Exchange rate

The most important products within this asset class are forward and futures contracts and include vanilla and over-the-counter (OTC) derivatives written over exchange rates.

The inputs used in the exchange rate valuation models include interest rate curves for each currency and spot exchange rates.

If necessary and in order to reflect the counterparty risk in the valuation of the instruments, there are certain valuation adjustments, such as the Credit Valuation Adjustment (CVA), and the Debt Valuation Adjustment (DVA).

The Credit Valuation Adjustment (CVA) is a haircut applied to OTC derivatives to factor in the risk associated with the credit exposure assumed by each counterparty.

The CVA is calculated by factoring in the potential future exposure to each counterparty at each delivery or settlement date. The CVA for a given counterparty is equal to the sum of CVAs for all term dates. The following inputs are used for calculation purposes:

– Expected future exposure: including, for each transaction, the current market value (MtM) as well as the potential future exposure (add-on profile) for each term. The calculation also takes into consideration credit mitigation arrangements such as collateral and netting agreements as well as a time decay factor for derivatives with interim payments.

– Severity: final loss assumed in the event of a credit event/default by the counterparty expressed in percentage terms.

– Probability of default: when market data are not available (listed spread curve derived from CDSs, etc.), ratings- based probabilities are used (preferably internal ratings models).

– Discount factor curve.

The Debt Valuation Adjustment (DVA) is similar to the CVA but reflects the Group's own credit risk, assumed by its counterparties in respect of OTC derivatives.

Set forth below are the financial instruments at fair value whose measurement was based on internal models (Level 2) at 30 June 2024 and 31 December 2023:

	Thousands of euros			
	Fair values calculated using Internal Models As at 30/06/2024 (level 2)	Fair values calculated using Internal Models As at 30/06/2024 (level 3)	Valuation techniques	Main assumptions
ASSETS:				
Non-current assets held for trading	**227,585**	**—**		
Trading Derivatives	227,585	—		
Swaps	*183,497*	—	Present value method	Interest rate curves, Fx market prices, Basis
Interest rate options	*43,287*	—	Black Scholes SLN	Interest rate curves, volatility surface
Others	*801*	—	Present value method	Interest rate curves, market prices Fx, Basis
Hedging Derivatives	**231,047**	**—**		
Swaps	*192,249*	**—**	Present value method	Interest rate curves, Fx market prices, Basis
Others	*38,798*	—	Present value method	Interest rate curves, Fx market prices, Basis
Non-trading financial assets mandatorily at fair value through profit or loss	**—**	**1,377**		
Equity Instruments	—	*36*		
Debt securities	—	*637*	Present value method	Interest rate curves, market prices Fx, Basis
Loans and advances	—	*705*	Present value method	Interest rate curves, market prices Fx, Basis
Financial assets at fair value through other comprehensive income	**2,013**	**7,403**		
Equity Instruments	*2,013*	*7,403*	Present value method	Interest rate curves, market prices Fx, Basis
Debt securities	**—**	—		
Loans and advances	**—**	—		
TOTAL ASSETS	**460,645**	**8,780**		
LIABILITIES:				
Financial liabilities held for trading	**242,306**	**—**		
Trading Derivatives	242,306	—		
Swaps	*199,585*	—	Present value method	Interest rate curves, Fx market prices, Basis
Interest rate options	*42,048*	—	Black Sholes SLN	Interest rate curves, volatility surface
Others	*673*	—	Present value method	Interest rate curves, market prices Fx, Basis
Hedging Derivatives	**304,132**	**—**		
Swaps	*251,105*	**—**	Present value method	Interest rate curves, Fx market prices, Basis
Others	*53,027*	**—**	Present value method	Interest rate curves, Fx market prices, Basis
TOTAL LIABILITIES	**546,438**	**—**		

	Thousands of euros			
	Fair values calculated using Internal Models As at 31/12/2023 (level 2)	Fair values calculated using Internal Models As at 31/12/2023 (level 3)	Valuation techniques	Main assumptions
ASSETS:				
Non-current assets held for trading	**323,898**	**—**		
Trading Derivatives	323,898	—		
Swaps	*274,279*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Interest rate options	*48,219*	—	*Black Sholes SLN*	*Interest rate curves, volatilities*
Others	*1,400*	—	*Present value method*	*Interest rate curves, volatility surface*
Hedging Derivatives	**390,497**	**—**		
Swaps	*363,717*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Others	*26,780*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Non-trading financial assets mandatorily at fair value through profit or loss	**—**	**1,539**		
Equity Instruments	—	*36*		
Debt securities	—	*844*	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Loans and advances	—	*658*	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Financial assets at fair value through other comprehensive income	**1,772**	**7,155**		
Equity securities	*1,772*	*7,155*	*Present value method*	*Interest rate curves, market prices Fx, Basis*
TOTAL ASSETS	**716,167**	**8,694**		
LIABILITIES:				
Financial liabilities held for trading	**343,594**	**—**		
Trading Derivatives	343,594	—		
Swaps	*286,862*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Exchange rate options	—	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Interest rate options	*48,240*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Others	*8,492*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Hedging Derivatives	**440,267**	**—**		
Swaps	*331,881*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
Others	*108,386*	—	*Present value method*	*Interest rate curves, market prices Fx, Basis*
TOTAL LIABILITIES	**783,861**	**—**		

b) Forbearance and restructured transactions

The following forms are used with the meanings specified below:

- Forbearance transaction: transaction granted or used for reasons relating to -current or foreseeable- financial difficulties the borrower may have in repaying one or more of the transactions granted to it, or through which the payments on such transactions are brought fully or partially up to date, in order to enable the borrowers of cancelled or refinanced transactions to repay the debt (principal and interest) because the borrower is unable, or might foreseeably become unable, to comply with the conditions thereof in due time and form.

- Restructured transaction: transaction with respect to which, for economic or legal reasons relating to current or foreseeable financial difficulties of the borrower, the financial terms and conditions are modified in order to facilitate the payment of the debt (principal and interest) because the borrower is unable, or might foreseeably become unable, to comply with the aforementioned terms and conditions in due time and form, even if such modification is envisaged in the agreement. In any event, operations in which a release of debt is performed or assets are received to reduce the debt, or in which the conditions are modified to extend their maturity period, or in which the amortization table is modified to reduce the scheduled debt repayments in the short term or reduce their frequency, or establish or lengthen the deferral of principal period, interest or both, except when it can be proven that the conditions are modified for reasons other than the financial difficulties of the holders and are analogous to those applied in the market on the date of their modification to operations granted to holders with a similar risk profile.

For maximum guarantees amount, we will consider as follows:

- Real guarantees: the appraisal amount or valuation amount of the real guarantees received; for each transactions will be as maximum the covered amount of exposure.

- Personal guarantees, maximum amount guarantors will have to pay if the guarantee is implemented.

The renewals can be long or short term (less than two years). Renewals with terms not exceeding two years will be considered when the borrower meets the following criteria:

a. That it experiences temporary liquidity restrictions, for which the client's recovery will be evident in the short term.

b. That the application of long-term renewal measures was not effective given the temporary financial uncertainty of a general or specific nature of the client.

c. That it has been complying with the contractual obligations before the renewal.

d. That demonstrates a clear willingness to cooperate with the entity.

As a consequence of the analysis carried out, both of the client's situation and of the characteristics of the forwarding operation used, it must be ensured that the forwarding will facilitate the reduction of the customer's debt, and therefore it will be viable. In this sense, to assess the viability of the operation, the following will be taken into account:

a. That it can be demonstrated with evidence that the proposed renewal is within the client's reach, which means the full reimbursement is expected.
b. The payment by the client of the outstanding amounts, in full or for the most part, and the considerable reduction of the exposure in the medium-long term.
c. If there are successive renewals, internal controls will be carried out to ensure that those measures meet the viability criteria described in this section and the limits specified in section 2.1.9 of this policy will be observed in relation to successive renewals.

d. In the application of short-term renewal measures, it may be evidenced that the client has sufficient payment capacity to meet the debt, principal and interest, once the term of application of the temporary renewal has ended.
e. The measure does not give rise to the successive application of several refinancing or restructuring measures for the same exposure.

In the event that operations are carried out that do not comply with the foregoing, they will be considered non-viable operations. It will be necessary to distinguish them from those considered viable.

	30/06/2024 (thousands of euros)													
	Total							Of which: Doubtful						
	Without collateral		With collateral				Accumulated impairment or accumulated fair value losses due to credit risk	Without collateral		With collateral				Accumulated impairment or accumulated fair value losses due to credit risk
					Maximum amount of collateral that can be considered							Maximum amount of collateral that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Property guarantee	Other collateral		Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Property guarantee	Rest of guarantee	
Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public sector	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other financial institutions and individual shareholders)	22	225	17	258	—	168	168	17	173	12	183	—	107	163
Non-financial institutions and individual shareholders	4,133	46,383	2,650	32,130	3,182	17,962	23,698	2,749	24,746	1,619	14,474	1,504	5,869	22,309
Of which: Financing for constructions property development	36	308	3	23	—	7	136	21	159	2	10	—	7	124
Rest of households	61,251	434,915	5,116	80,142	16,799	41,304	187,065	35,287	254,988	2,471	37,132	7,091	16,115	169,395
Total	**65,406**	**481,523**	**7,783**	**112,530**	**19,981**	**59,434**	**210,931**	**38,053**	**279,907**	**4,102**	**51,789**	**8,595**	**22,091**	**191,867**
ADDITIONAL INFORMATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financing classified as non-current assets and included disposal groups as classified as held for sale	—	—	—	—	—	—	—	—	—	—	—	—	—	—

	31/12/2023 (thousands of euros)													
	Total							Of which: doubtful						
	Without collateral		With collateral				Accumulated impairment or losses at fair value due to credit risk	Without collateral		With collateral				Accumulated impairment or accumulated fair value losses due to credit risk
					Maximum amount of the actual collateral that can be considered							Maximum amount of collateral that can be considered		
	Number of operations	Gross amount	Number of operations	Gross amount	Mortgage guarantee	Other guarantees		Number of operations	Gross amount	Number of operations	Gross amount	Mortgage guarantee	Other guarantees	
Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public sector	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other financial institutions and individual shareholders)	23	267	19	227	—	183	197	19	216	12	165	—	126	194
Non-financial institutions and individual shareholders	3,784	42,470	3,525	55,673	3,238	32,909	22,186	2,301	20,573	1,677	14,955	1,897	5,026	20,377
Of which: Financing for constructions property development	32	293	4	26	—	7	131	17	130	3	12	—	7	119
Rest of households	57,258	413,742	4,858	74,729	17,621	36,839	177,299	32,960	228,412	2,293	39,802	6,908	14,297	153,766
Total	**61,065**	**456,479**	**8,402**	**130,629**	**20,859**	**69,931**	**199,682**	**35,280**	**249,201**	**3,982**	**54,922**	**8,805**	**19,449**	**174,337**
ADDITIONAL INFORMATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financing classified as non-current assets and included disposal groups as classified as held for sale	—	—	—	—	—	—	—	—	—	—	—	—	—	—

The transactions presented in the table above are classified at 30 June 2023 and 2022 in keeping with their characteristics, as follows:

– Doubtful: transactions that are originally classified as doubtful exposures as per policy criteria (in keeping with Bank of Spain Circular 4/2004, as amended by Circular 4/2016 and Circular 4/2017) and are still in the process of requalifying as standard or performing and those that while classified as standard exposures or standard exposures under special monitoring have presented fresh financial difficulties during the life of the transaction. More specifically, refinancing, refinanced and restructured transactions are classified as doubtful exposures when they are underpinned by a payment schedule considered inadequate, include contractual terms that have the effect of delaying the transaction's repayment or present amounts that have been written off based on the consideration that they will not be recovered.

– Performing exposures under special monitoring: those that are recognized initially in this category as per policy criteria (in keeping with Bank of Spain Circular 4/2004, modified by Circular 4/2016 and Circular 4/2017) and those reclassified from doubtful exposures having met the following criteria: (i) one year has elapsed since the date of refinancing/restructuring; (ii) the borrower is current on all accrued principal and interest payments; and (iii) the Group does have other exposures to the same borrower with amounts in arrears by more than 90 days at the date of reclassification to standard exposures under special monitoring.

