Credit Update
Investor Presentation
May 2021
Santander Consumer Bank AG
Disclaimer

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Agenda Investor Presentation

1. Executive Summary
2. SCB Germany within Santander Group
3. Business Model and Strategy
4. Financials 2020
5. Risk Management
6. Funding Strategy
7. Appendix: Fact & Figures
Executive Summary
Santander Consumer Bank AG is firmly rooted in Santander Group

Market Leader in consumer finance in Germany with strong financials

Reinforcement of ESG topic

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 bank with the goal to become the best open digital platform for financial services
## 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>Stable</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

"In addition, we expect SCB AG's strong management expertise and execution record and well-tested risk management framework in consumer finance to make the anticipated deterioration of credit quality in this asset class controllable." 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 8th September 2020; VR stands for viability rating.
Executive Summary (3/3)
Key Financial Highlights 2020

**Profitability: Resilience even in a pandemic environment**
- Strong track record of resilient recurring profitability even in unprecedented environment
- Slight decrease in profit before taxes due to almost quadrupled risk provisions to reflect effects of pandemic

**Capitalisation: Further strengthened**
- CET1 ratio increased by 145 basis points
- Total capital ratio increased by 159 basis points

**Risk: Prudent risk management as basis for success**
- Loan loss provisions conservatively increased to reflect potential weakening economy in 2021
- NPL ratio improved in 2020 to 1.7 in line with good asset quality
- Risk prudence leading to high quality new business

**Key Financial Highlights 2020**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxes</td>
<td>EUR 393.6 m</td>
<td>EUR 454.2 m</td>
</tr>
<tr>
<td>RoRWA(^1)</td>
<td>1.34%</td>
<td>1.54%</td>
</tr>
<tr>
<td>CET1 ratio</td>
<td>14.44%</td>
<td>12.99%</td>
</tr>
<tr>
<td>Total capital ratio</td>
<td>16.2%</td>
<td>14.61%</td>
</tr>
<tr>
<td>Net loan loss provisions</td>
<td>increased by 273%</td>
<td>to EUR 123.7 m</td>
</tr>
<tr>
<td>NPL ratio</td>
<td>decreased to 1.7</td>
<td>(2.0 in 2019)</td>
</tr>
</tbody>
</table>

1) Return on risk-weighted assets
SCB Germany within Santander Group
Confidential

SCB Germany within Santander Group

Snapshot SCB Germany

- 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 serving 148 million customers
- SCF is represented in Germany by SCB
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 cooperation 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.

100% of share capital of SCB held by SCF

Source: Santander Consumer Bank

1) Directly (75%) and indirectly (25%)
SCB Germany within Santander Group

Subsidiaries’ Model and Deposit Protection Scheme safeguard SCB

A decentralised model with legally autonomous subsidiaries ...

- Subject to local regulation and supervision
- Firewall
- Independent in capital and liquidity
- National deposit guarantee fund
- Market discipline
- Transparency

... 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 Germany within Santander Group
Santander's strong Market Share in three Geographic Regions

Source: Banco Santander S.A.; Market share data as of 30th September 2020 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 Germany within Santander Group
Germany makes up 32% of SCF’s Assets

SCF Portfolio: EUR 117 bn
December 2020

- 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 32% of SCF’s portfolio

<table>
<thead>
<tr>
<th>SCF Geographies</th>
<th>Portfolio Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>32%</td>
</tr>
<tr>
<td>Nordics</td>
<td>15%</td>
</tr>
<tr>
<td>Spain</td>
<td>13%</td>
</tr>
<tr>
<td>France</td>
<td>13%</td>
</tr>
<tr>
<td>UK</td>
<td>10%</td>
</tr>
<tr>
<td>Italy</td>
<td>8%</td>
</tr>
<tr>
<td>Poland</td>
<td>3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3%</td>
</tr>
<tr>
<td>Austria</td>
<td>2%</td>
</tr>
<tr>
<td>Portugal and others</td>
<td>1%</td>
</tr>
</tbody>
</table>

