Santander
CONSUMER BANK

Financial statements at 31 December 2013

Company subject to the direction and coordination activities of
Santander Consumer Finance S.A. as per art. 2497 bis of the Civil Code

This is an English translation of the Italian original "Bilancio al 31 dicembre 2013" and has been prepared solely for the convenience of the international readers. The Italian version takes precedence.

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General information

Head Office	Via Nizza 262, 10126 Turin - Italy Tel: 011/63.19.111 – Fax 011/63.19.119
Shareholder	Santander Consumer Finance S.A. (Grupo Santander) 100%

DIRECTORS AND OFFICERS

Board of directors	
Chairman	Ettore Gotti Tedeschi
Deputy Chairman	Ines Serrano Gonzalez
Chief Executive Officer	Vito Volpe
Directors	Francisco Javier Anton San Pablo Carlo Callieri Ernesto Zulueta Benito David Turiel Lopez Aldo Olcese Santonja (from 29/01/2014)
Board of Statutory Auditors	
Chairman	Walter Bruno
Acting Auditors	Maurizio Giorgi Stefano Caselli
Substitute Auditors	Luisa Girotto Marta Montalbano
General Manager	Vito Volpe
Independent Auditors	Deloitte & Touche S.p.A.

History And Ownership

Santander Consumer Bank S.p.A. (hereinafter also Santander Consumer Bank or the Bank) was founded in November 1988 with the name of Finconsumo S.p.A. on the initiative of ten private banks in the north-west of Italy and their Turin-based subsidiary Leasimpresa S.p.A. with the strategic aim of ensuring its shareholders a presence in the consumer credit market through a specialised entity.

Some key moments in the Company's history:

- in 1993 Istituto Bancario San Paolo di Torino (now Banca Intesa Sanpaolo S.p.A.) acquired 15.8% of the Bank;
- in February 1998 it raised its stake to 50%;
- at same time, CC-Holding GmbH, the holding company of the CC-Bank AG Group, a German bank specialised in consumer credit and a wholly-owned subsidiary of the Spanish group Banco Santander Central Hispano, bought the other 50%;
- in 1999 Fc Factor S.r.l. was set up (with a 100% interest), specialised in the purchase and management of doubtful loans;
- in 2001, the company obtained a licence to operate as a bank, changing its articles of association and becoming Finconsumo Banca S.p.A.;
- in September 2003, Banca Sanpaolo IMI S.p.A. (now Banca Intesa Sanpaolo S.p.A.) sold 20% of its stake to Santander Consumer Finance S.A. (Grupo Santander), which includes all of the Group's investments in the field of consumer credit throughout Europe;
- at the end of 2003, the 50% stake in the bank owned up to then by CC-Holding GmbH was transferred to Santander Consumer Finance S.A.;
- in January 2004, Banca San Paolo IMI S.p.A. (now Banca Intesa Sanpaolo S.p.A.) sold its remaining 30% stake to Santander Consumer Finance S.A.;
- in May 2006 Finconsumo Banca S.p.A. became Santander Consumer Bank S.p.A., completing the process of integration with the Group;
- in May 2006 Santander Consumer Finance Media S.r.l. was set up (with a 65% holding) as a joint venture with the De Agostini publishing group; the company became operational in July 2006;
- in October 2008, Santander Consumer Finanzia S.r.l. (formerly FCFactor S.r.l.) started operating directly in the field of personal loans made through an agency network;
- in April 2010 Santander Consumer Finanzia S.r.l. closed its direct personal loan operations through the agency network and consolidated its activity in the renegotiation of loans to customers in financial difficulty, which was commenced that same year.
- in December 2011, Santander Consumer Finanzia S.r.l. (formerly FCFactor S.r.l.) was merged with the parent company Santander Consumer Bank S.p.A.;
- in June 2013 Santander Consumer Unifin S.p.A. (formerly Unifin S.p.A.) joined the Santander Consumer Bank Banking Group after the sole shareholder Santander Consumer Finance S.A. subscribed the increase in capital decided by Santander Consumer Bank S.p.A. by contributing its investment in Santander Consumer Unifin S.p.A.

Corporate governance

Corporate Governance

The system of corporate governance adopted by Santander Consumer Bank S.p.A. is based on the central role of the Board of Directors, the proper management of conflicts of interest, the transparency in the communication of corporate decisions and the efficiency of its system of internal control.

