

## CREDIT OPINION

27 July 2023

Update



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### RATINGS

#### Santander Consumer Bank AS

Domicile	Norway
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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### CLIENT SERVICES

## Santander Consumer Bank AS

Update to credit analysis following rating action

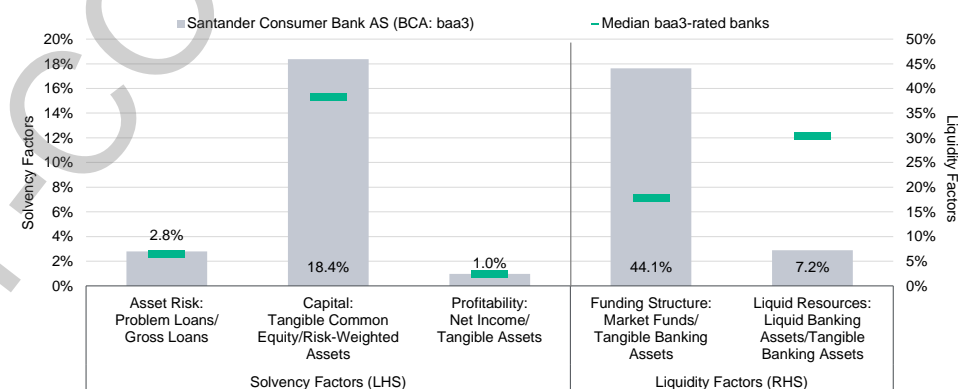
### Summary

[Santander Consumer Bank AS](#)<sup>1</sup> (SCB) A2 long-term deposit, senior unsecured and issuer ratings are derived from the bank's baa3 Baseline Credit Assessment (BCA). The ratings incorporate one notch of uplift from our expectation of a high probability of affiliate support from its parent, [Santander Consumer Finance S.A.](#) (SCF, A2/A2 stable, baa2<sup>1</sup>), leading to an Adjusted BCA of baa2.

The A2 long-term deposit, senior unsecured and issuer ratings also incorporates three notches of uplift based on our Advanced Loss Given Failure (LGF) analysis on the bank's liabilities. The LGF analysis takes into account the risks faced by different debt and deposit classes across the liability structure, should the bank enter into resolution, and the intragroup liabilities issued by SCB to its parents.

Exhibit 1

### Rating Scorecard - Key financial ratios



These are our [Banks Methodology](#) scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average or latest annual figure. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.

Source: Moody's Investors Service

## Credit strengths

- » Strong capital levels, benefiting from the ongoing support from its parent
- » Relatively high profitability driven by a high net interest margin and an efficient cost structure
- » Geographical diversifications with a pan Nordic footprint support the bank's risk profile
- » A high probability of extraordinary affiliate support, in case of need

## Credit challenges

- » Asset quality and profitability will continue to face pressure because of a challenging operating environment and limited volume growth
- » High reliance on wholesale funding, mitigated by the presence of its parent and growing deposit base
- » Undiversified business model increases sensitivity to changes in the operating environment

## Outlook

The outlook on SCB's deposit, issuer and senior unsecured debt ratings is stable, reflecting our expectation that the bank's financial performance and credit profile will be broadly stable in the next 12-18 months. The outlook on SCB's ratings is also aligned with the stable outlook on its parent bank's deposit ratings.

## Factors that could lead to an upgrade

- » SCB's ratings could be upgraded if it improves its credit risk profile while maintaining satisfactory levels of profitability, and its reliance on confidence sensitive market funding declines, exerting upward pressure on its baseline credit assessment (BCA).
- » Concurrently, SCB's junior senior debt ratings could be further upgraded if the bank issues larger volumes of junior liabilities, including SNP, resulting in a lower loss given failure.

## Factors that could lead to a downgrade

- » SCB's ratings could be downgraded if the bank's capital declines significantly; asset quality deteriorates, or its risk profile increases in combination with lower profitability; or the bank's funding and liquidity characteristics weaken exerting negative pressure on its BCA.
- » SCB's ratings could also be downgraded in case Moody's lowers its affiliate support assumptions, due to a reduced commitment by the parent bank to support its subsidiary.
- » In addition, a potential shift in SCB's liability structure – for example, if the amount of outstanding junior senior unsecured debt were to significantly decline – could lead to lower creditor protection and a downgrade of the bank's deposit and senior debt ratings.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### Santander Consumer Bank AS (Consolidated Financials) [1]

