

CREDIT OPINION

24 January 2024

Update

Send Your Feedback

RATINGS

Santander Consumer Bank AG

Domicile	Germany
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Dom 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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Santander Consumer Bank AG

Update following rating affirmation

Summary

On 22 January, we affirmed [Santander Consumer Bank AG's](#) (SCB) A2 deposit, issuer and senior unsecured debt ratings, as well as the bank's baa2 Baseline Credit Assessment (BCA) and baa1 Adjusted BCA.

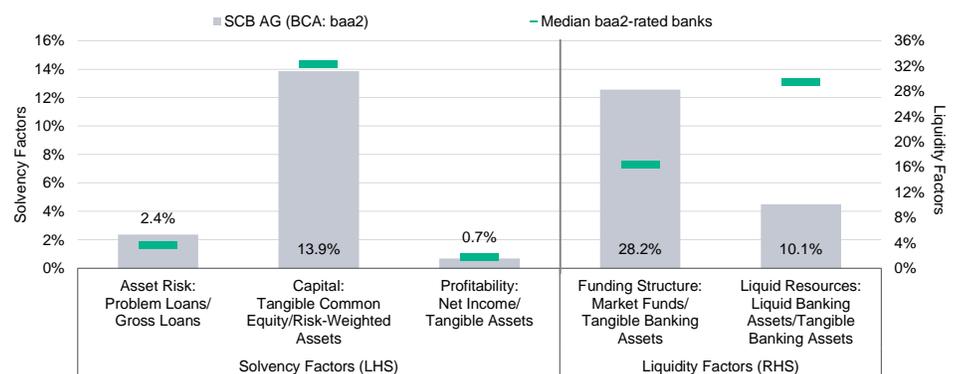
SCB's A2 deposit and senior unsecured ratings reflect the bank's baa2 BCA, one notch of rating uplift from its role as a core subsidiary of [Santander Consumer Finance S.A.](#) (SCF, A2 stable/A2 stable, baa2)¹, and the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities, which incorporates the relative loss severity of a liability class, indicating a very low loss given failure and resulting in two notches of rating uplift for SCB's deposit, issuer and senior unsecured debt ratings. SCB's ratings do not benefit from government support uplift because of its small size in the context of the German banking sector.

SCB's baa2 BCA reflects our assessment of SCB's sound asset quality, solid capitalisation and above-average profitability compared with the German banking sector. The BCA also incorporates the bank's generally tighter managed liquid resources - typical for its business model - that benefit from access to intragroup resources in case of need as well as continued solid access to various funding channels, primarily retail deposits.

The BCA continues to incorporate a one-notch negative adjustment for business diversification in SCB's baa2 BCA, owing to the bank's concentration risks in the car finance and consumer lending businesses. In our view, this strong focus on a single product and the resulting lack in business diversification qualifies SCB as a monoline business model.

Exhibit 1

Rating Scorecard - [Santander Consumer Bank AG](#) - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

- » Satisfactory capacity to absorb shocks, as displayed by good profitability compared with that of its domestic peers
- » Solid capitalisation
- » Agreed framework for capital increases and subscription of junior senior unsecured instruments by its parent will help absorb risk-weighted assets (RWA) and balance-sheet growth
- » Granular deposit franchise mitigates modest reliance on market funds

Credit challenges

- » High concentration risks in auto loans and stock financing for car dealers relative to capital implies vulnerability to sector-related stress and product-specific risks
- » Rising cost of credit needs to be contained in light of the weakening operating environment
- » Maintain higher level of unencumbered liquid assets is a relative weakness following the repayment of the remaining proportion of the European Central Bank's (ECB) targeted longer-term refinancing operation (TLTRO) during 2024

Outlook

- » The stable rating outlook reflects our expectation that SCB will be able to sustain its financial profile and liability structure over the next 12 months.

Factors that could lead to an upgrade

- » An upgrade of SCB's ratings could be prompted by a higher Adjusted BCA, which would require an upgrade of the BCA of its ultimate parent Santander, or a significant increase in the volume of instruments designed to be loss-absorbing such that it prompts a higher rating uplift from our Advanced LGF analysis.
- » An upgrade of SCB's baa2 BCA could be prompted by successful diversification of revenue and profit to reduce its reliance on its main line of business, consumer finance; or by a significant and combined improvement in solvency and liquidity metrics. A one-notch upgrade of the BCA would not affect its baa1 Adjusted BCA.

