

CREDIT OPINION

2 October 2024

Update



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RATINGS

Banco Santander, S.A. (Spain)

Domicile	Santander, Spain
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

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

Americas 1-212-553-1653

Banco Santander, S.A. (Spain)

Update following rating affirmation

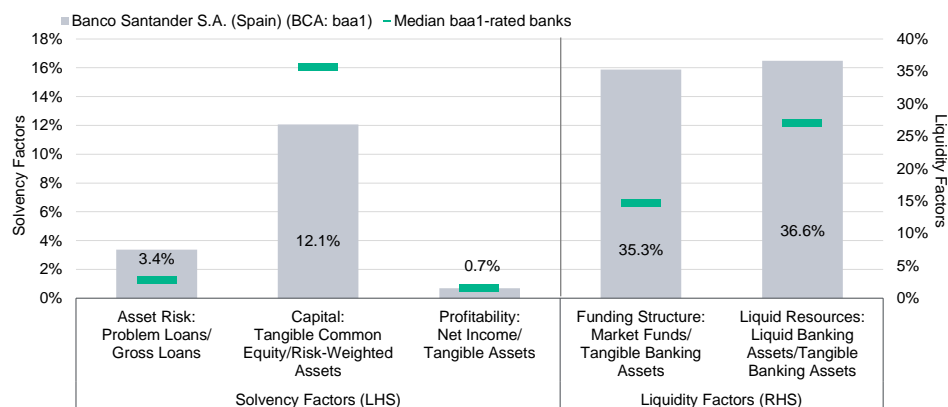
Summary

On 26 September 2024, we affirmed [Banco Santander S.A. \(Spain\)](#)'s (Santander) senior debt and deposit ratings and maintained the positive outlook. Santander's A2/Prime-1 ratings reflect the bank's Baseline Credit Assessment (BCA) of baa1; very low loss given failure for junior depositors and senior unsecured creditors based on our Advanced Loss Given Failure (LGF) analysis, resulting in a three-notch uplift; and the [Government of Spain](#)'s rating of Baa1 (positive), which caps Santander's deposit and senior unsecured ratings at A2, two notches above the sovereign rating. Santander's Counterparty Risk (CR) Assessment is A3(cr)/Prime-2(cr).

Santander's BCA reflects the benefits derived from its leading market positions in several core markets with distinct credit cycles, which underpin sustained revenue generation and low earnings volatility. The BCA also incorporates the bank's modest asset quality because of the group's exposure to inherently riskier, but more profitable, emerging markets, and our expectation of improved profitability. The BCA also reflects the bank's improving, but overall relatively modest, capital levels and a low leverage ratio. Santander has a well-established de-centralised funding structure; it has diversified funding channels and an ample liquidity buffer, mitigating the risks inherent to its reliance on a large stock of confidence-sensitive wholesale funding. Santander's baa1 BCA is currently not capped by the Baa1 sovereign rating and, therefore, would not move up in case the sovereign rating were to be upgraded, all else being equal.

Exhibit 1

Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

- » Very strong geographical diversification and focus on commercial banking, which drives consistent revenue generation and low earnings volatility
- » Above-average pre-provision profitability through the cycle compared with its European peers
- » Stress capital resilience
- » Good liquidity and large market access, with an independent model for its subsidiaries, which limits contagion risk

Credit challenges

- » Average bottom-line profitability when compared to its domestic counterparts despite higher exposure to emerging markets
- » Modest asset-quality metrics, which we expect to moderately deteriorate due to higher rates which affects borrowers' repayment capacity
- » Modest capital, with a low, although improving, leverage ratio
- » Sensitivity to the market sentiment because of its large stock of wholesale funding

Outlook

The positive outlook on the long-term deposit and senior unsecured debt ratings is driven by the positive outlook on Spain's sovereign rating, and it also incorporates our assumption that the bank's liability structure will remain broadly unchanged over the outlook period.

Factors that could lead to an upgrade

- » The A2 long-term deposit and senior unsecured debt ratings of Santander are currently capped at two notches above Spain's sovereign debt rating. Therefore, an upgrade of Spain's government bond rating would likely lead to an upgrade of these ratings of the bank.
- » An upgrade of the BCA is dependent on sustainable improvement in its profitability beyond our expectations, improvement in asset risk, or sustained higher capital levels, with all these drivers contingent on the stability of the economic and banking environments where the bank operates. In addition to a stronger financial profile, an upgrade of the BCA that exceeds the sovereign rating would require reduced dependency between the creditworthiness of Santander and the sovereign.
- » The bank's deposit and senior unsecured debt ratings could also receive upward momentum from changes in the loss given failure faced by these liabilities.

