Santander

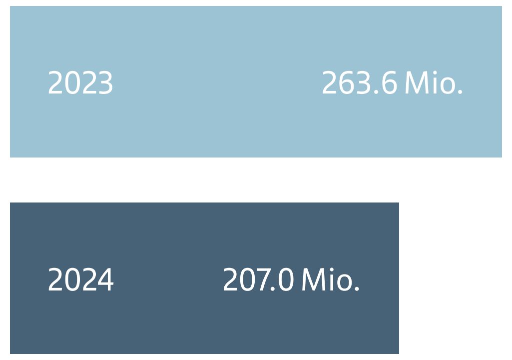
It starts here

Annual Report 2024

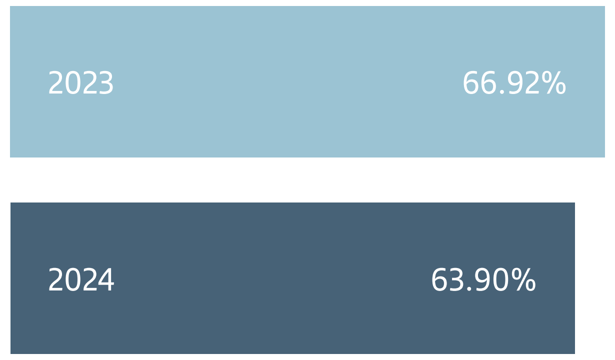
SNAPSHOT OF SUCCESS NUMBERS

Profit and Loss Figures Santander Consumer Bank AG

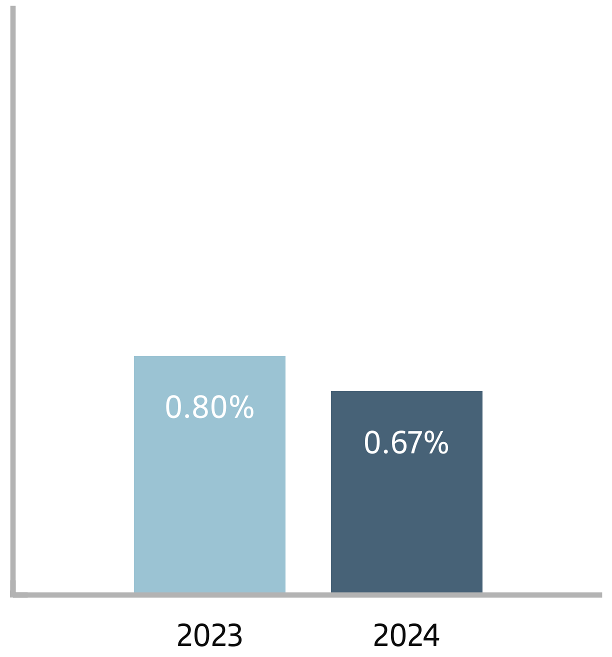
Profit before Income Taxes



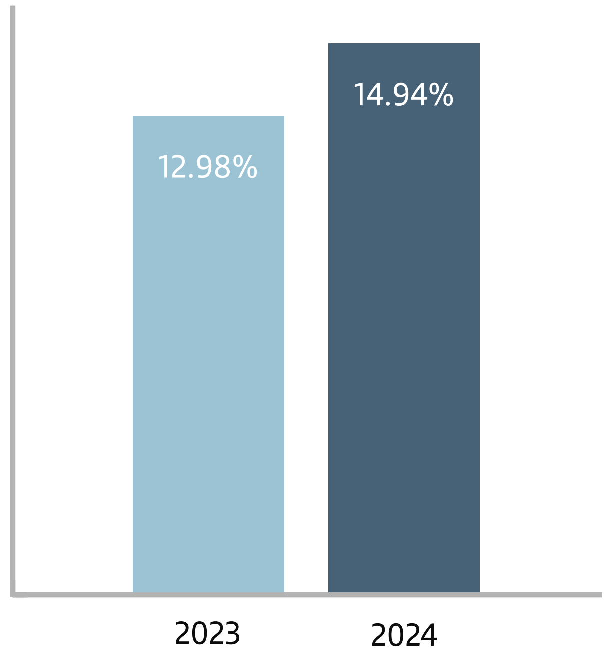
Cost-Income Ratio



Return on Risk Weighted Assets



CET 1



German GAAP (HGB)	**01/01/–31/12/2024 (in € million)**	01/01/–31/12/2023 (in € million)	Change (in %)
Net Interest Income	1,112.2	945.5	17.6
Net Fees and Commissions	110.8	107.4	3.1
Income from Capital Instruments	0.4	25.8	–98.4
Gross Margin	**1,223.3**	**1,078.8**	**13.4**
Personell Expenses	317.3	250.9	26.5
General Expenses	390.9	397.4	–1.6
Amortizations	73.5	73.7	–0.3
Other Operating Income and Expenses	45.3	122.1	–62.9
Operating Income	**486.9**	**478.9**	**1.7**
Net Loan Loss Provisions	288.5	217.4	32.7
Depreciation and valuation allowances to investments, shares in associated companies and securities held as fixed assets	0.0	23.4	–100.0
Earnings from Profit Transfer Agreements	8.6	25.6	–66.4
Profit before Income Taxes	**207.0**	**263.6**	**–21.5**

Ratios	**01/01/–31/12/2024 (in %)**	01/01/–31/12/2023 (in %)	Change (in percentage points)
Cost-Income Ratio	63.90	66.92	–302
Return on Risk Weighted Assets	0.67	0.80	–13
NPL Ratio	3.19	2.16	103

Banking Regulatory Ratios	**31/12/2024 (in %)**	31/12/2023 (in %)	Change (in percentage points)
Common Equity Tier 1 Ratio (CET 1)	14.94	12.98	196
Total Capital Ratio	16.83	14.76	207
Leverage Ratio	6.79	6.33	46

Balance Sheet Figures	**31/12/2024 (in € billion)**	31/12/2023 (in € billion)	Change (in %)
Balance Sheet Total	52,953	53,250	–0.6
Liabilities to Custumers	32,377	31,357	3.3
Receivables from Customers	36,749	35,853	2.5
Equity *	3,593	3,393	5.9

Ratings **	**Long Term**	**Short Term**	**Outlook**
Moody's	A1	P–1	Stabil
Standard & Poor's	A	A–1	Stabil
Fitch Ratings	A–	F–2	Stabil

Pfandbrief Ratings	**Rating**	**Outlook**
Moody's	Aaa	Stabil
Fitch Ratings	AAA	Stabil

* 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.

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DEAR READERS,

2024 was another challenging year for the German economy. For the second time in a row, Germany found itself in a recession, against a backdrop of geopolitical uncertainty and structural changes in various industries. At the same time, interest rate turnaround and reduction by 100 basis points led to new dynamics in the financial sector.

Targeted transformation as a response to the market

With the market environment developing dynamically, we launched a wide-scale transformation offensive last year. This included simplifying our business model, deploying the Santander Group's leading technologies and focusing on our profitable core business areas.

These initiatives enable us to utilise our resources more efficiently and focus on our strengths, achieving long term profitable growth.

Resilient performance despite difficult conditions

In this challenging environment, we as a bank have once again proven that we are resilient and adaptable. Our growth trajectory in new business continued in 2024. **Loan sales** rose by 3.13 per cent to a total of €20.08 billion. The good result, in particular contributed to by the mobility division (€6.486 billion, -4.2% vs. 2023), dealer stock financing (€9.601 billion, +11% vs. 2023) and direct business with customers (€2,114 billion, +1.5% vs. 2023).

Both the net interest margin and interest income developed positively compared to the previous year. **Net interest margin** rose by 17.6% to €1,112 billion, in particular due to the increase in **interest income** by €458.4 million to €2,286 billion. The main driver is the passing on of increased refinancing costs to the market.

Overall, operational business development was favourable compared to the previous year. The increase in income and stable development in administrative expenses compensated for one-off special effects such as transformation-related restructuring expenses and the reduction in income due to the sale of a stake in PSA Bank Deutschland GmbH in 2023. Together with the increased net risk costs, which are attributable to larger defaults in the corporate client business and the portfolio development in the retail business, we nevertheless recorded an overall decline in the annual result totalling €207 million.

Solid results from our business divisions

The **mobility** division was again faced by challenging market conditions this year. Due to the weaker new car business and a decline in demand for electric vehicles, new loan sales fell to €6,486 billion (-4.2% vs. 2023), while dealer financing clearly exceeded our expectations with an increase of 11% to €9,601 billion. In the 2024 financial year, we were able to further intensify our collaboration with our existing partners, who account for around 70% of our new vehicle business. We also entered into new partnerships with international manufacturers such as Xpeng, Lotus and General Motors.

Despite the tense market situation, **direct business** developed favourably and achieved an increase of 1.5% in the instalment loan business, reaching €2,114 billion. This is in line with our forecast of achieving new business at virtually unchanged levels. This underlines the success of our omnichannel strategy, across branches, online banking and digital channels.

In **Business & Corporate Banking**, we recorded a slight reduction in the portfolio, falling to €2,063 billion. This was a conscious decision to adapt our loan portfolio to the changing risk landscape in a targeted manner.

Strong refinancing and improved ratings

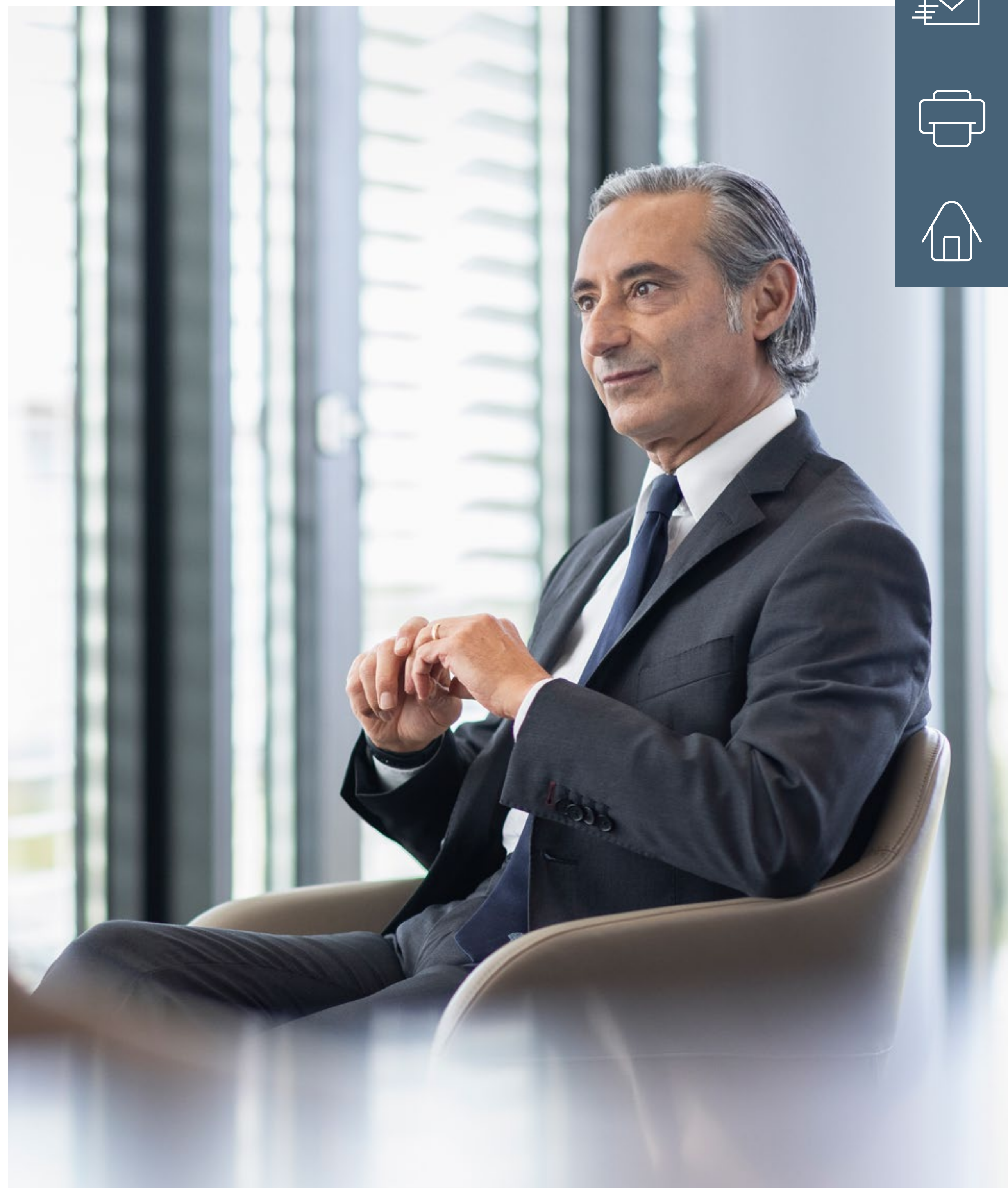
We systematically implemented our refinancing strategy in the reporting year. Refinancing costs were successfully further reduced by increasing customer deposits. Retail customer deposits rose by 11% to €26.,48 billion, partly due to more than 170,000 new contracts for deposit products and current accounts. It is a result that emphasises our attractive market conditions and marketing activities. In addition, optimisations in portfolio management had a positive effect on the overall result.

An important basis for our refinancing endeavours is trustful cooperation with our investors and the rating agencies. The upgrade of our Moody's long-term rating from A2 to A1 in November 2024 was a strong sign of our bank's stability. The other two ratings awarded by the market-leading agencies were also reconfirmed in this financial year, with the outlook considered stable. This underlines our solid financial position in the market, particularly in the context of the current difficult economic and market environment.

We were also able to realise three successful ABS transactions in 2024. The placement of ABS transactions is an important component of the Bank's liquidity and capital management. Particularly noteworthy is the first-time securitisation of corporate customer receivables in Business & Corporate Banking with a volume of €1.2 billion, which was placed very successfully on the market.

My sincere thanks go to our customers, business partners and investors for their trust. I would particularly like to thank our employees, who are driving the transformation forward with great commitment and innovation in these challenging times.

With a clear strategy, a strong international positioning and a motivated team, we will continue to be successful in 2025.



Yours,

Vito Volpe
Chairman of the Board
Santander Consumer Bank AG

FINANCIAL MANAGEMENT IN THE 2023 FINANCIAL YEAR

In addition to our very important retail deposits business, the financial management department is responsible for the bank's financial market-oriented refinancing. Santander manages its funding profile on the basis of regular, forward-looking structural analyses of assets and liabilities. With a balanced refinancing mix, we are able to raise necessary funds efficiently and on favourable terms at all times. Our refinancing mix primarily includes deposits from private customers, positions on the money and capital markets and the issuance of ABS.

The financial management department implemented numerous projects in the financial year, examples of whose successes we would like to highlight below:

1) **Once again, outstanding origination and structuring of ABS**
   In the financial year 2024, Santander Consumer Bank AG issued structured transactions and successfully placed them with investors. With a volume of €1.5 bn, we were able to generate the largest consumer ABS deal in Europe in the last three years; at the same time, with a volume of €1 bn, even Santander Consumer Bank AG's second, smaller ABS transaction reached a size that not every issuer is capable of placing on the market. In addition, we succeeded in issuing a synthetic first securitisation with great success. Despite the transaction sizes and the challenges of an initial securitisation, the mezzanine tranches were sold without compromising the spread. ABS are of great strategic importance to the Santander Group in terms of capital and liquidity management. We are therefore all the more delighted that the renowned Global Capital has honoured us as "ABS Issuer of the Year". In addition to our own issuances, our ABS expertise is also successfully sold as "Banking-as-a-Service" to Hyundai Capital Bank Europe and has been used there to issue the second full stack auto ABS transaction.

2) **Improvement of our rating**
   Our refinancing endeavours are based on trustful cooperation with our investors and the rating agencies. In November 2024, Moody's upgraded our long-term credit rating from A2 to A1. The basis for this is our improved loss-absorbing capacity. The other two ratings awarded by the market-leading agencies were also reconfirmed in this financial year, with the outlook considered stable. Particularly in the context of the current difficult economic and market environment, this once again demonstrates how well future-proofed our bank is on the market."

You can find our current ratings, with the agencies' publications, on the Bank's investor relations portal at **https://www.santander.de/ueber-santander/investor-relations/ratings/**

REPORT OF THE SUPERVISORY BOARD ON THE FINANCIAL YEAR 2024

The year 2024 was a special year for Santander Consumer Bank AG with exceptional conditions.

The Supervisory Board would like to thank the Management Board and all employees for their great personal commitment, without which the further development of the business would not have been possible in 2024. The Supervisory Board wishes all those involved a lucky hand and every success in meeting the challenges ahead.

In the 2024 financial year, the Supervisory Board performed the duties incumbent upon it under the law and the Articles of Association.

At four regular and one extraordinary Supervisory Board meeting, the Managing Board provided us with detailed and comprehensive information on corporate management and planning, business development and the risk situation, as well as on other transactions and events of considerable importance to the Bank. We advised and monitored the Management Board in its activities and satisfied ourselves that its management was in order. Between meetings, we were informed in writing of important events. Necessary resolutions were passed during these periods by written circulation.

Five meetings of the Audit Committee were held in the 2024 financial year. The auditor attended two meetings. The Members of the Audit Committee discussed the audit of the annual financial statements of Santander Consumer Bank AG and the audit reports.

The Remuneration Control Committee met four times in 2024 to discuss the Bank's remuneration system and other statutory issues.

The Nomination Committee met three times in 2024 and dealt in particular with personnel matters relating to the Management Board.

The Risk Committee met four times in 2024 and dealt in particular with the Bank's risk appetite as well as other statutory issues.

In addition, the Chairwoman of the Supervisory Board was in constant contact with the Board of Managing Directors. She was informed by the Chairman of the Board of Managing Directors at regular meetings about business developments and significant business transactions.

The annual financial statements and the management report for the 2024 financial year were audited by Pricewaterhouse-Coopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt, who were appointed as auditors by the Annual General Meeting, and included in the accounts, and received an unqualified audit opinion. The documents relating to the annual financial statements, the Management Board's management report and the audi-tor's reports were made available to the Audit Committee prior to the Audit Committee meeting and to all Members of the Supervisory Board prior to the balance sheet meeting. The auditor reported to the Supervisory Board on the main results of his audit and was available to answer questions. The Supervisory Board acknowledged and approved the results of the audit. After the final result of the examination of the annual financial statements and the management report no objections were raised.

The Supervisory Board approved the annual financial statements prepared by the Management Board. These are thus adopted. The Supervisory Board agrees with the proposal for the appropriation of the net profit.

Mönchengladbach, February 26th, 2025

The Supervisory Board

Mónica López-Monís Gallego
Chairwoman

COMPOSITION OF THE SUPERVISORY BOARD IN 2024

Shareholder Representatives	Employee Representatives
Mónica López-Monís Gallego (Chairwoman)	Martina Liebich (Dpt. Chairwoman)
Patricia Benito	Peter Blümel
Dirk Marzluf	Paloma Esteban
Rafael Moral	Deniz Kuyubasi
Adelheid Sailer-Schuster	Robert Neumann
Cristina San José	Thomas Schützelt

MANAGEMENT REPORT

MANAGEMENT REPORT 2024

FOUNDATIONS OF THE COMPANY

Santander Consumer Bank AG, hereinafter also referred to as the "bank" or "Santander", is one of the largest private banks in Germany, with around 3.1 million private customers. We offer our customers a wide range of financial services, from current accounts and credit cards to consultation for investment-oriented customers. In Germany, we are the largest manufacturer-independent financier of mobility in terms of credit volume. In the consumer credit business, we work in the areas of mobility and direct business with private customers. On top of current accounts, credit cards, deposit products and the securities business, the brokerage of pension and insurance products as well as financial services for corporate clients complete our product range.

€3.1 million
Retail Customers

In order to improve customer service and increase efficiency by standardising processes and exploiting economies of scale, we have outsourced IT processes and various back-office activities. These services are provided by our corporate subsidiaries, among others.

We also offer services for other banks in selected units (which are active in the mobility business, for example, or in the structuring of ABS transactions): so-called "Banking as a Service" (BaaS).

We are consistently developing our omni-channel market presence through our unified distribution network and product range: customers decide how they wish to utilise the services of our bank and communicate with us. In addition to the nationwide branch network, the online channels via the Santander mobile banking app, video consulting, and the call centre are available as complementary sales channels.

In the **mobility** sector, we have been the largest manufacturer-independent financing partner (so-called non-captive sector) in the car, motorcycle, and (motorised) caravan sectors in Germany for many years. In addition, our bank also acts as the exclusive financing partner for selected car brands (so-called captive area), in particular Mazda and Volvo. In terms of manufacturing banks, we are one of the largest market players in Germany (measured by credit volume). We also co-operate with manufacturers of motorbikes and leisure vehicles. In order to increase market penetration, we are expanding our cooperation with our dealer partners. Our mobility division is divided into financing of used and new cars and dealer purchase financing. We are also active in the leasing business through our subsidiary Santander Consumer Leasing GmbH.

MAIN SEGMENTS

Mobility	Consumer Financial Services
Direct Business	Business & Corporate Banking

Since 2019, our bank has held a 51% stake in Hyundai Capital Bank Europe GmbH (HCBE), which in turn holds a 92.07% equity interest in Allane SE (formerly SIXT Leasing SE). MCE Bank GmbH has also been our subsidiary since 2023. All three companies mentioned are active in the financing or leasing of motor vehicles.

In contrast to the mobility sector, private customers in direct business are not approached via dealer partners (indirect business), but (directly) via our branches, our call centre, video advice and digital channels such as our website and portals.

