

RatingsDirect®

Santander Consumer Bank AG

Primary Credit Analyst:

Heiko Verhaag, CFA, FRM, Frankfurt (49) 69-33-999-215; heiko.verhaag@spglobal.com

Secondary Contact:

Michal Selbka, Frankfurt +49 (0) 69-33999-300; michal.selbka@spglobal.com

Table Of Contents

Major Rating Factors

Outlook

Rationale

Related Criteria

Related Research

Santander Consumer Bank AG

SACP	bbb+		+	Support	+1	+	Additional Factors	0
Anchor	a-			ALAC Support	0		Issuer Credit Rating	
Business Position	Moderate	-1		GRE Support	0		A-/Stable/A-2	
Capital and Earnings	Strong	+1		Group Support	+1		Resolution Counterparty Rating	
Risk Position	Moderate	-1		Sovereign Support	0		A/--/A-1	
Funding	Average	0						
Liquidity	Adequate							

Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Large market share in the consumer finance business in Germany. • Strong risk-adjusted profitability and capitalization. • High granularity in the loan portfolio 	<ul style="list-style-type: none"> • Concentrated exposure to volatility in the consumer finance business. • Margin and volume pressure from intense competition. • Limited growth potential in the saturated German consumer finance market.

Outlook: Stable

S&P Global Ratings' outlook on Germany-based Santander Consumer Bank AG (SCB) is stable. The outlook mirrors that on its parent Spain-based Santander Consumer Finance S.A. (SCF; A-/Stable/A-2), since we expect it to remain a core subsidiary that is directly affected by its parent's credit profile strengthening or weakening. The negative economic risk and industry risk trends in Germany could lower SCB's anchor ratings and consequently its stand-alone credit profile (SACP), but won't affect the issuer credit or issue ratings.

Downside scenario

So long as we consider SCB a core member of SCF, any deterioration in SCB's SACP would be offset by uplift from extraordinary group support. We could nevertheless lower the rating on SCB if we were to lower the rating on SCF. This could be triggered by a similar action on the ultimate parent Banco Santander S.A. (A/Stable/A-1), or if we believed Banco Santander Group's commitment to SCF had weakened. In addition, a weakening of SCB's importance to SCF could lead us to lower the rating, although we view this as remote over the next 24 months.

Upside scenario

Conversely, a positive rating action on SCF would result in a similar action on SCB. An upgrade of SCF would be triggered by a similar action on Banco Santander, or by our revision of SCF's status within the group to core. An improvement in SCB's stand-alone creditworthiness alone would not result in an upgrade of SCB.

Rationale

SCB is the German subsidiary of the Banco Santander Group, with a high market share in the domestic consumer finance business. The bank benefits from the currently still-low economic risks in Germany, but is exposed to revenue concentration in a more volatile segment of the banking sector. Despite a profit transfer agreement with its intermediate parent, SCB shows strong capitalization, with a risk-adjusted capital (RAC) ratio of 12.9%, and would likely benefit from further capital contributions in case of need. This capital strength is, in our view, offset by the concentration of SCB's loan book on consumer finance. The funding and liquidity metrics look somewhat weaker than those of domestic peers, but we expect SCB's stable funding ratio (SFR) to improve due to an extended maturity profile. At the same time, the bank still benefits from its large share of retail deposits and comfortable liquidity position. Being part of the wider Santander Group implicitly benefits our SACP assessment.

Furthermore, in our view, SCB is a core subsidiary of its intermediate parent SCF and provides about 35% of the parent's lending volume. We expect SCB's strategy will remain aligned with that of Banco Santander Group's consumer finance strategy, such that SCB would benefit from extraordinary group support in case of need. This is reflected in a one-notch uplift to its 'bbb+' SACP, resulting in the 'A-' long-term issuer credit rating (ICR).

Anchor:'a-' for banks operating only in Germany

Our bank criteria use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an ICR. The anchor for banks operating mainly in Germany is 'a-'.