Factors that could lead to a downgrade

- » The BCA and ratings of Santander could be downgraded if Spain's government bond rating was downgraded from its current Baa1 level, which is currently unlikely given the positive outlook. Santander's BCA could also be downgraded in the case of a significant deterioration in operating conditions in the bank's main markets, or if the bank were to exhibit weaker financial fundamentals.
- » The bank's debt and deposit ratings are linked to the standalone BCA; therefore, downward changes to the BCA could also affect these ratings. Given, however, that Santander's long-term deposit and senior unsecured debt ratings are currently capped at two notches above Spain's sovereign debt rating, a downgrade of the bank's BCA will have to be more than one-notch to affect these 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.moody's.com> for the most updated credit rating action information and rating history.

- » The bank's deposit and senior unsecured debt ratings could also receive downward pressure from changes in the loss given failure faced by these liabilities.

Key indicators

Exhibit 2

Banco Santander, S.A. (Spain) (Consolidated Financials) [1]

	06-24 ²	12-23 ²	12-22 ²	12-21 ²	12-20 ²	CAGR/Avg. ³
Total Assets (EUR Million)	1,786,261.0	1,797,062.0	1,734,659.0	1,595,835.0	1,508,250.0	5.0 ⁴
Total Assets (USD Million)	1,914,432.2	1,985,133.6	1,851,310.0	1,808,250.1	1,845,428.2	1.1 ⁴
Tangible Common Equity (EUR Million)	81,886.7	77,800.5	71,876.8	65,793.9	56,801.4	11.0 ⁴
Tangible Common Equity (USD Million)	87,762.4	85,942.7	76,710.3	74,551.5	69,499.7	6.9 ⁴
Problem Loans / Gross Loans (%)	3.4	3.4	3.3	3.3	3.5	3.4 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	12.1	11.5	10.9	10.6	9.2	10.9 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	31.9	33.6	34.5	35.2	37.7	34.6 ⁵
Net Interest Margin (%)	2.7	2.6	2.4	2.2	2.2	2.4 ⁵
PPI / Average RWA (%)	5.2	4.7	4.2	3.9	3.6	4.3 ⁶
Net Income / Tangible Assets (%)	0.7	0.7	0.6	0.6	0.4	0.6 ⁵
Cost / Income Ratio (%)	42.5	44.8	48.1	48.2	49.1	46.5 ⁵
Market Funds / Tangible Banking Assets (%)	35.3	35.3	35.0	34.2	35.6	35.1 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	35.9	36.6	33.4	32.2	30.6	33.8 ⁵
Gross Loans / Due to Customers (%)	109.7	107.9	110.2	110.2	111.4	109.9 ⁵

[.] 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 Ratings and company filings

Profile

With total assets of around €1.8 trillion as of the end of June 2024, Banco Santander S.A. (Spain) (Santander) is Spain's largest banking group and ranks among the 15 largest banking groups in Europe. The group has strong geographical diversification; around 25% of its loan book is in developing markets, contributing to around 45% of the group's profit,¹ as of June 2024.

Detailed credit considerations

Strong geographical diversification in low-correlated markets underpins well-diversified earnings streams and low earnings volatility

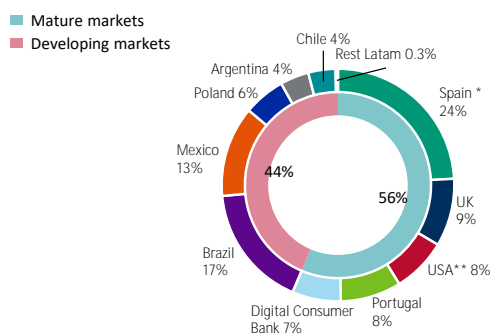
The group has leading market positions in several major markets, which results in a widely diversified balance sheet and a track record of sustained revenue generation. The benefits of Santander's strong geographical diversification in low-correlated markets are reflected in a one-notch positive qualitative adjustment for Business Diversification.

As of the end of June 2024, around 75% of the group's gross customer loans were in mature markets, with the UK and Spain accounting for the largest share at 23% and 24%, respectively. However, developed markets had a proportionally smaller contribution to profit at around 55% as of the same date.

Commercial banking accounts for around 86% of the group's attributable profit, providing high recurrence and stability. The remaining share is generated by the corporate and investment banking division.

