

Regulatory Disclosure

This document represents the Basel III Pillar 3 disclosures for Santander Consumer Bank (the “Bank”) as at Dec 31, 2025, pursuant to the Office of the Superintendent of Financial Institutions (OSFI) requirements for Small and Medium-Sized Deposit-Taking Institutions (SMSBs). SMSBs are segmented into three categories for the purposes of capital, liquidity, and Pillar 3 disclosure purposes. The Bank follows the Pillar 3 Disclosure requirements for Small and Medium-Sized Banks (SMSBs) and is classified as a Category 2 SMSB. The contents of the disclosures are tailored to the nature, size, and complexity of the Bank. The following disclosures represent the Bank’s qualitative disclosures that are provided quarterly.

Qualitative reporting regarding credit risk and operational risk is provided annually; and market risk reporting does not apply.

These disclosures are unaudited, and all amounts reported in these disclosures are presented in thousands of Canadian dollars, unless otherwise noted. The report is available in the “our company” section of the Bank’s website at www.santanderconsumer.ca

For further information, please visit the OSFI’s Financial Data and forms website at <https://www.osfi-bsif.gc.ca/en/data-forms/financial-data>

Reporting Entity

The Bank is a Schedule II Canadian charter bank governed by the Bank Act (Canada). The address of the Bank’s registered office is 200, 4245 – 97 Street NW, Edmonton, Alberta, T6E 5Y7. The Bank received orders to commence and carry-on business on March 5, 2025.

The Bank utilizes an indirect business model to provide its financial service offerings. The Bank offers secured lending focused on indirect automotive financing and Nominee GIC deposit accounts. The Bank is a CDIC member financial institution.

Risk Management

Santander Consumer Bank maintains a comprehensive and integrated risk management framework to ensure prudent management and control of risks across the organization. The Bank’s approach is grounded in the following key components:

- **The Risk Appetite:** The Board of Directors approves the Bank’s risk appetite, which is articulated through a formal risk appetite statement, including the risk appetite statement, defined risk limits, and

clearly assigned roles and responsibilities. This ensures that risk-taking activities remain within acceptable boundaries aligned with the Bank's strategic objectives.

- **Risk culture:** A strong and consistent risk culture is embedded throughout the Bank, aligned with the values and principles of 'The Santander Way'. This culture emphasizes accountability, ethical conduct and socially responsible risk-taking that supports the long-term sustainability and resilience of the Bank.

- **Risk Management Process:** Santander has established a structured and forward-looking set of processes for identifying, assessing, planning, mitigating, monitoring and reporting risks. These processes support effective risk-informed decision making across the organization and ensure material risks are appropriately addressed in a timely and coordinated manner.

Credit Risk

How the business model translates into the components of the SMSB's credit risk profile

Santander Consumer Bank (the "Bank") has focused on financing consumer vehicle purchases since 1999 through an indirect business model, when the Bank's predecessor entity (Carfinco) commenced the financing of vehicles in the non-prime credit segment.

The Bank has gradually repositioned itself by expanding into near prime vehicle financing (March 2016), and prime vehicle financing (November 2021) to provide a full spectrum of automotive purchase financing options for Canadian consumers.

Automotive loans comprise 90% of the Bank's outstanding loan portfolio as of the end of Q3 2025. The Bank's credit risk profile consists of 20% prime loans and 80% of near prime and non-prime loans.

Criteria and approach used for defining credit risk management policy and for setting credit risk limits

