Pfandbrief Benchmark Issuance

Investor Presentation
Santander Consumer Bank AG
February 2020
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Agenda Pfandbrief Benchmark Issuance

1. Executive Summary
2. Update on Santander Consumer Bank AG
3. Underwriting of Mortgage Loans
4. Details of the Cover Pool
5. Funding Profile & Transaction Details
Executive Summary
Executive Summary (1/2)

Santander Consumer Bank AG is firmly rooted in Santander Group

Market Leader in consumer finance in Germany with strong financials

Growing franchise in mortgage loan business in Germany

Conservative underwriting policy of mortgage loans in order to maintain the above average risk quality of the cover pool

Highly granular cover pool with 100% German assets – residential mortgages

Potential benchmark issuance to start establishing a Pfandbrief benchmark curve

Ratings:
- Pfandbrief: Aaa (Moody’s), AAA (Fitch)
- Bank rating: A3/P-2, positive (Moody’s); A-/A-2, stable (S&P); A-/F2, stable (Fitch)
### Executive Summary (2/2)

<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>

“**The credit loss component remains low at only 2.2% (from 2.7%), reflecting the high quality of SCB AG’s cover assets with high seasoning and a low current weighted average LTV ratio of 42.2%, allowing for outstanding recoveries.”**

“**The covered bonds are supported by a cover pool of high-quality assets. The common assets are residential mortgage loans backed by properties in Germany. The collateral quality is reflected in the collateral score, which is currently 5.0%.”**

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All quotes are based on the current rating reports of Fitch Ratings (9th October 2019) and Moody’s (22nd November 2018)
Update on Santander Consumer Bank AG
Update on Santander Consumer Bank

Snapshot SCB

- 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 13,217 branches all over the world and serves 144 million customers with a relevant presence in 10 core markets.
- SCF is represented in Germany by SCB.

Source: SCF Internal Data
Data as of 31.12.2018
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.

100% of share capital of SCB held by SCF.

Source: Santander Consumer Bank
1) Directly (75%) and indirectly (25%)
Update on Santander Consumer Bank
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

4.7 mn
customers

EUR 43.0 bn
Balance Sheet total

EUR 463.4 mn
Profit before tax

EUR 29.9 bn
Receivables to customers

EUR 3.1 bn
Equity

Source: Santander Consumer Bank

All data as of 31.12.2018
Update on Santander Consumer Bank

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>
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<tbody>
<tr>
<td></td>
<td>Private clients</td>
<td>Private clients</td>
<td>Corporate and commercial clients</td>
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<td>Customers</td>
<td>Dealers</td>
<td>Dealers</td>
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<td></td>
<td>Importers</td>
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<td>Manufacturers</td>
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<td>Sales</td>
<td>Indirect sales</td>
<td>Indirect sales</td>
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<td>Dealer network</td>
<td>Dealer network</td>
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<td>Sales reps</td>
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<td>Regional HVC</td>
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<td>Online activities</td>
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<td>Products</td>
<td>Installment loans</td>
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<td>AutoDispoPlus-Card</td>
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<td>Leasing</td>
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<td>ComfortCard plus</td>
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<td>Installment loans</td>
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<td>Checking accounts</td>
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<td>Credit and debit cards</td>
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<td>Deposits</td>
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<td>Investment products</td>
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<td>Mortgage and Pfandbrief business</td>
<td>Mortgage and Pfandbrief business</td>
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<td>Pension schemes</td>
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<td>Installment loans</td>
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<td>Foreign currency</td>
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<td>Loans and deposits</td>
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<td>FX and interest rate hedging products</td>
<td>FX and interest rate hedging products</td>
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</tbody>
</table>

Source: Santander Consumer Bank
Update on Santander Consumer Bank
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
Update on Santander Consumer Bank
Facts and Figures SCB 2018

