Banco Santander, S.A.
31 March 2022

Banco Santander, S.A.
(the "Company")

Publication of 2021 UK Annual Report

The Company's annual report for the year ended 31 December 2021, prepared in connection with the Company's obligations under the UK Disclosure and Transparency Rules (the "UK Annual Report"), has today been published and is available on the Company's website at https://www.santander.com/en/.

In compliance with Listing Rule 14.3.6R, a copy of the UK Annual Report has been submitted to the Financial Conduct Authority and will shortly be available for inspection on the National Storage Mechanism website at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

In compliance with Disclosure and Transparency Rule ("DTR") 6.3.5R, the UK Annual Report can also be downloaded in pdf format from the Company's website at https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#filings-with-other-regulatory-bodies.

In compliance with DTR 6.3.5R, the Appendix to this announcement contains certain information extracted from the UK Annual Report. This constitutes the information required to be communicated to the media in unedited full text through a Regulatory Information Service. This information is not a substitute for reading the full UK Annual Report.

Enquiries

Global Head of Shareholders & Investor Relations
Begoña Morenes - investor@gruposantander.com

31 March 2022

APPENDIX

The primary purpose of this announcement is to inform the market about the publication of the UK Annual Report.

The information below, which is extracted from the UK Annual Report, constitutes the material required for the purposes of compliance with DTR 6.3.5R and is included solely for the purpose of complying with DTR 6.3.5R. This announcement is not a substitute for reading the UK Annual Report. Page and note references in the extracted information below refer to, respectively, page numbers and notes in the UK Annual Report.

Auditor's report on the consolidated annual accounts of Banco Santander, S.A. and its subsidiaries (pages 515 to 523)

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.

Independent auditor’s report on the consolidated annual accounts

To the shareholders of Banco Santander, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Banco Santander, S.A. (the Parent company) and its subsidiaries (the Group or Santander Group), which comprise the balance sheet as at December 31, 2021, and the income statement, statement of recognised income and expense, statement of changes in total equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2021, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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 consolidated annual accounts* 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 consolidated annual accounts 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.

Key audit matters

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

Key audit matter	**How our audit addressed the key audit matter**
Estimation of impairment of financial assets at amortised cost - loans and advances to customers – for credit risk The models used to estimate the expected credit losses along with the adaptations made in the context of the current environment, imply a high complexity by incorporating new estimates and judgments, especially those related to the updates and adjustments made to the models to determine the expected credit loss. These estimates require an elevated component of judgment by management and are one of the most significant and complex estimates in the preparation of the consolidated	We have obtained, in collaboration with our credit risk experts, an understanding of management’s process to estimate the impairment of financial assets at amortised cost - loans and advances to customers - over the estimation of impairment of financial assets assessed collectively and individually. In addition, and as a part of our audit procedures, we have made inquiries to management to understand the extent of the potential impact of climate change on credit risk.

annual accounts as at December 31, 2021 included herein, therefore they have been considered one of the key audit matters.

The main judgements and assumptions used by management are the following:

- The estimation of the Probability of Default (PD) and Loss Given Default (LGD) parameters.
- Identification and classification of the staging criteria of loans and advances to customers.
- The definition and evaluation of updates and adjustments to adapt the parameters estimated by the models to the conditions and current environment.
- The main assumptions used in the determination of provisions for risks estimated individually.

The Group's business is focused primarily on commercial banking products and is concentrated in nine key markets (Brazil, Chile, Spain, United States, Mexico, Poland, Portugal, United Kingdom and the consumer finance business in Europe).

As a result, during fiscal year 2021 the Group has recognised an amount of EUR 7,388 million of impairment of financial assets at amortised cost.

Please refer to Notes 2, 10 and 53 of the consolidated annual accounts as at December 31, 2021.

In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes:

- Calculation methodologies, calibrations, monitoring and back-testing performed by management.
- Compliance with internal policies and functionality of the internal models approved by management.
- Reliability of the data sources used in the calculations and the suitability of the models taking into account the circumstances.
- Periodic review process of borrower to determine proper staging criteria.
- Review process over the calculation of the principal models and portfolios.
- Review process of the updates and adjustments to the expected credit loss models made by management due to the conditions and current environment.
- Loan collateral assignment and valuation process associated with mortgage collateral operations, including collateral recovery process.

In addition, we performed the following tests of details:

Key audit matter

How our audit addressed the key audit matter

- Tests of principal models with respect to: i) calculation and segmentation methods; ii) methodology used for the estimation of the expected loss parameters; iii) data and main assumptions used, iv) staging criteria and v) scenario information and assumptions.
- For a sample of loans, covered by government guarantees, evaluation of both documentation and payment behaviour presented since the moment of their concession.
- Reperformance of collective impairment losses based on the expected credit loss models parameters.
- Evaluation of the updates and adjustments to the expected credit loss models made by management due to the conditions and current environment, if applicable.
- Verification of the correct assignment of the loan

collaterals, especially those that are classified as doubtful.