– Normal (performing): those that are recognized initially in this category as per policy criteria (in keeping with Bank of Spain Circular 4/2004, modified by Circular 4/2016 and Circular 4/2017) and those reclassified from doubtful or standard under special monitoring for which the probation period has elapsed and all of the following conditions have been met: (i) it is considered highly probable that the borrower will uphold its obligations in time and manner; (ii) at least two years have elapsed since the date on which the refinancing/restructuring transaction closed; (iii) the borrower has paid all principal and interest installments accrued since the date on which the refinancing/ restructuring transaction closed; (iv) and at the end of probation period, the Group has no other exposures to the borrower with amounts in arrears by more than 30 days.

c) Real Estate business – Spain

Portfolio of home purchase loans to families

On 30 June 2024 and on 31 December 2023, no home purchase in Spain have been granted to families.

The breakdown of the book at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of euros			
	30/06/2024		31/12/2023	
	Gross amount	Of which: Impaired	Gross amount	Of which: Impaired
Home purchase loans to families				
- *Without mortgage guarantee*	—	—	—	—
- *With mortgage guarantee*	987,061	51,775	1,056,187	50,420
	987,061	**51,775**	**1,056,187**	**50,420**

parties of awarded goods and debt restructuring, so there are financial statements in which new investment is reported.
The risk profile of the home purchase mortgage loan portfolio in Spain remained at a medium-low level, with limited prospects of additional impairment:

- All mortgage transactions include principal repayments from the very first day.
- Early repayment is common practice and, accordingly, the average life of the transactions is far shorter than their contractual term.
- Debtors provide all their assets as security, not just the home.
- High quality of collateral, since the portfolio consists almost exclusively of principal-residence loans.

The marketing of mortgage products has been interrupted since 2008, however sales to third parties of foreclosed assets and debt restructuring can derive in new production, so there are financial statements in which new investments is reported.

On 30 June 2024, 69.67% of the portfolio has an LTV of less than 80% (calculated as the ratio of total exposure to the amount of the latest available appraisal). On 31 December 2023, 68.92% of the portfolio had an LTV below 80% (calculated as the ratio of total exposure to the amount of the latest available appraisal).

	30/06/2024					
	Exposure as a percentage of last available appraisal (Loan to value ratio)					
In millions of euros	Less than or equal to 40%	More than 40% and less than or equal to 60 %	More than 60 % and less than or equal to 80 %	More than 80 % and less than or equal to 100 %	More than 100%	TOTAL
Gross amount	268	248	172	137	163	**987**
- Of which: Non performing	5	8	9	9	21	**52**

	31/12/2023					
	Exposure as a percentage of last available appraisal (Loan to value ratio)					
In millions of euros	Less than or equal to 40%	More than 40% and less than or equal to 60 %	More than 60 % and less than or equal to 80 %	More than 80 % and less than or equal to 100 %	More than 100%	TOTAL
Gross amount	278	267	182	148	180	**1,056**
- Of which: Non-performing	4	8	8	9	21	**50**

17. Solvency information

The details of the capital and leverage ratio as of 30 June 2024 Group and 31 December 2023 are as follows:

Capital ratio

	Millions of euros	
	30/06/2024	**31/12/2023**
Capital ratios		
Ordinary common equity Tier 1 (Millions of euros)	9,612	9,903
Additional capital common equity Tier 1 (Millions of euros)	1,465	1,465
Ordinary common equity Tier 2 (Millions of euros)	1,952	2,005
Risk-weighted assets (Millions of euros)	80,326	78,967
Ordinary common equity Tier 1 ratio (CET 1)	11, 97%	12, 54%
Additional capital Tier 1 ratio (AT 1)	1.82%	1.86%
Capital Tier 1 ratio (TIER 1)	13, 79%	14, 40%
Capital Tier 2 ratio (TIER 2)	2.43%	2.54%
Total capital ratio	**16.22%**	**16.93%**

Leverage

	Millions of euros	
	30/06/2024	**31/12/2023**
Leverage		
Tier 1 capital (million euros)	11,083	11,367
Exposure (millions of euros)	133,614	133,370
Leverage ratio	**8.29%**	**8.53%**

Interim Consolidated Management Report for the six-month period ended 30 June 2024

GENERAL BACKGROUND

In the first half of 2024, Santander Consumer Finance developed its activity in an environment characterized by a mild global economic slowdown, with relatively stable interest rates and a gradual decline in inflation in most geographies. Geopolitical tensions, while still latent, have not manifested significant economic impacts. Likewise, labor markets have resisted the period of monetary tightening, with unemployment rates that, in most of the economies in which Santander operates, maintain or are close to full employment.

The following is a summary of the evolution of the main macroeconomic variables by country:

– **Eurozone** (GDP: +0.4% year-on-year in the first quarter of 2024). Having ended 2023 in a state of stagnation, the economy has entered a phase of soft recovery driven by external demand. Inflation continues to moderate (year-on-year rate in June of 2.5%), which has allowed an interest rate cut of 25 bps in June. There are expectations that the ECB will be able to make further interest rate cuts in the second half of the year, but this will depend on inflation continuing to approach the target.

– **Spain** (GDP: +2.5% year-on-year in the first quarter of 2024). GDP in the first quarter of 2024 grew 2.5% year-on-year, thanks to strong service exports, while investment remains below pre-pandemic levels. The labor market remains strong, with the number of Social Security members at record levels. Year-on-year inflation in June stood at 3.4% while the core inflation remained stagnant at 3.0% for services.

– **Germany** (GDP -0.2% per year in the first quarter of 2024). A slight recovery of the economy in the first quarter, with growth of 0.2% compared to the previous quarter, despite remaining below the level of the previous year. The good performance of construction and the better tone of the industrial sector and exports have allowed this growth. Private consumption remains weak, although wage growth, moderating inflation, high savings rates and lower expected rates are expected to contribute to a better tone of the economy in 2024. structural challenges related to the industrial and export sector (external competition) and demographic sectors maintain moderate growth forecasts. The unemployment rate (ILO) picked up slightly (3.3%), but in a structurally strong labor market environment. The process of disinflation continues (2.2% in June 2024), although it is predictable it will be increasingly at lower rates.

– **France** (GDP +1.3% year-on-year in the first quarter of 2024). Final domestic demand contributed positively to GDP growth this quarter thanks to public consumption as household consumption slowed and gross fixed capital formation fell again due to declines in construction and capital goods. External demand was the main driver of T24 as exports increased more than imports. The unemployment rate remains stable at 7.5%. Inflation (2.2% in June) is relatively stable, with energy compensating for the increase in services that are the part that shows the most resistance to the downside.

– **Norway** (GDP 0.6% year-on-year in the first quarter of 2024). Economic activity has remained flat in the second quarter although we expect private consumption to pick up in the second half supported by the strong labor market and strong wage growth. Inflation in June (2.6%) has fallen to its lowest level in more than three years, the core being 3.4%. The fall in food prices is very necessary for the disinflationary process to continue, which will depend on international food prices and the evolution of the Norwegian krone, as most food goods are imported. On the other hand, the wage increase is expected to be 5.2% this year which will continue to weigh on the inflation component of services. All this will lead Norges Bank to keep rates high (4.5%) throughout 2024, and it will not be until early 2025 when we see the first interest rate cut.

– **Finland** (GDP -1.4% annually in the first quarter of 2024). Although the Finnish economy shows a negative year-on-year variation, this figure remains almost unchanged from the previous figure, suggesting slight signs of recovery. The Finnish economy is expected to start growing at a moderate pace from the third quarter of 2024, driven mainly by the services sector and a slight increase in household consumption (1% compared to 0.9% in the previous quarter). For its part, net trade shows weakness with a fall of 4.6% in exports and a decrease in imports of 0.5%. The labor market has rigidities, evidenced by an increase in the unemployment rate to 7.9% and youth unemployment that reaches 26%. Inflation continued its downward trend, standing at 5.8% year-on-year in March, after reaching a peak of 9.1% at the end of 2022.

– **Italy** (GDP: +0.7% year-on-year in the first quarter of 2024). After the moderate expansion of T24, Italy's GDP continued to grow to a limited extent in T24, supported by services, particularly tourism, which benefits from the good performance of foreign travelers' spending. However, activity decreased in construction (due to lower tax incentives) and industrial production. Employment continues to grow, and the unemployment rate stands at 6.8%. the lowest since the 2008 crisis, headline inflation has remained at 0.8% per year in June and core inflation at 2.1% in May and we expect it to remain below 2% throughout 2024. this will boost the real income of families that together with the improvement of external demand and the more relaxed financial conditions in the second half of the year will give impetus to growth.

– **Poland** (GDP: +2.0% year-on-year in the first quarter of 2024). GDP in the first quarter of 2024 grew supported by private consumption. Supply constraints in the labor market and resilient demand have kept the unemployment rate low (4.9% in June), supporting the increase in wages (year-on-year rate in May of 11 4%). Inflation is within the central bank's target range (year-on-year rate in June of 2.6%). On the other hand, core inflation remains high (3.8% year-on-year rate in May), so the central bank has decided to keep interest rates stable (5.75%).

– **Portugal** (GDP: +1.5% year-on-year in the first quarter of 2024). Growth in the first quarter of 2024 was positively surprised due to the contribution of external demand, although the contribution of domestic demand decreased due to the slowdown in investment and private consumption. The labor market remains resilient, with an increase in employment and a low unemployment rate (6.5% in May). Inflation, after the previous moderation path, registered a slight increase (2.8% in June).

BUSINESS PERFORMANCE

Activity

In the first half of 2024, new production grew by 3% year-on-year (+6% by car), in an environment that still tends to limit consumption and a car market that, despite this, is behaving well. Deposits are up 9.7%, in line with our goal of increasing retail funding by using common platforms to lower liability costs.

The total assets as of 30 June 2024 group stood at 144,953 million euros (1.1% up at the end of 2023).

Customer loans have grown 1.9% compared to December in 2023 to 117,697 million euros. In terms of liabilities, customer deposits grew by 9.7% in the same period, amounting 53,571 million euros and deposits in central banks decreased by 72% to reach 1,527 million euros.

At the end of June 2024, customer deposits, medium- and long-term securitizations and market-placed issues covered 89% of net customer loans.

With respect to the issuance plan, Santander Consumer Finance, S.A. issued a volume of 7,650 million euros to June 2024, of which 2,170 million euros is senior debt, 200 million euros is subordinated debt and 1,200 million euros is senior non-preferred debt.

Results

Santander Consumer Finance obtained an attributable profit of 371.6 million euros in the first half of 2024 19.5% lower than the result of the first half of 2023, with a good performance in total revenues (+5%), almost flat costs (and clearly lower than inflation) allowing a 9% growth in operating income and compensating for the higher level of provisions and restructuring costs incurred in 2024, the results of the previous year were positively impacted by different extraordinary effects derived from the renewal/extension of the agreement with the Stellantis Group.

The following impacts are highlighted by the heading:

- **Net interest income** is 4.3% higher than the first half of the previous year, supported by the active repreciation of loans initiated in previous years and the growth in deposits and loans to customers.

  The liquidity position has remained strong with no liquidity constrains, mainly thanks to an increase in deposits captured. Liquidity metrics have remained above their internal limits and in compliance with regulatory levels. At the end of June 2024, the consolidated LCR (Liquidity coverage ratio) of Santander Consumer Finance SubGroup was 385% and the NSFR (Net Stable Funding Ratio) for the same perimeter to March 2024, last available date, was 112%.

- **Commission** income improved by 13.6% compared to the previous half-year due to higher insurance penetration, especially in Germany and Italy, supported by the renewal in 2023 of the agreement with Stellantis.

- **Net gains/(losses) on financial assets and liabilities** are lower due to positive results of hedging operations in 2023.

- **Other operating results** are positively affected by the non-application of the payment to the Single Resolution Fund (SRF) in 2024 as well as by the recurring results of the operational leasing activity.