SCF: Management perimeter (i.e. including SCUK, Poland and Canada)
Business Model and Strategy
Business Model and Strategy

Facts and Figures SCB

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Acquisition of Sixt Leasing via Hyundai Capital Bank Europe</td>
</tr>
<tr>
<td>2019</td>
<td>Joint Venture „Hyundai Capital Services Inc.“</td>
</tr>
<tr>
<td>2016</td>
<td>Pfandbrief licence obtained and Joint Venture „PSA Bank Deutschland GmbH“</td>
</tr>
<tr>
<td>2015</td>
<td>Joint Venture „Volvo Car Financial Services GmbH“</td>
</tr>
<tr>
<td>2011</td>
<td>Acquisition of the German Retail Business of „SEB“</td>
</tr>
<tr>
<td>2009</td>
<td>Acquisition of and Merger with „GE Money Bank“</td>
</tr>
<tr>
<td>2008</td>
<td>Acquisition of and Merger with „RBS“</td>
</tr>
<tr>
<td>2006</td>
<td>Change of name into „Santander Consumer Bank“</td>
</tr>
<tr>
<td>2002</td>
<td>Merger of „CC-Bank“ with „AKB Bank“</td>
</tr>
<tr>
<td>1987</td>
<td>Branding into „CC-Bank“ and Acquisition by „Santander“</td>
</tr>
<tr>
<td>1957</td>
<td>Founded as „Curt Briechle KG Absatzfinanzierung“</td>
</tr>
</tbody>
</table>

**Facts**
- **209** Branches
- **EUR 50.1 bn** Balance Sheet total
- **EUR 29.2 bn** Receivables to customers
- **EUR 393.6 m** Profit before tax
- **EUR 3.3 bn** Equity

**Timeline**

Source: Santander Consumer Bank

All data as of 31.12.2020
# Business Model and Strategy

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

<table>
<thead>
<tr>
<th>Customers</th>
<th>Sales</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Private clients&lt;br&gt;- Dealers&lt;br&gt;- Importers&lt;br&gt;- Manufacturers</td>
<td>- Indirect sales&lt;br&gt;- Dealer network&lt;br&gt;- Sales reps&lt;br&gt;- Regional HVC&lt;br&gt;- Online activities</td>
<td>- Installment loans&lt;br&gt;- AutoDispoPlus-Card&lt;br&gt;- Leasing&lt;br&gt;- Factoring&lt;br&gt;- Stock financing&lt;br&gt;- Importer financing&lt;br&gt;- Insurances</td>
</tr>
<tr>
<td>- Private clients&lt;br&gt;- Retailers</td>
<td>- Indirect sales&lt;br&gt;- International retailers&lt;br&gt;- Sales reps</td>
<td>- Installment loans&lt;br&gt;- ComfortCard plus&lt;br&gt;- Factoring&lt;br&gt;- Insurances</td>
</tr>
<tr>
<td>- Private clients</td>
<td>- Direct sales&lt;br&gt;- Branches&lt;br&gt;- Remote advice&lt;br&gt;- Online activities</td>
<td>- Installment loans&lt;br&gt;- Checking accounts&lt;br&gt;- Credit and debit cards&lt;br&gt;- Deposits&lt;br&gt;- Investment products&lt;br&gt;- Mortgage and Pfandbrief business&lt;br&gt;- Pension schemes&lt;br&gt;- Insurances</td>
</tr>
</tbody>
</table>

- **Business and corporate banking**
  - Corporate and commercial clients

**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)

Tickets 2020*

Outstanding (EUR bn)

Distribution

Competitors

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

Santander among the Top 5 banks in Germany

Loans granted per working day: ≈ 5,400 units²)

Source: Santander Consumer Bank; data as of end of December 2020
1) Incl. Leasing
2) Including extensions and increases of loan size
* Number of loans granted