Exhibit 3

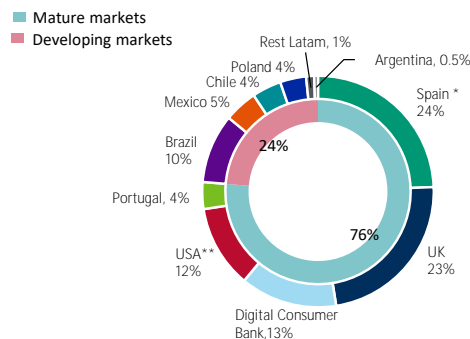
Strong geographical diversification by profit ... Profit contribution by key franchise as of the end of June 2024



Excluding corporate centre and nonrecurrent adjustments. *Includes rest of Continental Europe. **Includes rest of North America.
Source: Company

Exhibit 4

... and by loan book Loan breakdown by key franchise as of the end of June 2024



Excluding corporate centre and nonrecurrent adjustments. *Includes rest of Continental Europe. **Includes rest of North America.
Source: Company

While PPI profitability is above-average, bottom line is more modest despite improvements

Despite central banks' policy easing, we anticipate that the net income-to-tangible assets ratio for Santander will remain within the 0.75%-1% range over the medium-term (0.8% at end of June 2024) which underpins the assigned baa2 score. Our assessment is supported by the higher-for-longer interest rate environment in both Europe and in the US, as well as the continued improvements in operating performance stemming from Santander's One Transformation strategic plan and the limited deterioration in asset-quality which ensures a stable cost of risk of 1.2%. Additionally, anticipated pressure on revenues will be counterbalanced by the measures Santander has taken to reduce its sensitivity to lower interest rates primarily in Europe, in conjunction with the favorable dynamics from Santander's liability-sensitive franchises such as Brazil, Chile and Consumer finance. These franchises, in aggregate, accounted for nearly 30% of the group's profits and its loan book at end of June 2024.

Santander has recently updated its revenue growth target for 2024, aiming for a high single-digit percentage increase, bolstered by stronger net interest and fee income. Additionally, the company has revised its efficiency ratio target to approximately 42% (41.6% at end of June 2024) from below 43% previously and increased its Return on Tangible Equity (RoTE) target to above 16% (16.3% at end of June 2024), an improvement from the earlier target of 16%.

With pre-provision income (PPI)/risk-weighted assets (RWA) of 5.2%, Santander ranks among the most profitable universal banking groups. High risk-adjusted profitability levels are primarily underpinned by the group's presence in more profitable emerging markets where Santander generates around 45% of its profit and where around 25% of its loans are booked. Despite its presence in inherently more volatile markets, Santander also stands out in its peer group for delivering low-volatility returns because of its commercial banking focus with limited capital market activity and a long-standing presence in different regions with distinct credit cycles.

The achievement of Santander's financial goals is closely linked to the successful implementation of "One Transformation", which aims to leverage the bank's scale and group strengths and accelerate the simplification and automation of products and processes across the board. To reflect the new operating model, Santander has reported under five global businesses from the first quarter of 2024: retail and commercial banking; digital consumer bank; payments; corporate and investment banking; and wealth management and insurance. Global platforms are currently responsible for around 30% of the group's revenue, and the goal is to reach 40% in 2025, with a higher contribution (50%) in the fee commission line. Santander aims to be the most profitable retail/commercial and consumer bank in every market it operates in. Revenue from these two divisions — which contributed to around 70% of the group's revenue at the end of June 2024 — will likely grow by a mid-single-digit percentage in 2024, being the Americas region serving as the key driver.

In the first half of 2024, the CoR was at 1.17%² (versus 1.18% in 2023 and 0.99% in 2022), despite the additional provisions for the Swiss franc mortgage portfolio in Poland. The year-to-date CoR as of June is in line with the 2024 target of 1.2%.

Overall, the group aims to achieve a 15%-17% return on tangible equity in 2025, which compares to the 15.9% reported in the first half of 2024 (or 16.3% without annualising the temporary levy in Spain, which amounted to €335 million) which we believe is achievable.

Asset quality to deteriorate moderately

The assigned Asset Risk score of baa1 to Santander reflects its recent performance and our expectation that problem loans will marginally increase over the outlook period as higher debt-servicing costs exert pressure on borrowers' repayment capacity. However, we expect such deterioration to be moderate, backed by an overall good economic performance and our expectation that unemployment will remain below long-term averages in most countries where Santander operates. Santander's asset-quality metrics are weaker — namely, relatively higher nonperforming loans (NPLs) and the associated CoR — than those of its European peers, primarily reflecting the group's exposure to developing countries. This structural risk is, however, mitigated by the higher spreads achieved in these countries.

