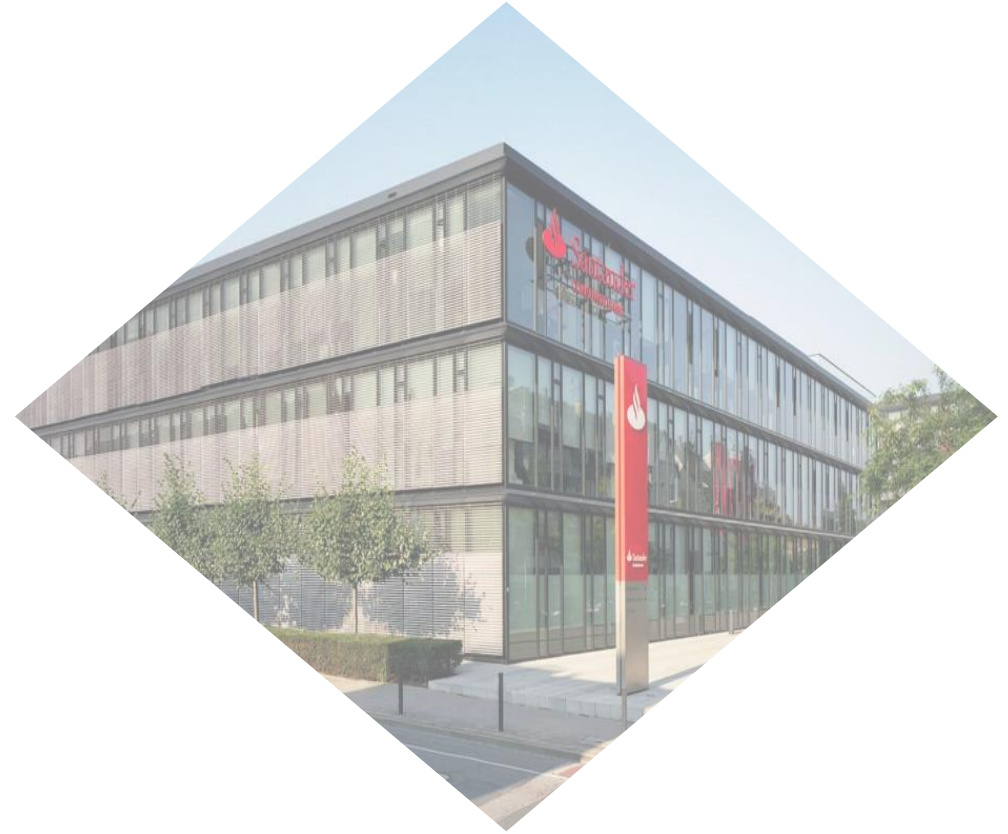


29 January 2020

Santander Consumer Finance

2019 Earnings Presentation



Important Information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, this presentation contains certain financial measures that constitute alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures (“Non-IFRS Measures”). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2018 Annual Financial Report, filed with the Comisión Nacional del Mercado de Valores of Spain (CNMV) on 28 February 2019, as well as the section “Alternative performance measures” of the annex to the Banco Santander, S.A. (“Santander”) 2019 4Q Financial Report, published as Relevant Fact on 29 January 2020. These documents are available on Santander’s website (www.santander.com).

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries

Forward-looking statements

Santander cautions that this presentation contains statements that constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The following important factors, in addition to those discussed elsewhere in this presentation, could affect our future results and could cause outcomes to differ materially from those anticipated in any forward-looking statement: (1) general economic or industry conditions in areas in which we have significant business activities or investments, including a worsening of the economic environment, increasing in the volatility of the capital markets, inflation or deflation, and changes in demographics, consumer spending, investment or saving habits; (2) exposure to various types of market risks, principally including interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices; (3) potential losses associated with prepayment of our loan and investment portfolio, declines in the value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the UK, other European countries, Latin America and the US (5) changes in laws, regulations or taxes, including changes in regulatory capital and liquidity requirements, including as a result of the UK exiting the European Union and increased regulation in light of the global financial crisis; (6) our ability to integrate successfully our acquisitions and the challenges inherent in diverting management’s focus and resources from other strategic opportunities and from operational matters while we integrate these acquisitions; and (7) changes in our ability to access liquidity and funding on acceptable terms, including as a result of changes in our credit spreads or a downgrade in our credit ratings or those of our more significant subsidiaries. Numerous factors could affect the future results of Santander and could result in those results deviating materially from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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- 1. Macroeconomic environment**
- 2. Strategy and business**
- 3. Results**
- 4. Appendix**