	03-23 <sup>2</sup>	12-22 <sup>2</sup>	12-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (NOK Billion)	215.1	202.9	192.4	198.9	180.9	5.5 <sup>4</sup>
Tangible Common Equity (NOK Billion)	25.8	27.2	26.3	25.8	21.8	5.4 <sup>4</sup>
Problem Loans / Gross Loans (%)	2.7	2.6	3.1	2.7	2.6	2.8 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	18.4	20.5	20.6	19.6	18.2	19.5 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.5	15.6	17.3	16.1	16.8	16.6 <sup>5</sup>
Net Interest Margin (%)	3.3	3.4	3.6	3.7	4.0	3.6 <sup>5</sup>
PPI / Average RWA (%)	3.1	3.3	3.4	3.4	3.5	3.3 <sup>6</sup>
Net Income / Tangible Assets (%)	1.0	1.3	1.3	1.0	1.5	1.2 <sup>5</sup>
Cost / Income Ratio (%)	45.0	41.7	42.2	44.8	44.1	43.6 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	43.8	44.1	42.9	40.8	46.5	43.6 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	7.4	7.2	9.3	8.8	8.7	8.3 <sup>5</sup>
Gross Loans / Due to Customers (%)	232.2	246.8	239.5	223.4	252.5	238.9 <sup>5</sup>

[–] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

## Profile

SCB is a fully owned subsidiary of SCF, a part of [Banco Santander S.A. \(Spain\)](#) (Banco Santander, A2/A2 stable, baa1), operating in the Nordic region of Europe. Headquartered in Norway, SCB provides secured auto financing (85% of lending as of the end of March 2023) and unsecured consumer loans and credit cards (15%) in Norway, Sweden, Denmark and Finland.

The bank also collects online retail deposits in Norway, Sweden and Denmark.

SCB is the market leader in auto finance in Norway (26% market share) and Denmark (26% market share) as of the end of December 2022. It holds a third position in Sweden, with a market share of 14%, and in Finland with market share of 15% in the same period. SCB's gross loan book totaled NOK 198 billion and its total assets were NOK 215 billion (equivalent to €19.0 billion) as of the end of March 2023.

The larger Santander Group operated out of more than 9,000 branches and served a customer base of more than 160 million as of the end of December 2022.

## Recent developments

SCB received their MREL requirements from the Norwegian FSA on 2 June 2022, however, the requirements have not yet been published officially. The MREL requirements are to be satisfied with own funds and eligible liabilities issued to the parent Santander Consumer Finance S.A or Banco Santander S.A directly. We expect the requirements to be published during 2023.

## Detailed credit considerations

### Moderate asset risk from the bank's focus on auto financing and Nordic geographical footprint

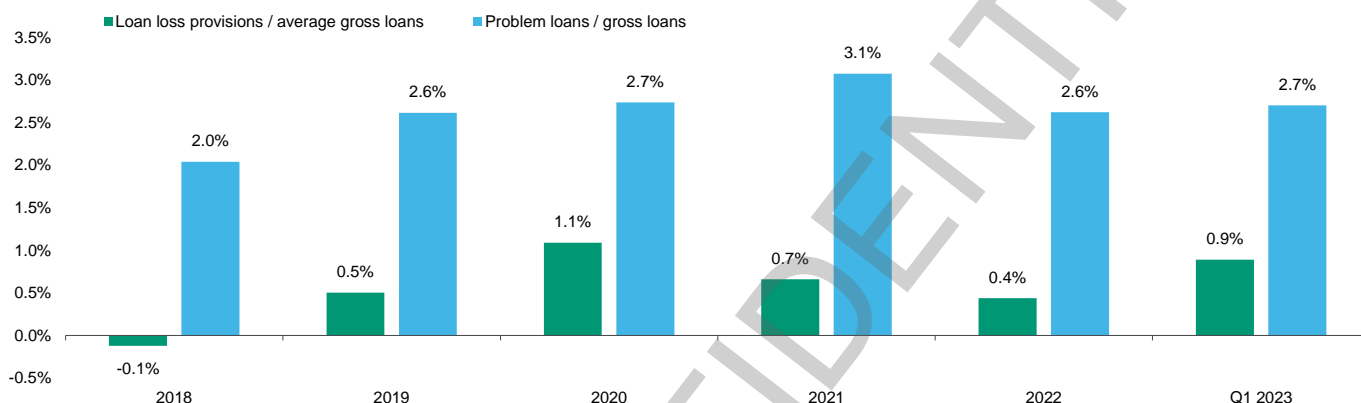
SCB's asset risk is viewed as moderate, reflected in our baa1 score, with a record of relatively modest credit losses but also focus on less secured forms of financing compared with, for example, mortgage lending. We expect SCB's loan quality to weaken moderately over the coming quarters because of lingering pandemic-induced supply chain challenges and secondary effects of Russia-Ukraine military conflict. In particular, we expect a deterioration in the bank's unsecured portfolio, also taking into consideration the high levels of household indebtedness in key markets and higher debt servicing costs.

Problem loans (IFRS 9 Stage 3 loans) increased slightly to 2.7% of gross loans as of the end of March 2023, comparing to 2.6% as of December 2022, but decreased from 3.1% as of December 2021. The main driver for the decrease was the slight shift of the loan book towards car financing and higher loan growth in 2022 and Q1 2023. Loss allowance coverage was 65% for Stage 3 unsecured loans and 51% for secured loans as of the end of March 2023.

