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CREDIT OPINION
21 July 2022

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	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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Banco Santander S.A. (Spain)

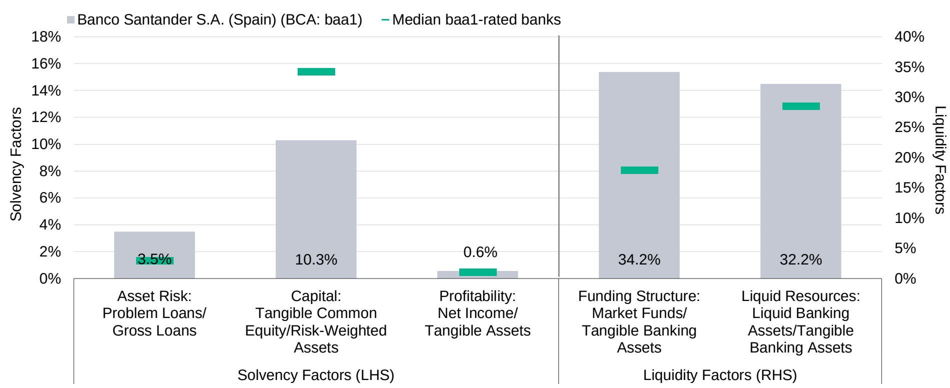
Update to credit analysis

Summary

Banco Santander S.A. (Spain)'s (Santander) 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 two-notch uplift; and our assumption of moderate support from the Government of Spain (Baa1 stable) which results in no uplift. The bank's long-term deposit and senior unsecured debt ratings are capped at two notches above Spain's sovereign rating (Baa1) i.e.A2. Santander's Counterparty Risk (CR) Assessment is A3(cr)/Prime-2(cr).

Santander's BCA reflects the benefits stemming from its strong geographical diversification, which underpins sustained profit generation and low earnings volatility; its modest asset quality and profitability metrics, which are likely to remain strained because of the coronavirus pandemic and high inflation rates; the bank's overall modest capitalisation, which is mitigated by its proven capacity to generate capital in times of stress; and its well-established de-centralized funding structure, along with self-sufficient and diversified funding channels for its subsidiaries; and liquidity management at each of the group's subsidiaries, mitigating the risks inherent to its large stock of confidence-sensitive wholesale funding. Santander's baa1 BCA is not capped by the Baa1 sovereign rating.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

- Very strong geographical diversification, which drives consistent profit generation and low earnings volatility
- Above-average pre-provision profitability through the cycle compared with its European peers
- Proven capacity to generate capital in times of stress
- Good liquidity and large market access, with an independent model for its subsidiaries, which limits contagion risk

Credit challenges

- Strained bottom-line profitability
- Modest tangible common equity (TCE) ratio, below that of its international peers
- Sensitivity to market sentiment because of its large stock of wholesale funding

Outlook

Santander's deposit and senior unsecured debt ratings have a stable outlook, in line with the stable outlook on the Baa1 sovereign rating.

Factors that could lead to an upgrade

- Upward pressure on Santander's deposit and debt ratings is primarily dependent on an upgrade of Spain's sovereign rating because our current A2 long-term debt and deposit ratings already exceed the sovereign rating by two notches and are constrained at that level under the Banks methodology. An upgrade of the sovereign rating by one notch would lift the current constraint on the bank's ratings, leading to an upgrade of the debt and deposit ratings to A1. The increase in the volume of deeply subordinated instruments (Additional Tier 1 [AT1]) could lead to an upgrade of Santander's subordinated debt rating.
- An upgrade of the BCA is dependent on an improvement in the bank's credit fundamentals (namely, asset risk, capital and profitability). Given Santander's strong geographical diversification, its BCA could exceed the Spanish sovereign rating by one notch.

Factors that could lead to a downgrade

- Because of the current constraint on Santander's debt and deposit ratings by the Spanish sovereign rating, downward pressure on these ratings would only emerge in case of a multi-notch downgrade of the BCA or a downgrade of Spain's rating.
- Downward pressure on Santander's BCA could develop if the expected improvements in profitability did not materialise, asset quality deteriorated beyond our current expectations and capital were to decline. The risks associated with the acquisition of Banco Popular Espanol, S.A. (Banco Popular), such as those related to potential litigation costs, could also exert downward pressure on the bank's BCA.