Despite strengthening headwinds for Germany's economy from the ongoing trade war and a potentially disruptive Brexit, we maintain our view of Germany's economy as highly diversified, competitive, and resilient. A strong fiscal and a sizable net external creditor position provide important buffers in a shock. That said, the high degree of openness, with exports accounting for almost 50% of GDP in 2018, exposes Germany strongly to external risks. Moreover, risks of economic imbalances are starting to emerge. Real house price growth returned to 6.3%, after 3.9% in 2017 and price pressures remain high thanks to low unemployment levels and rising wages, very high levels of net immigration, and supply shortages. Given the emerging pockets of weakness in Germany's corporate sector, we expect the very favorable cycle of low or nonexistent risk costs will end though overall private-sector debt remains low at 107% of GDP in 2018.

As for many European banking industries, industry risk in Germany is intermediate, in our view. However, returns in the German banking industry are trailing Northern and Eastern European banking industries. In addition, the low-for-longer interest rate environment and very strong competition will continue to drag down profitability, while progress in cost-reducing and efficiency-enhancing measures has been slow to translate into meaningful savings. Importantly, significant investment needs into core banking systems and digital customer needs will keep cost pressure high. Overall, German banks compare poorly in terms of cost efficiency in a European comparison and are increasingly exposed to the risks of tech disruption.

Germany's retail banking market will continue to be dominated by well-funded and strongly capitalized savings and cooperative banking groups that have about 50% of the market in this segment. Large banks consequently typically carry riskier concentration and business risk, but have become significantly less vulnerable to economic risks due to substantial deleveraging, de-risking, and recapitalization in recent years. We continue to consider the institutional framework for the German banking system as intermediate because regulatory reforms and expected progress are resolving major deficiencies and improving accountability and transparency.

Table 1

Santander Consumer Bank AG--Key Figures					
	--Year ended Dec. 31--				
(Mil. €)	2018	2017	2016	2015	2014
Adjusted assets	42,840.7	42,221.8	43,201.5	41,810.3	38,283.7
Customer loans (gross)	30,402.3	31,420.6	31,547.8	30,860.7	30,850.8
Adjusted common equity	2,536.0	2,543.8	2,511.9	2,747.9	2,710.0
Operating revenue	1,344.4	1,423.2	1,435.6	1,494.9	1,576.8
Noninterest expenses	815.3	838.2	807.4	850.8	906.2
Core earnings	463.4	486.9	532.0	511.6	563.9

Business position: Concentrated position in the German consumer finance market

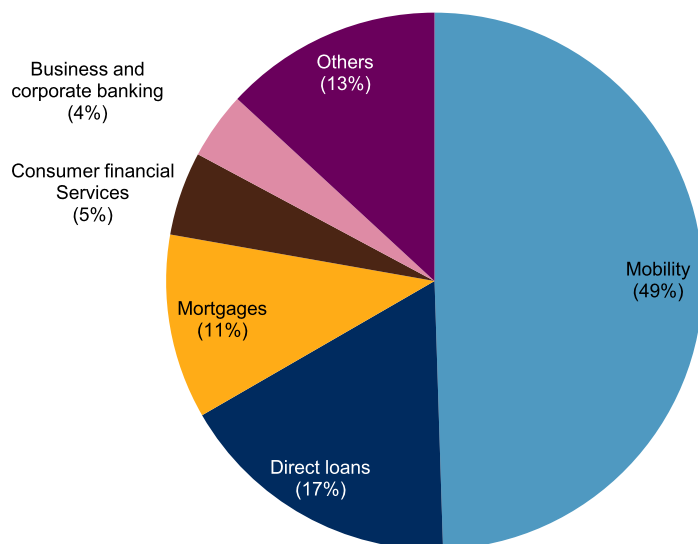
We consider SCB's business position to be moderate, owing to its fairly concentrated business model. We see it as potentially more susceptible to swings in economic trends than a traditional retail bank's business model, however, we note that SCB's operating income after credit losses proved relatively stable over the last economic cycle. Moreover, Germany's highly competitive consumer finance market continues to limit SCB's growth potential as it aims to maintain its current risk-adjusted profitability. Corporate banking activities have the potential to further diversify SCB's

revenue streams, allowing it to profit from the global franchise of Banco Santander Group. However, we regard this more as a long-term possibility because German corporate lending remains very competitive while it will take time to build up the franchise. The same applies to the retail mortgage business, acquired from SEB AG in 2011, which has declined in volume since then and we expect only gradual growth.