In **direct business**, our bank offers cash loans, current accounts, cards and standardised deposit products via its nationwide branch network. We also sell other products, in particular online loans, via our website and third-party online portals. We supplement this offering with investment advice tailored to individual customer needs, particularly in the securities and pension provision areas. To round off the product range for private customers, our branches offer insurance and building society solutions from co-operation partners. In addition to traditional credit protection, our bank offers its customers protection against the financial consequences of an inability to work, for example. As of 31 December 2024, Santander had a nationwide network of 188 branches.

In the **Business & Corporate Banking** segment, we support companies from the German SME sector with an annual turnover of EUR 25 million or more. We support our business partners both at home and abroad. Here we can offer the advantages of our global presence, particularly in the core markets of the Santander Group (Europe, North and South America), on an individualised basis.

188 branches

With the aim of simplifying the business model, our bank initiated a transformation project in the reporting year focusing in the more profitable businesses, reducing activity in less profitable business and working in automation and optimization of processes. We reduced our headcount by a good 6% to 2,846 as of 31 December 2024 compared to the previous year.

A core element of the management of the international banking subsidiaries in our Banco Santander S.A. Group is the so-called subsidiary model: the Group's subsidiaries act as autonomous local banks.

Santander Consumer Bank AG is subject to German legislation; it is supervised both by the local (national) supervisory authority and, since November 2014, by the European Central Bank (ECB) in accordance with the Single Supervisory Mechanism (SSM). Our customers' deposits are not only protected by the statutory deposit guarantee scheme, but also by our bank's membership of the private deposit guarantee scheme.

The shares in the share capital of our bank are held by Santander Consumer Holding GmbH, whose shareholder is the Spanish company Santander Consumer Finance S.A.. As the parent company, it prepares its own subgroup financial statements and is included in the consolidated financial statements of Banco Santander S.A., Madrid. Santander Consumer Finance S.A. is recognised in the "Digital Consumer Bank" segment in the financial statements of Banco Santander S.A.

ECONOMIC REPORT

Macroeconomic and sector-specific framework conditions

In recent years, the global economy has been marked by a whole series of disruptive events that have led to considerable uncertainty. The eurozone was confronted with the extraordinary situation of negative interest rates, while at the same time the world had to cope with an unprecedented health crisis. This required extraordinary monetary and fiscal measures and led to significant disruptions in supply chains. We then experienced an inflation shock that necessitated restrictive monetary policy, similar to the situation in the 1970s. In the reporting year, however, we moved towards a normalised global economic environment characterised by declining inflation, resilient economic growth and robust labour markets. The global economy is estimated to have grown by around 3.2% in 2024.

Economic growth in the eurozone also increased slightly, to an expected 0.7%. This resulted in effects countervailing the previous trends. While net exports increased significantly compared to the previous year, investments fell sharply, partly as a result of the restrictive monetary policy. Continued subdued consumer confidence and the high level of uncertainty meant that the positive contribution from private consumption was lower than hoped. This is also reflected in the increased saving rate.

In Germany, gross domestic product fell by 0.2% in 2024 adjusted for price. This is the second year of recession in a row. This is primarily due to declining investments in equipment and buildings. In addition, foreign demand for industrial products remained weak, although the turnaround in US interest rates should have had a positive impact on German exports. In addition, higher financing costs and increased economic and political uncertainty had a dampening effect on investments. The strong wage increases have not yet led to a broad-based revitalisation of private consumption. The weakness in industry also continued, particularly in the automotive industry.

Overall inflation in the eurozone fell significantly in the reporting year. In Germany, the inflation rate was 2.2%, after 5.9% in the previous year. This is mainly due to lower prices for energy products and the lower increases in food prices. Consequently, the leading central banks have initiated a turnaround in interest rates. The ECB lowered the deposit facility rate by a total of 100 basis points over the course of the year.

With regard to the German passenger car market, new registrations fell slightly by 1.0% to 2.817 million, according to surveys by the German Federal Motor Transport Authority, after increasing by 7.3% in the previous year thanks to the progressive overcoming of supply bottlenecks following the coronavirus pandemic. In contrast, the number of private transfers of ownership rose significantly by 7.4% to 6.480 million (previous year: +6.9%). The main reason for this is likely to be the recovery in new registrations in 2023, which also had a downstream effect on transfers of ownership. The discontinuation of the government grant for electric and hybrid vehicles is also likely to have contributed to the attractiveness of used cars. Overall, the values remained well below the pre-coronavirus level.

BUSINESS PERFORMANCE

In the following sections, we present the development of the individual areas of our business.

Within the car market described above, our bank's lending turnover (new lending business) in the **Mobility** sector fell by 4.2% to EUR 6.486 billion (excluding dealer purchase financing) compared to 2023. We were therefore unable to achieve our forecast of slight growth. This reduction was due to the weaker new vehicle business and the difficult market situation for our cooperating partner-manufacturers in the field of e-mobility. The registration figures for these manufacturers fell due to the expiry of state subsidies.

Thanks to significantly higher demand from dealers in the current environment, the amount of credit extended in dealer purchase financing increased by 11% from EUR 8.645 billion to EUR 9.601 billion and thus considerably exceeded our forecast, in which we had expected a moderate decline.

To summarise, we continued to successfully develop our mobility business in collaboration with our partners in 2024 and increased our credit sales. We have also laid the foundations for credit growth for the Santander Group in Germany with new co-operations (including Xpeng, Lotus and General Motors).

Our **Consumer Financial Services** division recorded a declining volume of new business in the reporting year. The decline is attributable to our decisions to focus in the more profitable business and simplification of processes and the intra-group reorganisation of the buy-now-pay-later business (in 2023, fully effective in 2024).

In addition, we have decided to discontinue the new mortgage lending business in the 2024 financial year.

Direct Business is generated via the branches, online and via video advice from Santander direct consultation. Our instalment loan business grew from EUR 2.082 billion to EUR 2.114 billion in the reporting year. This is in line with our forecast of virtually unchanged new business.

In **Business & Corporate Banking**, the total portfolio in 2024 fell slightly year-on-year from EUR 2.106 billion to EUR 2.063 billion, mainly due to the current economic situation, geopolitical uncertainties and various risk optimisation measures. This meant that we were unable to achieve the forecast strong expansion of the loan portfolio.

In 2024, our bank achieved an **annual result** of EUR 207.0 million, 21.5% less than the previous year's figure of EUR 263.6 million. For the reasons for this decline, please refer to the comments in the section "Development of the bank's earnings position". The annual result includes the profit transfer from Santander Consumer Leasing GmbH totalling EUR 8.6 million (previous year: EUR 25.6 million).

Number of customer accounts in thousands

	2022	2023	**2024**
Total	4,464	4,367*	**4,164**
Of which credit accounts	2,983	2,634*	**2,445**
Deposit accounts	972	1,205	**1,208**
Current accounts	509	528	**511**

* 2023 subsequently adjusted: Inactive credit cards have no longer been included in the count since the beginning of 2024 (effect as of 31 December 2023: –0.2 million cards)

The **total number of customer** accounts fell to just under 4.2 million in the reporting year. The number of credit accounts fell by 7.2%, in particular due to the transfer of the factoring business within the Group. The number of deposit accounts grew slightly, while the number of current accounts fell slightly.

Total assets as of 31 December 2024 decreased by 0.6% year-on-year from EUR 53.250 billion to EUR 52.953 billion. The main changes in the balance sheet items are described in the following section.

DEVELOPMENT OF THE BANK'S NET ASSETS AND FINANCIAL POSITION

The balance sheet structure reflects, on the assets side, our focus on the consumer lending business, and on the liabilities side, our refinancing through deposits from private and institutional customers, liabilities from the issuing business (reported under securitised liabilities) and ABS securitisations (reported under other liabilities). Borrowing from the central bank is recognised under liabilities to banks.

Loans and advances to customers increased from EUR 35.853 billion to EUR 36.749 billion as of 31 December 2024. The share of retail customer receivables from instalment loans (mobility, consumer financial services and direct business) in the total receivables portfolio rose from 62.5% in the previous year to 62.9%. Dealer purchase financing contributed 7.7% to the total volume (previous year: 7.8%). The proportion of receivables in the property lending business totalled 6.6% (previous year: 7.0%). The reason for the decline is the decision we made in the reporting year to discontinue new property lending business.

Loans and advances to banks grew from EUR 9.714 billion to EUR 9.818 billion. This was due to the increased refinancing requirements of affiliated companies.

As of the balance sheet date, our bank reported EUR 4.190 billion under **bonds and other fixed-income securities** (previous year: EUR 5.782 billion). The decrease of EUR 1.592 billion is mainly due to a lower volume of senior tranches of securities generated from own assets from ABS transactions in our bank's Depot A (own investment business) (see our comments on "other liabilities").

In addition to cash on hand totalling EUR 59.6 million, the **cash reserve** includes EUR 826.8 million (previous year: EUR 647.1 million), which were invested with the Deutsche Bundesbank.

Shares in affiliated companies increased by EUR 163.2 million to EUR 884.7 million as of the balance sheet date, primarily due to a capital increase at Hyundai Capital Bank Europe GmbH.

Intangible assets decreased from EUR 189,9 million to EUR 160,3 million as of 31 December 2024, primarily due to amortisation.

Property, plant and equipment increased from EUR 41.8 million to EUR 47.1 million as of 31 December 2024. This is based on the decision we made in the reporting year to invest in our office equipment, leasehold improvements and outdoor furniture.

The **liabilities side** reflects the solid, broadly diversified refinancing of our bank. The bank manages its refinancing profile on the basis of regular, forward-looking structural analyses of assets and liabilities. We were able to raise the necessary funds at all times thanks to our broadly diversified refinancing mix: This primarily includes deposits from private customers and institutional investors, placements on the money and capital markets and the structuring and issuance of ABS transactions.

Balance sheet structure; assets in EUR million

	2022	2023	**2024**
Balance sheet total	53,635	53,250	**52,953**
Cash and cash equivalents	1,291	687	**886**
Loans and advances to customers	32,044	35,853	**36,749**
Loans and advances to financial institutions	6,778	9,714	**9,818**
Securities	12,201	5,782	**4,190**
Other assets	1,321	1,213	**1,309**

Santander complied with the relevant regulatory liquidity requirements at all times. At 255% (previous year: 220.8%), the LCR liquidity ratio was above the regulatory minimum requirement as of the balance sheet date.

Liabilities to customers grew from EUR 31.357 billion to EUR 32.377 billion in the reporting year due to increased sales activities for deposits.

€32.377 billion
Liabilities to Customers

Liabilities to banks rose from EUR 2.525 billion to EUR 2.570 billion in the reporting year.

Other liabilities fell from EUR 9.274 billion at to € 8.770 billion in 2024. This is due to opposing effects in our ABS transactions. One ABS transaction was terminated in the reporting year due to a clean-up call, and there were also scheduled repayments of ABS transactions. By contrast, the fact that our bank originated two new consumer ABS in 2024 had the effect of increasing the portfolio. This item also includes the profit transfer obligation to our parent company.

In its securitisation activities, our bank acts as the originator as defined by regulatory law. A first objective is to obtain liquidity directly by selling receivables in order to refinance the consumer loan business. With the second objective of obtaining collateral for deposit with the ECB, in some transactions we also acquire the senior tranche of the issued securities ourselves (investor function for own securitisations). In addition to structuring, securitisation activities include service functions (management of the pool of receivables sold) and the function of the subordinated lender for the bank's oown securitisations to provide reserves. The third objective is reducing the equity burden – by means of ABS transactions with significant risk transfer, thereby lowering our bank's equity burden.

Balance sheet structure; liabilities in EUR million

	2022	2023	**2024**
Balance sheet total	53,635	53,250	**52,953**
Savings deposits	822	559	**440**
Other liabilities to customers	24,428	30,798	**31,937**
Liabilities to financial institutions	8,686	2,525	**2,570**
Securitised liabilities	2,361	5,503	**4,408**
Other liabilities	12,870	9,350	**8,872**
Provisions	746	714	**725**
Equity*	3,722	3,800	**4,001**

* Data including subordinated liabilities and profit participation capital

Securitised liabilities i fell by EUR 1.095 billion year-on-year to EUR 4.408 billion. This was due in particular to the maturities of a mortgage bond and an unsecured bond totalling EUR 1 billion.

Provisions totalled EUR 725 million at the end of the reporting year (previous year: EUR 714 million). The increase is due to the early retirement and volunteer programme offered by our bank as part of the transformation project.

Balance sheet equity (excluding subordinated liabilities and profit participation capital) rose year-on-year from EUR 3.393 billion to EUR 3.593 billion due to a EUR 200 million increase in the capital reserve. Own funds in accordance with § 10 KWG in conjunction with Art. Art. 72 CRR totalled EUR 3,532 billion as of the balance sheet date (previous year: EUR 3.324 billion). The Common Equity Tier 1 capital ratio in accordance with § 10 KWG in conjunction with Art. Art. 92 para. 1 lit. a) CRR was 14.94% (previous year: 12.98%), the core capital ratio (Art. 92 para. 1 lit. b) CRR) was 14.94% (previous year: 12.98%) and the total capital ratio (Art. 92 para. 1 lit. c) CRR) was 16.83% at the end of the reporting year (previous year: 14.76%).

The planning of our own funds is embedded in the Santander Group's own funds planning and extends over a rolling 36-month period. It is based on the budget figures for the upcoming financial year, the figures for long-term corporate planning and regulatory requirements. In order to take into account any changes that may occur in the meantime, we regularly review the planning and adjust it if necessary. Based on the current planning, we decide together with the shareholder to what extent there may be a need for capitalcontribution.

DEVELOPMENT OF THE BANK'S EARNINGS POSITION

In the following, we describe the development of our Bank's earnings situation and our most important financial performance indicators, namely the annual result (hereinafter always referred to as the annual result before profit transfer to Santander Consumer Holding GmbH) and the RoRWA (return on risk-weighted assets, whereby profitability is defined as the annual result before profit transfer less flat-rate income taxes and the risk-weighted assets as at the end of the year).

In the reporting year, our bank achieved an **annual result** of EUR 207.0 million, a considerable decrease of 21.5% compared to the previous year's EUR 263.6 million. Taking into account the risk-weighted assets of EUR 20.997 billion, the RoRWA fell by 13 basis points to 0.67%. We therefore did not achieve the forecast from last year's management report, in which we had expected a strong increase in the annual result and a strong rise in the RoRWA. The decline in profit compared to the previous year was considerable. In the reporting year, this was due to the absence of effects from the disposal of the investment in PSA Bank Deutschland GmbH in 2023, a very considerable increase in write-downs and value adjustments on receivables, certain debentures and other fixed-income securities as well as allocations to provisions in the lending business and the additional burdens from the transformation/restructuring programme. Administrative expenses also increased moderately. Net interest income developed favourably, increasing considerable in the reporting year.

Net interest income totalled EUR 1.112 billion in 2024, which was considerable higher than the previous year's figure of EUR 945.5 million, but slightly below our expectations. We were able to considerably increase interest income and thus slightly exceed our forecast. We had anticipated a considerable increase in interest expenses, but they were actually moderately higher than expected. The reason for the increase in interest income and interest expenses is the persistently high level of market interest rates. As the growth in interest income was greater than that in interest expenses, net interest income increased considerably by 17.6% overall.

We were able to very considerably increase interest income by EUR 458.4 million to EUR 2.286 billion. The main driver was instalment loans with private customers, where customer interest rates continued to rise considerably.

We had expected a considerable increase in interest expense. In fact, these increased slightly more than expected by EUR 291.7 million to EUR 1.174 billion compared to the previous year. Expenses for liabilities to customers increased significantly. On the one hand, customer interest grew due to the current interest rate trend, and on the other hand, we were able to considerably increase the volume of customer deposits, particularly in the higher-interest term deposits. By contrast, interest expenses in the non-customer business (as part of intra-Group refinancing, issuances and drawings via commercial paper and medium-term notes as well as ABS transactions) increased only slightly in the reporting year.

We had forecast a significant increase in **net commission income**. In fact, this grew slightly by 3.1% to EUR 110.8 million compared to the previous year. We had anticipated a considerable increase in commission income, which rose moderately to EUR 527.8 million. Commission expenses increased considerable to EUR 417 million; we had expected a slight decrease.

Total commission income increased by EUR 44.1 million or 9.1% in the reporting year compared to 2023. In particular, we succeeded in moderately increasing income from insurance brokerage by EUR 29.7 million on the one hand and considerably increasing income from our Banking-as-a-Service business segment by EUR 9.1 million on the other. We also considerably increased income from the securities business by EUR 7.8 million. This was slightly below our forecast, as we had anticipated growth in insurance commissions and income from the securities business in particular.

Commission expenses increased considerably by EUR 40.7 million to EUR 417 million in the reporting year; we had assumed a slight decrease. Expenses for brokerage commissions rose by EUR 23.3 million compared to 2023 and other commission expenses in our direct business (including credit cards, current accounts and securities business) by EUR 11.4 million.

Current income from equity investments fell significantly to EUR 0.4 million in 2024. This is due to the disposal of the investment in PSA Bank Deutschland GmbH in 2023, which meant that there was no longer any dividend income from this investment in the reporting year.

Administrative expenses as well as amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment totalled EUR 781.7 million in the reporting year, a moderate increase of EUR 59.8 million compared to the previous year (EUR 722.0 million). They are therefore slightly above our expectations, in particular due to the restructuring expenses from the transformation project.

In 2024, personnel expenses increased very considerably by EUR 66.5 million to EUR 317.3 million compared to the previous year; we had expected a slight decrease here. This is mainly due to the additional burdens from the transformation/restructuring programme and, to a lesser extent, the increase in wages and salaries due to the collective bargaining adjustment.

The average number of employees fell slightly to 2,958 in the reporting year (previous year: 3,005).

At EUR 390.9 million, other administrative expenses were moderately below our expectations and slightly below the previous year's figure of EUR 397.4 million, mainly because no bank levy was incurred in the reporting year.

Despite the moderate increase in administrative expenses, the cost-income ratio (CIR) improved slightly compared to the previous year from 66.9% to 63.9%; this is primarily due to the considerable increase in net interest income. In the 2023 Management Report, we had assumed a considerable improvement in the CIR.

At EUR 288.5 million, **net risk costs from the loan business** in the reporting year were both significantly higher than the previous year's figure of EUR 217.4 million and exceeded our expectations.

On the one hand, this is due to a further considerableincrease in the proportion of instalment loans in arrears and a much higher number of instalment loan terminations. Whereas in previous years, terminations had mainly increased in the direct business, the further increase in the reporting year also affected the motor vehicle business.

On the other hand, risk costs increased considerably in 2024 compared to the previous year, driven by more and larger defaults in the corporate customer business, which necessitated individual provisions.

In the reporting year, no corrections were necessary in the valuation of held-to-maturity securities, after the risk costs in the previous year had been positively influenced by write-ups totalling EUR 14.1 million due to increases in market value.

For **other operating income**, we had forecast income in the low single-digit million range for 2024. We actually generated income of EUR 45.3 million. Among other things, income from the reversal of provisions was recognised in the reporting year that was not included in the forecast. The previous year (EUR 122.1 million) included the gain on disposal from the sale of the stake in PSA Bank Deutschland GmbH.

In the operating business (excluding net risk costs, excluding restructuring expenses and taking into account the elimination of effects from the disposal of investments), business development was favourable compared to the previous year.

The overall business performance was not entirely satisfactory, taking into account the net risk costs, the higher earnings expectations and the restructuring costs. Overall, the economic situation of our bank is in good order.

Due to the control and profit transfer agreement and silent participation, the annual results of the Santander Consumer Bank are completely transferred to Santander Consumer Holding GmbH.

OTHER INFORMATION ABOUT THE BANK

Santander Consumer Bank is a member of the Association of German Banks (Bundesverband deutscher Banken e.V.). It is also a member of the Association of German Banks (Bankenfachverband e.V.) and the Association of German Pfandbrief Banks (Verband deutscher Pfandbriefbanken e.V.). It is also affiliated with the following institutions: Entschädigungseinrichtung deutscher Banken GmbH (deposit guarantee scheme of German banks), Prüfungsverband deutscher Banken e.V. (Audit association of German banks), and the Deposit Protection Fund of the private banking industry.

The current compensation report of Santander Consumer Bank AG as per the German Remuneration Regulations for Financial Institutions [InstitutsVergV] can be viewed at the following link in our Investor Relations Portal (https://www.santander.de/ueber-santander/investor-relations/disclosure/).

EMPLOYEES[1]

Our approach to responsible behaviour towards our employees, based on global guidelines:

The right talent and skills to enable the bank's transformation: Recruiting and hiring the best talent, with a focus on employee development.	Remuneration policy	Performance management policy	Learning and development policy	Group succession policy
Focus on corporate culture: A culture characterised by diversity, equality and inclusion, health and satisfaction initiatives.	Culture policy		General health, safety and wellbeing policy	
Driving change in the company: Shaping a dynamic organisation that also promotes international development within the Group and the use of new ways of working.	International mobility policy			

For more information: https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information/annual-report

[1] This section was not audited by the auditor

SUSTAINABILITY AND RESPONSIBLE BANKING[2]

Our sustainability activities cover the three ESG dimensions of environment, social affairs and corporate governance.

Environment

The Santander Group's goal is to make our entire financed business carbon neutral ("net zero") by 2050. This includes all greenhouse gas emissions resulting from the credit, consulting and investment services we provide. As part of the Santander Group's membership of the Net Zero Banking Alliance (NZBA), we have committed to going beyond regulatory requirements to ensure greater transparency and set ourselves targets for reducing the carbon emissions of our financing.