- **Operating costs (administrative expenses plus amortizations)** stood at 1,049 million euros, remained flat compared to the first half of 2023 (+0.7%), absorbing the effects of inflation and business growth (renewal of the agreement with Stellantis and acquisition of MCE Bank in 2023). The efficiency ratio stood at 45.39% at the end of the semester, reducing 191 bps compared to 2023, thanks to near zero cost growth and improved revenue.

- **Bad debt provisions** were 32.7% higher than the same period of the previous year, increasing due to expected normalization, volume growth, some regulatory impacts and lower portfolio sales than in 2023. The default ratio was 2.37%, higher than in December 2023 (2.15%).

- **Other results** vary significantly, mainly due to the positive impact of the renewal of the agreement with Stellantis in 2023 and the restructuring costs recorded in 2024, especially in Germany.

Strategy

SCF is the leader in consumer finance in Europe with a presence in 18 countries (16 in Europe plus China and Canada) and more than 130,000 associated points of sale. It offers value propositions to its clients and partners to enhance their sales capacity through the financing of their products, and the development of technologies that give them a competitive advantage. SCF aspires to be the best auto financer and digital provider of digital mobility services in Europe.

Santander Consumer Finance remains committed to a solid business model backed by:

- Broad geographic diversification with great commercial strength in key products.
- A better efficiency ratio than its main competitors.
- A risk management and recovery system that enables it to maintain a strong credit quality and a better efficiency ratio than its main competitors.

We also maintained the pillars on which the group's strategy is based: improving operating performance, optimizing the allocation of capital to the regions and businesses that generate the highest profits, and accelerating the group's transformation by and accelerating the group's transformation through greater digitalization.

Our main priorities for 2024 are:

The following impacts on each heading are of note:

- **Bolster our leading position** in digital consumer lending based on:

  - **Auto**: progress with our strategic initiatives by creating a world-class digital mobility offering; support for manufacturers' transformation through new lending, leasing (financial and operational), contract hire and online subscription offerings; and provide partners with innovative financing and sales solutions through dealer websites and auto marketplaces.

  - **Consumer (non-auto)**: gain market share through specialisation and the development of technology platforms by leveraging our leading position in Europe through our buy now, pay later (BNPL) service, checkout lending, credit cards and direct lending.

  - **Digital Bank:** increase retail customer loyalty in SC Germany and promote our digital banking activity.
    SCF is the leader in **consumer finance in Europe with presence in 18 countries** (16 in Europe plus China and Canada) and more than 130,000 associated points of sale. It offers value propositions to its customers and partners to enhance their sales capacity by financing their products, and developing technologies that give them a competitive advantage. SCF aims to be Europe's best car financier and digital mobility services provider.

- **Simplify and automate our processes, to** improve the customer experience.

- **Reduce sensitivity to rising interest rate** through increased deposit-gathering and swifter loan repricing.

- **Build and deploy global platforms.** In 2024, we continued to strengthen our operational leasing solution in Italy, Spain, France and Germany.

We continue to support the green transition in European mobility. In 2023, besides financing battery electric vehicles, we have other initiatives under way that are spreading rapidly across Europe: electric chargers, solar panels, ecological heating systems, electric bicycles, etc.

Alternative performance measures (APMs)

In addition to the financial information prepared under International Financial Reporting Standards (IFRS), this report includes certain alternative performance measures (APMs) for the purpose of complying with the guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) on October 5, 2015, as well as non-IFRS measures.

The performance measures included in this report qualified as APM and non-IFRS measures have been calculated using Santander Consumer Finance financial information, but are not defined or detailed in the applicable financial reporting framework and, therefore, have not been audited and are not susceptible to full audit.

These APMs and non-IFRS measures have been used to plan, monitor and assess our performance. We believe these APMs and non-IFRS measures are useful to management and investors as they facilitate comparisons of operating performance between periods. Although we believe that these APMs and non-IFRS measures allow a better assessment of our business performance, this information should be considered as additional information only, and in no way replaces financial information prepared in accordance with IFRS. In addition, the way in which Santander Consumer Finance Group defines and calculates these MARs and non-IFRS measures may differ from the way they are calculated by other companies using similar measures and, therefore, may not be comparable.

The APMs and non-IFRS measures used in this document can be categorized as follows:

Profitability and efficiency indicators

The efficiency ratio allows us to measure how much general administrative expenses (of personnel and others) and amortization expenses are needed to generate revenue.

Ratio	Formula	Relevance of use
Efficiency (cost to income)	$\frac{\text{Operating expenses (*)}}{\text{Gross margin}}$	One of the most used indicators when comparing the productivity of different financial institutions. It measures the level of resources used to generate the Group's operating income.

(*) Operating expenses: General administrative expenses + amortizations

Profitability and efficiency (thousands of euros and %)	**30/06/2024**	**30/06/2023 (*)**
Efficiency ratio (cost to income)	**(45.39) %**	**(47.30) %**
Operating expenses	(1,048,576)	(1,040,911)
Administrative Expenses	(934.439)	(940.823)
Amortization	(114.137)	(100.088)
Gross Margin	2,310,024	2,200,507

Credit risk indicators

Credit risk indicators measure the quality of the loan portfolio and the percentage of the nonperforming portfolio that is covered by loan loss provisions.

Ratio	Formula	Relevance of use
NPL Ratio	Non-performing balances of loans and advances to customers, guarantees to customers and commitments granted to la clientele / Total risk (1)	The default rate is a very variable important in the activity of the entities financial, since it allows to know the level of credit risk assumed by them. It relates the risks classified as doubtful accounting with the total balance of the loans granted, for the area of clients and contingent risks.
Coverage ratio	Loan Loss provisions (2) / Non-performing balances of loans and advances to customers, guarantees to customers and commitments granted to la clientele	One of the most used indicators when comparing the productivity of different financial institutions. It measures the level of resources used to generate the Group's operating income.

*(*1) Total risk = normal and doubtful balances of loans and advances to customers and guarantees from customers + doubtful balances of contingent commitments from customers.*

*(*2) Provisions for hedging losses for impairment of the risk of loans and advances to the clientele, guarantees to the clientele and commitments granted to the clientele.*

Credit risk (thousands of euros and %)	30/06/2024	31/12/2023 (*)
Delinquency Rate	**2.37 %**	**2.15 %**
Doubtful balances of loans and advances to the clientele, guarantees to the clientele and commitments granted to the clientele	2,855,754	2,540,772
-Impaired assets	2,823,764	2,512,918
-Commitments and guarantees granted	31,990	27,854
Total risk	120,393,905	118,003,286
-Loans and advances to the clientele without considering the impairment value corrections	120,024,668	117,641,042
-Guarantees granted	369,237	362,244
Coverage ratio	**82.23 %**	**84.79 %**
Impairment losses on loans and advances to customers at amortized cost and at fair value through other comprehensive income	2,328,254	2,133,317
Contingent risks and commitments	19,983	21,058
Impaired assets	2,823,764	2,512,918
Commitments and guarantees granted	31,990	27,854

RISK MANAGEMENT

For Santander Consumer Finance, outstanding risk management is one of the main pillars of its strategy, as it is a necessary condition for the creation of controlled value for shareholders.

In a financial group of these characteristics, with a strong international presence in consumer finance markets, identification of risk variables and their measurement and control will enable suitable expansion of the business in accordance with the standards defined by the Santander Group.

The priority of risk quality has been and continues to be the differential feature of the culture and management style of the Santander Group, and this is how it is viewed by the markets, which associate it with a clear competitive advantage.

Credit risk

The credit risk management process consists of identifying, measuring analyzing, controlling, negotiating and deciding on the risks incurred in the Group’s operations. This process involves the areas that take risks, senior management and the Risk function.

As Santander Consumer Finance is a member of the Santander Group, the process starts with senior management, through the board of directors and the executive risk committee, which set the risk policies and procedures, the limits and delegation of powers, and approve and supervise the framework for action by the risk function.

Generally speaking, risk study consists of analyzing a customer’s capacity to meet their contractual commitments with the Group and other creditors. This entails analyzing the customer’s credit quality, risk operations, solvency and profitability on the basis of the risk assumed. With this objective, Santander Consumer Finance uses rating models for classifying customer solvency. These mechanisms are applied in the wholesale segment (sovereign, financial entities, corporate banking) and to SMEs and individuals. The rating results from a quantitative model based on balance sheet ratios or macroeconomic variables, complemented by the expert judgement of analysts.

While ratings are used in the wholesale sector and for companies and institutions, scoring techniques predominate for individuals and smaller companies. In general, these techniques automatically assign a score to the customer for decision-making purposes.

Santander Consumer Finance Group is geographically diversified, having a presence in eighteen countries and concentrated in our core markets. The Group's profile is mainly retail (around 87% consumer credit and 13% Wholesale financing (Stock Finance & Corporate Loans)), with its main activity being automotive finance.

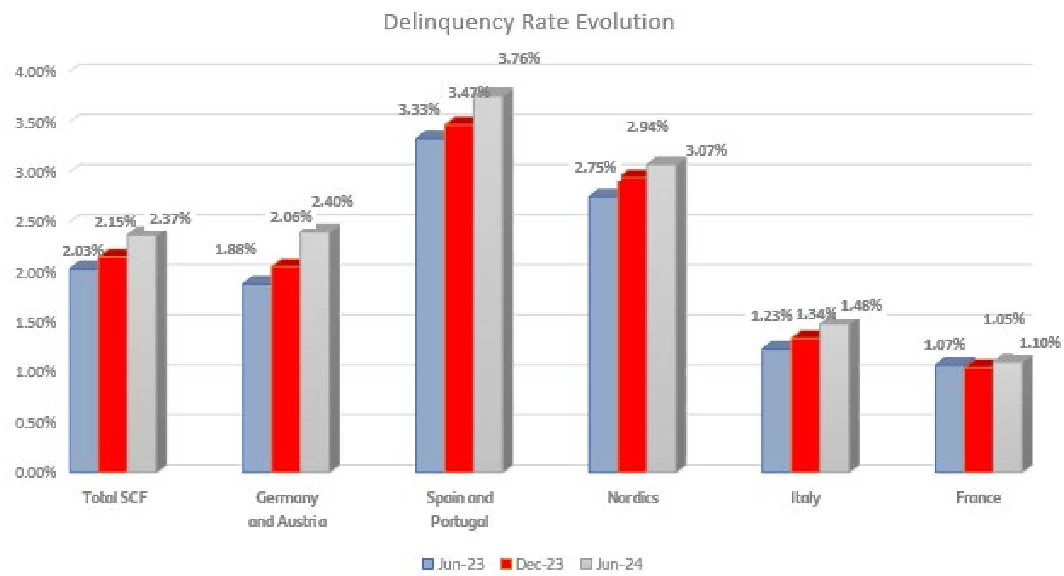
The exposure to credit risk of our portfolio is detailed in the following table (figures in millions of euros):

Group SCF - Exposure Credit Risk				
	2024 (Million Euro)	Variation December 2023	% Portfolio	2023 (Million Euro)
Spain and Portugal	15,875	-1.76%	13.23%	16,159
Italy	16,935	8.96%	14.11%	15,542
France	19,814	2.07%	16.51%	19,412
Germany and Austria	45,487	2.98%	37.90%	44,172
Scandinavia	16,877	-2.95%	14.06%	17,390
Rest	5,038	1.43%	4.20%	4,967
Total	**120,025**	**2.03%**	**100.00%**	**117,642**

Credit risk exposure cost is stable throughout 2024 at around 0.74% in June 2024. This is due to the increase in the recovery of economic activity to the pre-COVID level of performance, largely explained by the change in the product mix. Greater weight in the financing of used vehicles (with a stable credit quality) and a clear focus on the direct portfolio (with a more conservative approach in terms of risk appetite in the current environment). Additionally, and according to the feedback received by the supervisor to the “Follow Up Letter on IFRS9 Questionnaire”, we must add the impact that has meant in provisions, and therefore in the cost of risk, the implementation of the Threefold applied in February 2024 in Nordics, as well as SC Germany and SC Spain in April 2024.

Germany continues to concentrate the largest share of the portfolio with 37.9% with their respective Joint Ventures and Austria, 9%. France, including SFS France, accounted for 16.5% of the total risk of Santander Consumer Finance; Spain Group accounted for 13.23% of the total credit risk of Santander Consumer Finance; the units of the Nordic countries accounted for 14.1%.