Chart 1

SCB's Loan Book Is Dominated By Its Mobility Segment

Portfolio share



Source: S&P Global Ratings.

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

These weaknesses are only partly offset by SCB's strong domestic market share of about 8% in the niche car finance market. SCB's consumer finance division, especially direct consumer lending, is subject to fierce competition and continuing margin pressure, also increasingly from pure online lenders.

SCB will need to consequently implement its digital transformation to meet evolving customer expectations in the near future and remain cost competitive with pure online banks in the retail business. This competition includes Santander Group's Openbank, which started its digital banking offering, including payment accounts, card products, and robo-advisory services, in Germany in 2019.

We expect the positive effects from the ongoing restructuring of its brands and branch network to fully unload in 2020, through reduced operating costs and increased revenue. Under its restructuring initiatives, the bank's branch network was reduced by about one-third and its fragmented information technology operations were merged into a single

subsidiary. In our opinion, these initiatives have been managed well. That said, we believe the increased efficiency will allow SCB to better cope with a continued low-interest-rate environment and largely defend its market share in a structurally competitive market.

Table 2

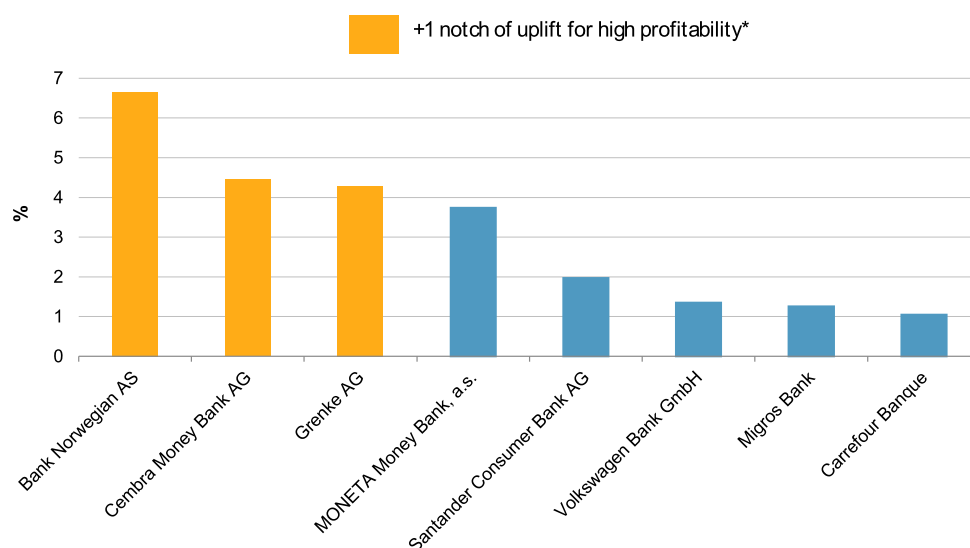
Santander Consumer Bank AG--Business Position					
	--Year ended Dec. 31--				
(%)	2018	2017	2016	2015	2014
Loan market share in country of domicile	1.0	1.1	1.1	1.1	1.1
Deposit market share in country of domicile	0.6	0.7	0.7	0.8	0.8
Total revenue from business line (mil. €)	1,344.4	1,423.2	1,435.6	1,537.8	1,576.8
Commercial & retail banking/total revenue from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	15.1	12.8	17.3	17.9	3.6

N/A--Not applicable.

