

# Company Presentation

Q3 2023

Santander Consumer  
Bank Nordic Group

November 2023



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2. Financials
3. Capital and funding
4. Appendix | Santander Consumer Finance

About us



1.

# Part of Banco Santander

A leading retail and commercial bank, founded in 1857 and headquartered in Spain with presence in 10 core markets in Europe and the Americas.

One of the largest banks in the world by market capitalization.

+160  
million customers

+9 000  
branches

+210 000  
employees

# Responsible Banking - the approach to sustainability

As a founding member of the Principles for Responsible Banking and the Net Zero Banking Alliance, Banco Santander places sustainability at the center of its core activities. Our ESG focus:

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Deliver our **Net Zero Carbon ambition by 2050** by setting decarbonization targets, helping our customers transition and remaining carbon neutral in our own operations.

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Support **inclusive growth** through financial empowerment; support **education, enterprise and employment**; and building a **diverse**, talented workforce.

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Embed behaviors, processes, policies and governance to ensure we are acting responsibly, listening to our stakeholders, and treating them in a **Simple, Personal and Fair way** – all based on solid governance and prudent risk management.

# Embracing Banco Santander's Responsible Business Strategy and connecting it to a sustainable value chain in the Nordics



# The Nordics

Santander Consumer Bank AS is a Nordic bank, with global strength from being part of Banco Santander.

We work with the best people in an engaged, challenging and passionate organization, which provides great opportunities for professional growth.

1 148

Employees

Nordic  
Market  
leader

Portfolio

Loans and credits, credit cards, deposits, insurance to private customers and more

## The Santander Way

Our purpose

to help **people and businesses prosper.**

Our aim

to be **the best open financial services platform** by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and society.

Our how

everything we do should be **simple, personal, and fair.**



# History

## ELCON Finance

A leading Norwegian company within equipment leasing, factoring and auto financing

1963

Bankia Bank acquired (credit cards)

ELCON Finance becomes **Santander Consumer Bank AS (SCB)**

2005

GE Finland acquired (auto finance, consumer loans)

2009

SCB merges with **GE Money Bank**

SCB becomes leader within car finance and consumer loans in the Nordic region

2015

## Forso Nordic AB

SCB acquires the captive finance operation of Ford in the Nordics

2020



2004

**Santander Consumer Finance S.A.** acquires **ELCON Finance**

Company demerges and auto finance is retained in Norway and Sweden

2006-2007

Launch consumer loans Norway

**Skandiabanken Bilfinans** acquired in Denmark (auto finance)

Start up auto finance in Finland

2012-2014

Consumer loans in Sweden (2012) and Denmark (2013)

Deposits launched in Norway and Sweden (2013) and Denmark (2014)

2017

Solidified position in sales finance with the onboarding of **Elkjøp/Elgiganten, Power and Media Markt**

2021

**One Bank organization**  
The new Nordic structure improves synergies across the markets and enables us to serve our partners and customers in the best way possible.

# Regulated in Norway, owned by Banco Santander



**Banco Santander  
S.A.**

Fitch/Moody's/S&P  
A- / A2 / A+



**Santander Consumer  
Finance S.A.**

Fitch/Moody's/S&P  
A- / A2 / A



**Santander Consumer  
Bank AS**

Fitch/Moody's  
A- / A2

Santander Consumer  
Bank AS is supervised  
by the Norwegian FSA



**Santander  
Consumer  
Bank Sweden  
(Branch)**



**Santander Consumer  
Finance Finland  
(Subsidiary)**



**Santander Consumer  
Bank Denmark  
(Branch)**

# We continue our journey as one Nordic Bank

Increased cross-market collaboration by shifting focus from country to functions and to One Bank objectives

## Simplicity

Reduce complexity in reporting lines and how we are organised

## Operational Excellence

Run our Bank in a more efficient, cost-conscious way

## Customer centric

Selective growth by strengthening customer focus across functions

## Shared success

Increase collaboration across functions and markets

## Partner close

Maintain strong relationships with partners



# Senior Management



**Michael Hvidsten**  
Chief Executive Officer

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**Tina Krogsrud Fjeld**  
Chief Compliance Officer

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**Andres Diez**  
Chief Risk Officer

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**Alexander Krupchenko**  
Chief Controlling Officer

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**Steve Franklin**  
Chief Commercial Officer

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**Malin Werner Halvorsen**  
Chief Operating Officer

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**Anders Bruun-Olsen**  
Chief Financial Officer

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**Mika Ylinen**  
Nordic Collections Director

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**Cicilie Blakkisrud**  
Nordic AML Officer

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**Jaime Madera De Las Heras**  
Chief Auditor Executive

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**Alfredo Granados Sanandres**  
Chief Technology & Operations Officer

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# Highlights Q3 2023

Profit Before Tax, MM NOK

2 718

+14%

Gross Outstanding Loans,  
MM NOK

195 527

+4%

Net Interest Income, MM NOK

5 635

+10%

Deposits, MM NOK

86 670

+14%

% of Gross outstanding

Auto

85%

Unsecured

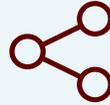
15%

# Risk Management

Our solid Risk function is key to making sure we remain a robust, safe, and sustainable bank that helps people and businesses prosper.



3 lines of defense model with a robust risk committees' structure



Clearly defined management and control processes



Common Risk Principles aligned with regulatory requirements and inspired by best market practices

## risk pro

RiskPro is our risk culture that determines the way we do things, based on everyone's personal accountability for managing risk, where all employees are risk managers and responsible for managing the risks they encounter, regardless of their level or role.



### ESG & Climate Risk

Our risk management and control model supports our customer in their green transition and the fulfilment of our Net-Zero commitments



### Customers

Our proactive and customer-centric Risk management enables us to maintain our medium-low risk profile

# Our Products



## Auto & Leisure

Loans and financial services provided to private customers, SMEs and car dealers



## Consumer

Loans, credit cards and sales finance services offered to private customers



## Deposits

Saving products with high interest rates provided to private customers



## Insurance

Insurance products related to payment protection, auto, health and travel, offered to private customers

# Partnerships - a key success factor

## Partners

+800 merchants  
+5 000 car dealers

POWER



VOLVO



HEDIN GROUP



Lendo

Birger N. Haug  
Kvalitet og omtanke



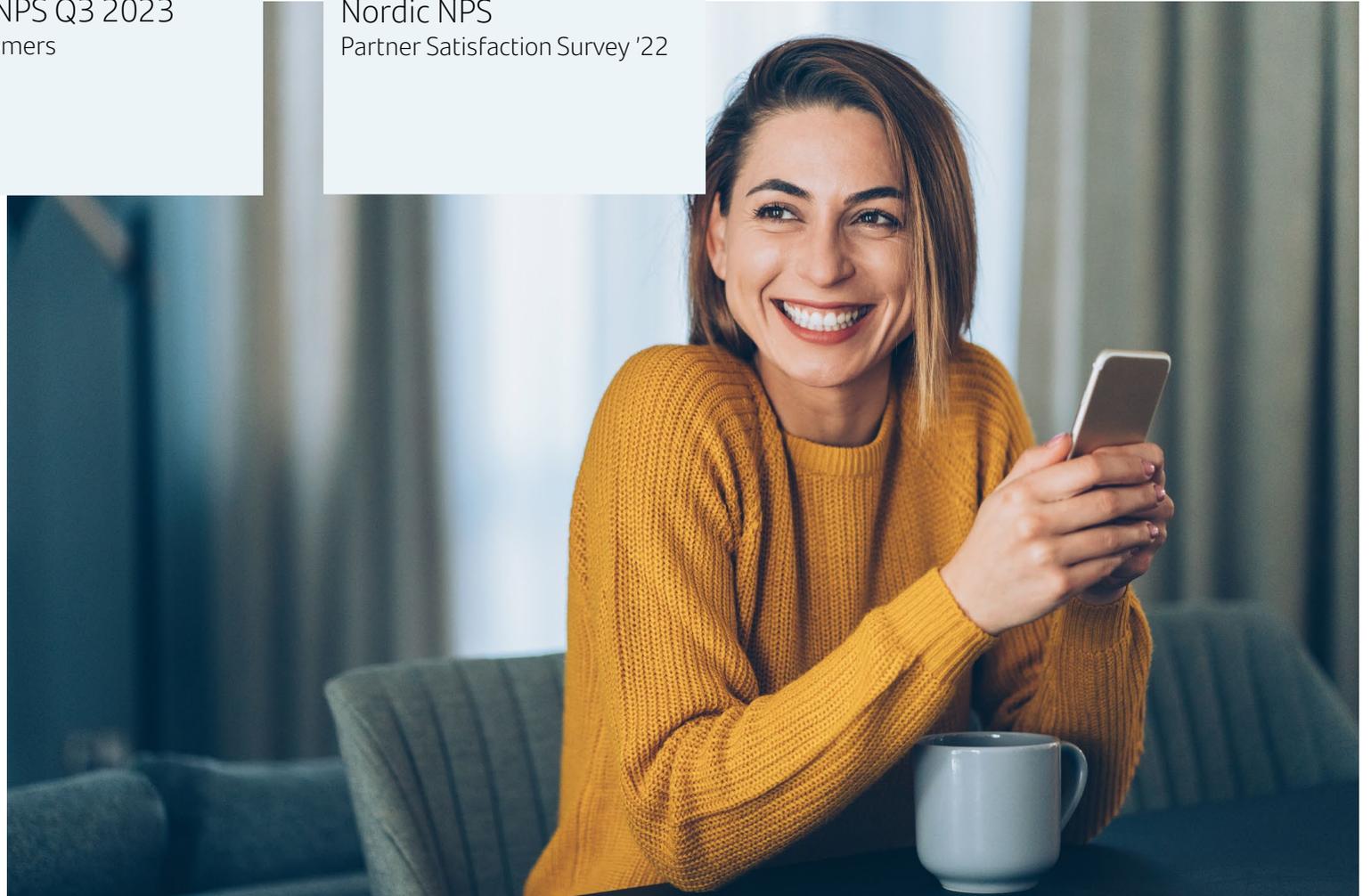
# What our customers & partners say

29.8

Nordic NPS Q3 2023  
End customers

67.7

Nordic NPS  
Partner Satisfaction Survey '22



# Financials



2.

