Credit Update

Presentation to Investors
April 2022
Santander Consumer Bank AG
Disclaimer

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I. Executive Summary
II. SCB Germany within Santander Group
III. Business Model and Strategy
IV. Financials 2021
V. Risk Management
VI. Funding Strategy
VII. Appendix (Cover Pool Data)
In 2021 Santander Consumer Bank has once again proven its crisis resilience.

- **35.4% Increase in profit before tax compared to 2020**
  - Cost-Income ratio improved by 5 percentage points to 57.2%
  - Operating income up by 31.8% to EUR 584.9m

- **Conservative underwriting policy in order to maintain the above average risk quality of the loan portfolio**
  - NPL ratio down by 20 basis points to 1.5% in line with good asset quality
  - Loan loss provisions conservatively increased by 8.5%

- **Capital position further strengthened**
  - CET1 increased by 12 bps to 15%
  - Total capital ratio up by 15 bps to 17.1%

- **2 rating upgrades in 2021 by Moody’s and S&P following increased loss-absorbing capacity and rating methodology change**
## Executive Summary (2/2)

### 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-1</td>
<td>Stable</td>
</tr>
<tr>
<td>Moody's</td>
<td>A2</td>
<td>P-1</td>
<td>Stable</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>A-</td>
<td>F2</td>
<td>Stable</td>
</tr>
</tbody>
</table>

### S&P Global Ratings

“We believe SCB’s earnings generation, its first line of defense in case of increasing credit losses, will remain solid, thanks to a high share of stable high-margin lending.” ¹)

### Moody’s

“SCB’s baa2 BCA reflects, and is supported by, the bank’s sound asset quality, solid capitalisation and above-average profitability compared with the German banking sector.” ²)

### Fitch Ratings

“SCB AG has the potential, as one of a very few sizable German banks, to continue to earn its cost of capital through the crisis and maintain its profitability well above the sector average, thanks to its focus on consumer finance.” ³)

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²) Moody’s Rating Report dated 27th July 2021; BCA stands for baseline credit assessment.
³) Fitch Ratings dated 9th June 2021.
SCB Germany within Santander Group
Founded in 1957 Santander Consumer Bank AG (SCB) is the largest non-captive and one of the largest car finance providers 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 153 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
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 supervision¹
- Transparency
- Firewall
- Firewall
- 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 Germany within Santander Group
Santander's strong Market Share in three Geographic Regions

USA
Loans: 3%
Deposits: 2%

Brazil
Loans: 10%
Deposits: 10%

Mexico
Loans: 13%
Deposits: 13%

SCB Germany
Loans: 10%
Branches: 189

Spain
Loans: 17%
Deposits: 18%

SCF Europe
Loans: 11%
Share SCB assets: 32%

UK
Loans: 10%

Chile
Loans: 18%
Deposits: 19%

Argentina
Loans: 11%
Deposits: 11%

Portugal
Loans: 18%
Deposits: 14%

Poland
Loans: 12%
Deposits: 11%

Source: Banco Santander S.A.; Market share data as of 30th September 2021; Argentina and USA latest available; Note: Spain includes Santander España (public criteria) + Hub Madrid + SCF España + Openbank and Other Resident sectors in deposits; 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 117.8 bn
December 2021

SCF Geographies

<table>
<thead>
<tr>
<th>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>12%</td>
</tr>
<tr>
<td>France</td>
<td>13%</td>
</tr>
<tr>
<td>UK</td>
<td>11%</td>
</tr>
<tr>
<td>Italy</td>
<td>8%</td>
</tr>
<tr>
<td>Poland</td>
<td>3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2%</td>
</tr>
<tr>
<td>Austria</td>
<td>2%</td>
</tr>
<tr>
<td>Portugal and others</td>
<td>2%</td>
</tr>
</tbody>
</table>

- SCF´s portfolio is well spread across 16 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

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

2021  Strengthening of platform business in mobility
2020  Acquisition of Sixt Leasing via Hyundai Capital Bank Europe
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**

- **189** Branches
- **3.8m** customers
- **EUR 55.6bn** Balance Sheet total
- **EUR 28.9bn** Receivables from customers
- **EUR 532.7m** Profit before tax
- **EUR 3.3bn** Equity