Capital and earnings: Strong capitalization, despite profit transfer agreement

We assess SCB's capital and earnings as strong. This is based primarily on our forecast RAC ratio of 12.0%-12.5% over the next 24 months. SCB usually upstreams all of its profits to SCF, based on a profit transfer agreement, and has historically been managed with a small capital buffer above the minimum requirements. Based on a Common Equity Tier 1 ratio of 13.9% as of year-end 2018, coupled with the bank's ambition to expand its lending business over the next few years, we expect a slight deterioration of our RAC ratio from 12.9% as of year-end 2018. The higher ratio compared with last year is driven by a marked reduction in new consumer finance lending, especially in the durable business.

We believe SCB's earnings generation, as a potential first line of defense in case of increasing credit losses, will remain strong, thanks to high-margin lending. We estimate an earnings buffer, which measures the capacity for a bank's preprovision earnings to cover normalized (annual average through the cycle) losses, of about 200 basis points (bps), which is stronger than most German retail banks. We expect SCB to maintain healthy risk-adjusted margins, potentially at the cost of lower lending growth.

Chart 2**SCB's Risk-Adjusted Profitability Is In Line With Its Strong Peer Group**
Earnings buffer

The earnings buffer measures the capacity for a bank's preprovision earnings to cover normalized (annual average through the cycle) losses, presented as a percentage of the S&P risk-weighted assets before diversification. *For the indicated entities, the issuer credit ratings include one notch of uplift for high profitability as an additional factor. Data refers to 2018, except for MONETA Money Bank, a.s. which refers to 2017. Source: S&P Global Ratings.

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

Table 3**Santander Consumer Bank AG--Capital And Earnings**

(%)	--Year ended Dec. 31--				
	2018	2017	2016	2015	2014
Tier 1 capital ratio	13.9	12.5	13.2	12.8	12.3
S&P Global Ratings' RAC ratio before diversification	12.9	12.7	12.6	12.1	11.8
S&P Global Ratings' RAC ratio after diversification	12.0	12.2	11.8	12.2	11.9
Adjusted common equity/total adjusted capital	99.9	99.9	99.8	99.8	99.8
Net interest income/operating revenue	84.6	79.6	80.6	78.7	74.6
Fee income/operating revenue	8.2	10.6	12.4	14.7	18.3
Market-sensitive income/operating revenue	(0.3)	(0.2)	0.0	N/A	N/A
Noninterest expenses/operating revenue	60.6	58.9	56.2	56.9	57.5
Preprovision operating income/average assets	1.2	1.4	1.5	1.6	1.8
Core earnings/average managed assets	1.1	1.1	1.2	1.3	1.5

N/A--Not applicable.

Table 4

Santander Consumer Bank AG--Risk Adjusted Capital Framework Data						
(€ 000s)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)	
Credit risk						
Government & central banks	2,870,384.6	0.0	0.0	6.5	0.0	
Of which regional governments and local authorities	180.0	0.0	0.0	6.5	3.6	
Institutions and CCPs	1,681,401.6	55,567.1	3.3	295,369.9	17.6	
Corporate	7,475,116.1	6,563,494.8	87.8	4,507,044.1	60.3	
Retail	22,041,600.3	8,076,807.6	36.6	10,265,201.6	46.6	
Of which mortgage	3,557,712.6	386,707.0	10.9	720,677.1	20.3	
Securitization§	2,797,380.9	716,966.4	25.6	1,643,328.9	58.7	
Other assets†	315,145.9	214,004.8	67.9	283,661.6	90.0	
Total credit risk	37,181,029.2	15,626,840.7	42.0	16,994,612.5	45.7	
Credit valuation adjustment						
Total credit valuation adjustment	--	7,138.9	--	0.0	--	
Market Risk						
Equity in the banking book	42,335.4	156,066.6	368.6	370,036.7	874.1	
Trading book market risk	--	0.0	--	0.0	--	
Total market risk	--	156,066.6	--	370,036.7	--	
Operational risk						
Total operational risk	--	2,166,986.8	--	2,361,086.4	--	
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA	
Diversification adjustments						
RWA before diversification	--	19,141,413.4	--	19,725,735.6	100.0	
Total Diversification/ Concentration Adjustments	--	--	--	1,359,259.2	6.9	
RWA after diversification	--	19,141,413.4	--	21,084,994.9	106.9	
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)	
Capital ratio						
Capital ratio before adjustments		2,661,365.9	13.9	2,538,006.4	12.9	
Capital ratio after adjustments‡		2,661,365.9	13.9	2,538,006.4	12.0	

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data, S&P Global Ratings.