- On a sample basis, evaluating individual credit files to determine the adequacy of their accounting and classification, discounted cash flows and, where appropriate, corresponding impairment.

We have not identified exceptions outside of a reasonable range in the procedures outlined above.

Goodwill impairment assessment

Goodwill impairment assessment is an exercise that requires a high degree of judgment and estimation especially in the current context of the covid-19, therefore it has been considered one of the key audit matters.

Due to their relevance to Santander Group, management monitors goodwill, with special focus on the following Cash Generating Units (CGUs): Santander Bank Polska and Santander UK, and assesses goodwill for impairment at the end of each annual reporting period or whenever there is any indication of impairment.

We have obtained, in collaboration with our valuation experts, an understanding of the process performed by management to assess the recoverable amount.

In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes:

- Definition of the Group's CGUs.

Key audit matter

The assumptions used by management to estimate the value in use of the Cash-Generating Units (CGUs) includes financial projections, discount rates and perpetual growth rates. Such valuations, and some of these assumptions, are performed by management's experts.

The amount of the Group's consolidated goodwill balance as at December 31, 2021 is EUR 12,713 million.

Please refer to Notes 2 and 17 of the consolidated annual accounts as at December 31, 2021.

How our audit addressed the key audit matter

- Methodology used by management for the goodwill impairment assessment, including the controls in place to supervise the process and the related approvals.
- Budgeting process on which the projections used in the discounted cash flow projections are based on.
- Management's capability of reliable prediction through the comparison of previous years' estimations and impairment assessments with the actual results.
- Review of the reasonableness of the discount rates and perpetual growth rates used by management's experts.
- Review of the mathematical accuracy of the valuation models used by management experts.

We also conducted tests of details to evaluate the discounted cash flow projections used by management in their estimation, considering market practices and specific sector expectations, including the verification of the assumptions, such as discount rates and perpetual growth rates.

In addition, we have performed, among other, the following tests of details:

- Verifying the mathematical accuracy of the goodwill impairment test, including the discounted cash flow projections.
- Comparing the fair value of the listed CGUs to their recoverable amount.
- Inspecting the valuation reports regarding the goodwill impairment test performed by management's internal and external experts.
- Verifying the adequacy of the information disclosed in the consolidated annual accounts in accordance with applicable regulations.

We have not identified exceptions outside of a reasonable range in the procedures outlined above.

Key audit matter

Litigation provisions and contingencies

The Group is party to a range of tax, labour and legal proceedings - administrative and judicial - which primarily arose in the ordinary course of its operations. Also, there are other situations not yet subject to any judicial process that, however, have required the recognition of provisions, such as aspects of conduct with clients and the possible compensations that could be derived.

These procedures generally take a long period of time to run their course, giving rise to complex processes in accordance with the applicable legislation, therefore it has been considered one of the key audit matters.

Management decides when to recognize a provision for these contingent liabilities, based on an amount estimated using certain procedures consistent with the nature of the uncertainty of the obligations.

Among these provisions, the most significant are those that cover the tax and labour proceedings in Brazil and those that cover the legal proceedings in Brazil, Spain and Poland.

The amount of the litigation provisions and contingencies as at December 31, 2021 is EUR 3,674 million.

Please refer to Notes 2 and 25 of the consolidated annual accounts as at December 31, 2021.

How our audit addressed the key audit matter

We have obtained, in collaboration with our experts, an understanding of the estimation process performed by management for litigation provisions and contingencies.

In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes:

- Additions, logs and updates over the completeness of the legal matters in the systems.
- Accuracy of the key data, maintained in the systems, used in the calculation of the litigations provisions and contingencies.
- Assessment of the criteria used to estimate the expected losses from litigation provisions and contingencies and evaluation of the adequacy over the calculation of the provisions for regulatory, legal or tax procedures and their recognition.
- Reconciliation between the minutes of the inspections and the amounts accounted for.

In addition, we have performed the following tests of details:

- Analysis for reasonableness of the expected outcomes of the most significant tax and legal proceedings.
- Assessment of possible contingencies relating to compliance with the tax obligations for all the years open to inspection, of the communications with the regulatory bodies and analysis of the ongoing regulatory inspections.
- Obtaining confirmation letters from external and internal lawyers and external tax advisors who

	work with the Group and performing alternative procedures. • Analysis of the recognition and reasonableness of the provisions recorded.

Key audit matter	**How our audit addressed the key audit matter**
	In the procedures described above, no exceptions were identified outside of a reasonable range.
Information systems	
The Group's financial information is highly dependent on information technology (IT) systems and 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 organization of the Group's Technology and Operations department, controls over software maintenance and development, physical and logical security controls, and controls over computer operations, therefore it has been considered one of the key audit matters. In this respect, management continues monitoring the internal controls over IT systems, including the access controls that support the Group's technology processes.	We have evaluated, in collaboration with our IT system specialists, the internal controls over the IT systems, databases and applications that support the Group's financial reporting. For this purpose, we have performed procedures over internal control and test of details 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. • Application development and change management. • Maintenance of computer operations. In addition, considering the monitoring carried out by management over its internal controls over IT systems, our approach and audit plan focused on the following aspects: • Evaluation of the monitoring made by management as part of its internal control environment of the Group. • Testing of the design and operating effectiveness of the controls implemented by management, including access controls. In the procedures described above, no relevant exceptions were identified related to this matter.