Source: Santander Consumer Bank

All data as of 31.12.2021

- **1957**
- **1987**
- **2002**
- **2006**
- **2008**
- **2009**
- **2011**
- **2015**
- **2016**
- **2020**
- **2021**

**Timeline**
# Business Model and Strategy

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

<table>
<thead>
<tr>
<th>Mobility business</th>
<th>Consumer Financial Services</th>
<th>Direct business</th>
<th>Business and corporate banking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private clients</td>
<td>Private clients</td>
<td>Corporate and commercial clients</td>
</tr>
<tr>
<td></td>
<td>Dealers</td>
<td>Retailers</td>
<td></td>
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<tr>
<td></td>
<td>Importers</td>
<td></td>
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<tr>
<td></td>
<td>Manufacturers</td>
<td></td>
<td></td>
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<tr>
<td>Customers</td>
<td></td>
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</tr>
<tr>
<td>Sales</td>
<td>Indirect sales</td>
<td>Direct sales</td>
<td>Sales reps</td>
</tr>
<tr>
<td></td>
<td>Dealer network</td>
<td>Branches</td>
<td></td>
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<tr>
<td></td>
<td>Sales reps</td>
<td>Remote advice</td>
<td></td>
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<tr>
<td></td>
<td>Regional HVC</td>
<td>Online activities</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Installment loans</td>
<td>Installment loans</td>
<td>Cash Management</td>
</tr>
<tr>
<td></td>
<td>AutoDispoPlus-Card</td>
<td>ComfortCard plus</td>
<td>Trade Finance</td>
</tr>
<tr>
<td></td>
<td>Leasing</td>
<td>Factoring</td>
<td>Working Capital Finance</td>
</tr>
<tr>
<td></td>
<td>Factoring</td>
<td>Insurances</td>
<td>Growth and Investment Financing</td>
</tr>
<tr>
<td></td>
<td>Stock financing</td>
<td></td>
<td>Interest Hedging</td>
</tr>
<tr>
<td></td>
<td>Importer financing</td>
<td></td>
<td>Currency Hedging</td>
</tr>
<tr>
<td></td>
<td>Insurances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td>Installment loans</td>
<td>Installment loans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Private clients</td>
<td>Checking accounts</td>
<td></td>
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<tr>
<td></td>
<td>Dealers</td>
<td>Credit and debit cards</td>
<td></td>
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<tr>
<td></td>
<td>Importers</td>
<td>Deposits</td>
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<tr>
<td></td>
<td>Manufacturers</td>
<td>Investment products</td>
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<td>Mortgage and Pfandbrief business</td>
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<td>Pension schemes</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Insurances</td>
<td></td>
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</tbody>
</table>

Source: Santander Consumer Bank; HVC: Dealer Sales Office (Händler Vertriebs Center)
Business Model and Strategy
Santander among the Top 5 banks in Germany

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

New Business (EUR m)

Tickets 2021*
Outstanding (EUR bn)
Distribution

364,000
17.4
12,453 active dealer partners

431,000
0.5
4,585 active dealer partners

668,000
6.0
189 branches

Main Competitors

Volkswagen Bank
Mercedes Bank
BMW Bank
Opel Bank

Various German and Non-German banks

Targobank (Crédit Mutuel)
ING
TeamBank
Deutsche Bank

Loans granted per working day: ≈ 13,200 units²)
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
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

= Already implemented in Germany

2020 2021 2022 2025 2030 2050
## Responsible Banking Priorities in Germany: Mapped to ESG

### Business Model and Strategy

#### Goals

**Environmental**
- 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

**Social**
- 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

**Governance**
- 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

#### Initiatives

**Environmental**
- Net 0 of own operations
  - Carbon neutral since 2020, review further carbon saving activities
  - Product related initiatives to support reduction of customer footprint
  - Share of alternative drive technologies (EVs & PHEVs) increased from 15 (2020) to 27 % in 2021
  - Expansion of ESG-compliant investment funds

**Social**
- Foster inclusive & collaborative culture
  - 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

**Governance**
- Reflect ESG standards & requirements in governance & risk management
  - Incorporate ESG practices towards suppliers
  - Update of the Sustainability and Sector Policies which set conditions and include exclusions for our business activities

- Drive transparency & reporting
  - Evolve reporting and measurement approach
Business Model and Strategy

Outlook

Targets

Maintain solid risk quality

Strong increase in profit before tax envisaged; however low visibility on 2022 earnings forecast given the uncertain further development of the pandemic and the war in Ukraine in light of supply bottlenecks in mobility business