Santander Consumer Finance has a resilient and stable business model, showing stability throughout the cycle with steady growth in profits. Santander Consumer Finance's geographic diversification results in a strong capacity to balance adverse economic cycles between countries. It highlights strong asset quality, best-in-class track record of risk ratios with a solid capital position, as well as its maintained risk profile based on premium assets (new auto) and diversification (highly rated countries). In the first half of 2024, the delinquency rate is 2.37%, slightly higher than that of December 2023, which was 2.15%, although it is true that a controlled risk profile continues to be maintained.



Risks and its management are viewed in Santander Consumer Finance as global in its conception and local in its execution. The risk function follows general principles and organizational criteria shared across Group entities.

To ensure its proper performance, Santander Consumer Finance has established a series of policies, procedures and management tools that, sharing a common basic model, are adapted to the characteristics of local markets and business.

This risk is managed through the following stages:

Global risk management

Design, inventory and maintenance of general risk policies and metrics. Coordination with SC/SAN central areas. Coordination with Sales Areas.

Risk approval

Santander Consumer Finance has a risk function that is specialized by customer segmentation. Customers are pre- classified in order to quickly respond to business needs. There is design, inventory and maintenance of Automatic Decision-Making systems, and manual approval according to an authority scale.

Systems for control and monitoring of non-standard risks

In Santander Consumer Finance awareness of the importance of keeping close oversight of loans granted exists therefore, during the monitoring phase exposure is assessed constantly, portfolios are managed actively, and if signs are observed of potential worsening of risks, early action is taken to mitigate risks and reduce exposure with the ultimate goal of minimizing potential loss and optimizing the return-to-risk ratio.

Collection and recoveries

Recoveries management is based on an overall responsibility throughout the recovery cycle, in turn based on anticipation, efficiency and specialized treatment of debt. Specific management strategies are defined for each product, stage of irregularity and volume of risk by using the most suitable resources in each situation in order to obtain the best results.

Due to the typology of our risks, recovered assets are limited to the repossession of vehicles, which are accounted for at market value. Because these assets are auctioned off on a monthly basis, they are generally on the balance sheet for a very short time, if at all.

Market, structural and liquidity risk

<u>1. Scope and definitions</u>

The measurement, control and monitoring scope of the Market Risk function encompasses operations where an asset risk is accepted because of changes in market factors.

Such risks are generated through two types of basic activities:

- Trading activities, which include both the rendering of financial services on markets for clients, on which the Entity is the counterparty, and sales and purchases and positioning mainly in fixed income, equity and foreign currency products.

- Santander Consumer Finance does not carry out trading, as its treasury activity is limited to management and hedging of the structural risk of its balance sheet, and to management of liquidity needed to fund its business.

- Balance sheet management or ALM, which involves management of inherent risks in the Entity's balance sheet, not including the trading portfolio.

The risks generated in these activities are:

- Market: risk resulting from the possibility of changes in market factors affecting the value of positions held by the Entity in its trading book.

- Structural: risk arising from the management of different balance sheet items. This risk includes both losses owing to price variations affecting available-for-sale and held-to-maturity portfolios (banking book), and losses arising on the management of the Group's assets and liabilities measured at amortized cost.

- Liquidity: risk of not meeting payment obligations on time or of doing so at an excessive cost, as well as the ability to finance the growth of its asset volume. The types of losses that this risk triggers include losses on the forced selling of assets or impacts on the margin because of the mismatch of forecast cash outflows and inflows.

Market and structural risks, depending on the market variable that triggers them, may be classified as:

- Interest rate risk: identifies the possibility that interest rate variations may have a negative impact on the value of a financial instrument, a portfolio or the Group as a whole.

- Credit spread risk: identifies the possibility that variations in credit risk curves associated with issuers and specific types of debt may have an adverse effect on a financial instrument, a portfolio or the Group as a whole. The spread is a differential between financial instruments listed at a margin over other benchmark instruments, basically the Internal Rate of Return (IRR) of government securities and interbank interest rates.

- Exchange rate risk: identifies the possibility that variations in the value of a position in a currency other than the base currency can have an adverse effect on the value of a financial instrument, a portfolio or the Group as a whole.

- Inflation risk: identifies the possibility that changes in inflation rates could adversely affect the value of a financial instrument, a portfolio or the Group as a whole.

- Volatility risk: identifies the possibility that variations in the listed volatility of market variables may have an adverse effect on the value of a financial instrument, a portfolio or the Group as a whole.

- Market liquidity risk: identifies the possibility that an entity or Group as a whole is unable to unwind or close a position on a timely basis without impacting the market price or transaction cost.

- Prepayment or cancellation risk: identifies the possibility of early cancellation without negotiation in operations in which the contractual relationship explicitly or implicitly permits such cancellation, generating cash flows that should be reinvested at a potentially lower interest rate.

There are other variables that only impact the market risk (and not the structural risk), meaning that market risk can also be classified as follows:

- Equity risk: identifies the possibility that changes in the value of prices or dividend expectations regarding equity instruments can have an adverse effect on the value of a financial instrument, a portfolio or the Group as a whole.
- Raw materials risk: identifies the possibility that changes in commodity prices may have an adverse effect on the value of a financial instrument, a portfolio or the Group as a whole.
- Correlation risk: identifies the possibility that changes in the correlation between variables, either of the same or a different type, listed in the market, could adversely affect the value of a financial instrument, a portfolio or the Group as a whole.
- Underwriting risk: identifies the possibility that placement targets for securities or other types of debt are not reached when the Entity participates in underwriting them.

Liquidity risk may also be classified in the following categories:

- Financing risk: identifies the possibility that the Entity is unable to meet its obligations owing to its inability to sell assets or secure funding.
- Mismatch risk: identifies the possibility that differences between the maturity structures of assets and liabilities will generate an additional cost for the Entity.
- Contingency risk: identifies the possibility that adequate management levers will be unavailable to raise liquidity as a result of an outlier event that entails greater funding needs or more strict collateral requirements to raise funds.

2. Roles and responsibilities

The risk function is built around three lines of defense. The roles and responsibilities of these lines form an integral part of the management and control of market, structural and liquidity risk, as explained below.

2.1. First line of defense

This comprises the departments, business lines and activities that generate risk exposure. In the scope of this framework, this involves those responsible for management of the trading and balance sheet management portfolios.
This line of defense must ensure at all times:

- That all risks that might have a material impact are identified.
- Recurrent assessment of existing risks.
- The information needed to assess risks is available.
- The limits established for their activities are observed and respected.

2.2. Second line of defense

This involves the specialist teams involved in risk control and monitoring. In the scope of this framework, this involves those responsible for monitoring activities involving the Entity's portfolios and the performance and management of the risks assumed.

The second line of defense is an independent function within the risk function that complements the management and control functions of the first line of defense, ensuring at all times that:

- Limits are established and approved by the Entity's governance bodies or their delegated bodies.
- The first line of defense understands and complies with these limits.
- The policies, procedures and limits established for trading activities and balance sheet management are respected.
- Systematic reviews are carried out of exposure to market, structural and liquidity risks.
- Robust, reliable and adequate mechanisms are in place for these activities.

The second line of defense must provide a consolidated overview of market, structural and liquidity risks.

2.3. Third line of defense

As the final layer of control in the Group, Internal Audit regularly checks that policies, methods and procedures are adequate and applied effectively in management.

3.Measurement and methodologies

a) Structural interest rate risk

The Group analyses the sensitivity of net interest income and of the value of equity to interest rate fluctuations. This sensitivity is determined by mismatches in the maturity and review dates of interest rates of different balance sheet items.

According to the interest rate positioning of the balance sheet, and considering the situation and perspectives of the market, financial measures are adopted to adjust the positioning to that sought by the Bank. These measures may range from taking up positions in markets to the specification of interest rate characteristics of commercial products.

The possibility that the financial margin or the Entity's equity will be affected by adverse changes in market interest rates to which asset, liability or off-book transaction positions are referenced.

– *Interest rate gap*

Analysis of the interest rate gap deals with the mismatch between the timing of re-pricing of on and off-balance aggregates of assets and liabilities and of memorandum accounts (off-balance sheet). It provides a basic profile of the balance sheet structure and can detect concentrations of interest rate risk at different terms. It is also a useful tool for estimates of the potential impact of interest rate movements on net interest income and the equity of the Entity.

All on- and off-balance sheet aggregates have to be broken down so that they can be placed in the point of repricing/ maturity. For aggregates that do not have a contractual maturity, the Santander Group's internal model for analysis and estimation of their durations and sensitivity is used.

– *Sensitivity of Net Interest Income (NII)*

The sensitivity of net interest income measures the change in expected accruals for a certain period (12 months) in the event of a shift in the interest rate curve.

– *Sensitivity of Economic Value of Equity (EVE)*

This measures the implied interest rate risk in the economic value of equity which, for the purposes of interest rate risk, is defined as the difference between the net present value of assets minus the net present value of liabilities, based on the effect of a change in interest rates on such present values.

b) Liquidity risk

Management of structural liquidity aims to fund the recurring activity of the Santander Consumer Group in optimal conditions of term and cost, while avoiding undesired liquidity risks.

The measures used for the control of liquidity risk are the liquidity gap, liquidity ratios, the statement of structural liquidity, liquidity stress tests, the financial plan, the liquidity contingency plan and regulatory reporting.

– *Liquidity gap*

The liquidity gap provides information on contractual and expected cash inflows and outflows for a given period in each of the currencies in which the Santander Consumer Group operates. The gap measures the net cash needed or the surplus at a given date and reflects the liquidity level maintained under normal market conditions.

In the contractual liquidity gap, all balance sheet items that generate cash flows are analyzed and placed at their point of contractual maturity. For assets and liabilities with no contractual maturity, the Santander Group's internal analysis model is used. It is based on a statistical study of products' time series, and the so-called stable and unstable balance is determined for liquidity purposes.

– *Liquidity ratios*

The minimum liquidity ratio compares liquid assets available for sale or transfer (after the relevant discounts and adjustments have been applied) and assets at less than twelve months with liabilities of up to twelve months.
The Net Stable Funding Ratio measures the extent to which assets that require structural funding are being funded with structural liabilities.

– *Structural liquidity*

The purpose of this analysis is to determine the structural liquidity position according to the liquidity profile (greater or lesser stability) of different asset and liability instruments.

– *Liquidity stress tests*

The purpose of the liquidity stress tests conducted by the Santander Consumer Finance Group is to determine the impact of a severe, but plausible, liquidity crisis. In such stress scenarios, a simulation is made of internal factors that may affect Group liquidity, such as, inter alia, a credit rating downgrade of the institution, a fall in the value of balance sheet assets, banking crises, regulatory factors, a change in consumer trends and/or a loss of depositor confidence.

Every month, four liquidity stress scenarios (banking crisis in Spain, idiosyncratic crisis at the Santander Consumer Finance Group, global crisis and a combined scenario) are simulated by stressing these factors, and the results are used to establish early warning levels.

– *Financial plan*

Every year, a liquidity plan is prepared based on the funding needs arising from the business budgets of all the Group's subsidiaries. Based on these liquidity requirements, an analysis is made of limits on new securitization considering eligible assets available, in addition to potential growth in customer deposits. This information is used to establish an issue and securitization plan for the year. Throughout the year, regular monitoring is carried out of actual trends in funding requirements, thus giving rise to the revisions of the plan.

– *Liquidity Contingency Plan*

The purpose of the Liquidity Contingency Plan is to set out the processes (governance structure) to be followed in the event of a potential or real liquidity crisis, as well as the analysis of contingency actions or levers available to Management should such a situation arise.

The Liquidity Contingency Plan is based on and must be designed in line with two key elements: liquidity stress tests and an early warning system. Stress tests and different scenarios are used as the basis for analyzing available contingency actions and for determining such actions are sufficient. The EWI system monitors and potentially triggers the escalation mechanism for activating the plan and subsequently monitoring the situation.