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

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Receivables</td>
<td>31,385 M€</td>
<td>31,823 M€</td>
</tr>
<tr>
<td>LCR^1</td>
<td>169.1%</td>
<td>133.6%</td>
</tr>
<tr>
<td>Tier 1 Capital Ratio</td>
<td>13.91%</td>
<td>12.47%</td>
</tr>
<tr>
<td>Cost/Income Ratio</td>
<td>61.9%</td>
<td>68.9%</td>
</tr>
<tr>
<td>Total Capital Ratio</td>
<td>15.03%</td>
<td>13.50%</td>
</tr>
<tr>
<td>Client Accounts</td>
<td>6,077 T€</td>
<td>6,714 T€</td>
</tr>
</tbody>
</table>

Source: https://www.santander.de/ueber-santander/investor-relations/finanzinformation/; Santander Consumer Bank Geschäftsbericht 2018

1) Liquidity Coverage Ratio
2) Return on Risk Weighted Assets
3) Headcount includes permanent and temporary employees, averaged over year
## Update on Santander Consumer Bank

**Strong Balance Sheet**

<table>
<thead>
<tr>
<th>in EUR mn</th>
<th>2017</th>
<th>2018</th>
<th>Δ 18/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Reserve</td>
<td>1,538</td>
<td>2,954</td>
<td>+1,416</td>
</tr>
<tr>
<td>Receivables from Banks</td>
<td>1,024</td>
<td>1,531</td>
<td>+506</td>
</tr>
<tr>
<td>Receivables from Customers</td>
<td>30,799</td>
<td>29,854</td>
<td>-944</td>
</tr>
<tr>
<td>Debt &amp; other Fixed-Income Securities</td>
<td>8,382</td>
<td>7,975</td>
<td>-407</td>
</tr>
<tr>
<td>Other Assets</td>
<td>678</td>
<td>734</td>
<td>+56</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>42,421</td>
<td>43,048</td>
<td>+627</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>5,943</td>
<td>5,374</td>
<td>-570</td>
</tr>
<tr>
<td>Liabilities to Customers</td>
<td>22,474</td>
<td>22,719</td>
<td>+245</td>
</tr>
<tr>
<td>Provisions</td>
<td>704</td>
<td>633</td>
<td>-54</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>10,014</td>
<td>11,035</td>
<td>+1,005</td>
</tr>
<tr>
<td>Equity and subordinated liabilities</td>
<td>3,286</td>
<td>3,286</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td>42,421</td>
<td>43,048</td>
<td>+627</td>
</tr>
</tbody>
</table>

- Increase in cash reserve in order to ensure compliance with the regulatory liquidity requirements
- Receivables from banks increased due to a higher funding to PSA
- Receivables from customers decreased due to a lower performance within mortgage, direct and durables business
- Debt & other fixed-income securities decreased due to a lower volume of retained ABS bonds as well as maturing securities within depot A
- Liabilities to banks decreased due to a further repayment of a TLTRO tranche
- Liabilities to customers increased due to higher volumes in wholesale deposits based on liquidity management actions and due to a slight increase in sight deposits
- Other liabilities increased due to issuances of Commercial Papers and market placed issuances of ABS transactions

Source: Santander Consumer Bank figures according to German GAAP (HGB).
### Increasing Profits

