Floor Research

Banco Santander

Issuer View // 21 September 2026

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Ratings

Banco Santander S.A.

	Rating	Outlook
Fitch	A+	Stable
Moody's[1]	A1	Stable
S&P	A+	Stable

[1] LT Bank Deposits

Homepage

Investor Relations

Banco Santander S.A. (Santander), with total assets of EUR 1,984bn (H1/2026), is the largest banking group in Spain and also ranks among the five largest banks in Europe. As the parent institution of the Grupo Santander, it plays a central role within the group, which is classified as a global systemically important institution due to its size and significance. Globally, the group serves approx. 182 million customers and employs around 185,000 staff. Its branch network comprises more than 7,000 locations. Strategically, Santander primarily focuses on Europe as well as North and South America. The group's earnings structure is distributed across the business segments "Retail" (H1/2026: 52% of operating profit, excluding the Corporate Center), "Corporate & Investment Banking" (22%), "Wealth Management" (14%), "Openbank" (11%) and "Payments" (1%). The geographical distribution of earnings also highlights a clear concentration, with Spain (35.1%), Brazil (15.6%) and the United States (13.2%) making the largest contributions to group earnings. The group's funding structure is primarily based on customer deposits, which accounted for 68.5% (H1/2026) of the funding mix. This is complemented by market-based funding instruments, representing 13.4% of total funding. Within capital markets funding, the most frequently used asset classes are Senior Bonds (35%), Senior Non-Preferred Bonds (28%) and Covered Bonds (24%). The institution's Green Asset Ratio, measured by revenue, stood at 3.2% in FY/2025.

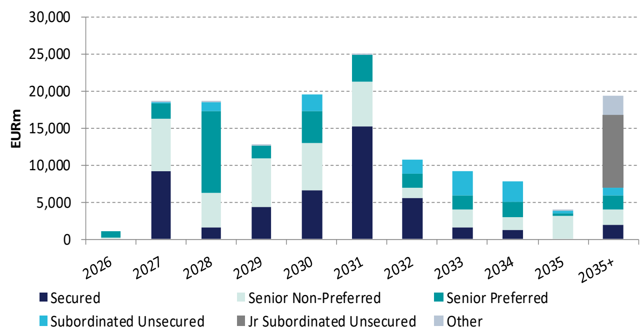
Balance Sheet

(EURm)	2024Y	2025Y	2026H1
Net Loans to Customers	1,054,070	1,037,289	1,149,162
Total Securities	376,036	392,489	438,394
Total Deposits	1,055,936	1,041,199	1,133,762
Tier 1 Common Capital	79,800	84,739	86,447
Total Assets	1,837,079	1,867,517	1,954,466
Total Risk-weighted Assets	624,503	629,430	616,803

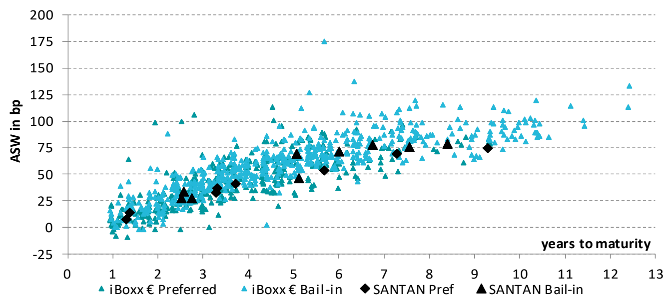
Income Statement

(EURm)	2024Y	2025Y	2026H1
Net Interest Income	43,787	42,348	22,711
Net Fee & Commission Inc.	12,375	12,976	6,851
Net Trading Income	2,211	2,362	732
Operating Expense	28,614	27,440	14,285
Credit Commit. Impairment	12,137	12,517	6,551
Pre-tax Profit	17,347	18,681	9,961

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2024Y	2025Y	2026H1
Net Interest Margin	2.58	2.49	2.57
ROAE	13.10	14.11	16.60
Cost-to-Income	48.65	46.53	46.32
Core Tier 1 Ratio	12.78	13.46	14.02