Other information: Consolidated Directors' report

Other information comprises only the consolidated Directors' report for the 2021 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated Directors' report. Our responsibility regarding the consolidated Directors' report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated Directors' report and the consolidated annual accounts 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 this part of the consolidated Directors' 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 above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated Directors' report is consistent with that contained in the consolidated annual accounts for the 2021 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, 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 consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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 consolidated annual accounts.

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 consolidated annual accounts, 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 consolidated annual accounts 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 consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance 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 consolidated annual accounts 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

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Banco Santander, S.A. and its subsidiaries for the 2021 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Banco Santander, S.A. are responsible for presenting the annual financial report for 2021 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of December 17, 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated February 25, 2022.

Appointment period

The General Ordinary Shareholders' Meeting held on March 26, 2021 appointed us as auditors of the Group for a period of one year, for the year ended December 31, 2021.

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 December 31, 2016.

Services provided

Services, different to the audit, provided to the Group are detailed in Note 47 of the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Julián González Gómez (20179)

February 25, 2022

Auditor’s report on the annual accounts of Banco Santander, S.A. (pages 816 to 824)

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

Independent auditor’s report on the annual accounts

To the shareholders of Banco Santander, S.A.,

Report on the annual accounts

Opinion

We have audited the annual accounts of Banco Santander, S.A. (the Bank), which comprise the balance sheet as at December 31, 2021, and the income statement, statement of recognised income and expenses, statement of changes in total equity, statement of cash flows and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Bank as at December 31, 2021, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 1 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

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 annual accounts* section of our report.

We are independent of the Bank in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts 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.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Estimation of impairment of financial assets at amortised cost - loans and advances to customers – for credit risk	
The models used to estimate the expected credit losses along with the adaptations made in the context of the current environment, imply a high complexity by incorporating new estimates and judgments, especially those related to the updates and adjustments made to the models to determine the expected credit loss. These estimates require an elevated component of judgment by management and are one of the most significant and complex estimates in the preparation of the annual accounts as at December 31, 2021 included herein, therefore they have been considered one of the key audit matters. The main judgements and assumptions used by management are the following:	We have obtained, in collaboration with our credit risk experts, an understanding of management’s process to estimate the impairment of financial assets at amortised cost - loans and advances to customers – over the estimation of impairment of financial assets assessed collectively and individually. In addition, and as a part of our audit procedures, we have made inquiries to management to understand the extent of the potential impact of climate change on credit risk. In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes: • Calculation methodologies, calibrations, monitoring and back-testing performed by

- The estimation of the Probability of Default (PD) and Loss Given Default (LGD) parameters.

- Identification and classification of the staging criteria of loans and advances to customers.

- The definition and evaluation of updates and adjustments to adapt the parameters estimated by the models to the conditions and current environment.

- The main assumptions used in the determination of provisions for risks estimated individually.

The Bank's business is focused primarily on commercial banking products.

As a result, during fiscal year 2021 the Bank has recognised an amount of 2,286 million euros of impairment of financial assets at amortised cost.

Please refer to notes 2, 6, 10 and 49 of the annual accounts as at December 31, 2021.

management.

- Compliance with internal policies and functionality of the internal models approved by management.

- Reliability of the data sources used in the calculations and the suitability of the models taking into account the circumstances.

- Periodic review process of borrower to determine proper staging criteria.

- Review process over the calculation of the principal models and portfolios.

- Review process of the updates and adjustments to the expected credit loss models made by management due to the conditions and current environment.

- Loan collateral assignment and valuation process associated with mortgage collateral operations, including collateral recovery process.

Key audit matter

How our audit addressed the key audit matter

In addition, we performed the following tests of details:

- Tests of principal models with respect to: i) calculation and segmentation methods; ii) methodology used for the estimation of the expected loss parameters; iii) data and main assumptions used, iv) staging criteria and v) scenario information and assumptions.

- For a sample of loans, covered by government guarantees, evaluation of both documentation and payment behaviour presented since the moment of their concession.

- Reperformance of collective impairment losses based on the expected credit loss models parameters.

- Evaluation of the updates and adjustments to the expected credit loss models made by management due to the conditions and current environment.

- Verification of the correct assignment of the loan collaterals, especially those that are classified as doubtful.

- On a sample basis, evaluating individual credit files to determine the adequacy of their accounting and classification, discounted

- cash flows and, where appropriate, corresponding impairment.

In the procedures described above, no exceptions were identified outside of a reasonable range.

Litigation provisions and contingencies

The Bank is party to a range of tax and legal proceedings - administrative and judicial – which primarily arose in the ordinary course of its operations. Also, there are other situations not yet subject to any judicial process that, however, have required the recognition of provisions, such as aspects of conduct with clients and the possible compensations that could be derived.