– *Regulatory reporting*

Santander Consumer Finance applies the Liquidity Coverage Ratio (LCR) as required by the European Banking Authority (EBA) for the consolidated sub-group on a monthly basis, and the net stable funding ratio (NSFR) on a quarterly basis and monthly reviews.

In addition, Santander Consumer Finance has produced an annual Internal Liquidity Adequacy and Assessment Process (ILAAP) report as part of the consolidated document of the Santander Group, although the supervisor does not require this report at sub-group level.

c) Structural change risk

Structural change risk is managed centrally, as part of the general corporate procedures of the Santander Group.

4. Control environment

The structural and liquidity control environment in Santander Consumer Finance Group is based on the framework of the annual limits plan, which establishes the limits for these risks, responding to the Group's appetite level.

The limit structure involves a process that considers:

- Efficient and comprehensive identification and delimitation of the main types of market risk incurred, consistently with the management of the business and the strategy defined.
- Quantification and communication of the risk levels and profile considered acceptable by senior management to the business areas, so that undesired risks are not incurred.
- Providing flexibility for the business areas in the acceptance of risks, responding efficiently and appropriately to developments in the market and changes in business strategies, within the risk limits considered acceptable by the Entity.
- Enabling business generators to take sufficient prudent risks to achieve their budgeted results.
- Delimiting the range of products and underlying assets in which each Treasury unit can operate, considering characteristics such as the model and assessment systems, the liquidity of the instruments involved, etc.

In the event of a breach of one of these limits or their sub-limits, the market risk, structural risk and liquidity risk function will notify the breach, explaining the reasons for it and requesting an action plan from those responsible of risk management.

The main management limits for structural risk within the consolidated Santander Consumer Finance Group are as follows:

- One-year net interest income sensitivity limit.
- Value of equity sensitivity limit.

The limits are compared with the sensitivity involving the greatest loss between two different scenarios (parallel rise and fall of the interest rate curve by 25 basis points). The use of several scenarios makes it possible to better control interest rate risk. In the downward scenarios, no floor is addressed.

During the first half of the year, the level of exposure at the consolidated level in Santander Group Consumer Finance, both on net interest income and economic value, was low in relation to the budget and the amount of shareholders' equity respectively, being in both cases less than 1% for the whole year and within the established limits.

With regard to liquidity risk, the main limits at the Santander Consumer Finance Group level include regulatory liquidity metrics such as the LCR and NSFR, as well as the liquidity stress tests under the various adverse scenarios mentioned above.

At the end of June 2024, all liquidity metrics were above current internal limits as well as regulatory requirements. Both the LCR and NSFR at the consolidated Group level were above 115% and 105% for the full year.

5. Management

Balance sheet management entails the analysis, projection and simulation of structural risks, along with the design, proposal and execution of transactions and strategies to manage this risk. Finance Management is responsible for this process, and it takes a projection-based approach where and when this is applicable or feasible.

A high-level description of the main processes and/or responsibilities in managing structural risks is as follows:

- Analysis of the balance sheet and its structural risks.
- Monitoring of movements in the most relevant markets for asset and liability management (ALM) in the Group.
- Planning. Design, maintenance and monitoring of certain planning instruments. Finance Management is responsible for preparing, following and maintaining the financial plan, the funding plan and the liquidity contingency plan.
- Strategy proposals. Design of strategies aimed at funding the SCF sub-group's business by securing the best available market conditions or by managing the balance sheet and its exposure to structural risks, thereby avoiding unnecessary risks, preserving net interest income and safeguarding the market value of equity and capital.
- Execution. To achieve appropriate ALM positioning, Finance Management uses different tools. Chief among these are issues in debt or capital markets, securitization, deposits and interest rate and/or currency hedges, the management of ALCO portfolios and the minimum liquidity buffer.
- Compliance with risk limits and with risk appetite.

Operational risk

a) Definition and objectives

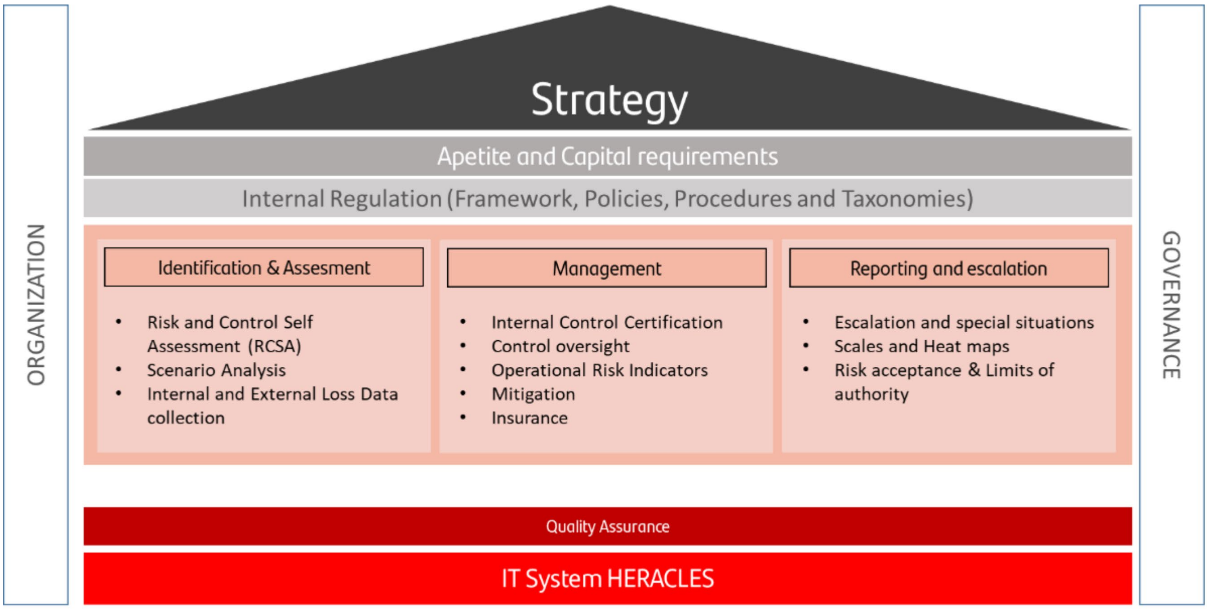
The Group defines operational risk (RO) as the risk of loss due to inadequacy or failure of internal procedures, persons, and systems, or external events.

Operational risk is inherent in all products, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their field of operation.

The Group's objective in terms of control and management of operational risk is focused on the identification, measurement/evaluation, monitoring, control, mitigation and communication of such risk.

The priority of the Group is therefore to identify and mitigate risk hotspots, regardless of whether they have resulted in losses or not. Measurement also contributes to prioritizing operational risk management.

To improve and promote proper operational risk management, Santander Consumer Finance has developed an advanced loss distribution model (LDA) based on the internal event database and other elements such as the external loss database of our bank peers (ORX Consortium Database) and Scenario Analysis. This approach is accepted by industry and regulators.



b) **Operational risk management and control model**

Operational risk management cycle

The stages of the model of operational risk management and control involve the following:

- Identifying the operational risk inherent to all activities, products, processes and systems of the Group. This process is carried out via the Risk and Control Self-assessment (RCSA) exercise.

- Definition of the target operational risk profile, specifying the strategies by unit and time horizon, through the establishment of the operational risk appetite and tolerance, the budget and the related monitoring.

– Encouragement of the involvement of all employees in the operational risk culture, through appropriate training for all areas and levels of the organization.

– Objective and ongoing measurement and assessment of operational risk, consistent with industry and regulatory standards (Basel, Bank of Spain, etc.).

– Continuous monitoring of operational risk exposures, implementation of control procedures, improvement of internal awareness and mitigation of losses.

– Establishment of mitigation measures to eliminate or minimize operational risk.

– Preparation of periodic reports on the exposure to operational risk and its level of control for the senior management of the Group and its areas/units, and reporting to the market and the regulatory authorities.

– Definition and implementation of the methodology required for calculating capital in terms of expected and unexpected loss.

The following is required for each of the key processes indicated above:

– The existence of a system whereby operational risk exposures can be reported and controlled, as part of the Group's daily management efforts.

To this end, in 2016 the Group implemented a single tool for the management and control of operational, compliance and internal control risk, called HERACLES. it is considered the Golden Source for risk data aggregation (RDA).

– Internal rules and regulations based on principles for management and control of operational risk have been defined and approved pursuant to the established governance system and in line with prevailing regulation and best practices.

In 2015, the Group adhered to the relevant corporate framework and subsequently, the model, policies and procedures were approved and implemented, along with the Operational Risk Committee Regulation.

Models	Policies	Procedures
▪ Management and control of operational risk	▪ Fraud management and control ▪ Business Continuity Management ▪ Cyber Security Risk ▪ IT risk oversight	▪ Management of Internal Events ▪ Relation Between own Insurance and Operational Risk ▪ Management of external data ▪ Risk Control Self-Assessment (RCSA) ▪ Internal Control Model Assurance ▪ Taxonomy definition and maintenance ▪ Control oversight and Cross check of outputs between OR instruments ▪ Communication and escalation of relevant operational risk events ▪ Development and management of ORIs ▪ Identification and management of mitigation measures ▪ Booking the operational risk financial impacts ▪ Non-Financial risk perimeter review ▪ Supervising Management of Operational Risks in Agreements with Suppliers ▪ Operational Risk Scenario Analysis ▪ SCIIF and S-OX Compliance

The model of operational risk management and control implemented by the Group provides the following benefits:

– It promotes the development of an operational risk culture.

– It allows for comprehensive and effective management of operational risk (identification, measurement / assessment, control / mitigation, and reporting).

– It improves knowledge of both actual and potential operational risks and their assignment to businesses and support lines.

– Information on operational risk helps improve processes and controls and reduce losses and income volatility.

– It facilitates the setting of limits for operational risk appetite.

c) Risk identification, measurement and assessment model

In 2014, the Group adopted the new management system of the Santander Group, in which three lines of defence are defined:

– 1st line of defense (1LOD): Integrated in the business or support areas. Its tasks are to identify, measure or assess, control (primary control) mitigate and report the risks inherent to the activity or function for which it is responsible.

Given the complexity and heterogeneous nature of Operational Risk within a large scale organization with several business lines, proper risk management is carried out in two ways:

(1) Management of Operational Risk (RO): each business unit and support function of Santander Group is responsible for the Operational Risks that arise in its scope, as well as for their management. This particularly affects the heads of the business units and support functions, but also the coordinator (or RO team) in the 1LoD.

(2) Management of specialized operational risk controls: There are some functions that typically manage specialized controls for certain risks where they have greater visibility and specialization. These functions have an overall view of the exposure to specific Operational Risks in all areas. We can also refer to them as Subject Matter Experts or SME.

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Ro Managers:

Operational risk management is the responsibility of all staff in their respective areas of activity. Consequently, the Head of each division or area has ultimate responsibility for the operational risk in its scope.

Ro Coordinators:

RO Coordinators actively participate in Operational Risk management and support RO managers in their own RO management and control areas. Each coordinator has a certain scope for action, which does not necessarily coincide with the organizational units or areas and has a deep knowledge of the activities within their scope. Their roles and responsibilities include:

- Undertake interaction with the second line of defense in daily operations and communication to the Operational Risk Management within their scope.
- Facilitating the integration of RO management in each area.
- Support the implementation of qualitative and quantitative methodologies and tools for the management and control of operations.
- Provide support and advice on Operational Risk within its scope.
- Maintain an overview of risk exposure within its scope.
- Ensure the quality and consistency of data and information reported to the 2LoD, identifying and monitoring the implementation of relevant controls.
- Reviewing and monitoring the results provided by the business units and support functions related to the testing of controls.
- Support in the signing and certification of controls (control testing).
- Monitor mitigation plans in your area.

- Coordinate the definition of business continuity plans in your area.