Factors that could lead to a downgrade

- » A downgrade of SCB's ratings could be prompted by a BCA downgrade, or by our assessment of a lower probability of parental support or a weakening of Santander's creditworthiness. 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, issuer or senior unsecured debt ratings.
- » SCB's BCA could be downgraded if its liquidity profile permanently weakened as a result of sustained narrower liquidity buffers or of a sustained increase in market funding reliance. The bank's BCA could also be downgraded if its solvency weakens because of weaker revenue generation, weaker asset quality or structurally weaker capital levels.

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.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Santander Consumer Bank AG (Unconsolidated Financials) [1]

	12-22 ²	12-21 ²	12-20 ²	12-19 ²	12-18 ²	CAGR/Avg. ³
Total Assets (EUR Billion)	45.1	45.3	39.9	36.6	35.1	6.5 ⁴
Total Assets (USD Billion)	48.1	51.4	48.8	41.1	40.1	4.7 ⁴
Tangible Common Equity (EUR Billion)	3.1	3.1	3.1	2.8	2.9	2.1 ⁴
Tangible Common Equity (USD Billion)	3.3	3.5	3.8	3.2	3.3	0.4 ⁴
Problem Loans / Gross Loans (%)	2.4	2.2	1.9	2.0	2.2	2.1 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	13.9	15.9	15.6	14.1	14.9	14.9 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.6	15.4	13.8	16.0	17.1	16.0 ⁵
Net Interest Margin (%)	2.3	2.5	2.7	2.9	3.3	2.7 ⁵
PPI / Average RWA (%)	2.0	2.7	2.2	2.3	2.6	2.4 ⁶
Net Income / Tangible Assets (%)	0.7	0.8	0.7	0.8	0.9	0.8 ⁵
Cost / Income Ratio (%)	65.4	59.4	63.8	64.7	61.2	62.9 ⁵
Market Funds / Tangible Banking Assets (%)	28.2	32.7	29.7	24.4	20.5	27.1 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	10.1	26.3	16.6	9.8	8.5	14.3 ⁵
Gross Loans / Due to Customers (%)	122.2	119.0	127.1	124.6	122.6	123.1 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [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

Santander Consumer Bank AG (SCB) is a fully owned subsidiary of Santander Consumer Finance S.A., Spain (SCF) and is ultimately owned by [Banco Santander S.A. \(Spain\)](#) (Santander, A2 stable/A2 stable, baa1). With total assets of €45.1 billion as of December 2022 (excluding retained securitisations), SCB is one of the largest dedicated German consumer lenders with a clear focus on retail auto financing and a strong market position within the non-captive automotive finance space². As of year-end 2022, SCB had 2,878 employees and operated through 189 branches in Germany.

Headquartered in Moenchengladbach in Germany, SCB acts as the captive auto finance company for the Volvo and Mazda car brands in Germany, and holds a 51% share in Hyundai Capital Bank Europe GmbH (HCBE) and a 50% share in PSA Bank Deutschland GmbH. In April 2022, SCF announced³ that it has renegotiated its captive finance partnership for the Peugeot, Citroen and DS brands with car manufacturer [Stellantis N.V.](#) (Baa2 stable). As part of the transaction, SCB has sold its stake in PSA Bank Deutschland GmbH to [BNP Paribas Personal Finance](#) (Aa3/Aa3 stable, ba1). In November 2022, SCB signed a purchase agreement to buy 100% of MCE Bank GmbH, a German subsidiary of [Mitsubishi Corporation](#) (A2 stable), that is responsible for the distribution of Mitsubishi and Isuzu vehicles. The transaction was completed in the first half of 2023.

Macro Profile of Strong +

SCB is focused on the German market, and the bank's assigned Strong+ Weighted Macro Profile is at the same level as the Strong+ [Macro Profile of Germany](#).

Detailed credit considerations

Asset quality will decline only moderately in reaction to macroeconomic challenges

SCB's sound asset quality is reflected in its baa2 Asset Risk score, which includes a three-notch downward adjustment from the a2 initial score. The adjustment considers concentration risks from the bank's high exposure to the automotive industry and legal risks in the context of consumer-friendly court rulings, for example, on the scope of fees and charges on current accounts. In addition, the assigned score reflects our expectation of a moderate deterioration in asset quality owing to Germany's weakening operating environment.