	2024Y	2025Y	2026H1
Liquidity Coverage Ratio	152.51	144.74	155.00
IFRS Tier 1 Leverage Ratio	4.55	4.72	4.60
NPL / Loans at Amortised Cost	3.47	3.42	3.42
Reserves/Loans at Amort. Cost	2.14	2.10	2.07

As of: 21 September 2026; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Geographical diversification
- Low-risk refinancing profile

Risks / Weaknesses

- Execution risks related to expansion strategy
- Moderate profitability

Covered Bonds

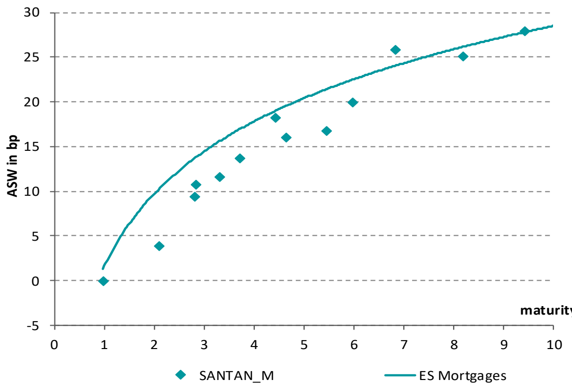
Mortgage cover pool with a volume of EUR 63.5bn

The mortgage cover pool of Santander amounted to a total value of EUR 63.5bn as at the reporting date of 30 June 2026. At the same date, outstanding Covered Bonds totalled EUR 42.5bn. This results in a calculated overcollateralisation ratio of 49.4%. In the September composition of the iBoxx EUR Covered Index, the institution is represented by 13 bonds with an aggregate volume of EUR 17.5bn. One additional EUR benchmark issue no longer meets the index criteria due to its remaining maturity of less than one year.

Programme data

30 June 2026	Mortgage
Covered bonds outstanding	EUR 42.504bn
Cover pool volume	EUR 63.505bn
Current OC (nominal / legal)	49.4% / 5.0%
Type primary cover	91.1% Residential
Main country	100% Spain
Main region	26.5% Madrid
Number of loans	636,972
Share top 10 exposures	0.8%
NPL	0.0%
Fixed interest (Cover Pool / CBs)	56.3% / 74.7%
WAL (Cover Pool / CBs)	18.4y / 5.5y
CB Rating (Fitch / Moody's / S&P)	AAA / Aaa / -

Spread overview (BMK) – Spain



Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Cover assets located exclusively in Spain

The mortgage cover pool consists exclusively of primary cover assets located in Spain. With a share of 91.1%, the mortgage pool is predominantly composed of residential assets. Almost all residential cover assets (99.3%) fall within the category of "owner-occupied residential property". Commercial cover assets account for 8.9% of the primary cover pool. These commercial cover assets are mainly distributed across the hotel/tourism (37.6%), retail (19.8%) and industrial (19.3%) sectors. The high granularity of the cover pool is reflected, among other factors, in the average volume of the residential mortgage loans included in the cover pool (approx. EUR 290,000). Regionally, the cover assets are primarily concentrated in the regions of Madrid (26.5%), followed by Catalonia (18.5%) and Andalusia (16.5%). The average indexed LTV of the residential assets stood at 53.0% as at 30 June 2026. At 39.0%, the LTV of the commercial assets is significantly below that of the residential assets. While 74.7% of the outstanding Covered Bonds are fixed-rate instruments, the corresponding share within the cover assets amounts to 56.3%. The mortgage cover pool of Santander does not contain any non-performing loans.

Rating and regulatory treatment

The mortgage-backed Covered Bonds issued by Santander are assigned the highest ratings of AAA and Aaa by the rating agencies Fitch and Moody's, respectively. Based on these ratings, the Covered Bonds qualify for a preferential risk weight of 10% under the CRR. In addition, benchmark transactions issued by the institution are, to the best of our understanding, eligible as Level 1 assets for LCR management purposes. Furthermore, the issuer's Covered Bonds are eligible as collateral in transactions with the ECB and may be marketed under the label "European Covered Bond (Premium)".

Appendix
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