SCB's annualised credit costs (loan-loss provisions/average gross loans) increased to 0.9% as of March 2023 from 0.4% as of December 2022, but remained broadly unchanged comparing to the same period last year. The increase in credit provisions as of March 2023 comparing to previous quarters is a reflection of adverse economic environment, resulting in a relatively higher forward-looking macroeconomic and inflationary overlay for the period. Credit costs averaged 0.5% between 2018 and 2022 (see Exhibit 3).

Exhibit 3

**Asset-risk metrics remained broadly adequate in the past six years, but will deteriorate somewhat in the coming quarters**  
**Credit costs and problem loan ratio evolution**



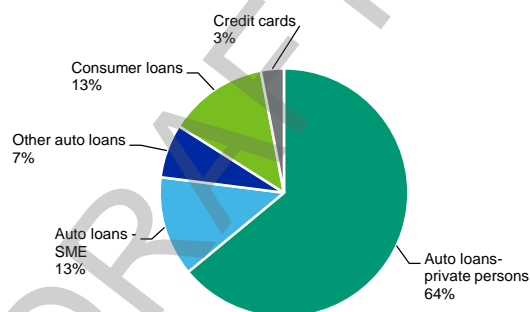
The higher problem loans ratio for 2019 was principally driven by a revised policy whereby contracts are written off at 720 days past due from 180 days previously.  
 Source: Moody's Investors Service

SCB's main products are auto loans, which are secured by vehicles, followed by unsecured loans, predominantly consumer loans and credit cards. Secured car financing made up 84% of total loans and unsecured direct loans, credit cards and sales finance the remaining 16% as of December 2022 (see Exhibit 4).

SCB operates throughout the Nordic region of Europe and, despite the current deterioration in economic conditions, the bank continues to benefit from relatively supportive operating conditions and a degree of geographical diversification. Norway is the main contributor to SCB's loan portfolio accounting for 32% of total lending as of the end of March 2023, followed by Sweden (28%), Denmark (20%) and Finland (20%) (see Exhibit 5). This mix of operations leads to an overall Macro Profile of "Strong +".

Exhibit 4

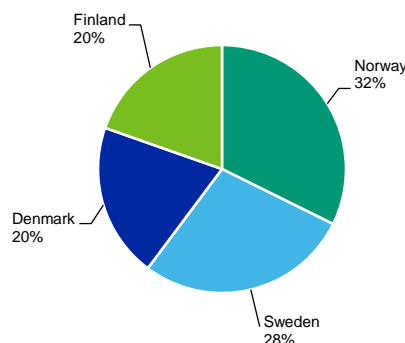
**SCB focuses on auto and consumer financing**  
**Loan breakdown by product as of the end of December 2022**



Source: Moody's Investors Service and company reports

Exhibit 5

**SCB has a diversified presence in the Nordic region**  
**Loan breakdown by geography as of the end of March 2023**



Source: Moody's Investors Service and company reports

SCB's loan portfolio increased by 7% in 2022, resulting in a five year average growth of 5%. The increase in 2022 was primarily driven by higher sales in auto product across all Nordic countries while unsecured lending volumes have decreased. The portfolio increased further by additional 5% as of March 2023 comparing to year-end 2022. However, the growth in 2023 was mainly driven by weaker NOK towards SEK, DKK and EUR. In local currencies gross outstanding loans in March 2023 were in line with outstanding amounts as of year-end 2022.

### Strong capitalisation, benefiting from the ongoing support from the parent

We expect SCB's capitalisation to remain strong and sufficiently above the regulatory requirements, which is reflected in our a2 assigned capital score. As of the end of March 2023, Moody's capital metric, tangible common equity (TCE)/risk-weighted assets (RWA) was 18.4% (see Exhibit 6). During the first quarter of 2023 the Group's General Meeting has approved a dividend payment of NOK 2.2 billion corresponding to a distribution of 100% of profit after tax for SCB AS for the fiscal year 2022. The dividend payment was made in the first quarter of 2023, however, it impacts capital ratios in the fourth quarter of 2022 (around 2% decrease in TCE/RWA ratio for December 2022, everything else being equal).

SCB reported a Common Equity Tier 1 (CET1) capital ratio of 17.9% as of the end of March 2023<sup>2</sup>, which was substantially above the minimum regulatory requirement of 12.6% for the period. The regulatory requirements include a 1.1% combined systemic risk buffer in Norway, a 1.5% combined countercyclical capital buffer (CCyB) (reflecting SCB's Nordic operations mix), and a bank-specific Pillar 2 requirement of 1.5% set by the Norwegian FSA. In addition, the FSA has set a Pillar 2 guidance of 1.5%.