The system was established to strengthen the minimum standards of corporate governance and organisation and ensure the Group's "sound and prudent management" (art. 56 of Consolidated Banking Act), as defined by the Bank of Italy in its Order 264010 of 4 March 2008 entitled "Supervisory Provisions concerning the Organisation and Corporate Governance of Banks" and, subsequently, with the Governor's Order of 11 January 2012, "Application of the Supervisory Provisions concerning the Organisation and Corporate Governance of Banks" with which the Supervisory Authority outlined a regulatory framework that gives the organisation a central role in defining corporate strategies and policies for the management and control of the risks that are typical of banking activities.

In defining its organisational structure to make it comply with current regulations, Santander Consumer Bank S.p.A. intended to achieve the following objectives: (i) a clear distinction between functions and responsibilities; (ii) an appropriate balance of powers; (iii) a balanced composition of the corporate bodies; (iv) an integrated and effective system of controls; (v) monitoring of all business risks; (vi) remuneration mechanisms consistent with the policies of risk management and long-term strategies; (Vii) adequacy of information flows.

Santander Consumer Bank S.p.A. has adopted a traditional governance model that consists of the following main corporate bodies:

- Board of directors
- Chairman of the Board of Directors
- Chief Executive Officer
- General Management
- Shareholders' Meeting
- Board of Statutory Auditors
- Internal Standing Committees

The functions and powers of the corporate bodies are governed by law, the articles of association and the resolutions passed by the competent bodies. The articles of association are available at the Company's head office and on its website (www.santanderconsumer.it).

The Board of Directors

The Board of Directors is appointed by the Shareholders' Meeting for a maximum of three years.
It elects a Chairman, and possibly a Deputy Chairman, from among its members. It can also appoint a Chief Executive Officer, establishing his powers; if appointed, the Chief Executive Officer also holds the position of General Manager. The Board can also appoint a General Manager and one or more Deputy General Managers.
The current Board of Directors, which was appointed for the period 2012-2014, is made up as follows:

- Ettore Gotti Tedeschi (Chairman)
- Ines Serrano Gonzalez (Deputy Chairman)
- Vito Volpe (Chief Executive Officer)[1]
- Benito Ernesto Zulueta (Director)
- Francisco Javier Anton San Pablo (Director)
- Carlo Callieri (Independent Director)
- David Turiel Lopez (Director)
- Aldo Olcese Santonja (Independent Director)[2]

Vito Volpe also holds the position of General Manager.

1 co-opted by the Board of directors' meeting of 18.12.2012, pursuant to art. 2386 of the Italian Civil Code, and confirmed by the Shareholders' Meeting of 29.04.2013

The Board of Directors is made up of representatives of the Santander Group's Spanish top management, which ensures that the Parent/Subsidiary relationship is extremely effective, as it shortens the chain of transmission of information in the exercise of the Parent's direction and coordination activities.

At least one of the directors appointed by the Shareholders' Meeting has to satisfy the independence requirements laid down in art. 13 of the articles of association. If the Board of Directors consists of more than seven members, at least two of them must qualify as independent. The Independent Directors ensure a high level of debate within the Board and makes a significant contribution to the formation of Board decisions.

The Board of Directors is responsible for determining the criteria for the coordination and direction of the Santander Consumer Bank Group, consisting of Santander Consumer Bank S.p.A. and Santander Consumer Finance Media S.r.l. and Santander Consumer Unifin S.p.A. It exercises all of the functions pertaining to overall governance of the Group, dealing effectively with the various different issues that form part of its mandate.

As regards the internal control system, beyond the routine activities of direction and supervision, increasing attention is being given to the various activities involved in implementing procedures to allow periodic checks on the system's adequacy and effectiveness.

Special care is taken in the correct identification of business risks and their sensible management, also by making changes to the organisational structures where the critical points of certain processes are located, as well as by establishing so-called first-level controls.

In carrying out its mandate, the Board of Directors deals with and takes decisions regarding the key aspects of the Group, always bearing in mind the strategic direction and goals of the Santander Group:
- determining short and medium term management options and approving projects of strategic importance, as well as company policies (strategic plan, operational plans, projects);
- establishing the Bank's orientation to the various types of risk, also in relation to the returns that are expected to be earned by the business;
- approving the capital allocation procedures and the macro-criteria to be used in implementing the investment strategies;
- approving the budget and overseeing the results of operations;
- preparing the periodic reports on operations and annual financial statements, with related proposals for the distribution of profits for the subsequent Shareholders' Meeting;
- examining and approving transactions of particular importance from an economic, financial and risk point of view;
- reporting to the shareholders at General Meetings;
- approving the organisational structure and related regulations, enquiring into aspects of their adequacy for the business;
- approving the system of delegated powers;
- approving the audit plan and compliance checks and examining the results of the activities carried out by these functions.

