

Credit Update

Presentation to Investors

April 2024

Santander Consumer Bank AG



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AGENDA

1. EXECUTIVE SUMMARY
2. SCB GERMANY WITHIN SANTANDER GROUP
3. BUSINESS MODEL AND STRATEGY
4. FINANCIALS 2023
5. RISK MANAGEMENT
6. FUNDING STRATEGY
7. APPENDIX

Executive Summary

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Executive Summary (1/2)

Crisis Resilience of Santander

- Profit of EUR 263.6m in extremely difficult year 2023; the main reasons for this profit decline are
 - Normalisation of risk costs (see below)
 - Increased refinancing costs
 - Legal changes to commission structures for insurance products
- Double digit growth in new business in Mobility and Business & Corporate Banking
- Increased share of new business with collateral as well as a restriction of underwriting policy for non-collateralized business improves new business risk quality
- Loan loss provisions increase, as the still high inflation and recessive tendencies of the German economy result in a normalisation of arrears and default rates after several years with very low rates
- NPL ratio rises by 40 basis points to 2.16%, mainly driven by the postponement of write-offs by 12 months due to economic considerations, resulting in a longer in-house processing and later sell-off of non-performing loans
- All capital ratios are comfortably above the regulatory minimum requirements
- Strong funding profile consisting of retail and wholesale deposits, CPs, ABS, Pfandbriefe as well as senior unsecured debt

In 2023 Santander Consumer Bank has once again proven its crisis resilience

Executive Summary (2/2)

Rating Agency	Long Term Rating	Short Term Rating	Outlook
Standard & Poor's	A	A-1	Stable
Moody's	A2	P-1	Stable
Fitch Ratings	A-	F2	Stable

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

"Satisfactory capacity to absorb shocks, as displayed by good profitability compared with that of its domestic peers"

"SCB benefits from its specialist risk management know-how in managing business cycle and operational risks." ²⁾

FitchRatings

"SCB AG's VR reflects its leading German car and consumer financing franchise that dominates its business model, earnings, and risk profile."

"It results in good asset quality, sound profits and adequate capital, funding and liquidity profiles." ³⁾

SCB Germany within Santander Group

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SCB Germany within Santander Group

Snapshot SCB Germany



- 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 165 million customers
- SCF is represented in Germany by SCB

SCB Germany within Santander Group

Ownership Structure within Banco Santander



- SCB 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
- SCB's entire share capital is held by Santander Consumer Holding GmbH, a limited liability company based in Mönchengladbach
- Profit and loss transfer agreement between SC Holding and SCB

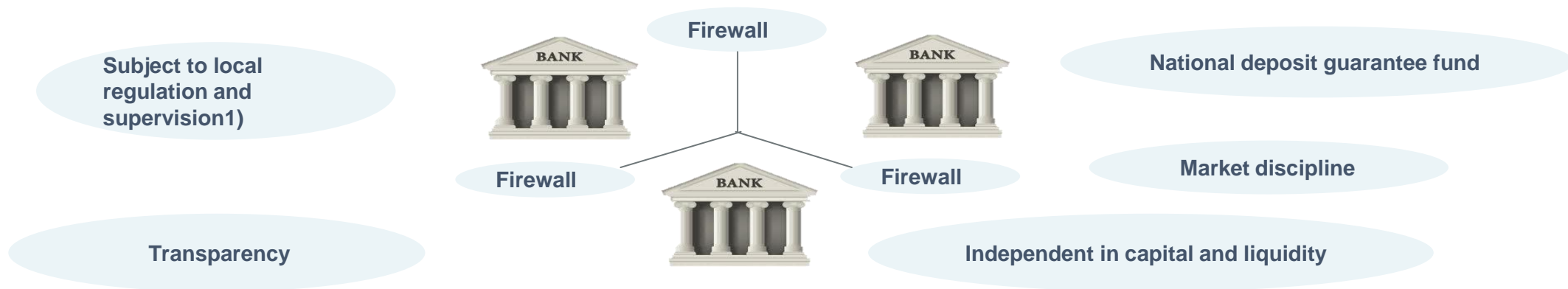


100% of share capital of SCB held by SCF

SCB Germany within Santander Group

Subsidiaries' Model and Deposit Protection Scheme safeguard SCB

A decentralised model with legally autonomous subsidiaries ...