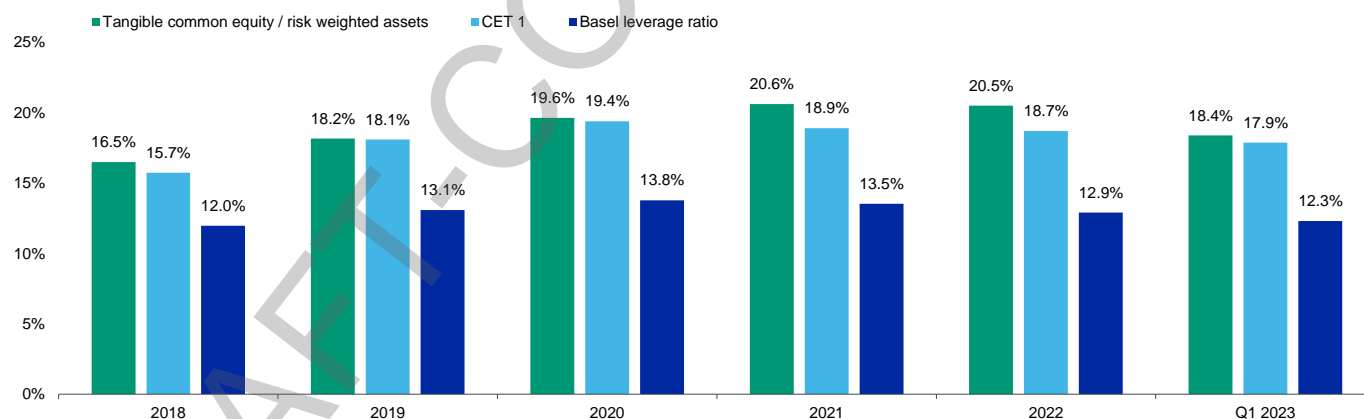
Norwegian FSA has revised the bank's Pillar 2 requirement downwards to 2.7% from previous 3.3% in January 2023, to be met by a combination of CET1 and additional Tier 1 and Tier 2 capital. A revised Pillar 2 requirement that needs to be fulfilled by CET1 capital is 1.5% as of March 2023.

SCB also reported a strong Basel leverage ratio of 12.3% as of the end of March 2023, well above the 3% regulatory requirement.

Exhibit 6

### Risk-weighted capitalisation and leverage are strong and substantially above the regulatory requirements

#### Evolution of SCB's capital metrics



The regulatory capital metrics are those under IFRS 9 transitional rules up until year-end 2021. From Q1 2022 SCB will only report under the fully loaded approach.

Source: Moody's Investors Service and company reports

Our assessment also takes into account SCB's access to capital from its parent, which supports its ability to grow its business and make acquisitions. Furthermore, all of SCB's NOK 2.46 billion of Tier 2 capital eligible subordinated debt and NOK 2.25 billion Additional Tier 1 capital instruments as of March 2023 were issued to SCF.

### Relatively high profitability, which will continue to face pressure in the coming quarters

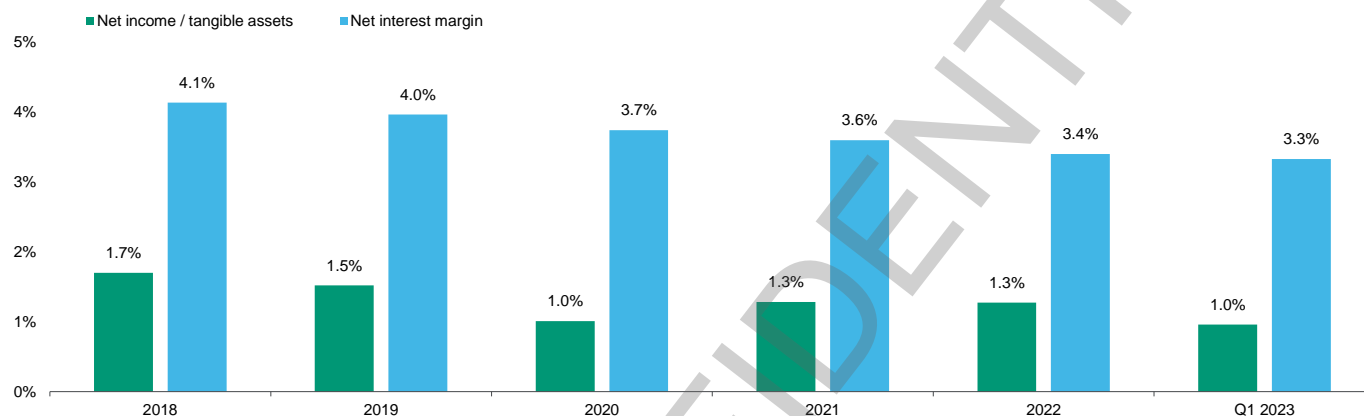
SCB's net income fell to 1.0% of tangible assets during the first three months of 2023, below the overall level in previous years (see Exhibit 7), but in line with same period in 2022. Despite increases in base interest rate in 2022 and 2023, SCB's net interest income increased only slightly, driven by a shift in product mix towards auto lending with lower yields compared to consumer lending, as well as intense competition - especially within the unsecured consumer lending segment. Overall, SCB's net interest margin (NIM)

decreased to 3.3% during the first three months of 2023, down from 3.6% in the same period a year earlier, but in line with 3.4% as of December 2022. Nevertheless, SCB's profit before tax during the first three months of 2023 amounted to NOK 671 million, up 22% compared to the same period last year. The main driver of the increase was higher net interest income and positive impacts from foreign exchange, although they were offset by higher funding costs.