Macroeconomic environment

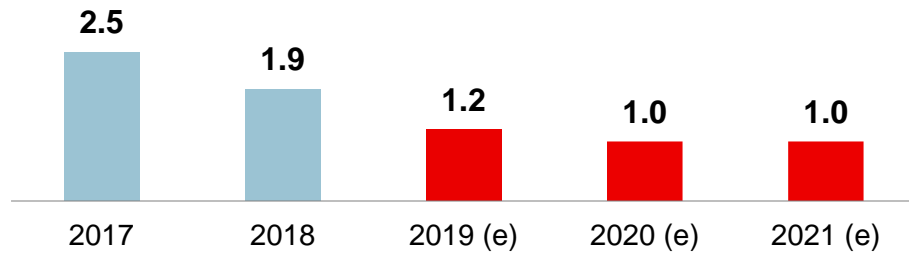


01

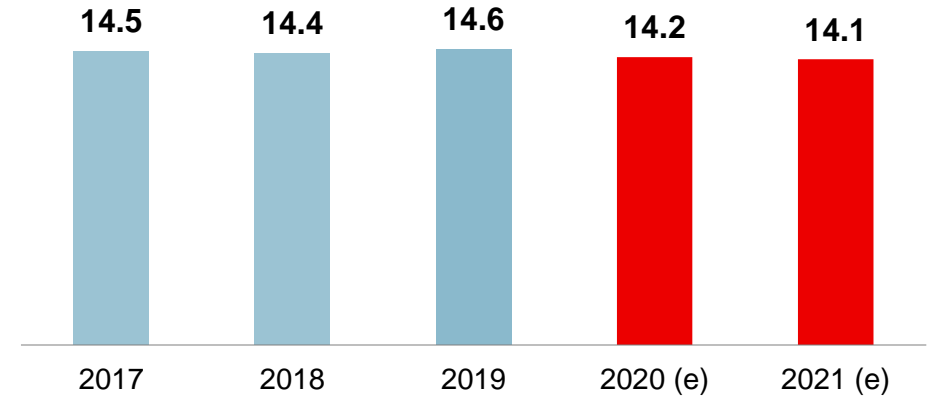


Lower GDP growth in Eurozone and new car sales under pressure in a sector undergoing transformation where increased competition is squeezing margins

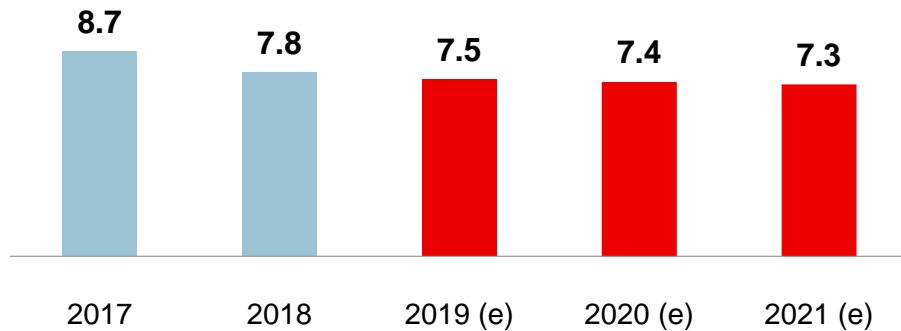
Annual GDP Growth (real, %)¹



New car sales (millions)²



Unemployment rates (%)¹



Interest rates (% , year end)¹



Strategy and business



02

SCF is the consumer finance leader in Europe









SCF STRATEGIC PRIORITIES

- ▶ Proactive management of brand agreements and development of digital projects

- ▶ Help our partners with their transformation plans. Collaboration with fintechs

- ▶ Ongoing simplification and transformation projects in order to maximize income and cost synergies

