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1. Executive Summary
2. SCB within Santander Group
3. Business Model and Strategy
4. Financials 2019
5. Risk Management
6. Funding Strategy
Executive Summary
Executive Summary (1/3)

- Santander Consumer Bank AG is firmly rooted in Santander Group
- Market Leader in consumer finance in Germany with strong financials
- Growing franchise in direct business following reorganization in 2019
- Conservative underwriting policy in order to maintain the above average risk quality of the loan portfolio
- Resilient operating performance and strong capital position prove strong credit fundamentals

Santander Consumer Bank is a crisis resistant issuer within a strong financial group
### Executive Summary (2/3)
What do the Rating Agencies say?

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Long Term Rating</th>
<th>Short Term Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor's</td>
<td>A-</td>
<td>A-2</td>
<td>Negative</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A3</td>
<td>P2</td>
<td>Positive</td>
</tr>
<tr>
<td>Fitch</td>
<td>A-</td>
<td>F2</td>
<td>Negative</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Pfandbrief Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch Ratings</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Aaa</td>
<td>Stable</td>
</tr>
</tbody>
</table>

"We believe SCB's earnings generation, as a potential first line of defence in case of increasing credit losses, will remain strong" 1)

"SCB's baa1 BCA reflects its market position as one of Germany's largest consumer finance lenders and its solid credit-risk profile, which benefits from sound capitalisation and asset risk, resilient profitability, and a satisfactory funding profile." 2)

"SCB AG's VR reflects an established business model dominated by consumer financing in Germany, based on adequate risk policies. The bank has so far been able to maintain its strong pricing power and resilient earnings amid Germany's low interest-rate environment." 3)

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1) S&P Research Update dated 12th November 2019  
2) Moody’s Research Update dated 7th January 2020; BCA stands for baseline credit assessment  
3) Fitch Ratings dated 29th October 2019; VR stands for viability rating.
### Profitability

- Strong track record of resilient recurring profitability
- Slight decrease in profit before taxes due to challenging low market interest rate environment

### Capitalisation

- Capital ratios impacted by strengthening of HCBE capitalisation
- Capital ratios well above regulatory minimum
- Several projects underway to increase return on risk-weighted assets

### Risk Management

- Loan loss provisions decreased in line with good asset quality
- Broadly diversified loan portfolio
- Risk prudence leading to high quality new business

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**Key Financial Highlights 2019**

<table>
<thead>
<tr>
<th>Proportion</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>EUR 454.2 m (-2% compared to 2018)</td>
</tr>
<tr>
<td><strong>RoRWA(^1)</strong> 2019</td>
<td>1.54% (vs 1.66% in 2018)</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>EUR 1,043.5 m (-8.3% compared to 2018)</td>
</tr>
<tr>
<td><strong>CET1 Ratio</strong></td>
<td>13% (compared to 13.9% at the end of 2018)</td>
</tr>
<tr>
<td><strong>Total Capital</strong></td>
<td>14.6% (compared to 15% at the end of 2018)</td>
</tr>
<tr>
<td><strong>Loans PD&lt;1%</strong></td>
<td>86.2%</td>
</tr>
<tr>
<td><strong>Loan Loss Provisions 2019</strong></td>
<td>EUR 33.2 m (-51.7% compared to 2018)</td>
</tr>
</tbody>
</table>

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1) Return on risk-weighted assets
SCB within Santander Group
 Founded in 1957 Santander Consumer Bank AG (SCB) is the largest non-captive and second largest car finance provider in Germany

 SCB is also a market leader in consumer goods financing in Germany with a fully-fledged retail banking service

 SCB is wholly owned by Santander Consumer Finance S.A. (SCF), a leader in consumer finance in Europe, which in turn is wholly owned by Banco Santander S.A.

 Grupo Santander is one of the largest banks worldwide

 Grupo Santander runs around 11,952 branches all over the world and serves 145 million customers with a relevant presence in 10 core markets

 SCF is represented in Germany by SCB

Source: SCF Internal Data
Data as of 31.12.2019
Santander Consumer Bank AG has a full banking license since 1967 and conducts banking business subject to the supervision of the ECB according to the uniform European Single Supervisory Mechanism (SSM) and the German Federal Financial Services Authority in co-operation with the German central bank and in accordance with the German Banking Act.