Exhibit 7

### Profitability has remained broadly strong but will face some strain in the coming months

#### Evolution of SCB's profitability metrics



Source: Moody's Investors Service

The bank's cost efficiency is good, with a cost-to-income ratio of 45.0% for the first three months of 2023 (Q1 2022: 48.1%), but above the bank's target of 35%. We expect the bank to continue to focus on cost control and therefore maintain its operating efficiency.

We expect net income to remain broadly around 1.3% of tangible assets, reflected in our baa1 profitability score.

#### High reliance on wholesale funding, mitigated by the presence of the parent and growing deposit base; adequate liquidity

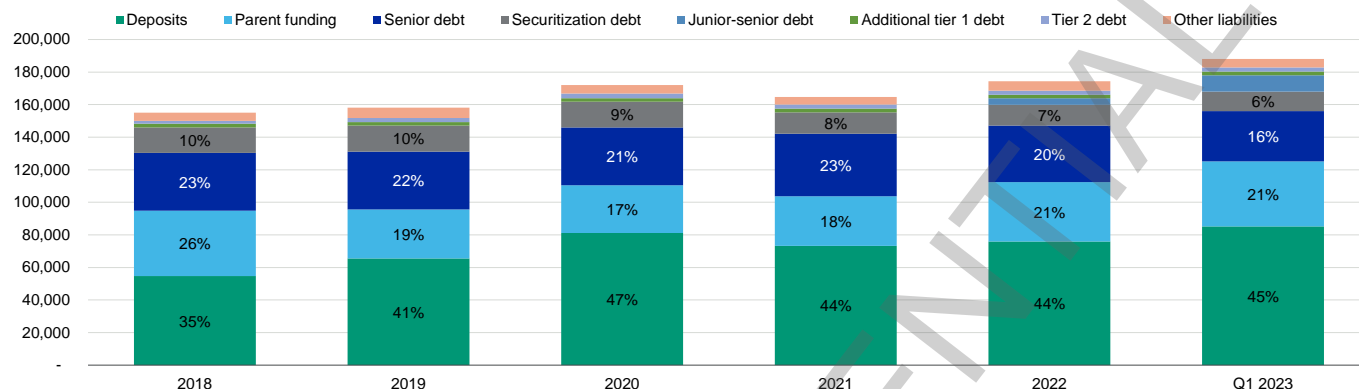
Our funding structure score of ba3 reflects SCB's relatively high reliance on potentially confidence sensitive wholesale funding, although this is mitigated by the ongoing funding support from its parents, SCF and Banco Santander, and by growth in customer deposits through online retail deposits in its main locations, excluding Finland. Deposits in Norway, Sweden and Denmark increased by a total of 12.1% in the first quarter of 2023 compared to year-end 2022, following an increase of 3.6% during 2022.

As of the end of March 2023, market funds/tangible banking assets ratio was 44%. SCB relied directly on its parent SCF for 21% of its funding, measured as a percentage of total liabilities (see exhibit 8). The other main sources of funding were 45% customer deposits, 16% senior unsecured bonds and 6% securitisation.