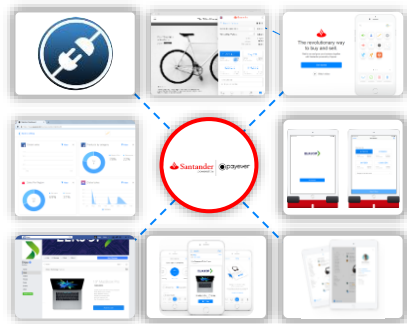
- ▶ Boost growth in consumer finance through our new digital business model and signing agreements with the main retailers

	KEY DATA	2019	YoY Var. ⁵
	Gross loans ¹	104,783	+7%
	Deposits ¹	39,602	+8%
	Underlying att. profit ¹	1,314	+2%
	Underlying RoTE	15.3%	-57 bps
	Efficiency ratio	43.3%	+14 bps
	Market share ²	Top 3	
	Countries ³	15	
	Active Customers ⁴	19.3	-1%

Solid business model: geographic diversification with leading positions, advanced captive car finance and a strong foothold in consumer

- Present in 15 European countries
- 130,000 point of sale partners
- More than 115 agreements with car and bike manufacturers
- 19.3 million active customers

e-commerce open platform



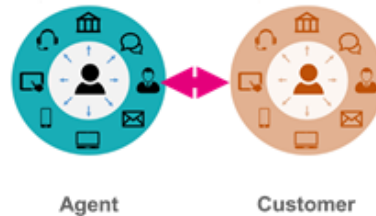
Helping partners to start, run and grow their businesses

Mobile payments



Meeting customer & market payment demands while leveraging dominant position in stores

Digital interaction



Optimising efficiency in direct business

Analytics & digital marketing



Integrating and monitoring all touch points to track and interpret data and react in real time

Awards and recognitions



TOP EMPLOYER EUROPE 2019
(Austria, Belgium, Germany, Italy, the Netherlands, Poland)

Auszeichnung für Kundenorientierung
TOP SERVICE
ÖSTERREICH
2019



Top Service 2019
Austria
by *emotion banking*



Best Bank-Owned Independent Finance Provider of the Year UK
by *Motor Finance*

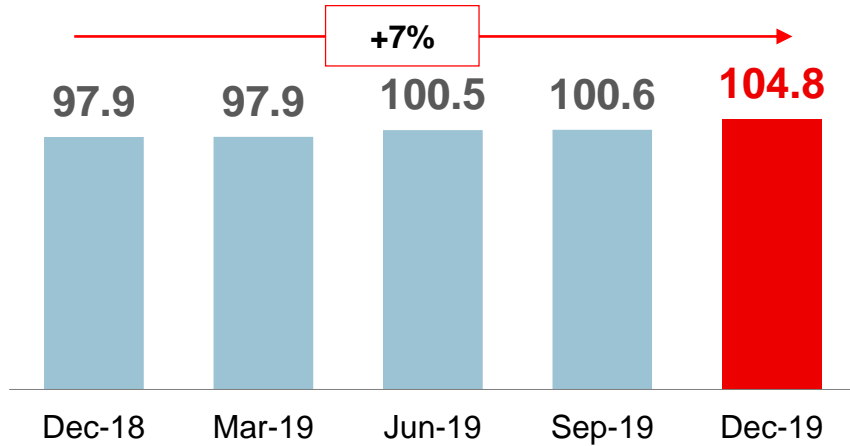


DISQ Finance Award 2019
Germany
by *German Institute for Service Quality (DISQ)*

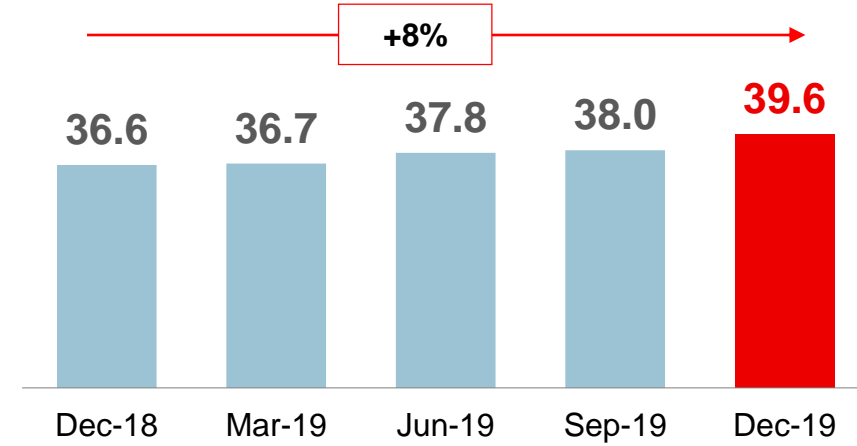
New lending increased 5% YoY, boosted by auto finance (+5%), despite the weak performance in car sales in Europe (+1% YoY)