The Board of Directors is also responsible for:
- establishing and defining the operating rules of internal standing committees;
- examining and approving territorial development plans.

During 2013, the Board met thirteen times with a participation rate of 90%.

2 appointed by the Shareholders' Meeting of 29.01.2014

The Chairman of the Board of Directors

The Chairman promotes the effective functioning of the system of corporate governance, ensuring a balance of power with respect to the Chief Executive Officer, if appointed, and to the executive directors and acts as the interlocutor for the internal control bodies.

The Chief Executive Officer

The Chief Executive Officer/General Manager is responsible, among other things, for making lending decisions on the basis of the powers attributed to him, he is the head of personnel, he is the Bank's representative in all court matters, he is the direct interlocutor with the Statutory Auditors, the Independent Auditors and the Bank of Italy, he orders routine inspections, investigations and administrative inquiries in accordance with the audit plan or on the proposal of the competent function.

General Management

The duties and powers of General Management are governed by internal regulations, which give it a key role in the management of the Group, as well as acting as the link between the Board of Directors and the operational functions, and between the Bank and its subsidiaries Santander Consumer Finance Media S.r.l. and Santander Consumer Unifin S.p.A.

As of 31 December 2013, General Management consisted of the Chief Executive Officer and General Manager Vito Volpe, Deputy General Manager Guido Pelissero (Head of Technology and Operations), Pier Marco Alciati (Head of Sales and Marketing), Fernando Maria Janez Ramos (Head of Collection), Giulio Guida (Head of Risk), Pedro Miguel Aguero Cagigas (Head of Administration and Control), Savino Casamassima (Head of Institutional Relations, Legal and Compliance) and Michele Di Rauso (Head of Finance).

The members of General Management directly oversee all functional areas of the Bank and ensure complete implementation of the strategic guidelines in the management and operating decisions made by them. The decision-making process is developed in relation to the roles and powers of each member of General Management, under the constant coordination of the Chief Executive Officer/General Manager.

General Management has the following functions, among other things:
- it interacts with the structures of the Santander Group in the preparation of the strategic plan for approval by the Board of Directors, as well as for important business matters or for studies and projects of considerable strategic value;
- it interacts with the structures of the parent company Santander Consumer Finance S.A. for the development of operational plans subsequently submitted for approval by the competent bodies, as well as to discuss the results and problems concerning the various executive activities;
- it oversees implementation of the global strategies approved by the Board of Directors, ensuring the company's consistency in terms of investment policies, use of organisational resources and enhancement of personnel;
- it identifies and defines, within the strategic guidelines set by the Board of Directors, the actions for repositioning the organisational and governance model, as well as important project initiatives, to be approved by the administrative bodies, supervising their implementation;
- it formulates preliminary analyses to define the objectives of risk management and the expected returns from the various business activities;
- it oversees all contacts with the markets and with institutional investors;
- it promotes all initiatives likely to enhance corporate ethics as a fundamental value of the internal and external conduct of the Group.

The Shareholders' Meeting

The Shareholders' Meeting is the body that expresses the will of the shareholders through its resolutions. The resolutions passed in accordance with the law and the articles of association are binding on all shareholders, including those who were absent or in dissent.

The Shareholders' Meeting has exclusive competence for resolutions concerning the approval of:

(i) remuneration of bodies appointed by it;

(ii) remuneration and incentive policies for members of the Board of Directors, employees or external collaborators (who are not linked to the Company with a contract of employment);

(iii) share-based compensation plans (such as stock options) in favour of members of the Board of Directors, employees or external collaborators who are not linked to the Company with a contract of employment, and members of the Board of Directors, employees or external collaborators of companies forming part of the Santander Consumer Bank Banking Group.

The Board of Statutory Auditors

The current Board of Statutory Auditors, which was appointed for the period 2012-2014, is made up as follows:

- Walter Bruno – Chairman;
- Maurizio Giorgi – Acting Auditor;
- Stefano Caselli – Acting Auditor;
- Luisa Girotto – Substitute Auditor;
- Marta Montalbano – Substitute Auditor.

The duties institutionally assigned to the Board of Statutory Auditors aim to monitor the formal and substantial correctness of the administration, as well as to offer itself as a qualified point of reference for the Supervisory Authorities and the Independent Auditors. At present, the Statutory Auditors carried out their work by performing direct test checks and acquiring information from members of the Administrative Bodies and representatives of the Independent Auditors.