These procedures generally take a long period of time to run their course, giving rise to complex processes in accordance with the applicable legislation, therefore it has been considered one of the key audit matters.

We have obtained, in collaboration with our experts, an understanding of the estimation process performed by management for litigation provisions and contingencies.

In regards with the internal control, we have focused on testing the design and operating effectiveness of key controls over the following processes:

- Additions, logs and updates over the completeness of the legal matters in the systems.
- Accuracy of the key data, maintained in the systems, used in the calculation of the litigations provisions and contingencies.

Key audit matter

The management decides when to recognise a provision for these contingent liabilities, based on an amount estimated using certain procedures consistent with the nature of the uncertainty of the obligations.

Among these provisions, some of the most significant are those for customer compensation for the sale of certain products; these estimates are based on the number of claims expected to be received, the number expected to be accepted, and the estimated average pay out per case.

The amount of the litigation provisions and contingencies as at December 31, 2021 is 990 million euros.

Please refer to notes 2 and 23 of the annual accounts as at December 31, 2021.

How our audit addressed the key audit matter

- Assessment of the criteria used to estimate the expected losses from litigation provisions and contingencies and evaluation of the adequacy over the calculation of the provisions for regulatory, legal or tax procedures and their recognition.
- Reconciliation between the minutes of the inspections and the amounts accounted for.

In addition, we performed the following tests of details:

- Analysis for reasonableness of the expected outcomes of the most significant tax and legal proceedings.
- Assessment of possible contingencies relating to compliance with the tax obligations for all the years open to inspection, of the communications with the regulatory bodies and analysis of the ongoing regulatory inspections.
- Obtaining confirmation letters from external and internal lawyers and external tax advisors who work with the Bank and performing alternative procedures.

- Analysis of the recognition and reasonableness of the provisions recorded.

In the procedures described above, no exceptions were identified outside of a reasonable range.

Impairment of investments in subsidiaries As indicated in note 13 of the accompanying annual accounts, Banco Santander, S.A. is the parent company of a group of entities, whose fundamental activities are in the financial services sector. The carrying value of the investments in subsidiaries as at December 31, 2021 is 85,272 million euros. Management performs an analysis of the potential losses in investments in subsidiaries that it has registered in its accounting records. This analysis is performed using different parameters such as the market price or the net equity adjusted for the unrealised gains existing at the valuation date, including goodwill net of its corresponding impairment.	We have obtained an understanding of the valuation process of the investment in subsidiaries. In addition, where the valuation of investment requires the use of an elevated component of judgment, we have relied on the assistance of our valuation experts. With respect to internal controls, we have focused on the design and operating effectiveness of the controls in the valuation process and over the methodology, inputs and relevant assumptions used by management for the year-end estimates, including the controls performed to supervise the process and the related approvals.

Key audit matter	**How our audit addressed the key audit matter**
The valuation or analysis of the impairment of some of these investments require an elevated component of judgment, principally for those investments measured using the net equity adjusted for the unrealised gains existing at the valuation date including its goodwill, therefore it has been considered one of the key audit matters. This valuation, performed by Bank's management, is based on the analysis performed as part of the goodwill impairment assessment, where assumptions such as financial projections, discount rates, perpetual growth rates and market quotes (if available). Management's assessment has considered the updated economic and business environment resulting from covid-19, the current market conditions and the existing economic uncertainty. Please refer to note 13 of the annual accounts as at December 31, 2021.	Additionally, we have performed tests of details consisting of the following: • Verify the valuation performed by the Bank, using as a reference the recoverable balance of the investments in subsidiaries. • Verify that management's valuation methodology is in line with the applicable accounting standards, market practice and the specific expectations of the sector. • For investments whose valuation is calculated considering goodwill, we evaluated the reasonableness of the valuation models based on projected discounted cash flows. In the procedures described above, no exceptions were identified outside of a reasonable range.

Information systems The Bank's financial information is highly dependent on information technology (IT) systems, 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 organization of the Bank's Technology and Operations department, controls over software maintenance and development, physical and logical security controls, and controls over computer operations, therefore it has been considered one of the key audit matters. In this respect, management continues monitoring the internal controls over IT systems, including the access controls that support the Bank´s technology processes.	We have evaluated, in collaboration with our IT system specialists, the internal controls over the IT systems, databases and applications that support the Bank's financial reporting. For this purpose, we have performed procedures over internal control and test of details 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. • Application development and change management. • Maintenance of computer operations.

Key audit matter	How our audit addressed the key audit matter
	In addition, considering the monitoring carried out by management over its internal controls over IT systems, our approach and audit plan focused on the following aspects: • Evaluation of the monitoring made by management as part of its internal control environment of the Bank. • Testing of the design and operating effectiveness of the controls implemented by management, including access controls. In the procedures described above, no relevant exceptions were identified related to this matter.

Other information: Director's report

Other information comprises only the management report for the 2021 financial year, the formulation of which is the responsibility of the Bank's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the 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 above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2021 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Bank, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Bank'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 directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.

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 annual accounts, 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 entity's internal control.

