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Fitch Upgrades Santander Consumer Finance to 'A' Following Banco Santander's Upgrade

Fitch Ratings - Milan - 14 Feb 2025: Fitch Ratings has upgraded Santander Consumer Finance, S.A.'s (SCF) Long-Term Issuer Default Rating (IDR) to 'A' from 'A-' and its Shareholder Support Rating (SSR) to 'a' from 'a-'. The Outlook on the Long-Term IDR is Stable. A full list of rating actions is below.

The upgrade mirrors the recent upgrade on SCF's parent, Banco Santander, S.A. (A/Stable), as the IDRs of SCF are driven by shareholder support from Banco Santander (see "Fitch Upgrades Santander to 'A'; Outlook Stable" dated 11 February 2025 on www.fitchratings.com for further details).

SCF's 'a-' Viability Rating is unaffected by today's rating action.

Unless noted below, the key rating drivers for SCF are those outlined in our Rating Action Commentary published on 22 October 2024 ("Fitch Affirms Santander Consumer Finance at 'A-'; Outlook Stable").

Key Rating Drivers

Very High Shareholder Support Probability: SCF's IDRs are underpinned by potential shareholder support as captured in the 'a' SSR. Fitch believes Banco Santander has strong incentives to provide support to its fully-owned subsidiary as it sees SCF as a core and integral part of the group. This is because SCF manages most of the group's consumer finance operations in Europe and belongs to the same resolution perimeter.

Our shareholder support assessment is supported by SCF's high level of integration with Santander, including risk management and controls, and its long and successful record of supporting group objectives.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

SCF's SSR and IDR would be downgraded if Banco Santander's IDR is downgraded, if the consumer finance unit became less strategic for the group, or if SCF becomes considerably less integrated, which Fitch does not expect.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

SCF's IDRs and SSR would be upgraded if Banco Santander's IDR is upgraded, provided our assumptions surrounding potential support remain unchanged.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

SCF's long-term senior preferred debt and deposit ratings have been upgraded to 'A+' from 'A' to maintain the one-notch differential above SCF's and Banco Santander's Long-Term IDRs to reflect the protection that accrues from the buffer of junior and senior non-preferred debt in the resolution group. Fitch estimates that the buffer exceeds 10% of risk-weighted assets (RWAs) after deconsolidating subsidiaries in different resolution groups on a sustained basis.

The short-term preferred senior debt and deposit ratings of 'F1' are the lower of two options mapping to 'A+' long-term deposit and senior preferred ratings, in line with the parents' short-term preferred senior debt and deposit ratings.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The senior preferred debt and deposit ratings are primarily sensitive to changes in SCF's, and ultimately Banco Santander's, IDRs. We would downgrade the long-term senior preferred and deposit ratings by one notch if the size of the combined buffer of junior and senior non-preferred debt in the resolution group falls below 10% of RWAs on a sustained basis, as this would mean the resolution group is likely to partly meet its minimum requirement of own funds and eligible liabilities with senior preferred debt.

SCF's long-term senior preferred debt and deposit ratings are also sensitive to changes in Banco Santander's resolution strategy that may result in SCF being excluded from the parent's resolution group.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

SCF's Long-Term IDR and SSR are linked to Banco Santander's Long-Term IDR.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Santander Consumer Finance, S.A.	LT IDR	A 	Upgrade	A- 
	ST IDR	F1	Upgrade	F2
	Shareholder Support	a	Upgrade	a-
• long- term deposits	LT	A+	Upgrade	A
• Senior	LT	A+	Upgrade	A

ENTITY/DEBT	RATING	RECOVERY	PRIOR
preferred			
• short-term deposits	ST F1	Affirmed	F1
• Senior preferred	ST F1	Affirmed	F1

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	⊙	

Applicable Criteria

[Bank Rating Criteria \(pub.15 Mar 2024\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Santander Consumer Finance, S.A. EU Issued, UK Endorsed

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