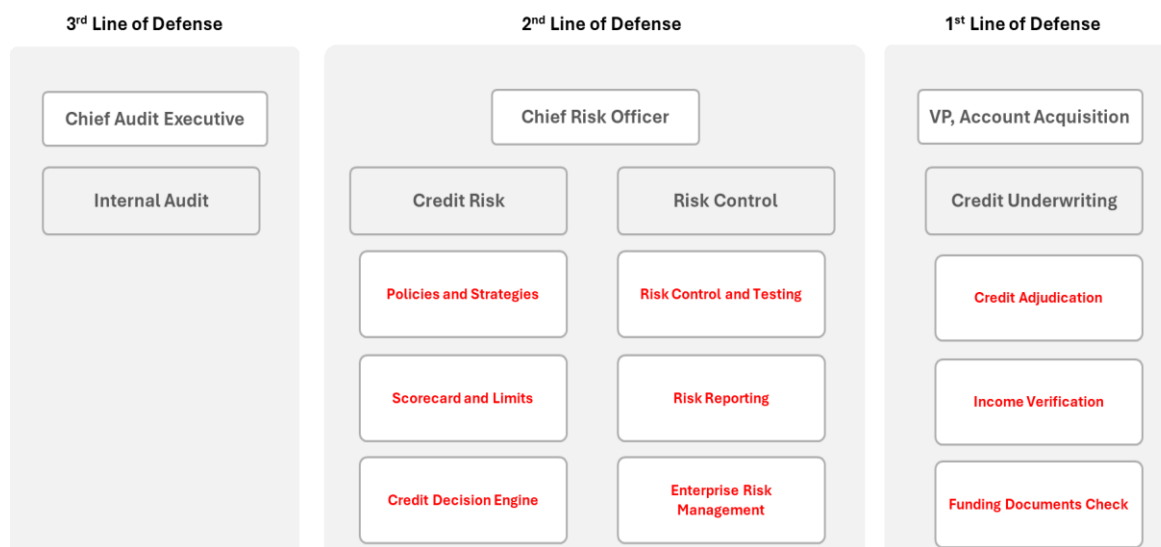
The Bank's credit risk management models follow segmentation criteria and a risk treatment assignment process, considering the operational, customer and portfolio vision, as well as the comprehensive vision of the credit risk cycle. Risk-adjusted performance measures are calculated in a manner that is proportionate to the size, nature and complexity of the loan and the risk profile of the borrower.

Based on the available information, the customer's credit profile is assessed using different statistical rating models, depending on the risk treatment. These models reflect the customer's probability of default. The Bank's automatic statistical credit scoring model assesses the probability of a customer default based on information previously identified as predictive of the probability of default.

The establishment of limits allows the decision to be brought closer to the customer and, therefore, to speed up the resolution of credit applications and to focus commercial efforts on those customers with the greatest potential for assuming risks. An internal limit is assigned to a customer that represents the maximum level of credit risk that the bank is willing to assume with the customer, aligned with the risk appetite. It is based on the information available in the systems and taking into consideration aspects such as payment capacity, debt in financial institutions, customer income, interest rates, total financed amount, etc.

Structure and organization of the credit risk management and control function

The commercial and account acquisition function (first line of defense) is the primary risk manager, being responsible for the origination and taking of risk, and provides all the necessary information on customers to the credit risk function (second line of defense, hereinafter 2LoD), which carries out its own review and challenge in each of the phases of the customer's life cycle, issuing an independent opinion and, where appropriate, with the right to ban risk taking. The independence of the credit risk function in the risk-taking processes is ensured, and this function does not have objectives linked to the achievement of commercial objectives that they supervise, or to those that may imply a conflict of interest.



Relationships between the credit risk management, risk control, compliance and internal audit functions

Commercial and account acquisition functions that generate risk exposures constitute the first line of defense. The first line of defense identifies, measures, controls, monitors, and reports the risks it originates and adheres to all the policies, models and procedures that regulate risk management.

Risk and Compliance functions, as the second line of defense, will provide independent challenge and oversight of the risk management activities performed by the first line of defense. This second line of defense ensures, within their respective domains of responsibility, that risks are managed in accordance with the risk appetite defined by senior management and promote a strong risk culture throughout the organization.

Internal Audit is independent of any other functions, whose objective is to provide the senior management with independent assurance on the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thereby helping to protect the Bank's value, solvency, and reputation.

Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors

The main purpose of credit risk control is to provide information on the credit exposure of customers and portfolios, control limits, risk consumption and possible budget deviations, thereby facilitating the early detection of threats to credit risk compliance, specific areas of attention and the development of action plans to correct possible deteriorations.

In addition to the control processes carried out in the first line of defense, there are second line of defense controls, carried out independently and specialized by portfolio managers. Examples of these controls are: roll-rate analysis, vintage analysis, monitoring of the risk quality of new production, monitoring of automation rates and overrides, analysis of rating distributions and monitoring of customers with higher exposures.