Risk position: Concentration risk in consumer finance loans

In our view, SCB's overall risk position is moderate and a relative weakness compared with larger and better diversified peers. Our assessment reflects concentration risk in its loan book because it is heavily weighted toward German consumer finance exposures. We view the credit quality of such exposures as inherently more volatile and

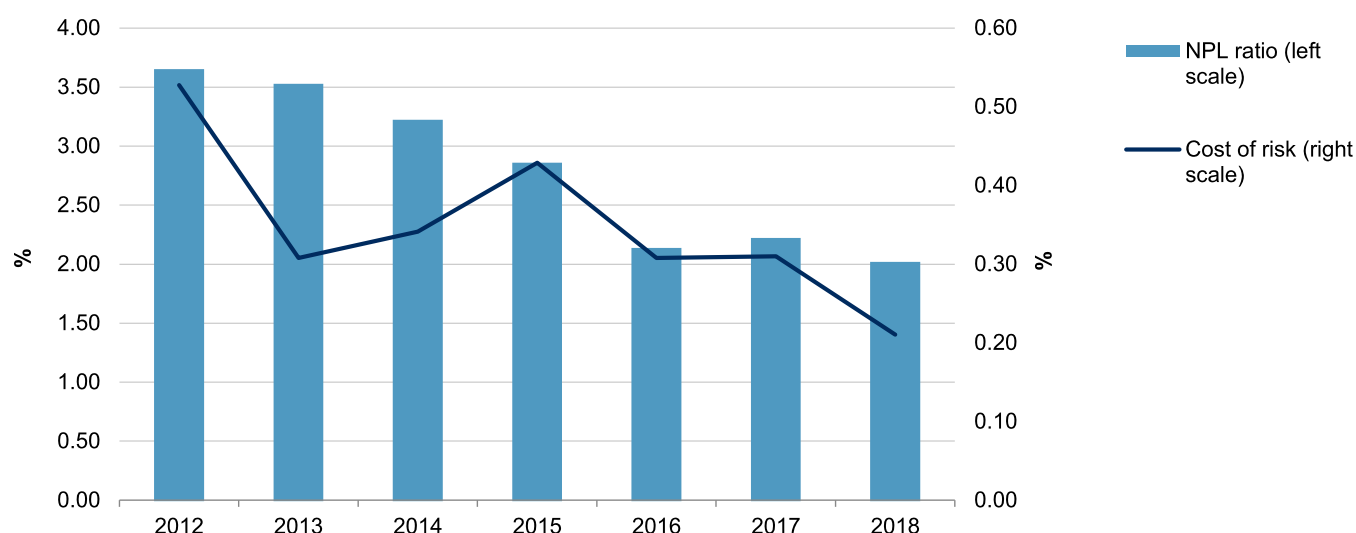
losses in a stress environment might be higher than for secured retail banking products like mortgages. In a severe economic downturn, losses could accumulate rather quickly. However, we note SCB's track record of limited losses compared with those of its pure consumer finance peers, demonstrating a more conservative approach to risk.

The current economic environment in Germany results in very favorable risk metrics, with a nonperforming loan ratio of 2.0% and cost of risk of 21 bps in 2018, which is lower than in 2017. We anticipate that these metrics have likely bottomed out and that cost of risk will normalize to 50 bps-100 bps over the medium term.

Chart 3

SCB's Risk Metrics Benefit From A Very Favorable Economic Backbone

Asset quality



Nonperforming loan (NPL) ratio is defined as gross nonperforming assets as a % of customer loans. Cost of risk is defined as new loan loss provisions as a % of average customer loans. Source: S&P Global Ratings.