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

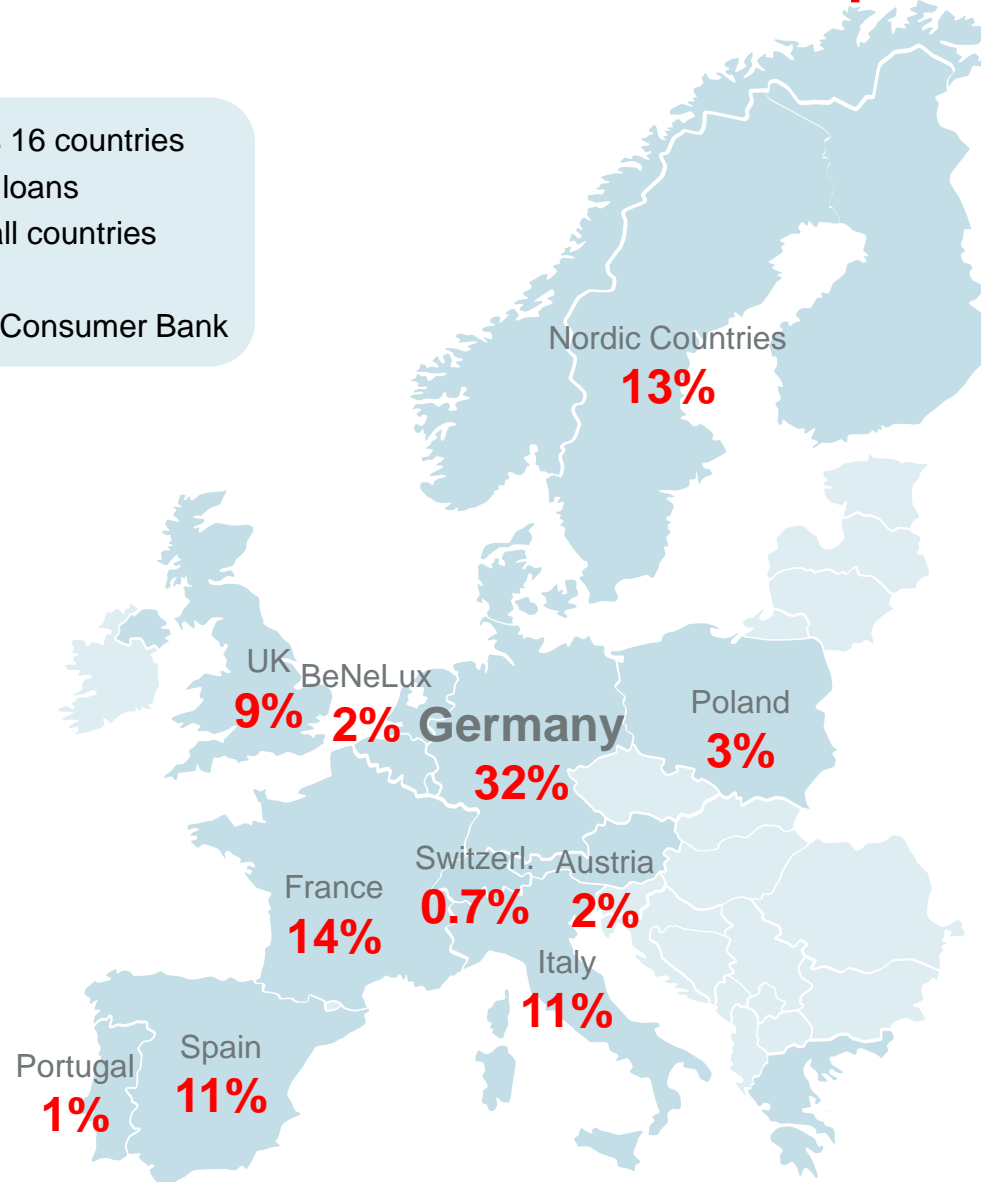


- Subsidiaries' model limits possible contagion among the Group's units thereby reducing systemic risks
- In addition, state of the art deposit protection scheme in place to safeguard SCB's customers

SCB Germany within Santander Group

Germany makes up 32% of SCF's Assets

- SCF's portfolio in Europe is well spread across 16 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 and Openbank are reported under Digital Consumer Bank