1. Targobank (Crédit Mutuel)
2. Santander
3. ING Diba
4. TeamBank
5. Deutsche Bank

404,000
17.2
13,300 active dealer partners

569,000
0.7
5,591 active dealer partners

718,000
5.4
209 branches
Business Model and Strategy

Strategic Priorities in our four Business Fields

MOBILITY BUSINESS

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

DIRECT BUSINESS

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

CONSUMER FINANCIAL SERVICES

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

BUSINESS AND CORPORATE BANKING

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

Source: Santander Consumer Bank
## Responsible Banking Priorities 2021 in Germany: Mapped to ESG

### Business Model and Strategy

<table>
<thead>
<tr>
<th>Goals</th>
<th>Initiatives</th>
</tr>
</thead>
</table>
| **Environmental** | Net 0 of own operations  
Contribute to Paris Agreement goals by aligning our portfolios, helping our customers to transition to a low carbon economy and leading by example in our own operations  
- Carbon neutral since 2020, review further carbon saving activities  
**Support reduction of customer footprint**  
- Enable customers to reduce their impact through offsetting initiative with Chooose  
- Offsetting commitment for 5% of all financed new cars  
- Increase share of alternative drive technologies (EVs & PHEVs) |
| **Social** | Foster inclusive & collaborative culture  
Have a best in class inclusive proposition that is relevant for our business, support our diverse stakeholders and has an impact in society that is concrete and measurable  
- Ensure comprehensive healthy and wellbeing approach (e.g. Be Healthy program, Covid measures)  
- Further drive gender equality  
**Leverage Santander Universities**  
- Contribute to education, employability and entrepreneurship through around 1,000 scholarships  
**Drive Corporate Citizenship**  
- Support around 47,000 people through selected community programs |
| **Governance** | Reflect ESG standards & requirements in governance & risk management  
Ensure doing the things the right way by further embedding our culture, having clear and relevant policies, leverage mainstream processes, listen to our stakeholders and ensure oversight by a solid governance  
- Incorporate ESG practices towards suppliers  
**Drive transparency & reporting**  
- Evolve reporting and measurement approach |
Business Model and Strategy
Journey of Banco Santander to be net zero by 2050

- Set the decarbonization targets for other material sectors, including Oil & Gas, Transport, and Mining & Metals
- Remove unnecessary single-use plastics
- Becoming carbon neutral in our own operations
- Using 100% of electricity from renewable sources in all countries
- Align Santander power generation portfolio with the Paris Agreement
- Stop providing financial services to power generation clients with more than 10% of revenues dependent on thermal coal
- Eliminate all exposure to thermal coal mining worldwide
- Raise or facilitate the mobilization of over €120 Billion in green finance since 2019
- Raise or facilitate the mobilization of over €220 Billion in green finance since 2019

= Germany already implemented
Maintain solid risk quality

Increase in profit before tax envisaged; however, low visibility on 2021 earnings forecast given the uncertain further development of the pandemic

Continue to seize growth opportunities by increasing the number of products per customer
Financials 2020
Financials 2020
Facts and Figures SCB 2020

Profit before Taxes
393.6 Million Euro
Previous year: 454.2 Million Euro

LCR\(^1\)
187.8%
Previous year: 187.8%

Common Tier 1 Capital Ratio
14.44%
Previous year: 12.99%

RoRWA\(^2\)
1.34%
Previous year: 1.54%

Employees\(^3\)
3,075
Previous year: 3,194

Cost/Income Ratio
62.20%
Previous year: 65.43%

Total Capital Ratio
16.20%
Previous year: 14.61%

Client Accounts
4,788 Thousand
Previous year: 5,384 Thousand

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 2020
Strong Track Record of SC Germany

**Profit before Taxes (in EUR mn.)**

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</thead>
<tbody>
<tr>
<td>Value</td>
<td>517</td>
<td>533</td>
<td>463</td>
<td>548</td>
<td>582</td>
<td>500</td>
<td>507</td>
<td>471</td>
<td>506</td>
<td>486</td>
<td></td>
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1) Management View incl. IFRS w/o PSA/VISA; without Leasing