The use of alternative drive technologies developed very differently in 2024, depending on the type of drive: while the share of sales of battery electric vehicles (BEVs) in lending and leasing sales fell in line with the general automotive market trend in Germany, the share of hybrid vehicles with emissions of < 50g CO_2/km continued to rise. In this context, too, the trend is in line with market developments in Germany.

In addition to our existing partnerships with manufacturers of electric vehicles, we were able to expand our collaboration with other OEMs. These include the Chinese manufacturers Lotus and Xpeng as well as the US brand General Motors.

The so-called "E-Mobility Hub" was developed to provide our dealer partners with the best possible support in marketing electric vehicles. This can be found in our retailer portal and consists of several pillars:

- Training & qualification: Our new training programme provides our dealer partners with the know-how they need to get customers excited about BEVs and at the same time optimally position themselves for business with used BEVs.
- Battery certificates: The battery tests from our partner AVILOO provide clarity about the condition of the battery. On the one hand, this reduces the risk for dealers when purchasing battery electric vehicles and, on the other, creates trust among end customers.
- Complete wallbox solutions: Home charging solutions from our partner WALL-E make e-mobility more suitable for everyday use. WALL-E offers end customers an uncomplicated complete package in terms of advice on home charging solutions and the installation of a wallbox for electric vehicles. Our bank provides the right financing for this.

In Business & Corporate Banking (BCB), we take sustainability aspects into account when making lending decisions at individual transaction and portfolio level for new and existing business. To this end, we obtain sustainability information from customers during ongoing credit checks and supplement this with additional external ESG scoring information. BCB loan exposures are identified and classified for EU taxonomy compliance and with regard to the Santander framework. We have started to take internal and external requirements as well as restrictions imposed by the sustainability and responsible banking principles (environmental and social responsibility, ethical business practices and compliance with regulatory requirements) into account in the decision-making process.

Own carbon footprint

We are continuously working to reduce our operational carbon footprint. Since 2020, we have also offset the emissions from our own activities (Scope 1&2), which we are unable to reduce, by purchasing carbon certificates every year. Our carbon footprint includes, for example, the operation of the company administration and branches, energy and resource consumption, waste disposal, business trips and emissions from company vehicles.

For years, we have been sourcing 100% of the electricity for each of our buildings from renewable energy sources. From 2025, we will also be using electricity from our own photovoltaic system at our Santander-Platz premises.

We are creating further attractive and sustainable mobility options. In addition to the Jobticket, our employees have also been able to use the Deutschlandticket as a company ticket since May 2023. We also offer our employees the opportunity to lease e-bikes (as part of a voluntary salary sacrifice).

The options for charging electric vehicles have been expanded. Since 2024, a total of 74 charging points has been made available to employees at the head office buildings on Santander-Platz (previously there were 24), while there are now 16 charging points on Madrider Strasse (previously 10).

[2] This section was not audited by the auditor

Social commitment
Banco Santander launched the non-profit initiative Santander Universities over 27 years ago and has been involved in the areas of education, employability and entrepreneurship ever since. Santander Universities has also been active in Germany since 2012: to its end, the team works together with 32 renowned universities and educational institutions. Around 4,000 people across Germany benefited from 70 funding projects in the reporting year.

Santander is a sponsor of Sonnenwagen e.V. – a non-profit organisation founded by students at RTWH and FH Aachen University, which has made it its mission to help develop the mobility of the future with a solar car it has designed itself.

Santander Universities also supports the SDG Contest via the Goethe-Unibator at Goethe University Frankfurt: the competition supports start-up projects that are committed to climate protection and sustainability with their services and products. With this cooperation, our bank is committed to sustainable, economic and social development and at the same time promotes Germany as a business location.

In the reporting year, we made donations in cash or in kind to ten charitable organisations. At our Santander RUN & FUN company run in Mönchengladbach, we supported a further seven charitable and non-profit organisations with donations.

Corporate governance
We implement the Santander Group's sustainability strategy (https://www.santander.com/en/our-approach) by putting in place various policies and action plans and coordinating topics with internal stakeholders as part of the "Responsible Banking & ESG Forum", which meets regularly; this forum plans and manages targeted ESG measures, activities and initiatives. We also ensure that we fulfil the taxonomy, disclosure and reporting requirements as well as the provisions of the German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains ("Lieferkettensorgfaltspflichtengesetz", LkSG), including a declaration of principles (https://www.santander.de/content/pdf/investor-relations/offenlegung/grundsatzerklaerung.pdf).

In view of current social, economic and regulatory developments, we are working on the further integration of sustainability risks into our risk management and risk controlling processes; in the reporting year, we addressed the drivers of ESG risks in our risk inventory. We have also analysed the effects of a physical and a transitory scenario on our risk-bearing capacity.

In addition to the ESG-related training required by law, e.g. for securities sales, we offer our employees ESG training on our internal learning platform in the form of regular Group-internal ESG talks and topic- and target group-specific webinars with external experts. In the reporting year, we also rolled out mandatory training for all employees on the integration of sustainability criteria into our business activities.

RISK REPORT

Risk strategy guidelines at Santander Consumer Bank AG
Our Board of Directors is responsible for risk management as a task incumbent on the entire bank. Taking risks is an inherent part of our business operations and the decisions that are made in this context. The risk management is in line with our business and risk strategy as well as the delegation of competencies and organisational directives of our bank.

Within our bank, responsibilities for managing and monitoring risks are defined by a clear separation of functions in accordance with the German Minimum Requirements for Risk Management (MaRisk). We also follow the principle of the "three lines of defence" model: The first line of defence manages the risks, the second monitors them. As an independent control body, internal audit represents the third line of defence.

The credit risks in risk-relevant business are generally subject to a second vote by a back-office function, based on the delegation of competencies. Credit risks in non-risk-relevant business are generally controlled by an automated decision in accordance with the requirements of risk management. We also consider credit risks from our entire proprietary business to be risk-relevant business. Approvals relating to proprietary business are generally granted on the basis of a resolution of the Board of Directors.

Our Financial Management department is responsible for managing market price and pension risks (particularly interest rate risks) and liquidity risks (particularly refinancing risks): it limits the above-mentioned risks by means of corresponding derivative financial instruments, including the offering of term deposits to institutional investors and issuance of money market paper, promissory notes and mortgage bonds (Pfandbriefe).

Operational risks are managed on a decentralised basis by our business divisions, which are also supported by independent control functions for the management of specific operational risks (e.g. technology, cyber, fraud or outsourcing risks).

Risk Controlling monitors the above-mentioned risks. In addition to regular reporting to the decision-making bodies, this area is responsible for ad hoc risk reporting. This also includes monitoring compliance with the set risk appetite by means of defined risk indicators and threshold values resp. risk limits. The risk measurement and monitoring of operational risks is the responsibility of Non-Financial Risk & Internal Control.

Our entire Board of Directors and our sales units manage strategic business risks using planning tools (e.g. budgets) and within defined limits as well as through appropriate sales and marketing measures; our Controlling department reports on these risks, and the risk function for strategic risks monitors them.

The current Risk Strategy 2024 (as amended November 2023) adopted by the Board of Directors sets out the strategic guidelines for the risk organisation and the risk appetite of our bank. Our Board of Directors has approved the targets for the coming year in November 2024. By determining the risk strategy and risk appetite, we aim to achieve sustainable and low-volatility profit realisation in compliance with regulatory requirements.

To this end, we have defined the following strategic guidelines as an expression of prudent corporate management:

- reliable compliance with regulatory requirements and agreements with the supervisory authorities;
- independence of the risk controlling function;
- every risk taken must be within the risk appetite and appropriately remunerated;
- we aim for a low to moderate risk profile. The focus here is on the segments of our core business: mobility, consumer loans and business and corporate customers. To supplement interest rate and liquidity management, we structure a securities portfolio of high-quality, liquid assets.
- we aim to reduce concentration risks to the necessary minimum, i.e. to those concentrations that arise directly from our business model; in addition, these risks are to be closely monitored with regard to individual debtors, specific segments and industry sectors;
- our remuneration system should be designed appropriately and be in line with forward-looking, conservative risk management. Profit targets are not part of the remuneration of our control units; the remuneration components should be aligned with the risk appetite;
- we pursue a transparent policy with regard to the disclosure of risks.

Our Board of Directors is responsible for developing, promoting, integrating and monitoring the risk culture at all levels. The core elements are the formulation and consistent adherence to the risk appetite. In order to establish and promote an appropriate risk culture, corresponding measures and initiatives are an integral part of recruitment and onboarding, training and development as well as remuneration and incentivisation. We measure how well our risk culture is anchored in our day-to-day work using various key performance indicators, such as the number of training sessions, the number of reported phishing attempts as part of the so-called "ethical phishing" campaign, the assessment of our internal audit department with regard to our risk culture and employee surveys conducted throughout the year.

ORGANISATION

Santander Consumer Bank AG is a non-trading-book institution. The department of our Executive Officer (CEO) is responsible for trading activities in the banking book. Our Financial Management department manages the liquidity, pension, market price and associated counterparty default risks of counterparties and issuers.

The following areas are assigned to our Chief Financial Officer (CAO): Controlling, Accounting, Finance Business Intelligence & Transformation, Data Management and Finance Business Partner. Controlling is responsible for business and financial planning. The Accounting department maps the transactions carried out in external accounting; the Regulatory Information department is responsible for regulatory reporting.

Our Chief Risk Officer (CRO) is responsible for the following areas: Risk Steering, Risk Execution, Risk Controlling, Risk Modelling, Compliance and Non-Financial Risk & Internal Control. The joint venture management function for risk and compliance issues is part of the Risk Steering department and reports directly to our Chief Risk Officer. The function of the Remuneration Officer is assigned to Risk Controlling.

RISK CONTROL AND CREDIT DECISION

The Risk Steering division is responsible for the conceptualisation of the holistic risk management of the individual loan portfolios and thus, among other things, for the credit approval regulations and restructuring requirements, the collateral management function and the fraud prevention function. The Risk Execution division is responsible for second votes and credit decisions for risk-relevant business as well as the restructuring and settlement of commercial exposures. Both units are organised according to the following categories based on their competencies:

- Auto (dealer purchase financing, motor vehicle retail financing, leasing),
- Non-Auto (instalment loans in direct business, private property financing, card products and goods financing),
- Corporates & Financial Institutions (corporate clients and financial institutions).

In order to grant, change or extend counterparty and issuer limits, Risk Execution prepares templates on the basis of which our Board of Directors makes the final credit and investment decisions.

Although our bank does not enter into any direct residual value risks, these represent a significant risk at the consolidated level of the German financial group. In accordance to the growing significance of these risks, the Risk Steering Auto department has established the function of "Residual Value Manager", who is responsible for the risk-side management of residual value risk.

RISK CONTROLLING

The Risk Controlling and Non-Financial Risk & Internal Control divisions, which are independent of the risk management units, are responsible for risk reporting and analysing the risk situation of our bank with regard to the following key risk types, both for internal and external and regulatory purposes: credit risk, market price and pension risk (in particular interest rate risk), liquidity risk, operational risk and model risk as well as strategic risk. The two areas also analyse the impact of ESG risks on the risk profile. Risk Controlling analyses concentration risks and calculates the credit risk provisions for the loan portfolio on a monthly basis.

The Board of Directors is informed about the risk situation in various committees as well as on a monthly basis and, if necessary, ad hoc through our internal risk report: This includes the monthly monitoring of risk-bearing capacity and compliance with authorised risk tolerances as well as detailed information on the main types of risk.

Risk Controlling is also responsible for planning and implementing the application of the IRBA (Internal Ratings Based Approach). This includes drawing up the conceptual and technical specifications for the implementation of the IRB approach for the main exposure classes and carrying out tests and the necessary documentation.

The division is also responsible for the risk identification, monitoring and control processes for the mortgage bond business. The tasks are based on the general requirements of the German Banking Act (KWG), the minimum requirements for risk management and, in particular, the provisions of sections 27 and 28 of the German Mortgage Bond Act (PfandBG). In addition to the requirements for the cover pool set out in the PfandBG, we have defined individual early warning thresholds as part of our risk management. These regularly exceed the legal requirements; we have therefore imposed higher internal limits on the cover assets pool than required by law. We use the "TXS Pfandbrief" software to monitor compliance with the statutory limits and the bank's own warning thresholds on a daily basis.

RISK MODELLING

Risk Modelling is responsible for the initial and further development of local, productive decision models in the credit application process (application and behavioural scorecards for the private customer business and rating models for the commercial lending business). The division is also responsible for developing the credit risk parameters used in connection with regulatory and economic capital and in the context of credit provisions. This area includes the initial validation of further developments of Banco Santander's economic capital model and the design of individual models for specific risks. Risk Modelling also designs the IFRS 9 provision models and creates these as "Banking-as-a-Service" (BaaS) for contractual partners. The correlations of these parameters with macroeconomic factors are determined as a basis for calculating the IFRS 9 forward looking component and for stress tests. The P&L forecast models (PPNR) and the forecast models for defaults and recoveries for liquidity risk are also created here. The division is also responsible for the development of models for automated fraud identification, residual value modelling for Group companies in Germany and initial modelling with regard to customer due diligence in the context of anti-money laundering. Modelling is carried out on behalf of the following functions: Risk Steering, Risk Controlling, Non-Financial Risk & Internal Control, Collection Business Unit, Controlling and Compliance.

RECEIVABLES MANAGEMENT

Receivables Management (the Collection Business Unit, CBU), which is centrally assigned to our CEO, is responsible for the management of consumer loans (motor vehicle, goods and direct business (including BaaS), credit cards and mortgage loans in the private customer segment.

In order to minimise cost of risk, the CBU aims to return payment-disturbed accounts to an orderly payment process. This area also deals with restructuring requests from customers in the event of payment disruptions in accordance with Risk Steering guidelines; the aim here is to find long-term solutions for structural payment problems.

For accounts in arrears, there is a specific procedure for each product type. Proactive and early contact with the customer plays an important role here; accompanying measures include the increased use of direct debit procedures and written reminders. Customers also have the option of submitting their requests via a digital self-service platform, as well as managing their payment arrears independently by settling them via an alternative payment method or obtaining a new payment agreement.

The tasks of receivables management also include the securing and realisation of collateral.

If the above-mentioned measures do not result in the arrears being settled, the loan or account will be cancelled with subsequent debt collection by external partners, up to and including the sale of the debt.

The workout process for non-performing commercial loans in dealer financing, on the other hand, is carried out by the Risk Execution division in the Intensive and Problem Loan Processing department. This department also looks after business customers in the Business & Corporate Banking portfolio who require intensive support.

The CBU "Termination/Write-Off" department commissions external service providers with the recovery of loan exposures that can no longer be restructured after termination and the realisation of existing collateral, bundled for private and commercial customers.

INTERNAL CONTROL AND MONITORING SYSTEM

Our bank's internal monitoring system comprises process-dependent and process-independent measures. Process-independent monitoring is primarily the responsibility of our Internal Audit and Group Internal Audit departments. Non-Financial Risk & Internal Control assumes supporting and bank-wide coordinating tasks with regard to the assessment of the organisation and functionality of the internal control system. This includes maintaining documented processes and the resulting risks as well as assessing the functionality of the controls integrated into the corresponding workflows. There are also monitoring mechanisms in connection with the development of certain early warning and control indicators; the results are also reported to the Board of Directors and Banco Santander. The individual measures of the internal monitoring system are intended to ensure that the regulations for managing business activities are complied with.

Process-dependent monitoring includes organisational security measures and controls through manual and automatic processes (e.g. integrated dual control principle, separation of functions, regulations regarding competence regulations, method specifications, requirements for handling individual data processing (IDP), processes within the scope of information risk and information security management). Measures to prevent errors are integrated into the structural and procedural organisation of our bank and are intended to ensure a predetermined level of security (e.g. analysis/monitoring of loan agreements with regard to systematic risks in contract design and implementation of a control system at individual transaction level). Controls are integrated into the work processes and are intended to minimise the occurrence of errors or to uncover them.

In accordance with the work instructions for the internal control model, Non-Financial Risk & Internal Control is required to carry out independent tests and control assessments for the controls documented in this model as part of the regular control certification processes.

As a process-independent body, our internal audit division regularly reviews the processes and methods used for conformity with legal and regulatory requirements and for compliance with Group specifications in accordance with the risk-oriented audit approach. It then prepares audit reports and follows up on the issues identified.

In accordance with the standards of the European Banking Authority (EBA), our bank has established the compliance function as an integral part of internal governance. The Conduct Compliance department has established a broad monitoring system to enable fulfilment of the requirements arising from the German Minimum Requirements for the Securities Compliance Function (MaComp). These include, for example, checks for standardised product marketing and compliance with consumer protection regulations. The department also reviews existing products (within and outside of active sales) as part of the Product Monitoring Forum (PMF) and maintains our Bank's central product catalogue. It is also responsible for the new product process (NPP) in accordance with MaRisk, organises and heads the corresponding body for assessing the novelty of projects and is responsible for the organisational structure of complaints management. This includes processing escalated complaints and analysing the underlying circumstances (root cause analysis), which in turn serve as an indicator of grievances and are to be integrated into corresponding action plans.

The task of the Regulatory Compliance department is, on the one hand, to ensure that the guidelines and directives that we have imposed on ourselves to fulfil the rules and regulations that are important for our bank are implemented and complied with and, on the other hand, to monitor them. The regulations primarily include data protection provisions and relevant provisions regarding financial market supervision (e.g. EMIR regulation and the Volcker Rule). The early warning function also ensures that the management and the first line of defence can identify and implement key legal regulations and requirements for our bank at an early stage; the function also carries out a regular risk assessment (threat analysis), both at a local level and on a consolidated basis with regard to to the major holdings, taking risk aspects into account. Compliance also helps to prevent, identify and resolve conduct or situations of relevance under criminal law (corporate defence); the department also provides the framework for managing reputational risks, organises the Reputational Risk Forum (RRF) and monitors reputational risks.

In order to fulfil the regulatory requirements for the "Central Office" in accordance with section 25h of the German Banking Act, the Financial Crime Prevention Research & Analysis and the Financial Crime Prevention Frameworks & Governance departments are responsible for monitoring customer transactions, embargo regulations and financial sanctions; the aim is to prevent financial crime, money laundering, terrorist financing and other criminal acts.

As part of association work, our public policy function is involved in providing feedback on draft legislation and informs us about potential legislative changes at an early stage.

RISK TYPES

The Management Board has adapted our bank's risk strategy to the complexity of its business activities. On the basis of the annual risk inventory, it has classified the risk types described below as material, taking into account the requirements of the European Central Bank (ECB) regarding the ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) as well as risk culture aspects. In accordance with the ECB's ILAAP guidelines, insolvency risk has been classified as an additional material risk.

The materiality of a risk type is measured on the basis of qualitative and quantitative criteria using a scoring system that is made up of an assessment of the potential damages and frequency of occurrence. A risk is to be classified as significant if the overall score on a scale of 1 to 4 is greater than or equal to 2.5, i.e. the frequency of occurrence and/or the potential extent of damage are assessed as high.

The main risks types are described below:

Credit risks

The bank refers to credit risks (here: counterparty credit risks) as the risk of loss due to expected and unexpected default.

The main objective of controlling and managing credit risks is to continuously improve the risk/return ratio. Key risk measurement indicators are the ratio of risk costs to the average credit portfolio (cost of credit) and the share of the non-performing portfolio in the total portfolio (NPL ratio). These and other key figures are determined at segment level as part of monthly risk reporting in order to monitor compliance with the defined risk appetite. In addition, the actual values are compared with the budget and forecast values.

The risk provisioning requirement is calculated monthly based on statistically estimated probabilities of default, conversion factors and loss ratios. The impairment methods under IFRS and HGB are harmonised and are based on the three-stage impairment model in accordance with the accounting standard IFRS 9. In addition to the data available at the present time, the approach takes into account forward-looking information, particularly on the basis of macroeconomic assumptions. Compared to the receivables not at risk at Level 1, credit exposures at Level 2 have a significantly higher credit risk compared to the time the loan was granted; the empirically estimated probability of default, the number of current or previous days in arrears and a watch list for business customers as well as restructurings due to payment defaults are used as relevant criteria for the assessment. The transfer of a credit exposure to Level 3 takes place on default of the exposure – i.e. if there is a payment default classified as material with more than 90 days in arrears, or if there is sufficient probability for other reasons that a receivable cannot be serviced by the customer, e.g. in the event of debtor insolvency or a legally effective loan termination. For larger exposures from dealer purchase financing or business & corporate banking, indications of an imminent payment default or financial difficulties of the debtor can also be identified during a case-by-case review – even without the above criteria being met; this can also lead to categorisation in Level 3.

Across all three Levels of the value adjustment method, a general provision (PEWB) is formed as an expected credit loss based on a statistical model. In order to estimate the expected losses, we use the empirically determined risk parameters probability of default (PD), exposure at default (EaD) and loss given default (LGD).

The probability of default indicates what proportion of the current portfolio is likely to default within a certain period of time. This proportion differs according to the level in which the credit exposure is located. Stage 1 covers a period of twelve months; stage 2 is based on the remaining term of the exposure. Since exposures in stage 3 are declared as default, the probability of default there is 100%. Depending on the portfolio, the parameter is determined using a basic approach or an advanced approach. The basic approach is based on the number of days in arrears, while the advanced approach is additionally based on values from internal application or behaviour scorecards.

The product-based loss given default (LGD) indicates what proportion of the exposure at default (EaD) is not expected to be recovered. The value takes into account the expected cash value of incoming payments and the realisation of collateral. In addition, the loss rate for stage 3 exposures is dependent on the time since default.