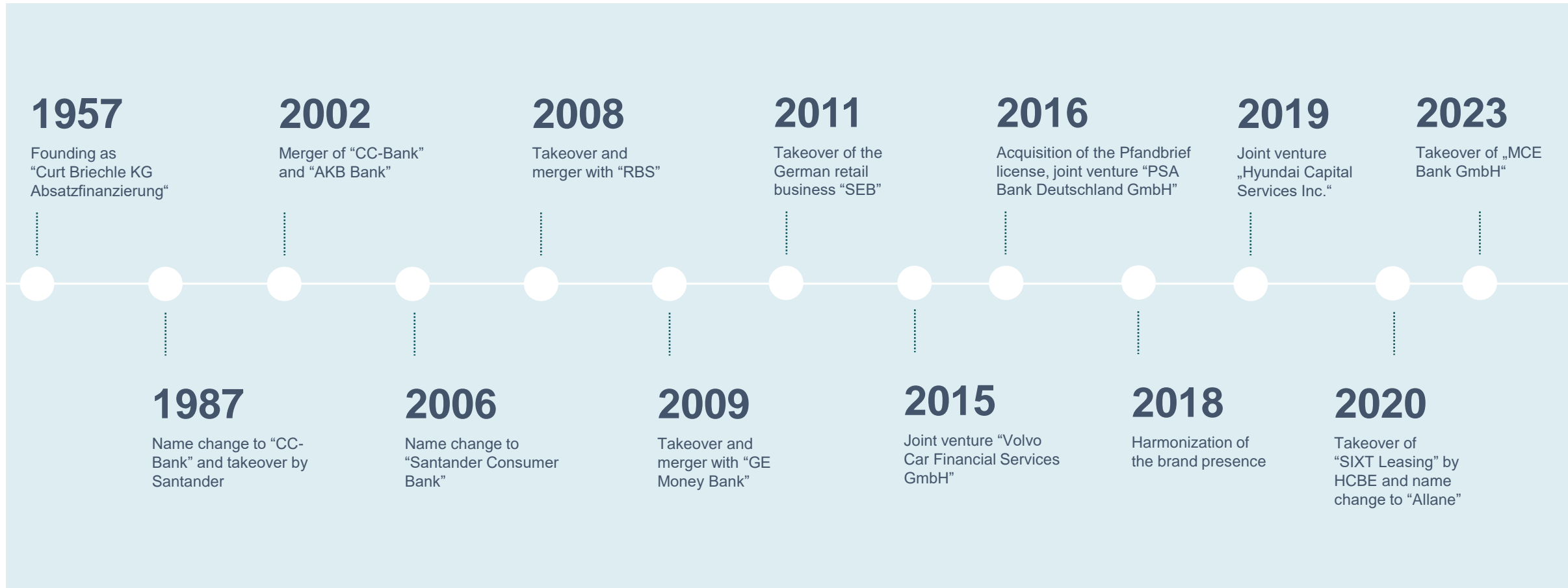


Business Model and Strategy

03





Business Model and Strategy

66 Years Santander Germany – Our History



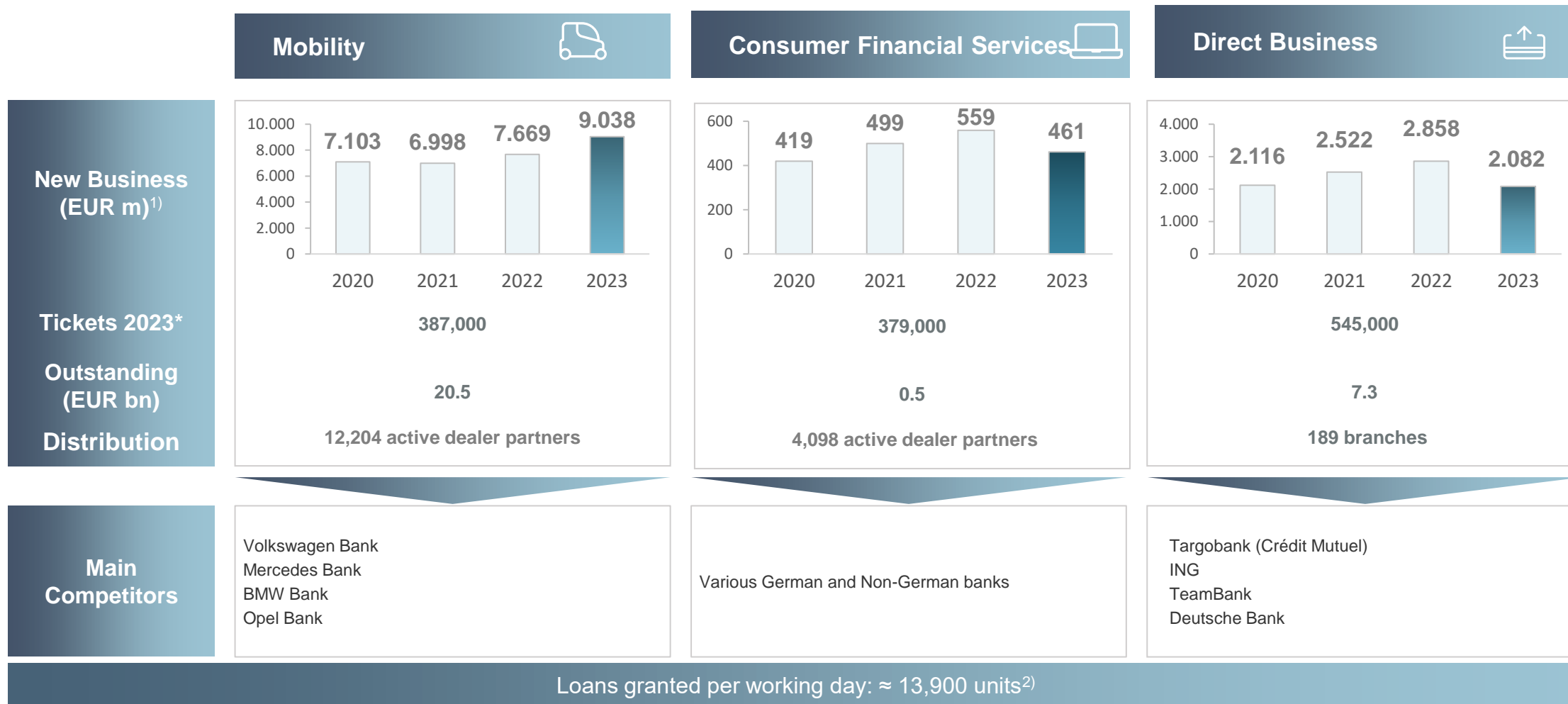
Business Model and Strategy

Four strong Business Segments

	Mobility 	Consumer financial services 	Direct business 	Business and corporate banking 
Customers	<ul style="list-style-type: none"> Private customers Dealers Importers Manufacturers 	<ul style="list-style-type: none"> Private clients Retailers 	<ul style="list-style-type: none"> Private clients 	<ul style="list-style-type: none"> Medium-sized customers >25 m turnover corporate customers
Products	<ul style="list-style-type: none"> Installment loans Credit and debit cards Leasing Subscriptions Factoring Dealer financing Importer financing Insurance 	<ul style="list-style-type: none"> Installment loans Credit and debit cards Factoring Insurance 	<ul style="list-style-type: none"> Installment loans Current accounts Credit and debit cards Deposits Investment products Mortgages Pension plans Insurance 	<ul style="list-style-type: none"> Loans Working capital financing, investment and growth financing Trade Finance Financial guarantee business, documentary business, trade loans Cash Management Business accounts, payments, electronic banking Treasury Solutions FX/interest hedging
Sales	<ul style="list-style-type: none"> Indirect sales <ul style="list-style-type: none"> Dealer network Sales reps Regional HVC Online activities 	<ul style="list-style-type: none"> Indirect sales <ul style="list-style-type: none"> International retailers Sales reps HVC 	<ul style="list-style-type: none"> Direct sales <ul style="list-style-type: none"> Branches Remote advice Online activities 	<ul style="list-style-type: none"> Relationship managers in five regional hubs Specialists in corporate customers / products in Frankfurt
Our mission	Market leadership	Transformation	Growth	Customer acquisition

Business Model and Strategy

New Lending Business as Growth Engine



Loans granted per working day: ≈ 13,900 units²⁾



Source: SCB AG; data as of end of December 2023

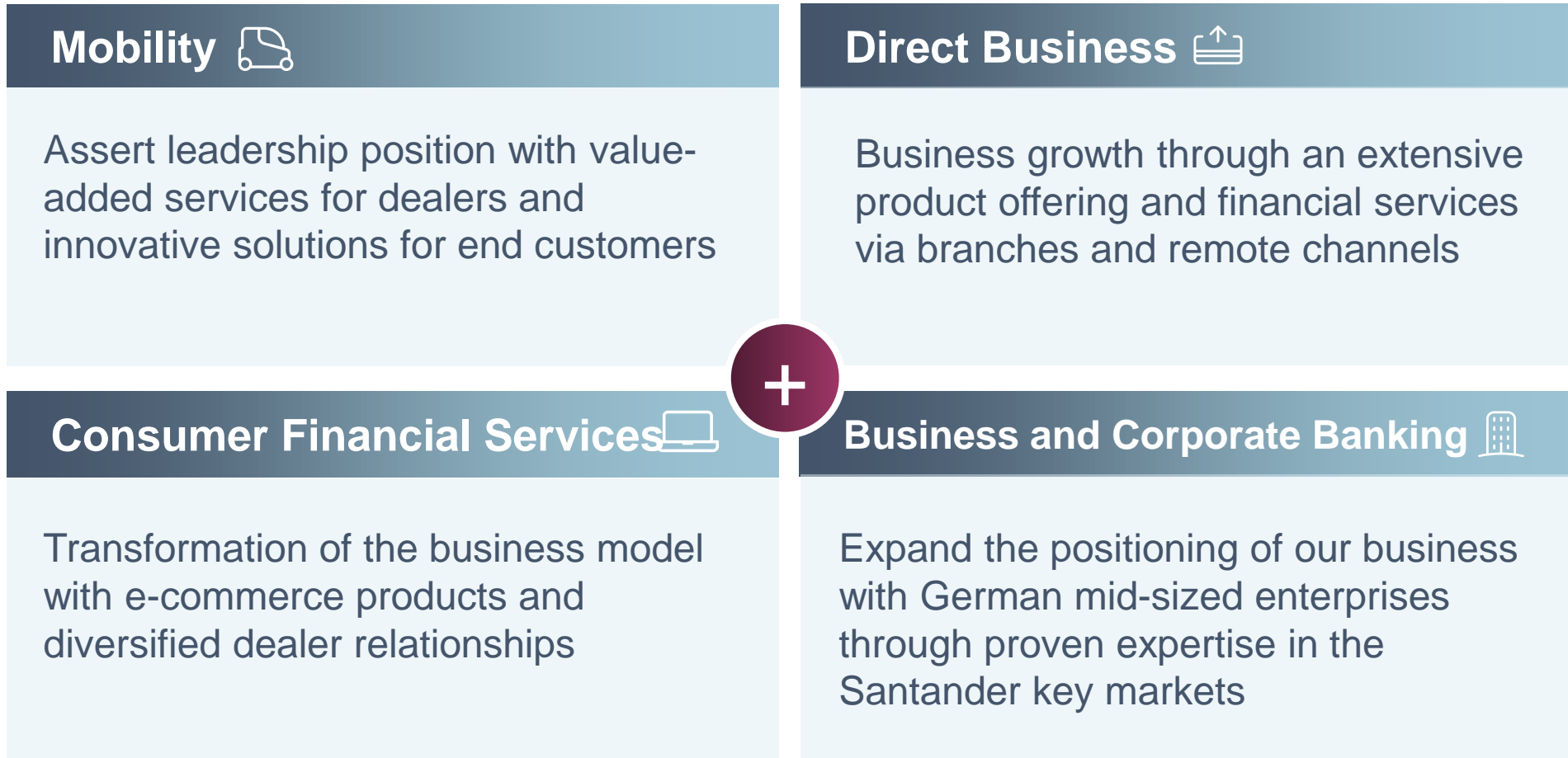
1) Incl. Leasing

2) Including extensions and increases of loan size

* Number of loans granted

Business Model and Strategy

Strategic Priorities in our Four Business Segments



Business Model and Strategy

Responsible Banking Priorities in Germany 2024: Mapped to ESG

Goals

Initiatives

Environmental

Carbon neutrality of own operations

- CO2 net zero since 2020, reviewing further carbon saving activities
- Product related initiatives to support reduction of customer footprint