Exhibit 8

**SCB has a diversified funding profile**

Distribution of SCB's funding sources



Source: Moody's Investors Service

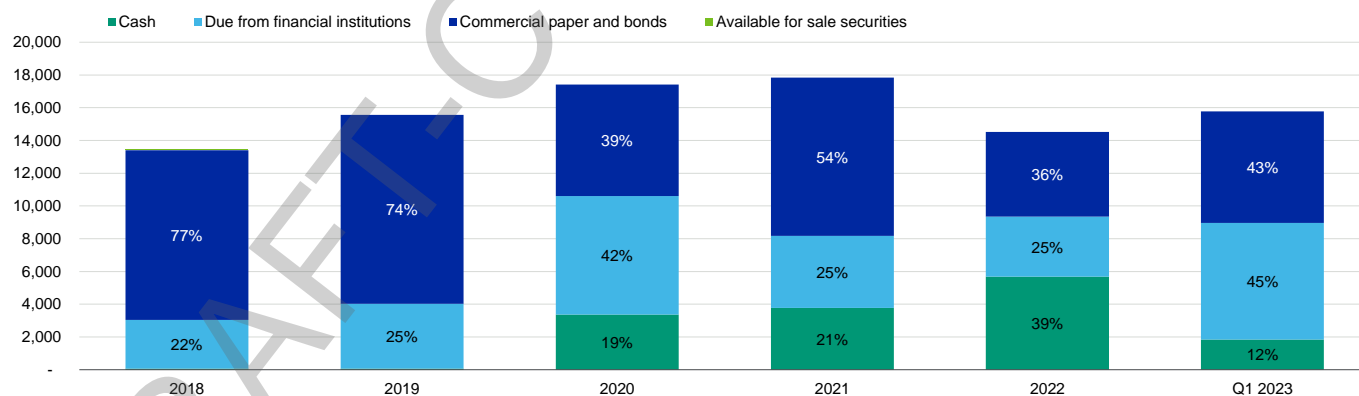
SCB's funding strategy is to improve its funding independence, with a particular focus on expanding deposits, secured funding, and senior unsecured funding, which we view positively. Nonetheless, potential recourse to SCF offers funding security in case other direct sources of funding dry out.

SCB's liquidity is adequate, consisting mostly of cash, deposits with financial institutions and highly rated securities (see exhibit 9). The bank reported an overall liquidity coverage ratio (LCR) of 158% as of March 2023, above the 100% minimum requirement. The net stable funding ratio (NSFR) as of March 2023 was 109%. In addition, our ba1 liquid resources score also takes into consideration the bank's access to considerable liquidity in the form of a multicurrency drawdown facilities from SCF and Santander Group, reflected in the three notch positive adjustment to the initial liquidity score.

Exhibit 9

**SCB's liquidity is adequate**

SCB's liquidity profile, excluding liquidity lines



Source: Moody's Investors Service

**An undiversified business model, focused on auto financing and consumer lending**

SCB has an established market position and is the leader in auto financing in Norway and Denmark, ranks number three in Sweden and Finland. The bank serves around 1.6 million customers, and it worked with 848 merchants and more than 5,000 car dealers as of the end of December 2022.

However, the main products contributing to SCB's bottom line are limited because the bank is predominantly involved in auto financing and unsecured consumer lending, and its earnings may be vulnerable to unexpected shocks, such as new regulation curbing

lending growth or enforcing pricing caps. Similarly to other specialised lenders, we therefore adjust the bank's Financial Profile score of baa2, which reflects the relatively strong set of financial ratios, downward by one notch for the lack of Business Diversification.

There are potential long-term challenges to SCB's current business model within the auto segment driven by changing consumer behavior, both in terms of how cars are purchased (where customers could seek to purchase vehicles via online sales channels versus through the car dealers), leasing and subscription models, but also alternative mobility solutions. Regulatory challenges include changing taxation landscape and demand for low emission vehicles, as well as technological developments.

### Source of facts and figures cited in this report

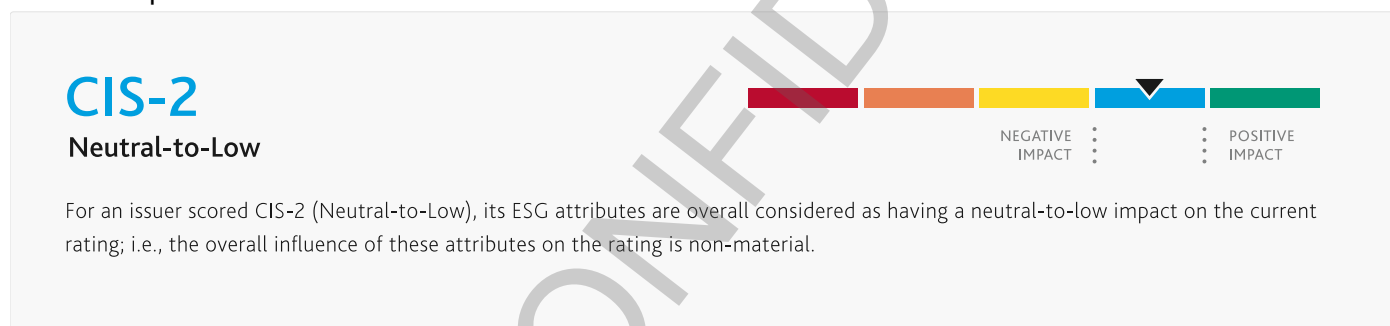
Bank-specific figures originate from banks' reports, and are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to the document [Financial Statement Adjustments in the Analysis of Financial Institutions](#), published on 9 August 2018.