About one-third of Santander's loan book³ is composed of inherently low-risk mortgages (of which about 80% are in Spain and the UK), whose credit performance is closely linked to the evolution of labour markets, which, as discussed, we expect to remain tight. 23% of the portfolio comprises small and medium-sized enterprises (81% in Europe and 16% in South America) and corporates (51% in Europe). Furthermore, 12% corresponds to the consumer franchise (80% are auto loans to car dealers), and 14% corresponds to the corporate and investment banking franchise⁴. Santander has proactively increased diversification by applying more conservative limits such that no business sector accounts for more than 10% of the exposure (commercial real estate - CRE - is 6% of the group's drawn and committed exposures), with the top 20 clients accounting for around 13% of the exposure and single-name credits below 1%.

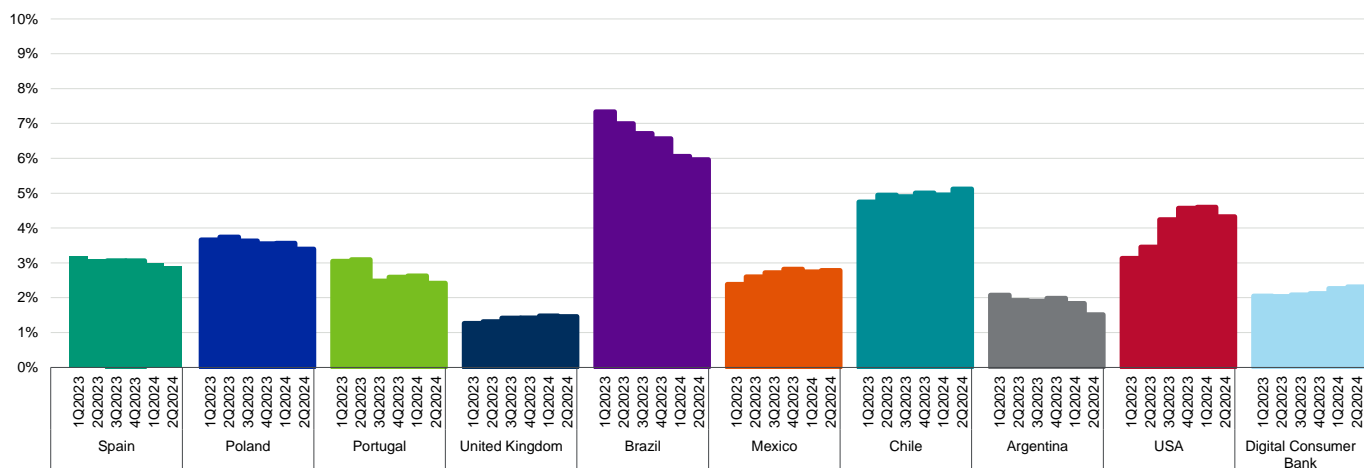
According to our calculations, the group's NPL ratio was 3.4% as of the end of June 2024, broadly unchanged from that as of year-end 2023 and over the last few years. The nonperforming asset (NPA) ratio (defined as NPLs plus foreclosed real estate assets) was 4.0% as of the end of June 2024, also unchanged from the levels recorded as of year-end 2023 and well below its peak of 9.5% in June 2017 following the acquisition of Banco Popular. As of the end of June 2024, the coverage ratio — measured as loan loss reserves/NPLs -- was 68% (broadly unchanged from year-end numbers) and loan loss provisions accounted for 38% of the group's PPI (41% at end of 2023).

The performance of the bank's asset-risk metrics in the first half of the year was positive across geographies, except in Chile and the UK. In Chile, the NPL ratio increased by 11 basis points (bps) from year-end 2023 to 5.12%, and in the UK, it increased by 4 bps to a still-low 1.46%. Asset-quality metrics improved the most in Brazil, with a reduction of 60 bps in its NPL ratio to 5.96%, followed by a reduction of 47 bps in Argentina to 1.51% and by 24 bps in the US to 4.33%.

Exhibit 5

Mixed performance across key franchises

NPLs/total loans (in percentage terms)



Source: Company

Santander's exposure to market risk is more limited than peers,⁵ with low-complexity products and customer-driven activity. The bank has no intention to incur much higher market risks despite its ambition to grow its corporate and investment banking franchise.

Modest capital versus international peers and unlikely to improve

The baa3 Capital score reflects our expectation that, following a period of sustained improvement, Santander's Moody's-defined TCE ratio will stay around 11% over the outlook period. Although we expect the bank's internal capital generation to remain strong, thanks to increasing profit, and RWA growth to be limited, Santander does not intend to operate with capital levels well above its internal target. The assigned score also incorporates a negative adjustment to reflect Santander's low TCE leverage ratio — around 4.7% as of the end of June 2024.