Green Finance

- Extension of Green Finance Products, Expansion of ESG-compliant investment funds
- Progress against Net Zero target for financed emissions by 2050
- Growth of share of financed alternative drive technologies (EVs & PHEVs)

Social

Foster inclusive & collaborative culture

- Ensure comprehensive health and wellbeing approach
- Further drive gender equality

Santander Universities

- Special commitment to education, employability and entrepreneurship (more than 4.000 people helped in 2023)
- Scholarships for higher education, mobility and academic research; up- and reskilling training for professionals, SMEs and startups

Supporting non-profit organisations

Governance

Strengthening ESG standards & requirements in governance & risk management

- Regular review and update of internal guidelines and processes including the conditions and exclusions for our business activities
- Drive transparency & reporting for existing and new requirements
- Further strengthening the management of ESG practices towards suppliers
- Evolving reporting and measurement approach

Financials 2023

Financials 2023

Facts and Figures SCB 2023



RoRWA

0.80%

Previous year: 1.36%



CET 1

12.98%

Previous year: 12.92%



NPL Ratio*

2.16%

Previous year: 1.76%



Profit before Taxes

263.6

Million Euro

Previous year: 444.2 Million Euro



Cost/Income Ratio

66.92%

Previous year: 61.48%



Total Capital Ratio

14.76%

Previous year: 14.73%



LCR

220.8%

Previous year: 231.7%



Customer Accounts

4,581

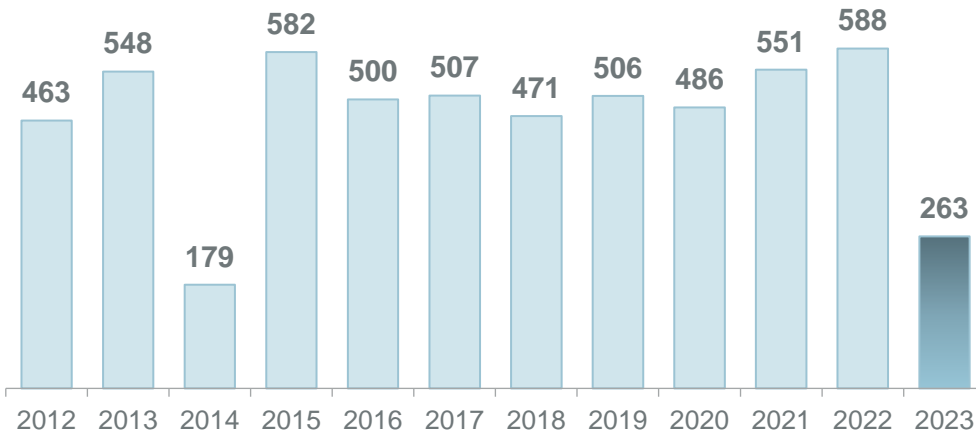
Thousand

Previous year: 4,464 Thousand

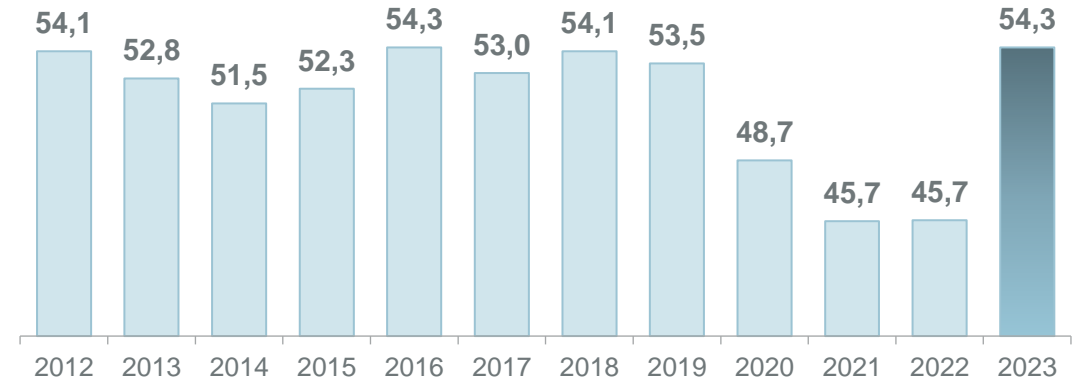
Financials 2023

Strong Track Record of SC Germany

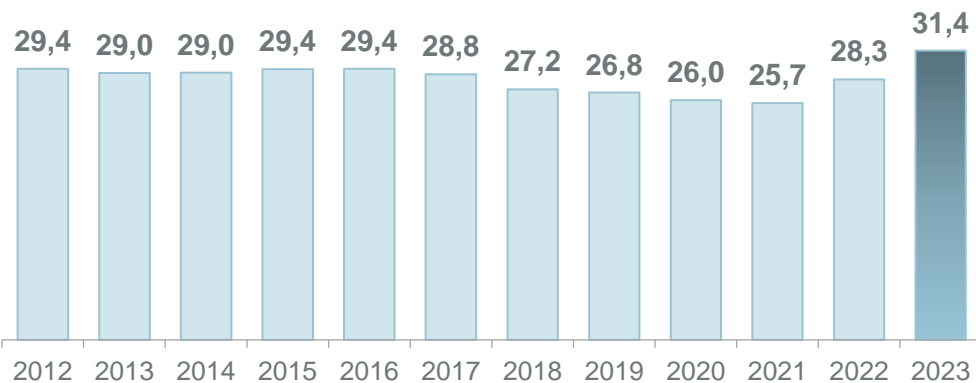
Profit before Taxes (in EUR m)¹⁾



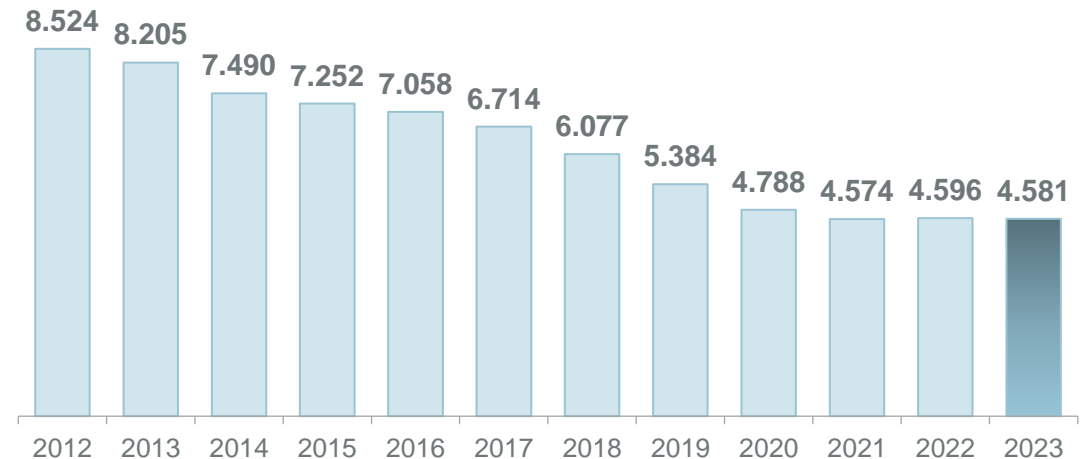
Cost-Income Ratio (in %, incl. depreciation)