In particular, their main activities include:

- monitoring compliance with laws and the articles of association in accordance with the principles of good administration;
- verifying the adequacy of the organisational structure, paying special attention to the internal control system, ensuring that it functions properly;
- examining important problems and critical aspects that emerge from internal audit activities, monitoring the action taken to resolve them.

The Board of Statutory Auditors can attend meetings of the Board of Directors; it meets as often as required for the performance of the functions attributed to it and, in any case, at least once a quarter, as laid down by law.
It is not responsible for the auditing the accounts for legal purposes, which is up to the Independent Auditors. The Independent Auditors are required to verify, during the year, that the accounts are kept correctly and that all transactions and other operational events are reflected correctly in the accounting records. They also check that the figures shown in the separate and consolidated financial statements agree with the accounting records and the checks performed, and that the accounting documents comply with the rules governing them.

The Internal Standing Committees

As part of an adequate system of corporate governance aimed at ensuring (i) timely analysis of issues and opportunities related to the evolution of the business and (ii) the protection of all stakeholders' interests, the Board of Directors has set up the internal committees listed below which have been delegated an advisory and consulting role in specific areas of competence.

As part of the system of delegated powers adopted by the Bank, certain committees have also been given decision-making powers on specific subjects, establishing an adequate system of reporting to the Bank's management and strategic oversight bodies.

The Management Committee

This Committee is mainly entrusted with control functions to ensure proper execution of the decisions taken by the Strategic Oversight Body, as well as their adoption by the business's operations in general, as well as by individual departments and Group companies; the Committee is also responsible for continuous monitoring of the Santander Consumer Bank Group and for providing relevant information to the management bodies.
It is essentially an advisory and consulting body that provides supports to the Administrative Body In particular, the Committee assists the Chief Executive Officer and the General Manager in implementing the Company's strategy and development plan and in decisions that may affect the Company's balance sheet and income statement; it also monitors projects for the development of new products and services and business plans managed by the Human Resources Unit.
The Committee consists of the Chief Executive Officer and General Manager, the Head of Technology and Operations, the Head of Risk Management, the Head of Sales and Marketing, the Head of Administration and Control,

the Head of Collection, the Head of Finance, the Head of Institutional Relations, Legal and Compliance, the Head of Internal Auditing and the Head of Human Resources, as well as of the Chief Executive Officer of the subsidiary Santander Consumer Unifin S.p.A.
The Committee meets regularly, on a weekly basis.

The Money Laundering Analysis Committee

The Money Laundering Analysis Committee represents within the Santander Consumer Bank Group, the main point of reference in the prevention of money laundering and financing of terrorism.
The Committee consists of the Chief Executive Officer and General Manager, the Head of Technology and Operations, the Head of Sales and Marketing, the Head of Administration and Control, the Head of Institutional Relations, Legal and Compliance, the Head of Internal Auditing, the Head of Compliance and AML, the Head of Corporate and Regulatory Affairs and the Chief Executive Officer of Santander Consumer Unifin S.p.A.

The Committee's main functions are as follows:
- to define policies and rules of conduct for the Group's various organs and entities involved in anti-money laundering (AML) issues and their coordination;
- to supervise all aspects of AML, in order to take appropriate preventive measures;
- to collaborate in deciding on the content of training courses on the prevention of money laundering;
- to support the Head of SOS in assessing suspicious transactions that have to be reported to the competent authorities;
- to determine which sensitive transactions need to be analysed and reviewed.

The Committee meets on a quarterly basis.

Senior Risk Committee

This is a consulting and advisory body required to promote the Santander Group's risk philosophy at a local level, as well as its strategy, risk appetite and tolerance level, to the extent that this is compatible with the mission and objectives of the various business areas. It is also required to monitor the credit quality of the customer portfolio and to carry out an advance review of the internal procedures concerning risk.
It consists of the Chief Executive Officer and General Manager, the Head of Risk, the Head of Sales and Marketing, the Head of Technology and Operations, the Head of Institutional Relations, Legal and Compliance and the Head of Collection, the Head of Administration and Control, the Head of Finance, the Head of Risk Control, the Head of Standardized Risk Management, the Head of Non-Standardized Risk Management, the Head of Decision Support and Monitoring and the Head of Planning and Control, in addition to the Chief Executive Officer of Santander Consumer Unifin S.p.A.
It normally meets on a monthly basis.

Risk Management Committee

This is the body that has the power for the daily management of risk within the limit of the powers granted by the Board of Directors.
It consists of the Chief Executive Officer and General Manager, the Head of Risk, the Head of Risk Control, the Head of Standardized Risk Management, the Head of Non-Standardized Risk Management and the Head of Decision Support and Monitoring.
If transactions are to be approved, meetings are also attended by a representative of the Technology and Operations Department, a representative of the Sales and Marketing Department and a representative of the Collection Unit.
The Committee meets every two weeks.