# Key Figures Q3 2023

Q3 2023 vs Q3 2022

**195 527** (+4%)  
Gross outstanding,  
MM NOK

**17.62%**  
Core capital CET<sup>1</sup>

**86 670**  
(+14%)  
Total deposit MM NOK

**2 718** (+14%)  
Profit Before Tax,  
MM NOK

**5 635** (+10%)  
Net Interest Income

**Partners**  
753 Merchants  
+5,000 Car dealers

**1.6**  
Million customers<sup>2</sup>

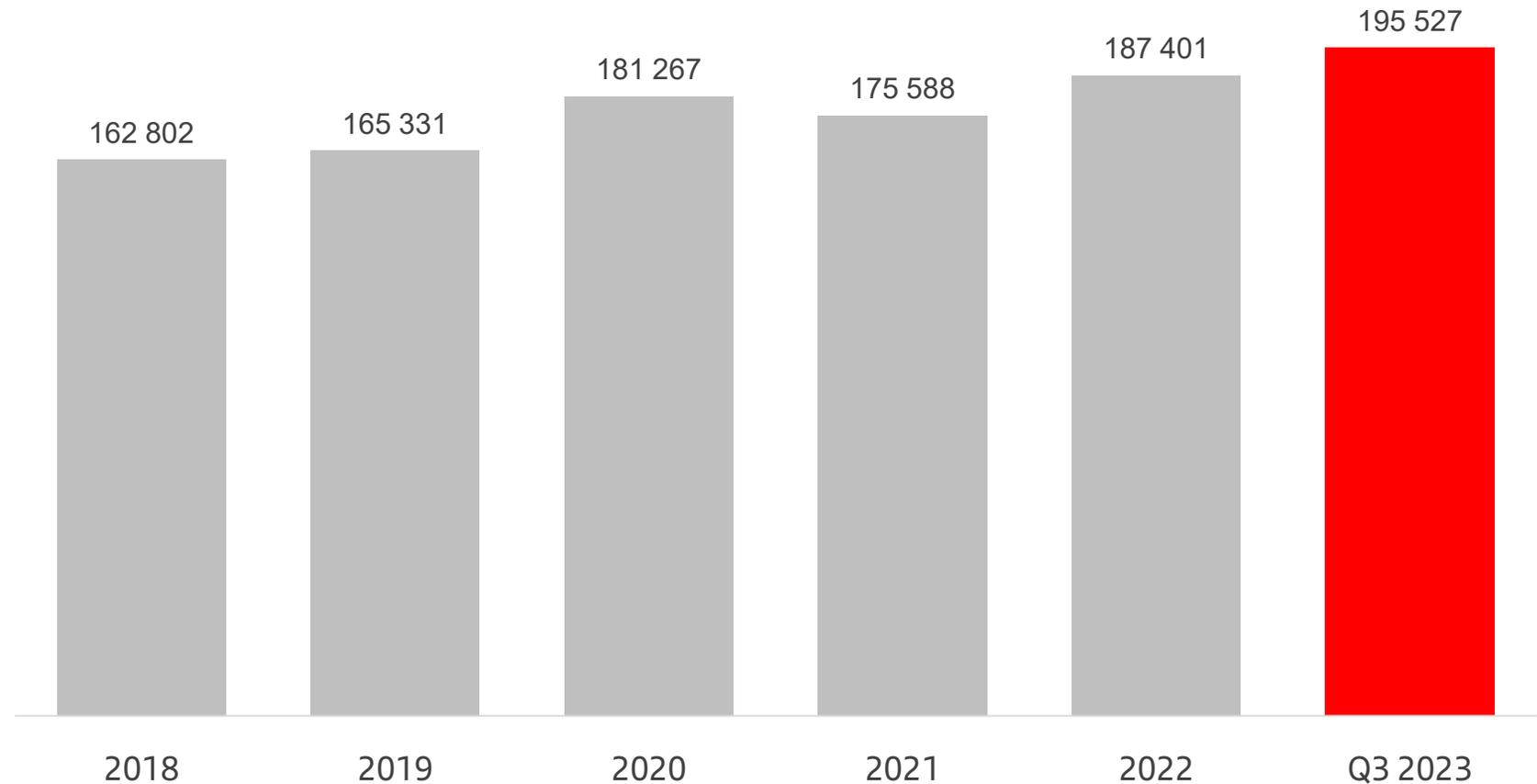
Source: SCB Group Q3 Quarterly Report and Management Figures

1) 18.48% in Q3 2022 with fully loaded approach

2) Based on Q3 2023 management figures

# Loan growth in the Nordics (MM NOK)

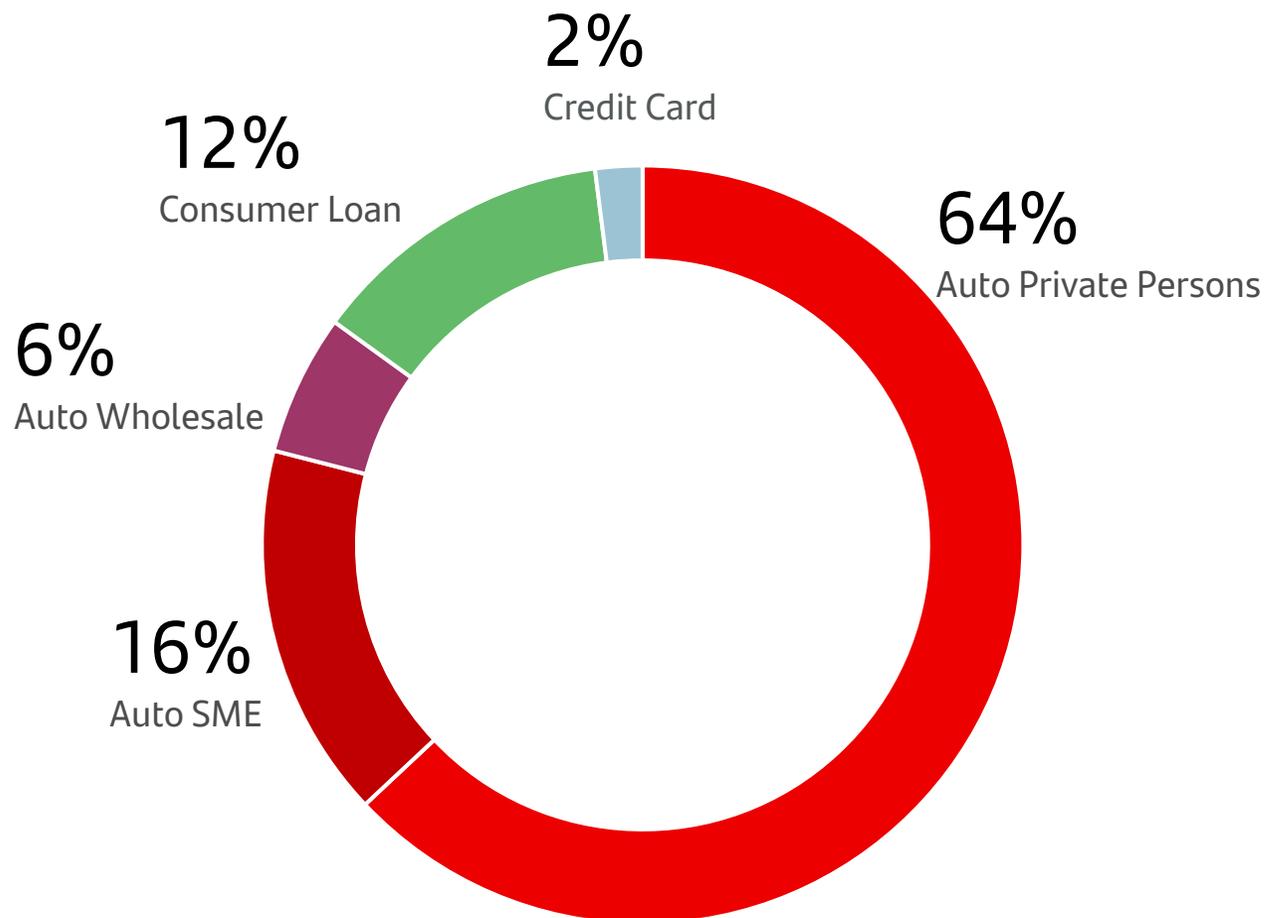
Loans to customers  
have increased by 4%  
compared to year-end  
2022.



Source: SCB Nordic Annual Reports 2018 –  
2022 & SCB Nordics Q3 2023 Report

# Gross outstanding loans and distribution by product

Auto and Consumer segments



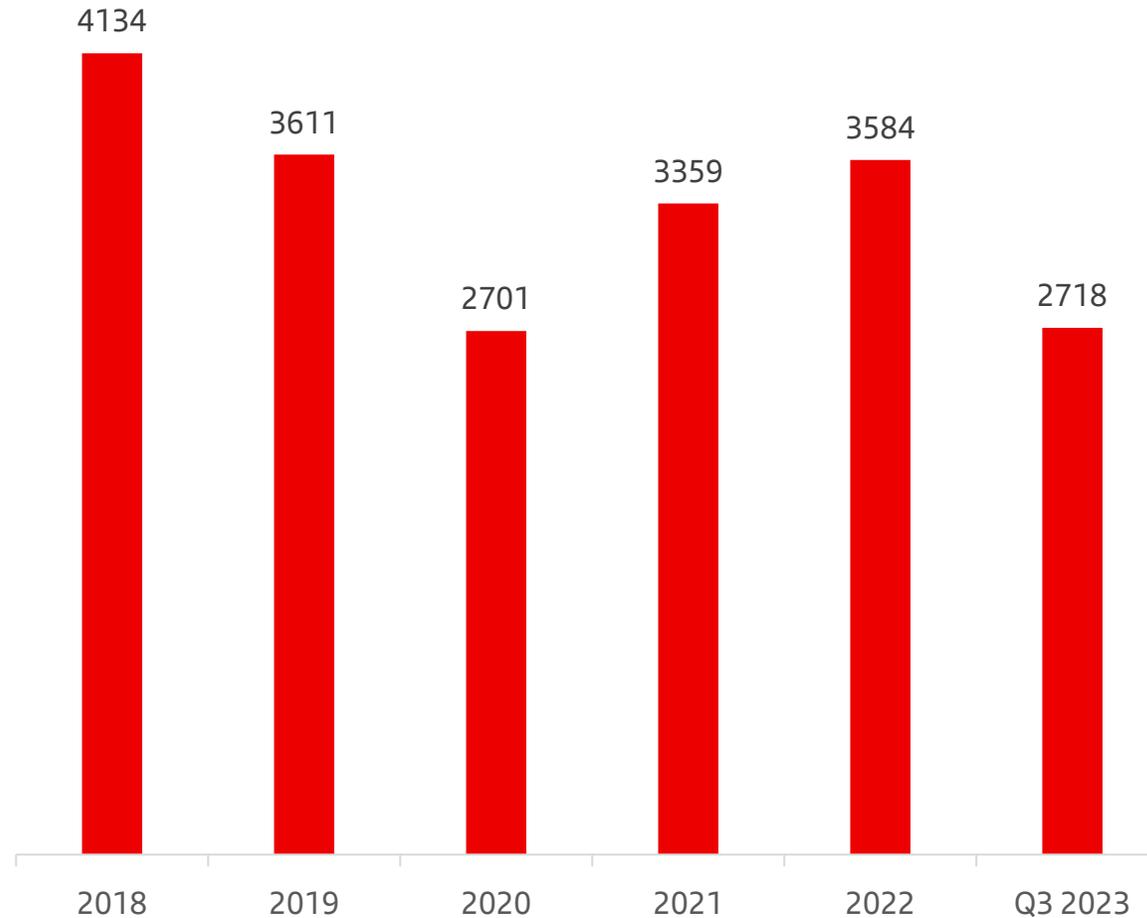
85%  
Total Auto

15%  
Total Consumer

# Solid profitability

Gradual shift in the loan portfolio from higher yielding Consumer loans to lower yielding Auto loans.