In addition to the internal reports that are generated for proper management of credit risk, each stage in the credit risk cycle is supported by reporting processes, which involves supplying updated information to senior management regarding credit exposure to retail customers. Its activity is structured in the various reports generated by the function dedicated to information management, independent of the Portfolio Management function and specialized in this activity.

Operational Risk

Operational risk (OR) refers to the risk of losses as a result of the unsuitability or failure of processes, employees, internal systems, or external events.

Policies, Frameworks and Guidelines for the Management of Operational Risk

Santander Consumer Bank (the "Bank") first-level risk categories correspond to those included in the Basel Framework. Operational risk categorized as internal fraud; external fraud; employment practices and workplace safety; customer, products and business practices; damage to physical assets; business disruptions and system failures; execution, delivery and process management.

The key frameworks and models involved in management and control of operational risk can be summarized as strategic planning and estimation of OR losses, identification and assessment of OR, ongoing monitoring and tracking of the OR profile, establishment of risk mitigation and transfer measures, and information. During these processes, policies and procedures are defined to regulate the management and control of OR, and all the tools used in support are identified.

Structure and Organization of Operational Risk Management and Control Function

All Bank employees are responsible for the management of the operational risk (OR) inherent in the activities, processes and systems supporting their usual functions. In order to comply with regulatory requirements, and in accordance with best practices in the banking sector, the Bank has defined an organizational model structured in three lines of defense.

First line of defence (1LoD) Comprises all business units and support functions, thus responsible for the OR arising in its scope of responsibility, and its main role within the OR management and control model is to identify, evaluate, monitor, mitigate and report the risk.

Second line of defence (2LoD) Comprises the operational risk control function (ORCF) within the risk department, its key functions include designing, maintaining and developing the OR management and control model, while promoting the development of risk culture throughout the Bank.

Third line of defence (3LoD) Comprises of internal audit department, independent of any other functions or units, whose objective is verifying that the risks inherent in the Bank's activities are adequately covered, through fulfilment of the policies issued by senior management and all applicable internal and external procedures and rules and regulations, and also, supervising the fulfilment, effectiveness and efficiency of OR internal control systems across the Bank, and the reliability and quality of accounting information.

Operational Risk Measurement System

The key operational risk (OR) management and control processes are supported by a system of management and control tools, apart from the OR appetite and the OR losses forecast.

Operational risk indicators (ORIs) are parameters of different kinds (metrics, indices, measures) that can monitor the Bank's operational risk. The indicators are regularly reviewed to flag up alerts on any changes that could foretell the emergence of the main risks. The use of ORIs in the Bank is intended to achieve the following aims:

- Identify the causes which give rise to risks (root cause analysis)
- Act as an early warning in the event of increased levels of risk (risk exposure)

- Measure the efficiency of controls and processes, and the improvements made to such controls and processes (control environment)
- Monitor existing exposure.

The OR control function of the Bank makes sure that the information is consistent and analyzes significant variations that may signal a change in the risk profile or in the criticality of a specific risk.

Operational Risk Reporting Framework

The OR control function of the Bank (2LoD) will aggregate the OR information from all its business units and support areas and will report the OR management and control information in the appropriate channel in accordance with the governance scheme.

The content of that information covers the necessary aspects of the key processes of the OR management and control model, in pursuit of the following objectives:

- Achieving a comprehensive vision of the sources of operational risk.
- Ensuring that the consequences and impacts associated with loss events are understood and effectively mitigated.
- Analyzing systemic risks so that they may be communicated to the organization and, with the information obtained in this respect, prevent recurrence and anticipate operational losses.
- Analyzing trends that allow for identifying recurring issues.
- Identifying disruption, the nature of which mandates reporting to the public authorities, customers or investors if required.
- Reporting exposure to emerging risks if any.

Operational Risk Mitigation and Transfer Strategies

Mitigating measures are intended to reduce or eliminate exposure to a risk which already affects the Bank or to an emerging or potential risk that has been identified and assessed.

Improving the internal control environment is a key element in mitigation. This environment includes the organizational mitigation, the existence of policies, procedures and controls, employee training and the adaptation of technological systems and infrastructures.

The Bank has developed the following mitigation and/or transfer tools:

- Crisis management and business continuity and contingency plans
- Fraud management
- Systems and technological infrastructure
- Risk transfer and insurance
- Third party risk management and oversight.