Key indicators

Exhibit 2

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

	12-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	1,595,835.0	1,508,250.0	1,522,695.0	1,459,271.0	1,444,305.0	2.5[4]
Total Assets (USD Million)	1,808,250.1	1,845,428.2	1,709,222.4	1,668,157.7	1,734,317.6	1.0[4]
Tangible Common Equity (EUR Million)	65,793.9	56,801.4	61,983.2	56,877.5	56,164.9	4.0[4]
Tangible Common Equity (USD Million)	74,551.5	69,499.7	69,576.0	65,019.2	67,442.7	2.5[4]
Problem Loans / Gross Loans (%)	3.3	3.5	3.7	4.0	4.4	3.8[5]
Tangible Common Equity / Risk Weighted Assets (%)	10.3	9.0	9.2	8.5	8.5	9.1[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	35.2	37.7	38.6	42.7	45.3	39.9[5]
Net Interest Margin (%)	2.2	2.2	2.5	2.5	2.6	2.4[5]
PPI / Average RWA (%)	3.8	3.6	3.8	3.7	3.8	3.7[6]
Net Income / Tangible Assets (%)	0.6	0.4	0.6	0.7	0.6	0.6[5]
Cost / Income Ratio (%)	48.2	49.1	48.9	47.8	48.3	48.4[5]
Market Funds / Tangible Banking Assets (%)	34.2	35.6	36.7	34.8	35.3	35.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	32.2	30.6	29.1	29.6	29.6	30.2[5]
Gross Loans / Due to Customers (%)	110.2	111.4	117.6	113.5	113.8	113.3[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 Investors Service and company filings

Profile

With total assets of around €1.7 trillion as of the end of March 2022, 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 with around 40% of the group's profit[1] generated in Europe (including Digital Consumer Bank at 12%), 22% in the US and close to 40% in Latin America (Brazil 22% and Mexico 8%) as of year-end 2021. As of the same date and by segments, retail banking accounted for 74%, corporate and investment banking for 20%, and wealth management and insurance for an 8% share. As of year-end 2021, the group had 153 million customers, with Brazil accounting for the largest share (35%), followed by the UK with 15% and Mexico with 13%.

Detailed credit considerations

Stong 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 sustained profit generation. The benefits of Santander's strong geographical diversification in low correlated markets are reflected in a one-notch positive qualitative adjustment to its Business Diversification score.

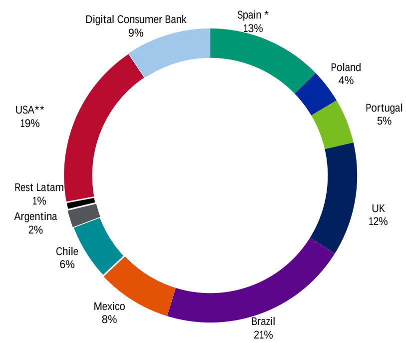
As of the end of March 2022, close to 80% of the group's gross customer loans were in mature markets[2] with the UK and Spain accounting for the largest share, at 25% each. However, developing markets had a larger contribution to profit, at close to 60%, underpinned by higher margin and stronger business growth.

Commercial banking accounts for around 80%[3] of the group's attributable profit, providing high recurrence and stability to Santander's earnings. The remaining share is generated by the corporate and investment banking division. This business breakdown matches Santander's revenue mix with net interest and fee income accounting for around 95% of the group's total operating income and limited contribution from more volatile revenue lines.

Exhibit 3

Strong geographic diversification by profit ...