Continue to seize growth opportunities by increasing the number of products per customer
### Financials 2021

**Facts and Figures SCB 2021**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Previous Year Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit before Taxes</strong></td>
<td><strong>532.7 Million Euro</strong></td>
<td><strong>393.6 Million Euro</strong></td>
</tr>
<tr>
<td><strong>LCR</strong></td>
<td><strong>519.6%</strong></td>
<td><strong>236.6%</strong></td>
</tr>
<tr>
<td><strong>Common Tier 1 Capital Ratio</strong></td>
<td><strong>15%</strong></td>
<td><strong>14.9%</strong></td>
</tr>
<tr>
<td><strong>RoRWA</strong></td>
<td><strong>1.9%</strong></td>
<td><strong>1.3%</strong></td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td><strong>2,868</strong></td>
<td><strong>3,075</strong></td>
</tr>
<tr>
<td><strong>Cost/Income Ratio</strong></td>
<td><strong>57.2%</strong></td>
<td><strong>62.2%</strong></td>
</tr>
<tr>
<td><strong>Total Capital Ratio</strong></td>
<td><strong>17.1%</strong></td>
<td><strong>16.9%</strong></td>
</tr>
<tr>
<td><strong>Client Accounts</strong></td>
<td><strong>4,574 Thousand</strong></td>
<td><strong>4,788 Thousand</strong></td>
</tr>
</tbody>
</table>

Source: [https://www.santander.de/ueber-santander/investor-relations/finanzinformation/](https://www.santander.de/ueber-santander/investor-relations/finanzinformation/); Santander Consumer Bank Annual Report 2021; a subsequent amendment has been made to the capital ratios of 2020.

1) Liquidity Coverage Ratio
2) Return on Risk Weighted Assets
3) Headcount includes permanent and temporary employees, averaged over year
# Financials 2021

**Strong Track Record of SC Germany**

## Profit before Taxes (in EUR m)\(^1\)

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</thead>
<tbody>
<tr>
<td>Value</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>
<td>486</td>
<td>611</td>
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## Cost-Income Ratio (in %, incl. depreciation)

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</thead>
<tbody>
<tr>
<td>Value</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>
<td>42.7</td>
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## Managed Loans (in EUR bn)\(^2\)

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>29.7</td>
<td>29.4</td>
<td>29.0</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>26.0</td>
<td>25.7</td>
</tr>
</tbody>
</table>

## Customer Accounts (in thsnd.)\(^3\)

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>9,168</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>
<td>4,574</td>
</tr>
</tbody>
</table>

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1. Management View incl. IFRS
2. Without Leasing;
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 2021

### Strong Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>∆ 21/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash reserve</td>
<td>5,349</td>
<td>10,757</td>
<td>5,409</td>
</tr>
<tr>
<td>Receivables from Banks</td>
<td>2,860</td>
<td>2,755</td>
<td>-104</td>
</tr>
<tr>
<td>Receivables from Customers</td>
<td>29,217</td>
<td>28,856</td>
<td>-362</td>
</tr>
<tr>
<td>Debt &amp; other fixed-income securities</td>
<td>11,435</td>
<td>11,969</td>
<td>534</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,266</td>
<td>1,286</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>50,127</td>
<td>55,623</td>
<td>5,497</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>7,253</td>
<td>10,473</td>
<td>3,220</td>
</tr>
<tr>
<td>Liabilities to Customers</td>
<td>22,774</td>
<td>23,390</td>
<td>616</td>
</tr>
<tr>
<td>Provisions</td>
<td>685</td>
<td>720</td>
<td>34</td>
</tr>
<tr>
<td>Issuances</td>
<td>15,218</td>
<td>16,712</td>
<td>1,495</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>878</td>
<td>1,010</td>
<td>132</td>
</tr>
<tr>
<td>Equity</td>
<td>3,318</td>
<td>3,318</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td>50,127</td>
<td>55,623</td>
<td>5,497</td>
</tr>
</tbody>
</table>