Santander's regulatory capital of 12.5% as of the end of June 2024 meets its internal target of staying higher than 12% at all times (even after Basel III implementation on a fully loaded basis). It remains below the weighted average for European banks (16.0%, fully loaded, as reported by the European Banking Authority [EBA] as of the end of March 2024, latest available data) and also below that of its international peers. In terms of capital buffers, however, Santander's relative positioning improves within its peer group. Santander has to meet a relatively low Supervisory Review and Evaluation Process (SREP) requirement — which is set at 9.6% effective from January 2024⁶ — resulting in a capital buffer of 286 bps above the minimum requirements. Santander's Pillar 2 requirement is one of the lowest among its peers at 1.74% (with at least 0.98% made up of Common Equity Tier 1). In addition, Santander's business model has a high resilience to stress scenarios, as shown repeatedly in EBA stress tests.

Our more conservative capital assessment compared with regulators' capital ratios is primarily explained by the fact that, under EU regulations, convertible deferred tax assets are not deducted from the capital base, whereas [we count only a share of them](#) (59% as of the end of June 2024) as a capital component. In addition, we apply [a more conservative risk weighting of 50%](#) to sovereign exposures compared with the regulators' risk weighting of 0%. We also exclude minority interests from our TCE calculation, which have represented more than 1% of the group's RWA over the last few years.

Santander has a long-standing policy of fully hedging the foreign-exchange risk arising from its permanent investments abroad to protect its regulatory solvency ratios. The group hedges these positions with foreign-exchange rate derivatives, resulting in a coverage close to 100% in 2023. Santander also hedges foreign-exchange risk arising from the expected results of its subsidiaries. This hedging is more tactical.

Large reliance on confidence-sensitive wholesale funding is mitigated by well-diversified sources and good market access

Given the limitations on intragroup funding from both regulatory and internal policy perspectives, we analyse Santander's liquidity and funding primarily on an individual basis (i.e., Santander plus funding vehicles with debt guaranteed by the parent). At baa3, our Market Funds score reflects our expectation that this ratio will stand above 30% over the next 12-18 months. The assigned score also benefits from a one-notch positive adjustment to reflect its well-diversified funding by instrument, investor type, market and currency, which mitigates the inherent risks associated with its relatively large stock of confidence-sensitive wholesale funding. Each subsidiary has its own recovery plan.

Santander has a long-standing policy that requires its subsidiaries to be self-sufficient in terms of liquidity and not rely on the parent bank for funding. This policy is credit positive, particularly in times of stress, because it reduces the risk of contagion across borders. Santander's subsidiary [Santander Consumer Finance S.A.](#) (SCF, A2 positive/A2 positive, baa2⁷) is the only exception to the general rule, but one of SCF's strategic goals is to reduce its reliance on group funding by increasing its deposit base. At 176%, the consumer franchise had the highest loan-to-deposit (LTD) ratio, followed by Chile at 143%, US at 110% and the UK at 109%. The rest reported LTD at or below 100%.

The group is around 69% funded by deposits (as a percentage of net liabilities⁸), primarily retail, of which more than 80% are insured with no major concentrations. As of the end of June 2024, outstanding medium- and long-term debt accounted for around 14% of net liabilities. The outstanding debt has a conservative maturity profile. Recourse to short-term funding is limited (3% of net liabilities), and the bulk relates to the group's commercial paper programmes and certificates of deposits in the UK.

In June 2024, the Bank of Spain communicated the binding minimum requirement for own funds and eligible liabilities (MREL) for Santander's resolution group.⁹ The requirement was set at 32.4% of the resolution group's RWA (36.5% including the applicable

combined capital buffer of 4.1% as of December 2024) and 12.2% of the resolution group's leverage ratio, to be met by 1 January 2025. As of the end of June 2024, Santander met both MREL requirements with reported ratios of 40.0% and 16.7%, respectively. As a global systemically important bank, Santander is also required to build up a stock of bail-in-able debt to comply with Total Loss Absorbency Capacity (TLAC) requirements. As of the end of June 2024, the TLAC of the resolution group was 28.7% of RWA and 9.7% of the leverage ratio exposure. In addition, all subsidiaries subject to TLAC also have loss-absorption instruments well above requirements.