Significant exposures from dealer purchase financing or Business & Corporate Banking are considered separately; an individual provision is recognised for these on the basis of an examination of the facts; collateral and expected cash flows are taken into account.

The loan portfolio is broken down by level and business segment below.

We would like to point out that the majority of our borrowers are economically dependent; the vast majority (approx. 91%, previous year approx. 95%) are assigned to stage 1.

The core elements of credit risk management are the review of all credit exposures as well as the rules for credit exposures and restructuring; in addition, there is the maintenance and documentation of competencies, including monitoring compliance and responsibility for all corresponding guidelines and organisational instructions.

Credit risk management also fully includes receivables that are the subject of mortgage bonds issued as well as those receivables that serve as collateral/reference portfolios in traditional and synthetic securitisation transactions. We recognise the potential credit risks from retained issues separately.

For the management of credit risks, we continuously analyse the factors that influence the risk situation of our bank, combined with the findings from all decision-making, forecasting and valuation processes.

Net balance per level and business segment as of 31.12.2024 (in% and EUR million)

Segment / Stage	Private customers	Business customers	Private property financing	Commercial property financing	Total
Stage 1	90.2%	93.0%	99.1%	93.0%	**91.3%**
	22,181	4,589	2,408	15	**29,193**
Stage 2	6.2%	4.4%	0.6%	6.5%	**5.5%**
	1,517	219	14	1	**1,750**
Stage 3 (non-performing receivables)	3.6%	2.6%	0.3%	0.5%	**3.2%**
	895	129	8.38	0.08	**1,033**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
	24,594	**4,936**	**2,431**	**16**	**31,976**

Counterparty default risks

Our bank considers counterparty default risk to be the risk of default of a contract partner in money market, capital market, derivative or foreign currency transactions. In order to manage the counterparty default risk, we have set up a limit systems and daily rating monitoring, the results of which are reported as part of the monthly risk report. The counterparty default risk is quantified as part of the ICAAP as part of the credit risk.

Market price risks

Our bank defines market price risk as the risk of potential losses due to losses in the value of securities or the interest-bearing portfolio, including irrevocable loan commitments, which the bank may incur due to changes in prices and interest rates on the financial markets. In our case, these risks are largely interest-induced. In addition, there are very limited foreign exchange risks. We use derivative instruments in the form of interest rate swaps where necessary to manage maturity mismatches from customer business in a targeted manner. In the course of the 2024 reporting year, interest rate swaps with a nominal volume totalling EUR 4,200 million (previous year: EUR 5,190 million).

With regard to interest rate risk, the bank considers the present value loss that arises in the interest rate book as a result of changes in the yield curve. In addition to the parallel shifts in the yield curve, a number of other interest rate scenarios are calculated and reported in the risk report – broken down into management-relevant, regulatory and other scenarios. The extent to which parallel shifts in the yield curve affect net interest income is also analysed (income statement-oriented approach).

The cash flows of all interest-bearing items, including existing pension obligations and irrevocable loan commitments, are determined and the present value of the interest book calculated using a specially developed asset liability datamart. The monthly risk report summarises the results of the interest rate risk in a separate report. As of the balance sheet date, the interest rate risk with a change in interest rates of minus 100 basis points totalled EUR 62.4 million (previous year: EUR 43.1 million). The risk of a change in interest rates of plus 100 basis points was minus EUR 85.1 million at the end of December 2024 (previous year: minus EUR 71.5 million). In the course of the reporting year, interest rate swaps were used as management measures to reduce the interest rate risk. The increase in interest rate risk was limited in the reporting year by concluding these agreements. Our Board of Directors is informed promptly about risk developments as part of the monitoring measures, through regular reporting (monthly risk report) and discussion in the Asset & Liability Committee as well as in the course of the defined escalation mechanisms.

The present value effects in the banking book due to a sudden unexpected change in interest rates amounted to minus EUR 176.7 million at the end of December 2024 (previous year: minus EUR 182.9 million) in the event of a short-term upward shock to the yield curve (short-term interest rate change of plus 250 basis points and long-term interest rate change of plus 0.1 basis points). This corresponds to a risk of 5.6% of core capital (previous year: 6.2%). This scenario represents the greatest risk within the six regulatory scenarios as part of the Supervisory Outlier Tests (SOT), taking into account a dynamic interest rate floor.

Interest rate stress tests are carried out using the TXS Pfandbrief software to assess the interest rate risk inherent in mortgage bonds and the cover pool underlying them. In accordance with the static approach defined in section 5 of the German Pfandbrief Cash Value Ordinance (PfandBarWertV), the yield curve is shifted by plus/minus 250 basis points and compliance with the statutory limits and internal warning thresholds is monitored. As of the reporting date of 31 December 2024, the result from the shift of plus 250 basis points was EUR 677 million (previous year: 248 million), with a shift of minus 250 basis points to EUR 862 million (previous year: EUR 397 million). If required, an ad hoc stress test can be carried out for any interest rate scenarios.

The ABS bonds held in the investment portfolio, which are based on own assets, had a nominal volume of EUR 3.0 billion as of 31 December 2024 (previous year: EUR 3.0 billion): EUR 4.8 billion). In the course of the reporting year, our bank completed one ABS transaction from the investment portfolio (clean-up call, exercise of the buy-back option). As a result, the investment portfolio fell. At the beginning of the year, the retained ABS served as collateral for TLTRO drawings at the ECB until full repayment. At the end of the year, there was a theoretical impairment of EUR 125.2 million for own ABS securities compared to the previous year (previous year: EUR 258.1 million). This was due to lower interest rates, lower spreads on ABS bonds and the changed composition of our portfolio. During the reporting year, two securities matured at our bank and one new security was acquired; these are recognised as fixed assets. As of 31 December 2024, the securities portfolio amounted to EUR 800 million (previous year: EUR 1,000 million). The value at risk (VaR) at the same time totalled EUR 1.5 million (previous year: EUR 10.3 million) with a confidence level of 99%, 500-day observation period and 20-day holding period.

In 2024, a portfolio of three long-term bonds with a volume of EUR 390 million was also acquired to hedge the interest rate risk from pension obligations.

Commodity and other price risks are not relevant for our bank. We do not hold any significant shareholdings.

Market price risks also include direct residual value risks. Residual value risk is defined as a negative deviation of the calculated residual value of a leased asset from the market value at the end of the contract term. This is a direct residual value risk if the lessee does not have a put option or a repurchase agreement with a guarantor. Although our bank does not enter into any direct residual value risks, these represent a significant risk at the consolidated level of the German financial group and are therefore included in the risk monitoring and risk-bearing capacity calculation.

Credit spread risk in the banking book

The (credit) spread risk is a market price risk. The credit spread is defined as the difference in yield between a risk-free bond and a risky bond. Credit spread risk refers to the risk of changes in the market value of a group of products exposed to credit risk due to market perception of credit quality, either as a result of changes in expectations regarding credit quality or changes in market liquidity. The CSRBB risk of the bond portfolio is calculated using a value at risk (VaR) calculation alongside the interest rate risk and amounts to EUR 1.5 million as at December 2024.

Pension risks

The bank defines pension risk as the risk of increased pension obligations resulting from changes in interest rates and biometric parameters. This risk is included in the processes of risk management and controlling as well as in the risk-bearing capacity calculation. The pension risk is determined using a Monte Carlo simulation and monitored via the individual limit defined in the risk-bearing capacity calculation. In addition, the cash flows resulting from the pension obligations are taken into account in all interest rate shock scenarios. Since the publication of BaFin Circular 06/2019, pension cash flows have also been embedded in all scenarios that are relevant for the Supervisory Outlier Test (SOT). Our Board of Directors is regularly informed about the development of the calculations.

Liquidity risks

The two main liquidity risks identified by our bank are refinancing risk and insolvency risk; the latter can result in a loss of earnings due to a deterioration in our own refinancing conditions on the money or capital markets.

Refinancing risk

Refinancing risk describes the risk that funds can only be raised at increased costs due to deteriorating conditions (e.g. rating changes) on the finance or capital market. Therefore, refinancing risk can lead to potential profit losses and is also referred to as refinancing cost risk. Refinancing risk is managed and monitored as part of the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Internal Capital Adequacy Assessment Process (ICAAP), which are embedded in our risk and proprietary business strategy as part of general risk management.[1] The core elements of the ILAAP are the modelling, quantification, validation, monitoring, and reporting of liquidity risks and the review of these processes by Internal Audit. The aim is to ensure robust liquidity risk management. The liquidity risks described below are also part of the ILAAP. Liquidity risk is managed from an economic perspective by means of the liquidity development report, which compares the expected cash inflows and outflows over a period of 72 months, and on the basis of current forecasts, which are prepared daily by our Treasury function. In addition, our bank calculates liquidity stress tests in various scenarios based on the maturity profile; these in turn lead to the calibration of the liquidity buffer.

As of the balance sheet date, the bank had established the refinancing of its lending business on the following pillars: Deposits from private and institutional customers (65%, previous year 65%), securitisation transactions placed on the market (14%, previous year 11%), medium-term notes, commercial paper and mortgage bonds (9%, previous year 12%) as well as borrowing from third-party banks and the issue of instruments that are considered eligible liabilities for the purposes of recovery and resolution planning (12%, previous year 12% incl. TLTRO).

Thanks to our bank's diversified refinancing structure, liquidity was ensured at all times during the reporting year. We have also regularly updated the liquidity contingency plan in accordance with ILAAP requirements: with measures in the event of a liquidity bottleneck, including communication channels. This includes a presentation of the liquidity sources that are directly available.

We have set warning thresholds and limits for daily liquidity requirements in order to guarantee the fulfilment of payment obligations in the mortgage bond business at all times and to identify liquidity bottlenecks. The largest cumulative liquidity

[1] For the assessment of the refinancing cost risk in the ICAAP, see the ICAAP section.

gap for the next 180 days is monitored every day. In addition, a warning threshold has been set at 210 days. Continuous coverage must be ensured during this period. Liquidity monitoring in the covered mortgage bond business is also designed to ensure that the statutory limits and the internal early warning indicators in the liquidity forecast are met.

As of 31 December 2024, the liquidity coverage ratio (LCR) was 255% (previous year: 221%).

The monthly risk report contains the liquidity development report and key figures so that the dispositive and structural liquidity view can be assessed. Our Financial Management also provides information on cash management, refinancing and investment policy at the meetings of the Board of Directors.

Risk of insolvency

This risk signifies the risk of failing to honour payment obligations or not honouring them on time. A potential reason may be a general liquidity disruption on the money markets; this may affect individual institutions or the entire financial market. In particular, market disruptions may result in the loss of important assets. Liquidity bottlenecks can also be caused by unexpected events in the company's own lending and deposit business. Treasury manages this risk, while our Controlling department is responsible for monitoring it.

With the help of the Daily Liquidity Status and Outlook report, our bank monitors and forecasts liquidity requirements for the next five days and thus enables us to control sufficient short-term liquidity.

In order to facilitate intraday liquidity management, our bank maintains accounts for the minimum reserve with the ECB. In addition, payment transactions with large positions are processed via Target2 accounts. The balances of these accounts are monitored and made available several times a day so that the required liquidity is also ensured and monitored on an intraday basis.

Short-term liquidity requirements are evaluated using the Independent Liquidity Reserve indicator and presented in the internal risk report. In order to cover these requirements, our bank currently maintains a liquidity buffer of at least EUR 2.1 billion; the amount of this buffer is validated and redefined on a monthly basis using various stress scenarios. Based on macroeconomic and idiosyncratic stress scenarios as well as a combination of these scenarios, potential effects on liquidity positions are also analysed and presented in the risk report.

Strategic business risks

The bank considers business strategy risks to be the risk of potential losses and reduced profits due to unfavourable business strategy developments, decisions or business area-specific targets or a negative change in the economic environment. This also includes the failure to achieve sales targets due to changing customer preferences or new market participants. Our Board of Directors manages strategic risks directly using suitable instruments (e.g. in sales and marketing), while our Controlling department monitors them. Our sales units manage sales risks, which are also monitored by Controlling. In this context, we analyse the effects of changes in legislation, regulatory requirements and consumer protection regulations in order to take them into account appropriately in our business strategy and product development. In response to the implementation of the German Future Financing Act, in particular the so-called cooling-off phase for residual debt insurance, we worked with our insurer to revise its products and our sales process as part of a new product process. Our bank had already broadened its insurance brokerage activities as part of the VAG amendments in 2022 and is therefore not exclusively dependent on the residual debt insurance we broker in this area. Essentially, mobility and income protection products have been added. The purpose of these is to reduce the potential impact on earnings and has been taken into account as part of the business planning process.

Operational risks

Non-Financial Risk & Internal Control is responsible for measuring and monitoring operational risks.

In accordance with the Capital Requirements Regulation (CRR), our bank defines operational risk as the risk of losses caused by the inadequacy or failure of internal processes, people and systems or by external events. This definition also includes legal risks; strategic risks as well as business and reputational risks are explicitly excluded.

Specially trained OpRisk coordinators actively manage the operational risks in their respective areas and utilise Group-wide instruments and procedures for this purpose. As a second line of defence, Non-Financial Risk & Internal Control monitors and supports the specialist departments within operational risk management and reports to the risk committees and the full Board of Directors. The instruments and procedures include, in particular, the reporting and analysis of loss events that have already occurred (internal loss data), risk control self-assessments, scenarios for anticipating high operational risk potential and the review of risk indicators that act as an early warning system. Checks are also planned to identify any weaknesses that could trigger an increased operational risk. Operational risks are identified and assessed, the risk profile and concentrations are regularly monitored and risks are systematically mitigated. In addition, operational risks are limited as part of the economic capital and monitored using key figures that measure the risk appetite and are regularly reported to the risk committees. As of 31 December 2024, the primary ratio of the net loss amount, i.e. less any reimbursements, to the gross result "OpRisk net loss to gross margin" was 0.83% (previous year: 0.61%).

With the aim of ensuring its functionality, our bank has also implemented a business continuity management concept so that business processes identified as critical can be continued in the event of a disruption or emergency.

Information and communication technology risks, including risks from cybercrime

In recent years, the risks arising from the use of new technologies and advancing digitalisation as well as cybercrime have continued to grow. That is why our bank pays particular attention to these operational risks.

The main objectives of our cybersecurity strategy for managing cyber-risks are to protect against cybercrime and create a resilient infrastructure; to this end, we rely on modern technological tools.

To achieve these goals, we have implemented a cybersecurity framework that builds on methods of international security standards and at the same time follows the Santander Group's Cyber Security Framework. The regulatory requirements (banking supervisory requirements for IT, BAIT) are taken into account and corresponding guidelines and procedures are derived and implemented.

Our bank has developed a holistic approach to reduce the probability of cyber-risks occurring by implementing suitable countermeasures and thus minimising losses from cybercrime. When using cybersecurity services, our bank benefits from the expertise, services, and resources of the Santander Group. In order to further improve cybersecurity measures and meet the challenges with even more modern methods, our Group continued strategic initiatives in the reporting year, including Secure Development Lifecycle, Zero Trust Access and Supply Chain Security.

Outdated systems and applications are the cause of many cyber-risks. To close these vulnerabilities, our bank follows Santander Group's "zero tolerance" policy. Based on the criticality classification of IT systems, we have set priorities and pursue the goal of ensuring that there is no outdated software or hardware, no overdue critical security patches and no overdue critical vulnerabilities. For this purpose and in order to review measures, our bank has established corresponding key figures and monitoring mechanisms.

The task of the cybersecurity team assigned to the Chief Information Security Officer (CISO) is to ensure the implementation and monitoring of IT security standards. Operational risk and risk appetite indicators have been defined to monitor the main operational risks (fraud, IT, cybercrime and outsourcing). In addition, we have further developed the control environment within the first line of defence. On a monthly basis, Non-Financial Risk & Internal Control reports the above-mentioned indicators to management and also monitors IT and cyber-activities as well as corresponding measures.

Risk of fraud

Fraud risk describes the risk arising from economic crime that threatens our business. As a fraud prevention function, Fraud Steering is responsible, among other things, for developing fraud prevention systems and establishing and optimising processes. The department is also responsible for implementing requirements and communicating with various units, as well as regularly reporting and analysing fraud scenarios. There is a constant flow of information to the central office in Compliance. In terms of methodology and approach, the competence for the framework guidelines remains with the Central Office.

The Risk Execution Retail & Fraud Prevention department is responsible for processing reports of suspected fraud, carrying out corresponding research and filing criminal charges, as well as training sales employees.

Risk from outsourcing

Outsourcing risk refers to the risk of potential losses due to outsourcing to companies as a result of possible dependencies on these companies, a lack of transparency about these companies or a lack of opportunities to intervene in the event of poor internal processes or business difficulties at these companies. In order to implement the regulation pursuant to section 25b KWG and the Group-wide requirements for the selection, management and control of relevant service providers, our bank has established comprehensive regulations aimed at defining the requirements for outsourcing based on their risk content.

Central outsourcing management, which is organisationally part of our Controlling division, defines the rules according to which service providers may work for our bank and sets guidelines for ongoing monitoring. The actual management and fulfilment of the regulatory requirements are the decentralised responsibility of the respective department that receives the service.

Legal risks

The bank considers legal risk to be the risk of losses due to the violation of applicable legal provisions, including regulatory provisions and contractual obligations. This also includes the risk arising from a change in jurisdiction for transactions concluded in the past, but not the risk of having to reorganise future business activities as a result of a change in the legal situation.

Legal & Governance, Compliance and the Public Policy function keep the relevant areas of our bank up to date with the latest legal and regulatory developments so that these are taken into account in our business activities. Contracts and standard forms are coordinated with our legal department. We form appropriate provisions for existing legal risks.

Process risks

Process risk is the risk of losses due to errors in the processing of transactions, in process management or in relationships with business partners. The business units are responsible for defining their processes and ensuring that they are properly executed. In order to reduce risks, controls are defined, evaluated and certified as part of the control model and monitored using organisational security measures. Measures are integrated into both the structural and procedural organisation of our bank to prevent errors and ensure a specified level of security.

Model risks

Model risk refers to the risk that the application of simplified or inappropriate methods or parameters may not adequately reflect market realities and that the bank's actual earnings or risk situation may not be correctly represented as a result; this also includes the risk of inappropriate application of models. The line manager responsible for the model manages the risks. Risk Controlling is responsible for monitoring risks that may arise from model deficiencies. To ensure that this type of risk is adequately managed and controlled, we have carried out an inventory of risk models and introduced a set of rules for dealing with model risks. In addition, all statistical models are validated at regular intervals.

Reputational risks

Reputational risk is defined as the risk of actual or potential negative economic impact on the bank due to damage to the perception of the bank among its stakeholders (customers, employees, shareholders, other credit institutions and the public in general, such as rating agencies and supervisory authorities). Sustainability aspects are becoming increasingly important here. Reputational risks rarely occur on their own, but usually in addition to other types of risk. They are controlled by the responsible line managers. To this end, Regulatory Compliance has drawn up guidelines according to which the divisions identify, analyse and evaluate potential risk scenarios in order to subsequently define and take measures if necessary. These scenarios are reported to Regulatory Compliance, which in turn supports the divisions in managing their reputational risks. The department also organises a regular Reputational Risk Forum, in which various divisions of the bank participate, and carries out the Reputational Risk Assessment, in which various risk scenarios are mapped. We see reputational risks as a key risk driver for our refinancing situation on the capital market. The aim of our control system is to minimise any damage to our reputation and therefore to our refinancing situation.

In addition to the material risks that are directly included in the risk-bearing capacity calculation, the following risks have been assessed as relevant as part of the risk inventory: migration risks, industry and sector risks, investment risks, strategy implementation risks, procurement risks, compliance risks, conduct risks, financial crime risks and personnel and sustainability risks (ESG risks). The latter two risk types and the reputational risk categorised as material act as risk drivers for other risk types and should therefore not be regarded as stand-alone risk types. Relevant risks occur when the assessment results in an overall score of at least 2.3 but less than 2.5. They are managed and monitored directly by the responsible divisions in compliance with the three lines of defence model. They are explained below:

Migration risk

Migration risk refers to the risk of loss due to deterioration in the creditworthiness of a borrower within the agreed credit period. Our risk management units manage these risks and Risk Controlling monitors them.

Sector risks

Sector risk describes the risk arising from exposure to specific sectors due to concentration on certain products that are exposed to different economic developments over time (e.g. changing consumer habits or rising commodity prices). Any sector risks are monitored as part of concentration risk monitoring. Our risk management department prepares regular reports for the main sectors.

Investment risks

The bank defines equity investment risk as the decline in the carrying amounts of equity investments, the default on dividend payments, and any additional funding obligations. This risk is reviewed and assessed as part of the so-called "impairment tests". When acquiring further investments, the materiality of this type of risk is reviewed during the acquisition analysis, which corresponds to an event-driven risk inventory, and further control mechanisms are implemented if necessary.

Strategy implementation risk

Strategy implementation risks are often project-related and are managed as such as part of project management. When new products are launched or new markets developed, we have implemented a new product process in which the standards for minimising project risks are set. IT projects are managed and monitored in accordance with the existing committee structure, with associated prioritisation and escalation mechanisms.

Procurement risk

Our bank defines procurement risk as the risk that arises in the process of purchasing or procuring products, services or resources due to price fluctuations and that complicates price calculation.

Compliance risks

The bank describes compliance risk as the risk of potential losses arising from non-compliance with regulatory or statutory requirements. The responsible line manager manages these risks and our compliance department monitors them.