**Cost-Income-Ratio (in %, incl. depreciation)**

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<tbody>
<tr>
<td>Value</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>
<td>48.7</td>
</tr>
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</table>

**Managed Loans (in EUR bn)**

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>20.8</td>
<td>29.7</td>
<td>29.4</td>
<td>29.0</td>
<td>29.4</td>
<td>28.8</td>
<td>27.2</td>
<td>26.8</td>
<td>25.8</td>
<td></td>
<td></td>
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</table>

2) Without Leasing;

**Customer Accounts (in thsd.)**

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7,307</td>
<td>9,166</td>
<td>8,524</td>
<td>8,205</td>
<td>7,490</td>
<td>7,252</td>
<td>7,058</td>
<td>6,714</td>
<td>6,077</td>
<td>5,384</td>
<td>4,788</td>
</tr>
</tbody>
</table>

3) The decline 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
Financials 2020

Strong Balance Sheet

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 HCBE and SIXT Leasing.
- Decrease in receivables from customers (in addition to installment loans this also relates to commercial loans and mortgages; partly due to Covid-19).
- Debt & other fixed-income securities increased due to the closing of a retained ABS transaction amounting to EUR 3.8 bn and the build up of an HQLA portfolio amounting to EUR 1.5 bn.
- Liabilities to banks increased due to higher TLTRO III drawings in March, June and September than repayment of TLTRO II.
- Liabilities to customers decreased driven by lower wholesale deposits based on liquidity management actions and the reduction in certificate deposits.
- Increase in issuances in 2020 due to the closing of a retained ABS transaction (EUR 3.8 bn) and the closing of a market ABS transaction (EUR 1.8 bn). The increase of volume due to one Pfandbrief issuance amounting to EUR 500 m is compensated by the decrease of commercial paper.
- Equity increased due to a capital injection amounting to EUR 250 m.

<table>
<thead>
<tr>
<th>In EUR m</th>
<th>2019</th>
<th>2020</th>
<th>∆ 20/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash reserve</td>
<td>3,496</td>
<td>5,349</td>
<td>1,853</td>
</tr>
<tr>
<td>Receivables from Banks</td>
<td>2,152</td>
<td>2,860</td>
<td>707</td>
</tr>
<tr>
<td>Receivables from Customers</td>
<td>29,961</td>
<td>29,217</td>
<td>-744</td>
</tr>
<tr>
<td>Debt &amp; other fixed-income securities</td>
<td>9,515</td>
<td>11,435</td>
<td>1,920</td>
</tr>
<tr>
<td>Other assets</td>
<td>978</td>
<td>1,266</td>
<td>288</td>
</tr>
<tr>
<td>Total Assets</td>
<td>46,102</td>
<td>50,127</td>
<td>4,024</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>4,999</td>
<td>7,253</td>
<td>2,254</td>
</tr>
<tr>
<td>Liabilities to Customers</td>
<td>23,170</td>
<td>22,774</td>
<td>-396</td>
</tr>
<tr>
<td>Provisions</td>
<td>689</td>
<td>685</td>
<td>-4</td>
</tr>
<tr>
<td>Issuances</td>
<td>13,298</td>
<td>15,218</td>
<td>1,920</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>878</td>
<td>878</td>
<td>1</td>
</tr>
<tr>
<td>Equity</td>
<td>3,068</td>
<td>3,318</td>
<td>250</td>
</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>46,102</td>
<td>50,127</td>
<td>4,024</td>
</tr>
</tbody>
</table>

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

1) Equity excluding subordinated liabilities and profit participation certificates
In addition to the impact arising from restriction related to Covid-19 the following aspects influenced the development of customer assets:

- Mobility outstanding decreased due to lower new business (-2.8%)
- Return-driven decline in Consumer Financial Services due to ongoing cancellation of unprofitable business
- Higher outstanding in Direct Business mainly due to increasing terms despite of nearly unchanged turnover
- Decreased outstanding in mortgage business driven by higher redemptions

Source: SCB AG figures according to German GAAP (HGB); figures may not add up to 100% due to rounding
In 2020 the average interest rate on customer assets continued to fall. The receivables from customers were slightly lower than in 2019 (-2.5%). Interest expenses were lower than last year mainly driven by lower swap expense.