**Source:** Santander Consumer Bank figures according to German GAAP (HGB)

<table>
<thead>
<tr>
<th>in EUR mn</th>
<th>2017</th>
<th>2018</th>
<th>∆ 18/17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>1,411.1</td>
<td>1,305.5</td>
<td>-105.6</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>-278.2</td>
<td>-167.5</td>
<td>+110.7</td>
<td>-39.8%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>1,132.9</strong></td>
<td><strong>1,138.0</strong></td>
<td>+5.1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>1,299.5</td>
<td>1,258.5</td>
<td>-40.9</td>
<td>-3.1%</td>
</tr>
</tbody>
</table>
| \hline
| Personnel Expenses | -339.4    | -290.8    | +48.6   | -14.3%|
| General Expenses  | -443.2    | -406.4    | +36.9   | -8.3%|
| Administrative Cost | -782.6    | -697.2    | +85.4   | -10.9%|
| Amortization      | -112.9    | -82.5     | +30.4   | -26.9%|
| Operating Expenses | -895.5    | -779.6    | +115.8  | -12.9%|
| **Net Operating Income** | **404.0**  | **478.9**  | +74.9   | 18.5%|
| Other operating Income/Expenses | 39.9      | 13.5      | -26.3   | -66.0%|
| Extraordinary Expenses | -0.5      | -0.5      | -0.5    | -26.9%|
| Net Loan-Loss Provisions | -100.6    | -68.7     | +31.9   | -31.7%|
| Earnings from profit transfer agreement | 49.2      | 40.1      | -9.1    | -18.5%|
| **Profit before Taxes** | **392.5**  | **463.4**  | +71.0   | 18.1%|

- The declining market interest rates and decreasing outstanding particularly in direct and mortgages portfolios delivered less interest income than in 2017
- Interest expenses are lower than in 2017 due to declining market interest rates and change in funding structure.
- Decrease in net fees & commissions as lower dealer incentives and commissions are not sufficient to compensate for decreasing fees
- Operating expenses lower mainly due to restructuring cost in 2017 and lower software depreciations in 2018
- LLP decrease in line with overall good risk quality of loan portfolio
Update on Santander Consumer Bank
Strong Market Position in Consumer Finance

New Business (EUR mn)

<table>
<thead>
<tr>
<th>Tickets 2018*</th>
<th>Outstanding (EUR bn)</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>449,000</td>
<td>16.5</td>
<td>14,500 active dealer partners</td>
</tr>
<tr>
<td>1,192,000</td>
<td>1.6</td>
<td>6,500 active dealer partners</td>
</tr>
<tr>
<td>843,000</td>
<td>5.3</td>
<td>210 branches</td>
</tr>
</tbody>
</table>

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

1. Santander
2. Commerz Finanz
3. Targobank (Crédit Mutuel)
4. Credit Plus (Sofinco)
5. Cronbank

Loans granted per working day: ≈ 10,000 units²

Source: Santander Consumer Bank; data as of end of December 2018 1) incl. Leasing 2) Including extensions and increases of loan size

* Number of loans granted
Update on Santander Consumer Bank

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
Underwriting of Mortgage Loans
Underwriting of Mortgage Loans

Admission process – new business mortgage loans

1. **Broker**
2. **Internet**
3. **Customer**

- **Santander Branch**
- **Documents**: 
  - customer
  - property

- **Application System**
  - Data Gathering
    - Internal Sources: customer, property
    - External Sources: Bureau, Data
  - Decision Engine: Business Rules
    - Financing
    - Recipient
    - Property
  - Decision Module
  - Scoring
  - Payment Capabilities
  - Score Model

- **Decision Process**: 
  - Output
    - Approval
    - Decline

- **Communication**
  - Explain declines and find solutions
  - Improve weak applications (e.g., 2nd debtor, increase owner's equity, etc.)

- **GEOBAN Quality Check**

- **Internet Admission process**
  - New business mortgage loans

Source: Santander Consumer Bank
Details of the Cover Pool
Details of the Cover Pool

Selection Criteria of Cover Assets

**Mortgage loans**

**Key Characteristics:**
- Santander mortgage loans
- Euro-denominated
- Germany-based mortgages
- Residential mortgages
- BelWertV-compliant mortgage lending value calculations
- Mostly small loan sector ("Kleindarlehen" acc. to §24 BelWertV)

**Statutory over-collateralisation and further assets**

**Key Characteristics:**
- Bonds with debtor German Federal Government, a German federal state, the European Investment Bank, the International Bank for Reconstruction and Development, the Council of Europe Development Bank or the European Bank for Reconstruction and Development
- Deposits with the European Central Bank/Deutsche Bundesbank