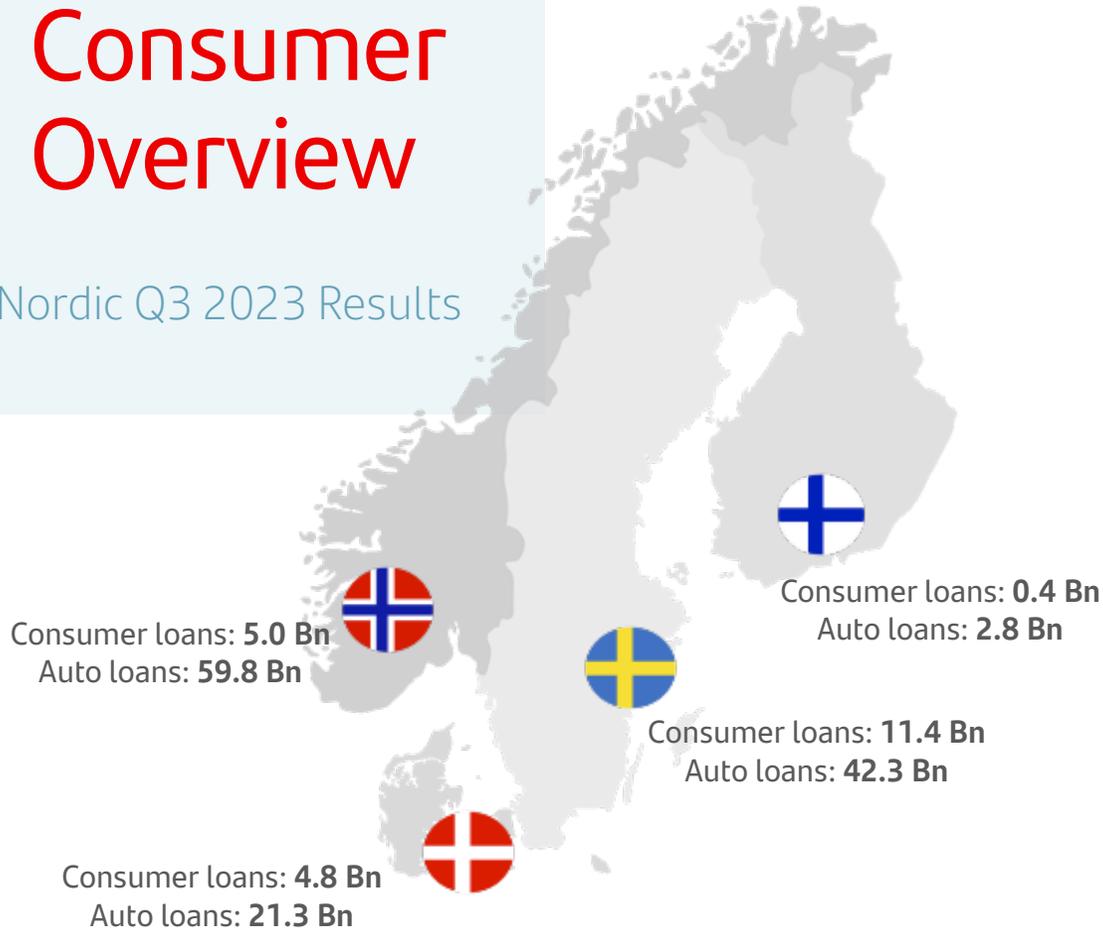
Offset by strong new business sales in Auto products.



Source: SCB Nordic Annual Reports 2018 – 2022 & SCB Nordics Q3 2023 Report, Profit before Tax

# Auto & Consumer Overview

Nordic Q3 2023 Results



Consumer loans: 0.4 Bn  
Auto loans: 2.8 Bn

Consumer loans: 11.4 Bn  
Auto loans: 42.3 Bn

Consumer loans: 4.8 Bn  
Auto loans: 21.3 Bn

Source: SCB Nordic Q3 2023 Report  
(All figures in LC)

## Auto

### Auto Loans & Hire Purchase

#### Customers

- Private Customers
- Business Customers

#### Distribution

- Online direct distribution
- Indirect distribution with dealers and importers
- Cross sale

### Auto Leasing

#### Customers

- Private Customers
- Business Customers

#### Distribution

- Dealers direct
- SME direct

### Stock & Demo Financing

#### Customers

- Inventory financing for dealers

#### Distribution

- New cars: Importer agreements
- Used Cars: Direct to dealers

## Consumer

### Direct loans

- Distribution
- Online
- Agents
- Cross sale

### Sales finance

- Distribution
- Online
- Stores
- Cross sale

### Credit cards

- Distribution
- Online
- Stores
- Cross sale
- Portfolio Management

# Group Income Statement summary

Key Figures Q3 YTD 2023 vs (prior year)

Gross margin

**5 982** (▲ 14%)

NOK Million

Operating expenses

**2 481** (▲ 20%)

NOK Million

Loan loss provisions

**651** (▼ 16%)

NOK Million

Profit before tax

**2 718** (▲ 14%)

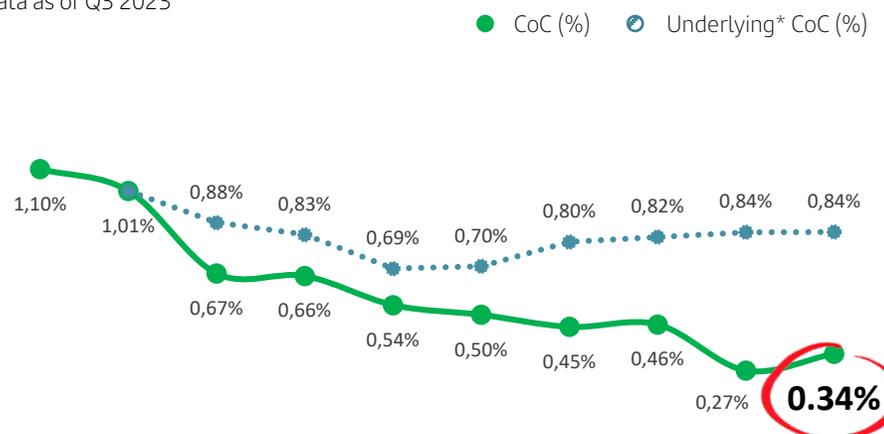
NOK Million

Credit quality indicators remain within expected levels, supported by a well diversified portfolio

## Portfolio quality

Cost of Credit (%) (actual vs. underlying)

Data as of Q3 2023



	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1. 23	Q2.23	Q3.23
<b>Total Nordic</b>	<b>1.10%</b>	<b>1.01%</b>	<b>0.67%</b>	<b>0.66%</b>	<b>0.54%</b>	<b>0.50%</b>	<b>0.45%</b>	<b>0.46%</b>	<b>0.27%</b>	<b>0.34%</b>
Secured	0.43%	0.45%	0.35%	0.30%	0.28%	0.26%	0.18%	0.20%	0.16%	0.20%
Unsecured	3.76%	3.47%	2.04%	2.21%	1.72%	1.59%	1.83%	1.78%	0.84%	1.10%

## Non-performing Loans (%)

Data as of Q3 2023



	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1. 23	Q2.23	Q3.23
<b>Total Nordic</b>	<b>2.78 %</b>	<b>2.73 %</b>	<b>3.08 %</b>	<b>3.02 %</b>	<b>2.94 %</b>	<b>2.70 %</b>	<b>2.62 %</b>	<b>2.70%</b>	<b>2.68%</b>	<b>2.73%</b>
Secured	1.26%	1.23%	1.62%	1.60%	1.58%	1.43%	1.45%	1.49%	1.47%	1.49%
Unsecured	9.26%	9.27%	9.63%	9.61%	9.25%	9.06%	8.83%	9.34%	9.56%	9.87%

Source: SCB Group Risk Department

Cost of Credit (%) : Cost of Credit is defined as the ratio of 12 months Loan Loss Provisions to the average 12 months gross outstanding | NPL (%) = Non-performing loans / Gross loans. | Coverage Ratio = Loan Loss Reserves (Write Downs) / NPL  
 NPL increases in Dec '21 in caused by the implementation of EBA's new definition of default which has a more stringent definition of defaulted contracts; for unsecured in 2021 is largely driven by the change in write-off policy in Sweden, Denmark and Finland during Oct 2018 and Norway in July 2019. The policy extends the time before contracts get written off from 180 to 720 days past due.

\* Non-recurring items such as portfolio sales, favourable impact from parameter update; in addition to better risk performance due to Covid-19 environment where costumers had excess cash

# Group Balance Sheet summary

Key Figures Q3 2023 vs Q4 2022

Total: 195 527 (+4%) NOK Million

Auto



**168 264** (+11%)

NOK Million

Consumer Loans



**22 461** (-1,2%)

NOK Million

Sales Fiance



**4 162** (-0.6%)

NOK Million

Credit cards



**2 318** (-1,7%)

NOK Million

Deposits



**86 670** (+14%)

NOK Million

# Capital and Funding

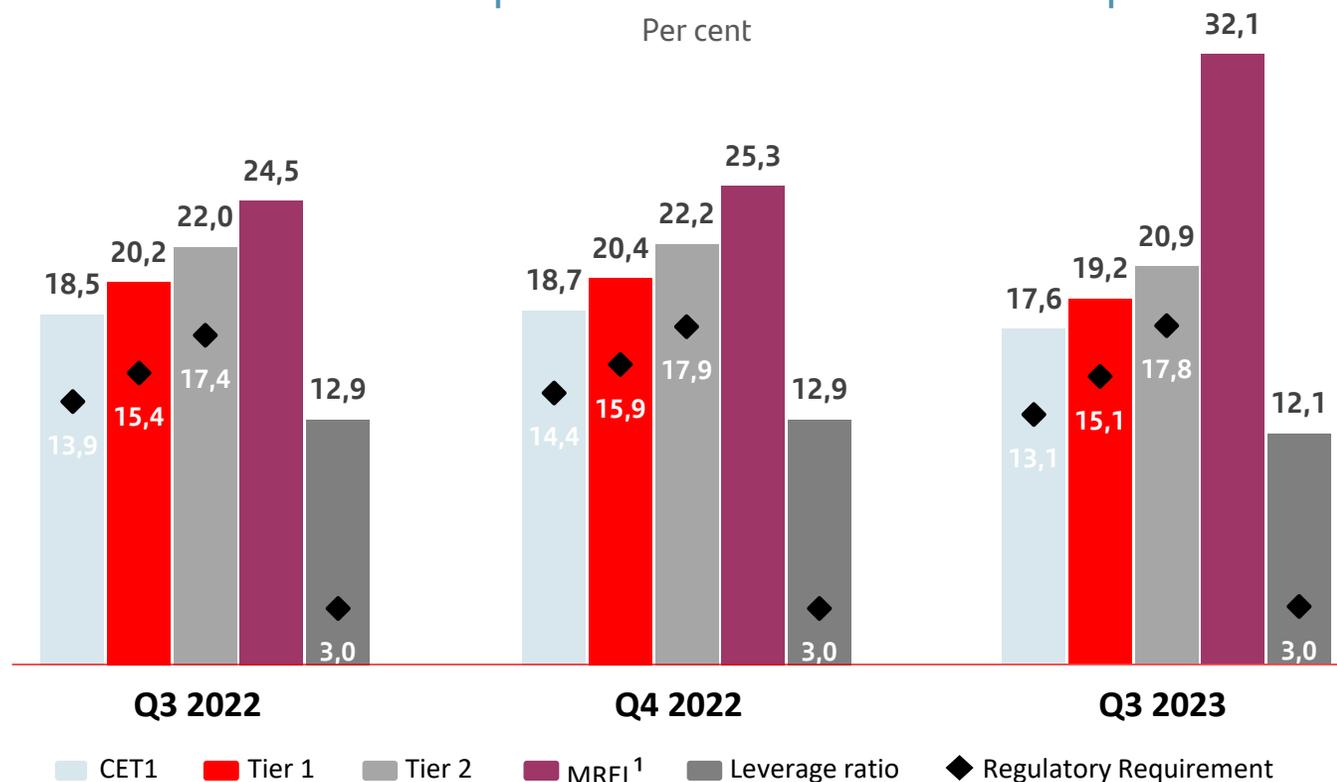


3.