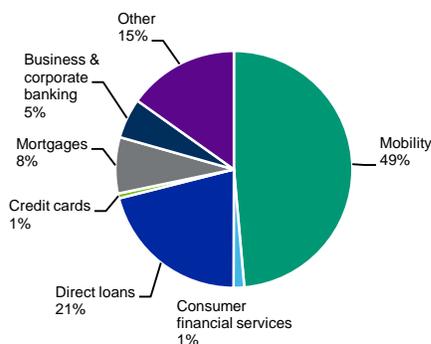
SCB's business area 'Mobility' (new and used cars) comprises the biggest share of SCB's loan book, making up 49% or €16 billion of the bank's total customer assets of €32 billion as of year-end 2022 (2021: €29 billion). Further, SCB is exposed to consumer financial services (1%) and direct (consumer) lending business segments (21%) as well as retail mortgages accounting for 8% and corporate banking for 5% of the loan book.

Over the next 12 to 18 months, we expect SCB to experience a slight increase in problem loans as a result of input price inflation. This includes higher cost of living (including for energy) not offset by salary increases, higher vehicle prices because of costlier production along the entire auto supply chain, and higher interest rates that make loans and leases less attractive for buyers, which will weigh on new loan demand and diminishes the debt-service capacity of existing customers. In 2022, SCB's problem loans increased slightly to 2.4% of gross loans from 2.2% as of year-end 2021 (excluding related-party exposures from the denominator). The historically good metrics benefit from SCB's strong receivables collection management and from occasional problem loan sales.

At the same time, the bank's asset quality is supported by its particular focus on used car financing, which accounted for an increased new business volume of €4.6 billion in 2022 (2021: €4.0 billion). The strong used car demand in Germany is likely to support already high used car prices into 2024 and potentially beyond, which will support auto loan collateral values. SCB's other consumer lending activities, mostly its direct business instalment loans, would be more vulnerable to downside risks to economic growth and employment. In the business and corporate banking division, SCB had accelerated new lending (including prolongations) by 18% year-over-year to €1.5 billion in 2022.

Exhibit 3

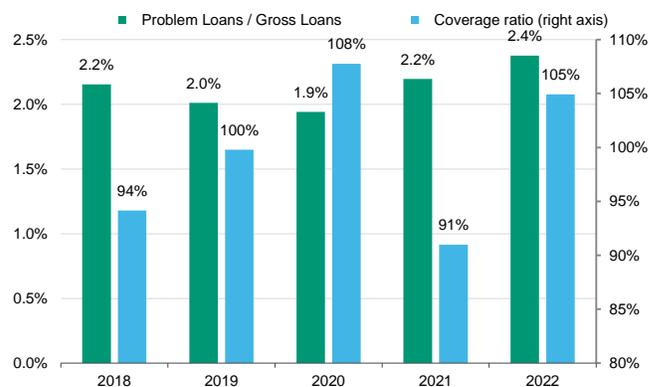
Lending for vehicle purchases and dealers, and consumer loans dominate SCB's asset pool Loan split by lending type as of year-end 2022



Source: Company data

Exhibit 4

SCB's problem loan ratio slightly deteriorated in 2022, with still high coverage by provisions



The problem loan ratio is in accordance with our definition. The coverage ratio compares total loan loss reserves with problem loans.

Source: Company reports and Moody's Investors Service

In addition to traditional lending risks, SCB has grown its exposure to auto leasing through its joint ventures and subsidiaries held at equity over the past few years, not least through the acquisition of a majority stake in Allane SE (formerly Sixt Leasing SE) by HCBE in May 2020. The surge in [alternative fuel vehicle \(AFV\) registrations](#) and its cooperation with [Tesla Inc.](#) (Baa3 stable) increased the share of AFVs within the combined 2022 new business of SCB and of its unconsolidated subsidiary Santander Consumer Leasing GmbH (SCL)

to 31% from 27% in 2021. Through its subsidiaries consolidated at equity, we expect SCB to continue to grow its exposure to residual value risk currently inherent in small parts of its leasing contracts.

Regulatory capitalisation has decreased due to loan growth

SCB's capitalisation is reflected in the a3 Capital score, which has been assigned one notch below the a2 initial score, reflecting the potential for some RWA increases in light of auto finance secured lending and unsecured consumer lending risks as well as our assessment of capital stress.