Managed Loans (in EUR bn)²⁾



Customer Accounts (in thsnd.)³⁾



1) Management View incl. IFRS Adjustments; these figures therefore differ from the German GAAP figures (HGB)

2) Without Leasing;

Financials 2023

Strong Balance Sheet

in EUR m	2022	2023	Δ 23/22
Cash reserve	1.291	3.581	+2.290
Receivables from Banks	6.778	6.820	+41
Receivables from Customers	32.044	35.853	+3.809
Debt & other fixed-income securities	12.201	5.782	-6.418
Other assets	1.321	1.213	-108
Total Assets	53.635	53.250	-385
Liabilities to Banks	8.686	2.525	-6.161
Liabilities to Customers	25.250	31.357	+6.107
Provisions	746	714	-32
Issuances	14.732	14.471	-260
Other liabilities	903	789	-114
Equity	3.318	3.393	+75
Total Liabilities & Equity	53.635	53.250	-385

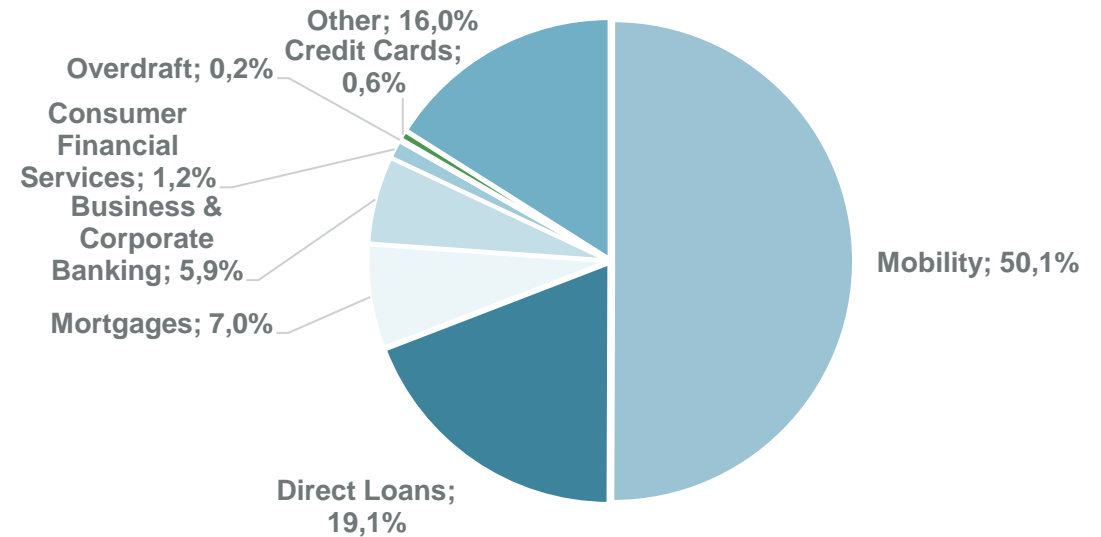
- The significant increase in cash reflects the comfortable liquidity position driven by TLTRO repayments, a strong increase in retail deposits as well as two new senior unsecured issuances
- Receivables from banks remained relatively stable due to netting effects (reduction of SCF funding, increase in HCBE funding, the divestment of stake in PSA Bank and the acquisition of MCE Bank)
- The increase in receivables from customers is to be attributed to an increasing business volume and recovery effects after the corona crisis
- The volume of debt & other fixed-income securities reduced in 2023 due to the amortization of retained ABS transactions and the maturities of high quality liquid assets (HQLA bonds)
- Liabilities to banks decreased due to TLTRO repayments
- The increase in liabilities to customers is mainly driven by a strong increase in term deposits following rising interest rates and to cover funding requirements
- The total volume of issuances remained stable; the amortization effect of ABS transactions was covered by the closing of two new market ABS transactions (total EUR 1.6bn)) + the placing of two new medium term note transactions (total EUR 1.250m) and higher commercial paper volumes
- Capital injection in 09/23 (EUR 75m)

Financials 2023

Diversification of Customer Assets

Business Area (in m EUR)	Net Balance 2022	Net Balance 2023	% 22/23
Mobility	15,572	17,946	15.2%
Consumer Financial Services	466	439	-5.8%
Direct Loans	6,731	6,847	1.7%
Credit Cards	213	212	-0.2%
Mortgages	2,458	2,501	1.8%
Private Overdraft	57	57	0.0%
Business & Corporate Banking	1,751	2,106	20.2%
Other	4,796	5,745	19.8%
SCB AG	32,044	35,853	11.9%

Relative Portfolio Share 2023



Development of customer assets:

- The increase in Mobility's net balance is to be attributed to growth in new business (e.g. recovery effects after the supply chain disruptions)
- Slight decrease in Consumer Financial Services due to lower new business following migration to Openbank
- Moderate increase in Direct Loans and Mortgages
- Other include intragroup funding

Financials 2023

Income Statement shows Crisis Resilience

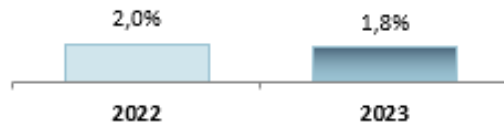
in EUR m	2022	2023	Δ 23/22	%
Interest Income	1.154,4	1.827,3	672,9	58,3%
Interest Expenses	-139,7	-881,8	-742,0	531,0%
Net Interest Income	1.015	946	-69	-6,8%
Income from Capital Instruments	38,8	25,8	-13,0	-33,5%
Net fees and commissions	163,3	107,4	-55,9	-34,2%
Gross Margin	1.217	1.079	-138	-11,3%
Personnel Expenses	-295,8	-250,9	45,0	-15,2%
General Expenses	-379,1	-397,4	-18,3	4,8%
Administrative Cost	-674,9	-648,2	26,7	-4,0%
Amortization	-73,2	-73,7	-0,5	0,7%
Operating Expenses	-748,1	-722,0	26,1	-3,5%
Net Operating Income	469	357	-112	-23,9%
Other operating Income/Expenses	22,9	121,9	99,0	431,7%
Depreciation and valuation allowances to investments, shares in associated companies and securities held as fixed assets	-28,5	-23,4	5,1	-18,0%
Net Loan-Loss Provisions	-112,4	-217,4	-105,0	93,4%
Earnings from profit transfer agreement	93,3	25,6	-67,8	-72,6%
Profit before Taxes	444,1	263,6	-180,5	-40,7%

- The significant growth in interest income is to be attributed to strongly increased interest rates in the non-customer business
- The strong increase in interest expenses is mainly driven by higher refinancing costs
- The reduction in income from capital instruments is due to a lower dividend income
- Net fees and commissions decreased by 34,2% - Rationale: The German Insurance Supervision Act – leading to a decrease in commission income and slightly higher commissions to be paid to dealer partners (Mobility)
- Lower administrative costs are mainly driven by lower personnel expenses especially for variable remunerations as well as lower provisions for pension obligations
- The increase in operating income is mainly to be attributed to the gain on the disposal from the sale of the stake in PSA Bank Deutschland GmbH
- LLP were negatively impacted by parameter deteriorations, a normalization of defaults on instalment loans, additions to specific valuation allowances in the corporate client business and lower income on written-off accounts
- Earnings from profit transfer agreements decreased (SC Leasing)