The compliance function is responsible for identifying the main legal regulations and requirements, non-compliance with which could jeopardise the bank's assets. The function uses the web-based information system RADAR to identify new legal requirements. In addition, reports from national and European banking supervisory authorities as well as reports from other publicly available sources are regularly reviewed. Compliance also monitors the implementation of key legal regulations and requirements.

Conduct risks

Conduct risk is defined as the existing or future risk of losses due to misconduct or inappropriate practices by the bank in the context of the customer relationship, including the way in which customers are treated and the products and services offered by our bank and their suitability for the individual customer. Conduct risk is primarily identified, assessed, managed and minimised by the specialist departments that have direct or indirect contact with customers. These primarily include the areas responsible for product development, sales, customer service and receivables management. Group-wide instruments and procedures, such as the Conduct Risk Self Assessment and various metrics and KPIs for monitoring conduct risks, for example in connection with receivables management or insurance sales, are used. Compliance provides the framework for managing these risks and checks that they are adhered to with the help of a comprehensive monitoring and control system. This includes providing close support during the launch of new products, monitoring all existing products, reviewing and approving advertising and marketing materials and training measures for sales, monitoring the number of complaints and the reasons for them, and carrying out root cause analyses as an indicator of grievances. For the securities business in particular, it is also planned to randomly check customer documents and, if necessary, approve them with amendments in order to ensure the necessary honesty and transparency – with a focus on possible product risks and costs for customers. In addition, the training measures for our employees in the securities business are reviewed to ensure that their content is correct and that they prioritise customer interests as desired. The same is intended for all internal work instructions and guidelines.

Risks from financial crime

Financial crime risks include the risk of fraud, misleading advertising, money laundering and terrorist financing, corruption, bribery and influence peddling, stock market crime or market abuse as well as the risk of disclosing company secrets.

In order to counter these risks, a regular risk analysis (sections 5 and 9 GwG) provides for a risk-reducing overall concept in accordance with section 25h para. 1 sentence 1 in conjunction with para. 7 sentence 1 KWG. In conjunction with para. 7 sentence 1 KWG, taking into account the organisationally defined risk aspects.

Personnel risks

Our bank defines personnel risk as the risk of losses due to insufficient qualitative and/or quantitative staffing, for which our Human Resources division is responsible. It reviews the quality of staffing, e.g. on the basis of annual employee performance appraisals. In the upper management lines, we implement 360-degree feedback, which incorporates the assessments of line managers, employees and colleagues at the same level. Quantitative staffing levels are ensured by analyses carried out by our Organisation unit that demonstrate the need for new positions. These draft decisions are presented to our Board of Directors. As part of the transformation project, governance was established to manage and monitor the measures to reduce the workload. Within the governance model, the Board of Directors is regularly informed about the status, progress and risks as well as the corresponding mitigating measures. In this context, the Board of Directors has the authority to initiate further measures at any time in order to counteract potential risks to the proper continuation of business operations.

Foreign exchange risks

The risk arises from potential losses in the value of balance sheet and off-balance sheet items due to unfavourable movements in foreign exchange rates. In December 2024, our bank's portfolio contained an open position in foreign currencies totalling EUR 8.6 million (previous year: EUR 5 million). Foreign currency risks are managed by Financial Management and monitored by Risk Controlling.

Sustainability risks

Sustainability risks or ESG risks have environmental, social and corporate governance aspects. As risk drivers, they affect other risk types (such as credit risks or operational risks, but also the external perception of our bank's reputation). They are not considered a separate type of risk, but a secondary risk. We already take sustainability risks into account in the "established" risk types, e.g. in the lending process of our corporate client business or in operational risk management when we record external events. In view of current social, economic and regulatory developments, we are working on further integrating sustainability risks into our risk management and risk controlling processes. In the reporting year, we analysed and discussed the risk drivers of ESG risks as part of the risk inventory. We have also analysed the impacts of a physical and a transitory scenario on our risk-bearing capacity.

Concentration risks

Our bank also manages and monitors potential concentration risks. The Herfindahl-Hirschman index is used as a measure of concentration. Concentration risks are risks that from an uneven distribution of business partners in lending and other business relationships or from sectoral or geographical business focuses, and which significantly impair the operating result. These can occur within a single risk type or together in different risk types and have an amplifying effect. Our business model results in potential concentrations primarily due to the type of property to be financed (motor vehicles, real estate). We present the effects of identified concentrations on a monthly basis in the notes to the risk report. We have also defined size- and sector-dependent risk tolerances in order to efficiently limit or avoid concentration risks. We monitor and limit the deliberate assumption of concentration risks due to market developments by evaluating them using risk appetite indicators.

Sector risks are also analysed under concentration risk aspects, whereby our bank has established regulations with regard to the limitation of certain sectors. For SME financing, we have also implemented monitoring based on industry reports.

In our mortgage bond business, possible concentration risks – in relation to the cover pool underlying the mortgage bonds – must be limited in accordance with the PfandBG. Our bank fulfils this requirement by setting internal warning thresholds and limits. The authorisation criteria of the location, the collateral object and the loan amount are taken into account.

Concentration risk is also analysed for liquidity risk, where we regularly monitor the liquidity structure and maturities.

Identified concentration risk scenarios are mapped in the risk-bearing capacity calculation.

ICAAP

Two complementary perspectives are defined in the ICAAP: the normative perspective ensures that the regulatory capital ratios for the next three years are maintained within a base scenario and monitored using two adverse scenarios. The normative perspective takes into account all material risks that may have an impact on relevant regulatory key figures, including own funds and risk position amounts, in the planning period. The economic perspective primarily ensures adequate capitalisation based on the economic value of the bank. The two ICAAP perspectives are closely linked and inform and complement each other.

The economic perspective looks at internal capital on a near present value basis and economic capital requirements on a present value basis. Adequate capitalisation is deemed to exist if the sum of the material risks is covered by the internal capital, which represents the economic value of the bank. The ratio between internal capital and the sum of economic capital requirements is known as the economic capital coverage ratio (ECCR). Adequate capitalisation is given from an economic perspective if this ratio exceeds 100%. The economic perspective is based on a value at risk (VaR) approach with a standardised confidence level of 99.95% for all risk types. The holding period for the economic perspective is generally one year. In order to ensure a conservative calculation approach, internal capital is derived from balance sheet figures close to present value by adjusting them for hidden charges and other deductible items.

The counterparty default risk is calculated by determining a loss distribution of the loan portfolio on the basis of a Monte Carlo simulation for a holding period of one year. The basis for this is Banco Santander's credit portfolio model (multi-factor model). The VaR is calculated as a measure of risk with a confidence level of 99.95%. The unexpected loss is calculated as the difference between the VaR and the expected credit risks.

As of 31 December 2024, the total amount for credit risk was EUR 742.9 million (previous year: EUR 655.6 million). At the same time, the ECCR for the main business segments was between 113% and 397% of the total amount for credit risk. The counterparty credit risk is part of the counterparty default risk and credit portfolio model described above. As of 31 December 2024, the risk amounted to EUR 215,4 million (previous year: EUR 166 million).

To calculate the interest rate risk, a loss distribution is estimated based on a historical simulation with a holding period of 62 days. The risk-free interest rate curve of the Euro Short-Term Rate (€STR) is used. The VaR totalled EUR 165.5 million as of the balance sheet date (previous year: EUR 241.6 million). In addition, the changes are calculated for various historical and hypothetical stress scenarios (including a parallel shift in the yield curve by 100 basis points as a key internal control variable).

The VaR for ABS risks measures the loss in value of the retained debt securities from own securitisation transactions at a confidence level of 99.95%. This loss in value is derived from historically observed spread changes. As of 31 December 2024, the risk amounted to EUR 2.3 million (previous year: EUR 4.2 million.

For existing market price risks from losses in the value of securities, the value at risk for a 20-day holding period is EUR 27.8 million (previous year: EUR 11.1 million). The reason for the shorter holding period compared to the other risk types is the acquisition of only highly liquid assets that we expect to be able to sell on the market at any time.

The value at risk for managing foreign currency risks was EUR 2.7 million in December 2024 (previous year: EUR 2.7 million): EUR 1.4 million) and thus within the defined limit. When determining the market price risk, the historical simulation with a holding period of 62 working days is used for the foreign currency risk.

Operational risk is determined using the loss database as well as external data from the Operational Riskdata eXchange Association (ORX) and scenario analyses (own survey). For this, damage data are assigned to the seven Basel II event type categories and the damage frequency per year and the respective damage amounts are modelled. Loss distributions are calculated using the Monte Carlo simulation. The economic capital for operational risks is calculated in the form of a value at risk with an observation period of one year and was unchanged compared to 2023 at EUR 397.7 million as of the reporting date.

The liquidity VaR for determining the refinancing cost risk is based on a liquidity gap analysis and measures the monetary impact of changes in our bank's refinancing costs that arise from closing any liquidity gaps in the future. The simulation of refinancing costs is calculated using historical CDS spread curves based on a data history since 2012. Banco Santander's CDS spread curve is the main risk driver for refinancing cost risks. The CDS spread is the spread that the bank must pay to investors. A higher CDS leads to higher refinancing costs and therefore to a risk. All of the bank's cash flows are included in the refinancing cost risk, which leads to a very conversative approach with regards to the CSRBB. The cash flows include issues such as collateralised bonds, ABS and MTNs. The holding period for closing liquidity gaps is set at 62 trading days. The VaR at the end of the reporting year totalled EUR 0.1 million and was therefore slightly higher than in the previous year, when it had amounted to EUR 0.0 million.

The calculation of business risk is based on a normal distribution calibrated with the deviations of budgeted to realised profit. The VaR as of 31 December 2024 was EUR 101.5 million (previous year: EUR 104.8 million).

The pension risk is calculated using the Monte Carlo simulation. The iBoxx-curve is used to discount the cash flows and pension obligations. The spread between the risk-free interest rate curve and the iBoxx-curve is modelled using a stochastic model. Changes in the spread are then included as CSBB in the VaR for the pension risk. The longevity risk is modelled as distributed normally. The VaR totalled EUR 54.8 million as of the balance sheet date (previous year: EUR 140.4 million).

The model risk is calculated implicitly in the above-mentioned risk types and is taken into account by adding premiums to the parameters on which the risk types are based.

In addition, our bank regularly carries out an overall bank stress test that includes all significant risk types. An additional, more detailed view of sensitivity results from historical and hypothetical scenarios as well as stress tests with macroeconomic factors. Idiosyncratic and market-wide scenarios as well as their combinations are presented. In addition, potential risk drivers for the implementation of inverse stress tests are identified. Our bank implements a total of four crisis stress tests with an inverse orientation, which are of particular importance in the preparation of the reorganisation plan for the Santander Group.

In the 2024 financial year, we took ESG-related risk factors into account for the first time in our overall bank stress tests, which – based on scientific models – are intended to show the effects of physical and transitory risks.

The adequacy of our bank's capitalisation is monitored using a three-tier risk tolerance system at overall bank level and at the level of risk types and business lines. In the reporting year, the capitalisation in both management groups was adequate at all times. As of the balance sheet date, the capital surplus ratio was 222.2% (previous year: 199.2%). This ratio results from internal capital totalling EUR 3,322.1 million (previous year: EUR 3,101.8 million) and the sum of the economic losses of the main risk types totalling EUR 1,495.2 million (previous year: EUR 1,556.9 million).

The Common Equity Tier 1 capital ratio in accordance with section 10 KWG in conjunction with Art. 92 para. 1 lit. a) CRR was 14.94% (previous year: 12.98%); the core capital ratio 14.94% after 12.98% in 2023. Own funds in accordance with section 10 KWG in conjunction with Art. 72 CRR totalled EUR 3.532 billion (previous year: EUR 3.324 billion). Risk-weighted assets (RWA) totalled EUR 20.997 billion (previous year: EUR 22.526 billion). This results in a total capital ratio within the meaning of Art. 92 (1) c) CRR of 16.83% at the end of 2024 (previous year: 14.76%).

All capital topics are presented and discussed in the local capital forum with regard to both their regulatory and economic aspects. The Board of Directors is represented in this forum by the CAO and the CRO. The full Board of Directors makes decisions based on the discussions, e.g. regarding capital measures.

CONCLUDING REMARKS ON THE RISK REPORT

The 2024 financial year was characterised by the ongoing stagnation of the German economy. This standstill is due on the one hand to falling demand from abroad and thus to declining exports, and on the other hand to falling investment in construction and equipment. The strong wage increases have not yet led to a broad-based revitalisation of private consumption.

Our sales, our portfolio and our interest income developed very well, but increased expenses for risk provisioning required our attention and targeted management. In the reporting year, the impact of the higher price level on our customers' household income and the ongoing weakness of the German economy were reflected in a higher level of observed loan default rates in the private customer business compared to 2023. In order to limit the risk content of new business in the long term, we have taken extensive measures to significantly reduce the volume of new business in some business areas in favour of a higher average customer credit rating. Against this backdrop and in view of the ongoing uncertainties, we are maintaining our risk appetite.

As in previous years, we continued to develop the risk management and risk controlling system in the reporting year as key components of adequate bank management and adapted it to the challenges on the markets. In order to further optimise risk management and risk controlling processes, we intend to transfer the next portfolios to the IRBA. To this end, in 2024 we applied to use the internal approach for vehicle financing from those corporate customers that are not assigned to the Business & Corporate Banking portfolio or are car dealers. We are also currently working on the introduction of a multi-client-capable system ("NEO"), which will help to fulfil BaaS requirements.

We expect the coming financial year to be characterised by great uncertainty and major challenges for the economy and society. These include the possible diverse consequences of the geopolitical crises and the changing political situation (e.g. due to the change of presidency in the USA). Further economic shocks for the export-orientated German economy can therefore not be ruled out. We monitor all of these developments closely and analyse them continuously in order to develop and introduce appropriate measures based on our experience to date.

OUTLOOK AND OPPORTUNITY REPORT

Global economic growth is expected to be just over 3% in 2025. At the same time, inflation is expected to continue to fall in the most important developed countries. Significant progress in the inflation trend has enabled central banks to begin normalising interest rates as early as 2024. Overall, the gradual normalisation of economies and markets offers a somewhat more stable environment for the coming year than in previous years. Despite this positive outlook, there are also risks to be considered. For example, stronger than expected economic development could have an impact on interest rate forecasts and central bank strategies. In addition, weaker economies could have a negative impact on corporate profits and the valuation of risky assets. The war in Ukraine and the conflict in the Middle East remain significant risk factors. Additional uncertainty results from the new Trump administration in the US, which has a Republican majority in the Senate and the House of Representatives. Possible policy measures could include tax cuts, tariff increases and a stricter immigration policy.

The economy in the eurozone should gradually recover in the coming years. Rising real wages and employment as well as an easing of financing conditions should have a positive impact on private consumption – one of the main drivers of growth. This in turn should also lead to an increase in investments. Assuming that the trade policies of Europe's most important trading partners remain unchanged, an increase in foreign demand is also assumed. Overall, economic growth in the eurozone is expected to be around 1.1% in 2025.

The growth momentum of the German economy as a whole should gradually pick up again in the coming year. Positive impetus should then come from private consumption in particular, as real incomes will increase significantly thanks to a comparatively stable labour market, a sharp rise in wages and stable inflation. Investment in equipment is also likely to increase again, while construction investment is not expected to make a noticeable contribution until 2026. In addition to the general risks to macroeconomic development, Germany and the future federal government face additional challenges with regard to digitalisation and the transformation to a climate-neutral economy, including with regard to government investment in compliance with the debt constraint. Overall, economic growth of around 0.3% is expected for 2025, which is low by European standards.

The downward trend in inflation should stabilise in the coming year, particularly due to the gradual easing of wage pressure. An inflation rate of around 2.2% is forecast for Germany, which is just above the ECB's target level. Overall, the expected inflation trend suggests that the ECB could ease its still restrictive monetary policy further in 2025. However, it is not following a pre-defined interest rate reduction path; rather, it continues to make decisions based on the available data.

Economic weakness had an increasing impact on the German labour market in the reporting year. The unemployment rate rose to 6.0% (previous year: 5.7%). But despite all the difficulties, the labour market remains comparatively robust. Demand for labour remains at a high level, while there is a pronounced shortage of skilled workers. Although companies' willingness to recruit has fallen in the meantime due to the weaker economy, it should gradually improve again as the economy gradually recovers. The decline in the labour supply will have a greater impact, particularly due to demographic trends. Initially, however, the unemployment rate is still expected to rise to around 6.3% in 2025; one reason for this is the statistical overhang from 2024.

At the end of 2023, the Future Financing Act was passed, which, in addition to measures for easier access to the capital market for small and medium-sized companies, provides for temporal decoupling: there must be a seven-day cooling-off period between signing a loan agreement and taking out residual debt insurance. This law came into force on 1 January 2025; since then, residual debt insurance has been sold by us exclusively in after-sales and no longer at the point of sale. Furthermore, the premiums are no longer co-financed with the loan. Against this backdrop, we expect a significant reduction in income from residual debt insurance. We have revised our product portfolio and expanded it in the mobility sector in particular. We expect these measures to partially offset the decline in income from residual debt insurance. As a result, we do not anticipate a significant decline in insurance commissions overall, but only a very considerable reduction.

In this challenging environment, our Bank expects the developments described below in its fields of activitiy (Mobility, Direct Business and Business & Corporate Banking).

In the Mobility field, we are one of the largest manufacturer-independent financing partners in the car, motorbike and (motor)caravan sectors in terms of credit volume. Santander is also one of the largest lenders among the manufacturer banks known as "captives" in Germany. Our strategy is geared to defending our strong market position in the long term.

For Germany, we are forecasting around 6.7 million changes of ownership and around 2.8 million new registrations in the coming year. We therefore assume that the number of vehicle registrations in the German market as a whole will remain relatively constant compared to 2024 and below the pre-coronavirus level. The reasons for this are consumer uncertainty regarding the future of alternative drive types as well as the general (geo)political and economic situation and trends such as mobile working, the use of public transport and car sharing.

For 2025, we anticipate a financing volume of around EUR 6.8 billion in the end customer segment of the new mobility business and thus an increase compared to 2024. We expect a decline in credit turnover to just under EUR 8 billion for retailer purchase financing.

We would also like to intensify our cooperation with dealers and importers in the coming year – also by supporting them with digitalisation. Among other things, this is made possible by the further expansion of our platform business via our own mobility platform Autobörse.de. We will continue to work on expanding the omni-channel approach in the mobility segment in the next financial year.

In the Business & Corporate Banking division, we expect a strong expansion of our loan portfolio (net portfolio changes). Our sales activities continue to focus on acquiring customers with an international focus in the core regions of the Santander Group (Europe, North and South America). In the long term, we want to build a sustainable partnership with German SMEs.

With regard to our direct business, we are planning to take account of changing customer needs by increasingly focusing on our Santander direct consultation service in addition to the advice provided in our branches. For example, we want to increasingly address our customers via digital channels and remote services. We aim to increase both customer loyalty and product penetration (number of products per customer) with a highly personalised customer approach. We are consistently improving our omni-channel market presence, in which our customers determine how they wish to utilise our services and communicate with us. In direct business, we expect the amount of new business in 2025 to remain roughly stable compared to the reporting year at EUR 2.1 billion.

In the coming years, our bank will cover its refinancing requirements primarily through customer deposits. We also rely on our tried and tested approach: the securitisation of customer receivables and their subsequent placement on the capital markets. At the same time, we will continue to utilise our range of short-term and long-term refinancing instruments as required. These include, for example, drawings under our commercial paper programme. We continue to focus on a broad diversification of our liabilities.

For 2025, our bank expects the developments described below for the key earnings figures:

We are forecasting considerable growth in net interest income for the coming year. The expiry of loans with lower interest rates means that average interest rates in the customer loan portfolio will continue to rise and interest income will continue to grow slightly. Interest expenses, on the other hand, will fall moderately, as refinancing via customer deposits will benefit from falling deposit interest rates.

We anticipate a considerable decline in net commission income in 2025. Insurance commissions will fall considerably, primarily due to the Future Financing Act, which came into force at the beginning of 2025. Declining dealer commissions and similarly reduced other commission expenses can only partially compensate for this.

We expect administrative expenses to be considerably lower in 2025. In particular, personnel expenses will fall considerably due to the elimination of restructuring costs, while other administrative expenses will decrease moderately.

The significant increase in income and the decrease in administrative expenses will lead to a considerably improved cost-income ratio.

We expect risk costs to remain stable in the coming year.

We expect other operating income to be in the low double-digit million range in the coming year.

As a result, we are forecasting a sharp rise in net profit for the 2025 financial year thanks to the considerable increase in net interest income and lower administrative expenses. The decline in other operating income and lower net commission income have an opposing effect. With a moderately reduced volume of our risk-weighted assets (RWA), this is expected to lead to a sharp rise in RoRWA.

CORPORATE GOVERNANCE STATEMENT

In August 2021, the Second Management Positions Act for the equal participation of women and men in management positions in the private and public sectors was passed – with the aim of increasing the proportion of women in management positions and ultimately achieving gender parity. In accordance with this regulation, our bank is responsible for setting targets for increasing the proportion of women and setting deadlines for achieving these targets in the Supervisory Board, Management Board and upper management levels.

Our Supervisory Board and Executive Board defined targets for the proportion of women in 2021. The 2025 financial year was set as the deadline for achieving these targets. The actual figure relates to the end of 2024.

We are continuously developing our catalogue of measures in order to increase the proportion of women in management positions at our bank and achieve the targets in full by 2025. We will continue to press ahead with the implementation of the measures in the future.

These include, for example, a local and global mentoring programme, corporate seminars specifically for women of high potential and our offer for female department heads in cooperation with a non-profit association for the sustainable development of female managers.