Profit contribution by key franchise as of the end of March 2022

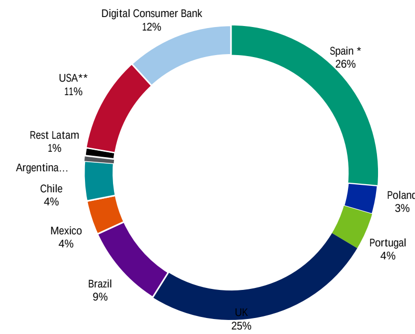


Excluding corporate centre and nonrecurrent adjustments. * Includes Rest of Continental Europe. ** Includes Rest of North America.
Source: Company

Exhibit 4

... and by loan book

Loan breakdown by key franchise as of the end of March 2022



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

Margin will benefit from higher interest rates but planned cost savings will take longer to materialise

The baa3 Profitability score reflects our expectation that the group's recurrent net income/tangible assets will remain in the 0.75%-1.0% range during the outlook period. At 0.7%, the group's profitability ratio was at the low end of our forecast as of the end of March 2022.

Santander reported a profit of €2.5 billion as of the end of March 2022 compared with the €1.6 billion a year earlier (€2.3 billion excluding extraordinary charges mainly in the UK and Portugal). Unlike in the recent past, the impact of foreign-currency exchange rates has been positive in the first quarter of 2022, adding 5 percentage points (pp) in revenue and 4pp in costs.

At constant rates, gross operating income grew 2.3% year over year and 6.4% quarter over quarter. The annual increase was mainly supported by the good performance of net interest income (+6.2%) and fees and commissions (+5.9%) on the back of increased activity and higher interest rates in many of Santander's core markets. Higher revenue growth in the quarter was driven by a larger contribution from financial operations in the US, Chile, Portugal and Brazil, while net interest income declined by 1.5% and fees and commissions increased by 1.7%.

Operating expenses rose 4% year over year because of sharp increases in inflation in the first quarter of 2022. Excluding this impact, expenses declined by 3% in real terms. In the quarter, costs declined by 4% with falls in Europe, North America and South America. At 45%, the group's cost efficiency ratio continues to compare favourably with its domestic and international peers and is in line with the group's target for this year. Higher-than-expected inflation will delay cost savings in Europe, which will decrease by €800 million in 2022 from the €1 billion initially expected. At group level, however, Santander remains committed to improve its cost to income ratio to 45%. With close to 60% of total loans, the contribution to profits of the European franchise[4] was only 34%.

Annualised cost of risk stood at 0.83%, which compares with the 77 basis points (bps) reported as of year-end 2021 and 128 bps as of year-end of 2020. Guidance for 2022 is around 1%, which is in line with the pre-pandemic levels.

The bank's key strategic targets have not been revised because of the ongoing military conflict in Ukraine. Santander remains committed to its transformation plan to leverage its scale and group strengths, with strict cost control — with costs growing below inflation — and a strong focus on achieving efficiency gains. Being asset sensitive[5], the group's margin will benefit from higher interest rates, which, together with growth in fee and commission income, active management of unprofitable portfolios, and a strong focus on customer satisfaction, are some of the initiatives that should eventually lead to higher profitability, which is more commensurate with the group's exposure to more profitable emerging markets. The group aims to achieve mid-single-digit growth in revenue (at constant rates) in percentage terms and return on tangible equity above 13%.

Asset quality to remain broadly unchanged at the group level, despite the difficult operating environment

We have assigned an Asset Risk score of baa2 to Santander to reflect its recent performance and our expectation that problem loans will increase moderately amid the gradual withdrawal of the public support measures put in place in response to the pandemic and high inflation erodes household finances and hurts companies' margins. . The group has reinforced the monitoring of all risks with special attention to Poland – given increased geopolitical risks --where 3% of the group's loan book is concentrated. Santander has a negligible exposure to Russia and Ukraine. The expected deterioration has to be taken into account in conjunction with the large stock of loan loss reserves built up in 2020 and Santander's high recurring profitability. As of the end of March 2022, the coverage ratio — measured as loan loss reserves/nonperforming loans (NPLs)— stood at 72% and loan loss provisions accounted for less than one-third of the group's pre-provision income.