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

- Conclude on the appropriateness of the 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 Bank'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 annual accounts 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity'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 entity'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 entity's audit committee, we determine those matters that were of most significance in the audit of the annual accounts 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

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Banco Santander, S.A. for the 2021 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

The directors of Banco Santander, S.A. are responsible for presenting the annual financial report for 2021 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the management report.

Our responsibility is to examine the digital file prepared by the Bank's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Bank dated February 25, 2022.

Appointment period

The General Ordinary Shareholders' Meeting held on March 26, 2021 appointed us as auditors for a period of one year, as from the year ended December 31, 2021.

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 December 31, 2016.

Services provided

Services provided to the audited entity and its subsidiaries for services other than the audit of the accounts are disclosed in note 43 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Julián González Gómez (20179)

February 25, 2022

Important events (page 813)

1.3 Important events

No significant events occurred from 1 January 2022 to 24 February 2022, being the date on which the consolidated financial statements were authorized for issue (see note 1.g to the consolidated financial statements).

The following significant events occurred from 25 February 2022 to the date of filing of this report:

Early redemption of CoCos

On 1 March 2022, we announced our decision to carry out the optional early redemption of all outstanding Non-Step-Up Non-Cumulative Contingent Convertible Perpetual Preferred Tier 1 Securities, with a nominal total value of EUR 750 million, with ISIN code XS1602466424 and common code 160246642, which are traded on the Global Exchange Market of the Irish Stock Exchange (the 'CoCos').

The redemption of all of the outstanding CoCos, which was authorized by the European Central Bank, will be carried out on the First Reset Date falling on 25 April 2022 (the 'First Reset Date'), pursuant to Conditions of the Preferred Securities of the relevant prospectus of the CoCos (Offering Circular dated 19 April 2017) (the 'Terms and Conditions'). Our decision to exercise the optional early redemption right is irrevocable.

The early redemption price, which will be equal to the outstanding nominal value (liquidation preference in the terminology of the prospectus) of each CoCo plus any accrued and unpaid distribution associated to each CoCo up to (but excluding) the First Reset Date, will be paid to the holders of the Preferred Securities by the Principal Paying Agent, in accordance with the Terms and Conditions, on 25 April 2022.

Buy-Back Programme

On 14 March 2022, Banco Santander announced the commencement of a new program to repurchase own shares (the "Buy-Back Programme" or the "Programme") for a maximum amount of 865 million euros. The Buy-Back Programme will be executed pursuant to the resolutions adopted by the general shareholders´ meeting held on 3 April 2020, and will have the following characteristics:

- Purpose of the Buy-Back Programme: to reduce the Bank’s share capital through the redemption of the shares acquired under the Programme in the share capital reduction submitted for approval by the 2022 Annual Shareholders' Meeting.

- Maximum investment: the Buy-Back Programme will have a maximum monetary amount of €865 million (equivalent to approximately 20% of the Group's underlying profit in the second half of 2021).

- Maximum price: Banco Santander intends to implement the Buy-Back Programme in a way that causes the average purchase price of shares not to exceed 4.12 euro, corresponding to the tangible book value per share at 31 December 2021.

- Maximum number of shares: The maximum number of shares that may be acquired pursuant to the Programme will depend on the average price at which they are acquired, but will not exceed 10 % of the Bank’s share capital.

- Other conditions: shares will be purchased at market price, subject to some restrictions.

Principal risks (pages 437 to 438 and 439)

1.3 Santander's top and emerging risks

For forward-looking management and strict control, we regularly measure top and emerging risks under various stress scenarios. We detect, analyse and monitor major internal and external threats that could affect our strategic plan and compromise our profitability and solvency. Top and emerging risks could lead to deviations from our targets, as (by definition) their potential impact is not included in current plans. Still, management measures can mitigate impact severity.

In 2021, the covid pandemic and vaccine rollouts (especially in OECD countries, where they have prompted faster economic recovery than expected) still affected our top risks identification process. The risk of new virus variants remains under close observation, particularly in geographies where vaccination rates are low.

Grupo Santander is monitoring and adopting measures to mitigate strategic risks, such as:

A macroeconomic scenario in which recovery is restrained:

Ongoing inflation in the US and Europe over recent months and signs of some economic indicators' slowdown have cast doubts about global economic recovery. Extreme scenarios even suggest the return of stagflation.

Following lockdowns, global manufacturing and services have not been able to keep up with increasing demand and changing consumption patterns prompted by covid. Global supply chains have not yet recovered their full capacity, which was diminished by pandemic restrictions. Examples of this are the maritime shipping woes and the semi-conductor shortage that is especially affecting the auto industry.

Food and commodity prices are on the rise, and many markets (including the US and the UK) are seeing labour shortages. Amid the inflationary tension (which central banks will have to tackle), fiscal and monetary stimulus measures to reverse the economic slowdown spurred by the pandemic which are gradually being reduced. There is the risk that economic recovery will be affected by these ongoing supply shocks, leading to higher, more structural inflation. Furthermore, if job market instability pushes inflation forecasts above targets, due to the so called "second-round effects", the pressure for tighter monetary policies will be greater.