Mönchengladbach, February 20th, 2025

The Board

Volpe

Donat

Hanswillemenke

Klöpper

Silva

Targets

	Target figure	Actual figure
Supervisory Board	50%	50%
Board of Directors	20%	0%
First reporting level	30%	23%
Second reporting level	30%	25%

BALANCE SHEET/ PROFIT AND LOSS STATEMENT

BALANCE SHEET AS OF 31 DECEMBER 2024

of Santander Consumer Bank AG, Mönchengladbach/Germany

Assets	2024 EUR	2024 EUR	2023 TEUR	2023 TEUR
1. Cash reserve				
a) Cash-in-hand	**59,556,797.44**		40,119	
b) Central bank balances	**826,811,932.99**	**886,368,730.43**	647,089	687,208
of which with German Central Bank EUR 826,811,932.99 (prior year TEUR 647,089)				
2. Receivables from banks				
a) Due on demand	**3,016,874,174.81**		3,166,505	
b) Other receivables	**6,801,481,215.14**	**9,818,355,389.95**	6,547,066	9,713,571
3. Receivables from customers		**36,749,325,293.13**		35,853,056
of which: collateralized by mortgages EUR 1,866,943,335.56 (prior year TEUR 1,988,661)				
of which: mortgage loans EUR 2,468,860,155.13 (prior year TEUR 2,606,761)				
4. Bonds and other fixed-income securities				
a) Bonds and debentures				
aa) of other issuers	**0.00**		0	
ab) from other issuers	**49,775,504.22**		0	
b) Bonds and debentures				
ba) of public issuers	**1,072,622,699.54**		747,771	
bb) of other issuers	**3,042,542,843.74**		5,009,708	
c) own securities	**25,063,627.46**	**4,190,004,674.96**	25,000	5,782,479
of which: eligible as collateral for borrowings				
German Central Bank EUR 3,042,542,843.74 (prior year TEUR 4,214,729)				
5. Shares and other non-fixed-income securities		**3,600.18**		5
6. Investments		**105,614.00**		59
7. Shares in affiliated companies		**884,675,014.27**		721,475
of which in financal institutions EUR 693,839,550.74 (prior year TEUR 530,639)				
of which in financal services institutions EUR 150,749,049.08 (prior year TEUR 150,749)				
8. Trust assets		**0.00**		1
of which loans on a trust basis EUR 0,00 (prior year TEUR 1)				
9. Intangible fixed assets				
a) concessions acquired for consideration, trademarks and similar rights and assets as well as licenses to such rights and assets	**132,780,252.81**		148,490.00	
b) advance payments	**27,505,425.40**	**160,285,678.21**	41,394.00	189,884
10. Tangible fixed assets		**47,141,671.27**		41,769
11. Other assets		**178,166,551.65**		203,493
12. Prepaid expenses				
a) from issuance business and credit business	**33,625,894.29**		50,418.00	
b) other	**5,099,992.66**	**38,725,886.95**	6,346.00	56,764
Total assets		**52,953,158,105.00**		**53,249,764**

BALANCE SHEET AS OF 31 DECEMBER 2024

of Santander Consumer Bank AG, Mönchengladbach/Germany

Equity and liabilities	2024 EUR	2024 EUR	2024 EUR	2023 TEUR	2023 TEUR
1. Liabilities to financial institutions					
a) Due on demand		18,935,883.22		11,838	
b) Subject to agreed term or notice period		2,550,620,535.08	2,569,556,418.30	2,513,299	2,525,137
2. Liabilities to customers					
a) Savings deposits					
aa) Subject to three months' agreed notice period	439,913,783.29			558,224	
ab) Subject to agreed notice period of more than three months	177,803.51	440,091,586.80		282	
b) Other liabilities					
ba) Due on demand	19,549,182,986.50			17,959,279	
bb) Subject to agreed term or notice period	12,388,192,516.60	31,937,375,503.10	32,377,467,089.90	12,839,083	31,356,868
3. Bonded liabilities					
a) Mortgage Pfandbriefe		525,219,958.64		1,025,308	
b) Debentures		3,883,259,488.44	4,408,479,447.08	4,478,123	5,503,431
4. Trust liabilities			0.00		1
of which loans on a trust basis EUR 0.00 (prior year TEUR 1)					
5. Other liabilities			8,769,519,075.50		9,274,468
6. Deferred income					
a) from issuance and credit business		100,412,364.33		72,148	
b) others		1,903,247.46	102,315,611.79	3,393	75,541
7. Provisions					
a) Provisions for pensions and similar obligations		463,751,938.00		480,385	
b) Provisions for taxes		0.00		0	
c) Other provisions		260,915,662.53	724,667,600.53	233,581	713,966
8. Subordinated liabilities			185,862,320.84		186,023
9. Participatory capital			221,941,282.79		220,980
of which due within two years EUR 0.00 (prior year TEUR 10,749)					
10. Equity					
a) Subscribed capital					
aa) Share capital	30,002,000.00			30,002	
ab) Silent partners' capital contributions	5,112,918.81	35,114,918.81		5,113	
b) Capital reserves		3,557,774,774.98		3,357,775	
c) Retained earnings					
ca) Legal retained earnings	100,213.21			100	
cb) Other retained earnings	359,351.27	459,564.48		359	
d) Net retained profits/net accumulated losses		0.00		0	
			3,593,349,258.27		3,393,349
Total equity and liabilities			**52,953,158,105.00**		**53,249,764**
1. Contingent liabilities					
a) Liabilities under guarantees and warranty agreements			564,447,296.40		645,894
2. Other commitments					
a) Irrevocable loan commitments			1,163,698,970.81		1,234,896

PROFIT AND LOSS STATEMENT

of Santander Consumer Bank AG, Mönchengladbach/Germany for the Period from 1 January to 31 December 2024

Expenses	**2024 EUR**	**2024 EUR**	**2024 EUR**	2023 TEUR	2023 TEUR	2023 TEUR
1. Interest expenses		**1,173,516,561.54**			881,813	
negative interest expenses		**–2,790.75**	**1,173,513,770.79**		–29	881,784
2. Commission expenses			**417,019,135.04**			376,290
3. General administration expenses						
a) Personnel expenses						
aa) Wages and salaries	**269,914,187.21**			205,810		
ab) Social security, post-employment costs and other employee benefits	**47,423,720.18**	**317,337,907.39**		45,076	250,886	
of which: post-employment costs EUR 17,575,897.15 (prior year TEUR 17,245)						
b) Other administration expenses		**390,852,427.90**	**708,190,335.29**		397,357	648,243
4. Amortization and write-downs of intangible assets and depreciation on, and write-downs of, tangible assets			**73,536,664.15**			73,716
5. Other operating expenses			**29,165,435.98**			24,090
thereof: effects from discounting and unwinding of discounts EUR 9,152,648.35 (prior year TEUR 8,760)						
6. Write-downs of and allowances on receivables and certain securities as well as additions to loan loss provisions			**288,453,146.83**			217,408
7. Write-downs and allowances for losses on investments, shares in affiliated companies and securities treated as fixed assets			**0.00**			23,359
8. Taxes on income and Earnings			**0.00**			0
9. Other taxes unless disclosed under item 5			**54,121.24**			118
10. Profits transferred on account of cash pools, profit transfer or partial profit transfer agreements			**206,995,217.93**			263,556
11. Net income for the financial year			**0.00**			0
Total expenses			**2,896,927,827.25**			**2,508,564**

PROFIT AND LOSS STATEMENT

of Santander Consumer Bank AG, Mönchengladbach/Germany for the Period from 1 January to 31 December 2024

Income	2024 EUR	2024 EUR	2024 EUR	2023 TEUR	2023 TEUR	2023 TEUR
1. Interest income from						
a) Lending and money market transactions	**2,251,106,208.41**			1,777,543		
Negative interest from lending and money market transactions	**0.00**	**2,251,106,208.41**		−2,319	1,775,224	
b) Fixed-income securities and book-entry securities		**34,607,503.78**	**2,285,713,712.19**		52,093	1,827,317
2. Current income from						
a) Shares and other non-fixed-income securities		**140,645.21**			62	
b) Investments		**250,979.50**			236	
c) Shares in affiliated companies		**0.00**	**391,624.71**		25,539	25,837
3. Income from profit poolings and profit & loss transfer agreements			**8,612,781.55**			25,572
4. Commission income			**527,773,188.06**			483,683
5. Other operating income			**74,436,520.74**			146,155
thereof: effects from discounting and unwinding of discounts EUR 0.00 (prior year TEUR 27)						
6. Income from revaluation of investments, shares in affiliated companies and securities treated as fixed assets			**0.00**			0
7. Refunded income taxes			**0.00**			0
Total income			**2,896,927,827.25**			**2,508,564**

NOTES TO THE FINANCIAL STATEMENT

NOTES TO THE 2024 FINANCIAL STATEMENT

I. GENERAL NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Santander Consumer Bank AG has its business address at Santander-Platz 1, 41061 Mönchengladbach, Germany. Its registered office is in Mönchengladbach and it is registered at the Mönchengladbach District Court under HRB 1747.

The company's annual financial statements as of 31 December 2024 were prepared on the basis of the accounting regulations of the German Commercial Code (HGB) for a large corporation and the Ordinance on Accounting for Banks and Financial Services Institutions.

In addition, the provisions of the German Stock Corporation Act and the German Mortgage Bond (Pfandbrief) Act had to be observed. To represent the Santander Consumer Bank AG's universal banking operations appropriately, the structuring requirements for mortgage banks were taken into account by including an "of which" remark in the respective items. The disclosures regarding the mortgage bond business are presented in section V: other disclosures.

II. INFORMATION ON THE ACCOUNTING AND VALUATION METHODS

Asset and liabilities items are stated on the balance sheet and valuated with adherence to general accounting and valuation principles.

Specifically, the following accounting and valuation methods were applied:

The **cash reserve** is recognised at nominal value.

Loans and advances to banks and loans and advances to customers are recognised at nominal value including interest accrued up to the balance sheet date and reduced by value adjustments.

For part of the portfolio, **loans and advances to customers**, in this case instalment loans, receivables are recognised in the amount of the outstanding balances or outstanding repayment instalments less future interest and less value adjustments.

Accrued interest for the Santander Consumer Bank AG portfolio recognised using the gross loan method in accordance with §23 RechKredV is generally calculated using the annuity method.

For credit risks in the lending business, risk provisions are formed in the amount of the expected loss in accordance with IFRS 9. In the case of general valuation allowances, the calculation is carried out using a model-based procedure based on the exposure at the time of default (EAD), the expected losses given default (LGD), and the probability of default (PD) used in the IFRS 9 context. For receivables that have experienced a significant increase in credit risk since origination, the expected loss over the remaining life of the receivable is recognised instead of the one-year loss. For defaulted receivables, on the other hand, a scenario-weighted specific valuation allowance is calculated based on the individually expected cash flows, taking collateral into account. In the reporting year, the criteria for categorising credit exposures at level 2 were expanded conservatively. Specific valuation allowances are also recognised, if necessary, for exposures in the areas of dealer purchase financing or business banking where there is an arrears situation or an acute deterioration in creditworthiness, following an examination of the individual circumstances.

There is no obligation to separate the embedded derivative in the case of long-term loans with variable interest rates, which include a lower interest rate limit of 0%. Accordingly, these loans are uniformly accounted for according to the general principles mentioned above.

Bonds and other fixed-interest securities are initially recognised at cost. If they are not allocated to fixed assets, subsequent valuation is based on the strict lower of cost or market principle. The lower of cost or market is recognised if the original or remaining term of the bonds at the time of acquisition is less than one year. If the impairment of securities held as fixed assets is only expected to be temporary, the value is retained, with the exception of securities purchased above nominal value. Where fair values have been determined on the basis of models due to unavailable market values, current market models and cash flow analyses have been included.

In deviation from this, repurchased securities held as fixed assets from asset-backed securities transactions are not subject to unscheduled amortisation even if a permanent impairment is expected, provided that sufficient risk provisions have been formed for the receivables legally sold to the special purpose entity to cover the maximum economic loss from the ABS transaction for the bank. In view of the identical default risk, this is primarily recognised in the risk provision for the receivables portfolio in order to avoid double counting. The securities are not valued independently in this respect.

As part of synthetic securitisation transactions, credit protection transactions are concluded between Santander Consumer Bank (protection buyer) and a special purpose entity or external investors (protection seller) to assume default risks in receivables portfolios. In 2024, a synthetic securitisation transaction (SCGB 2024-1) was concluded to hedge default risks in the BCB receivables portfolio, without involving a special purpose entity, with a total nominal volume of EUR 1,293,906 thousand. In this transaction, the bank issued a credit-linked note (CLN) in the amount of EUR 179,900 thousand and initially bears the default risk in the amount of the first loss tranche (EUR 12,939 thousand) itself.

The loan collateral transaction is recognised by Santander Consumer Bank, in its capacity as collateral taker, as loan collateral received within the meaning of IDW RS BFA 1 and is not valued individually, but is included in the valuation of the collateralised customer receivables portfolio. Consequently, up to an amount of EUR 179,900 thousand, no additional risk provisions are recognised in the collateralised customer receivables portfolio as soon as the losses from the synthetic securitisation transaction exceed the volume of the unsecured first loss tranche.

In the reporting year, the option of a clean-up call was exercised for a synthetic securitisation transaction (SCGC 2019-1).

For the new synthetic securitisation transactions concluded in 2024, however, the recoverable collateral has not yet affected the valuation of the receivables, as the losses from the transaction are smaller than the unsecured first loss tranche.

Investments and shares in affiliated companies are recognised at cost. If the annual impairment test shows a lower fair value and this impairment is considered to be other than temporary, the asset is written down to this lower value. The valuation is based on the German income approach in accordance with IDW S 1.

Intangible assets and **property, plant and equipment** are recognised at cost less straight-line amortisation and depreciation. The useful life of intangible assets is three years for non-core banking systems and five years for core banking systems until 30 September 2023. The useful lives of tangible fixed assets are generally between five and ten years. Unscheduled depreciations are performed if permanent reductions in value are projected. Advance payments are recognised at their nominal value.

Low-value assets with acquisition costs of up to EUR 250 are written off in full in the year of acquisition. The remaining low-value assets with acquisition costs of up to EUR 1,000 are combined in a collective item and depreciated over a period of five years.

Other assets are recognised at nominal value, if necessary less amortisation to the lower fair value.

Prepaid expenses are subdivided into "from the issuing and lending business" and "other". The former originate from the bond issuing business and are released in instalments over the term of the underlying transactions via the interest expense, while the others items are released on a straight-line basis over the period of the consideration obligation.

Liabilities are recognised in the balance sheet at the settlement amount including interest accrued up to the balance sheet date.

Securitised liabilities are also recognised at the settlement amount including interest accrued up to the balance sheet date. A prepaid expense is created for issuance discounts.

The issued credit-linked notes (CLN) from synthetic securitisation transactions included in this item are structured financial instruments within the meaning of IDW RS HFA 22. These are recognised separately from the economically embedded credit default swap at the settlement amount.

Deferred income is subdivided into "from the issuing and lending business" and "other". Of the former, those from the issuing business are released over the term in instalments as an adjustment to the interest expenses and those from the lending business are released over the term of the underlying transactions in instalments via the interest income. Other deferrals are dissolved linearly during the return obligations commitment period.

Provisions for pensions and similar obligations are measured at the settlement amount required according to prudent business judgement: They were determined by independent actuaries using the projected unit credit method. The determination was made using insurance-mathematical principles on the basis of the 2018 G mortality tables of Prof. Dr. Klaus Heubeck. Provisions for pensions and similar comparable obligations with long-term payment dates are discounted uniformly in accordance with § 253(2) Sentence 2 of the German Commercial Code using the average market interest rate for assumed remaining terms of 15 years. The discount rates published by the German Federal Bank in accordance with the German Regulation on the Discounting of Provisions [Rückstellungsabzinsungsverordnung, RückAbzinsV] are used. The average interest rate of the past ten years is used for provisions for pensions and similar obligations. In accordance with the existing option of the accounting standard IDW RS HFA 30 n.F., changes in the discount rate recognised in profit or loss are recognised in personnel expenses.

Other provisions are recognised in accordance with § 253 (1) sentence 2 HGB, taking into account future price and cost increases in the amount required for settlement based on prudent business judgement.

The provisions for insurance cancellations are formed on the basis of historical experience of cancellation rates and their extrapolation. Additions for provisions are charged at the expense of fee and commission income and dissolutions are included with other operating income.

As of the reporting date, other provisions include, among other things, outstanding liabilities from the statutory deposit guarantee scheme, the amount of which is uncertain.

In accordance with § 253(2) Sentence 1 of the German Commercial Code, provisions with a remaining duration of more than one year are discounted at the average market interest rate of the past seven fiscal years for their remaining durations.

In accordance with § 277 (5) sentence 1 HGB, income and expenses from the compounding and discounting effects of provisions must be recognised separately in the income statement. This is reported under other operating expenses or other operating income.

Profit participation capital and subordinated liabilities are recognised at the settlement amount including accrued interest.

Contributions from silent partners are recognised in equity.

Deferred taxes

A control and profit transfer agreement has been in place between Santander Consumer Bank AG and Santander Consumer Holding GmbH since 1 January 1993. As the requirements for a consolidated tax group are met overall, all differences arising are taken into account in the calculation of deferred taxes at the controlling company.

Netting of swap interest

The interest from the fixed and variable leg of the interest rate swaps is netted for each swap contract and, depending on the netted balance, recognised in the balance sheet either as deferred interest assets or liabilities and in the income statement either as interest income or expenses.

Derivative financial instruments

Interest rate swaps are concluded for hedging purposes as part of banking book management and are included in the loss-free valuation. Loss-free valuations are based on gap profiles. This includes all interest-bearing balance sheet items in the customer and interbank business, including all interest rate swaps and forward loans with their contractual cash flows and fixed interest rates as well as irrevocable loan commitments. Valuations are performed by discounting and viewing individual period results periodically. Risk costs are taken into account in the amount of expected defaults. The portfolio-related administrative costs are included for the period under review by the share of the average portfolio of customer receivables after allocation to the relevant specialist areas. As in the previous year, it was not necessary to recognise a provision as of the balance sheet date.

The fair values of the swaps were determined using the cash value method. The net present value method (discounted cash flow method) is a dynamic calculation in which all interest payments arising during the term of the swap are discounted to the time of valuation.

Foreign currency translation is carried out in accordance with the provisions of § 340h HGB in conjunction with § 256a HGB. Receivables and liabilities in foreign currencies are converted at the reference rates of the European Central Bank at the end of the year. The bank closes its currency items after each banking day so that nearly full cover for assets and liabilities in the respective currencies is ensured. The profits and losses resulting from the conversion of the respective foreign currency assets and liabilities are therefore fully included in the profit-and-loss statement.

For several years, the bank has been carrying out **asset-backed securities transactions** in which the receivables are assigned to the special purpose entity under civil law, but the Bank remains the beneficial owner of the underlying receivables. As a result, future cash flows arising from the securitised receivables, which the bank has to pass on to the special purpose entity, are recognised as liabilities in a pass-on obligation. The transfer of interest is recognised as interest expense using the so-called "direct method" in the respective calendar month in which it is incurred (collection period).

Commission expenses/general administrative expenses
Ancillary services for new banking business (costs for checking the creditworthiness and identity of borrowers) are recognised under commission expenses.

These expenses are invoiced by the financial service providers when the respective service is used by the bank and also include those costs where no new customer contract has come into being.

Minimum Taxation Directive Implementation Act
In October 2021, the OECD published model tax rules for the reform of the international tax system, which are formally referred to as Global Base Erosion Rules (GloBE) or informally as Pillar II international tax rules. These rules aim to introduce a global minimum tax rate of at least 15% for large international corporations.

On 22 December 2022, the European Commission adopted Directive 2022/2523, which ensures an effective minimum tax rate for the global activities of large multinationals. The Directive is closely modelled on the OECD Framework for Combating Base Erosion and Profit Shifting. The OECD has also published implementation guidelines and a report on "Safe Harbours" to simplify the implementation of these regulations.

The Minimum Taxation Act (MinStG) was published in the Federal Law Gazette on 27 December 2023. Germany has also made use of the option to introduce a national supplementary tax in the MinStG and has adopted the safe harbour regulations.

Banco Santander S.A. as future Parent Entity (UPE) and its affiliates (hereinafter: Group) are within the scope of the enacted or substantially enacted legislation and have performed an assessment of the Group's potential exposure to income taxes through Pillar II.

Based on the Group's assessment, the legal representatives of Santander Consumer Bank AG have come to the conclusion that the effective tax rate of Pillar II in Germany is likely to be above 15% and thus fall within the scope of the safe harbour. No significant tax burden is therefore expected in Germany as a result of Pillar II.

III. INFORMATION ON THE BALANCE SHEET

ASSETS

Receivables from banks

This item includes receivables from affiliated companies totalling EUR 7,010,239 thousand (previous year: EUR 5,279,721 thousand).

The balance sheet presentation of other loans and advances to banks breaks down by residual maturity as follows:

	€ thousand
up to 3 months	10,000
more than 3 months and up to 1 year	58,000
more than 1 year and up to 5 years	6,456,000
more than 5 years	176,626
plus interest	100,854

Receivables from banks include subordinated receivables totalling EUR 94,298 thousand (nominal value) ((previous year: 94.298 thousand (nominal)). In addition, there are receivables totalling EUR 6,805,208 thousand (nominal) ((previous year: EUR 5,098,418 thousand (nominal)) to institutions in which the bank is a shareholder.

Receivables from customers

This item includes receivables from affiliated companies totalling EUR 5,679,613 thousand (previous year: EUR 5,266,237 thousand).