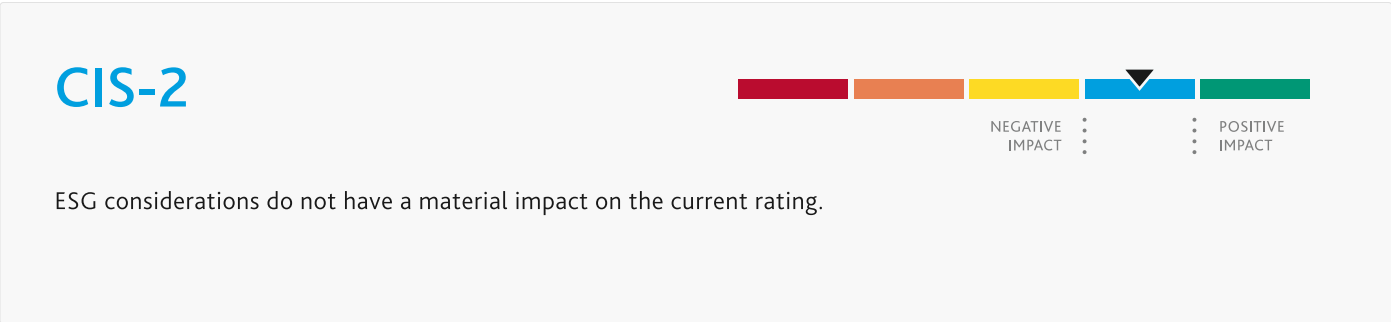
At baa1, Santander's assigned Liquid Asset score reflects its good liquidity buffer of high-quality assets (mostly in the form of cash) to cope with stressed scenarios. The assigned score is notched down to reflect the level of encumbered assets.

Santander's liquidity coverage ratio at the group level was 163% as of the end of June 2024. In the same period, the parent bank had a liquidity coverage ratio of 159%, with all its subsidiaries above the 100% minimum requirement. Santander also complies with the net stable funding ratio at the group level and so do most of its subsidiaries. As of June 2024, the ratio was at 123% for the group and 117% for the parent.

ESG considerations

Banco Santander, S.A. (Spain)'s ESG credit impact score is CIS-2

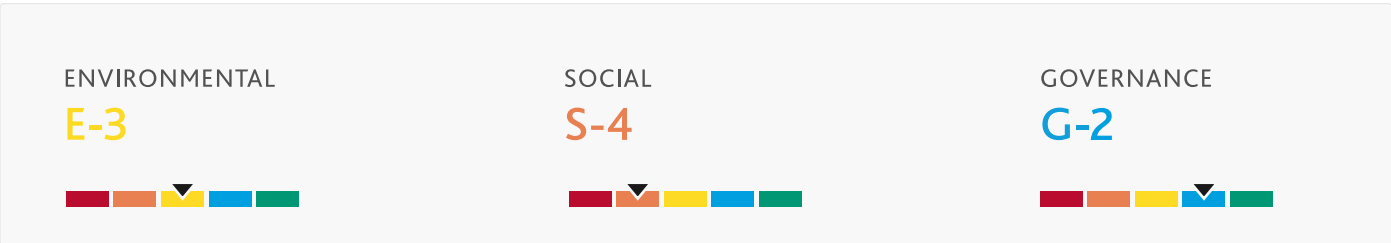
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

Santander's **CIS-2** indicates that ESG considerations do not have a material impact on the current rating.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Santander faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk. In line with its peers, Santander is exposed to mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Santander is actively developing its comprehensive risk management and climate risk reporting frameworks, and transitioning its lending portfolios to achieve carbon neutrality targets.

Social

Santander faces high social risks related to regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by Santander's developed policies and procedures. Santander's high cyber and personal data risks are mitigated by the group's sound IT framework.

Governance

Santander faces not material environmental or social or governance risk. Its risk management framework and corporate governance are in line with industry best practices. Like other global systemically important banks, Santander has a relatively complex legal structure, which reflects its business diversification and international footprint, and entails governance and risk management challenges. The group's subsidiary model with limited intra-group funding, whereby subsidiaries have to be independent from a liquidity and capital standpoint, mitigates these risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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

Loss Given Failure (LGF) analysis

Santander is subject to the EU's Bank Recovery and Resolution Directive (BRRD), which is an operational resolution regime. Thus, we apply our advanced Loss Given Failure (LGF) analysis, using our standard assumptions.

The balance sheet at failure used in our LGF exercise is Santander's individual balance sheet plus the balance sheets of the rest of the entities included in its resolution perimeter.

For Santander's deposits and senior unsecured debt, our LGF analysis takes into consideration the likely impact on loss-given-failure from the combination of its own volume and subordination. Our LGF analysis indicates a very low loss-given-failure for long-term depositors and senior unsecured creditors, resulting in a three-notch uplift. However, the bank's long-term deposit and senior unsecured debt ratings are capped at A2 by Spain's Baa1 sovereign rating.