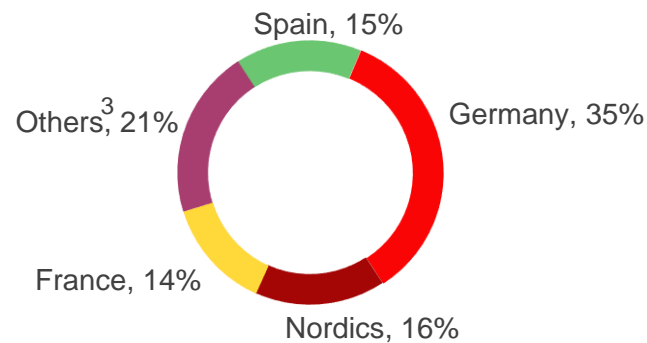
Total loans¹ (Constant EUR bn²)



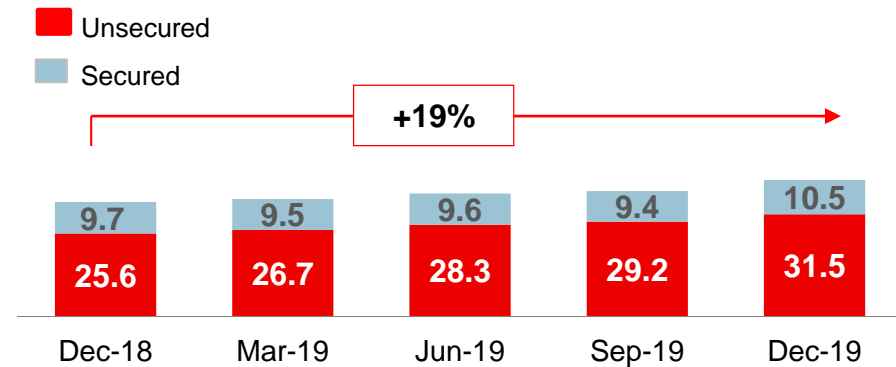
Total deposits¹ (Constant EUR bn²)



Geographical diversification (% Total loans)



Wholesale market funding⁴ (EUR bn)



(1) Excluding Reverse repos and Repos

(2) End period exchange rates as at 12M'19

(3) Austria, Belgium, Italy, the Netherlands, Poland, Portugal and Switzerland

(4) Unsecured: short and medium term unsecured issuances and subordinated debt. Secured: Asset-Backed Security bonds placed in the market, Repos, Covered bonds and others

Results

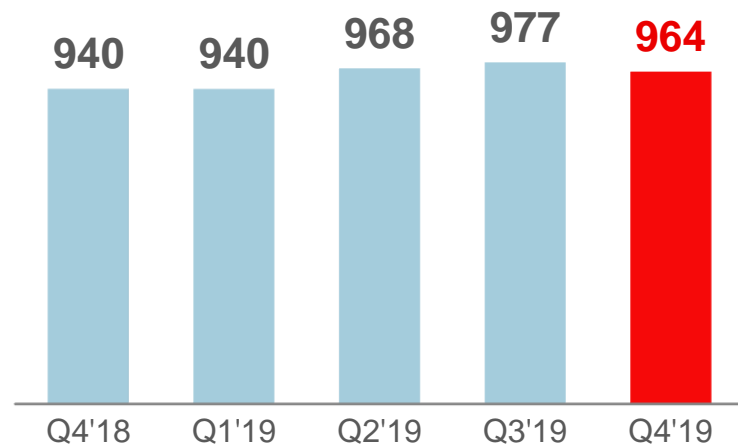


03

NII (+4% YoY) increased due to loan growth (+7% YoY) mainly in France, Nordic countries, Italy and Spain



Net interest income (Constant EUR mn¹)