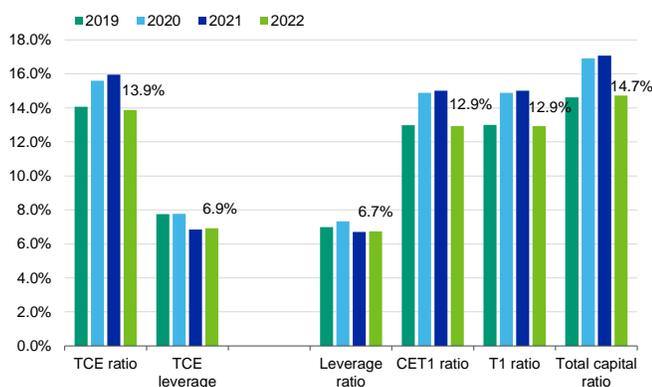
SCB's tangible common equity (TCE) ratio of 13.9% as of the end of 2022 (2021: 16.0%) exceeds the bank's regulatory Common Equity Tier 1 (CET1) capital ratio of 12.9% in 2022 (2021: 15.0%), which is in part a result of prudential regulatory deductions that our capital metric does not incorporate. We expect the bank's TCE ratio to remain close to 14% over time, in line with the bank's multi-year capital planning. The strong decrease in capital ratios is mainly driven by the growth in risk-weighted assets of €3.0 billion in 2022 as a result of loan growth, in particular in the 'Mobility' and 'Direct lending' segments. In the past, SCB has shown a good degree of control over RWA growth because the bank has repeatedly accessed securitisation markets for capital management and relief in case of need.

SCB aims to maintain its CET1 capital ratio around 13% to maintain a suitable buffer for its individual capital requirements. Since the beginning of 2023, these will include additional sector-wide capital requirements [announced by German banking supervisor BaFin](#) to rein in dynamic growth in the domestic residential property market. Despite the automatic upstreaming of its profit to the German holding company under its profit and loss transfer agreement, SCB has sufficient leeway to decide on the retention of suitable portions of its profit and agrees to any retention or reinvestment of profit by the parent as part of the group's 36-month rolling capital planning.

Moreover, SCB reported a sound and stable regulatory Tier 1 leverage ratio of 6.7% as of the end of December 2022, which is in line with our TCE/tangible assets ratio of 6.9% (December 2021: 6.8%). SCB uses the Internal Ratings-Based Approach (IRBA) for most of its loan assets.

Exhibit 5

The increase in RWA led to a decline in SCB's capital ratios in 2022 As a percentage of RWA

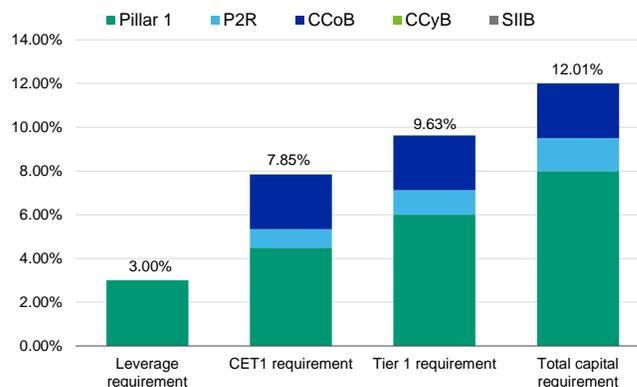


TCE = Tangible common equity (Moody's-calculated); CET1 = Common Equity Tier 1 capital; T1 = Tier 1 capital; the TCE leverage ratio compares TCE with tangible banking assets.

Sources: Company reports and Moody's Investors Service

Exhibit 6

SCB's regulatory total capital requirements for 2022 As a percentage of RWA



Sources: Company and Moody's Investors Service

Profitability is sound, but is constrained by slower repricing of assets

The baa2 assigned score for Profitability is in line with the initial score. It incorporates our expectation that SCB will be able to grow its return on assets towards prior-year levels following an expected setback in 2023.