# Strong capital position with a good margin above capital requirements

CET1 ratio of 17.6% per Q3 2023

## Phase-in capital ratios evolution SCB Group



## Q3 2023 developments

- The Group closed Q3 2023 with a common equity Tier 1 (CET1) ratio of 17.62%, down from 18.69% in Q4 2022. The corresponding number for SCB AS was a ratio of 16.76%, down from 17.92%. The total risk weighted assets have increased during the year leading to lower CET1 ratios. This is mainly explained by exchange rate effects (NOK weakening versus SEK, DKK, and EUR) and, to a lesser degree, by volume growth.
- Despite this decrease, the Group remains in a solid capital position with a good buffer towards the minimum capital requirements (including Pillar 2 Guidance).
- The Group continues to build its MREL debt and is well positioned to be fully compliant with the MREL requirement by the deadline of January 1, 2024.

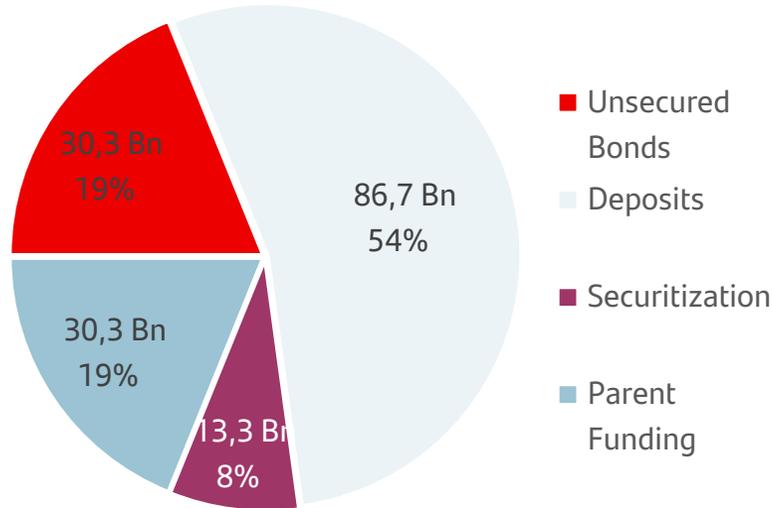
Source: SCB Group Quarterly Reports

<sup>1</sup> MREL requirement is applicable only from January 1st, 2024

# Self-funding is a strategic focus

## Funding Composition<sup>1</sup>

NOK billion



## Self-funding ratio<sup>2</sup>



### Deposits

- In Norway deposits are guaranteed up to NOK 2 million
- In EU countries the guarantee is up to EUR 100,000
- NOK 86,7 bn in total deposits across Norway, Sweden and Denmark

### Unsecured

- NOK 4,800 MM outstanding in the bond market, including NOK 1,000 million in green bonds
- SEK 3,000 MM outstanding in the bond market, including SEK 1,500 MM in green bonds
- EUR 2,000 MM outstanding from four benchmark transactions

### Securitisation

- 4 outstanding transactions across Nordics
- Represents a low-cost and stable funding source

Source: SCB Group Q3 2023 Report

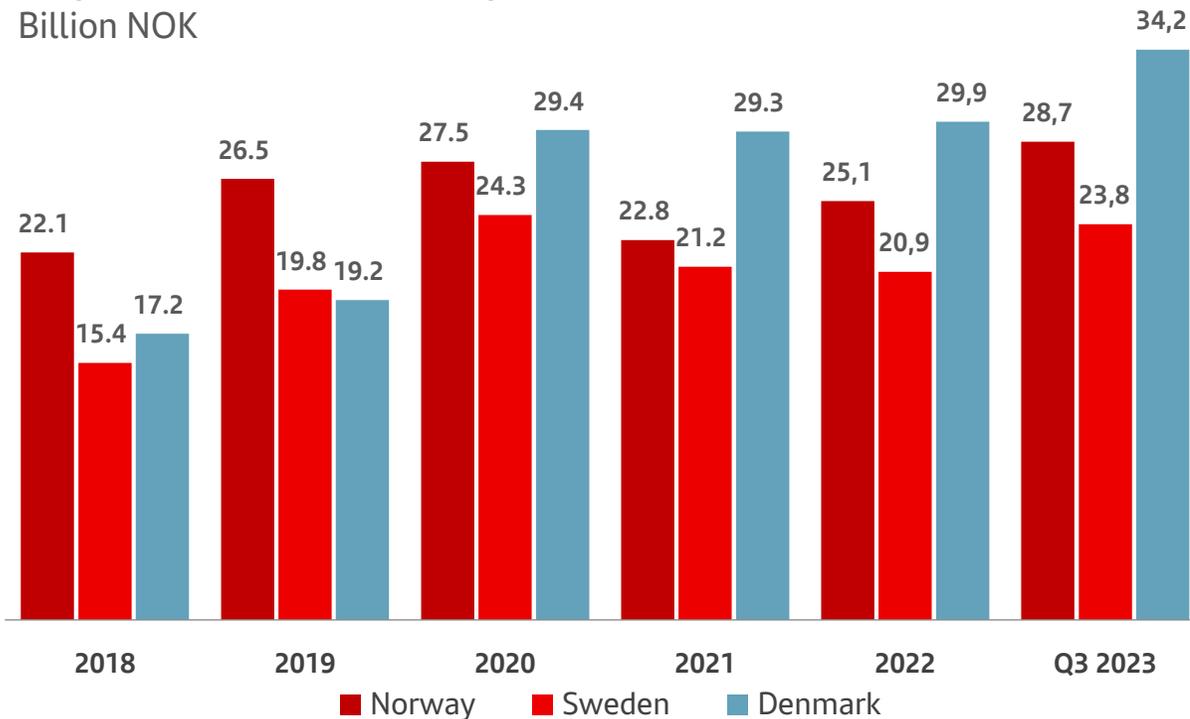
- 1) Outstanding amounts/transactions as per Q3 2023
- 2) Self-funding is calculated on a senior liabilities basis

# Deposits at a glance

Consolidated total balance: NOK 86.7 billion

## Deposit balance development

Billion NOK



## Distribution of Deposit portfolio and products



**33%**  
of total balance

- Savings account
- Notification product
- Term deposits



**27%**  
of total balance

- Savings account
- Notification product



**39%**  
of total balance

- Savings account
- Notification product
- Term deposits

Source: SCB Group Q3 Report 2023

Deposit guarantees: Norway NOK 2 million | Sweden EUR 100,000 equivalent | Denmark EUR 100,000 equivalent

# Key takeaways

Santander Consumer Bank - helping people and businesses prosper, in a simple, personal, and fair way.

## Nordic Market Leader

## Financials

Robust financial results and prudent credit risk

## Global bank

A Nordic bank anchored by a global banking franchise

## Responsible Banking

Part of a global Responsible Business Strategy, aiming for Net Zero carbon emissions by 2050

## Digital portfolio

Building out position in consumer space through new digital offerings

## Partnerships

Strengthening our position through acquisitions and strong partnerships

November 2023

# Digital Consumer Bank. Santander Consumer Finance

9M 2023

 **Santander** Consumer Finance



1

**Santander**

2

**Digital  
Consumer  
Bank**

3

**Santander  
Consumer  
Finance**

# 1. Santander



01

# Santander, a leading financial group

## 9M'23 Highlights

	Total assets (€ bn)	1,817
	Customer loans (€ bn excluding reverse repos)	1,017
	Customer deposits + mutual funds (€ bn excluding repos)	1,160
	Branches	8,652
	9M'23 Net operating income (pre-provision profit) (€ mn)	24,134
	9M'23 Attributable profit (€ mn)	8,143
	Market capitalization (€ bn; 29-09-23)	59
	People (headcount)	212,219
	Customers (mn)	166
	Shareholders (mn)	3.7
	Financial inclusion starting 2023 (mn people)	1.3

## The Santander Way: who we are and what guides us

### Our purpose

To help people and businesses prosper.

### Our aim

To be the **best open financial services platform**, by acting **responsibly** and earning the **lasting loyalty** of our people, customers, shareholders and communities.

### Our how

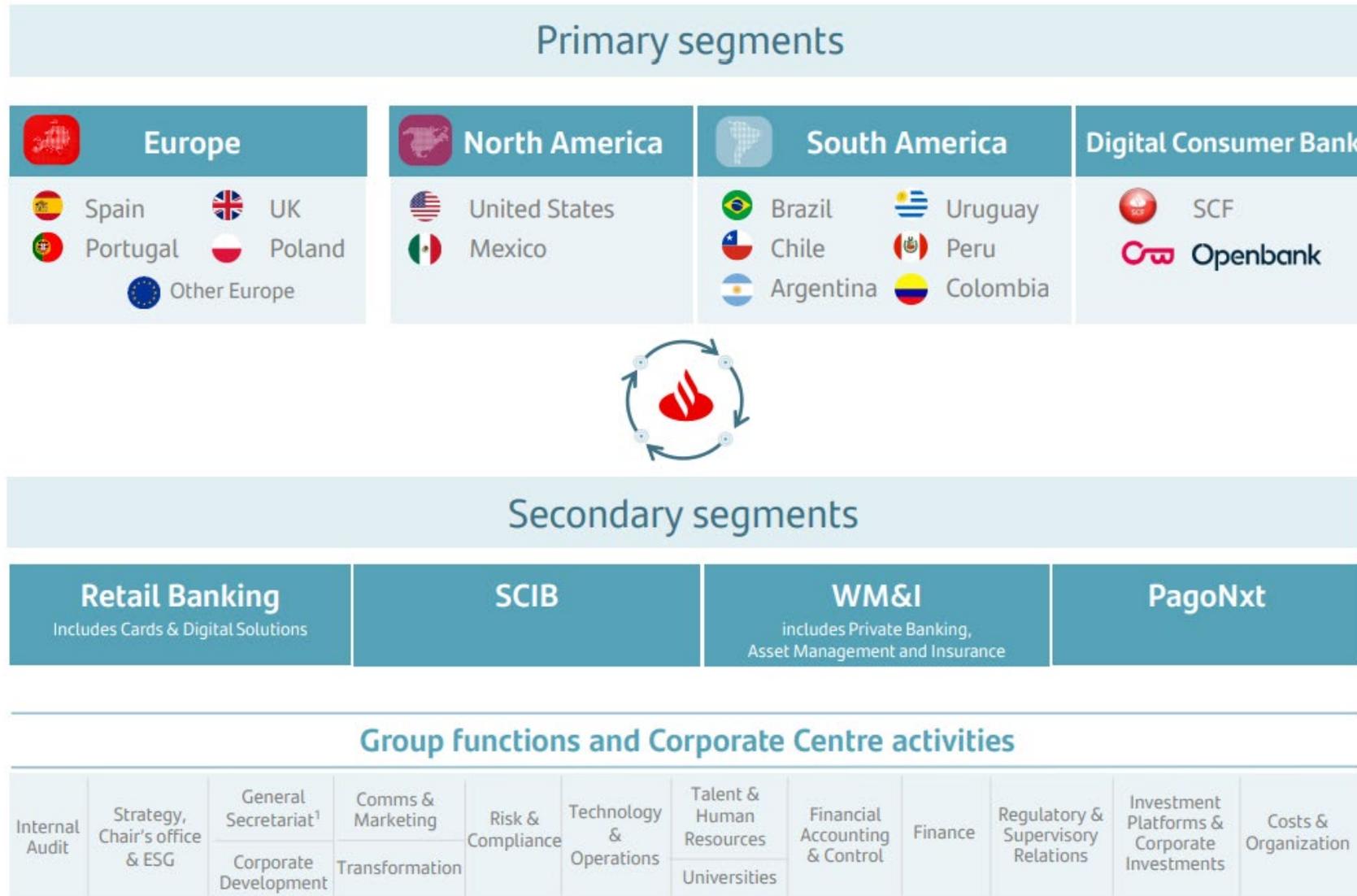
Everything we do should be **Simple, Personal and Fair**.