Our balanced diversification between mature and developing markets and our wide range of products leave us more resilient to macroeconomic threats. We also managed to reduce the potential severity of these risks through mitigating measures we took at the onset of the pandemic and adapted throughout 2021. They include:

- robust risk policies and processes and proactive management, which kept our risk profile within the parameters set out in our risk appetite statement;

- our recoveries and collections teams' full capacity after adapting to the new environment through a Group-wide preparedness plan initiated in 2020 and finalized in 2021;

- continuous monitoring of the social and political situation regarding countries and industries where we have considerable exposure, and adjustments of our limits and positions according to our risk appetite; and

- regular reviews of our risk profile and commercial, market and macroeconomic dynamics, and new action plans to remain on track with established plans.

Growing regulatory pressure

In light of our international footprint and status as a global systemically important bank, we are subject to substantial capital requirements that could increase owing to new regulation or to a review by the supervisor of the existing criteria. This could reduce our profitability and return on capital while raising our cost of funding. In the coming years, banks must implement capital and leveraging requirements in accordance with Basel III reforms, aimed to enhance the comparability of capital ratios at the industry level.

Key mitigation measures:

- Continued enhancement of our models and multiple initiatives on each risk factor to optimize capital.

- Participation in all forums to debate and work with banking associations, regulators and supervisors on new regulation and requirements.

- Appropriate capital planning that allows us to absorb new regulation impacts preventing them from affecting our solvency levels.

Cyber risk in a digital business model

Cybersecurity threats are increasing rapidly in terms of frequency, sophistication and impact. Ransomware and data breaches continued to dominate the external threat landscape during 2021. Additionally, new vulnerabilities that can be rapidly exploited are also on the rise.

As cyber threats continue to grow and new attack techniques are developed, continuous evolution of cyber defences is essential. Cybersecurity initiatives, described on the Cyber risk paragraph on section 6.2 'Operational risk management', are helping Grupo Santander to evolve its defences in line with emerging threats and technologies.

The increase in digital transactions and the expansion of remote working schemes seen in recent times can also have an effect on cyber risks and threats. These are the measures Grupo Santander has taken to combat them:

- We tightened controls (e.g., patching, browsing control, data protection and remote connections from the call centre), anticipating the worst scenarios in order to create a "defence in depth" to prevent, detect, react and recover.

- We standardized and continued to bolster existing defences through agile, sustainable and risk-driven Risk in the execution of our transformational projects

Risk in the execution of our transformational projects

In the new digital environment driven by covid-19, growing competition between existing companies and new players is causing banks to rethink their business models, customer experience and market demands, spurring faster digitalization. Regulation plays a fundamental role and may give rise to asymmetries between new and traditional competitors, and between markets.

To adapt, Grupo Santander is executing a transformation plan that is complex owing to the number of countries, systems and regulation it involves. If we fail to execute these key strategic projects, it could damage our business plan and worsen efficiency as well as regulatory expectations.

Key mitigation measures:

- Continuing to make progress in digitalization to make the bank an open financial services platform. This has been vital in the new environment. Our agreements and joint ventures have been playing a fundamental role in our transformation.

- Sharing best practices and commercial solutions in order to continue to embed a culture of fast experimentation in Grupo Santander.

- Establish a strategic project management office with robust governance to monitor and report to the risk control and strategy committees on strategic projects.

- We carefully measure and monitor risks stemming from inadequate project execution. Projects must be closely overseen by specific departments.

Inclusion of climate-related risks within risk management

Climate-related risks have become a priority for broader society. Governments, international organizations, regulators and supervisors continue to develop initiatives to comprehend the magnitude of this risk, with stricter transparency and market disclosure requirements in regard to climate-related risks to banks' profitability, resilience and business strategies.

We split climate-related risk into two categories: (1) risks from the transition to a low-carbon economy and (2) risks from the physical effects of climate change. To identify and respond to them properly, proactive management is key.

In 2022, European banks will undergo their first-ever climate-related stress test to measure the Eurosystem's balance sheet exposure to climate-related risk. Furthermore, as the Supervisory Review and Evaluation Process (SREP) gradually includes environmental risks, they could eventually have an effect on regulatory capital.

Key mitigation measures:

- Direct participation of senior managers to support Grupo Santander's strategic objectives, in accordance with our established governance.
- Climate-related project, with Responsible Banking, Corporate & Investment Banking (CIB) and Risks at the helm, to develop risk measurement approaches, climate-related metrics, strategies, new policies and frameworks; set out a robust risk appetite statement; and design green products to satisfy the growing demand. Stronger internal resources and capabilities to meet increasing requirements.
- Financing for renewable energy and smart infrastructure to aid customers' transition to reducing their own carbon emissions. Support for inclusive and sustainable growth in consideration of risks and opportunities.
- Active role in international forums and working groups to promote the energy transition programme, including the United Nations Environment Programme Finance Initiative's (UNEP FI) pilot programme to develop scenarios, models and metrics to measure climate-related risks and opportunities in the future.