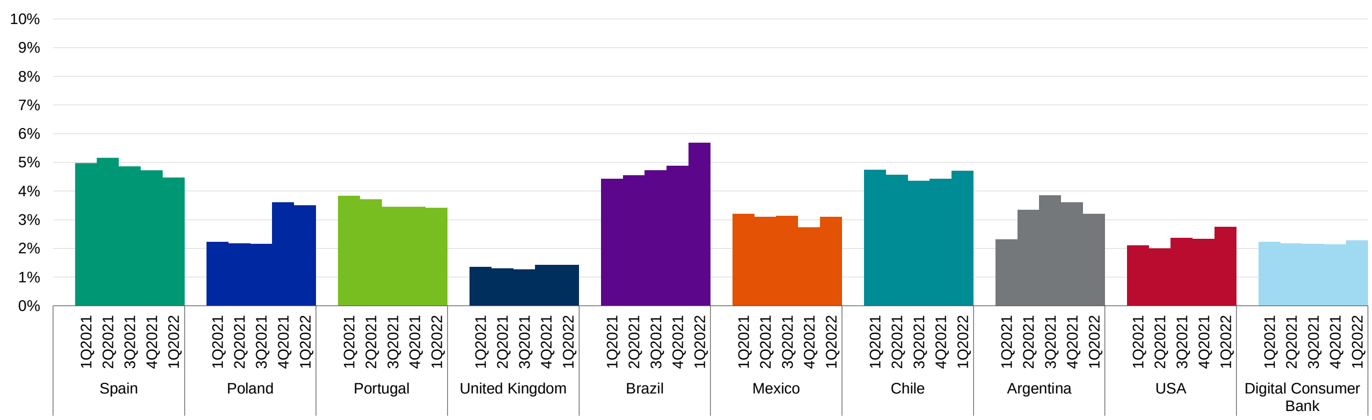
According to our calculations, the group reported an NPL ratio of 3.5% as of the end of March 2022, slightly up from 3.3% as of year-end 2021. The nonperforming asset (NPA) ratio (defined as NPLs plus foreclosed real estate assets) was 4.2% as of the end of December 2021 (latest publicly available data), down from 4.5% a year earlier and well below its peak of 9.5% in June 2017 following the acquisition of Banco Popular. The sharp decline in the ratio is mainly explained by the transfer of Banco Popular's real estate business to a newly created company. The reduction in risk exposure is credit positive but less significant than what the consolidated NPA suggests because of the fact that Santander holds a 49% stake in the new company (Blackstone holds the remaining 51% stake). This transaction, which materialised in March 2018, allowed Santander to deconsolidate all the transferred assets.

The performance of the bank's asset-risk metrics in Q1 2022 has been mixed across geographies compared with the year-earlier period with all franchises being negatively affected by the application of the new definition of default which has added a 19-bp negative impact to the group's NPL ratio. The metrics in Poland have improved the most, with a reduction of 132 bps in its NPL ratio to 3.50%, followed by a reduction of 51 bps in Spain to 4.47% and 41 bps in Portugal to 3.42%. Brazil showed the largest deterioration of around 126 bps (80 bps in the year-earlier quarter) to 5.68%, followed by Argentina (89 bps) and the US (64 bps) to 3.21% and 2.75%, respectively. Among the main geographical markets, management expects the group's cost of credit to be around 1% with an increase in Brazil (at 4%-4.5%, up from 3.94%[6] as of the end of Q1 2022) and a decline in Spain to 50 bps from a year earlier.

Exhibit 5

Mixed performance across key franchises

NPLs/total loans (in percentage terms)



Source: Company

Santander's asset-quality metrics are weaker than those of its international peers, reflecting the still-high level of NPA in its domestic portfolio and its exposure to developing countries. This structural factor is mitigated by the higher spreads in these countries compared with those applied in mature markets.

Modest TCE, but proven capacity to generate capital in times of stress

Our ba1 Capital score reflects our expectation that its Moody's-defined TCE ratio will stay in the 10%-10.9% range over the outlook period. As of the end of December 2021, the ratio stood at 11%, but we have adjusted it downwards to reflect approved shareholders' payment which will bring the ratio below 11% in the ba1 range. Our capital assessment also benefits from a positive adjustment to capture the bank's proven ability to generate capital in times of stress and a negative adjustment for Santander's low leverage ratio (below 5%, according to our calculation).