– 2nd line of defense (2LOD): Performed by the Non-Financial Risks Department, reporting to the CRO. Its functions are to design, maintain and develop the local adaptation of the Operational Risk Management Framework (BIS), and to control and challenge of the first line of defense against operational risk. His main responsibilities include:
  - To design, maintain and develop the Operational Risk management and control model, promoting the development of an operational risk culture throughout the Group.
  - To safeguard the adequate design, maintenance and implementation of Operational Risk regulations.
  - To drive the business units to effectively supervise the risks identified.
  - To ensure that each key risk affecting the entity is identified and properly managed by the corresponding units.
  - Ensure that the Group has implemented effective RO management processes.
  - Prepare proposals for operational risk appetite tolerance and monitor risk limits in the Group and in the various local units.
  - Ensure that Top Management receives a global vision of all relevant risks, guaranteeing adequate communication and reports to Top Management and the Board of Directors, through the established governing bodies.

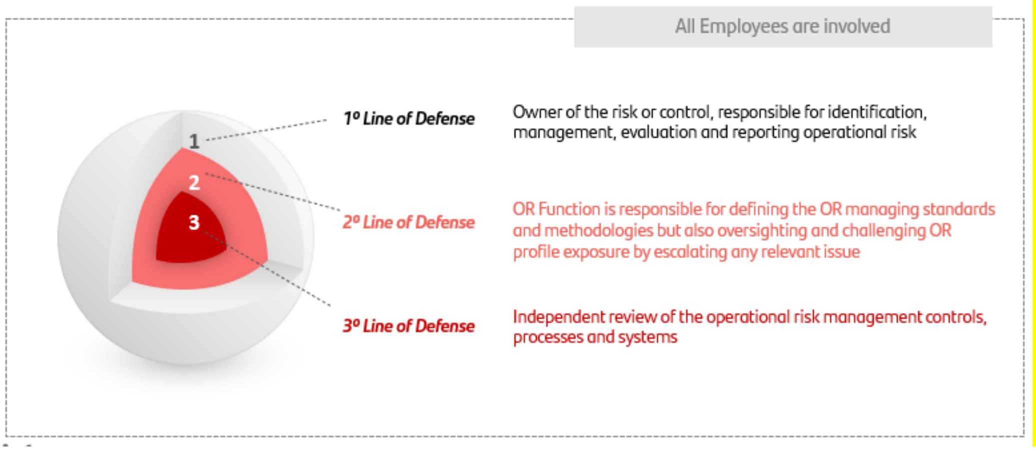
In addition, the 2LoD will provide the necessary information for its consolidation, together with the remaining risks, to the risk supervision and consolidation function. To ensure adequate supervision, a solid knowledge of the activities of the Business Units/Support Functions is required, as well as a specific understanding of the risk event categories (IT, Compliance, etc.) and a Capacity and Capability Local Plan. In that context, the RO control function (2LOD function) needs to leverage specific profiles that can support the implementation of the RO framework in the 1LOD, but also provide specific business and risk exposure information to ensure that the related RO profile is well managed and reported. Business Risk Managers (BRM) as business knowledge specialists (e.g. Global Corporate Banking) and Specialized Risk Managers (SRM) as RO control specialists (e.g. IT and cyber risks) perform these functions within RO 2LOD and position themselves as key points of contact for 1LOD business units and operations management support functions.

Effective January 2022, a SOX Officer was created within the 2LoD, whose responsibilities are, in coordination with the General Intervention and Management Control function and the Internal Audit Committee, to reach a consensus and keep the internal criteria on the scope of the SCIIF within the Santander Consumer Finance Subgroup up to date.

The SOX Officer will be responsible for strengthening the System of Internal Control over Financial Reporting (ICFR) through a continuous process of identifying and assessing risks and controls within key financial reporting processes, establishing an annual certification process for these processes and the appropriate management and escalation of identified ICFR deficiencies.

– 3rd line of defense: Carried out by Internal Audit, which assesses compliance with its policies and procedures by all the Entity's activities and units. His main responsibilities include:

  - To verify that the risks inherent to the Group's activity are sufficiently covered, complying with the policies established by Senior Management and the internal and external procedures and regulations that may be applicable.
  - To supervise the compliance, effectiveness and efficiency of the Group's internal control systems for operations, as well as the quality of accounting information.
  - To carry out an independent review and challenge the RO controls, as well as the processes and systems for managing Operational Risk.
  - Assess the state of implementation of the RO management and control model in the Group.
  - Recommend continuous improvement for all functions involved in operations management.



The components of risk management at the group are as follows:

In order to identify, measure and assess operational risk, the Group defined a set of qualitative and quantitative corporate techniques/tools, and these are combined to carry out a diagnosis based on the risks identified and obtain an assessment through measurement/evaluation of the area or unit.

The quantitative analysis of this risk is carried out mainly with tools that record and quantify the level of potential losses associated with operational risk events.

- An internal event database to capture all operational risk events at the Group. The capture of operational risk-related events is not limited to the establishment of thresholds, i.e., events are not excluded because of their amount, and the database contains events both with an accounting impact (including positive impacts) and those without.

Accounting reconciliation processes are in place that ensure the quality of the information in the database. The most significant events of the Group and of each of its operational risk units are especially documented and reviewed.

- The external event database, since the Group, through the Santander Group, takes part in international consortia such as ORX (operational risk exchange). In 2016, the Group started to make increased use of external databases that provide quantitative and qualitative information to enable a more detailed and structured analysis of significant events occurring in the sector.

- OR scenario analysis. Expert opinion is obtained from the business lines and the risk and control managers with the aim of identifying potential events which, although very unlikely to occur, could result in a very high loss for the institution. Their potential effect on the institution is evaluated and additional controls and mitigating measures are identified that reduce the possibility of a high economic impact.

- Capital calculation using advanced model, however, they are already working on the projections of calculating regulatory capital by the Standardized Measurement Approach (SMA).

The tools defined for the qualitative analysis aim to assess aspects (coverage/exposure) linked to the risk profile, thereby making it possible to capture the control environment in place. These tools are mainly as follows:

- RCSA: Operational risk assessment methods, based on managers' expert judgement, leading to a qualitative view of the Group's main risk focuses, regardless of whether or not they have materialized previously.

Benefits of RCSA:

I. Incentivizes responsibility of the first lines of defense: It establishes the first line figures of risk owner and control owner.

II. Favors the identification of the most significant risks: Non-predefined risks, but rather risks that arise from the risk-generating areas.

III. Improved integration of OR tools: The root cause analysis is included.

IV. Improved test validation. Carried out through workshops instead of questionnaires.

V. Makes the years have a more forward-looking approach: The financial impact of risk exposure is assessed

- Continuously evolving corporate system of operational risk indicators that is coordinated with the corresponding corporate area. These are diverse statistics or parameters that provide information on an entity's exposure to risk. They are revised periodically in order to warn of any changes that could reveal problems vis-à-vis risk.

- Recommendations from regulators, Internal Audit and the external auditor. These provide relevant information on inherent risk arising from internal and external factors and enable identification of weaknesses in controls.

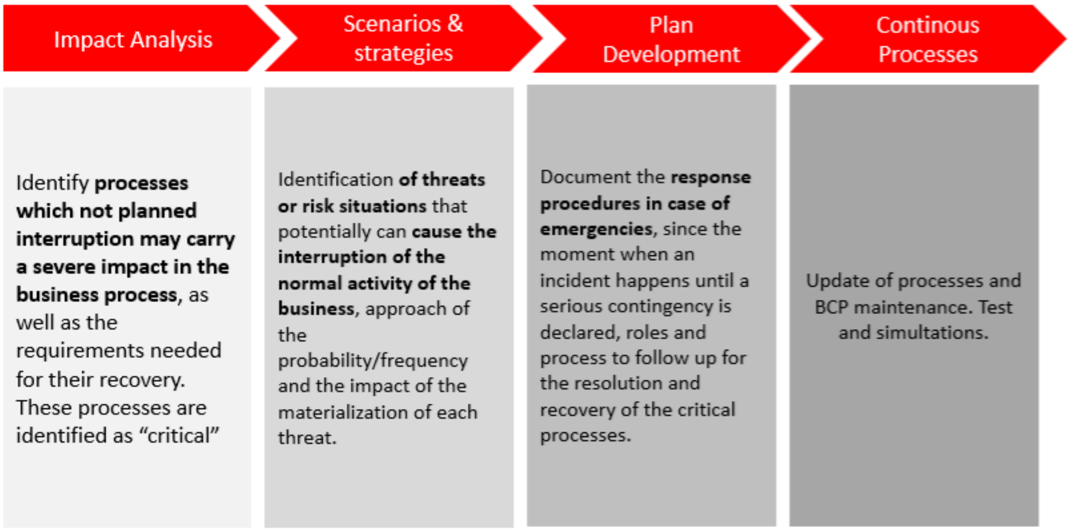
- Other specific instruments that permit a more detailed analysis of technology risk, such as control of critical incidences in systems and cyber-security events

d) Operational risk information system

HERACLES is the corporate operational risk information system. This system has risk self-assessment modules, event registration, a risk and assessment map, indicators of both operational risk and of internal control, mitigation and reporting systems and scenario analysis applicable to all Group companies.

e) Business Continuity Plan

The Santander Group and, accordingly, the Santander Consumer Finance Group, have a Business Continuity Management System (BCMS) to ensure the continuity of its entities' business processes in the event of a disaster or serious incident.



The basic objective consists of the following:

– Minimizing possible injury to persons, as well as adverse financial and business impacts for the Group, resulting from an interruption of normal business operations.

– Reducing the operational effects of a disaster by supplying a series of predefined, flexible guidelines and procedures to be employed in order to resume and recover processes.

– Resuming time-sensitive business operations and associated support functions, in order to achieve business continuity, stable earnings and planned growth.

– Re-establishing the time-sensitive technology and transaction-support operations of the business if existing technologies are not operational.

– Safeguarding the public image of, and confidence in, the Group.

– Meeting the Group's obligations to its employees, customers, shareholders and other third-party stakeholders.

f) Corporate information

The Santander Group's corporate operational risk control area has an operational risk management information system that provides data on the Group's main risk elements. The information available from each country/unit in the operational risk sphere is consolidated to obtain a global view with the following features:
Two levels of information: at corporate level, with consolidated information, and at individual level containing information for each country/unit.

– Dissemination of best practices among the Santander Group countries/units, obtained from the combined study of the results of quantitative and qualitative analyses of operational risk

– Specifically, information is prepared on the following subjects:

The operational risk management model in the Bank and the main units and geographic areas of the Group.
– The scope of operational risk management.

– The monitoring of appetite metrics

– Analysis of internal event database and of significant external events.

– Analysis of most significant risks detected using various information sources, such as operational and technology risk self-assessment processes.

– Evaluation and analysis of risk indicators.

– Mitigation measures/active management.

– Business continuity plans and contingency plans.

This information is used as the basis for meeting reporting requirements to the Executive Risk Committee, the Risk Supervision Regulation and Compliance Committee, the Operational Risk Committee, senior management, regulators, rating agencies, etc.

a) The role of insurance in operational risk management

The Santander Consumer Finance Group considers insurance to be a key element in the management of operational risk and has established common guidelines for the coordination of the various functions involved in the insurance management cycle that transfer operational risk, mainly the Group's own insurance and operational risk control areas, but also the various front-line risk management areas.

These guidelines include the following activities:

- Identification of all risks at the Group that could be covered by insurance, as well as new insurance cover for risks already identified in the market.
- Establishment and implementation of criteria for quantifying insurable risk, based on the analysis of losses and in loss scenarios that make it possible to determine the Group's level of exposure to each risk.
- Analysis of the cover available in the insurance market, as well as preliminary design of the terms and conditions that best suit the requirements previously identified and evaluated.
- Technical assessment of the level of protection provided by a policy, the cost and levels of retention that would be assumed by the Group (deductibles and other items borne by the insured) for the purpose of deciding whether to contract it.
- Negotiation with insurance providers and contract awards in accordance with the relevant procedures established by the Group.
- Monitoring of claims reported under the policies, as well as those not reported or not recovered due to incorrect reporting.
- Analysis of the appropriateness of the Group's policies for the risks covered, taking the necessary measures to correct any shortcomings detected.
- Close cooperation between local operational risk officers and local insurance coordinators in order to enhance operational risk mitigation.
- Regular meetings to inform on the specific activities, situation and projects of the two areas.
- Active participation of both areas in the global insurance sourcing desk, the Group's highest technical body for the definition of insurance cover and arrangement strategies.