Santander Consumer Bank’s entire share capital is held by Santander Consumer Holding GmbH, a limited liability company based in Mönchengladbach.

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1) Directly (75%) and indirectly (25%)
SCB within Santander Group
Subsidiaries´ Model and Deposit Protection Scheme safeguard SCB

A decentralised model with legally autonomous subsidiaries ...

- Subject to local regulation and supervision\(^1\)
- Transparency
- Firewall
- National deposit guarantee fund
- Independent in capital and liquidity
- Market discipline

... which benefits from the Group’s corporate policies

- Corporate Governance
- Technological environment
- Product development
- Risk management

- Subsidiaries´ model limits possible contagion among the Group´s units thereby reducing systemic risks
- In addition, state of the art deposit protection scheme in place to safeguard SCB´s customers

Source: Banco Santander S.A. and Santander Consumer Bank AG
1) Subject to the supervision of the ECB according to the uniform European Single Supervisory Mechanism (SSM)
SCB within Santander Group
Santander's strong Market Share in three Geographic Regions

Source: Banco Santander S.A. ; Market share data as of 30th September 2019 or latest available; Note: The UK includes London branch, Poland including SCF business in Poland. The US include all states where Santander operates. Brazil: Deposits including debentures, LCA (agribusiness notes), LCI (real estate credit notes), financial bills (letras financieras) and COE (certificates of structured operations) The three geographic regions include North America, South America and Europe.
SCB within Santander Group

Germany makes up 34% of SCF`s Assets

SCF Portfolio: EUR 104 bn
December 2019

- SCF`s portfolio is well spread across 15 European countries and well balanced between car and consumer loans
- SCF has critical mass and TOP 3 positions in all countries
- Germany makes up 34% of SCF`s portfolio

<table>
<thead>
<tr>
<th>SCF Geographies in Europe</th>
<th>Portfolio Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>34%</td>
</tr>
<tr>
<td>Nordics</td>
<td>16%</td>
</tr>
<tr>
<td>Spain</td>
<td>15%</td>
</tr>
<tr>
<td>France</td>
<td>13%</td>
</tr>
<tr>
<td>UK</td>
<td>11%</td>
</tr>
<tr>
<td>Italy</td>
<td>9%</td>
</tr>
<tr>
<td>Poland</td>
<td>0.04%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.03%</td>
</tr>
<tr>
<td>Austria</td>
<td>0.02%</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.01%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

SCF: Management perimeter (i.e. including SCUK)
NOTE: SCF`s portfolio also includes mortgages (6%), corporate loans (1%) and other loans (1%); Figures may not add up due to rounding
Business Model and Strategy
Business Model and Strategy
Facts and Figures SCB

2019  Joint Venture „Hyundai Capital Services Inc.“
2018  Harmonization of brand identity
2016  Pfandbrief licence obtained and Joint Venture „PSA Bank Deutschland GmbH“
2015  Joint Venture „Volvo Car Financial Services GmbH“
2011  Acquisition of the German Retail Business of „SEB“
2009  Acquisition of and Merger with „GE Money Bank“
2008  Acquisition of and Merger with „RBS“
2006  Change of name into „Santander Consumer Bank“
2002  Merger of „CC-Bank“ with „AKB Bank“
1987  Branding into „CC-Bank“ and Acquisition by „Santander“
1957  Founded as „Curt Briechle KG Absatzfinanzierung“

FACTS
210 Branches
4.3 m customers
EUR 46.1 bn Balance Sheet total
EUR 30.0 bn Receivables to customers
EUR 454.2 m Profit before tax
EUR 3.1 bn Equity

TIMELINE

Source: Santander Consumer Bank

All data as of 31.12.2019
### Business Model and Strategy

Our Customer's Needs are at the Center of our Business Activities

![Mobility business](image)

#### Customers
- Private clients
- Dealers
- Importers
- Manufacturers

#### Sales
- Indirect sales
- Dealer network
- Sales reps
- Regional HVC
- Online activities

#### Products
- Installment loans
- AutoDispoPlus-Card
- Leasing
- Factoring
- Stock financing
- Importer financing
- Insurances