In light of the interest rate increases in 2022 and higher inflation, SCB reported a lower pretax profit of €444 million for 2022, compared with €533 million for 2021⁴. That profit was fully transferred to its German holding company under the existing profit and loss transfer agreement. SCB's local GAAP pretax income was hurt by a decrease in net interest and net fee and commission income to €1,015 million and €163 million in 2022, respectively, from €1,045 million and €182 million in 2021, respectively. The decline was

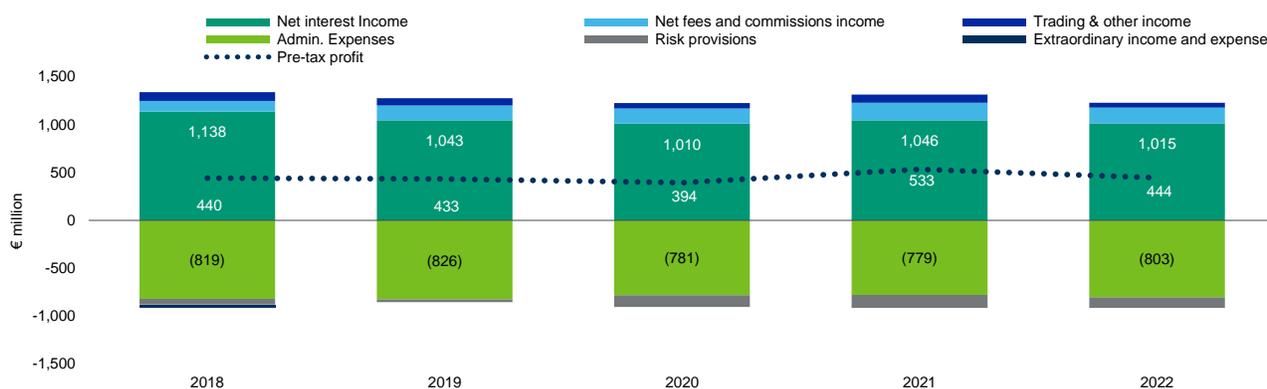
mostly driven by the higher interest the bank had to almost immediately pay to its customers for funding its lending business, while its fixed-rate loans only repriced at a slower speed. Operating expenses increased only moderately to €803 million in 2022 (2021: €779 million) and loan loss provisions of €112 million stood slightly below the previous year (2021: €134 million).

For 2023, we expect SCB's profitability to decline owing to the aforementioned slower repricing of its loan book against quickly rising refinancing costs. However, in 2024, we anticipate these effects to moderate, driven by a positive impact on net interest income owing to volume growth and higher rates, albeit interest expenses on deposits and other capital market funding will continue to rise. Operating expenses will remain strained by inflationary pressure.

Exhibit 7

Profitability remains above the average of German banks

In € million, German GAAP



Operating expenses include personnel and administrative expenses, and depreciation and amortisation.

Sources: Company reports and Moody's Investors Service

Low dependence on market funds, but moderately increasing because of the growing diversification of funding sources

SCB's sound funding profile is reflected in its baa2 Funding Structure score, which has been assigned in-line with the initial score. The assigned score reflects the bank's relatively low dependence on market funds and its access to diversified funding channels. It also incorporates our expectation that the increase in the bank's drawings of central bank funding (TLTRO) is to a larger extent temporary and will fade in 2023 before full repayment in 2024.

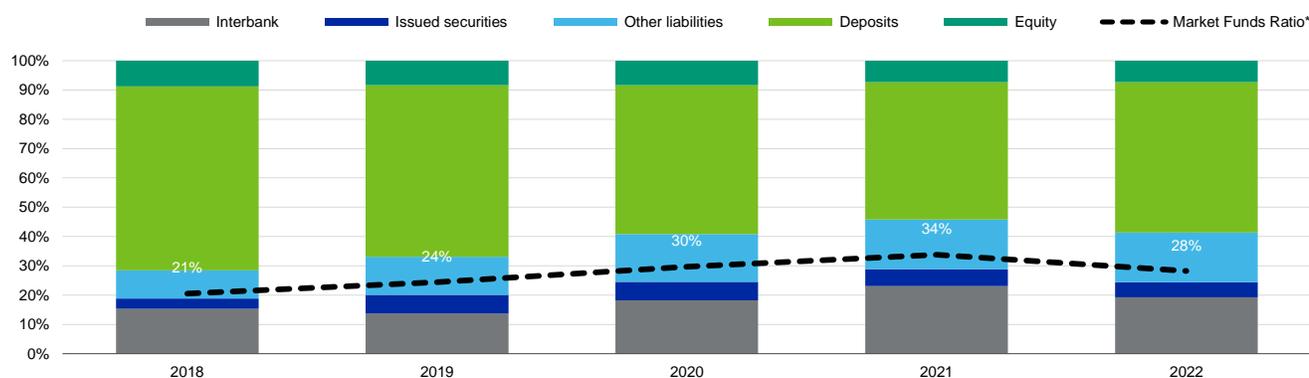
SCB's lending activities are largely funded by €23.1 billion of client deposits, funding 51% of its tangible banking assets. This primary channel is complemented by asset-backed securities⁵ and a growing proportion of covered bonds and senior unsecured bonds, all of which will help the bank to repay the remaining proportion of the ECB's TLTRO (€8.5 billion take-up as of year-end 2022) during 2024 as well as continue gradually growing its loan book.