The LGF analysis also indicates a moderate loss severity for junior senior creditors in the event of the bank's failure, leading to a rating of Baa1 for these securities, in line with the bank's Adjusted BCA of baa1. Santander's junior senior debt ratings do not include any additional uplift from government support, reflecting our view that there is a low probability of government support for these instruments because of their explicit loss-absorbing nature.

For junior securities, our initial LGF analysis confirms a high level of loss-given-failure because of the small volume of debt, and limited protection from more subordinated instruments and residual equity. We also incorporate additional downward notching for junior subordinated debt and preference share instruments to reflect the coupon suspension risk ahead of a potential failure. Although our revised notching guidance table indicates Santander's subordinated debt ratings at the level of the bank's Adjusted BCA, a sustained level of subordination at the current level would be necessary to warrant an upgrade of the current ratings.

Please refer to the loss given failure and government support table at the bottom of the scorecard.

Government support

The implementation of the BRRD has prompted us to reconsider the potential for government support benefitting certain creditors. We now take into account the fact that there is a moderate likelihood of government support for Santander's debt and rated wholesale deposits in the event of its failure. This probability reflects the bank's share in its domestic market and its global systemically important status, which may lead the government to intervene to shield it from disruptive losses. However, this assumption of moderate probability of systemic support does not translate into any additional notching, as Santander's BCA is at the same level as the sovereign rating. For junior senior or junior securities, the probability of government support is low and, therefore, these ratings do not include any related uplift.

Methodology and scorecard

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 8

Rating Factors

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	3.4%	baa1	↓	baa1	Expected trend	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	12.1%	baa1	↔	baa3	Nominal leverage	
Profitability						
Net Income / Tangible Assets	0.7%	baa3	↔	baa2	Expected trend	
Combined Solvency Score		baa1		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	35.3%	ba3	↔	baa3	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	36.6%	a2	↔	baa1	Intragroup restrictions	Asset encumbrance
Combined Liquidity Score		baa3		baa2		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				1		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				1		
Sovereign or Affiliate constraint				Baa1		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
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	-	-	-	-	-	-	-	2	0	a2
Counterparty Risk Assessment	-	-	-	-	-	-	-	1	0	a3 (cr)
Deposits	-	-	-	-	-	-	-	2	0	a2
Senior unsecured bank debt	-	-	-	-	-	-	-	2	0	a2
Junior senior unsecured bank debt	-	-	-	-	-	-	-	0	0	baa1
Dated subordinated bank debt	-	-	-	-	-	-	-	-1	0	baa2
Non-cumulative bank preference shares	-	-	-	-	-	-	-	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	2	0	a2	0	A2	A2
Counterparty Risk Assessment	1	0	a3 (cr)	0	A3(cr)	
Deposits	2	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a2	0	A2	A2
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa2	0	Baa2	Baa2
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	Ba1 (hyb)

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

Source: Moody's Ratings

Ratings

Exhibit 9

Category	Moody's Rating
BANCO SANTANDER, S.A. (SPAIN)	
Outlook	Positive
Counterparty Risk Rating	A2/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	A2
Senior Unsecured	A2
Junior Senior Unsecured -Fgn Curr	(P)Baa1
Junior Senior Unsecured -Dom Curr	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate	Baa2
Pref. Stock Non-cumulative	Ba1 (hyb)
Commercial Paper	P-1
BANCO SANTANDER ARGENTINA S.A.	
Outlook	Stable
Counterparty Risk Rating -Fgn Curr	Caa3/NP
Counterparty Risk Rating -Dom Curr	Caa1/NP
Bank Deposits -Fgn Curr	Caa3/NP
Bank Deposits -Dom Curr	Caa1/NP
Baseline Credit Assessment	ca
Adjusted Baseline Credit Assessment	caa3
Counterparty Risk Assessment	Caa1(cr)/NP(cr)
BANCO SANTANDER, S.A. (URUGUAY)	
Outlook	Stable
Bank Deposits	Baa2/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2