In contrast to 2019, but as expected, in 2020 no dividend was paid by the joint venture PSA.

Slightly lower commission income (-1.1%) but compensated by even lower commission expense (-2.6%), which led to a net increase in net fees and commissions. Both effects resulted from lower new business in CFS and direct business.

Operating expenses are lower than in 2019 mainly due to lower expenses for personnel adjustment measures, IT & consulting costs and pandemic-related cost savings.

Due to the difficult market environment caused by the pandemic, the increase in LLP was higher than ultimately expected.

Other operating expenses were impacted by de-recognitions which were €16.4 million higher than in 2019. This could be partly compensated via lower expenses for operational risks.

Earnings from profit transfer agreement contain the result of SC Leasing.

### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>∆ 20/19</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>1,237.3</td>
<td>1,187.1</td>
<td>-50.1</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>-193.8</td>
<td>-177.4</td>
<td>16.4</td>
<td>-8.4%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>1,043.5</td>
<td>1,009.7</td>
<td>-33.8</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Income from Capital Instruments</td>
<td>11.2</td>
<td>0.2</td>
<td>-11.0</td>
<td>-98.0%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>154.7</td>
<td>158.0</td>
<td>3.2</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>1,209.4</td>
<td>1,167.9</td>
<td>-41.5</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>-315.5</td>
<td>-294.7</td>
<td>20.9</td>
<td>-6.6%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>-416.5</td>
<td>-376.4</td>
<td>40.1</td>
<td>-9.6%</td>
</tr>
<tr>
<td>Administrative Cost</td>
<td>-732.0</td>
<td>-671.0</td>
<td>61.0</td>
<td>-8.3%</td>
</tr>
<tr>
<td>Amortization</td>
<td>-59.3</td>
<td>-55.4</td>
<td>3.9</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-791.3</td>
<td>-726.4</td>
<td>64.9</td>
<td>-8.2%</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>418.1</td>
<td>441.5</td>
<td>23.4</td>
<td>5.6%</td>
</tr>
<tr>
<td>Other operating Income/Expenses</td>
<td>15.1</td>
<td>1.7</td>
<td>-13.5</td>
<td>-99.1%</td>
</tr>
<tr>
<td>Extraordinary Expenses</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Net Loan-Loss Provisions</td>
<td>-33.2</td>
<td>-123.6</td>
<td>-90.5</td>
<td>272.9%</td>
</tr>
<tr>
<td>Earnings from profit transfer agreement</td>
<td>54.2</td>
<td>74.1</td>
<td>19.8</td>
<td>36.6%</td>
</tr>
<tr>
<td><strong>Profit before Taxes</strong></td>
<td>454.2</td>
<td>393.6</td>
<td>-60.6</td>
<td>-13.4%</td>
</tr>
</tbody>
</table>

Source: Santander Consumer Bank figures according to German GAAP (HGB); Figures may not add up due to rounding.
Financials 2020

Key Performance Indicators

Net Interest Margin
(in %)

- 2019: 2.5%
- 2020: 2.3%

Cost-Income-Ratio
(in %)

- 2019: 65%
- 2020: 62%

Return on Equity¹)

- 2019: 14.8%
- 2020: 11.9%

RORWA²)

- 2019: 2.5%
- 2020: 2.3%

¹) Profit before taxes (HGB) in % of equity without participation rights and subordinated loans
²) Calculation basis: management result / management view; calculation: Profit after taxes / RWA
All capital ratios are comfortably above the regulatory minimum requirements in December 2020
- Capital increase and RWA optimizations strengthened the capital ratios in the second half of 2020
Risk Management
### Risk Management