- The increase in the cash reserve reflects our conservative liquidity buffer (LCR: 519.6%) and opportunistic TLTRO funding
- Receivables from banks decreased slightly due to lower deposits with other banks
- Decrease in receivables from customers due to lower consumer installment loans in the second corona year
- Debt & other fixed-income securities increased due to the top-up of a retained ABS transaction (EUR 1.8 bn) and the slight increase in the portfolio of high quality liquid assets (HQLA)
- Liabilities to banks increased due to opportunistic TLTRO drawings
- Growth in liabilities to customers mainly driven by the increase in sight deposits
- Increase in issuances in 2021 due to the top-up of a retained ABS transaction (EUR 1.8 bn) and the closing of a market ABS transaction (EUR 1.5 bn). In addition small increase in the commercial paper portfolio

Source: Santander Consumer Bank figures according to German GAAP (HGB); 1) Equity excluding subordinated liabilities and profit participation certificates
In addition to Covid-19 effects the following aspects influenced the development of customer assets:

- Mobility outstanding mainly decreased due to supply chain disruptions in car production leading to higher delivery times of new cars and lower supply of used cars.
- In comparison to the shown return-driven decline in the net balance of consumer financial services, new business increased by 19.1% due to e-commerce boom.
- Increase in direct loans mainly due to higher new business (+19.2%).
- Outstanding mortgages decreased due to high redemptions.

Source: SCB AG figures according to German GAAP (HGB); figures may not add up to 100% due to rounding.
## Financials 2021

### Income Statement

<table>
<thead>
<tr>
<th>in EUR m</th>
<th>2020</th>
<th>2021</th>
<th>∆ 21/20</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td>1,187.1</td>
<td>1,066.8</td>
<td>-120.4</td>
<td>-10.1%</td>
</tr>
<tr>
<td><strong>Interest Expenses</strong></td>
<td>-177.4</td>
<td>-21.3</td>
<td>156.2</td>
<td>-88.0%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>1,009.7</td>
<td>1,045.5</td>
<td>35.8</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Income from Capital Instruments</strong></td>
<td>0.2</td>
<td>25.3</td>
<td>25.1</td>
<td></td>
</tr>
<tr>
<td><strong>Net fees and commissions</strong></td>
<td>158.0</td>
<td>182.0</td>
<td>24.1</td>
<td>15.2%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>1,167.9</td>
<td>1,252.8</td>
<td>85.0</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>Personnel Expenses</strong></td>
<td>-294.7</td>
<td>-270.3</td>
<td>24.4</td>
<td>-8.3%</td>
</tr>
<tr>
<td><strong>General Expenses</strong></td>
<td>-376.4</td>
<td>-373.3</td>
<td>3.1</td>
<td>-0.8%</td>
</tr>
<tr>
<td><strong>Administrative Cost</strong></td>
<td>-671.0</td>
<td>-643.6</td>
<td>27.5</td>
<td>-4.1%</td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>-55.4</td>
<td>-72.7</td>
<td>-17.4</td>
<td>31.4%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>-726.4</td>
<td>-716.3</td>
<td>10.1</td>
<td>-1.4%</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>441.5</td>
<td>536.5</td>
<td>95.0</td>
<td>21.5%</td>
</tr>
<tr>
<td><strong>Other operating Income/Expenses</strong></td>
<td>1.7</td>
<td>48.3</td>
<td>46.6</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation and valuation allowances</strong></td>
<td>0.1</td>
<td>-26.5</td>
<td>-26.6</td>
<td></td>
</tr>
<tr>
<td>to investments, shares in associated companies and securities held as fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Loan-Loss Provisions</strong></td>
<td>-123.7</td>
<td>-134.3</td>
<td>-10.5</td>
<td>8.5%</td>
</tr>
<tr>
<td><strong>Earnings from profit transfer agreement</strong></td>
<td>74.1</td>
<td>108.7</td>
<td>34.6</td>
<td>46.7%</td>
</tr>
<tr>
<td><strong>Profit before Taxes</strong></td>
<td>393.6</td>
<td>532.7</td>
<td>139.2</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

- Interest income fell significantly driven by lower average interest rates in mobility and direct business as well as decreasing non-customer business (securities, ABS Bonds EUR -73.7 m).
- Drop in interest expenses due to opportunistic TLTRO usage and condition adjustments.
- Income from capital instruments due to first time dividend of PSA Bank Deutschland GmbH.
- Net fees and commissions increased by 15.2% due to income from servicing fees from HCBE and securities services.
- Lower personnel expenses are partly offset by higher amortization costs attributable to higher amortization of software.
- Despite the difficult market environment caused by the pandemic, the increase in LLP was lower than expected.
- Other operating income and depreciation and valuation allowances to investments contain two offsetting accounting items resulting from the passing on of losses from an ABS transaction to external investors (positive net effect EUR 8.8 m).
- 46.7% increase in earnings from profit transfer agreements due to SC Leasing.