### Consumer Financial Services

- Private clients
- Retailers

### Direct business

- Private clients
- Corporate and commercial clients

### Business and corporate banking

- Direct sales
  - Branches
  - Remote advice
  - Online activities
- Sales reps

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Source: Santander Consumer Bank; HVC: Dealer Sales Office (Händler Vertriebs Center)
### Business Model and Strategy

**Strong Market Position in Consumer Finance**

#### New Business (EUR m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobility 2017</th>
<th>Mobility 2018</th>
<th>Mobility 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,959</td>
<td>7,226</td>
<td>7,426</td>
</tr>
</tbody>
</table>

**Tickets 2019**

- 441,000
- 14,100 active dealer partners

#### Consumer Financial Services

<table>
<thead>
<tr>
<th>Year</th>
<th>Outstanding 2017</th>
<th>Outstanding 2018</th>
<th>Outstanding 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>858,000</td>
<td>988</td>
<td>662</td>
</tr>
</tbody>
</table>

**Distribution**

- 6,200 active dealer partners

#### Direct Business

<table>
<thead>
<tr>
<th>Year</th>
<th>Count 2017</th>
<th>Count 2018</th>
<th>Count 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,948</td>
<td>1,773</td>
<td>2,180</td>
</tr>
</tbody>
</table>

**210 branches**

### Competitors

1. **Volkswagen Bank**
2. **Santander**
3. **Mercedes Bank**
4. **BMW Bank**
5. **Opel Bank**

### Loans granted per working day: ≈ 10,000 units

Source: Santander Consumer Bank; data as of end of December 2019

1) Incl. Leasing
2) Including extensions and increases of loan size

* Number of loans granted
Business Model and Strategy

Strategic Priorities in our four Business Fields

Maintain leadership position with value-adding services for our dealers and innovative solutions for the end customer

Transform business model with e-commerce products and diversified dealer relationships

Grow business through comprehensive offering of products and financial services via branch and digital channels

Strengthen business with German mid-sized segment through the strong expertise in Santander's core markets

Source: Santander Consumer Bank
Business Model and Strategy

Outlook

Targets

- Strengthening of sales network and further expansion of Business & Corporate Banking
- Sustaining the above average profitability
- Continue to seize growth opportunities by increasing the number of products per customer
Financials 2019
Financials 2019
Facts and Figures SCB 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Previous Year</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Receivables</td>
<td>32,113 Million Euro</td>
<td>31,385 Million Euro</td>
<td>1.54%</td>
</tr>
<tr>
<td>LCR&lt;sup&gt;1&lt;/sup&gt;</td>
<td>187.8%</td>
<td>169.1%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Tier 1 Capital Ratio</td>
<td>12.99%</td>
<td>13.91%</td>
<td>-0.12%</td>
</tr>
<tr>
<td>Cost/Income Ratio</td>
<td>65.4%</td>
<td>61.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Total Capital Ratio</td>
<td>14.61%</td>
<td>15.03%</td>
<td>-0.42%</td>
</tr>
<tr>
<td>Employees&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3,194</td>
<td>3,401</td>
<td>-6.8%</td>
</tr>
<tr>
<td>Client Accounts</td>
<td>5,384 Thousand</td>
<td>6,077 Thousand</td>
<td>-11.3%</td>
</tr>
</tbody>
</table>

Source: https://www.santander.de/ueber-santander/investor-relations/finanzinformation/; Santander Consumer Bank Annual Report 2019

1) Liquidity Coverage Ratio
2) Return on Risk Weighted Assets
3) Headcount includes permanent and temporary employees, averaged over year
Financials 2019
Strong Track Record of SC Germany

Profit before Taxes (in EUR m)$^1$  

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>510</td>
<td>517</td>
<td>533</td>
<td>463</td>
<td>548</td>
<td>179</td>
<td>582</td>
<td>500</td>
<td>507</td>
<td>471</td>
<td>506</td>
</tr>
</tbody>
</table>

