FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Santander Consumer Bank AS at 'A+'; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 09 Jun 2026: Fitch Ratings has affirmed Santander Consumer Bank AS's (SCB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook and Viability Rating (VR) at 'bbb+'. A full list of rating actions is below.

KEY RATING DRIVERS

Shareholder Support Drives IDRs: SCB's IDRs are equalised with those of its ultimate parent Banco Santander, S.A. (Santander; A+/Stable) as Fitch believes there is a very high probability that SCB would be supported directly by Santander, or indirectly by its intermediate parent and 100% shareholder, Open Bank, SA (A+/Stable). This is captured in SCB's 'a+' Shareholder Support Rating (SSR). SCB's IDRs are aligned with those of the parent because it benefits from the group's resolution debt buffer and the downstreaming of the internal buffer that protects its external creditors. The Stable Outlook on SCB's Long-Term IDR mirrors that on its parent.

The rating equalisation also reflects the significant reputational risks that a default by SCB would represent for its Spanish parent, given their shared branding and SCB's inclusion in the parent's resolution group. The rating also considers Santander's strong ability to provide support, given SCB's modest size relative to the group.

Strong Alignment with Group Strategy: SCB's activities in the Nordic region have strong strategic alignment with its parent, as car and unsecured consumer financing are core businesses for the Santander group. We expect SCB to continue benefiting from group integration through funding costs, economies of scale and transfer of management expertise.

Strong Intrinsic Creditworthiness: SCB's VR reflects its leading Nordic consumer-finance franchise, underpinned by a clear and consistent business model, moderate risk appetite in auto and unsecured lending, and strong financial metrics. The VR is one notch below the implied VR of 'a-'. This is because we attribute high importance to the business profile score of 'bbb+' to reflect SCB's limited business diversification stemming from its focus on consumer finance. We believe this focus may have a long-term impact on SCB's financial metrics beyond that captured in the financial profile scores.

Leading Nordic Auto Lender: SCB is a leading Nordic consumer finance bank, with strong market shares and relationships in the four main Nordic countries. It is particularly strong in auto finance, where it benefits from being part of Open Bank, particularly through globally arranged captive agreements, branding and strategic partnerships.

Well-Controlled Credit Risk: SCB operates within the inherently riskier consumer lending segment, but its underwriting standards are sound. This is underpinned by a dominant share of collateralised auto lending (about 90% of loans) and the generally sound repayment capacity of borrowers in the Nordic countries. Asset quality metrics have remained resilient over the credit cycle, due to SCB's prudent risk appetite, evenly balanced geographical mix, strong risk controls, and adequate risk-based pricing.

Downside Asset Risks Remain: The impaired loans ratio decreased to 2.6% at end-March 2026 (end-2024: 3.2%), supported by generally strong labour markets and gradually less restrictive monetary conditions. However, asset quality may come under some pressure from the uncertain outlook in the auto sector and the challenging geopolitical landscape. High provisions are held against impaired loans, which combined with the largely secured loan portfolio, reduces risks to earnings and capitalisation. We expect SCB's loan impairment charges (LICs)/gross loans to reach about 70bp in 2026 and 2027, broadly in line with our expectations for a consumer lender in the Nordics.

Solid Earnings Generation: SCB's healthy and resilient pre-impairment profitability is underpinned by strong margins and robust cost efficiency, providing adequate loss-absorption capacity for its concentration on consumer finance. We forecast SCB's operating profit at 2.5% of risk-weighted assets (RWAs) in 2026.

Sound Capitalisation: SCB's common equity Tier 1 ratio (CET1; end-March 2026: 18.7%) and Basel leverage ratio (12.3%) compare favourably with those of similarly rated peers. Fitch expects higher payout ratios of annual earnings once macroeconomic uncertainties reduce, but for SCB's CET1 ratio to remain comfortably above its minimum requirements.

Stable Funding Profile: SCB has a less developed deposit franchise than higher-rated large Nordic banks, resulting in a loan-to-deposits ratio of 187% at end-March 2026.

Deposits are the main source of funding, complemented by good access to wholesale funding and ordinary support from the Santander group.

RATING SENSITIVITIES

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

SCB's long-Term IDR and SSR would be downgraded if Santander's Long-Term IDR was downgraded. They could also be downgraded if Fitch expects a weakening in Santander's propensity to support SCB. This could result from SCB becoming less strategically important for the group or if it becomes significantly less integrated within the group, which Fitch does not expect.

The bank's VR has robust rating headroom. It could be downgraded if SCB's financial profile materially weakens. This would require a sustained contraction of its operating profit/RWAs and CET1 ratios to below 1.5% and 15%, respectively, combined with impaired loans and LICs/gross loans ratios increasing above 4% and 1%, respectively, on a sustained basis.

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

SCB's IDRs and SSR would be upgraded if Santander's Long-Term IDR was upgraded.

An upgrade of SCB's VR is currently unlikely owing to its business profile and concentrated business model.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

SCB's long-term deposit and senior preferred debt (senior unsecured under Fitch's Bank Rating Criteria) ratings of 'A+' reflect the benefits from the group's resolution debt buffer, which underpins its SSR and IDRs. SCB's Short-Term IDR and its short-term deposit and senior preferred debt ratings of 'F1' are in line with Santander's.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The senior preferred debt and deposit ratings are primarily sensitive to changes in SCB's SSR. The long-term deposit rating could be upgraded if the parent's deposit rating was upgraded.

VR ADJUSTMENTS

The Viability Rating of 'bbb+' is below the 'a-' implied Viability Rating due to the following adjustment reason: business profile (negative).

The capitalisation & leverage score of 'a-' is below the 'aa' category implied score due to the following adjustment reasons: historical and future metrics (negative), and risk profile and business model (negative).

The funding & liquidity score of 'bbb' is above the 'bb' category implied score due to the following adjustment reasons: liquidity access and ordinary support (positive), and non-deposit funding (positive).

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

SCB's ratings are linked to the ratings of Santander and Open Bank, SA.

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.

RATING ACTIONS

ENTITY / DEBT ⬍	RATING TYPE ⬍	RATING ⬍	RATING ACTION ⬍	PRIOR ⬍
Santander Consumer Bank AS	LT IDR	A+ Rating Outlook Stable	Affirmed	A+ Rating Outlook Stable
	ST IDR	F1	Affirmed	F1
	Viability	bbb+	Affirmed	bbb+
	Shareholder Support	a+	Affirmed	a+

long-term deposits	LT	A+	Affirmed	A+
Senior preferred	LT	A+	Affirmed	A+
short-term deposits	ST	F1	Affirmed	F1
Senior preferred	ST	F1	Affirmed	F1

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Bank Rating Criteria (pub. 08 May 2026) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Santander Consumer Bank AS	EU Issued, UK Endorsed

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