It risk

Technological risk is the threat of a business information technology failure that could compromise your organization. Technology risk monitoring from the second line of defense focuses on the following IT domains and their related risks:

Risk of availability and continuity

- Improper IT performance: Lack of resources (hardware, software, etc.) causing system interruptions or service degradation.
- Improper IT availability: Disruption of critical business processes or services due to system failures or crashes (HW/SW failure).
- It Continuity: Inadequate risk of disruption of key business services or failure to be restored in the necessary time due to lack of an adequate technology contingency plan and strategy.

Risk of IT change

- Inadequate IT architecture: Poor management of the information technology architecture (ICT) when designing, creating and maintaining systems (e.g., software, hardware, data) can lead to complex, difficult, expensive to manage and rigid ICT systems over time.

- Inadequate IT lifecycle management: The inability to maintain proper inventory of all ICT assets, or improper asset lifecycle management (obsolescence).
- Inadequate management of IT changes: Risks of interruption or degradation of relevant services due to inadequate change management.

Governance and IT processes

- Inadequate governance of IT processes: Risk from incorrect IT governance such as: IT roles and responsibilities are not properly defined; lack of competencies; high turnover of staff; policies not defined or properly updated; and IT budget not properly managed

Third party risk management in IT

- Inadequate computer resilience of a third party: Interruption of the computer service due to failures of a third party. To highlight the new regulations regarding Digital Operational Resilience which reinforces in many aspects the management of technological risk that resides in suppliers.

Cyber Risk

Cybersecurity risk (also known as cyber risk) is defined as any risk that results in financial loss, reputational damage, regulatory fines, loss of strategic advantages, and interruption of Santander Consumer Finance's operations arising from unauthorized access, misuse of information or systems, electronic fraud or alteration of business activity. This risk comes from inside and outside the corporation.

During the first half of 2024, SCF has continued to maintain full attention to cybersecurity-related risks affecting our units across geographies. This situation, which generates concern in entities and regulators, prompts the adoption of preventive measures to be prepared for attacks of this nature. Because of the current geopolitical situation (the war in Ukraine, the armed conflict of Israel and Palestine) and, the level of threat in cybersecurity is set at level 1, highlighting the greater exposure in attempted DDoS attacks and ransomware campaigns.

The Group has evolved its cyber regulations with the consolidation of the new cybersecurity framework and cyber risk monitoring model, which includes different policies related to this issue; specific committees and risk appetite metrics of the Group related to this issue.

The main mechanisms established for controlling cybersecurity risk are:

- Identification and assessment of cybersecurity risk: The process of identifying and assessing cyber risk is a key process to anticipate and determine risk factors, thus estimating their probability and impact. Cyber risks are identified and classified aligned with the control categories defined in the latest industry-relevant security standards (such as ISO 27, NIST Cybersecurity Framework, etc.).

- Control and mitigation of cyber risk: Once the cyber risks have been evaluated, different measures called cybersecurity risk mitigation plan are defined, with residual risks identified formally accepted. Due to the nature of cyber risks, a periodic assessment of risk mitigation plans is carried out. A key process in the face of a successful cybersecurity attack is the business continuity plan. SCF has mitigation strategies and measures related to business continuity management and disaster recovery plans. These measures are also linked to cyber attacks, based on defined policies, methodologies and procedures.

- Monitoring, supervision and communication of cyber risk: SCF monitors cyber risk in order to periodically analyze the available information on the risks assumed in the development of the Group's activities. To this end, key risk indicators (KRIs) and key performance indicators (KPIs) are monitored and monitored to assess whether risk exposure is in line with the agreed risk appetite.

- Scaling and reporting: The proper scaling and communication of cyber threats and attacks is another key process. SCF has tools and processes for detecting external threats in its infrastructure, servers, applications and databases. The communication includes reporting and submission to relevant committees to assess exposure to cyber risk and take necessary action. There are also mechanisms for internal escalation, independent of the bank's management team, of technological or cybersecurity incidents and, if necessary, the corresponding regulator.

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Other specialist risks

- Supplier Management Risks: the focus is on the quality and continuity of services provided to SCF, ensuring compliance with the EBA Guidelines through the implementation of specific risk instruments throughout the different phases of the supplier's lifecycle. Notably, the recent implementation of the Digital Operational Resilience Regulations, which reinforces the risk management derived from services received by third parties, mitigating the unavailability of both the service and the supplier, and thus ensuring business continuity.
- The operational risk derived from the transformation process is defined as any risk arising from material changes in the organization, products, services or processes of Santander Consumer Finance due to imperfect design, construction, testing, implementation and/or implementation of projects and initiatives, and the transition to regular business (BAU) Transformation is a root cause, which can manifest itself in a variety of risks and impacts, not restricted to operational risk, (e.g. credit, market, financial crime…).

Risk of compliance and conduct

The compliance function covers all matters related to regulatory compliance, the prevention of money laundering and terrorist financing, product governance and consumer protection, and reputational risk.

The compliance function promotes Santander Consumer Finance, S.A's adherence to the rules, supervisory requirements, and principles and values of good conduct by setting standards, discussing, advising and reporting, in the interest of employees, customers, and others. shareholders and the community in general. According to the current corporate configuration of the three lines of defense of the Santander Group, the compliance function is configured as an independent second-line control function and with direct reporting to the board of directors and its commissions through the Chief Compliance Officer. This configuration is aligned with the requirements of banking regulation and with the expectations of supervisors.

Santander Consumer Finance's objective in terms of compliance risk and conduct is to minimize the likelihood of non-compliance and irregularities occurring, and if they occur, they are identified, assessed, reported and resolved quickly.

Santander Consumer Finance aims to continue working in 2024 to maintain maximum alignment with Santander Group standards in terms of policies, procedures and management methodologies in all its units.

The tools available to the compliance function to identify and manage the risks under its responsibility are:

i. Annual exercises for assessing behavioral, regulatory, money laundering and reputational risk prevention.

ii. Implementation by each entity of an annual compliance plan reflecting Grupo Santander's corporate initiatives, local initiatives necessary to comply with local regulations and good sectoral practices, weaknesses identified in compliance risk assessment exercises and potential internal audit recommendations as a third line of defense as well as any other supervisor requirements.

iii. Regular follow-up meetings with the units and the process of periodic reporting on compliance risks to the different governing bodies of the company.

Climate and Environmental Risk

Santander Consumer Finance's ESG (Environmental and Climate Factors, Social and Governance) strategy consists of doing business in a responsible and sustainable way, supporting the green transition, building a more inclusive society and doing business correctly, following the most rigorous standards of governance.

On the other hand, ESG factors can lead to traditional types of risk (e.g. credit, liquidity, operational, reputational, or residual value) due to the physical impacts of a changing climate, the risks associated with the transition to a new, more sustainable economy and the failure to meet the expectations and commitments made.

Therefore, they are included in the risk map of Santander Consumer Finance as relevant risk factors.

In recent times, climate risks (physical risks and transition risks) have become very important, and that is why Santander Consumer Finance is strengthening its management and control in coordination with the corporate teams of the Santander Group, some of the priorities being:

i. EWRM (Enterprise-Wide Risk Management) approach, which gives a holistic and anticipative view of climate aspects as a basis for proper management.
ii. Availability of relevant data (e.g. CO2 emissions from financed assets, green asset financing ratio, sector classification and location of companies, energy efficiency certificates and collateral location, etc.).
iii. Integration of climate risks into the day-to-day management and control of risks.

The relevance of the data and its quality is, if possible, even greater in this area than in the rest, since some data that until recently had not been very relevant and perhaps not collected, they have become essential for issues such as aligning portfolios to environmental objectives, disclosure of information or management of climate risks. Therefore, we maintain the focus on collecting such data with the required quality.

With regard to the EWRM approach, firstly, a qualitative evaluation has been carried out on the implications and materiality of climate aspects for Santander Consumer Finance, with special focus on the auto portfolio, which is summarized in the following paragraphs.

As discussed above, for Banking in general the climate is a cross-cutting issue with multiple angles, but with two main dimensions related to each other:

1. Banks play a key role in mitigating climate change and transitioning to a new green economy.
2. Climatic aspects can cause losses to banks through different transmission mechanisms.

Regarding Santander Consumer Finance in particular, our vision is as follows:

1. Our role in sustainable financing: Alignment of our portfolios to the ambition of net zero emissions is happening naturally and gradually thanks to the policies of the European Union and the short duration of our contracts. In any case, Santander Consumer Finance is becoming more sustainable and proactively helping customers become more sustainable. The efforts being made in the area of data and information dissemination are essential in this direction.

2. Potential impacts of climate risks in Santander Consumer Finance: The materiality analysis carried out concludes that the types of risk most affected for SCF are reputational/regulatory, strategic (business model), residual value and credit. The potential impacts are greatly mitigated by the context (gradual transformation of the automotive industry) and the business model of Santander Consumer Finance (whose portfolios are mainly retail, good quality, short term and diversified). On the other hand, climate issues could be the trigger of a general economic crisis, for example, due to a disorderly transition to the new green economy. We are already managing these risks, but we will continue to strengthen their management and control.

Climate risks have been progressively incorporated into the different EWRM processes:

a. "Emerging Risks": Framed within the event of evolution of the automotive sector, which has historically been identified as one of the main ones of the parent,

b. Risk map: As a transversal risk

c. Assessment of the risk profile: Through a qualitative assessment,

d. Risk appetite: Through stress metrics, as well as opening the residual value by engine type, and the addition in 2025 of a new metric related to the decarbonization target (range) by 2030 (for the passenger car portfolio of our sixteen main units),

e. Risk strategy, with a specific section on these risks,

f. Strategic risk, as a driver of changes in market trends,

g. Capital Risk and Stress Testing: The stress tests included in Santander Consumer Finance's strategic plans and ICAAP take into account climate risks through idiosyncratic events, in addition to a specific scenario included in this exercise to reflect the potential impact of a disorderly transition to a low-emission economy. The results of these stress exercises are part of the entity's risk appetite.

Stress testing scenarios and methodologies will become sophisticated as more information becomes available. In 2022, Santander Consumer Finance participated, together with Santander Group teams, in the first ECB climate stress test and in the thematic review of climate risks.
Finally, with regard to the integration of risk management and control into the day-to-day life, the EWRM team of Santander Consumer Finance produces a quarterly internal report to monitor climate risks. in which will also be incorporated from its publication the results of the exercise of Pillar III ESG.

This report includes, among other things, the following:

a. Materiality Analysis: Currently most of the portfolio has a low physical risk and a moderate transition risk. It is essential to keep in mind that the portfolio consists basically of loans to private clients, of good quality, very diversified and short term.

b. Kris Tracking (KRIs): For each type of risk affected (e.g. reputational) potential risks (e.g., inadequate speed of portfolio alignment to decarbonization objectives), main driver (physical or transition) are identified. and the Kris with which the evolution of risk is followed (for example, percentage of electric car of the entity vs. the whole market).

c. Main focus in the quarter (news, relevant projects, etc.).

At the same time, work is being done on the integration of climate risks in all phases of the risk cycle, ensuring compliance with commitments and supervisory expectations. It is worth noting the progress being made in relation to the corporate model "The Climate Race" to integrate climate factors in the process of granting and monitoring credit risk.

As noted above, the SCF risk map includes climate risks, as the risk elements related to the environment and climate change are considered factors that could affect the different types of risk existing across all relevant time horizons. These elements include, on the one hand, those derived from the physical effects of climate change and, on the other hand, those derived from the process of transition to a more sustainable economy, including legislative, technological or behavioral changes of economic agents.

Given the activities to which the companies of the SCF Group are engaged, the Group has no liabilities, expenses, assets or contingencies of an environmental nature that could be material in relation to the assets, financial situation and consolidated results.

The exposures in the sectors potentially most affected by climate factors according to market consensus and the execution of our materiality analysis correspond mainly to wholesale customers. The wholesale activity of SCF is very limited (it represents less than 2% of the total portfolio), since the fundamental activity is consumer financing, but in any case, within the framework of the implementation of the corporate model "The Climate Race", we are working on the consideration of climate aspects in the analysis of wholesale customers.