As part of our risk identification process, we also defined other events, which could affect our strategy and transformation plan in the longer-term, such as significant shifts in market tendencies and the business environment; consumer behaviour; geopolitics; political fragmentation; social and demographic changes; asymmetric access to natural resources; extended use of crypto assets; and potential legal loopholes. We conducted Board Risk Strategy sessions to discuss with board members new and fast emerging key trends.

2.2 Risk Factors

Grupo Santander's risks categorization ensures effective risk management, control and reporting. Our risk framework distinguishes these risk types:

1.	Credit risk relates to financial loss arising from the default or credit quality deterioration of a customer or counterparty, to which Santander has directly financed or assumed a contractual obligation.

2.	Market risk results of loss and detriment to profits or capital stemming from movements in interest rates, exchange rates, stock and commodity prices and its potential impact on capital requirements.
3.	Liquidity risk occurs if liquid financial resources are insufficient or too costly to obtain in order to meet liabilities when they fall due.
4.	Structural risk is the risk that market movements or balance sheet behaviour will change the value or profit generation of assets or liabilities in the banking book. It covers insurance and pension risks, as well as the risk that Santander will not have sufficient capital (in terms of quantity or quality) to meet internal business targets, regulatory requirements or market expectations.
5.	Operational risk is the possibility of losses due to shortcomings and failures relating to processes, employees and internal systems, even as a result of external events. It includes legal, regulatory compliance and conduct risks.
6.	Financial crime risk is the risk of loss due to criminal or illegal activity involving Santander's resources, products and services. Such activity includes money laundering, terrorism financing, violation of international sanctions, corruption, bribery and tax evasion.
7.	Model risk involves potential losses due to inaccurate forecasting or from a model being implemented or misused that can result in poor decision-making.
8.	Reputational risk is the risk of current or potential negative economic impact due to damage to the bank's reputation among employees, customers, shareholders, investors and broader society.
9.	Strategic risk relates to losses due to strategic decisions or their poor implementation that affect our core stakeholders' medium-to-long-term interests or to an inability to adapt to a changing environment.

Environmental and climate-related risk drivers are considered as factors that could impact the existing risks in the medium-to-long-term.

These elements include, on the one hand, those derived from the physical effects of climate change, generated by one-off events as well as by chronic changes in the environment and, on the other hand, those derived from the process of transition to a development model with lower emissions, including changes on legislation, technology or economic agents' behaviour.

Directors' responsibility statements (page 806)

Responsibility statement with respect to the consolidated annual accounts:

Pursuant to Article 253, section 1 of the revised Spanish Companies Act (Ley de Sociedades de Capital), the board of directors of Banco Santander, S.A. draws up the consolidated financial statements (comprising the consolidated balance sheet, income statement, statement of recognized income and expense, statement of changes in total equity, statement of cash flows and the notes to the consolidated financial statements) and the consolidated directors' report for the 2021 fiscal year in eXtensible HyperText Markup Language (XHTML) format and, with respect to the main financial statements, with tags in the standard eXtensible Business

Reporting Language (XBRL), all of which conforms to the single electronic reporting format required under Directive 2004/109/EC and Delegated Regulation (EU) 2019/815.

The directors of Banco Santander, S.A., listed below with an indication of their respective positions, declare that, to the best of their knowledge, the company's consolidated financial statements for the 2021 financial year were drawn up in accordance with the applicable accounting principles and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and of the undertakings included in the consolidation taken as a whole, and that the consolidated directors' report includes a fair review of the development, performance and position of the company and of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Boadilla del Monte (Madrid), 24 February 2022

ANA PATRICIA BOTÍN-SANZ DE SAUTUOLA Y O'SHEA

Chair

BRUCE CARNEGIE-BROWN	JOSÉ ANTONIO ÁLVAREZ ÁLVAREZ
Vice Chair	Vice Chair and Chief Executive Officer

MEMBERS:

HOMAIRA AKBARI	LUIS ISASI FERNÁNDEZ DE BOBADILLA
FRANCISCO JAVIER BOTÍN-SANZ DE SAUTUOLA Y O'SHEA	HENRIQUE MANUEL DRUMMOND BORGES CIRNE DE CASTRO
SOL DAURELLA COMADRÁN	SERGIO AGAPITO LIRES RIAL
GINA DÍEZ BARROSO	R. MARTÍN CHÁVEZ MÁRQUEZ
RAMIRO MATO GARCÍA-ANSORENA	BELÉN ROMANA GARCÍA
ÁLVARO ANTONIO CARDOSO DE SOUZA	PAMELA ANN WALKDEN

Responsibility statement with respect to the individual annual accounts:

Pursuant to Article 253, section 1 of the revised Spanish Companies Act (Ley de Sociedades de Capital), the board of directors of Banco Santander, S.A. draws up the individual financial statements (comprising the balance sheet, the income statement, the statement of recognized income and expense, the statement of changes in total equity, the statement of cash flows and the notes to the individual financial statements) and the individual directors' report for the 2021 fiscal year in eXtensible HyperText Markup Language (XHTML) format, which conforms to the single electronic reporting format required under Directive 2004/109/EC and Delegated Regulation (EU) 2019/815.