**Risk Prudence leads to favorable Risk Situation**

<table>
<thead>
<tr>
<th>PD Band</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>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1.0%</td>
<td>65.7%</td>
<td>9.8%</td>
<td>9.6%</td>
<td>0.7%</td>
<td>85.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,304.4</td>
<td>2,586.8</td>
<td>2,531.3</td>
<td>180.7</td>
<td>22,603.2</td>
<td></td>
</tr>
<tr>
<td>&gt;= 1.0%</td>
<td>12.7%</td>
<td>1.2%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>14.2%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,344.6</td>
<td>315.4</td>
<td>37.1</td>
<td>34.5</td>
<td>3,731.6</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78.4%</strong></td>
<td><strong>11.0%</strong></td>
<td><strong>9.8%</strong></td>
<td><strong>0.8%</strong></td>
<td><strong>100.0%</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>20,649.0</strong></td>
<td><strong>2,902.2</strong></td>
<td><strong>2,568.4</strong></td>
<td><strong>215.2</strong></td>
<td><strong>26,334.8</strong></td>
<td></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

- Experienced Risk Managers
- Expertise in Risk Analytics
- Risk Identification & Assessment
- Planning & Limit Setting
- Monitoring & Evaluation
- Governance & Communication
- Controlling
- Robust Models and Methods
- Solid Risk Data Infrastructure
- Measurement
- Risk KPIs
- Vintage Analysis
- Ad-hoc Analysis
- VaR Scenarios
- Planning
- Functional and Economic View
- Normative and Economic View
- Supervisory Board
- Management Board
- Risk / Loan Committees
- Individual credit authorities

- Risk Report
- LLR Budgeting
- Parameters (PD/LGDs/EL)
- New Business
- ROA, RORWA
- Single Portfolio Evaluation

- Risk Report
- LLR Budgeting
- Parameters (PD/LGDs/EL)
- New Business
- ROA, RORWA
- 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

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

- VaR Scenarios
- Planning
- Ad-hoc

- Risk KPIs
  - Vintage Analysis
  - Ad-hoc Analysis
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.
**Risk Management**

*Non Performing Loans Ratio further improved*

- NPL ratio further decreased in 2020 proving good asset quality
- Various effects due to NPL sales
Funding Strategy

Funding Mix

Targets of funding strategy

- Maintain strong retail deposit base
- Strengthen ABS funding via market transactions
- Make efficient use of TLTRO
- 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
  - STS¹ true sale loan transaction
  - Credit enhancement: excess spread, subordination, overcollateralization

Intensifying further funding sources

- To establish reputation as a frequent issuer with respect to
  - Pfandbriefe
  - Senior Unsecured Debt
  - Commercial Paper

1) Simple, transparent and standardised
Funding Strategy
Further Diversification of Funding in 2020

Funding Mix December 2019: EUR 42.1 bn

- Retail Deposits: 42.74%
- Securitisations (ABS market or ECB): 25.94%
- Securitisations: (ABS market or ECB) 25.94%
- Commercial Paper: 2.04%
- Promissory Notes: 0.28%
- Wholesale Deposits: 6.89%
- Covered Bond: 1.19%
- ECB: 10.7%
- Equity: 8.06%

Funding Mix December 2020: EUR 46.9 bn

- Retail Deposits: 38.24%
- Securitisations (ABS market or ECB): 27.04%
- Commercial Paper: 1.1%
- Promissory Notes: 0.3%
- Wholesale Deposits: 4.34%
- Covered Bond: 2.1%
- ECB: 14.46%
- MTN: 2.1%
- Equity: 10.33%

- 38% of funding portfolio is provided by retail deposits in 2020
- 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; balance sheet view including retained ABS and equity.
Credit Update

Santander Consumer Bank AG

- 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>Position</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>
### Appendix