## ESG considerations

### Santander Consumer Bank AS' ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 10

#### ESG Credit Impact Score

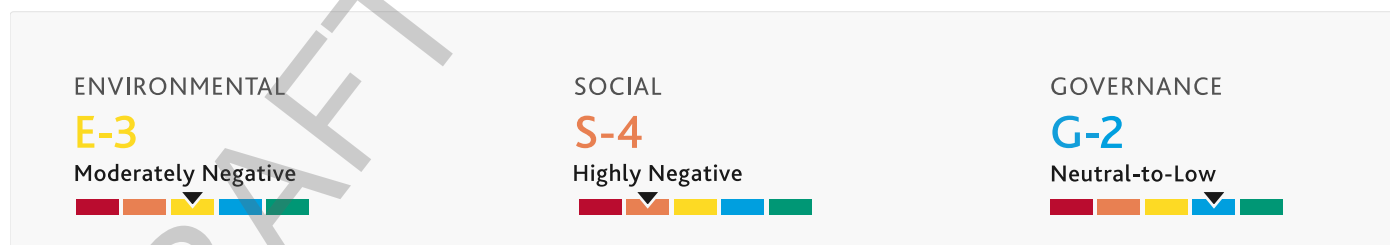


Source: Moody's Investors Service

Santander Consumer Bank AS's ESG Credit Impact Score is neutral-to-low (**CIS-2**). This reflects the limited credit impact of environmental and social risk factors on the rating to date, and the neutral-to-low governance risks.

Exhibit 11

#### ESG Issuer Profile Scores



Source: Moody's Investors Service

### Environmental

SCB faces moderate environmental risks, primarily because of its portfolio exposure to carbon transition risk in its auto lending business. SCB's auto lending portfolio constituted 85% of its total lending as of March 2023, which renders it potentially sensitive to changes in customer preferences driven by environmental concerns and digitalisation. The shift toward electric rather than combustion engines will change the characteristics of the loan book and affect the cash flow of the auto dealers to which the bank is exposed to, as consumers show a growing preference for more eco-friendly vehicles across the Nordic region. In Norway, more than 50% of all new cars sold are fully electric. For example, SCB is issuing green bond to finance loans and leases for electric vehicle.



## Social

Santander Consumer Bank is exposed to high industrywide social risks particularly related to customer relations risk and associated regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by SCB's developed policies and procedures. SCB's high cyber and personal data risks are mitigated by the group's sound IT framework.

## Governance

Santander Consumer Bank faces low governance risks. Its management, policies and procedures are in line with industry best practices. Because SCB is effectively controlled by Santander Consumer Finance and ultimately Banco Santander through their 100% shareholding, we have aligned the subsidiary's board structure, policies and procedures score with that of its parents, given the bank's strategic importance and public affiliation with the group, the parent's oversight of its subsidiary board and the regulated nature of the entities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Support and structural considerations

### Affiliate support

SCB's baa2 Adjusted BCA incorporates a high probability of extraordinary affiliate support from SCF in case of need and ultimately from Banco Santander, which translates into a one-notch uplift from its baa3 standalone BCA<sup>3</sup>. Our view of a high probability of affiliate support is based on the 100% ownership by SCF; SCF's high degree of involvement in the strategy and management of SCB; and the ongoing funding and capital support as SCF subscribes to a portion of SCB's debt and all hybrid capital instruments.

### Loss Given Failure (LGF) analysis

In 2019 Norway transposed the European Union Bank Resolution and Recovery Directive (BRRD) into local legislation and BRRD2 was implemented into Norwegian law 1 June 2022. As a result, we consider the country an operational resolution regime. In accordance with our rating methodology, we apply our Advanced LGF analysis, taking into consideration the risks faced by different debt and deposit classes across the liability structure should the bank enter resolution.

In our Advanced LGF analysis, we use our standard assumptions and assume a residual TCE of 3% and post-failure losses of 8% of tangible banking assets. We also assume a 25% runoff of junior wholesale deposits and a 5% runoff of preferred deposits. Moreover, we assign a 25% probability to junior deposits being preferred to senior unsecured debt. However, for SCB, we assume that 10% of deposits can be considered junior deposits to reflect its retail-based deposit structure. We include intragroup liabilities in our LGF waterfall for SCB, such as the junior senior debt and hybrid capital instruments that are issued by SCB to its parent banks.

Under these assumptions, our LGF analysis indicates a very low loss given failure for SCB's A2 deposits and senior unsecured debt because of the loss absorption provided by the significant amount of senior unsecured and junior-senior unsecured debt outstanding. This leads to a three-notch rating uplift for deposits and senior unsecured debt from the bank's baa2 Adjusted BCA.

SCB's junior-senior ratings of (P)Baa1 are rated one notch above the adjusted BCA due to high volumes of senior non-preferred debt issued by the bank. Subordinated debt ratings of Baa2 are rated in line with the adjusted BCA, which captures the risk characteristics of this class of debt.

### Government support considerations

We do not incorporate any government support uplift into SCB's ratings because we consider the probability of government support, in case of need, low.