The Security and Emergency Management Committee

The Committee checks that the policies issued by the Santander Group have been adopted locally, including the annual assessment of security risks; it also checks that corresponding countermeasures to reduce risks to an acceptable level have been adopted and are operational and effective; it promotes the awareness and training of all employees on IT security issues and examines any security incidents to ensure that the correct countermeasures have been taken. The Security and Emergency Management Committee, consisting of the Chief Executive Officer/General Manager, the Head of Technology and Operations, the Head of Technology and Operations of the Parent Company Santander Consumer Finance S.A., the Planning Coordinator, the IT Planning Coordinator, and the Heads of Isban and Produban, the Santander Group companies that manage the Group's IT structure.
The Committee meets on a quarterly basis.

The Financial Risk Management Committee (ALCO)

This is an advisory body the objective pf which is to support management bodies in monitoring financial assets In particular, it supports management in deciding which measures are necessary to ensure the correct balance between profitability and risk and analyses the evolution and macro-economic trend of the target market with a particular focus on interest rates; it also plans and monitors the steps needed to maintain the capital adequacy of Group companies.
It is made up of the Chief Executive Officer/General Manager, the Head of Finance, the Head of Administration and Control, the Head of Risk, the Head of Planning and Control, the Head of the Treasury and of the Head of Finance of Santander Consumer S.A.
It normally meets on a monthly basis.

The Internal Audit Committee

It monitors and evaluates on an ongoing basis the adequacy, efficiency and effectiveness of internal controls and identifies any steps that ought to be taken to improve the overall functioning of the control system. It analyses any critical aspects that have been identified for their economic impact and/or risk profile.
It reports directly to the Board of Directors, which is ultimately responsible for the internal control system.
It consists of the Chief Executive Officer/General Manager, the Head of Institutional Relations, Legal and Compliance, the Head of Administration and Control and of the Head of Internal Auditing.
The Statutory Auditors and Management may also be invited to attend meetings, depending on the topics being discussed, as well as outside specialists (outsourcers, consultants).
It normally meets on a monthly basis.

The Legal and Compliance Committee

The Legal & Compliance Committee is delegated the monitoring and analysis of the relationship between the Bank and its customers; within this ambit, it examines the performance of the areas dedicated to customer care, as well as any complaints received from customers, proposing suitable solutions.
The Committee is also assigned the task of ensuring that the Group activities are compliant with current regulations, evaluating the adequacy of internal policies as well as the existence of potential legal/reputational risk.
The results of its activity are summarised in a report that is submitted quarterly to the Board of Directors; it is also sent to the pertinent structures of the parent company Santander Consumer Finance S.A.
The Committee is composed of the Chief Executive Officer/General Manager, the Head of Sales and Marketing, the Head of Legal and Institutional Relations, the Head of Collection, the Head of Administration and Control, the Head of Car and Special-Purpose Loans, the Head of Insurance, the Head of Legal Affairs, the Head of Compliance and AML, the Head of the Corporate and Regulatory Affairs and the Head of After-Sales Service, as well as of the Chief Executive Officer of Santander Consumer Unifin S.p.A.
It meets every two months.

Internal Control Committee

This is a monitoring and control body that evaluates the effectiveness of second-level operating and accounting controls and correct application of the SOX controls requested by the Spanish Parent Company.
The Committee consists of the Chief Executive Officer/General Manager, the Head of SOX, the Head of Internal Auditing, the Head of Operating Controls, the Head of Technology and Operations, the Head of Administration and Control, the Head of Planning and Control, the Head of Institutional Relations, Legal and Compliance and the Head of Compliance and AML.
The Committee meets on a quarterly basis.

PIF and Cost Monitoring Committee

The Committee has the task of monitoring overheads to keep them in line with the pro tempore approved budget.
It consists of the Chief Executive Officer/General Manager, the Head of Technology and Operations, the Head of Risk, the Head of Administration and Control and the Head of the Organisation function, as well as of the Chief Executive Officer of Santander Consumer Unifin S.p.A. The specific account managers and/or heads of the other departments can be invited to attend, depending on the need.
It normally meets on a monthly basis.