Source: Santander Consumer Bank figures according to German GAAP (HGB); Figures may not add up due to rounding.
Financials 2021
All Key Performance Indicators improving

Net Interest Margin (in %)

- 2020: 2.3%
- 2021: 2.4%

Cost-Income Ratio (in %)

- 2020: 62%
- 2021: 57%

Return on Equity\(^1\)

- 2020: 11.9%
- 2021: 16.1%

RORWA\(^2\)

- 2020: 2.0%
- 2021: 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 2021
A capital increase in 2020 and RWA optimizations in 2020 and 2021 strengthened the capital ratios
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>Total (in % and EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1.0%</td>
<td></td>
<td>80.3%</td>
<td>94.9%</td>
<td>98.9%</td>
<td>83.4%</td>
<td>83.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16,074.9</td>
<td>2,602.5</td>
<td>2,392.7</td>
<td>148.6</td>
<td>21,218.7</td>
</tr>
<tr>
<td>&gt;= 1.0% - 99.9%</td>
<td></td>
<td>17.9%</td>
<td>4.6%</td>
<td>0.8%</td>
<td>15.6%</td>
<td>14.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,587.3</td>
<td>126.5</td>
<td>19.6</td>
<td>27.8</td>
<td>3761.2</td>
</tr>
<tr>
<td>100.0%</td>
<td></td>
<td>1.8%</td>
<td>0.5%</td>
<td>0.3%</td>
<td>0.9%</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>362.1</td>
<td>14.6</td>
<td>7.2</td>
<td>1.7</td>
<td>385.6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,024.3</td>
<td>2,743.6</td>
<td>2,419.5</td>
<td>178.1</td>
<td>25,365.5</td>
</tr>
</tbody>
</table>

- 84% of loans have a probability of default (PD) of less than 1%
- Broadly diversified private customer loan portfolio
Risk Management

Comprehensive Risk Controlling Processes established

Normative and Economic View

- Experienced Risk Managers
- Expertise in Risk Analytics
- Robust Models and Methods
- Solid Risk Data Infrastructure

- Measurement
- Controlling
- Planning & Limit Setting
- Monitoring & Evaluation
- Governance & Communication

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

Santander
Risk Culture embedded in all Employees’ DNA

**Risk Management**

**Reward & Recognition** [Incentives]
- Risk part of bonus/ incentives settings
- Recognition of employees showing exemplary behavior for risk
- Sanctions for undesired behavior

**Day-to-day work** [Speak Up]
- All employees are responsible for the risks they face in their day-to-day life
- Various measures and initiatives in place to stress importance of risk cultural behaviour
- Three-Lines-of-Defence Model in place

**Talent selection** [first Contact]
- Risk aspects included in recruitment
- Risk part of onboarding-process (continuity)

**Growth & Development** [Training plan]
- Continuously ongoing risk and compliance trainings for all employees
- Speak Up culture in force

**Risk Culture in KPIs and figures**

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

Non Performing Loans Ratio further improved

- NPL ratio further decreased in 2021 as write-off volume exceeded net new entries
- Decrease of ratio as well as conservative underwriting policy resulting in good asset quality
Funding Strategy
**Funding Strategy**

*Further Diversification of Funding Mix envisaged*

### Targets of funding strategy

- Maintain strong retail deposit base
- Strengthen ABS funding via market transactions
- Make efficient use of TLTRO on an opportunistic basis
- Further broadening and diversification of the investor base by issuing
  - Senior Unsecured Debt
  - Commercial Paper
- Pfandbrief issuance subject to further development of cover pool

### Securitisations as an important funding tool

- SCB has a long track record of originating and structuring European ABS deals
- Full Stack transactions to optimize RWA
- Retained transactions to create collateral for TLTRO
- 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
  - Senior Unsecured Debt
  - Commercial Paper

---

¹ Simple, transparent and standardised
Funding Strategy
Stable Funding Situation in 2021

- 36% of funding portfolio is provided by retail deposits in 2021
- Opportunistic TLTRO funding to be reduced in 2022