The balance sheet presentation is structured according to residual terms as follows:

	€ thousand
up to 3 months	3,750,216
more than 3 months and up to 1 year	5,854,642
more than 1 year and up to 5 years	22,558,175
more than 5 years	4,586,292

Receivables up to three months include receivables with an indefinite term totalling EUR 1,236,853 thousand.

As of the balance sheet date, net receivables sold totalling EUR 8,496,749 thousand are reported under "Loans and advances to customers", of which the bank remains the beneficial owner.

In addition, the bank has default reserves totalling EUR 92,615 thousand in the form of subordinated loans ((EUR 91,991 thousand (nominal)) ((previous year: EUR 57,199 thousand (nominal)) to the SPVs, which serve to cover the counterparty default risks of borrowers.

There are also receivables totalling EUR 5,623,157 thousand (nominal) ((previous year: EUR 5,237,178 thousand (nominal)) to companies in which the bank is a shareholder.

Several adjustments on input parameters were made to the evaluation of receivables from customers in 2024. The risk parameters are now based on experience of defaults and losses up to and including the end of 2023. In addition, updated macroeconomic forecasts were taken into account at the end of 2024 in the form of a post-model adjustment. By adjusting the segmentation to the current portfolio composition and due to lower loss ratios as a result of the longer period for internal processing of accounts before amortisation and sale, the regular adjustments led to a reversal. However, this was offset by an addition resulting from a conservative expansion of the criteria for categorising credit exposures in level 2.

Bonds and other fixed-income securities

The identified bonds and other fixed-income securities are all listed on the stock exchange. This item includes bonds issued by affiliated companies totalling EUR 3,042,543 thousand.

Bonds with a value of EUR 3,800,634 thousand including accrued interest are allocated to fixed assets, so that the moderated lower of cost or market principle was applied.

The bonds include securities with a carrying amount of EUR 3,030,621 thousand above their fair value. The fair value of these securities amounts to EUR 2,905,019 thousand. Impairment losses in accordance with § 253 (3) sentence 5 HGB were not recognised for those securities that are either only temporarily impaired or repurchased securities held as fixed assets from securitisation transactions where the bank has retained economic ownership of the legally sold customer receivables. Impairment losses were not recognised on securities held as fixed assets because the default risk from the securities, which corresponds to the default risk from the receivables portfolio sold, is already sufficiently taken into account in the measurement of receivables. On the balance sheet date, bonds totalling EUR 2,520,199 thousand were deposited as collateral with Deutsche Bundesbank.

Shares and other variable-yield securities

The securities recognised in this item are all publicly listed.

Shareholdings

The marketable investment in SCHUFA Holding AG recognised in this item is not publicly listed.

Shares in affiliated companies

The shares in affiliated companies include: Hyundai Capital Bank Europe GmbH, Frankfurt am Main, MCE Bank GmbH, Flörsheim am Main, Santander Consumer Leasing GmbH, Mönchengladbach, Santander Consumer Technology Services GmbH, Mönchengladbach, Santander Consumer Operations Services GmbH, Mönchengladbach, and VCFS Germany GmbH, Cologne.

In the reporting period, the acquisition costs of the shares in Hyundai Capital Bank Europe GmbH increased by EUR 163,200 thousand due to a capital increase.

Reference is also made to the investment overview.

Intangible assets and property, plant and equipment

For the classification and development of intangible assets and tangible fixed assets, please refer to the schedule of assets.

Advance payments for intangible assets include the following in particular: advance payments for digitisation projects and IT applications to implement regulatory requirements (including the new and further development of the risk and credit management systems). In the reporting year, there were disposal losses and write-offs from advance payments on intangible assets in the amount of EUR 236 thousand, as the IT projects in question could no longer be finalised in their actual form or were stopped.

Other assets

This item includes receivables from Santander Consumer Leasing GmbH from profit transfer totalling EUR 8,613 thousand and claims against insurance companies amounting to EUR 54,261 thousand, the latter mainly (to the amount of EUR 50,248 thousand) relating to claims for brokerage commissions.

Assets denominated in foreign currencies totalled EUR 97,772 thousand on the balance sheet date, of which receivables from banks amounted to EUR 13,247 thousand and receivables from customers to EUR 84,525 thousand.

LIABILITIES

Liabilities to banks

This item includes liabilities to affiliated companies totalling EUR 2,231,719 thousand (previous year: EUR 1,674,606 thousand). On the balance sheet, the statement of liabilities to financial institutions with an agreed maturity or notice period is broken down by residual terms as follows:

	€ thousand
up to 3 months	615,450
more than 3 months and up to 1 year	781,972
more than 1 year and up to 5 years	1,096,452
more than 5 years	16,801
plus interest	39,946

Liabilities to customers

This item includes liabilities to affiliated companies totalling EUR 3,489,504 thousand (previous year: EUR 3,810,143 thousand).

Savings deposits with an agreed notice period of more than 3 months are broken down by residual term as follows:

	€ thousand
up to 3 months	178
more than 3 months and up to 1 year	0
more than 1 year and up to 5 years	0
more than 5 years	0

On the balance sheet, the statement of other liabilities to customers with an agreed maturity or notice period is broken down by residual terms as follows:

	€ thousand
up to 3 months	3,632,196
more than 3 months and up to 1 year	5,111,660
more than 1 year and up to 5 years	3,553,313
more than 5 years	91,023

Securitised liabilities

Mortgage bonds in the amount of EUR 525,220 thousand are recognised under securitised liabilities.

The bonds issued include medium-term notes totalling EUR 1,256,000 thousand, commercial papers with a nominal value of EUR 2,426,000 thousand and credit-linked notes with a nominal value of EUR 179,900 thousand. Of the securitised liabilities, EUR 2,426,000 thousand will fall due in the following year.

Other liabilities

This item primarily includes liabilities from asset-backed securities transactions (ABS transactions) to special purpose vehicles (SPVs) which belong to the group of affiliated companies, totalling EUR 8,496,749 thousand. This amount includes all on-lending obligations from the legal sale of receivables where Santander Consumer Bank retains beneficial ownership. A liability from a profit transfer agreement and similar agreements (silent partnership) with Santander Consumer Holding GmbH, Mönchengladbach, is recognised for the reporting year in the amount of EUR 206,995 thousand ; this includes interest for the silent partnership in the amount of EUR 1,534 thousand (before deduction of capital gains tax and solidarity surcharge).

Liabilities denominated in foreign currencies totalled EUR 108,390 thousand on the balance sheet date, of which liabilities to banks amounted to EUR 67,763 thousand, liabilities to customers to EUR 40,403 thousand and provisions to EUR 223 thousand.

Deferred income

Interest already received from third parties for a period after the balance sheet date in the amount of EUR 94,691 thousand is recognised under "Deferred income".

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations amount to EUR 463,752 thousand. The parameters on which the calculation is based are listed in the following table.

Discounting the provision for pensions and deferred compensation at the average market interest rate of the past ten years (1,90%) results in a difference of EUR -4,543 thousand compared to discounting at the average market interest rate of the past seven years. There is no disbursement lock on this.

Other provisions

This item primarily includes provisions for bonus payments to dealers totalling EUR 81,122 thousand, insurance claims of EUR 53,504 thousand, for material costs of EUR 38,199 thousand and for personnel costs of EUR 26,364 thousand. This item additionally includes provisions for restructuring in the amount of EUR 3,780 thousand and provisions for the transformation programme in the amount of EUR 25,381 thousand. For discounting the provisions, the interest rates pursuant to § 253 (2) HGB as of 30 November 2024, which were used for the annual financial statements, are between 1.46% and 1.85%, depending on the remaining term. They do not differ significantly from those for 31 December 2024.

Subordinated liabilities

After a subordinated liability of EUR 110,000 thousand was raised from Santander Consumer Holding in 2019 with an interest rate of 1.77% above the three-month Euribor and a term of ten years from 6 November 2019, a further subordinated liability of EUR 75,000 thousand was raised from Santander Consumer Holding in 2020 with an interest rate of 3.04% above the three-month Euribor and a term of ten years from 25 June 2020. Accrued interest totalled EUR 862 thousand in the financial year 2024. An obligation to make premature repayment is contractually excluded. Repayment on a voluntary basis is possible after five years at the earliest and must be announced three months in advance. An additional condition is the prior approval of the competent supervisory authorities.

Valuation assumptions and similar obligations as of 31 December 2024

Obligation type	Discount rate*	Wage trend	Pension trend	Short-term pension trend, one-off adjustment	BBG trend	Fluctuation**
Pensions	1.9%	2.75%	2.00%	6.4%	2.75%	2.50%
Deferred compensation	1.9%	–	–	–	2.75%	2.50%

Valuation assumptions and similar obligations as of 31 December 2023

Obligation type	Discount rate*	Wage trend	Pension trend	Short-term pension trend, one-off adjustment	BBG trend	Fluctuation**
Pensions	1.83%	2.75%	2.00%	11.9%	2.75%	2.50%
Deferred compensation	1.83%	–	–	–	2.75%	2.50%

* according to Ordinance on the Discounting of Provisions dated November 18, 2009
** according to company-specific assessment

The loans are subordinated as defined in Article 63 sentence 1 (d) CRR and are eligible as Tier 2 (supplementary capital). The loans are "bail-in-able" in accordance with Art. 59 BRRD and can be both written off and converted into core capital by the competent resolution authority if the authority decides to apply this resolution measure.

Profit participation capital

On the balance sheet date, the total amount of profit participation rights issued totalled EUR 221,941 thousand (including accrued interest of EUR 11,711 thousand).

A total of 17 profit participation rights have been issued for an indefinite period (nominally EUR 210,231 thousand); however, these can be cancelled by Santander Consumer Bank AG after a minimum term of five years, subject to a notice period of at least two years to the end of the financial year. The profit participation right holder has no right of termination.

The profit participation rights issued grant creditor rights, but do not include any shareholder rights, in particular no participation, involvement or voting rights in the Annual General Meeting of Santander Consumer Bank AG. In the event of a profit, the profit participation certificates carry interest. Profit participation rights with a fixed interest rate exist in the amount of EUR 112,231 thousand, and with a variable interest rate in the amount of EURO 98,000 thousand. The total interest expense for profit participation rights amounted to EUR 11,711 thousand in the reporting year.

DISCLOSURES PURSUANT TO § 152 (1) AKTG

Share capital

On the balance sheet date, the share capital of the Santander Consumer Bank AG amounted unchanged to EUR 30,002 thousand. All shares (30,002 bearer shares with a nominal value of EUR 1 thousand each) were held by the sole shareholder, Santander Consumer Holding GmbH, Mönchengladbach.

Contributions by silent partners

The shareholder Santander Consumer Holding GmbH holds a silent partnership in the amount of EUR 5,113 thousand. The shareholder agreement is concluded for an indefinite period of time. Either contracting party may terminate the silent partnership at the end of each fiscal year with a two-year notice period.

This silent partnership does not meet the requirements for additional core capital according to Art. 51 CRR. In accordance with the new legal situation, it is recognised as supplementary capital for regulatory purposes.

Capital reserve

In the financial year, the sole shareholder resolved on 22 May 2024 to pay EUR 200,000 thousand into the capital reserve, which was paid in full.

Off-balance sheet transactions

The bank's off-balance-sheet items include contingent liabilities and irrevocable loan commitments below the line for which no provisions were created.

Contingent liabilities

This item mainly includes guarantees totalling EUR 532,050 thousand and import letters of credit amounting to EUR 32,153 thousand.

Risks from the utilisation of contingent liabilities are reflected by a provision if necessary.

Other obligations

Other obligations existed exclusively in the form of irrevocable loan commitments.

Irrevocable loan commitments

Irrevocable loan commitments amount to EUR 1,163,699 thousand. These relate to instalment and mortgage loans. The irrevocable loan commitments generally result in a short-term outflow of liquidity. Their benefit is that they generate future interest income.

There are no particular default risks due to irrevocable loan commitments. The potential utilisation of the default risk is therefore considered to be low.

IV. NOTES TO THE INCOME STATEMENT

Expenses

General administrative expenses
The sharp increase in personnel expenses is due in particular to a transformation and restructuring programme.

Other operating expenses
Other operating expenses include, in particular, expenses for operational risks, such as claims or goodwill payments, totalling EUR 12,066 thousand, interest expenses for pensions totalling EUR 8,714 thousand and expenses from the loss of fixed asset disposals from property, plant and equipment and intangible assets totalling EUR 890 thousand.

Taxes on income and earnings
Since 1 January 1993, Santander Consumer Bank AG has been part of a tax group with Santander Consumer Holding GmbH, Mönchengladbach, as the parent company. This tax entity includes corporate, trade and income taxes. As the requirements for a consolidated tax group are met overall, all income taxes are recognised by the parent company.

Depreciation, amortisation and value adjustments on investments, shares in affiliated companies and securities treated as fixed assets
Impairment losses on a share in an affiliated company totalled EUR 0 thousand (previous year: EUR 23,000 thousand).

Profits transferred on the basis of a profit pooling, profit transfer or partial profit transfer agreement
Based on the control and profit transfer agreement, a profit of EUR 206,995 thousand was transferred to Santander Consumer Holding GmbH, Mönchengladbach, for the reporting year. This includes interest from a silent partnership totalling EUR 1,534 thousand (before deduction of capital gains tax and the solidarity surcharge).

Currency conversion
The profit contributions from currency conversion increased the other operating result by EUR 659 thousand (previous year: increase of EUR 537 thousand).

Earnings

Income from profit pooling, profit transfer or partial profit transfer agreements
Due to the control and profit transfer agreement, this item includes the profit of Santander Consumer Leasing GmbH totalling EUR 8,613 thousand.

Other operating income
This item mainly includes income relating to other periods from the reversal of provisions in the amount of EUR 33,290 thousand, income from affiliated companies from cost reimbursements in the amount of EUR 20,647 thousand and reimbursements for losses from operational risks, mainly insurance reimbursements, in the amount of EUR 2,845 thousand.

V. OTHER INFORMATION

Derivatives

As of the balance sheet date, there were 35 interest rate swaps with a total nominal amount of EUR 15,985,457 thousand. These contracts are used to manage interest rate risks in the banking book.

Taking into account the sum of the positive fair values (excluding accrued interest) of EUR 35,885 thousand and the sum of the negative fair values (excluding accrued interest) of EUR 198,127 thousand, the total negative amount (excluding accrued interest) is EUR 162,241 thousand.

Seven of the above-mentioned interest rate swaps were concluded as back-to-back swaps as part of the sale of receivables. As of the reporting date, these swaps had a total nominal volume of EUR 5,345,457 thousand.

Other obligations

For the 2024 financial year, the bank mainly has rental, leasing and other contractual and contribution obligations totalling EUR 108,385 thousand. Of this amount, EUR 13,328 thousand is attributable to affiliated companies. Charges of a similar amount are expected in subsequent years. The remaining terms of these contracts are up to 12 years.

Rental and other contractual obligations consist primarily of rental agreements concluded for business premises. In addition, there are leasing contracts for the company vehicles with Santander Consumer Leasing GmbH.

The total amount of other obligations includes the irrevocable payment obligation to the statutory deposit guarantee scheme (EUR 36,920 thousand; previous year: EUR 31,800 thousand), the voluntary deposit guarantee scheme (EUR 4,740 thousand; previous year: EUR 4,740 thousand) and the Single Resolution Board (SRB) of EUR 21,141 thousand (previous year: EUR 21,141 thousand). Cash collateral was deposited in full for the irrevocable payment obligations, which was recognised as other assets. No provisions were recognised for impending claims. In the 2024 financial year, administrative expenses totalling EUR 43,010 thousand were incurred for rental and lease obligations.

The purpose of these rental and lease contracts is to finance and obtain necessary operating capital. After the current contracts expire, risks may result from requirements to conclude subsequent contracts with greater costs.

One of the main advantages of these transactions is that no capital is tied up in the procurement of fixed assets required for operations. In addition, the leasing financing gives the bank the opportunity to secure the current level of technical development in the short term. This also enables the bank to avoid the realisation risk.

The purpose of membership in the statutory deposit insurance scheme is to compensate the bank's creditors for non-repaid deposits in the event of compensation. Risks arise in particular from the increasing number of compensation cases. The risk is reduced by the mandatory collection of annual contributions until 2024.

There are control agreements with SC Leasing GmbH, SCTS GmbH and SCOS GmbH; these oblige the bank to assume any losses.

INFORMATION ON MORTGAGE BONDS (PFANDBRIEFE) IN CIRCULATION PURSUANT TO § 28 PFANDBG

Mortgage bonds and the cover used for them

Santander Consumer Bank AG does not use derivatives for cover; foreign currencies are not in circulation or included in the cover assets. The risk-adjusted present value was determined statistically.

Cover statement in accordance with § 35 (1) No. 7 RechKredV

Cover for bonds outstanding

	31/12/2024 (in € million)	31/12/2023 (in € million)
Ordinary cover		
Receivables from customers	1,233	1,257
	1,233	**1,257**
Other cover assets		
Bonds from other issuers	0	0
Balances with central banks	26.25	51.25
Total cover assets	**1,259**	**1,308**
Total amount in circulation requiring cover	**525**	**1,025**
The excess cover is	**734**	**283**

Information on the maturity structure in accordance with § 28 (1) nos. 4 and 5 PfandBG

	Mortgage Bond Circulation (in € million)		Cover Assets (in € million)		Maturity postponement*	
	31/12/2024	31/12/2023	**31/12/2024**	31/12/2023	**31/12/2024**	31/12/2023
up to six months	**0.00**	0.00	**93.89**	114.04	**0.00**	0.00
over six months to twelve months	**0.00**	500.00	**73.22**	66.22	**0.00**	0.00
over 12 months up to 18 months	**0.00**	0.00	**65.60**	62.00	**0.00**	0.00
over 18 months up to 2 years	**25.00**	0.00	**67.24**	73.14	**0.00**	500.00
over 2 years up to 3 years	**0.00**	25.00	**125.31**	131.22	**25.00**	0.00
over 3 years up to 4 years	**0.00**	0.00	**103.61**	124.41	**0.00**	25.00
over 4 years up to 5 years	**0.00**	0.00	**116.26**	101.08	**0.00**	0.00
over 5 years up to 10 years	**500.00**	500.00	**445.41**	449.27	**500.00**	500.00
more than 10 years	**0.00**	0.00	**168.35**	186.63	**0.00**	0.00

* Effects of a maturity shift on the maturity structure of Pfandbriefe / shift scenario: 12 months

§ 28 (1) No. 5 PfandBG – Information on the postponement of the maturity of mortgage bonds

1) Conditions for postponing the maturity of mortgage bonds in accordance with § 30 (2a) PfandBG
The deferral of maturity is necessary in order to avoid the insolvency of the mortgage bond-issuing bank with limited business activities (prevention of insolvency); the issuing bank with limited business activities is not overindebted (no existing overindebtedness) and there is reason to assume that it will be able to fulfil its liabilities due at the end of the maximum possible deferral period, taking into account further deferral options (positive fulfilment forecast). See also § 30 (2b) PfandBG.

2) Powers of the cover pool administrator if the maturity of the mortgage bonds is postponed in accordance with § 30 (2a) PfandBG
The cover pool administrator may postpone the due dates of the redemption payments if the relevant requirements pursuant to § 30 (2b) PfandBG are met. The administrator determines the duration of the postponement, which may not exceed a period of 12 months, according to necessity.

The administrator may postpone to the end of the month the due dates of principal and interest payments that fall due within one month of their appointment. If the cover pool administrator decides in favour of such a postponement, it is irrefutably presumed that the requirements of § 30 (2b) PfandBG are met. Such a postponement must be taken into account within the maximum postponement period of 12 months.

The cover pool administrator may only exercise authorisation uniformly for all mortgage bonds of an issue. The due dates may be postponed in full or in part. The cover pool administrator must postpone the maturity date for a mortgage bond issue in such a way that the original order of servicing of the mortgage bonds, which could be changed by the postponement, is not changed (ban on overtaking). This may mean that the due dates of issues falling due at a later date must also be postponed in order to comply with the prohibition on payments overtaking each other. See also § 30 (2a) and (2b) PfandBG.

§ 28 (1) No. 2 PfandBG: ISIN list by mortgage bond category (bearer mortgage bonds only)

31/12/2024	31/12/2023
	XS1727499680
XS2114143758	XS2114143758
XS2421360558	XS2421360558

§ 28 (1) no. 1, no. 3 and no. 7 PfandBG: Ratio of circulation to cover assets

	Nominal value		Cash value		Present value at risk incl. currency stress*	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Total amount of Pfandbriefe in circulation (in € million)	525.00	1,025.00	471.52	942.00	418.30	870.39
Total cover assets (in € million)	1,258.89	1,308.01	1,226.54	1,249,14	1,091.62	1,113.10
Excess cover in percent	139.79	27.61	160.12	32.61	160.97	27.88
Statutory overcoverage**	19.95	39.34	9.43	18.13	–	–
Contractual overcoverage	0.00	0.00	0.00	0.00	0.00	0.00
Voluntary overcoverage	713.94	243.67	745.59	206.30	–	–

* Both the risk net present value and the currency stress are determined statically.
** The statutory overcoverage requirement is composed of the present-value collateralised overcoverage pursuant to Sec. 4 (1) PfandBG and the nominal-value collateralised overcoverage pursuant to Sec. 4 (2) PfandBG.