Cost-Income-Ratio (in %, incl. depreciation) $^1$  

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<tr>
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<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>32.7</td>
<td>31.4</td>
<td>45.4</td>
<td>54.1</td>
<td>52.8</td>
<td>51.5</td>
<td>52.3</td>
<td>54.3</td>
<td>53.0</td>
<td>54.1</td>
<td>53.5</td>
</tr>
</tbody>
</table>

Managed Loans (in EUR bn)$^2$  

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>21.3</td>
<td>20.8</td>
<td>29.7</td>
<td>29.4</td>
<td>29.0</td>
<td>29.4</td>
<td>29.4</td>
<td>28.8</td>
<td>27.2</td>
<td>26.8</td>
<td></td>
</tr>
</tbody>
</table>

Customer Accounts (in thsd.$^3$)  

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7,084</td>
<td>7,307</td>
<td>9,168</td>
<td>8,524</td>
<td>8,205</td>
<td>7,409</td>
<td>7,252</td>
<td>7,058</td>
<td>6,714</td>
<td>6,077</td>
<td>5,384</td>
</tr>
</tbody>
</table>

Source: Santander Consumer Bank figures as of 31.12.2019

$^1$ Management View incl. IFRS  
$^2$ Without Leasing  
$^3$ Without Leasing; the decline in customer accounts was caused by reassessments of the portfolio during several IT migrations as well as the change in customer preferences due to the low interest rate environment
Mobility increased new business above average growing loan business by 1.7%  
Return-driven decline in Consumer Financial Services due to cancellation of unprofitable business  
Direct successfully concluded the reorganization of branches and achieved higher turnover  
Outstanding mortgages decreased due to high redemptions  
Business and Corporate Banking contains e.g. promissory loans money market loans and corporate overdraft
### Financials 2019

**Strong Balance Sheet**

<table>
<thead>
<tr>
<th>in EUR m</th>
<th>2018</th>
<th>2019</th>
<th>∆ 19/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Reserve</td>
<td>2,954</td>
<td>3,496</td>
<td>+542</td>
</tr>
<tr>
<td>Receivables from Banks</td>
<td>1,531</td>
<td>2,152</td>
<td>+622</td>
</tr>
<tr>
<td>Receivables from Customers</td>
<td>29,854</td>
<td>29,961</td>
<td>+107</td>
</tr>
<tr>
<td>Debt &amp; other Fixed-Income Securities</td>
<td>7,975</td>
<td>9,515</td>
<td>+1,540</td>
</tr>
<tr>
<td>Other Assets</td>
<td>734</td>
<td>978</td>
<td>+244</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>43,048</td>
<td>46,102</td>
<td>+3,054</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>5,374</td>
<td>4,999</td>
<td>-374</td>
</tr>
<tr>
<td>Liabilities to Customers</td>
<td>22,719</td>
<td>23,170</td>
<td>+451</td>
</tr>
<tr>
<td>Provisions</td>
<td>633</td>
<td>689</td>
<td>+56</td>
</tr>
<tr>
<td>Issuances</td>
<td>10,474</td>
<td>13,298</td>
<td>+2,824</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>780</td>
<td>878</td>
<td>+98</td>
</tr>
<tr>
<td>Equity¹</td>
<td>3,068</td>
<td>3,068</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td>43,048</td>
<td>46,102</td>
<td>+3,054</td>
</tr>
</tbody>
</table>

- The deviation in cash reserve was mainly caused by changing excess volumes in the minimum reserve account in order to manage the minimum liquidity buffer
- Receivables from banks increased due to a higher funding to PSA and HCBE
- Receivables from customers slightly increased
- Debt & other fixed-income securities increased due to the closing of a retained ABS transaction amounting to EUR 3.8 bn
- Liabilities to banks decreased due to TLTRO repayment
- Liabilities to customers increased due to higher intragroup deposits with SC Holding
- Increase in issuances in 2019 reflects Senior Unsecured Preferred and Pfandbrief issuances, Commercial Paper drawings as well as closings of a retained ABS and ABS amortizations

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Source: Santander Consumer Bank figures according to German GAAP (HGB);  
1) Equity excluding subordinated liabilities and profit participation certificates
## Financials 2019

### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>∆ 19/18</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>1,305.5</td>
<td>1,237.3</td>
<td>-68.3</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>-167.5</td>
<td>-193.8</td>
<td>-26.3</td>
<td>15.7%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>1,138.0</td>
<td>1,043.5</td>
<td>-94.6</td>
<td>-8.3%</td>
</tr>
<tr>
<td>Income from Capital Instruments</td>
<td>10.4</td>
<td>11.2</td>
<td>+0.8</td>
<td>7.6%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>110.1</td>
<td>154.7</td>
<td>+44.6</td>
<td>40.5%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>1,258.5</td>
<td>1,209.4</td>
<td>-49.2</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>-290.8</td>
<td>-315.5</td>
<td>-24.7</td>
<td>8.5%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>-406.4</td>
<td>-416.5</td>
<td>-10.1</td>
<td>2.5%</td>
</tr>
<tr>
<td>Administrative Cost</td>
<td>-697.2</td>
<td>-732.0</td>
<td>-34.9</td>
<td>5.0%</td>
</tr>
<tr>
<td>Amortization</td>
<td>-82.5</td>
<td>-59.3</td>
<td>+23.2</td>
<td>-28.1%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-779.6</td>
<td>-791.3</td>
<td>-11.7</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>478.9</td>
<td>418.1</td>
<td>-60.9</td>
<td>-12.7%</td>
</tr>
<tr>
<td>Other operating Income/Expenses</td>
<td>13.5</td>
<td>15.1</td>
<td>+1.6</td>
<td>11.5%</td>
</tr>
<tr>
<td>Extraordinary Expenses</td>
<td>-0.5</td>
<td>0.0</td>
<td>+0.5</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Net Loan-Loss Provisions</td>
<td>-68.7</td>
<td>-33.2</td>
<td>+35.5</td>
<td>-51.7%</td>
</tr>
<tr>
<td>Earnings from profit transfer agreement</td>
<td>40.1</td>
<td>54.2</td>
<td>+14.1</td>
<td>35.3%</td>
</tr>
<tr>
<td><strong>Profit before Taxes</strong></td>
<td>463.4</td>
<td>454.2</td>
<td>-9.2</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>

- In 2019 the average interest rate on customer assets fell leading to a lower interest income than in 2018 despite of slightly higher receivables from customers.
- Income from capital instruments contains the dividend from the JV PSA.
- Increase in net fees and commissions results from lower dealer commissions and incentives mainly due to lower new business in CFS and higher insurance fees following growing direct business.
- Operating expenses are higher mainly due to expenses for personnel adjustment measures (EUR 30 m) and increased IT expenses.
- LLPs decreased mainly due to lower credit costs in corporate business as well as higher incoming payments from written-off receivables. Risk performance in retail segments is still on a favourable low level and similar to last year.
- Earnings from profit transfer agreement contains the result of SC Leasing.
- Profit before taxes 2019 excluding extraordinary expenses for personnel adjustment measures amounts to EUR 484.2 m.

Source: Santander Consumer Bank figures according to German GAAP (HGB)
Financials 2019
Improving Capitalisation

- Strong increase in capitalisation in 2018 following RWA optimisation
- Capitalisation comfortably above regulatory minimum requirements

Source: Santander Consumer Bank; ratios since 2014 according to CRR
Risk Management
## Risk Management

Risk Prudence leads to favorable Risk Situation

<table>
<thead>
<tr>
<th>PD Band</th>
<th>Segment</th>
<th>Private Customers</th>
<th>Business Customers</th>
<th>Private Real Estate Financing</th>
<th>Commercial Real Estate Financing</th>
<th>Gross Balance White/Grey Loans (in % and EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1.0%</td>
<td>Private Customers</td>
<td>64.4%</td>
<td>10.9%</td>
<td>10.1%</td>
<td>0.8%</td>
<td>86.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17,548.3</td>
<td>2,960.8</td>
<td>2,751.0</td>
<td>221.5</td>
<td>23,481.6</td>
</tr>
<tr>
<td>&gt;= 1.0%</td>
<td>Business Customers</td>
<td>11.9%</td>
<td>1.6%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>13.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,247.9</td>
<td>432.1</td>
<td>37.4</td>
<td>36.9</td>
<td>3,754.3</td>
</tr>
<tr>
<td>Total</td>
<td>Private Real Estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financing</td>
<td>76.4%</td>
<td>12.5%</td>
<td>10.2%</td>
<td>0.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,796.3</td>
<td>3,392.9</td>
<td>2,788.4</td>
<td>258.4</td>
<td>27,235.9</td>
</tr>
</tbody>
</table>