The directors of Banco Santander, S.A., listed below with an indication of their respective positions, declare that, to the best of their knowledge, the company's individual financial statements for the 2021 financial year were drawn up in accordance with the applicable accounting principles and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and that the directors' report includes a fair review of the development, performance and position of the company, together with a description of the principal risks and uncertainties that it faces.

Boadilla del Monte (Madrid), 24 February 2022

ANA PATRICIA BOTÍN-SANZ DE SAUTUOLA Y O'SHEA

Chair

BRUCE CARNEGIE-BROWN	JOSÉ ANTONIO ÁLVAREZ ÁLVAREZ
Vice Chair	Vice Chair and Chief Executive Officer

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BELÉN ROMANA GARCÍA

ÁLVARO ANTONIO CARDOSO DE SOUZA

PAMELA ANN WALKDEN

Related Parties (pages 728 to 730)

The parties related to the Group are deemed to include, in addition to its subsidiaries, associates and joint ventures, the Bank's key management personnel (the members of its board of directors and the executive vice presidents, together with their close family members) and the entities over which the key management personnel may exercise significant influence or control.

Following below is the balance sheet balances and amounts of the Group's income statement corresponding to operations with the parties related to it, distinguishing between associates and joint ventures, members of the Bank's board of directors, the Bank's executive vice presidents, and other related parties. 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.

EUR million

	2021			
	Associates and joint ventures	Members of the board of directors	Executive vicepresident	Other related parties
Assets	**9,386**	**—**	**14**	**384**
Cash, cash balances at central banks and other deposits on demand	131	—	—	—
Loans and advances: credit institutions	437	—	—	—
Loans and advances: customers	8,148	—	14	384
Debt instruments	496	—	—	—
Others	174	—	—	—
Liabilities	**3,405**	**8**	**11**	**197**
Financial liabilities: credit institutions	867	—	—	—
Financial liabilities: customers	2,464	8	11	197
Marketable debt securities	—	—	—	—
Others	74	—	—	—
Income statement	**1,265**	**—**	**—**	**1**
Interest income	90	—	—	1
Interest expense	(13)	—	—	—
Gains/losses on financial assets and liabilities and others	(32)	—	—	—
Commission income	1,268	—	—	—
Commission expense	(48)	—	—	—
Other	**3,965**	**2**	**2**	**76**
Financial guarantees granted and Others	11	1	1	17
Loan commitments and Other commitments granted	314	1	1	13
Derivative financial instruments	3,640	—	—	46

EUR million

	2020			
	Associates and joint ventures	Members of the board of directors	Executive vicepresident	Other related parties
Assets	**8,473**	**—**	**24**	**95**
Cash, cash balances at central banks and other deposits on demand	151	—	—	—
Loans and advances: credit institutions	562	—	—	—
Loans and advances: customers	6,934	—	24	95
Debt instruments	423	—	—	—
Others	403	—	—	—
Liabilities	**3,593**	**4**	**16**	**159**
Financial liabilities: credit institutions	944	—	—	—
Financial liabilities: customers	2,557	4	16	159
Marketable debt securities	12	—	—	—
Others	80	—	—	—
Income statement	**1,269**	**—**	**—**	**3**
Interest income	106	—	—	2
Interest expense	(8)	—	—	—
Gains/losses on financial assets and liabilities and others	49	—	—	—
Commission income	1,154	—	—	1
Commission expense	(32)	—	—	—
Other	**4,097**	**1**	**1**	**52**
Financial guarantees granted and Others	14	—	—	3
Loan commitments and Other commitments granted	253	1	1	13
Derivative financial instruments	3,830	—	—	36

EUR million

	2019			
	Associates and joint ventures	**Members of the board of directors**	**Executive vicepresident**	**Other related parties**
Assets	**9,659**	**—**	**26**	**104**
Cash, cash balances at central banks and other deposits on demand	740	—	—	—
Loans and advances: credit institutions	961	—	—	—
Loans and advances: customers	6,950	—	26	104
Debt instruments	848	—	—	—
Others	160	—	—	—
Liabilities	**2,689**	**41**	**12**	**57**
Financial liabilities: credit institutions	563	—	—	—
Financial liabilities: customers	2,064	41	12	57
Marketable debt securities	—	—	—	—
Others	62	—	—	—
Income statement	**1,386**	**—**	**—**	**2**
Interest income	111	—	—	1
Interest expense	(15)	—	—	—
Gains/losses on financial assets and liabilities and others	47	—	—	—
Commission income	1,269	—	—	1
Commission expense	(26)	—	—	—
Other	**4,219**	**7**	**3**	**49**
Financial guarantees granted and Others	17	5	2	38
Loan commitments and Other commitments granted	197	1	1	6
Derivative financial instruments	4,005	1	—	5

The remaining required information is detailed in notes 5, 14 and 46.c.