Section 28 (1) nos. 8, 9 and 10 PfandBG Total amount of registered receivables

There are no foreign cover assets available

	Total		Receivables as defined in § 19 (1) No. 4 PfandBG		Receivables as defined in § 19 (1) sentence 1 no. 2 a) and b) PfandBG				Receivables pursuant to § 19 (1) sentence 1 no. 3 a) to c) PfandBG			
					Total		of which covered debt securities as defined in the German Banking Act. Art. 129 Ord. (EU) No 575/2013		Total		of which covered debt securities as defined in the German Banking Act. Art. 129 Ord. (EU) No 575/2013	
Effective date	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Federal Republic of Germany	26.25	51.25	0.00	0.00	0.00	0.00	0.00	0.00	51.25	51.25	26.25	0.00
Total	26.25	51.25	0.00	0.00	0.00	0.00	0.00	0.00	51.25	51.25	26.25	0.00

Further key figures for cover assets

		31/12/2024	31/12/2023
§ 28 (1) no. 11 PfandBG – total amount of claims pursuant to § 12 (1) that exceed the limits pursuant to § 13 (1) sentence 2, 2nd half-sentence	in million €	**0**	0
§ 28 (1) no. 11 PfandBG – total amount of the values pursuant to § 19 (1) that exceed the limits pursuant to § 19 (1) sentence 7)	in million €	**0**	0
Total amount of receivables that exceed the limits of § 19 (1) No. 2 PfandBG (§ 28 (1) No. 12 PfandBG)	in million €	**0**	0
Total amount of receivables that exceed the limits of § 19 (1) No. 3 PfandBG (§ 28 (1) No. 12 PfandBG)	in million €	**0**	0
Total amount of receivables that exceed the limits of § 19 (1) No. 4 PfandBG (§ 28 (1) No. 12 PfandBG)	in million €	**0**	0
Share of fixed-interest cover pool (§ 28 (1) No. 13 PfandBG)	as a percentage	**100**	100
Share of fixed-interest mortgage bonds (§ 28 (1) No. 13 PfandBG)	as a percentage	**100**	100
Volume-weighted average of the age of the receivables (§ 28 (2) No. 4 PfandBG)	in years	**6.44**	6.34
§ 28 (1) No. 15 PfandBG: Proportion of cover assets in arrears in accordance with Article 178(1) of Regulation (EU) No 575/2013	as a percentage	**0.00**	0.00
§ 28 (1) No. 6 PfandBG liquidity ratios:			
Absolute amount of the largest negative sum other than zero in the next 180 days within the meaning of § 4 (1a) sentence 3 for the mortgage bonds (liquidity requirement)		**0.00**	0.00
Day on which the largest negative sum results		**–**	–
Total amount of cover assets that fulfil the requirements of § 4 (1a) sentence 3 PfandBG (liquidity cover)	in million €	**26.33**	51.25
Liquidity surplus	in million €	**26.33**	51.25

The members of the Supervisory Board in the financial year were:

Mónica López-Monís Gallego (Chair)
Madrid, Bank Director of Banco Santander S.A., Spain

Martina Liebich (Deputy Chair)
Berlin, bank employee of Santander Consumer Bank AG, employee representative

Rafael Moral-Salarich
Madrid, Bank Director of Santander Consumer Finance S.A., Spain

Cristina San José Brosa
Madrid, Bank Director of Banco Santander S.A., Spain

Adelheid Sailer-Schuster
Berlin, Senior Advisor to Santander Consumer Finance S.A., Spain

Dirk Marzluf
Winterthur, Bank Director of Banco Santander S.A., Spain

Patricia Benito de Mateo
Madrid, Bank Director of Santander Consumer Finance S.A., Spain

Paloma Esteban
Duisburg, bank employee of Santander Consumer Bank AG, employee representative

Deniz Kuyubasi
Bochum, trade union secretary ver.di, employee representative

Robert Neumann
Dortmund, bank employee, employee representative

Peter Blümel
Mönchengladbach, former bank employee of Santander Consumer Bank AG, employee representative

Thomas Schützelt
Leipzig, bank employee of Santander Consumer Bank AG, employee representative

Members of the Executive Board in the fiscal year:

Vito Volpe
Madrid, Chief Executive Officer

Walter Donat
Düsseldorf, Board Member

Thomas Hanswillemenke
Dormagen, Board Member

Jochen Klöpper
Hamburg, Board Member

Fernando Silva
Madrid, Board Member

Mandates in statutory supervisory bodies of large corporations

Walter Donat, member of the Board of Directors of Santander Consumer Bank AG, is Chairman of the Supervisory Board of MCE Bank GmbH and a member of the Supervisory Board of Santander Consumer Operations Services GmbH.

Thomas Hanswillemenke, member of the Board of Directors of Santander Consumer Bank AG, is a member of the Supervisory Board of Santander Consumer Operations Services GmbH.

Jochen Klöpper, member of the Board of Directors of Santander Consumer Bank AG, is a member of the Supervisory Board of Allane SE and the Supervisory Board of Hyundai Capital Bank Europe GmbH.

Fernando Silva, member of the Board of Directors of Santander Consumer Bank AG, is Chairman of the Supervisory Board of Santander Consumer Operations Services GmbH.

Remuneration of the Board of Directors and Supervisory Board

The total remuneration of the members of the Board of Directors totalled EUR 4,052 thousand in the financial year. Former members of the Board of Directors and surviving dependants of Executive Board members were granted total remuneration totalling EUR 1,539 thousand. Pension provisions for former members totalled EUR 28,679 thousand as of the balance sheet date. The total remuneration of the members of the Board of Directors included bonuses totalling EUR 290 thousand in the form of shares (in Banco Santander S.A., Santander, Spain) with a one-year holding period and EUR 871 thousand that will only be paid out as a deferred bonus in the next five years. The deferred bonus includes a further EUR 436 thousand in the form of share payments. The 2024 bonus comprises shares with a fair value of EUR 726 thousand. In addition, the total remuneration also included a non-share-based bonus, the amount of which is based on the achievement of individual and company-wide targets. Disbursements will be made next year after the final bonus has been determined.

Santander Consumer Bank AG paid the Supervisory Board attendance fees totalling EUR 24 thousand for its activities in the 2024 financial year.

Advances and loans granted to members of the Board of Directors and Supervisory Board

As of the balance sheet date, there was an outstanding balance of EUR 15 thousand in respect of members of the Board of Directors and EUR 8.5 thousand in respect of members of the Supervisory Board in accordance with § 15 (1) sentence 1 no. 1 KWG.

Guarantees totalling EUR 1 thousand were granted to members of the Supervisory Board as of the balance sheet date.

Services rendered to third parties

Santander Consumer Bank AG provided the following services to third parties: portfolio management, asset management, and brokerage of insurance policies or building society contracts.

In selected areas, Santander Consumer Bank offers services for other banks (so-called Banking as a Service). This includes, for example, mobility, customer service, structuring of ABS transactions, the provision and maintenance of IT systems for business operations and cybersecurity services.

Average number of employees over the year

Santander Consumer Bank AG had an average of 2,958 employees during the year: 1,388 female and 1,570 male employees.

Geographical markets

As the markets in which Santander Consumer Bank AG operates do not differ significantly geographically, there is no breakdown by geographical market.

Total fee of the auditor

The auditor's total fee amounted to EUR 4,483 thousand excluding VAT. The breakdown of expenses is as follows:

	€ thousand
Fees for the audit of the financial statements	3,842
other confirmatory services	641

The fees for auditing services were reduced by EUR 223 thousand compared to the previous year.

The other confirmation services relate to the audit in accordance with § 89 WpHG, the procedural audit and random sample audit in accordance with Section V No. 11 (1) of the General Terms and Conditions of Deutsche Bundesbank, the issue of a comfort letter and the audit of the deduction items in accordance with § 16j (2) sentence 2 FinDAG.

Material contracts

With effect from 1 January, 2004, a control and profit transfer agreement has been concluded between Santander Consumer Finance Germany GmbH, Mönchengladbach, and Santander Consumer Bank AG. Santander Consumer Finance Germany GmbH was merged with Santander Consumer Holding GmbH with effect from 1 January 2009. Since then, the control and profit transfer agreement with Santander Consumer Holding GmbH has continued to exist.

The sole shareholder of Santander Consumer Bank AG is Santander Consumer Holding GmbH, Mönchengladbach.

Disclosures in accordance with CRR and § 26a KWG

The return on total assets in the financial year was 0.39%.

With regard to the information to be disclosed in accordance with Part 8 of the CRR that is not contained in the annual financial statements, we refer to our disclosure report, which is published on our website: www.santander.de, under the heading "About Santander", subheading "Investor Relations", there under "Disclosure".

INVESTMENT OVERVIEW

	Share in Capital (in percent)	Equity 2023 (in € thousands)	Annual earnings 2023 (in € thousands)
Santander Consumer Leasing GmbH, Mönchengladbach	100.00	70,025	*
Santander Consumer Technology Services GmbH, Mönchengladbach	100.00	29,222	2,495
Santander Consumer Operations Services GmbH, Mönchengladbach	100.00	14,623	1,244
Hyundai Capital Bank Europe GmbH, Frankfurt a. M.	51.00	847,791	–11,088
MCE Bank GmbH (different financial year 1 April 2023 to 31 March 2024)	90.01	132,751	–71
VCFS Germany GmbH, Cologne	50.00	639	79
Schufa Holding AG, Wiesbaden	0.55	156,067	42,189

* Profit and loss transfer agreement, therefore no information on the result

SCHEDULE OF ASSETS

Development of Fixed Assets in the Financial Year 2024 (1/3)

Histor. acquisition and production costs	01/01/2024 €	Acquisitions €	Disposals €	Transfers €	31/12/2024 €
Intangible assets					
Purchased concessions. commercial copyrights and similar right and values and licenses to such rights and values	1,012,593,763.01	12,588,938.61	282,192.16	36,475,025.49	1,061,375,534.95
Goodwill	0.00	0.00	0.00	0.00	0.00
Advance payments made	41,393,669.40	25,069,125.96	2,482,344.47	36,475,025.49	27,505,425.40
	1,053,987,432.41	**37,658,064.57**	**2,764,536.63**	**0.00**	**1,088,880,960.35**
Tangible fixed assets					
Real estate. rights equivalent to real estate and buildings. including buildings on third-party property	3,688,012.06	685,621.77	6,839.53	325,588.66	4,692,382.96
Operating and office equipment	32,376,273.51	4,744,186.46	3,193,644.80	942,309.49	34,869,124.66
Fittings/installations in rented premises	88,157,521.06	3,557,493.07	2,790,365.63	3,160,667.60	92,085,316.10
Advance payments made	5,970,250.35	6,123,243.26	320,466.44	4,428,565.73	7,344,461.44
	130,192,056.98	**15,110,544.56**	**6,311,316.40**	**0.00**	**138,991,285.16**
Bonds and other fixed-income securities					
Securities held as fixed assets*	5,774,160,285.17	13,708,746.97	1,987,235,211.76	0.00	3,800,633,820.44
Participations	59,054.00	46,560.00	0.00	0.00	105,614.00
Shares in affiliated companies	769,475,014.27	163,200,000.00	0.00	0.00	932,675,014.27
Total financial assets	**6,543,694,353.44**	**176,955,306.97**	**1,987,235,211.76**	**0.00**	**4,733,414,448.71**
Total	**7,727,873,842.83**	**229,723,916.10**	**1,996,311,064.79**	**0.00**	**5,961,286,694.21**

* The balance sheet item bonds and debentures includes accrued interest in the amount of EUR 13,360,018.19

SCHEDULE OF ASSETS

Development of Fixed Assets in the Financial Year 2024 (2/3)

Accumulated Depreciation	01/01/2024 €	Attributions €	Additions €	Resolutions €	Transfers €	31/12/2024 €
Intangible assets						
Purchased concessions, commercial copyrights and similar right and values and licenses to such rights and values	864,103,945.70	0.00	64,526,748.31	35,411.87	0.00	928,595,282.14
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Advance payments made	0.00	0.00	0.00	0.00	0.00	0.00
	864,103,945.70	**0.00**	**64,526,748.31**	**35,411.87**	**0.00**	**928,595,282.14**
Tangible fixed assets						
Real estate, rights equivalent to real estate and buildings, including buildings on third-party property	990,769.79	0.00	201,525.47	2,474.43	0.00	1,189,820.83
Operating and office equipment	23,953,848.42	0.00	3,772,992.60	3,123,371.65	0.00	24,603,469.37
Fittings/installations in rented premises	63,478,477.84	0.00	5,057,798.98	2,479,953.13	0.00	66,056,323.69
Advance payments made	0.00	0.00	0.00	0.00	0.00	0.00
	88,423,096.05	**0.00**	**9,032,317.05**	**5,605,799.21**	**0.00**	**91,849,613.89**
Bonds and other fixed-income securities						
Securities held as fixed assets*	0.00	0.00	0.00	0.00	0.00	0.00
Participations	0.00	0.00	0.00	0.00	0.00	0.00
Shares in affiliated companies	48,000,000.00	0.00	0.00	0.00	0.00	48,000,000.00
Total financial assets	**48,000,000.00**	**0.00**	**0.00**	**0.00**	**0.00**	**48,000,000.00**
Total	**1,000,527,041.75**	**0.00**	**73,559,065.36**	**5,641,211.08**	**0.00**	**1,068,444,896.03**

* The balance sheet item bonds and debentures includes accrued interest in the amount of EUR 13,360,018.19

SCHEDULE OF ASSETS

Development of Fixed Assets in the Financial Year 2024 (3/3)

Net book values	31/12/2024 €	31/12/2024 €
Intangible assets		
Purchased concessions, commercial copyrights and similar right and values and licenses to such rights and values	**132,780,252.81**	148,489,817.31
Goodwill	**0.00**	0.00
Advance payments made	**27,505,425.40**	41,393,669.40
	160,285,678.21	**189,883,486.71**
Tangible fixed assets		
Real estate, rights equivalent to real estate and buildings, including buildings on third-party property	**3,502,562.13**	2,697,242.27
Operating and office equipment	**10,265,655.29**	8,422,425.09
Fittings/installations in rented premises	**26,028,992.41**	24,679,043.22
Advance payments made	**7,344,461.44**	5,970,250.35
	47,141,671.27	**41,768,960.93**
Bonds and other fixed-income securities		
Securities held as fixed assets*	**3,800,633,820.44**	5,774,160,285.17
Participations	**105,614.00**	**59,054.00**
Shares in affiliated companies	**884,675,014.27**	**721,475,014.27**
Total financial assets	**4,685,414,448.71**	**6,495,694,353.44**
Total	**4,892,841,798.18**	**6,727,346,801.08**

* The balance sheet item bonds and debentures includes accrued interest in the amount of EUR 13,360,018.19

Group affiliation

The immediate parent company is Santander Consumer Holding GmbH, Mönchengladbach. It is included in the scope of consolidation of Banco Santander S.A., Santander, Spain.

Banco Santander S.A. prepares exempting consolidated financial statements as of 31 December 2024, which are prepared in accordance with IFRS Standards.

Santander Consumer Bank AG, Mönchengladbach, is released from the obligation to prepare a consolidated financial statement and a group management report.

The parent company that prepares consolidated financial statements for the largest group of companies is Banco Santander S.A., Santander, Spain. These financial statements are filed with the Spanish Commercial Register. The lowest parent company to prepare consolidated financial statements is Santander Consumer Finance S.A., Madrid, Spain, which is included in the scope of consolidated companies of Banco Santander S.A., Santander, Spain. These exempting consolidated financial statements of Banco Santander S.A. are published in the electronic Federal Gazette.

Mönchengladbach, February 20th, 2025

Santander Consumer Bank AG
The Board

Volpe

Donat

Hanswillemenke

Klöpper

Silva

INDEPENDENT AUDITOR´S REPORT

To Santander Consumer Bank Aktiengesellschaft, Mönchengladbach

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Santander Consumer Bank Aktiengesellschaft, Mönchengladbach, which comprise the balance sheet as at December 31, 2024, the statement of profit and loss for the financial year from January 1 to December 31, 2024, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Santander Consumer Bank Aktiengesellschaft for the financial year from January 1 through December 31, 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position at the Company as at December 31, 2024 and of its financial performance for the financial year from January 1 to December 31, 2024 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Measurement of customer loan portfolios
2. Measurement of shares in affiliated companies

Our presentation of these key audit matters has been structured in each case as follows:

1) Matter and issue
2) Audit approach and findings
3) Reference to further information

Hereinafter we present the key audit matters:

1. Measurement of customer loan portfolios

1) Loan receivables amounting to EUR 36.7 billion (69.4% of total assets) are recognized under the "Loans to customers" item in the annual financial statements of Santander Consumer Bank Aktiengesellschaft. As of December 31, 2024, risk provisions for the loan portfolio consisting of individual and general valuation allowances are reported in the balance sheet. The measurement of the loss allowances for the customer lending business is determined in particular by the structure and quality of the loan portfolios, general economic factors and the executive directors' estimates with respect to future loan defaults, including against the backdrop of the expected impact of current macroeconomic factors on general economic conditions and thus on the customer lending business. The amount of the individual valuation allowances for customer loans reflects the difference between the outstanding amount of the loan and the lower value assigned to it as at the balance sheet date. Existing collateral is taken into account. General valuation allowances are recognized for foreseeable counterparty default risks in the lending business of credit institutions which have yet to materialize with respect to individual borrowers. General valuation allowances in the amount of the expected losses for a twelve-month period are recognized in respect of loans for which no specific valuation allowances have been recognized, unless the credit default risk has increased significantly since initial recognition. If the credit default risk has increased significantly since initial recognition, a general valuation allowance is recognized for the expected losses over the remaining term. The amounts of the valuation allowances in the customer lending business are highly significant for the assets, liabilities and financial performance of the Company and they involve considerable judgment on the part of the executive directors. Furthermore, the measurement parameters applied, which are subject to material uncertainties including the impacts of the current macroeconomic conditions, have a significant impact on the recognition and the amount of any valuation allowances required. Against this background, this matter was of particular significance in the context of our audit.

2) For the purposes of our audit, we first of all assessed the design of the Company's relevant internal control system and on that basis tested whether the controls functioned effectively. In doing so, we considered the business organization, the IT systems and the relevant measurement models. Moreover, we evaluated the measurement of the customer loans, including the appropriateness of estimated values, on the basis of sample testing of loan exposures. For this purpose, we assessed, among other things, the available documentation of the Company with respect to the economic circumstances as well as the recoverability of the related collateral. In addition, for the purpose of assessing the individual and general valuation allowances applied, we evaluated the calculation methodology applied by the Company together with the underlying assumptions and parameters. We assessed in particular the executive directors' estimate as to the impacts of the current macroeconomic conditions on the borrowers' financial circumstances as well as the recoverability of the pledged collateral and their inclusion in the measurement of the customer loans. On the basis of the audit procedures we carried out, we satisfied ourselves overall that the assumptions made by the executive directors for the purpose of reviewing the recoverability of the loan portfolio are appropriate.

3) The Company's disclosures about provisions in the customer lending business are contained in the notes to the annual financial statements, sections "II. Disclosures relating to the accounting policies" and "III. Disclosures relating to the balance sheet".

2. Measurement of shares in affiliated companies

1) Shares in affiliated companies amounting to € 884.7 million (1.67% of total assets) are reported in the Company's annual financial statements. Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair value of the shares in affiliated companies is calculated using the German income approach (Ertragswertverfahren), taking into account materiality considerations, as the present value of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the financial investment. On the basis of the values determined and supplementary documentation, write-downs in relation to one affiliated company were required for the financial year. The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rates and rates of growth used. The valuation is therefore subject to material uncertainty.

Against this background and due to the highly complex nature of the valuation and its material significance for the Company's net assets and results of operations, this matter was of particular significance in the context of our audit.

2) Given the significance for the Company of shares in affiliated companies, as part of our audit we worked with our internal enterprise valuation specialists to assess among other things the methodology used for the purposes of the valuation. In doing so, we focused on those shares in affiliated companies which were exposed to an elevated risk of impairment. In analyzing the expected future cash flows from these affiliated companies, we compared the business plan with the planning for the previous financial year and the net profit/loss actually generated, and verified any deviations. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected future earnings. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. Taking into consideration the information available, in our view the models used by the executive directors are appropriate overall for the purpose of properly measuring the shares in affiliated companies, including materiality considerations.

3) The Company's disclosures relating to shares in affiliated companies are contained in the notes to the annual financial statements, sections "II. Disclosures relating to the accounting policies", "III. Disclosures relating to the balance sheet" and "IV. Disclosures relating to the income statement".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report, which we obtained prior to the date of our auditor's report:

- the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) included in section "Statement on Corporate Governance" of the management report
- section "Employees" of the management report
- section "Sustainability and Responsible Banking" of the management report

The other information comprises further all remaining parts of the annual report, which are expected to be made available to us after the date of the auditor's report - excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from malicious acts is higher than for one resulting from error, as malicious acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on February 28, 2024. We were engaged by the supervisory board on November 29, 2024. We have been the auditor of Santander Consumer Bank Aktiengesellschaft, Mönchengladbach without interruption since financial year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Pascal Vollmann.

Düsseldorf, February 20th, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Pascal Vollmann	ppa. Ralf Scherello
Wirtschaftsprüfer	Wirtschaftsprüfer

IMPRINT

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Reuters: CCKGG.UL

Responsibilty: Financial Management

Concept and Design
wirDesign communication AG

In case of doubt the German version of this Annual Report shall prevail. Both versions are available online: https://www.santander.de/ueber-santander/investor-relations/financial-information

The German version of this Annual Report is the authoritative version and only the German version of the Management Report and the Financial Statements was audited by the auditors.

Photographic Material
Oliver Rossi via Getty Images (Cover picture)
Nils Hendrik Müller (Pages 5 /6)