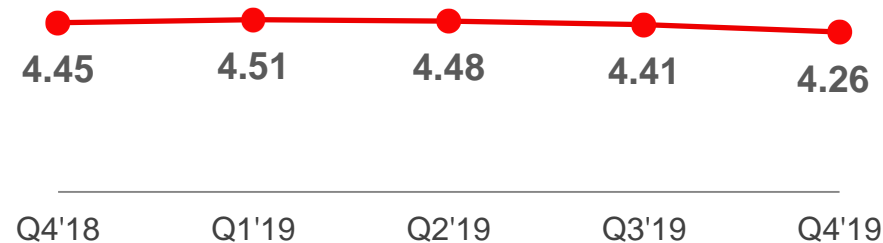
NIM² (%)

3.56% 3.47% 3.52% 3.49% 3.35%

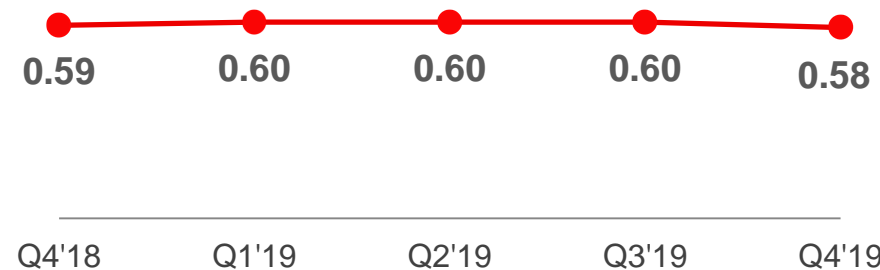
Official interest rate³ (%)

0.00% 0.00% 0.00% 0.00% 0.00%

Yield on loans (%)



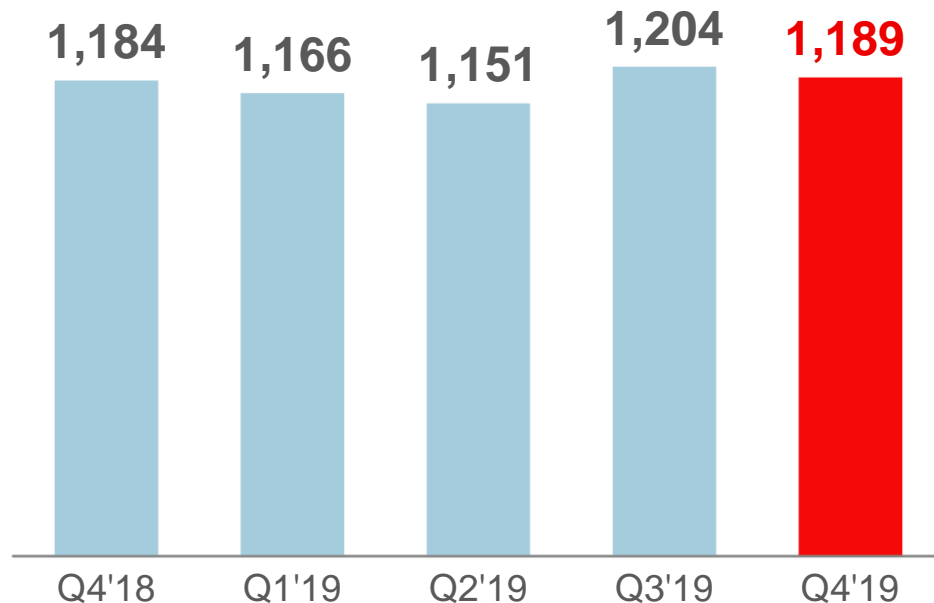
Cost of deposits (%)



QoQ: lower fee income from insurance activity in Germany and France.
YoY: higher gross income boosted by customer revenue performance