Further, SCB has been building up loss-absorption buffers in the form of Tier 2-eligible debt and junior senior unsecured debt subscribed by its direct parent in recent years, such that the bank will not have to replace its junior senior bond maturing in 2024 through future external debt issuance at the same seniority level. SCB has also been using its commercial paper programme, under which the bank had €835 million of liabilities outstanding as of December 2022 (December 2021: €605 million), and its Aaa-rated [mortgage covered bond programme](#), under which SCB had €1,025 million of liabilities outstanding as of year-end 2022 (December 2021: €1,025 million).

Exhibit 8

Decrease in SCB's market funding is due to the reduction of funding obtained under the TLTRO III programme; deposits remain the dominant refinancing tool

Market Funding as a percentage of tangible banking assets



*Market funds ratio = Market funds/tangible banking assets.

Sources: Company reports and Moody's Investors Service

SCB has limited liquidity buffers to cover larger deposit outflows

The bank's assigned Liquid Resources score is baa3, one notch above the ba1 initial score. This reflects our expectation that SCB's on-balance-sheet liquid resources have troughed as of the end of 2022⁶ and will grow towards a more sustainable level in 2024 and 2025 once the bank has repaid its TLTRO balances through cash and the maturing (majority) part of its financial securities liquidity portfolio. We expect the bank to further build on its liquidity buffers by raising additional deposits via its proven and well-managed online and branch channels as well as its established ABS programmes and other market-funding channels, allowing it to maintain higher unencumbered liquidity buffers going forward. SCB also has the possibility to generate additional liquidity via intragroup funding.

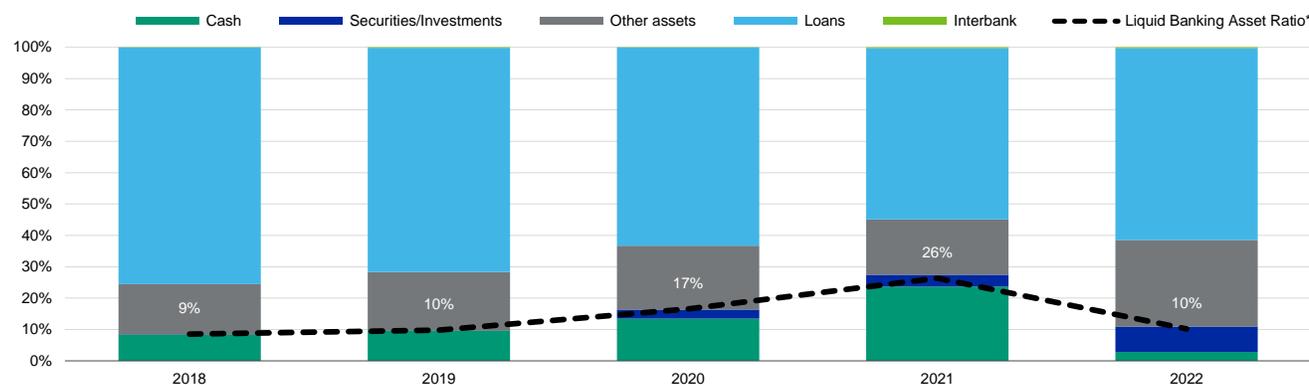
Maintaining higher liquidity buffers is important to withstand potentially larger and unexpected outflows within the bank's deposit franchise, in particular from online deposits where already stiff competition is increasing and online customers are more willing to move money for higher interest rates elsewhere.