Template KM1: Key metrics (at consolidated group level)						
		a	b	c	d	e
(in thousands of Canadian dollars)		31-Dec-25	30-Sep-25	30-June-25	31-Mar-25	T-4
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	228,925	223,177	223,770	222,182	
2	Tier 1	228,925	223,177	223,770	222,182	
3	Total capital	240,172	234,339	234,665	232,815	
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	955,366	949,564	925,117	901,435	
4a	Total risk-weighted assets (pre-floor)	955,366	949,564	925,117	901,435	
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	23.96%	23.5%	24.19%	24.65%	
5a	CET1 ratio (%) (pre-floor ratio)	23.96%	23.5%	24.19%	24.65%	
6	Tier 1 ratio (%)	23.96%	23.5%	24.19%	24.65%	
6a	Tier 1 ratio (%) (pre-floor ratio)	23.96%	23.5%	24.19%	24.65%	
7	Total capital ratio (%)	25.14%	24.68%	25.37%	25.83%	
7a	Total capital ratio (%) (pre-floor ratio)	25.14%	24.68%	25.37%	25.83%	
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	
9	Countercyclical buffer requirement (%)	n/a	n/a	n/a	n/a	
10	Bank G-SIB and/or D-SIB additional requirements (%) [Not applicable for SMSBs]	n/a	n/a	n/a	n/a	
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.5%	2.5%	2.5%	2.5%	
12	CET1 available after meeting the bank's minimum capital requirements (%)	16.96%	16.5%	17.19%	17.65%	
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	1,221,383	1,313,433	1,228,483	1,187,000	
14	Basel III leverage ratio (row 2 / row 13)	18.74%	16.99%	18.22%	18.72%	

Modified CC1 – Composition of capital for SMSBs		
(in thousands of Canadian dollars)		Amounts
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	126,630
2	Retained earnings	106,265
3	Accumulated other comprehensive income (and other reserves)	(2,778)

4	<i>Directly issued capital subject to phase out from CET1 (only applicable to Federal Credit Unions)</i>	n/a
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	n/a
6	Common Equity Tier 1 capital before regulatory adjustments	230,118
	Common Equity Tier 1 capital: regulatory adjustments	
28	Total regulatory adjustments to Common Equity Tier 1	(1,193)
29	Common Equity Tier 1 capital (CET1)	228,925
	Additional Tier 1 capital: regulatory adjustments	
44	Additional Tier 1 capital (AT1)	0
45	Tier 1 capital (T1 = CET1 + AT1)	228,925
	Tier 2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0
47	<i>Directly issued capital instruments subject to phase out from Tier 2 (applicable only to Federal Credit Unions)</i>	n/a
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0
49	<i>of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)</i>	n/a
50	Collective allowances	11,247
51	Tier 2 capital before regulatory adjustments	11,247
	Tier 2 capital: regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	11,247
59	Total capital (TC = T1 + T2)	240,172
60	Total risk-weighted assets	955,366
	Capital ratios	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	23.96%
62	Tier 1 (as a percentage of risk-weighted assets)	23.96%
63	Total capital (as a percentage of risk-weighted assets)	25.14%
	OSFI target	
69	Common Equity Tier 1 target ratio	7.00%
70	Tier 1 capital target ratio	8.50%
71	Total capital target ratio	10.50%

Template LR2: Leverage ratio common disclosure template			
(in thousands of Canadian dollars)		a	b
		31-Dec-25	30-Sep-25
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	1,221,343	1,299,747
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework (IFRS)		
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(1,280)	(5,970)
4	(Asset amounts deducted in determining Tier 1 capital)	(1,193)	(1,263)
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	1,218,872	1,292,514
Derivative exposures			
6	Replacement cost associated with all derivative transactions	1,050	20,321
7	Add-on amounts for potential future exposure associated with all derivative transactions	1,811	598
11	Total derivative exposures (sum of lines 6 to 10)	2,661	20,919
Capital and total exposures			
20	Tier 1 capital	228,925	223,177
21	Total Exposures (sum of lines 5, 11, 16 and 19)	1,221,533	1,313,433
Leverage ratio			
22	Basel III leverage ratio	18.74%	16.99%