### Our stakeholders

We create value for all.



# Group organizational structure in 2023



# Our last step towards ONE SANTANDER announced in September 2023

## New reporting from 2024\*



Santander will concentrate operations in five global business areas which will become the bank's primary reporting segments, while will maintain current governance of subsidiaries autonomous in capital and liquidity

# Business model

Based on unique competitive advantages, it is the foundation for generating value for our shareholders

## 01. Customer focus

Digital bank with branches

Transform our business and operating model through our global technology initiatives to build a digital bank with branches that provides access to financial services for our customers through several channels.



**Top 3 NPS<sup>1</sup>**  
in 5 markets



**166 mn**  
total customers  
**101 mn**  
active customers

## 02. Our scale

Local and global scale

In-market scale in each of our core markets in volumes combined with our global scale support greater profitability and provide a competitive advantage over local peers.

**Top 3 in lending<sup>2</sup>**  
in 9 of our markets



## 03. Diversification

Geographic and business diversification. Solid and diversified balance sheet

Our well-balanced diversification between developing and mature markets, as well as between business and customer segments, delivers recurrent pre-provision profit with low volatility.

### Contribution to Group profit<sup>3</sup>

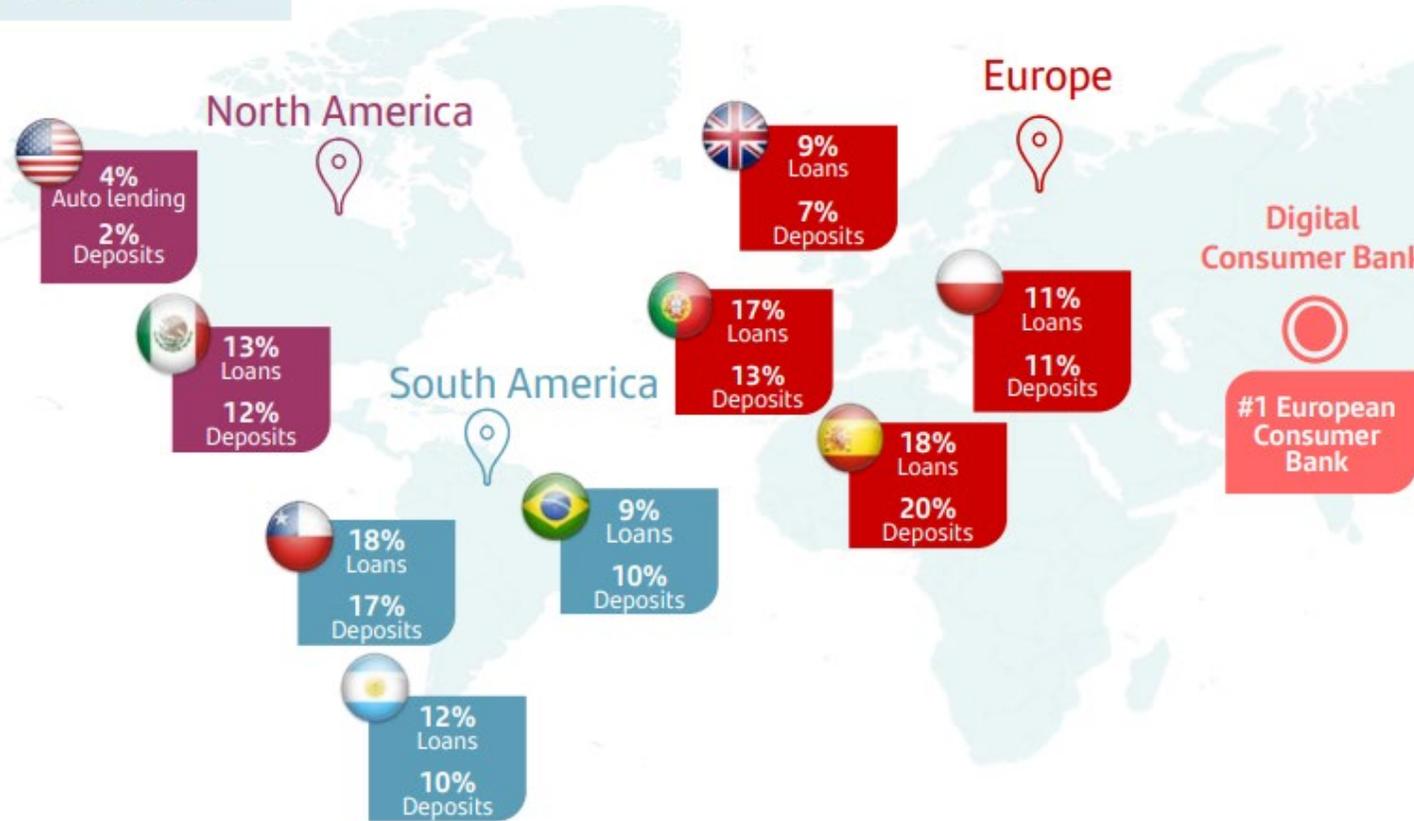


**Our business model remains a source of great strength and resilience**

# Scale and leadership

A unique combination of in-market scale and global scale network allow us to be among the most profitable banks in our markets

## Market shares



Our global and network businesses (SCIB, WM&I, Payments and Auto) drive in-market and Group profitable growth and value.

Represent 38% of Santander's total revenue

# Resilient results

Our results show that our business model works. It is based on unique competitive advantages which differentiate us in terms of growth, cost and profitability

Reliable risk-return profile

Lower volatility of results

Differential Pre-provision profit / loans and cost of credit



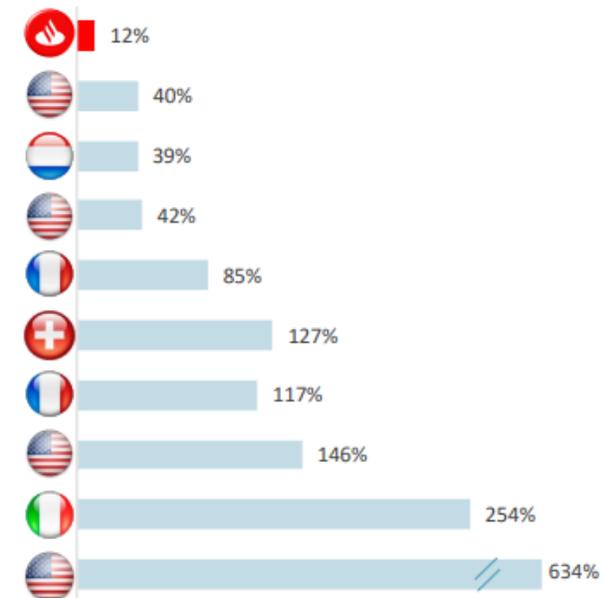
Pre-provision profit / loans



Cost of risk<sup>1</sup>

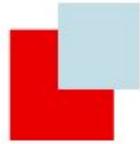


EPS volatility<sup>2</sup>

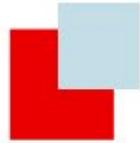


(1) Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months.  
 (2) Calculated using quarterly data from Jan-99 to Q2'23. Source: Bloomberg, with GAAP criteria. Standard deviation of the quarterly EPS starting from the first available data since Jan-99.

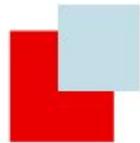
# Highlights



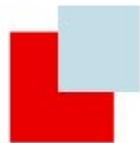
**Strong 9M results** with 9mn new customers YoY contributing to a double-digit revenue increase



**ONE TRANSFORMATION** driving **efficiency improvement** and **profitable growth**



Further **strengthened our balance sheet**, with solid credit quality metrics and higher capital ratio



Delivering double digit **value creation** and rising **shareholder remuneration**

Q3 Attributable Profit

**€2.9bn**

+20% vs. Q3'22

9M Attributable Profit

**€8.1bn**

+11% YoY

RoTE

**14.8%**

+126bps YoY

EPS

**+17%**

YoY

CoR

**1.13%**

+0.14pp YTD

FL CET1

**12.3%**

+0.2pp YoY

TNAVps + DPS

**+12%**

YTD

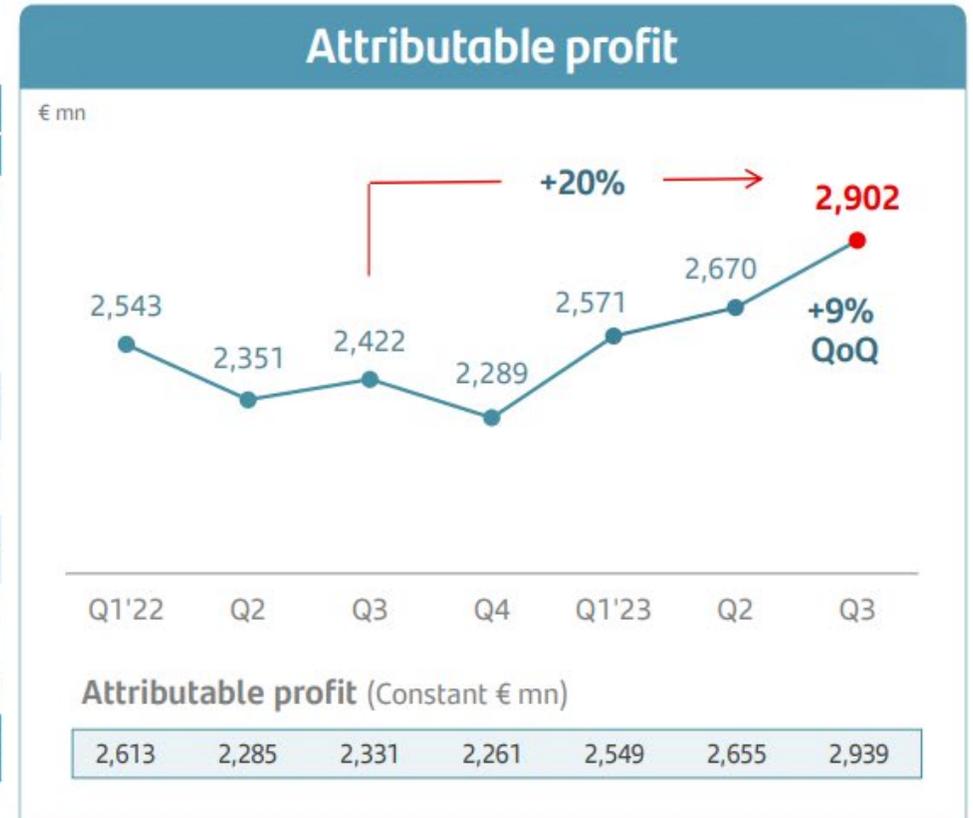
Cash DPS

**+39%**

YoY

# Profit increased in 9M'23, supported by customer revenue and efficiency improvement, with double-digit growth in net operating income