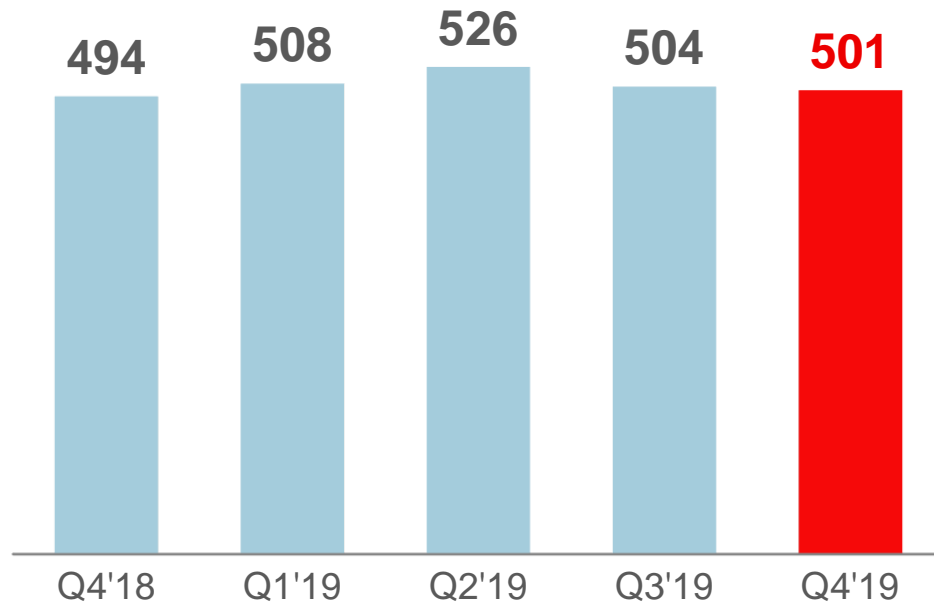
Gross income (Constant EUR mn¹)



	2019	2018	YoY(%)	QoQ(%)
Net interest income	3,848	3,706	3.9	-1.3
Net fees	823	797	3.2	-8.2
Subtotal	4,671	4,502	3.7	-2.6
Other ²	39	90	-56.7	106.5
Gross income	4,710	4,592	2.6	-1.3

Costs increased impacted by the new JV in Germany, but below business volume growth, benefiting from the efficiency projects

Operating expenses (Constant EUR mn¹)



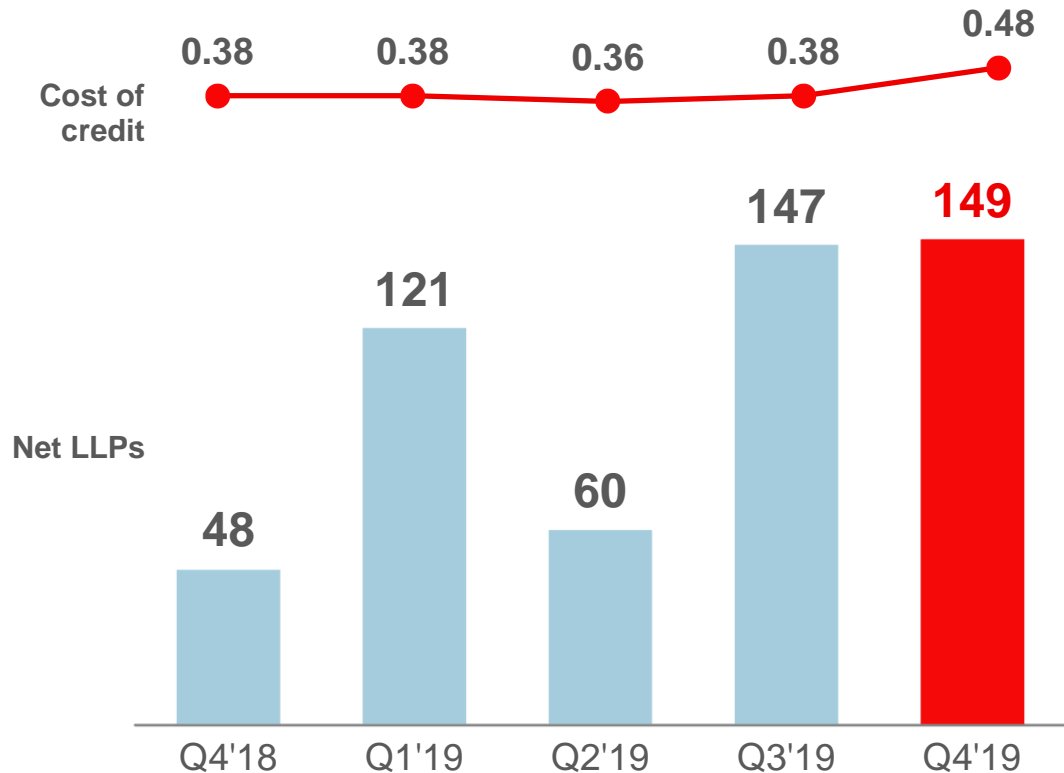
	2019	2018	YoY(%)	QoQ(%)
Total Expenses	2,038	1,981	2.9	-0.8