In our analytical assessment, we exclude from liquid assets the part of SCB's interbank assets that effectively represent term deposits with affiliates. These claims refinance the respective affiliate's assets, including, for instance, lease assets held by SCL. These assets are, therefore, not freely available at short notice and may need to be increased if funding needs at the affiliates increase.

Exhibit 9

SCB liquidity buffers will likely grow following TLTRO repayments

Liquid Resources as a percentage of tangible banking assets



*Liquid banking assets ratio = Liquid assets/tangible banking assets.

Sources: Company reports and Moody's Investors Service

Lack of business diversification constrains the BCA

We reduce SCB's Financial Profile by one full notch. This adjustment reflects the bank's strongly focused business profile as a provider of consumer lending products. SCB specialises in captive and non-captive auto finance, unsecured consumer lending, consumer goods finance, and lending to borrowers related to the automobile industry. Therefore, we classify SCB as a monoline bank according to our approach for business diversification.

Business diversification is an important gauge of a bank's sensitivity to stress in a single business line. Business diversification is related to earnings stability in the sense that earnings diversification across distinct and relatively uncorrelated lines of business increases the reliability of a bank's earnings streams and its potential to absorb shocks affecting a business line.

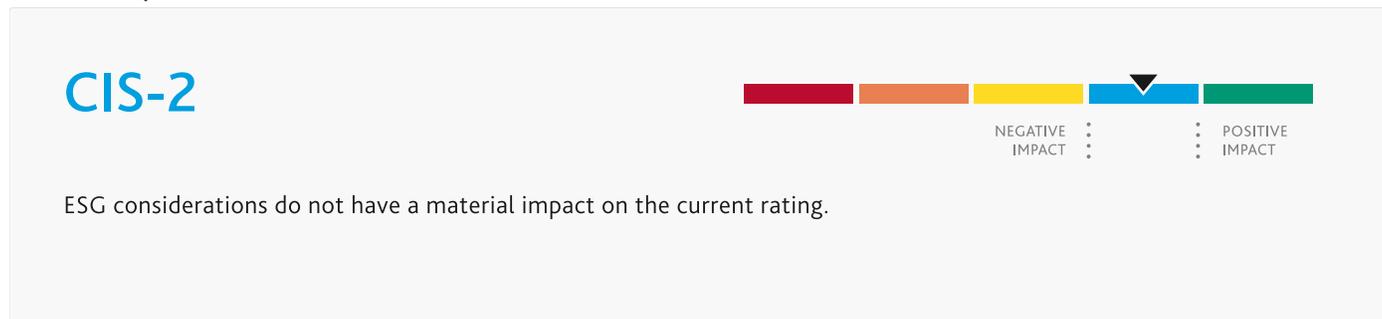
SCB's high reliance on consumer- and car finance-related earnings streams limits its potential for earnings diversification and exposes it to unexpected shocks outside its direct control. At the same time, SCB benefits from its specialist risk management know-how in managing related business cycle and operational risks.

ESG considerations

Santander Consumer Bank AG's ESG credit impact score is CIS-2

Exhibit 10

ESG credit impact score



Source: Moody's Investors Service

SCB's CIS-2 indicates that ESG considerations do not have a material impact on the current rating. This reflects the limited credit impact of environmental and social factors on the rating to date and 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. Such risks are associated with stricter emission regulations and the trend towards low and zero emission vehicles. The risk is somewhat mitigated by the short-term nature of the bank's loan portfolio and the bank's flexibility to finance multiple dealers and automaker franchises in response to shifting market pressures and consumer preferences towards low-emission vehicles.

Social

SCB 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

SCB faces low governance risks, and its risk management framework and corporate governance are in line with industry 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

There is a high probability that SCF would support SCB in case of need already as a going concern. This results in one notch of uplift for SCB's Adjusted BCA and ratings. Support from SCF is illustrated by its high degree of involvement in the strategy and management of SCB's operations.

Loss Given Failure (LGF) analysis

SCB is subject to the EU Bank Recovery and Resolution Directive (BRRD), which is an operational resolution regime. Therefore, we apply our Advanced LGF analysis, taking into account the risks faced by the different debt and deposit classes across the liability structure, should the bank enter resolution.

We assume a residual TCE of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in "junior" wholesale deposits and a 5% runoff in preferred deposits. These ratios are in line with our standard assumptions. In addition, we assume a 10% share of wholesale deposits relative to total deposits, which is our standard assumption for banks relying mostly on retail deposits. Because we use private data provided by the bank to determine current amounts of senior unsecured and junior senior debt, as well as our future new issuance expectations, we do not disclose the underlying volumes of the liability tranches included in our Advanced LGF analysis for SCB.