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

- 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 envisaged
Snapshot of Success Numbers

Profit and Loss Figures Santander Consumer Bank AG

Profit before Taxes

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>€995.6 million</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>52.20%</td>
</tr>
</tbody>
</table>

Cost-Income Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>57.18%</td>
</tr>
</tbody>
</table>

Return on Risk Weighted Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.34%</td>
</tr>
<tr>
<td>2021</td>
<td>1.81%</td>
</tr>
</tbody>
</table>

CET 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>14.03%</td>
</tr>
<tr>
<td>2021</td>
<td>18.01%</td>
</tr>
</tbody>
</table>

* Equity excluding subordinated liabilities and profit participation certificates
** Ratings as of day of preparation of annual report
*** A subsequent amendment was made to the previous year’s figures

Figures may not add up due to rounding.

---

### Carma CAAP (in £m)

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (in £m)</th>
<th>Change (in £m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/ - 31/12/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>1,045.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Net Fees and Commissions</td>
<td>158.0</td>
<td>11,438.5</td>
</tr>
<tr>
<td>Income from Capital Instruments</td>
<td>25.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>1,253.8</td>
<td>7.3</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>270.3</td>
<td>-8.3</td>
</tr>
<tr>
<td>General Expenses</td>
<td>373.3</td>
<td>-0.8</td>
</tr>
<tr>
<td>Amortizations</td>
<td>72.7</td>
<td>31.4</td>
</tr>
<tr>
<td>Other Operating Income and Expenses</td>
<td>48.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Operating Income</td>
<td>584.9</td>
<td>31.8</td>
</tr>
<tr>
<td>Net Loan Loss Provisions</td>
<td>123.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Depreciation and valuation allowances to investments, shares in associated companies and securities held as fixed assets</td>
<td>-0.1</td>
<td>n. a.</td>
</tr>
<tr>
<td>Earnings from Profit Transfer Agreements</td>
<td>108.7</td>
<td>46.7</td>
</tr>
<tr>
<td>Profit before Income Taxes</td>
<td>532.7</td>
<td>35.4</td>
</tr>
</tbody>
</table>

### Ratios

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (in %)</th>
<th>Change (in percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/ - 31/12/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost-Income-Ratio</td>
<td>57.18</td>
<td>-502</td>
</tr>
<tr>
<td>Return on Risk Weighted Assets</td>
<td>1.87</td>
<td>52</td>
</tr>
<tr>
<td>NPL Ratio</td>
<td>1.5</td>
<td>-20</td>
</tr>
</tbody>
</table>

### Banking Regulatory Ratios

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (in %)</th>
<th>Change (in percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Equity Tier 1 Ratio (CET 1)</td>
<td>15.01</td>
<td>12</td>
</tr>
<tr>
<td>Total Capital Ratio</td>
<td>17.08</td>
<td>12.6</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>6.70</td>
<td>-62</td>
</tr>
</tbody>
</table>

### Balance Sheet Figures

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (in £m)</th>
<th>Change (in £m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Sheet Total</td>
<td>55,623</td>
<td>11.0</td>
</tr>
<tr>
<td>Liabilities to Customers</td>
<td>23,390</td>
<td>2.7</td>
</tr>
<tr>
<td>Receivables from Customers</td>
<td>29,056</td>
<td>-1.2</td>
</tr>
<tr>
<td>Equity</td>
<td>3,318</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s Long Term</td>
<td>A2</td>
</tr>
<tr>
<td>Moody’s Short Term</td>
<td>A</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>A-</td>
</tr>
</tbody>
</table>

### Phandbrief Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moodys</td>
<td>Aaa</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>AAA</td>
</tr>
</tbody>
</table>
Unser Anspruch ist, zum Erfolg von Menschen und Unternehmen beizutragen.