Efficiency ratio (%)	43.3%	43.1%
<i>(with amortisations)</i>		
Employees	14,448	14,865

LLPs up 32% mainly due to lending growth, change of product mix in Spain and lower written-off portfolio sales in the Nordics. Cost of credit at low levels



LLPs and cost of credit¹ (Constant EUR mn², %)

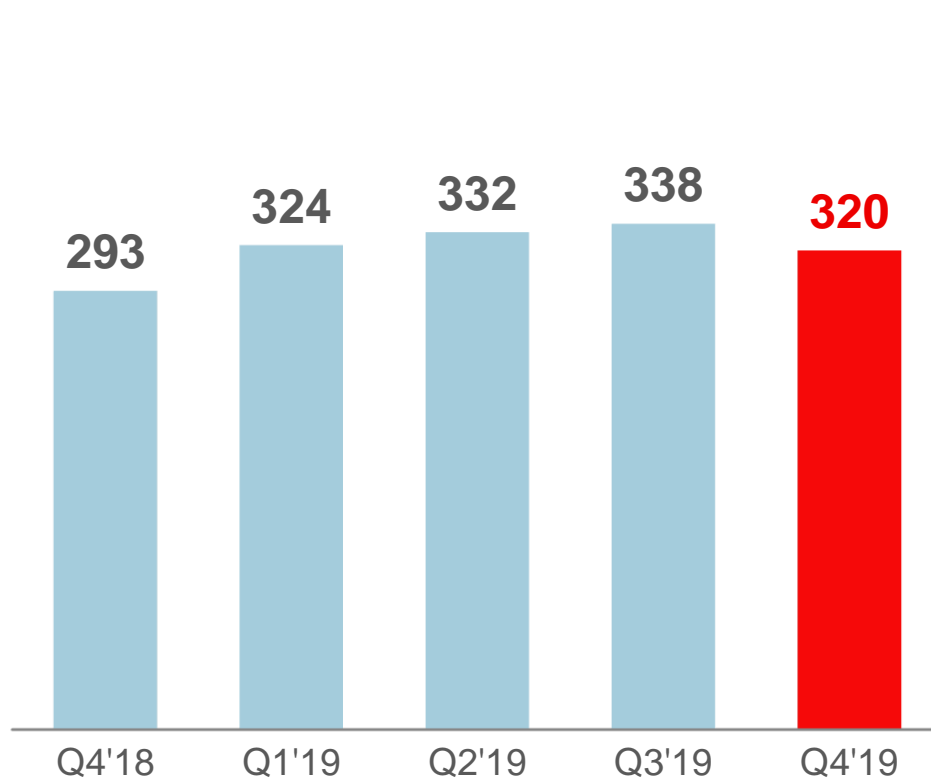


	2019	2018	YoY(%)	QoQ(%)
Net operating income	2,672	2,611	2.3	-1.6
Loan-loss provisions	(477)	(360)	32.4	1.2
Net operat. income after provisions	2,195	2,251	-2.5	-2.4

NPL ratio	2.30%	2.29%
Coverage ratio	106%	106%

Underlying PBT up 4% backed by higher customer revenue. QoQ impacted by higher impairment of intangible assets and releases of other provisions in Q3

Underlying profit (Constant EUR mn¹)



	2019	2018	YoY(%)	QoQ(%)
PBT	2,215	2,126	4.2	-14.9
Tax on profit	(598)	(573)	4.3	-36.6
Consolidated profit	1,618	1,553	4.1	-5.9
Underlying attrib. profit	1,314	1,286	2.2	-5.3
Effective tax rate	27.0%	27.0%		

SCF continues to deliver recurrent profit through the cycle



Strategy

- ▶ European leadership with high geographic diversification
- ▶ Critical mass and top positions in its geographies. Proactive management of brand agreements
- ▶ Development of digital projects and collaboration with fintechs
- ▶ Ongoing simplification and transformation projects in order to maximize income and cost synergies