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

We understand that SCB intends to increase its retail mortgage and corporate businesses but we doubt that this would lead to a material improvement in risk diversification within the next two-to-three years. In our view, the loan portfolio will remain dominated by car financing and unsecured consumer lending.

Table 5

Santander Consumer Bank AG--Risk Position

(%)	--Year ended Dec. 31--				
	2018	2017	2016	2015	2014
Growth in customer loans	(3.2)	(0.4)	2.2	0.0	(1.0)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	6.9	3.9	(3.9)	(0.7)	(0.4)
Total managed assets/adjusted common equity (x)	17.0	16.7	17.3	15.3	14.3
New loan loss provisions/average customer loans	0.2	0.3	0.3	0.4	0.3

Table 5

Santander Consumer Bank AG--Risk Position (cont.)					
(%)	--Year ended Dec. 31--				
	2018	2017	2016	2015	2014
Gross nonperforming assets/customer loans + other real estate owned	2.0	2.2	2.1	2.9	3.2
Loan loss reserves/gross nonperforming assets	89.7	89.5	96.3	94.7	92.2

RWA--Risk-weighted assets.

Funding and liquidity: Franchise-based and online deposits, complemented by securitizations

Our assessment of SCB's funding profile as average in comparison with domestic peers' considers its relatively weak quantitative metrics, which are offset by qualitative factors and its diversified funding sources. In 2017, SCB issued its first senior bond of €500 million and its first covered bond (Pfandbrief) of €250 million. We saw further issuances in 2019 and expect more to come. In 2018, SCB also started its €3 billion euro commercial paper program, which adds short-term flexibility.

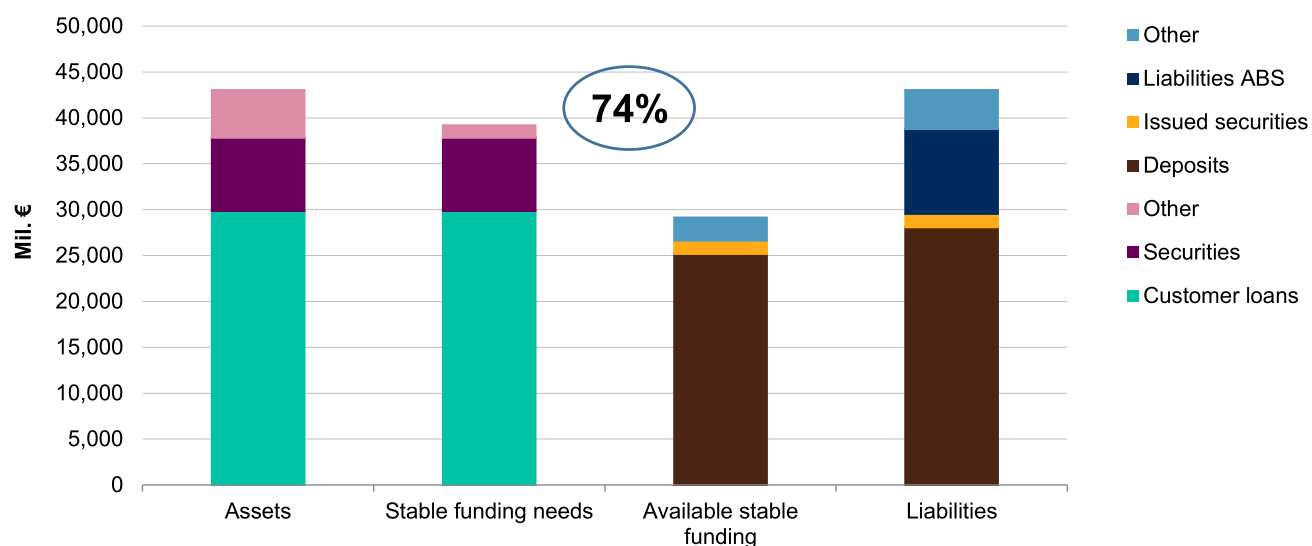
The stable funding ratio, S&P Global Ratings' measure of available long-term funding relative to long-term funding needs, was 74% in 2018. This level is lower than domestic peers, who often show ratios comfortably above 100%. However, we expect the ratio will improve in the medium term with the issuance of covered bonds and senior unsecured bonds. Additionally, we believe SCB will utilize the third edition of the European Central Bank's (ECB) targeted longer-term refinancing operations (TLTRO III) to refinance the outstanding TLTRO II instruments, which will result in an extension of the maturity profile.