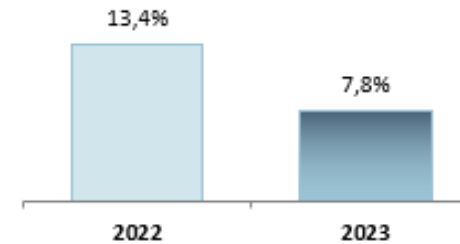
Financials 2023

Key Performance Indicators

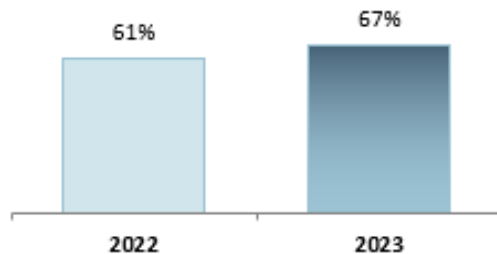
**Net Interest Margin
(in %)**



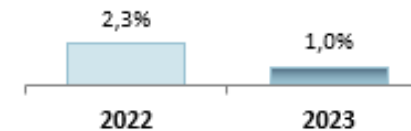
Return on Equity¹⁾



**Cost-Income-Ratio
(in %)**



RORWA²⁾



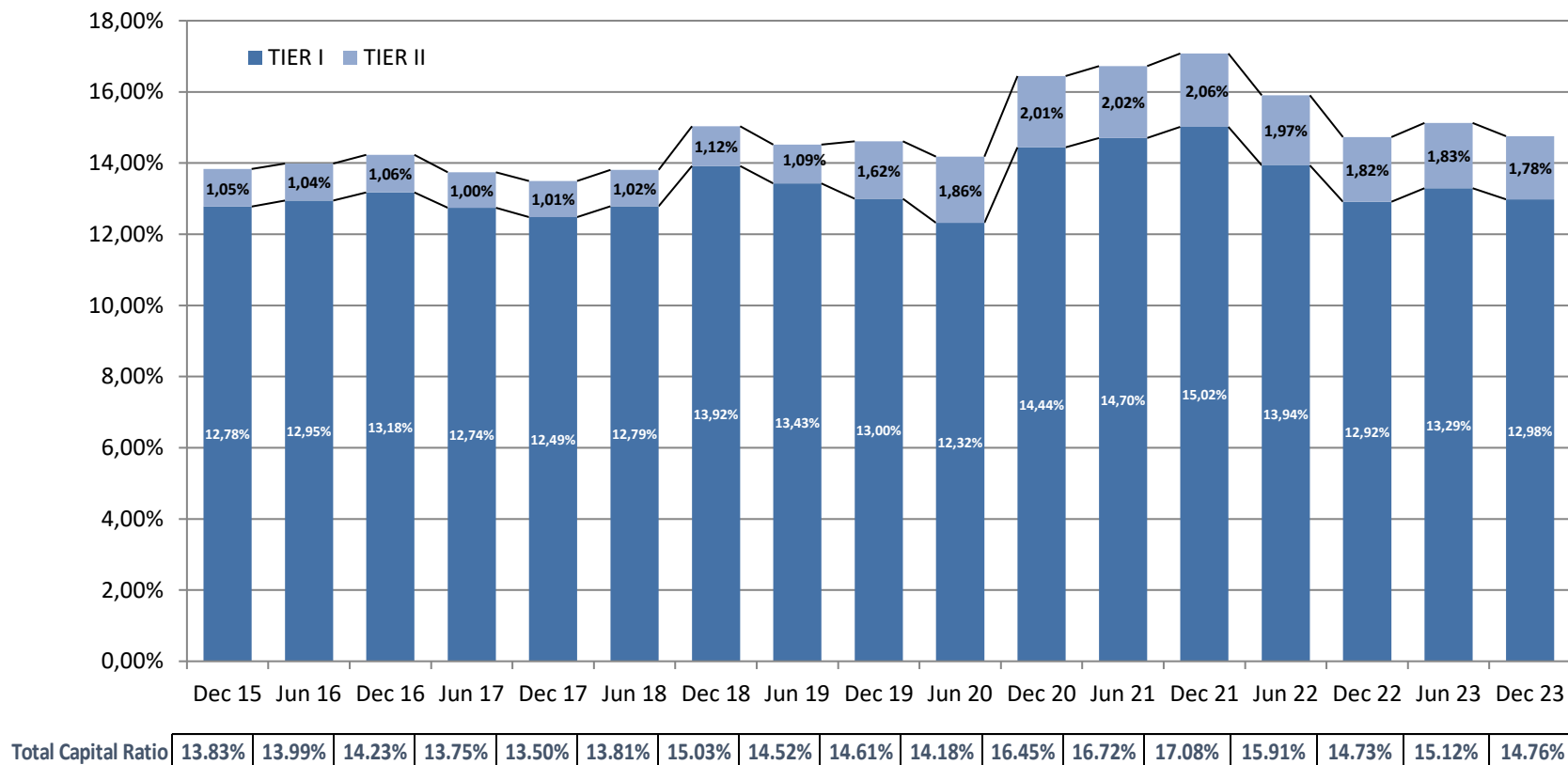
¹⁾ Profit before taxes (HGB) in % of equity without participation rights and subordinated loans

²⁾ Calculation basis: management result / management view; calculation: Profit after taxes / RWA

Financials 2023

Capitalisation on comfortable Level

Development Capital Ratios



- All capital ratios are comfortably above the regulatory minimum requirements in December 2023
- Several RWA optimizations and a capital increase strengthened the capital ratios beside the strong business growth