Source: Santander Consumer Bank
# Details of the Cover Pool

## Removal of Assets from Cover Pool

### Mortgage loans
- Mortgage loan has been fully repaid
- Changes concerning the register
- Cover pool monitor remarks
- No valid mortgage insurance
- Drop of creditworthiness
- Loan in arrears
- Forced administration

### Statutory over-collateralisation and further assets
- Due date
- No longer eligible for cover pool due to regulatory changes
- Change of cover assets due to internal decisions

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All removals have to be permitted in advance by cover pool monitor

Source: Santander Consumer Bank
Details of the Cover Pool

Cover Pool Management

- Daily processing and monitoring of cover pool
- Supervision by Cover Pool Monitor (Treuhänder) and BaFin
- Quarterly public reports (§28 PfandBG)
- Monthly reports to BaFin (as soon as statutory order of §27a PfandBG will have been published)

Source: Santander Consumer Bank
Characteristics of the Cover Pool (1/4)

Broad Regional Diversification

- Nordrhein-Westfalen
- Niedersachsen
- Hessen
- Baden-Württemberg
- Brandenburg
- Schleswig-Holstein
- Bayern
- Berlin
- Sachsen
- Mecklenburg-Vorpommern
- Rheinland-Pfalz
- Hamburg
- Sachsen-Anhalt
- Thüringen
- Bremen
- Saarland

- Cover Pool (EUR 1,029.82 mn in total, excluding other assets) consists of German mortgage loans only.
- As per end of January 2020 the cover pool amounts to EUR 1.107bn (including other assets)
- High degree of regional diversification within Germany
- Regional distribution to be maintained in the future

Source: Santander Consumer Bank; internal data as of December 31, 2019
Figures may not add up to 100% due to rounding.
Characteristics of the Cover Pool (2/4)

Other Characteristics

Cover Pool – by property type

- Condominium: 11.2%
- Single-Family House: 21.7%
- Multi-Family House: 67.2%

Cover Pool – by property use

- Owner-Occupied: 10.6%
- Used by Third Party: 83.1%
- Owner-Occupied / Used by Third Party: 6.3%

Cover Pool – by employment status

- Employee: 7.7%
- Laborer: 3.8%
- Civil Servant: 2.5%
- Self-Employed: 5.8%
- Pensioner: 9.9%
- Other*: 70.4%

Cover Pool – by loan volume in cover

- x ≤ 100k: 41.9%
- 100k < x ≤ 200k: 49.9%
- 200k < x ≤ 300k: 1.6%
- x > 300k: 6.6%

Source: Santander Consumer Bank; internal data as of December 31, 2019
Figures may not add up to 100% due to rounding.

*"Other" refers to loan contracts having two borrowers, whereas one borrower is a housewife or student while the other borrower fully meets underwriting criteria.
Characteristics of the Cover Pool (3/4)

- Diversified mix of loans regarding origination date and interest rate reset date
- Cover pool will be managed through usage of loan stock and new business
- Further smoothing-out of maturity profile to be expected down the line

Source: Santander Consumer Bank; internal data of December 31, 2019
Figures may not add up to 100% due to rounding.
Characteristics of the Cover Pool (4/4)

- Conservative collateralisation of mortgage claims
- Weighted Average Loan-To-Mortgage Lending Value (LTMLV) Ratio: 45.4%
- Weighted Average Loan-To-Value (LTV) Ratio: 39.3%

Source: Santander-internal data as of December 31, 2019/ Figures may not add up to 100% due to rounding.
Funding Profile & Transaction Details
Funding Profile

Funding Strategy

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
Terms and Conditions of Planned Issuance

Indicative Details

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- Santander Consumer Bank will be available for investor calls
- A Benchmark Pfandbrief 02/2030 issuance might follow subject to market conditions
Summary

- Conservative business model and strong market position in Germany
- Solid capitalisation and financials
- Conservative risk management ensures a high risk quality of the mortgage loan portfolio
- Strong and diversified cover pool
- 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>
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