In addition, SCF has participated (within the Santander Group as a whole) in the different regulatory exercises of climate stress, which have been classified as learning exercises in the industry. The results of these exercises show that overall, the current coverage of potential losses would be adequate in the time horizons of the maturities of our portfolios. SCF also includes a climate scenario in its ICAAP Internal Capital Adequacy Assessment exercise.

Therefore, SCF considers that, with the best information available at the time of the preparation of these consolidated annual accounts, there is no significant additional impact arising from climate and environmental risk on the assets, financial situation and results in the year.

Within this axis of integration in management are also framed the emission calculation initiatives, as a basis for the commitments of the Net Zero Banking Alliance that were published in 2024.

Concentration risk:

Concentration risk is a fundamental element in credit risk management. The Santander Group continuously tracks the degree of concentration in its credit risk portfolios from a range of perspectives: geographic areas and countries, economic sectors, products and groups of customers.

Concentration risk occurs mainly in relation to the financing of car dealers' stocks (Stock Finance) with low risk products given their high turnover and collateralisation (stock vehicle collateral).

The Board of Directors of Santander Consumer Finance has established the maximum levels of concentration risk to be assumed in the Risk Appetite. Concentration risk appetite is downgraded to day-to-day management through the Strategic Business Plans. Corporate risk policies are transposed at Santander Consumer Finance HQ level and then sent to the units for local transposition; the policies are validated in the Risk Control Committee.

The Group is subject to regulation of "Large Exposures" set out in the Fourth Part of Regulation 575/2013 (those that exceed 10% of the Entity's own funds). Under the Regulation, no exposure with the same person or economic group may exceed 25% of the Group's eligible capital (unless the client or group of connected clients includes one or more Institutions; in such a case, the aggregate exposure value may not exceed 25% of the eligible capital of the Institution or 150 million euros, whichever is higher, and without exceeding 100% of the eligible capital).

The Santander Group's Risk Division closely cooperates with the Financial Division in the active management of credit portfolios that, among its main areas of action, includes reduction of exposure concentration using several techniques, such as the contracting of credit hedging derivatives or securitization, with the ultimate aim of optimizing the return- to-risk ratio of the entire portfolio.

The breakdown at 30 June 2024 of the distribution of the loan to customers by activity (book value, excluding advances) is included below:

Loan to clients by activity	TOTAL (thousands of euros)	Without collateral	Of which: Real Estate Guarantee (E)	Of which: Other security rights (E)	Credit with collateral. Loan to value (f)				
					Less than or equal to 40%	More than 40 per cent and less than or equal to 60%	More than 60 per cent and less than or equal to 80%	More than 80 per cent and less than or equal to 100 %	More than 100%
1. Public authorities	**140,483**	**115,436**	**—**	**25,047**	**78**	**181**	**887**	**7,901**	**16,000**
2. Other financial companies and individual entrepreneurs (financial business activity)	**792,210**	**608,956**	**1,997**	**181,257**	**2,299**	**4,896**	**13,980**	**38,793**	**123,286**
3. Non-financial companies and individual entrepreneurs (non-financial business activity) (broken down by purpose)	**38,870,086**	**17,922,799**	**68,824**	**20,878,463**	**185,720**	**442,744**	**1,065,391**	**11,995,353**	**7,258,079**
3.1 Construction and real estate development (including land)	257,008	92,766	—	164,242	274	1,150	4,482	153,417	4,919
3.2 Construction of civil works	7,586	—	—	7,586	—	—	—	7,586	—
3.3 large companies	16,278,796	8,341,390	35,255	7,902,151	85,976	225,233	514,115	4,219,463	2,892,619
3.4 SMEs and individual entrepreneurs	22,326,696	9,488,643	33,569	12,804,484	99,470	216,361	546,794	7,614,887	4,360,541
4. Rest of households (disaggregated by purpose)	**76,939,053**	**45,755,614**	**3,322,431**	**27,861,008**	**1,850,322**	**2,189,593**	**2,215,069**	**13,743,245**	**11,185,210**
4.1 Housing units	3,654,351	381,259	3,273,092	—	1,422,671	767,486	543,847	336,337	202,751
4.2 Consumption	72,837,850	45,105,910	42,743	27,689,197	421,888	1,415,370	1,646,965	13,315,182	10,932,535
4.3 Other purposes	446,852	268,445	6,596	171,811	5,763	6,737	24,257	91,726	49,924
5. TOTAL	**116,741,832**	**64,402,805**	**3,393,252**	**48,945,775**	**2,038,419**	**2,637,414**	**3,295,327**	**25,785,292**	**18,582,575**
MEMORANDUM ITEMS Refinancing, refinanced and restructured operations (*1)	383,122	294,674	25,016	63,432	4,837	5,720	9,856	28,612	39,423

In addition, Santander Consumer Finance Group has granted advances to clients amounting to 955,287 thousand euros, bringing the total number of loans and advances to clients to 117,697,119 thousand euros.

(*1) Includes the net balance of accumulated impairment or accumulated fair value losses due to credit risk

The breakdown at30 June 2024 of the Group's risk concentration by activity and geographical area of the counterparties is included below:

Concentration of risks by activity and geographical area	Spain	EU	America	Rest	Total (thousands of euros)
1. Central banks and credit institutions	**2,256,529**	**9,971,233**	**—**	**313,903**	**12,541,665**
2. Public administrations	**1,698,851**	**3,165,785**	**—**	**42,302**	**4,906,938**
2.1 Central Governments	*1,697,391*	*1,902,529*	—	—	*3,599,920*
2.2 Other Public Administrations	*1,460*	*1,263,256*	—	*42,302*	*1,307,018*
3. Other financial companies and individual entrepreneurs (financial business activity)	**17,786**	**856,779**	**15,664**	**417,472**	**1,307,701**
4. Non-financial companies and individual entrepreneurs (non-financial business activity) (broken down by purpose)	**3,873,079**	**34,260,548**	**—**	**1,828,011**	**39,961,638**
4.1 Construction and real estate development (including land)	—	*257,008*	—	—	*257,008*
4.2 Construction of civil works	—	*7,590*	—	—	*7,590*
4.3.1 large companies	*1,455,488*	*14,857,107*	—	*446,640*	*16,759,235*
4.3.2 SMEs and individual entrepreneurs	*2,417,591*	*19,138,843*	—	*1,381,371*	*22,937,805*
5. Rest of households (disaggregated by purpose)	**9,629,030**	**62,010,247**	**728,859**	**4,718,798**	**77,086,934**
5.1 Property	*1,126,573*	*2,529,659*	—	—	*3,656,232*
5.2 Consumption	*8,452,991*	*59,076,190*	*728,859*	*4,718,798*	*72,976,838*
5.3 Other purposes	*49,466*	*404,398*	—	—	*453,864*
6. TOTAL	**17,475,275**	**110,264,592**	**744,523**	**7,320,486**	**135,804,876**

(*) The definition of risk for the purposes of this table includes the following items on the public consolidated balance sheet: Deposits with credit institutions and central banks, credit to customers, debt securities, trading derivatives, hedging derivatives, equity instruments, equity holdings and guarantees granted.

EVENTS AFTER THE REPORTING PERIOD

Between 30 June 2024 and the date of formulation of the interim condensed consolidated financial statements, there have been no events in addition to those described in this explanatory note that have a significant effect on them, as indicated in Note 1.

Information required by Law 2/1981, of 25 March, regulation of the mortgage market and by Royal Decree 716/2009, of 24 April, by which certain aspects of this Law are developed

The members of the Board of Directors state that the Bank has,and has established the express policies and procedures that cover all the activities carried out in the field of mortgage market issues that it carries out and that guarantee the rigorous compliance with the regulations of the mortgage market applicable to these activities. The Financial Directorate defines the Bank's financing strategy.

CORPORATE GOVERNANCE

Capital and treasury shares

Banco Santander, S.A.	*1,879,546,152*	*Percentage 99, 99999894%*
Cantabria Catalana de Inversiones, S.A.	*20*	*Percentage 0.00000106%*
Total number of shares	**1,879,546,172**	
Nominal value in euros	*3.00*	
Share Capital in euros	*5,638,638,516*	

At 30 June 2024, the Bank's share capital consisted of 1,879,546,172 registered shares, with a par value of 3 euros each, all fully subscribed and paid up, and with equal dividend and voting rights.

The Bank did not enter into any transactions with treasury shares or parent company shares in the first half of 2023, and no treasury shares are held at 30 June 2024.

Restrictions on the transferability of securities

Not applicable.

Restrictions on voting rights

Those attending the annual general meeting will have one vote for each share that they possess or represent.

Only owners of twenty or more shares will have the right to attend the annual general meeting, and provided their name is listed in the pertinent accounting register.

Shareholders´ agreements

Not applicable.

In this regard, as a subsidiary of Banco Santander S.A, Santander Consumer Finance, S.A., and the companies that make up the Santander Consumer Finance Group (consolidated), it incorporates this information in the Consolidated Intermediate Management Report of the Banco Santander S.A. and subsidiaries as of 30 June 2024, which is available at www.santander.com.

BOARD OF DIRECTORS

Appointment and replacement of the members of the Board of Directors and modification of the statutes

The Bank shall be represented by the Board of Directors, which shall consist of a number of members not less than five or more than fifteen, who shall be appointed by the General Shareholders' Meeting for a term of three years and who may, however, be re-elected, as many times as desired, for periods of equal duration.

To be a Director, you do not have to be a shareholder of the Company.

Powers of the members of the Board of Directors

On 17 December 2020, the SCF, S.A. Board of Directors granted powers of attorney to Mr. José Luis de Mora Gil- Gallardo and Mr. Ezequiel Szafir as Managing Directors of Santander Consumer Finance, S.A. The Board of Directors agreed to delegate in favor of Mr. José Luis de Mora Gil-Gallardo and Mr. Ezequiel Szafir, jointly and severally, all the powers of the Board, except those that cannot be legally delegated.

Because of the reason of his re-election as Director, agreed by the General Shareholders' Meeting on February 24, 2022, the Board of Directors, agreed to the re-election of Mr. José Luis de Mora as CEO, attributing him, jointly and severally, all the Board Directors' faculties, except those that may not be delegated by law or bylaws, which cannot be delegated classified as non-delegable in the Board Regulations, which are the following:

However, given that at the Council held on 27 July 2023 date, Mr. Ezequiel Szafir resigned for personal reasons, as a member of the Board and as CEO of the company, all the powers of the Council that he had conferred were revoked.

a. The approval of the general policies and strategies of the Society, and the supervision of their implementation.

b. The formulation of the annual accounts and their submission to the General Board.

c. The formulation of any kind of report required by law to the board of directors, provided that the operation to which the report relates cannot be delegated.

d. The convening of the general meeting of shareholders and the preparation of the agenda and the proposal of agreements.

e. The definition of the structure of the Group of Companies of which the Company is the dominant entity.

f. Monitoring, monitoring and periodic evaluation of the effectiveness of the Corporate Governance and Internal Governance System and of regulatory compliance policies, as well as the adoption of appropriate measures to address, where appropriate, their deficiencies.

g. The approval, within the framework of the provisions of the Corporate Statutes and in the directors' remuneration policy approved by the general meeting, of the remuneration that corresponds to each director.

h. The approval of contracts regulating the provision by directors of functions other than those that correspond to them in their capacity as such and the remuneration that corresponds to them for the performance of functions other than the supervision and collegiate decision that they carry out in their capacity of mere members of the Council.

i. The design and supervision of the directors selection policy, as well as the directors' succession plans.

j. Selection and continuous evaluation of directors.

k. Supervising the development of the Responsible Banking agenda.

l. The powers delegated by the general meeting to the board of directors, unless expressly authorized by the general meeting to sub-delegate them.

m. The determination of its organization and functioning and, in particular, the adoption and amendment of the rules of procedure of the Council

Significant agreements that are modified or terminated in the event of a change of control by the Bank

Not applicable.

Agreements between the Company, directors, executives or employees who provide compensation upon termination of the relationship with the Company on the occasion of a public offer to acquire.

Not applicable.