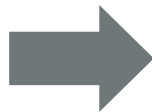
Risk Management

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Risk Management

Risk Prudence leads to favorable Risk Situation

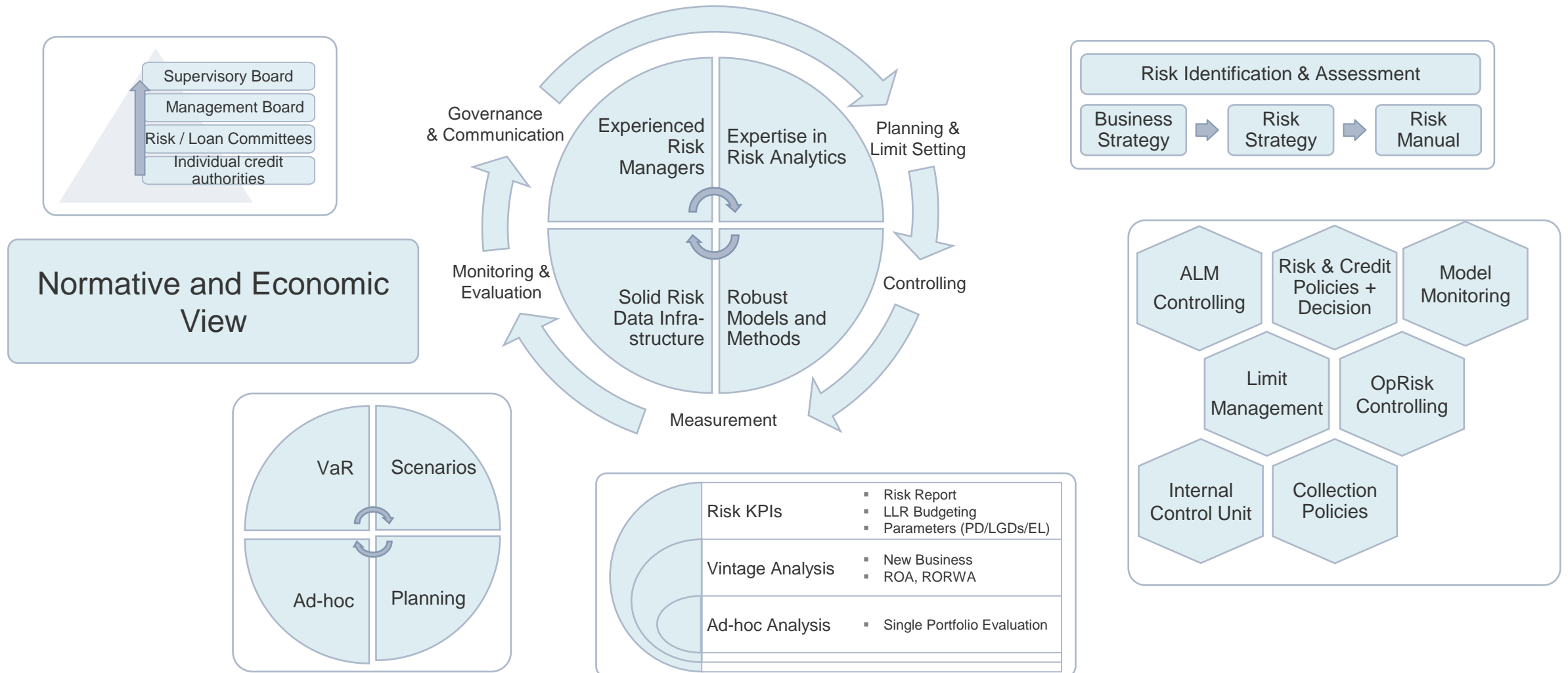
	Private Customer	Business Customer	Private Real Estate Customer	Commercial Real Estate Customer	Total
Stage 1	94.1% 22,006.1	97.5% 4,765.1	99.5% 2,495.3	98.9% 65.8	95.1% 29,332.3
Stage 2	3.3% 763.2	1.6% 79.4	0.2% 5.1	1.1% 0.7	2.7% 848.4
Stage 3	2.7% 627.2	0.8% 41.2	0.3% 7.6	0.0% 0.0	2.2% 676.1
Total	100.0% 23,396.5	100.0% 4,885.7	100.0% 2,508.0	100.0% 66.6	100.0% 30,856.8



- 95% of loans have a low probability of default since they belong to the IFRS Stage 1 portfolio
- Broadly diversified private customer loan portfolio

Risk Management

Comprehensive Risk Controlling Processes established



Risk Management

Culture Plan 2024 – along the Employee Life Cycle



Reward & Recognition [Incentives]

- Risk part of bonus/ incentives settings
- Recognition of employees showing exemplary behavior for risk
- Sanctions for undesired behavior



Talent selection [first Contact]

- Risk aspects included in recruitment (job advertisement/ interview)
- Risk part of onboarding-process (continuity)



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 throughout and in all areas of the bank
- Three-Lines-of-Defence Model in place



Growth & Development [Training plan]

- Continuously ongoing risk and compliance trainings for all employees
- T.E.A.M.S and Speak Up culture in force
- (Corporate) Culture Policy



Governance

- Regular status updates & participation of Risk Pro in various forums & committees



Measurement

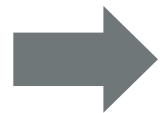
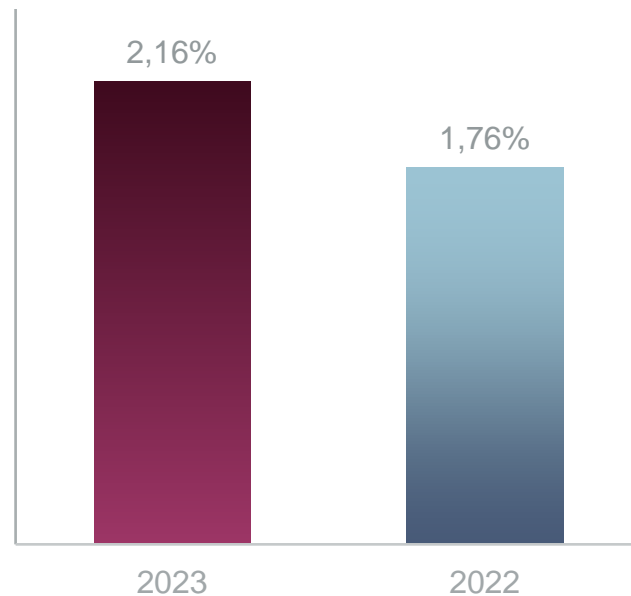
- Risk Pro Dashboard and Risk Inventory
- Risk Profile Assessment (RPA)
- YourVoice



Risk Management

Non Performing Loans Ratio increased

NPL Ratio



NPL ratio rises by 40 basis points to 2.16%, mainly driven by the postponement of write-offs by 12 months due to economic considerations, resulting in a longer in-house processing and later sell-off of non-performing loans. Due to this reason, a further increase of the NPL ratio is expected for 2024.