We believe granular retail deposits, which currently cover 57% of the funding base, will remain the main funding source for SCB. Although asset-backed securities (ABS) have historically been an important funding vehicle for SCB, the bank has recently retained most of them on its own balance sheet as available collateral for opportunistic funding from the ECB. We expect SCB to meet its minimum requirement for own funds and eligible liabilities by issuing internal instruments to its intermediate parent SCF.

Chart 4

The Ineligibility Of ABS As Available Stable Funding Dampens SCB's Stable Funding Ratio

S&P Global Ratings' stable funding ratio



ABS--Asset-back securities. Deposits that are not eligible as available stable funding include interbank lending with maturities < 1 year (incl. European Central Bank funding). Data as of Dec. 31, 2018. Source: S&P Global Ratings.

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

SCB's liquidity is adequate, in our view, based on the bank's negligible reliance on short-term wholesale funding. Its broad liquid assets cover 1.13x of its short-term wholesale funding. The decline compared with 2017 (1.74x) is spurred by upcoming maturities of ECB funding. However, we note the bank's additional liquidity buffers in retained ABS, which we do not acknowledge as liquid assets but could be sold in case of need. SCB has also proven its secured funding capability throughout the cycle. In addition, we acknowledge the potential benefits and stability provided by SCB's membership in the Banco Santander Group, although no committed facilities exist to our knowledge. SCB is consolidated into the group's liquidity reporting and stress testing, which ensures some group oversight. The regulatory liquidity coverage ratio was 169.1% as of year-end 2018.

Table 6

Santander Consumer Bank AG--Funding And Liquidity

(%)	--Year ended Dec. 31--				
	2018	2017	2016	2015	2014
Core deposits/funding base	76.9	74.2	77.5	81.1	88.9
Customer loans (net)/customer deposits	131.4	137.0	130.0	120.9	117.1
Long-term funding ratio	89.9	96.5	97.3	85.5	94.2
Stable funding ratio	74.3	79.5	79.8	74.8	80.9
Short-term wholesale funding/funding base	11.1	3.9	2.9	15.8	6.4
Broad liquid assets/short-term wholesale funding (x)	1.1	1.7	2.7	0.8	0.9

Table 6

Santander Consumer Bank AG--Funding And Liquidity (cont.)					
--Year ended Dec. 31--					
(%)	2018	2017	2016	2015	2014
Net broad liquid assets/short-term customer deposits	2.1	4.3	7.1	(5.0)	(0.8)
Short-term wholesale funding/total wholesale funding	48.0	14.9	12.9	83.5	57.3
Narrow liquid assets/3-month wholesale funding (x)	3.7	5.2	3.0	0.8	1.2

Support: One notch of uplift for parental support

The long-term rating on SCB is one notch higher than its intrinsic creditworthiness reflected in the SACP, because we align the rating with that on its intermediate parent SCF. This reflects our expectation of extraordinary group support in case of need.

Our ratings on SCB do not benefit from uplift for additional loss-absorbing capacity (ALAC). We understand that, unlike other group subsidiaries, the German operations have not been identified as a separate point of entry in the event of a resolution of Banco Santander. Nevertheless, the rating on SCB could also benefit from the build-up of ALAC at its ultimate parent, Banco Santander. If we were to raise our ratings on Banco Santander due to ALAC support, SCF and consequently SCB would benefit as the group support would be based on the higher rating of the parent.