P&L € million	9M'23	9M'22	Current	Constant
			%	%
NII	32,139	28,460	13	16
Net fee income	9,222	8,867	4	6
Other income	1,734	1,302	33	14
<b>Total revenue</b>	<b>43,095</b>	<b>38,629</b>	<b>12</b>	<b>13</b>
Operating expenses	-18,961	-17,595	8	10
<b>Net operating income</b>	<b>24,134</b>	<b>21,034</b>	<b>15</b>	<b>16</b>
LLPs	-9,037	-7,491	21	21
Other results*	-2,321	-1,782	30	38
<b>Attributable profit</b>	<b>8,143</b>	<b>7,316</b>	<b>11</b>	<b>13</b>



# Well on track to achieve our 2023 financial targets

		2023 targets	9M'23
Revenue <sup>1</sup>	>>	Double-digit growth	+13%
Efficiency ratio	>>	44-45%	44.0%
CoR	>>	<1.2%	1.13%
FL CET1	>>	>12%	12.3%
RoTE	>>	>15%	14.8%

# Continuing to make progress on our ESG agenda

	9M'23		2025 targets
Green Finance raised and facilitated (since 2019)	€105.9bn	>>	€120bn
Socially responsible Investments (AuM)	€64bn	>>	€100bn
Financial inclusion (# People) <sup>1</sup>	1.33mn	>>	5mn



## 2. Digital Consumer Bank

02

# Digital Consumer Bank is #1 consumer finance player in Europe in profitability and scale

KEY DATA	9M'23	YoY Var. <sup>4</sup>
 Customer loans <sup>1</sup>	€131.4bn	+9.4%
 Customer funds <sup>2</sup>	€69.8bn	+17.8%
 Attributable profit	€823mn	-7.8%
 RoTE	11.3%	-1.4pp
 Efficiency ratio	48.3%	+0.7pp
 Market share	#1 European Consumer Bank	
 Countries <sup>3</sup>	18	
 Total customers	20.0mn	+2.6%
 Employees	16,806	+4.6%

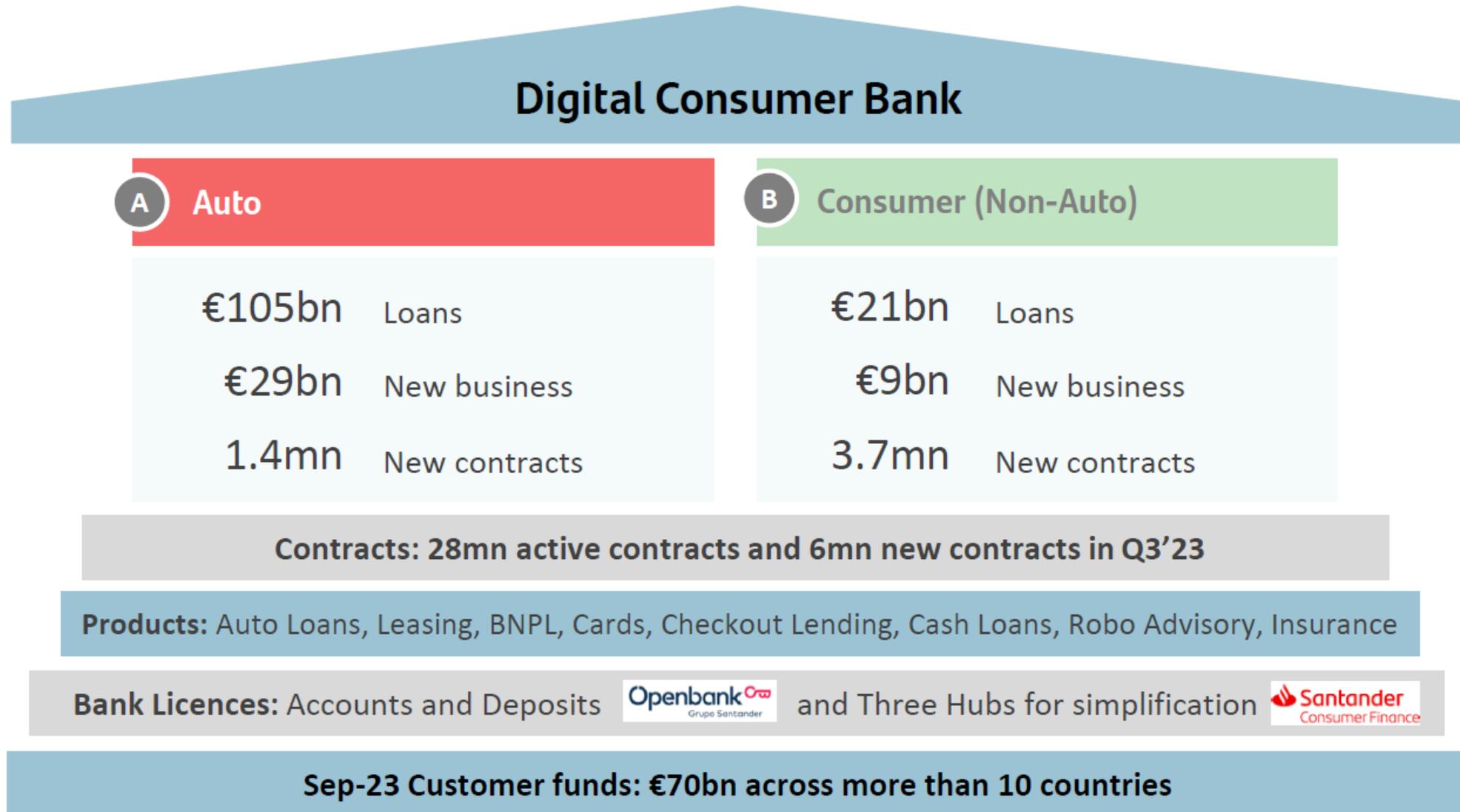
## Digital Consumer Bank

The leading consumer finance bank in Europe in profitability and scale as leverage Santander Consumer Finance's auto and non-auto consumer finance footprint in Europe and Openbank's technology stack.



(1) Gross loans excluding reverse repos.  
 (2) Excluding repos.  
 (3) Footprint in the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, UK, China and Canada.  
 (4) Constant euros.

# Digital Consumer Bank today



# Europe's consumer finance leader

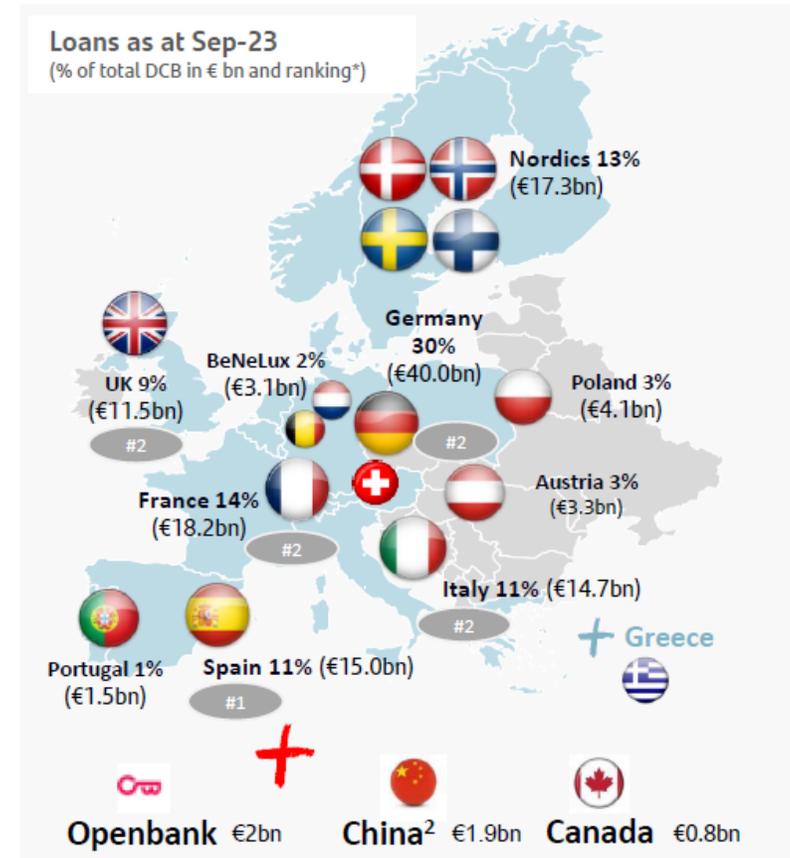
Solid business model, geographic diversification and leading market shares in auto/mobility finance and in personal finance/e-commerce

▶ **Monoliner consumer businesses with >130,000 point of sale partners**

- A Auto:** Long-standing base of European captive agreements (>130) with several OEMs
- B Consumer/Non-Auto:** Agreements with main retailer chains, model evolving based on digitalization



- ▶ **Openbank: Santander's 100% digital bank:** Leader<sup>1</sup> in deposits
- ▶ **Openbank's technology stack:** efficient customer acquisition & engagement platform
- ▶ c.20mn customers
- ▶ Presence in 16 European countries plus China and Canada



**People**



**Top Employer Europe**  
 SC Germany SC Austria  
 SC Poland



(\*) Retail Car Finance position in local market as of FY2022 (calculated as market share of New + Used retail cars financed by DCB in the country / Total Market units financed for individuals in the country). Source: internal estimates based on information from local associations, magazines and market knowledge. DCB Management perimeter (now includes SC UK).  
 (1) Among its European competitors. (2) Equity accounting method.

# 2023 Key initiatives

## A Auto

- ▶ **Strategic mobility initiatives:** enhance auto **leasing and subscription** services to build a **world-class digital offering**
- ▶ **Capture new opportunities with OEMs:** supporting them in their transformation journeys
- ▶ **Digital value propositions:** providing innovative finance & sales solutions on dealer websites and in auto marketplaces
- ▶ **Stellantis agreement renewal signed in H1'23:** we aim to expand our partnership in the next few years

## B Consumer (Non-Auto)

- ▶ **Zinia (BNPL):** key growth driver (number of merchants & contracts) with game changing deals on the horizon
  - ▶ **Outstanding results to date:** >5.5mn contracts since launch and >56,000 retail merchants connected
- ▶ **We are growing our deal pipeline, while we exit current deals to maintain non-auto business profitability**
- ▶ **Retail: improving digital capabilities** to increase loyalty among our Openbank and SC Germany customers

## Transformation

- ▶ **Transforming the operating model across auto and non-auto,** towards best-in-class global tech platforms, with simple and automated processes & organization to reduce unitary costs, and delivering best in class CX solutions to improve our service to dealers, OEMs, retailers and final customers
- ▶ **Customer and retail deposit growth:** significantly increase deposit acquisition through several pan-European initiatives to reduce our sensitivity to rising rates

# Profitable results in 9M 2023



## Financial System

- ▶ Uncertainty remains in a complex operating environment as lingering supply chain disruptions, geopolitical tensions, inflation and rising interest rates are denting consumer confidence.
- ▶ After a 2022 where new market registrations in Europe<sup>1</sup> fell -4% vs. 2021 (and -29% vs 2019), 2023 YTD has been much stronger with new market registrations in 9M'23 growing +17% YoY. By country: IT +20%, UK +20%, SP +19%, FR +16% and GER +14%.
- ▶ Used car market was flat.