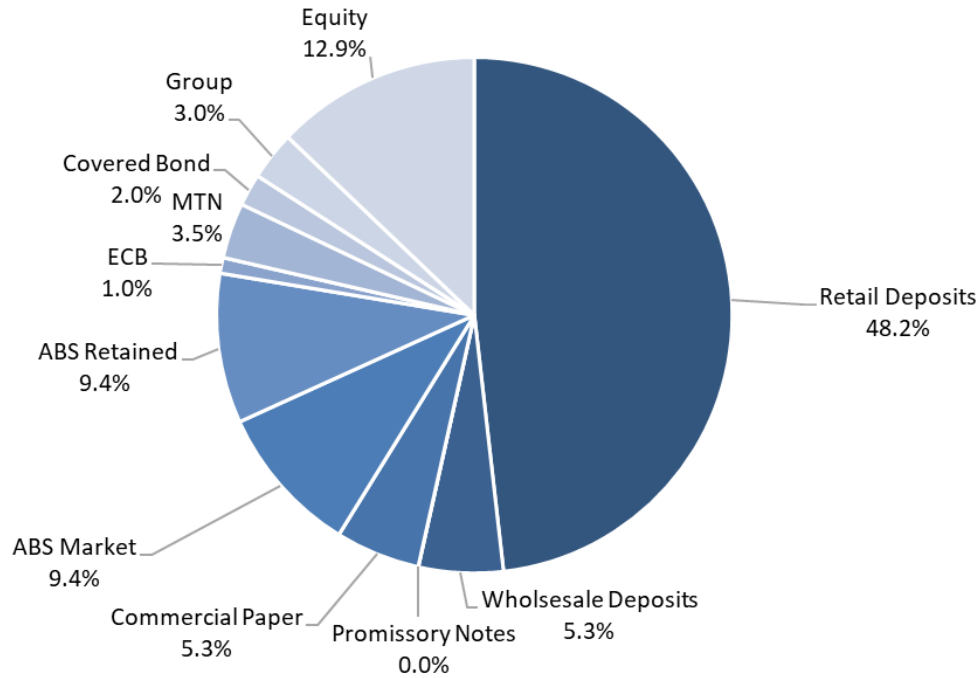
Funding Strategy

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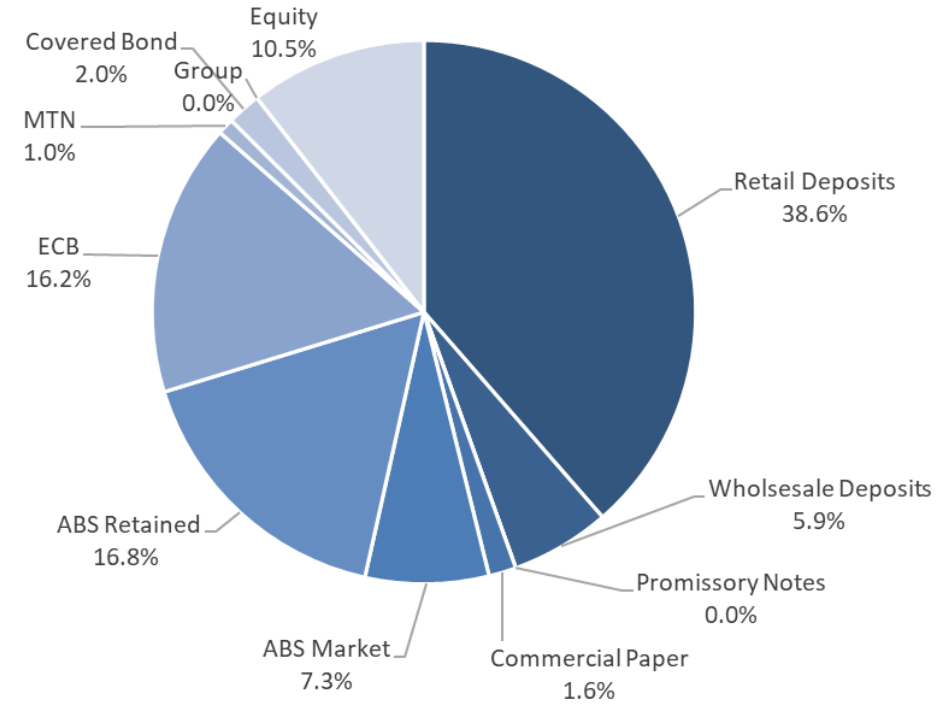
Funding Strategy

Stable Funding Situation in 2023

Funding Mix December 2023: EUR 50.9 bn



Funding Mix December 2022: EUR 51.2 bn



- 48.2% of funding portfolio is provided by retail deposits in 2023
- TLTRO funding was significantly reduced to 1% in 2023

Many thanks.

Our goal is to contribute to individual and business success.

Our culture is based on the conviction that everything we do is simple, personal, and fair:

Simple Personal Fair



Santander.de



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Appendix

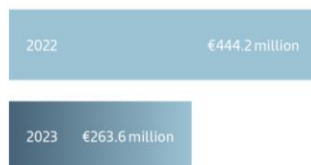
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Appendix

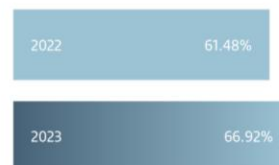
Snapshot of Success Numbers

Profit and Loss Figures Santander Consumer Bank AG

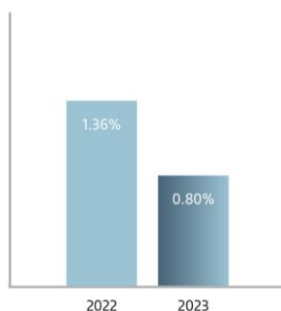
Profit before Income Taxes



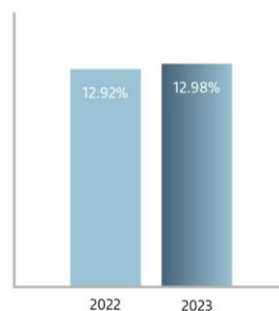
Cost-Income Ratio



Return on Risk Weighted Assets



CET 1



* Equity excluding subordinated liabilities and profit participation certificates

** Ratings as of day of preparation of annual report

Figures may not add up due to rounding.



German GAAP (HGB)	01/01- 31/12/2023 (in € million)	01/01- 31/12/2022 (in € million)	Change (in %)
Net Interest Income	945.5	1,014.7	-6.8
Net Fees and Commissions	107.4	163.3	-34.2
Income from Capital Instruments	25.84	38.83	-33.5
Gross Margin	1,078.8	1,216.8	-11.3
Personell Expenses	250.9	295.8	-15.2
General Expenses	397.4	379.1	4.8
Amortizations	73.7	73.2	0.7
Other Operating Income and Expenses	122.1	23	430.4
Operating Income	478.9	491.7	-2.6
Net Loan Loss Provisions	217.4	112.4	93.4
Depreciation and valuation allowances to investments, shares in associated companies and securities held as fixed assets	23.4	28.5	-18.0
Earnings from Profit Transfer Agreements	25.6	93.3	-72.6
Profit before Income Taxes	263.6	444.2	40.7

Ratios	01/01- 31/12/2023 (in %)	01/01- 31/12/2022 (in %)	Change (in percentage points)
Cost-Income Ratio	66.92	61.48	544
Return on Risk Weighted Assets	0.80	1.36	-56
NPL Ratio	2.16	1.76	40

Banking Regulatory Ratios	31/12/2023 (in %)	31/12/2022 (in %)	Change (in percentage points)
Common Equity Tier 1 Ratio (CET 1)	12.98	12.92	6
Total Capital Ratio	14.76	14.73	3
Leverage Ratio	6.33	6.74	-41

Balance Sheet Figures	31/12/2023 (in € billion)	31/12/2022 (in € billion)	Change (in %)
Balance Sheet Total	53,250	53,635	-0.7
Liabilities to Customers	31,357	25,250	24.2
Receivables from Customers	35,853	32,044	11.9
Equity*	3,393	3,318	2.3

Ratings**	Long Term	Short Term	Outlook
Moody's	A2	P1	Stable
Standard & Poor's	A	A-1	Stable
Fitch Ratings	A-	F2	Stable

Pfandbrief Ratings	Rating	Outlook
Moody's	Aaa	Stable
Fitch Ratings	AAA	Stable