Collection Committee

The Committee's role is to monitor the Bank's debt collection activities. It analyses the evolution of collection measures at the various stages, coordinates the action taken by the Collection Business Unit (CBU) with other areas dedicated to loan recovery, defines improvement strategies.
The Committee consists of the Chief Executive Officer/General Manager, the Head of Collection, the Head of Risk and the Head of Technology and Operations, in addition to the Chief Executive Officer of Santander Consumer Unifin S.p.A.
It normally meets on a monthly basis.

Operational and Technological Risk Committee

This is a body which is responsible for monitoring all the aspects related to operational and technological risk.
It defines and approves policies and the model of operational and technological risk management, evaluates the measures that may be considered relevant to strengthen this risk preventive measures, monitors management tools, improvement initiatives, the development of projects and any other activity relating to operational and technological risk control. It also reviews the efficiency and effectiveness of action plans to prevent the recurrence of events that caused operating losses, as well as strengthening internal controls.
The Committee consists of the Chief Executive Officer/General Manager, the Head of Technology and Operations, the Head of Risk, the Head of Collection, the Head of Administration and Control, the Head of Sales and Marketing, the Head of Institutional Relations, Legal and Compliance, the Head of Operational and Technological risk Function, as well as of the Chief Executive Officer of Santander Consumer Unifin S.p.A.
It normally meets on a monthly basis.

The Supervisory Board (set up in accordance with Legislative Decree 231/2001)

The Supervisory Board is responsible for ensuring constant and independent surveillance of the Group's operations and processes in order to prevent or detect abnormal and risky behaviour or situations. The same body is entrusted with the task of updating the Model of Organisation, Management and Control in the event there is a need to adapt to new regulations or changed conditions in the business. With regard to the latter, and in order to ensure effective and efficient implementation of the Model, the Supervisory Board is assisted by the Heads of Department of each area of activity in which there have been found possible risks of the crimes identified by law, who are required to make periodic checks of the adequacy of the Model, as well as to communicate any change in management processes in order to update the Model on a timely basis.
The Supervisory Board is appointed by the Board of Directors. The functions of the Supervisory Board are defined in special regulations.
The Board currently in office - up to the Shareholders' Meeting that will be convened to approve the financial statements at 31 December 2014 - is composed of the Chairman of the Board of Statutory Auditors of Santander Consumer Bank S.p.A., an external member and the Head of Internal Auditing.
The Chairman of the Board of Statutory Auditors also acts as the Chairman of the Supervisory Board.
The Supervisory Board meets on a quarterly basis.

Santander
CONSUMER BANK

Consolidated Financial Statements of the Santander Consumer Bank Group

OWNERSHIP STRUCTURE

SANTANDER
CONSUMER BANK
S.p.A.

100%

SANTANDER
CONSUMER UNIFIN
S.p.A.

65%

SANTANDER
CONSUMER FINANCE MEDIA
S.r.l.

Consolidated report on operations

The macro-economic scenario and the banking system

The macro-economic scenario[3]

The international economy

Growth in the international economy gradually consolidated during 2013: the positive trend in the first quarter of 2013 was confirmed by results in the spring, driven mainly by the more advanced countries. This trend continued during the year: in the third quarter of 2013, the international economic cycle strengthened, gross domestic product (GDP) accelerated in advanced countries, while showing varied trends in emerging nations. However, the continuing feebleness of the Eurozone and a weakening in emerging economies had a negative impact on international trade.

GDP in the USA grew by 4.1% in the third quarter of 2013, and additional signs of growth emerged in the fourth quarter: the strengthening of the trend in employment was accompanied by an acceleration in consumer spending. Growth remained strong in the UK (3.1%), driven by internal demand; in Japan, after strong growth in previous quarters, GDP slowed in the third quarter (down to 1.1%) and then accelerated in the fourth quarter, supported by exports and a temporary increase in consumption.

Economic activity in the major emerging countries showed varying trends: growth strengthened in China, India's GDP rose only moderately, whereas it has slowed in Brazil and continued to stagnate in Russia.

Inflation in advanced countries has remained at very low levels. In November, the consumer price index grew by 1.2% in the USA, 2.1% in the UK and 1.6% in Japan. Among emerging countries, consumer price rises remain high in India, Brazil and Russia.

According to the latest OECD estimates, after falling to 2.7% in 2013, global growth should recover to 3.6% in 2014.

Eurozone

Economic weakness in the Eurozone diminished during the course of 2013: although GDP decreased even further during the first quarter of 2013, the economic cycle can be seen to be stabilising, even if the overall context is still weak. As a result of low inflation, weak economic activity and limited growth (both in the money supply and in credit), the ECB reiterated its intention to implement expansionary monetary policies by keeping official interest rates at lower levels than in previous years.