Including the acquisition of Amherst Pierpont, which was closed in April 2022, the group's fully loaded Common Equity Tier 1 (CET1) capital ratio was 12.05% as of the end of March 2022, which is close to its target capital ratio of 12% for 2022. Santander's shareholder pay out was restored to 40% of the underlying profit in the form of cash dividends and share buybacks as soon as the European Central Bank's (ECB) recommendation on dividend restrictions was lifted on 30 September 2021. The payout would increase to 50% if capital were to exceed target levels.

At current levels, Santander's capital is below the weighted average for European banks (15.7% fully loaded as reported by the European Banking Authority [EBA][7]) and also below the levels of its international peers. Lower capital levels are to some extent mitigated by Santander's higher resilience to stressed scenarios, as shown in EBA stress tests, and by lower Pillar 2 Requirement (P2R)[8] of 1.50% than the 1.72%[9] average for institutions supervised by the Single Supervisory Mechanism.

Similar to its European peers, Santander significantly benefited from measures adopted by the ECB in March 2020 in response to the pandemic. Consequently, the group has a CET1 management buffer of 319 bps above the minimum Supervisory Review and Evaluation Process (SREP) ratio of 8.85% (9.69% pre-changes). The ECB also requires Santander to comply with the SREP requirement of 7.85% on an unconsolidated basis, which compares with the 16.90% CET1 ratio reported as of year-end 2021 (both ratios use transitional arrangements).

Our more conservative capital assessment compared with regulators' capital ratios is primarily explained by the fact that the convertible deferred tax assets are not deducted from the capital base, while we give benefit, as a capital component, to only a share of them (58% as of year-end 2020); a more conservative risk weighting of 50% that we apply to the sovereign exposures compared with the regulators' risk weighting of 0%; and the exclusion of minority interests from our TCE calculation.

Santander has a long-standing policy of fully hedging its foreign-exchange risk to protect its regulatory solvency ratios. The largest exposures of permanent investments (with their potential impact on equity) were in the following order: in the US dollar, UK pound, Brazilian real, Mexican peso, Chilean peso and Polish zloty. The group hedges these positions with foreign-exchange rate derivatives, resulting in a coverage close to 100% in Q1 2022.

Good liquidity, with an independent liquidity model for subsidiaries to limit contagion risk

Given the limitations on intragroup funding from both regulatory and internal policy perspectives, we analyse Santander's liquidity on an unconsolidated basis. At baa1, our Combined Liquidity score reflects the funding structure and readily available liquid resources at the individual level (including funding vehicles). Our assessment also incorporates three notches of positive adjustments in both ratios to reflect the bank's capacity to generate liquidity from the issuance of covered bonds; the partial divestiture of its quoted subsidiaries; and its proven market access, which mitigate the inherent risks associated with its large stock of confidence-sensitive wholesale funding.

Santander has a long-standing policy of ensuring that its subsidiaries are self-sufficient in terms of liquidity and do not rely on the parent bank for funding. We view this policy positively, particularly in times of stress, because it reduces the risk of contagion across borders. Only Santander's subsidiary Santander Consumer Finance S.A. (A2 stable/A2 stable, baa2[10]) has been an exception to the general rule.

The group is around 71% funded by deposits (as a percentage of net liabilities[11]), which are a stable and well-diversified funding source. As of the end of March 2022, outstanding medium- and long-term debt accounted for around 13% of net liabilities. The outstanding debt has a conservative maturity profile, with maturities not exceeding €25.5 billion annually over the next few years. Recourse to short-term funding is limited (2% of net liabilities), and the bulk relates to the group's commercial paper programmes and certificates of deposits in the UK. In line with its domestic and European peers, the group took advantage of the attractive conditions of the ECB's TLTRO[12] III programme. As of year-end 2021, the group's TLTRO funds amounted to €88.9 billion. Accrued income associated to this funding amounted to €868 million as of year-end 2021 (2.6% of the group's net interest income as of the same date). In our assessment of Santander's liquidity and funding ratios, we deduct part of these funds that are used to take advantage of the favourable terms offered by the ECB, being deposited back at the central banks, and thereby temporarily inflating Santander's balance sheet.