Issue Ratings

The 'A-' ICR incorporates one notch of group support on top of the 'bbb+' SACP. We think this group support would also flow to SCB's outstanding senior subordinated bond. For the bond rating of 'BBB+', we deduct one notch from the 'A-' ICR to reflect the statutory subordination under German law, which makes these vanilla senior bonds subordinate in liquidation and resolution to other senior claims.

Resolution counterparty ratings (RCRs)

We have assigned 'A/A-1' resolution counterparty ratings (RCR) to SCB as we assess the resolution regime in Germany to be effective and the bank as likely to benefit from bail-in resolution powers being applied to the group if it reaches nonviability.

The RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an exemption from bail-in.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017

- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Santander Consumer Finance S.A., Oct. 8, 2019
- Banco Santander S.A., Sept. 19, 2019
- Outlooks On Various German Banks Revised To Negative On Rising Banking Sector Risks; Ratings Affirmed, Sept. 18, 2019
- How We're Refining Our View Of The Strategic Importance Of Certain Spanish Bank Subsidiaries, Aug. 2, 2019
- Ratings On Two Spanish Banks Raised, Most Affirmed On Receding Economic Risks, May 31, 2019
- Tech Disruption In Retail Banking: German Banks Have Little Time For Digital Catch-Up, May 14, 2019

Anchor Matrix										
Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of November 12, 2019)*

Santander Consumer Bank AG

Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Commercial Paper	A-2
Senior Subordinated	BBB+
Senior Unsecured	A-

Ratings Detail (As Of November 12, 2019)*(cont.)

Issuer Credit Ratings History

06-Apr-2018	A-/Stable/A-2
12-Jun-2017	BBB+/Stable/A-2
03-Apr-2017	BBB+/Positive/A-2
30-Mar-2017	BBB+/Stable/A-2

Sovereign Rating

Germany	AAA/Stable/A-1+
---------	-----------------

Related Entities**Banco Ole Bonsucesso Consignado S.A.**

Issuer Credit Rating	
<i>Brazil National Scale</i>	brAAA/Stable/brA-1+

Banco Santander (Brasil) S.A.

Issuer Credit Rating	BB-/Stable/B
<i>Brazil National Scale</i>	brAAA/Stable/brA-1+

Banco Santander-Chile S.A.

Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
<i>Foreign Currency</i>	A-1
Senior Unsecured	A
Subordinated	A-

Banco Santander S.A.

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Senior Subordinated	A-
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB+

Banco Santander SA (London Branch)

Certificate Of Deposit	
<i>Local Currency</i>	A-1

Banco Santander S.A. (New York Branch)

Commercial Paper	
<i>Local Currency</i>	A-1

Banco Santander Totta S.A.

Issuer Credit Rating	BBB/Positive/A-2
Resolution Counterparty Rating	BBB/--/A-2
Senior Unsecured	BBB

PSA Banque France

Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Senior Unsecured	BBB+

Santander Bank, N.A.

Issuer Credit Rating	A-/Stable/A-2
----------------------	---------------

Ratings Detail (As Of November 12, 2019)*(cont.)

Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BBB+
Santander Consumer Finance S.A.	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Commercial Paper	
<i>Local Currency</i>	A-2
Senior Subordinated	BBB+
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BBB
Santander Holdings U.S.A Inc.	
Issuer Credit Rating	BBB+/Stable/A-2
Preferred Stock	BB+
Senior Unsecured	BBB+
Santander Totta SGPS, S.A.	
Senior Unsecured	BBB
Santander UK Group Holdings PLC	
Issuer Credit Rating	BBB/Stable/A-2
Junior Subordinated	B+
Senior Unsecured	BBB
Short-Term Debt	A-2
Subordinated	BB+
Santander UK PLC	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Junior Subordinated	BB
Junior Subordinated	BB+
Preference Stock	BB
Senior Secured	AAA/Stable
Senior Unsecured	A
Senior Unsecured	A-1
Short-Term Debt	A-1
Subordinated	BBB-
Sovereign Real Estate Investment Trust	
Preferred Stock	BB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.