## Strategy & Business

- ▶ Our aim is to become the leading and largest digital consumer bank, leveraging SCF's footprint in auto and consumer finance and profiting from Openbank's retail banking capabilities and technology stack. Our strategic priorities include:
  - ▶ Focus on global relationships, leveraging proprietary platforms and completing our differential value proposition with innovative products.
  - ▶ Reduce our cost-to-serve through organizational simplification, automation and common IT to defend our best-in-class efficiency.
  - ▶ Reduce sensitivity to rising interest rates by increasing retail deposit funding.
- ▶ New lending increased 5% year-on-year (+7% in auto), having achieved significant growth in 2022 despite a shrinking market. Total loans rose 9% year-on-year.



## Results

- ▶ Solid top line performance (total income +6% YoY) as repricing initiatives and deposit growth offset margin pressures from rising interest rates.
- ▶ Contained costs (-0.4% QoQ) despite complex operating environment. +1% YoY in real terms.
- ▶ Asset quality remains strong, though LLPs are normalizing from a very low base: CoR at 0.60% and NPL ratio improved YoY to 2.08%.

## 9M 2023 underlying income statement

Solid top line performance (total income +6% YoY) with cost growth being contained despite the complex operating environment (+1% YoY in real terms), asset quality remaining robust and LLPs normalizing from a very low base. Profit impacted by the temporary levy on revenue earned in Spain

Constant € million <sup>1</sup>	Variation			
	9M'23	9M'22	Amount	%
Net interest income	3,110	2,973	136	4.6
Net fee income	604	626	(22)	(3.5)
Gains (losses) on financial transactions	76	23	53	227.3
Other operating income	280	204	76	37.6
<b>Total income</b>	<b>4,069</b>	<b>3,826</b>	<b>243</b>	<b>6.4</b>
Operating expenses	(1,967)	(1,820)	(147)	8.1
<b>Net operating income</b>	<b>2,103</b>	<b>2,006</b>	<b>97</b>	<b>4.8</b>
Net loan-loss provisions	(640)	(420)	(221)	52.6
Other gains (losses) and provisions	(25)	(24)	(1)	5.5
<b>Profit before tax</b>	<b>1,437</b>	<b>1,562</b>	<b>(125)</b>	<b>(8.0)</b>
Tax on profit	(360)	(375)	15	(4.1)
<b>Profit from continuing operations</b>	<b>1,077</b>	<b>1,187</b>	<b>(110)</b>	<b>(9.3)</b>
Net profit from discontinued operations	—	—	—	—
<b>Consolidated profit</b>	<b>1,077</b>	<b>1,187</b>	<b>(110)</b>	<b>(9.3)</b>
Non-controlling interests	(254)	(295)	40	(13.7)
<b>Profit attributable to the parent</b>	<b>823</b>	<b>892</b>	<b>(70)</b>	<b>(7.8)</b>

# Digital Consumer Bank's clear strategic priorities



Maintain strong relationships with our auto OEMs and retail partners, leverage our proprietary platforms at scale and provide a full suite of innovative products and services to differentiate our value proposition.



Gain market share in buy now, pay later (BNPL), checkout lending, credit cards and direct loans through specialization and tech platforms.



Reduce our cost-to-serve through organizational simplification, automation and common IT to defend our best-in-class efficiency.



Reduce sensitivity to rising interest rates by increasing retail deposit funding.



Focus on global relationships and new product placement opportunities to boost growth.

From 2024, **Digital Consumer Bank** will be a new **Santander's global business**, bringing together all consumer finance activities worldwide, aligning operating model to the Group's global strategy.

# 3. Santander Consumer Finance



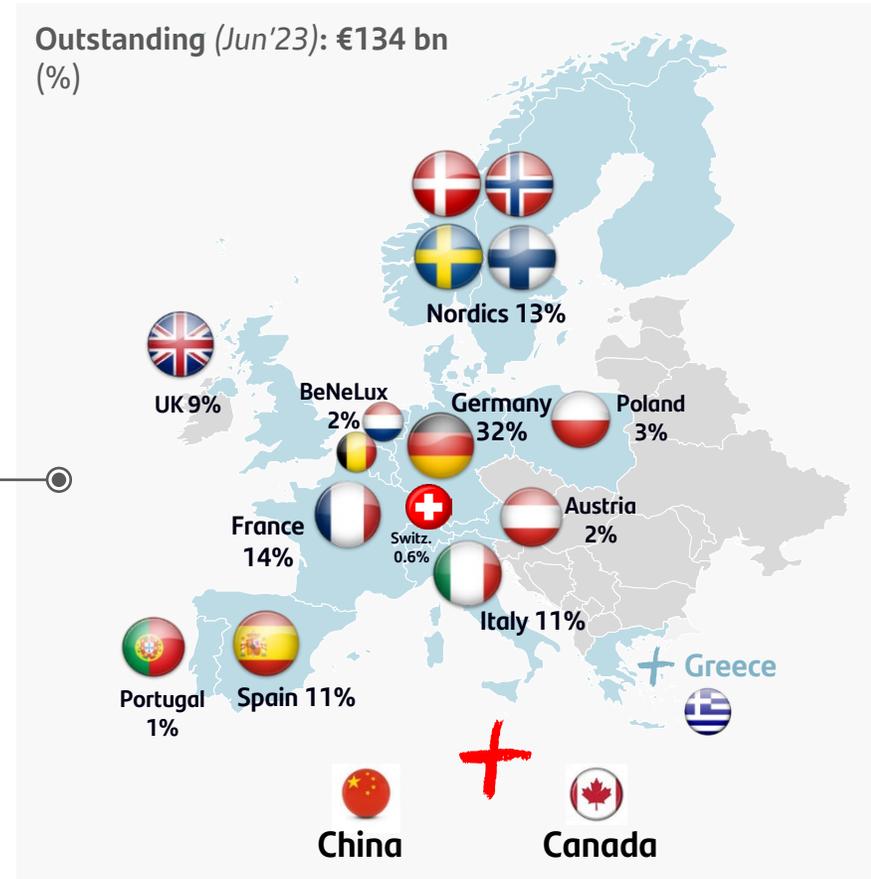
03

# Santander Consumer Finance is the leader in the consumer finance industry in Europe

## Key Figures 9M'23

	<b>Outstanding (EUR billion)</b>	<b>134</b>
	<b>Deposits (EUR billion)</b>	<b>51</b>
	<b>Underlying attributable profit * (EUR million)</b>	<b>823</b>
	<b>Contribution to SAN Group's profit * (%)</b>	<b>9</b>
	<b>European countries (number)</b>	<b>16</b>
	<b>Market positions **</b>	<b>Top 3</b>
	<b>Customers (millions)</b>	<b>18</b>
	<b>PoS partners (thousand)</b>	<b>&gt;130</b>

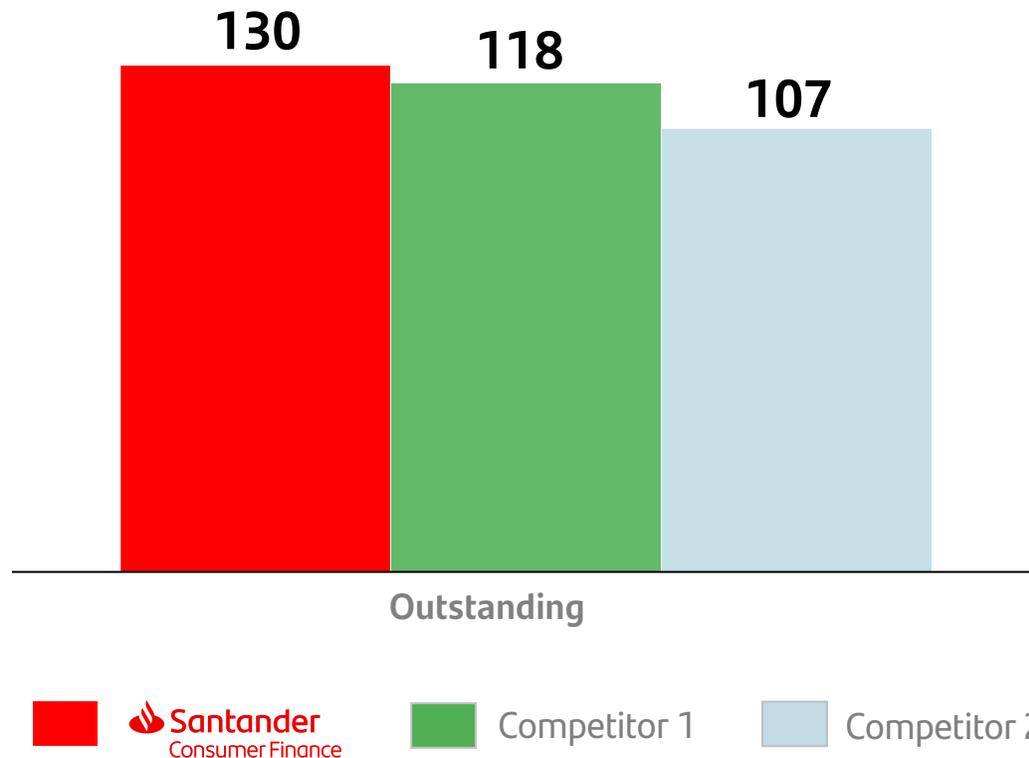
## Present in 18 countries



# The largest player that outperforms pan-European peers in profitability

## Peers – Outstanding

(Outstanding, Jun'23, bn€)



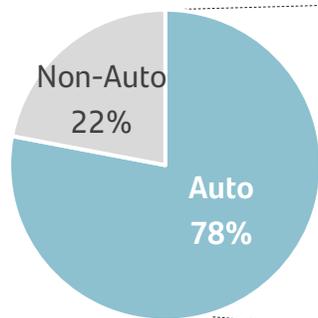
Outperforming  
pan-European peers  
in **outstanding, profit**  
and **ROA**

# Monoliner businesses. Auto and Consumer Lending

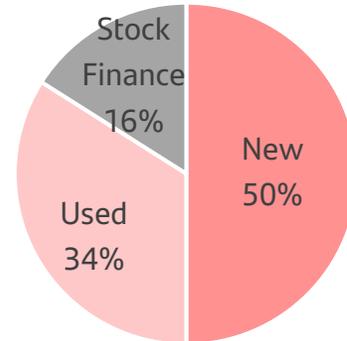
## SCF Auto portfolio breakdown & key figures

Sep'23

Total SCF  
outstanding: **134 bn€**



Total Auto  
outstanding: **105 bn€**

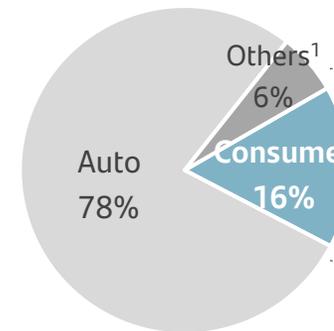


- **1.4 million contracts** in 9M'23
- **Long-standing base of dealer partners** and **captive agreements** (>130 agreements with manufacturers)
- Captives provide SCF with **recurrent volumes and better risk quality** (first option financial provider)
- **Captive business represents >60%** of total auto PAT