Unsere Kultur basiert auf der Überzeugung, dass alles, was wir tun, einfach, persönlich und fair ist:

**Simple Personal Fair**

Santander Consumer Bank AG

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Telefon</th>
<th>E-Mail</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>

**Dow Jones Sustainability Indices**

**In Cooperation with RebecosAM **

**FTSE4Good**

**Santander**

Appendix (Cover Pool Data)
## Cover Pool Data (1/5)
### Broad Regional Diversification

<table>
<thead>
<tr>
<th>Region</th>
<th>Share of Cover Pool</th>
<th>Share of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordrhein-Westfalen</td>
<td>33,06%</td>
<td>21,56%</td>
</tr>
<tr>
<td>Niedersachsen</td>
<td>12,21%</td>
<td>9,62%</td>
</tr>
<tr>
<td>Baden-Württemberg</td>
<td>9,77%</td>
<td>13,35%</td>
</tr>
<tr>
<td>Hessen</td>
<td>9,50%</td>
<td>7,57%</td>
</tr>
<tr>
<td>Brandenburg</td>
<td>4,88%</td>
<td>3,04%</td>
</tr>
<tr>
<td>Schleswig-Holstein</td>
<td>4,86%</td>
<td>3,50%</td>
</tr>
<tr>
<td>Bayern</td>
<td>4,80%</td>
<td>15,80%</td>
</tr>
<tr>
<td>Berlin</td>
<td>4,52%</td>
<td>4,41%</td>
</tr>
<tr>
<td>Rheinland-Pfalz</td>
<td>3,34%</td>
<td>4,93%</td>
</tr>
<tr>
<td>Sachsen</td>
<td>3,20%</td>
<td>4,88%</td>
</tr>
<tr>
<td>Hamburg</td>
<td>2,92%</td>
<td>2,23%</td>
</tr>
<tr>
<td>Mecklenburg-Vorpommern</td>
<td>2,68%</td>
<td>1,94%</td>
</tr>
<tr>
<td>Sachsen-Anhalt</td>
<td>1,98%</td>
<td>2,62%</td>
</tr>
<tr>
<td>Thüringen</td>
<td>1,14%</td>
<td>2,55%</td>
</tr>
<tr>
<td>Bremen</td>
<td>0,84%</td>
<td>0,82%</td>
</tr>
<tr>
<td>Saarland</td>
<td>0,32%</td>
<td>1,18%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,00%</strong></td>
<td><strong>100,00%</strong></td>
</tr>
</tbody>
</table>

Source: Santander Consumer Bank; internal data of 31.12.2021

Figures may not add up to 100% due to rounding.
Cover Pool Data (2/5)

Other Characteristics

**Cover Pool – by property type**
- Condominium: 23.5%
- Single-Family House: 74.1%
- Multi-Family House: 2.5%

**Cover Pool – by property use**
- Owner-Occupied: 82.2%
- Used by Third Party: 11.5%
- Owner-Occupied / Used by Third Party: 6.3%

**Cover Pool – by employment status**
- Employee: 73.2%
- Laborer: 7.4%
- Civil Servant: 6.2%
- Self-Employed: 7.8%
- Pensioner: 2.1%
- Other: 3.3%

**Cover Pool – by loan volume in cover**
- Amounts in EUR: 97.6%
- x < 300k: 0.1%
- 300k < x < 1m: 2.3%
- x > 1m: 2.3%

Source: Santander Consumer Bank; internal data of 31.12.2021
Figures may not add up to 100% due to rounding.
Cover Pool Data (3/5)

Other Characteristics

Maturity Profile – Time to Interest Rate Reset

Seasoning

Source: Santander Consumer Bank; internal data of 31.12.2021
Figures may not add up to 100% due to rounding.
Cover Pool Data (4/5)

Ratios

Weighted Average Loan-To-Mortgage Lending Value (LTMLV) Ratio: 44.64%

Weighted Average Loan-To-Value (LTV) Ratio: 38.57%

Source: Santander Consumer Bank; internal data of 31.12.2021
Figures may not add up to 100% due to rounding.
Distribution of loan size in Cover Pool

Quantile of all objects

<table>
<thead>
<tr>
<th>Quantile</th>
<th>0.1</th>
<th>0.2</th>
<th>0.3</th>
<th>0.4</th>
<th>0.5</th>
<th>0.6</th>
<th>0.7</th>
<th>0.8</th>
<th>0.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max. loan size in Cover Pool</td>
<td>23.662 €</td>
<td>34.336 €</td>
<td>43.822 €</td>
<td>54.266 €</td>
<td>66.648 €</td>
<td>80.556 €</td>
<td>97.150 €</td>
<td>118.813 €</td>
<td>152.700 €</td>
</tr>
</tbody>
</table>

Source: Santander Consumer Bank; internal data of 31.12.2021
Figures may not add up to 100% due to rounding.