### Counterparty Risk Ratings (CRRs)

#### SCB's CRRs are A2/Prime-1

SCB's CRRs are positioned three notches above the Adjusted BCA of baa2, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

### Counterparty Risk (CR) Assessment

#### SCB's CR Assessment is A2(cr)/Prime-1(cr)

For SCB, the CR Assessment is positioned three notches above the bank's baa2 Adjusted BCA based on the substantial buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, including junior deposits and junior senior debt. To determine the CR Assessment, we focus purely on subordination, taking no account of the volume of the instrument class.

### Methodology and scorecard

#### About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 12

### Santander Consumer Bank AS

Macro Factors										
Weighted Macro Profile		Strong +		100%						
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2				
Solvency										
Asset Risk										
Problem Loans / Gross Loans	2.8%	a2	↔	baa1	Quality of assets	Long-run loss performance				
Capital										
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	18.4%	aa2	↔	a2	Expected trend	Stress capital resilience				
Profitability										
Net Income / Tangible Assets	1.0%	baa1	↑↑	baa1	Earnings quality					
Combined Solvency Score		a1		a3						
Liquidity										
Funding Structure										
Market Funds / Tangible Banking Assets	44.1%	b1	↑↑	ba3	Market funding quality					
Liquid Resources										
Liquid Banking Assets / Tangible Banking Assets	7.2%	b1	↑↑	ba1	Additional liquidity resources					
Combined Liquidity Score		b1		ba2						
Financial Profile										
				baa2						
Qualitative Adjustments				Adjustment						
Business Diversification				-1						
Opacity and Complexity				0						
Corporate Behavior				0						
Total Qualitative Adjustments				-1						
Sovereign or Affiliate constraint				Aaa						
BCA Scorecard-indicated Outcome - Range				baa2 - ba1						
Assigned BCA				baa3						
Affiliate Support notching				1						
Adjusted BCA				baa2						
Balance Sheet		in-scope (NOK Million)		% in-scope		at-failure (NOK Million)		% at-failure		
Other liabilities		76 613		35.8%		82 573		38.6%		
Deposits		85 145		39.8%		79 185		37.0%		
Preferred deposits		76 631		35.8%		72 799		34.0%		
Junior deposits		8 515		4.0%		6 386		3.0%		
Senior unsecured bank debt		30 891		14.4%		30 891		14.4%		
Junior senior unsecured bank debt		9 975		4.7%		9 975		4.7%		
Dated subordinated bank debt		2 515		1.2%		2 515		1.2%		
Preference shares (bank)		2 250		1.1%		2 250		1.1%		
Equity		6 414		3.0%		6 414		3.0%		
Total Tangible Banking Assets		213 803		100.0%		213 803		100.0%		
Debt Class	De Jure waterfall Instrument Sub-volume + subordination	De Facto waterfall Instrument Sub-volume + subordination	Notching De Jure De Facto		LGF Notching Guidance vs. Adjusted BCA	LGF Notching	Assigned LGF Notching	Additional Preliminary Rating Assessment		
Counterparty Risk Rating	27.3%	27.3%	27.3%	27.3%	3	3	3	3	0	a2
Counterparty Risk Assessment	27.3%	27.3%	27.3%	27.3%	3	3	3	3	0	a2 (cr)
Deposits	27.3%	9.9%	27.3%	24.3%	3	3	3	3	0	a2

Senior unsecured bank debt	27.3%	9.9%	24.3%	9.9%	3	3	3	3	0	a2
Junior senior unsecured bank debt	9.9%	5.2%	9.9%	5.2%	0	0	0	1	0	baa1
Dated subordinated bank debt	5.2%	4.1%	5.2%	4.1%	0	0	0	0	0	baa2
Non-cumulative bank preference shares	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	-2	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	A2
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	3	0	a2	0	A2	A2
Senior unsecured bank debt	3	0	a2	0	A2	A2
Junior senior unsecured bank debt	1	0	baa1	0	(P)Baa1	(P)Baa1
Dated subordinated bank debt	0	0	baa2	0	Baa2	Baa2
Non-cumulative bank preference shares	-1	-2	ba2	0	Ba2 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

## Ratings

Exhibit 13

Category	Moody's Rating
<b>SANTANDER CONSUMER BANK AS</b>	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured	A2
Junior Senior Unsecured MTN	(P)Baa1
Subordinate	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)
ST Issuer Rating	P-1
<b>PARENT: SANTANDER CONSUMER FINANCE S.A.</b>	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits -Dom Curr	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	A2
Junior Senior Unsecured -Dom Curr	Baa1
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper -Dom Curr	P-1

Source: Moody's Investors Service

## Endnotes

- The bank ratings shown in this report are the bank's deposit rating, senior unsecured debt rating and BCA.
- Since Q1 2022 SCB will only report under the fully loaded approach for the IFRS 9 impact
- To reflect that support could be forthcoming from SCB's ultimate parent, Banco Santander, we use SCF's Adjusted BCA as the support indicator, which incorporates our affiliate support considerations for SCF.

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