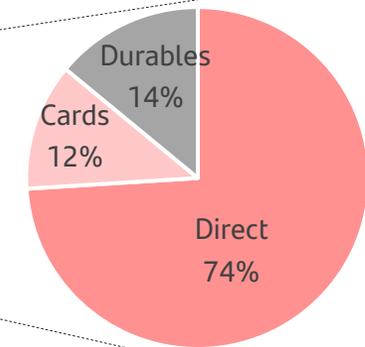
## SCF Consumer Lending portfolio breakdown & key figures

Sep'23

Total SCF  
outstanding: **134 bn€**



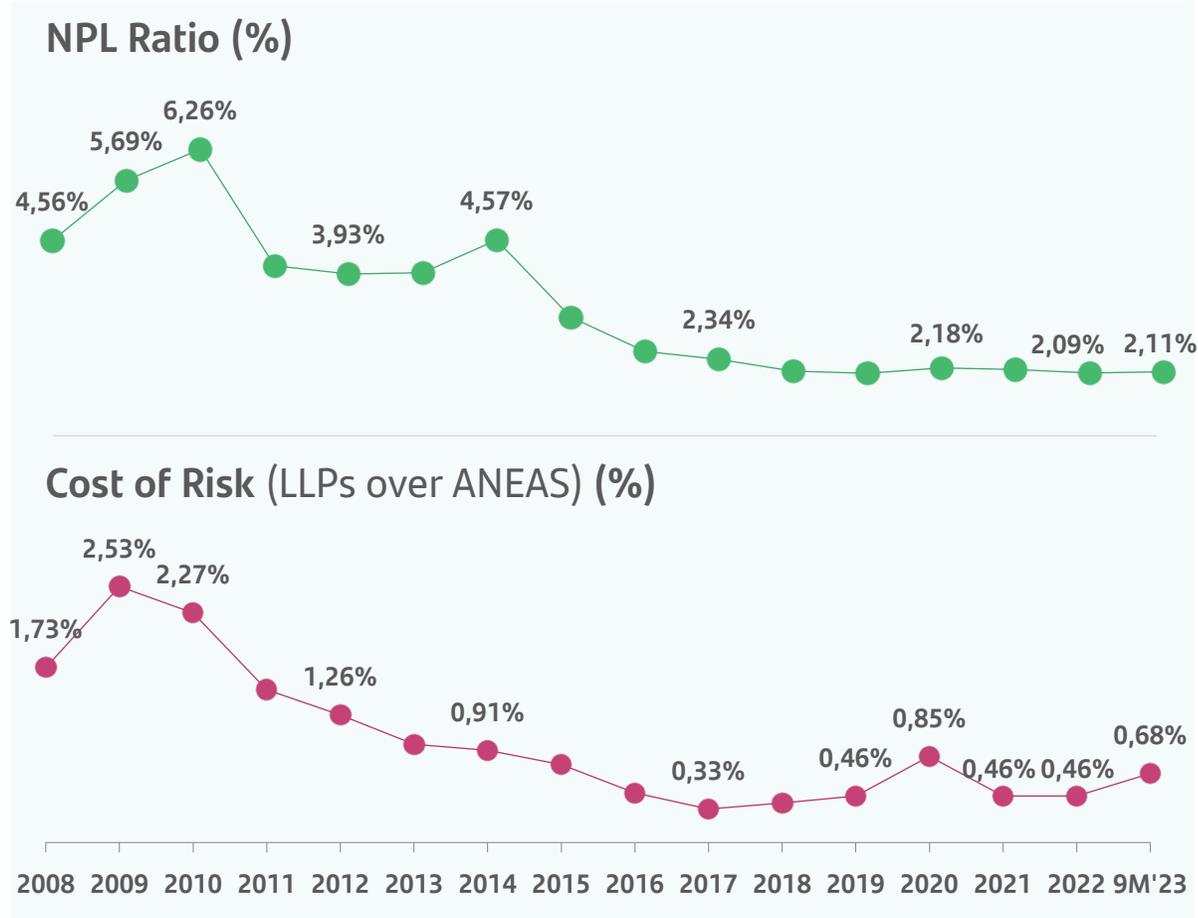
Total Consumer Finance  
outstanding: **21 bn€**



- **3.7 million contracts** in 9M'23
- **Wide network of point-of-sale partners** and agreements with **main retailer chains**
- **Model transformation based on digitalization**, evolving to a customer centric and analytical business with enhanced propositions, optimized capabilities and lean cost basis

# Healthy risk performance, better than peers average

## SCF Key risk metrics

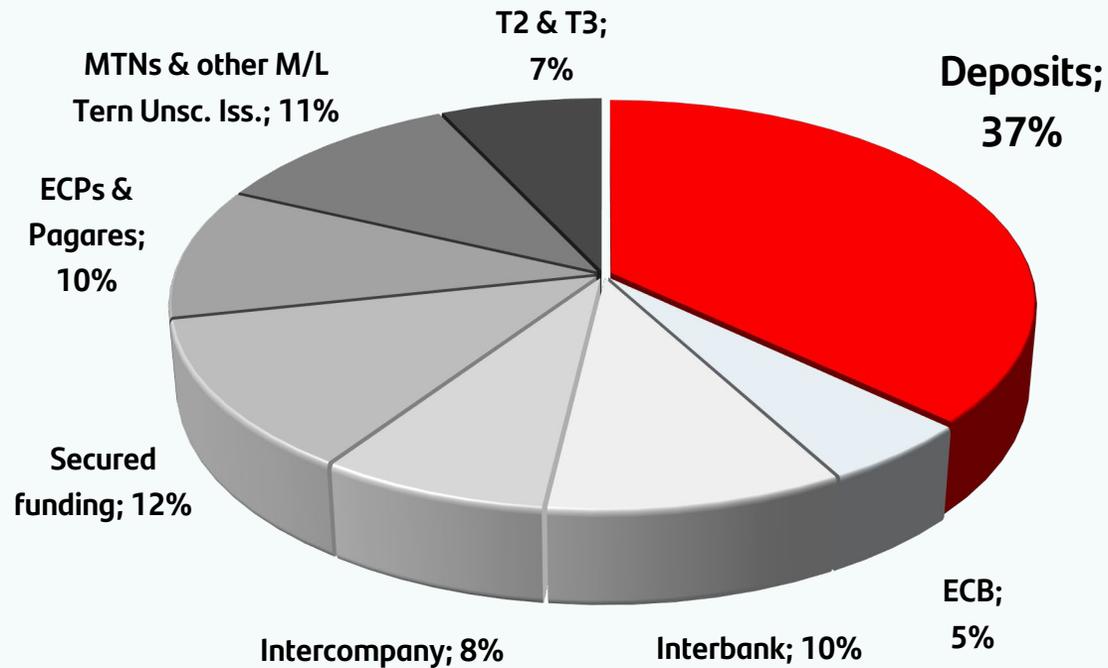


- Risk KPIs better than sector average
- Strong capacity to balance adverse economic cycles across geographies
- Low cost of risk, despite important increase in SCF's loan portfolio
- Adaptation of risk management for the growing digital business while being involved in the ecosystem platforms initiatives.

# Diversified funding structure

SCF's funding structure (%)

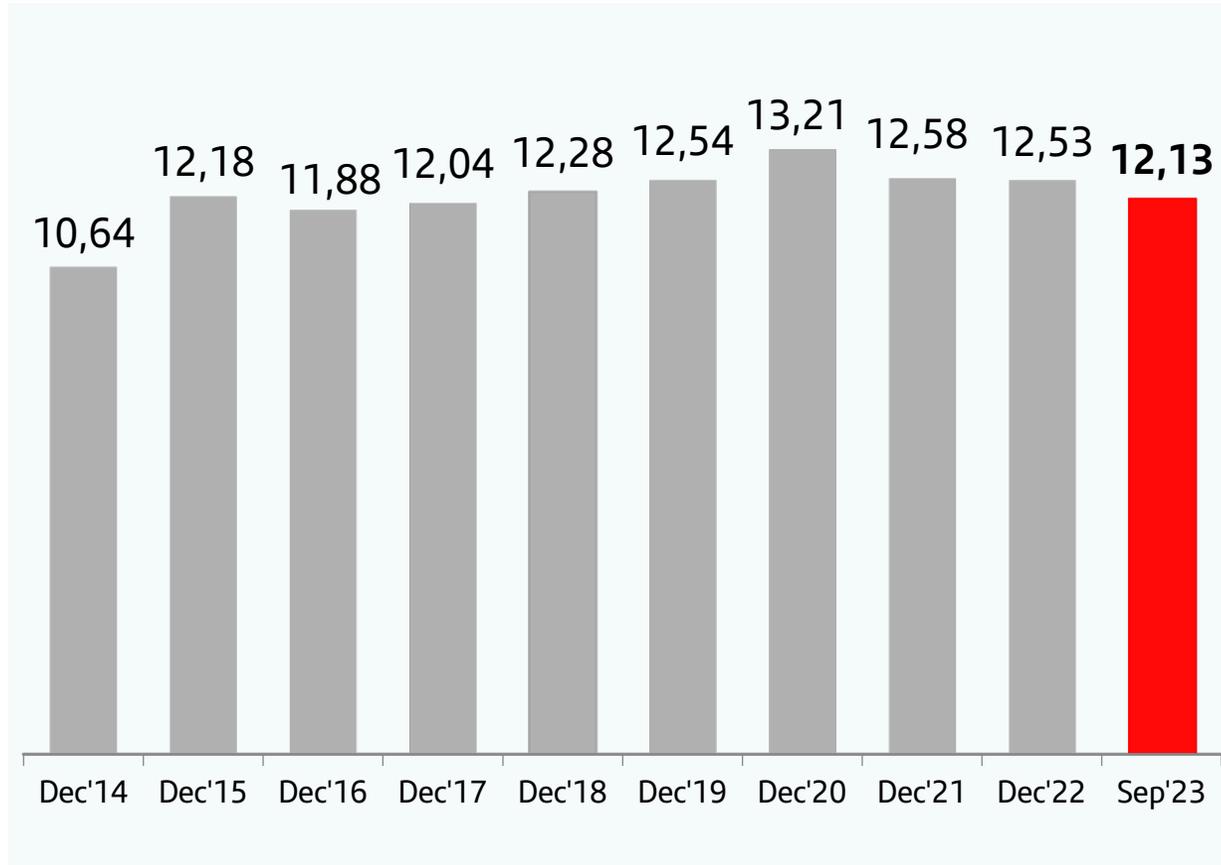
As of Sep'23



- High **diversification** of funding sources
- Capacity to do **issuances in all countries**
- **Diversification of deposits:** different initiatives to develop retail deposits
- Increasing **long-term finance** vs short term

# Solid capital position

SCF CET1 Fully-Loaded Ratio (%)



- **Sound capital** ratio
- Adequate to its **risks, markets and regulatory requirements**
- SCF strong performance results in **steady capital generation**
- **SCF's CET1 FL target ~12%**

# Thank You.

Our purpose is to help people and businesses prosper.

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

**Simple Personal Fair**