GDP showed a slight increase in the third quarter of 2013, with growth of 0.1% compared with the second quarter, drawing support from the increase in consumption, inventory building and higher capital investment. Among the major economies of the Eurozone, Germany's GDP rose by 0.3%, driven by investment in construction; in France it decreased by 0.1% reflecting the negative impact of foreign demand and a decline in capital investment; in Italy, GDP remained unchanged, interrupting the prolonged recession.

Inflation reached its lowest level in the last four years. In light of the prospects for a prolonged period of low inflation and weak economic activity, at its meeting in early November the Governing Board of the European Central Bank (ECB) cut official interest rates, firmly reiterating that it plans to keep them at levels equal to or lower than at present for a long time.

The process of building a European Banking Union continues. In November, the ECB and the national banking supervisors initiated a thorough examination of the balance sheets and risk profiles of intermediaries who will be supervised directly by the ECB.

The Italian economy

There was a certain attenuation of the recessionary cycle during the course of 2013: GDP in the second quarter shrank less intensively than in the first and then stabilised in the third, thus interrupting a decline that had lasted since the summer of 2011. The trend in GDP is primarily supported by exports and changes in stocks (in November, industrial production increased by 0.3% compared with the previous month, continuing the moderate upward trend that began in September). However, there is still a high level of dispersion in the trends in terms of size, sector and territory: in the presence of a recovery that is still largely driven by exports while domestic demand remains weak, the outlook is still fragile for smaller firms and for those producing for the domestic market, so southern regions are more affected.

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3 Bank of Italy, Economic Bulletin, Issue 73, July 2013; Bank of Italy, Economic Bulletin, Issue 74, October 2013; Bank of Italy, Economic Bulletin, Issue 1/2014 January

Despite the first signs of stabilisation in jobs, the labour market remains difficult: the number of people in employment fell yet again in the third quarter of 2013, but less than in the preceding periods. The unemployment rate reached 12.3% in the third quarter, then increased to 12.6% in October-November and 12.7%[4] in December.
Inflation in Italy has continued to decline, reaching 0.7% in December (from 1.8% in March and 1.4% in June). This reduction was affected by the trend in energy prices (due to falling oil prices and the appreciation of the euro) and moderation of the underlying components. This easing of pressures on prices is also the result of a weak economy that has probably contributed to a very limited transfer to consumer prices of the increase in VAT introduced on 1 October.

On the financial front, there is some signs of a return of confidence in Italian banks on the part of international investors, but the decline in loans continues because of weak demand and commercial policies.
The projections for the economy, based on the assumption of a moderate strengthening of international trade in the coming quarters lead, in a nutshell, to the following scenario:

- expansionary monetary and financial conditions, resulting from the reduction in official interest rates by the ECB last November and, after the announcement that they will remain at levels equal to or lower than current ones for an extended period of time;
- GDP should grow moderately in 2014 and then accelerate to 1.0% in 2015, driven by the trend in international trade and a recovery in capital investment, even if it likely to be moderate;
- this strengthening in economic activity will probably be transmitted only gradually and with some delay to the labour market, so unemployment may well keep rising, reaching 12.9% in 2014;
- the average inflation expectations of professional operators for 2014 stand at 1.3%.

Industry trends

There was yet another slowdown in the consumer credit market in 2013. The negative trend that began in 2009 got stronger during 2010 and 2012, with a further decrease due to the caution with which Italian households resort to credit in a period of great insecurity.
After the contraction in 2012, -11.7% down on the same period of 2011, 2013 also marks a setback in new loans, which came to just over Euro 45 billion, -5.3% down on the same period of 2012. Signs of weakness are a feature not only of the Italian market, but also of all other major European countries, even if less so: according to Eurofinas, the European market closed the first half of 2013 at -0.7% on the same period of 2012.
The decrease in demand for credit by Italian households stems from a general situation of distress, in which the level of consumer confidence is fairly low, but with signs of recovery compared with 2012 (from 85.7 in December 2012 to 96.2 in December 2013), the use of savings or alternative sources of funding is rising and consumption is down on the same period last year.
With the exception of the salary assignment market, which increased, with a rise in loans paid out of +3.1%, reversing the negative trend that began in 2010, all consumer credit segments showed a negative variation during 2013.
In particular, loans for the purchase of cars and motorcycles are showing an 6.0% fall in disbursements compared with last year; the market for new vehicle registrations is also well down on last year (-7.1%).
In line with the previous year, 2013 marked a decrease in proportion of direct loans in favour of special-purpose loans; in this context, personal loans have seen disbursements fall by 9.6% compared with 2012, whereas special-purpose loans for other assets posted a more modest decline of -4.8%.
Unlike the previous year, the market for instalment payment/option credit cards has posted a slight decrease (-1.9%) compared with the same period last year.