**Snapshot of Success Numbers**

#### Facts and Figures Santander Consumer Bank AG

<table>
<thead>
<tr>
<th>Cost-Income Ratio</th>
<th>2019</th>
<th>65.43%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>62.20%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on Risk Weighted Assets</th>
<th>2019</th>
<th>1.54%</th>
<th>1.54%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12.99%</td>
<td>14.44%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CET 1</th>
<th>2019</th>
<th>1.54%</th>
<th>1.54%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12.99%</td>
<td>14.44%</td>
<td></td>
</tr>
</tbody>
</table>

#### Profit before Taxes

<table>
<thead>
<tr>
<th>2019</th>
<th>€554.3milion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>€393.6milion</td>
</tr>
</tbody>
</table>

#### Profit and Loss Statement

<table>
<thead>
<tr>
<th>German GAAP (M€)</th>
<th>01/01/–31/12/2020</th>
<th>01/01/–31/12/2019</th>
<th>Change (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>1,009.7</td>
<td>1,043.5</td>
<td>3.2</td>
</tr>
<tr>
<td>Net Fees and Commissions</td>
<td>158.0</td>
<td>154.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Income from Capital Instruments</td>
<td>0.2</td>
<td>11.2</td>
<td>-98.0</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>1,167.9</td>
<td>1,208.4</td>
<td>-3.4</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>294.7</td>
<td>315.5</td>
<td>-6.6</td>
</tr>
<tr>
<td>General Expenses</td>
<td>376.4</td>
<td>416.5</td>
<td>-9.6</td>
</tr>
<tr>
<td>Amortization and Write-Downs</td>
<td>55.4</td>
<td>59.3</td>
<td>-6.6</td>
</tr>
<tr>
<td>Other Operating Income and Expenses</td>
<td>2.5</td>
<td>15.3</td>
<td>-84.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>443.9</td>
<td>433.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Net Loan Loss Provisions</td>
<td>123.7</td>
<td>33.2</td>
<td>273.2</td>
</tr>
<tr>
<td>Earnings from Profit Transfer Agreements</td>
<td>74.1</td>
<td>54.2</td>
<td>36.6</td>
</tr>
<tr>
<td>Profit before Taxes</td>
<td>393.6</td>
<td>454.2</td>
<td>13.4</td>
</tr>
</tbody>
</table>

#### Ratios

<table>
<thead>
<tr>
<th>01/01/–31/12/2020</th>
<th>01/01/–31/12/2019</th>
<th>Change (in Basis Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-Income Ratio</td>
<td>62.20%</td>
<td>65.43%</td>
</tr>
<tr>
<td>Return on Risk Weighted Assets</td>
<td>1.34%</td>
<td>1.54%</td>
</tr>
<tr>
<td>NPL Ratio</td>
<td>1.70%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

#### Banking Regulatory Ratios

<table>
<thead>
<tr>
<th>31/12/2020</th>
<th>31/12/2019</th>
<th>Change (in Basis Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CET 1 Ratio</td>
<td>14.44%</td>
<td>12.99%</td>
</tr>
<tr>
<td>Total Capital Ratio</td>
<td>16.20%</td>
<td>14.61%</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>7.32%</td>
<td>7.80%</td>
</tr>
</tbody>
</table>

#### Balance Sheet Figures

<table>
<thead>
<tr>
<th>31/12/2020</th>
<th>31/12/2019</th>
<th>Change (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet Total</td>
<td>50.127</td>
<td>46.102</td>
</tr>
<tr>
<td>Liabilities to Costumers</td>
<td>22.774</td>
<td>23.170</td>
</tr>
<tr>
<td>Receivables from Customers</td>
<td>29.277</td>
<td>29.951</td>
</tr>
<tr>
<td>Equity**</td>
<td>3.318</td>
<td>3.068</td>
</tr>
</tbody>
</table>

#### Ratings**

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

#### Moodys

<table>
<thead>
<tr>
<th>Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>Stable</td>
</tr>
<tr>
<td>Aaa</td>
<td>Stable</td>
</tr>
</tbody>
</table>

---

* Equity excluding subordinated liabilities and profit participation certificates
** Ratings as of day of preparation of annual report

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*Figures may not add up due to rounding.*