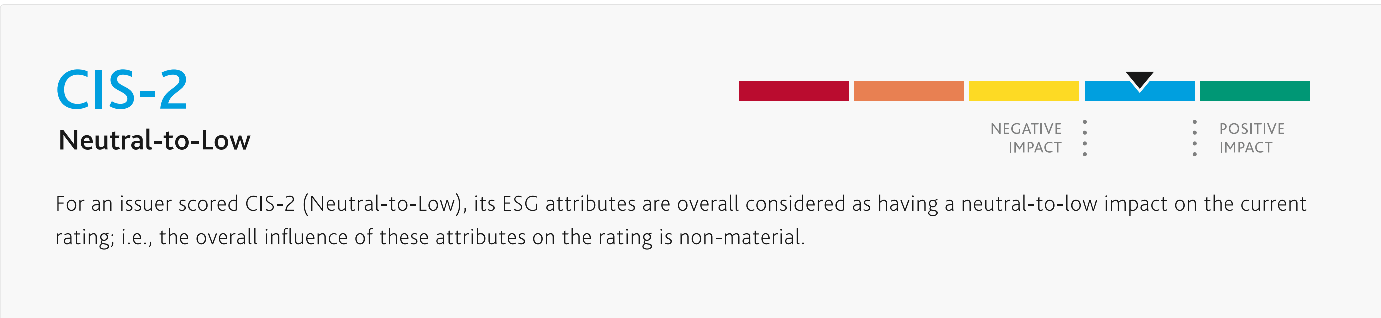
Santander's funding plan is designed to comply with total loss-absorbing capacity (TLAC)/minimum requirement for own funds and eligible liabilities (MREL) requirements[13]. Issuance activity planned for 2022 for the resolution group amounted to €12.0 billion-€13.5 billion for the parent (of which, €8.3 billion had been issued as of the end of March 2022) and €5.0 billion-€6.5 billion for Santander Consumer Finance group (of which, €1.2 billion had been issued as of the end of March 2022).

Santander's liquidity coverage ratio at the group level was 157% as of the end of March 2022. In the same period, the parent bank had a liquidity coverage ratio of 141%, with all its subsidiaries above the 100% minimum requirement. Santander also complies with the net stable funding ratio at the group level and most of its subsidiaries. As of the end of March 2022, the ratio was at 126% for the group and 118% for the parent.

ESG considerations

BANCO SANTANDER S.A. (SPAIN)'s ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 6
ESG Credit Impact Score



Source: Moody's Investors Service

Santander's ESG Credit Impact Score is neutral-to-low (**CIS-2**), reflecting the limited credit impact of environmental and social risk factors on the rating to date, and neutral-to-low governance risks. Santander has a strong track record of delivering on its strategic goals. Despite Santander's exposure to volatile emerging markets, the group's earnings recurrency is very high, demonstrating its sound risk management.

Exhibit 7
ESG Issuer Profile Scores

Source: Moody's Investors Service

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 is exposed to high industrywide 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 is exposed to neutral-to-low governance risks, and 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. We assume a residual TCE of 3% and post-failure losses of 8% of tangible banking assets, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. We apply a standard assumption for European banks that 26% of deposits are junior. These metrics are in line with our standard assumptions. We included in Santander's individual balance sheet at failure our estimate of the debt issued out of funding vehicles guaranteed by Santander and Santander Consumer Finance group.

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. 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. Even though our revised notching guidance table indicates the bank'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 to benefit 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.

Counterparty Risk Ratings (CRRs)

Santander's CRRs are A2/Prime-1 and are positioned two notches above the Adjusted BCA of baa1, reflecting the very low loss given failure from the high volume of instruments that are subordinated to CRR liabilities, which is the maximum achievable CRR in Spain. According to our methodology, a bank's CRR will typically not exceed the sovereign rating by more than two notches.

Counterparty Risk (CR) Assessment

Santander's CR Assessment is A3(cr)/Prime-2(cr). The CR Assessment, before the sovereign rating cap, is positioned 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 subordinated instruments. The main difference from our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than expected loss, thereby focusing purely on subordination and taking no account of the volume of the instrument class.

