

Research Update:

Santander Consumer Bank AG 'A' Ratings Affirmed; Outlook Remains Stable; SACP Revised Downward Amid Earnings Pressure

November 7, 2025

Overview

- Santander Consumer Bank AG's (SCB's) earnings deteriorated in recent years, reducing its resilience to stress amid multiple headwinds.
- At the same time, SCB has decided to exit multiple lines of business, which will further narrow the bank's business model.
- To reflect these changes, we have applied one negative notch under our comparable ratings analysis to our stand-alone credit profile (SACP) of SCB, which we revised downward to 'bbb-' from 'bbb'.
- Santander announced it intends to merge SCB's parent, Spain-based Santander Consumer Finance S.A. (SCF; A/Stable/A-1), and Openbank S.A. (not rated). The first phase of the integration will take place in Germany, which, in our view, underlines the importance of SCB to the wider group.
- We therefore affirmed our 'A/A-1' long- and short-term issuer credit ratings on SCB.
- The stable outlook reflects our expectation of unchanged integration and strategic importance to SCB's parent, Spain-based SCF.

Rating Action

On Nov. 7, 2025, S&P Global Ratings affirmed its 'A/A-1' long- and short-term issuer credit ratings on Santander Consumer Bank AG (SCB). The outlook is stable.

At the same time, we affirmed our 'A' issue rating on SCB's outstanding senior unsecured issuances and 'A-1' rating on its commercial paper program. We also affirmed our 'A+/A-1' resolution counterparty rating on SCB.

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Rationale

We expect SCB will remain key to Santander's European consumer finance strategy.

Santander recently announced its plan to reorganize its European consumer finance activities, previously operated through SCB's parent, SCF, and Openbank S.A. While we consider this neutral to our ratings (see "[Merger Of Santander Consumer Finance S.A. And Openbank S.A. Is Neutral For Ratings](#)," published Oct. 15, 2025), we understand the economic rationale, as it will make Openbank's technology and deposit surplus available to fund SCF's consumer lending activities.

We expect only a very limited direct financial impact for SCB, as Openbank's existing German branch will be run down and not merged with SCB. We note that SCB and the German market will lead the integration and that the current Openbank CEO Mr Petri Nikkilä will assume the same responsibilities at SCB. These factors underline our view of the bank's continued core strategic relevance to Santander's European consumer finance operations.

We think SCB's earning capacity has weakened and will remain below historical averages.

Rising interest rates have been less supportive for SCB compared to domestic and international peers. This was because of lagged repricing of assets and SCB's higher reliance on capital market activities. Revenue has been pressured further by legislative changes in Germany, which have impeded sales of payment protection insurance since 2023, significantly denting SCB's net fee and commission income. Compared with its peak of €182 million in 2021, we expect it will reduce by more than 75% in 2025 and only increase moderately again in subsequent years. Lastly, persistently weak economic conditions in Germany depressed SCB's consumer-oriented business model more than peers with greater diversification, demonstrated by its deteriorating asset quality metrics.

As a result, earnings metrics no longer positively distinguish SCB from peers. For example, we expect its return on assets to average 0.2-0.4% over 2025-2027, down from an average of 0.92% over 2019-2022. For comparison, over the same time, we expect the median of Europe's largest 100 banks to improve to 0.7% from 0.5%.

SCB's asset quality performance has lagged peers. SCB's risk metrics have deteriorated more than for captive finance peers and are now more similar to banks focused on unsecured consumer finance lending. We consider the latter to be more vulnerable to adverse economic developments. We expect its cost of risk to be about 1.0%-1.2% over 2025-2027, the highest in more than a decade and significantly above our expectations for European captive finance peers, such as Volkswagen Bank or RCI Banque, that remain largely below 50 basis points.

A narrowing of business lines could support profitability but also increases concentration

risks. We believe SCB's decisions in the past one to two years to exit the retail mortgage, corporate, and consumer financial services businesses were primarily spurred by the bank's insufficient scale and lower-than-expected earnings in these business lines. While the focus on its core competitive strengths in mobility and unsecured consumer finance should support overall profitability, exiting these business lines has narrowed SCB's business profile. The bank's disciplined cost management should, however, help it maintain cost efficiency, with a cost-to-income ratio below 60%.

To reflect lower earnings capacity and higher concentration, we apply a negative notch through our comparable ratings analysis. This considers the comparability of SCB's SACP to relevant peers, such as Banque Stellantis France, FCE Bank PLC and Ford Bank GmbH, and Santander Holdings USA Inc. (all at a 'bbb-' SACP). With SCB's SACP being revised downward to 'bbb-' from 'bbb', the 'A' issuer credit rating now incorporates one additional notch of group support from its parent, SCF. This reflects the continued core strategic relevance of SCB and the German market to Santander's European consumer finance operations.

Outlook

The outlook on SCB is stable and mirrors that on its Spain-based parent, SCF. We expect SCB will remain a core subsidiary of SCF, within Santander's resolution perimeter, and would therefore be directly affected by a strengthening or weakening of its parent's credit profile.

Downside scenario

We could downgrade SCB in the next 18-24 months if we downgraded SCF. This could be triggered by a similar action on the ultimate parent, Banco Santander; a downgrade of the Spanish sovereign; or a weakening in Santander's commitment to SCF. In addition, a weakening of SCB's importance to SCF could lead us to lower the rating on SCB, although we view this as unlikely over the next 24 months.

Upside scenario

Although unlikely, we could consider upgrading SCB if we were to upgrade SCF, which would in turn stem from an upgrade of Banco Santander and the Spanish sovereign. An upgrade of SCB would also hinge on SCF maintaining its commitment to SCB, and SCB remaining within Santander's resolution perimeter. An improvement in SCB's stand-alone creditworthiness alone would not lead us to upgrade SCB.

Rating Component Scores

Rating Component Scores

	To	From
Issuer Credit Rating	A/Stable/A-1	A/Stable/A-1
SACP	bbb-	bbb
Anchor	bbb+	bbb+
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Strong (1)	Strong (1)
Risk position	Moderate (-1)	Moderate (-1)
Funding and liquidity	Adequate and Adequate (0)	Adequate and Adequate (0)
Comparable ratings analysis	-1	0
Support	4	3
ALAC support	0	0
GRE support	0	0
Group support	4	3
Sovereign support	0	0
Additional factors	0	--

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity.

GRE--Government-related entity.

Related Criteria

- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Banking Industry Country Risk Assessment: Germany](#), Sept. 19, 2025
- [Merger Of Santander Consumer Finance S.A. And Openbank S.A. Is Neutral For Ratings](#), Oct. 15, 2025

Ratings List

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Ratings Affirmed

Santander Consumer Bank AG

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Senior Unsecured	A
Commercial Paper	A-1

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