For SCB's A2 deposit and senior unsecured ratings, our LGF analysis indicates a very low loss given failure, leading to a two-notch uplift from the bank's baa1 Adjusted BCA.

Government support considerations

German banks operate in an environment of weak prospects for financial assistance from the government. Therefore, we generally assume a "low" probability of support for banks that are not considered of global or domestic systemic relevance, including SCB. As a result, we do not apply a rating uplift for government support in our ratings for SCB.

A1/P-1 Counterparty Risk Ratings (CRRs)

SCB's CRRs are three notches above the Adjusted BCA of baa1, reflecting the extremely low loss given failure supported by the increasing amount of subordinated instruments. In line with our support assumptions on deposit and issuer ratings, SCB's CRRs do not benefit from any government support uplift.

A1(cr)/P-1(cr) Counterparty Risk (CR) Assessment

SCB's CR Assessment is three notches above the Adjusted BCA of baa1, based on the buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments — including the bank's junior deposits and senior unsecured debt. Because the CR Assessment captures the probability of default on certain senior operational obligations, rather than expected loss, we focus purely on subordination and take no account of the volume of the instrument class.

Methodology and scorecard

Rating methodology

The principal methodology used in rating SCB was the [Banks Methodology](#), published in July 2021.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement 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 AG

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	2.4%	a2	↔	baa2	Sector concentration	Operational risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	13.9%	a2	↔	a3	Capital retention	Expected trend	
Profitability							
Net Income / Tangible Assets	0.7%	baa2	↔	baa2	Expected trend	Return on assets	
Combined Solvency Score		a3		baa1			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	28.2%	baa2	↔	baa2	Extent of market funding reliance	Expected trend	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	10.1%	ba1	↑	baa3	Additional liquidity resources	Stock of liquid assets	
Combined Liquidity Score		baa3		baa2			
Financial Profile							
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				baa1 - baa3			
Assigned BCA				baa2			
Affiliate Support notching				1			
Adjusted BCA				baa1			

Balance Sheet is not applicable.

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	-	-	-	-	-	-	-	3	0	a1
Counterparty Risk Assessment	-	-	-	-	-	-	-	3	0	a1 (cr)
Deposits	-	-	-	-	-	-	-	2	0	a2
Senior unsecured bank debt	-	-	-	-	-	-	-	2	0	a2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	2	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a2	0	A2	A2

[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
SANTANDER CONSUMER BANK AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured -Dom Curr	A2
PARENT: SANTANDER CONSUMER FINANCE S.A.	
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
HYUNDAI CAPITAL SERVICES, INC.	
Outlook	Positive
Issuer Rating	Baa1
Senior Unsecured	Baa1

Source: Moody's Investors Service

Endnotes

- [1](#) The ratings shown in this report are the banks' deposit ratings and outlooks, senior unsecured ratings and outlooks, and BCAs.
- [2](#) The bank and its subsidiaries predominantly provide car finance along the life cycle of the vehicle, including used car lending, new car loans and leases, and dealer financing. The bank leverages its large customer base from its position as Germany's second-largest auto finance company (largest manufacturer-independent) and its smaller durable goods financing activities to generate cross-selling opportunities for its branch-based and direct financing offerings in consumer and mortgage lending. Outside its retail banking activities and as a member of the international Santander network, SCB offers cross-border banking services to an export-oriented German corporate customer base.
- [3](#) Please refer to Santander's [announcement](#).
- [4](#) SCL contributed €93.3 million (2021: €108.7 million) to SCB's earnings from profit transfer agreements in 2022.
- [5](#) In 2020, 2021 and 2022, SCB issued consumer loan ABS transactions worth €1.8 billion, €1.5 billion and €1.0 billion, respectively, to the market. As of December 2022, SCB held €8.6 billion (December 2021: €10.3 billion) of retained ABS as collateral for central bank funding.
- [6](#) In 2022, the volume of reported liquid resources reduced significantly as the level of cash decreased to €1.3 billion, from €10.8 billion in 2021 (December 2020: €5.3 billion, December 2019: €3.5 billion), largely owing to the funding of affiliates and the partial repayment of TLTRO balances.

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