Counterparty Risk Assessment	Baa1(cr)/P-2(cr)
SANTANDER FINANCIAL SERVICES PLC	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
ST Issuer Rating	P-1
SANTANDER INT'L DEBT, S.A. UNIPERSONAL	
Outlook	Positive
Senior Unsecured -Dom Curr	A2
SANTANDER US DEBT, S.A. UNIPERSONAL	
Outlook	Positive
Senior Unsecured	A2
TOTTA (IRELAND) P.L.C.	
Bkd Commercial Paper -Dom Curr	P-2
SANTANDER UK PLC	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Subordinate -Dom Curr	Baa2
Jr Subordinate	Baa3 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
SANTANDER UK GROUP HOLDINGS PLC	
Outlook	Stable
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Issuer Rating -Dom Curr	Baa1
Senior Unsecured	Baa1
Subordinate	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Other Short Term	(P)P-2
BANCO SANTANDER, S.A., LONDON BRANCH	
Counterparty Risk Rating	A2/P-1
Deposit Note/CD Program	--/P-1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
BANCO SANTANDER, S.A., NEW YORK BRANCH	
Counterparty Risk Rating	A2/P-1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Commercial Paper	P-1
BANCO SANTANDER TOTTA S.A.	
Outlook	Stable
Counterparty Risk Rating -Dom Curr	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Senior Unsecured MTN -Dom Curr	(P)Baa1
Commercial Paper -Dom Curr	P-2
Other Short Term -Dom Curr	(P)P-2
SANTANDER CONSUMER FINANCE S.A.	
Outlook	Positive

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
SANTANDER INTERNATIONAL PRODUCTS PLC	
Outlook	Positive
Bkd Senior Unsecured -Dom Curr	A2
Bkd Commercial Paper -Dom Curr	P-1
Bkd Other Short Term -Dom Curr	(P)P-1
BANCO SANTANDER (BRASIL) S.A.	
Outlook	Positive
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Ba1/NP
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured MTN	(P)Ba1
Other Short Term	(P)NP
BANQUE STELLANTIS FRANCE	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
Senior Unsecured -Dom Curr	A3
Commercial Paper -Dom Curr	P-2
BANCO SANTANDER (BRASIL) S.A. - CAYMAN BR	
Counterparty Risk Rating	Baa3/P-3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured MTN	(P)Ba1
Other Short Term	(P)NP
SANTANDER CENTRAL HISPANO ISSUANCES LTD.	
Bkd Subordinate MTN	(P)Baa2
BANCO SANTANDER CHILE	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Senior Unsecured	A2
SANTANDER CENTRAL HISPANO INTERNATIONAL LTD	
Bkd Sr Unsec MTN	(P)A2
Bkd Commercial Paper	P-1
Bkd Other Short Term	(P)P-1
EMISORA SANTANDER ESPANA S.A.U	
Outlook	Positive
Bkd Sr Unsec MTN	(P)A2
SANTANDER BANK POLSKA S.A.	
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)
Senior Unsecured MTN	(P)A3
SANTANDER HOLDINGS USA, INC.	
Outlook	Stable
Senior Unsecured	Baa2
SANTANDER GLOBAL ISSUANCES B.V.	
Bkd Senior Unsecured	A2
BANCO SANTANDER MÉXICO, S.A.	
Outlook	Stable
Counterparty Risk Rating	A3/P-2
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	A3
Subordinate	Baa2 (hyb)
Jr Subordinate	Ba1 (hyb)
SANTANDER CONSUMER BANK AS	
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
SANTANDER ISSUANCES S.A. UNIPERSONAL	
Subordinate	Baa2
SANTANDER BANK, N.A.	
Outlook	Stable
Counterparty Risk Rating	Baa1/P-2
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	Baa1
SANTANDER CONSUMER BANK AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured -Dom Curr	A1
SANTANDER FINANCE PREFERRED, S.A. UNIPERSONAL	
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)
SOVEREIGN REAL ESTATE INVESTMENT TRUST	
Pref. Stock Non-cumulative	Ba1 (hyb)
BANESTO HOLDINGS, LTD.	
BACKED Pref. Stock Non-cumulative	Ba2 (hyb)

Source: Moody's Ratings

Endnotes

- [1](#) Net attributable profit to the parent excluding the corporate centre and nonrecurrent adjustments.
- [2](#) YTD reported figure, measured as loan loss provisions on gross loans to customers
- [3](#) Loan book breakdown as of the end of 2022.
- [4](#) The remaining 18% are made by other type of loans, mainly consumer loans in Brazil and the US.
- [5](#) 5.4% as of June 2024 versus 7.9% for the peer group as of the same date when measured as risk-weighted assets associated to counterparty credit risk (CRR), credit valuation adjustment (CVA), and market risk.
- [6](#) 7.85% on an unconsolidated basis versus 15.98% reported as of the end of September 2022.
- [7](#) The ratings shown in this report are the bank's deposit rating, senior unsecured debt rating and BCA.
- [8](#) Net of trading derivatives and interbank balances.
- [9](#) The resolution group is composed of Banco Santander and its relevant subsidiaries, mainly the entities of the sub-groups headed by Santander Consumer Finance, S.A., Open Bank, S.A. and Santander Totta SGPS, S.A.

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