The CR Assessment is capped at A3. The CR Assessment will not typically exceed the sovereign's rating by more than one notch, or two notches, where the Adjusted BCA is already above the sovereign rating, which is not the case for Santander.

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

Banco Santander S.A. (Spain)

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	3.5%	baa2	↓	baa2	Expected trend	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	10.3%	ba1	↔	ba1	Stress capital resilience	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.6%	ba1	↑	baa3	Expected trend	
Combined Solvency Score		baa3		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	34.2%	ba2	↔	baa2	Market funding quality	Term structure
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	32.2%	a3	↔	a3	Intragroup restrictions	Additional liquidity resources
Combined Liquidity Score		baa3		baa1		
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 Investors Service

Ratings

Exhibit 9

Category	Moody's Rating
BANCO SANTANDER S.A. (SPAIN)	
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	A3(cr)/P-2(cr)
Issuer Rating	A2
Senior Unsecured	A2
Junior Senior Unsecured	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	Baa3/P-3
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	baa3

Counterparty Risk Assessment	Baa2(cr)/P-2(cr)
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 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	Stable
Senior Unsecured	A2
SANTANDER US DEBT, S.A. UNIPERSONAL	
Outlook	Stable
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	Baa1
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	Baa1
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Other Short Term	(P)P-2
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
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	A3/P-2
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	Baa1(cr)/P-2(cr)
Senior Unsecured MTN -Dom Curr	(P)Baa2
Commercial Paper -Dom Curr	P-2
Other Short Term -Dom Curr	(P)P-2
SANTANDER INTERNATIONAL PRODUCTS PLC	
Outlook	Stable
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	Stable
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
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	Negative
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A1
PSA BANQUE 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
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	Stable
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
BANCO SANTANDER MÉXICO, S.A.	
Outlook	Stable
Counterparty Risk Rating	A3/P-2
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	Baa1
Subordinate	Baa3 (hyb)
Jr Subordinate	Ba1 (hyb)
SANTANDER HOLDINGS USA, INC.	
Outlook	Stable
Senior Unsecured	Baa3
SANTANDER CONSUMER BANK AS	
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	A3
Junior Senior Unsecured MTN	(P)Baa2
Subordinate	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)
ST Issuer Rating	P-2
SANTANDER ISSUANCES S.A. UNIPERSONAL	
Subordinate	Baa2
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
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 Investors Service

Endnotes

1 Net attributable profit to the parent excluding the corporate centre as well as nonrecurrent adjustments.

2 Europe (excluding Poland) and the US.,

3 Retail banking plus wealth management and insurance, excluding the corporate centre as well as nonrecurrent adjustments.

4 Excluding Digital Consumer Bank.

5 Assets reprice quicker than liabilities

6 Measured as allowances for loan loss provisions over the last 12 months/average loans and advances to customers over the last 12 months.

7 EBA Risk Dashboard Q4 2021.

8 The P2R typically covers risks underestimated or not covered by the minimum capital requirement under Pillar 1.

9 Average for Deutsche Bank AG; Commerzbank AG; Banco Bilbao Vizcaya Argentaria, S.A.; BNP Paribas S.A.; Crédit Agricole S.A.; Intesa Sanpaolo S.p.A., and UniCredit S.p.A.

10 The ratings shown in this report are the bank's deposit rating, senior unsecured debt rating and BCA.

11 Net of trading derivatives and interbank balances.

12 Targeted longer-term refinancing operations.

13 In May 2022, Bank of Spain communicated the binding MREL requirement for Santander's resolution group — formed by Banco Santander and entities of the sub-group headed by Santander Consumer Finance S.A. The requirement was set at the highest level of 28.95% of the resolution group's RWA and 13.22% of the resolution group's leverage ratio to be met by January 1, 2022 and 30.32% and 13.20%, respectively by January 1, 2024. At end of March 2022, Santander met both MREL requirements with reported ratios of 35.38% and 17.05%, respectively. As a global systemically important bank, Santander is also required to build up a stock of bail-in-able debt to comply with TLAC requirements. As of the end of December 2021, the TLAC of the resolution group was 26.86% of RWA and 11.83% of the leverage ratio exposure.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454