- 86% of loans have a probability of default (PD) of less than 1%
- Broadly diversified private customer loan portfolio

1) White loans: Conforming loans; Grey loans: Credit commitments with current payment problems, payment problems over the last few months or changes to the repayment schedule in the form of extensions or changes to the installment plan
Risk Management
Comprehensive Risk Controlling Processes established

Normative and Economic View

- Supervisory Board
- Management Board
- Risk / Loan Committees
- Individual credit authorities

Experienced Risk Managers
Expertise in Risk Analytics
Robust Models and Methods
Solid Risk Data Infrastructure
Measurement
Controlling
Planning & Limit Setting
Governance & Communication
Monitoring & Evaluation

Risk KPIs
- Risk Report
- LLR Budgeting
- Parameters (PD/LGDs/EL)

Vintage Analysis
- New Business
- ROA, RORWA

Ad-hoc Analysis
- Single Portfolio Evaluation

Risk Identification & Assessment
- Business Strategy
- Risk Strategy
- Risk Manual

ALM Controlling
Risk & Credit Policies + Decision
Limit Management
OpRisk Controlling
Internal Control Unit
Collection Policies

VaR Scenarios Planning
Ad-hoc

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VaR Scenarios Planning
Ad-hoc
Risk Management
Risk Culture embedded in all Employees’ DNA

Risk Pro = Worldwide initiative to reinforce a solid and holistic risk culture through the whole entity. With this initiative the awareness that everybody is responsible for risk management, in his day-to-day work, is established.
Funding Strategy
Funding Strategy

Funding Mix

Targets of funding strategy
- Maintain strong retail deposit base
- Strengthen ABS funding via market transactions
- Further broadening and diversification of the investor base by issuing
  - Pfandbriefe
  - Senior Unsecured Debt
  - Commercial Paper

Securitisations as an important funding tool
- SCB has a long track record of originating and structuring European ABS deals
- Main features of our structures include
  - Highly granular and well diversified loan portfolio
  - Plain vanilla true sales of loan assets to SPV
  - Fully sequential amortisation of securities, static pool
  - Credit enhancement: excess spread, reserve fund & subordination

New funding sources
- To establish reputation as a frequent issuer with respect to
  - Pfandbriefe
  - Senior Unsecured Debt
  - Commercial Paper
48% of funding portfolio is provided by retail deposits in 2019
Pfandbrief issuance in February 2020 has further strengthened the refinancing basis

Source: SCB AG figures according to German GAAP (HGB); figures may not add up to 100% due to rounding
Company Portrait

- Conservative business model and stable market position in Germany
- Strong recurrent earnings generation
- Conservative risk management ensures the high risk quality of the loan portfolio
- Solid capital position
- Further diversification of the funding base
Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on the belief that everything we do should be:

**Simple Personal Fair**

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreas Glaser</td>
<td>CFO, Executive Vice President</td>
<td>+49 2161 690 7270</td>
<td><a href="mailto:andreas.glaser@santander.de">andreas.glaser@santander.de</a></td>
</tr>
<tr>
<td>Philipp Thrun</td>
<td>Head of Debt Issuance</td>
<td>+49 2161 692 6227</td>
<td><a href="mailto:philipp.thrun@santander.de">philipp.thrun@santander.de</a></td>
</tr>
<tr>
<td>Holger Grawe</td>
<td>Investor Relations Manager</td>
<td>+49 2161 690 7313</td>
<td><a href="mailto:holger.grawe@santander.de">holger.grawe@santander.de</a></td>
</tr>
</tbody>
</table>