Activity

- ▶ 5% YoY increase in new lending: Auto loans (+5%) and direct loans (+7%)¹. Compared with the sector, car sales in Europe (+1% YoY)
- ▶ SCF has a diversified and stable funding mix, having banking licenses in most of the countries where it operates
- ▶ Focused on capital optimisation while maintaining strong leadership, in an environment characterised by an excess of liquidity in the markets and low GDP growth

Results

- ▶ NII (+4% YoY) increased due to loan growth (+7% YoY) mainly France, Nordic countries, Italy and Spain
- ▶ Costs increased impacted by the new JV in Germany, but below business volume growth, benefiting from the efficiency projects
- ▶ Underlying PBT up 4% YoY backed by higher customer revenue. QoQ impacted by higher impairment of intangible assets and releases of other provisions in Q3

Appendix



04

Balance sheet



Constant EUR million ¹	31-Dec-19	31-Dec-18	Change	
			Amount	%
Customer loans	102,262	95,536	6,726	7.0
Cash, central banks and credit institutions	8,258	6,106	2,152	35.2
Debt securities	3,197	3,337	(140)	(4.2)
<i>o/w: available for sale</i>	1,578	1,905	(327)	(17.2)
Other financial assets	33	31	2	5.4
Other assets	4,001	2,895	1,106	38.2
Total assets	117,750	107,906	9,844	9.1
Customer deposits	39,602	36,648	2,953	8.1
Central banks and credit institutions	25,159	25,009	150	0.6
Debt securities issued	36,776	31,328	5,448	17.4
Other financial liabilities	1,413	772	641	83.1
Other liabilities	3,865	3,524	342	9.7
Total liabilities	106,815	97,281	9,534	9.8
Total equity	10,935	10,625	311	2.9
Other managed and marketed customer funds	400	—	400	—
Mutual funds	—	—	—	—
Pension funds	—	—	—	—
Managed portfolios	400	—	400	—

Income statement



Constant EUR million ¹	2019	2018	Change	
			Amount	%
Net interest income	3,848	3,706	143	3.9
Net fees	823	797	26	3.2
Gains (losses) on financial transactions	(8)	55	(63)	—
Other operating income	47	35	12	35.2
Gross income	4,710	4,592	118	2.6
Operating expenses	(2,038)	(1,981)	(57)	2.9
Net operating income	2,672	2,611	61	2.3
Net loan-loss provisions	(477)	(360)	(116)	32.4
Other income	20	(124)	145	—
Underlying profit before taxes	2,215	2,126	89	4.2
Tax on profit	(598)	(573)	(25)	4.3
Underlying profit from continuing operations	1,618	1,553	64	4.1
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	1,618	1,553	64	4.1
Minority interests	(303)	(267)	(36)	13.5
Underlying attributable profit to the Group	1,314	1,286	28	2.2

Income statement



Constant EUR million ¹	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Net interest income	910	923	933	940	940	968	977	964
Net fees	214	188	206	189	214	201	213	195
Gains (losses) on financial transactions	4	15	1	35	2	(1)	(5)	(3)
Other operating income	6	(6)	13	21	11	(17)	20	33
Gross income	1,134	1,121	1,153	1,184	1,166	1,151	1,204	1,189
Operating expenses	(508)	(506)	(474)	(494)	(508)	(526)	(504)	(501)
Net operating income	627	615	678	690	658	626	699	688
Net loan-loss provisions	(120)	(70)	(123)	(48)	(121)	(60)	(147)	(149)
Other income	24	13	5	(166)	24	(12)	42	(33)
Underlying profit before taxes	531	558	560	477	561	554	595	506
Tax on profit	(146)	(150)	(156)	(121)	(159)	(154)	(174)	(111)
Underlying profit from continuing operations	386	408	404	356	402	399	420	396
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Underlying consolidated profit	386	408	404	356	402	399	420	396
Minority interests	(65)	(66)	(74)	(62)	(78)	(67)	(82)	(76)
Underlying attributable profit to the Group	320	342	330	293	324	332	338	320

Thank you.

Our purpose is to help people
and business prosper.

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

Simple Personal Fair



MEMBER OF
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Sustainability Indices**
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