4 Istat, flash statistics, 4 February 2014

Value of transactions financed in 2013

Type of loan	Value of transactions financed (in millions of €)		
	2013	**Distribution**	**Change**
Direct loans	15,367	33.8%	-9.6%
Cars and motorcycles	8,291	18.2%	-6.6%
Business vehicles	1,043	2.3%	-1.6%
Other assets	3,690	8.1%	-4.8%
Credit cards	12,788	28.1%	-1.9%
Salary assignment	4,254	9.4%	3.1%
Total Consumer Credit	**45,433**	**100.0%**	**-5.3%**

Source: Osservatorio Assofin 31 December 2013

Strategic guidelines

Maintaining the strategic guidelines of previous years, the Bank's management has given priority to the raising the quality of the managed portfolio, strengthening capital, improving operational effectiveness and upgrading risk management systems.

Our policy was to consolidate the economic results of individual products, also by adjusting the offer and distribution channels at a time of strong contraction in the market inevitably conditioned the commercial results that we achieved in 2013, with a continuous decline in loan volumes disbursed.

Strategic decisions regarding business development were implemented on the basis of systems that assess profitability by channel and by product: in fact, in a market that is heavily affected by the financial crisis, tools for monitoring profitability and systems able to anticipate and mitigate risk situations have undergone considerable development.

In 2013 we carried out a major overhaul of distribution channels in line with the volumes delivered and the reality of the market: restructuring led to the closure of 35 branches and a reduction in resources at the branches and central services. The objective is to focus attention on the more profitable channels that have an above average credit quality, with particular attention to the business related to the automotive world and the development of relationships with car manufacturers and importers.

The Group, which has significant experience and solid expertise in the field of consumer credit, continues to establish itself as a privileged point of reference for the entire financial services sector geared to the sale of cars and motorcycles. Despite this negative market context, when there is a significant decline in new car registrations, thanks to a business that is based on quality products and services, the Group has provided effective support for the captive agreements with Hyundai, Kia and Mazda, creating added value for both the point of sale and the end-customer. Also of interest is the motorcycle sector in which the Group distinguished itself in 2013 for its collaboration at a national level through agreements with major producers and importers such as Yamaha, Harley Davidson, Kawasaki, KTM and Triumph.

So in 2014 the Group's activity will focus particularly on the following areas:

- the development of captive agreements;
- consolidation of product profitability and prevention of operational and credit risk;
- ongoing search for opportunities to streamline and improve processes to further increase service levels, with particular attention on meeting the needs of dealers and consumers;
- optimisation and continuous monitoring of overheads;
- strengthening of risk management systems and constant monitoring of the Bank's financial strength;
- development and updating of professional skills in the light of continuous changes in regulations, in the increasingly competitive market context and in the strategies of the Santander Group.

The strategic guidelines summarised here are, as is the custom, updated from time to time and agreed with our direct shareholder Santander Consumer Finance S.A., as well as with Banco Santander, with the purpose of integrating and developing the best operating techniques that emerge from the various working groups within the Santander Group.

The Commercial Network

2013 also marked a fairly significant contraction in volumes in the business of consumer credit compared with previous years. 2013 closed with negative volumes of 5.3% compared to 2012, whereas the number of transactions

managed a slightly positive result (+1.0%). The Parent Company has seen a contraction in volumes (-38%) due to lower special-purpose loans (other than cars) and a review of personal loans as a product.
Direct products ended the year with a significant reduction on the performances achieved the previous year (-66.1%), partly as a result of the reduction in consumption due to the negative macroeconomic context and partly because of the Parent Company's strategy of increasing its control over the profitability of this line of business, which entailed significant changes in the distribution channels and in the characteristics of the product. According to figures published by Assofin, the market for personal loans posted a decrease of 9.6%.
In the automotive segment, the Parent Company reported a more negative trend than that of the market with a decline of 15.7%, compared with -6.0% by the market, which reduced its market share from 7.25% to 6.51%. Despite this negative context, excellent performances have still been achieved by the brands involved in captive agreements, which reflect the efforts made by the Group to strengthen such partnerships. The result was affected by a policy of price maintenance that was applied throughout 2013.

As regards the credit card product, the Parent Company is maintaining its attention on managing the portfolio, focusing on profitability rather than on volumes. This strategy has led to a decrease on 2012 in terms of both volumes financed (-72.5%) and the number of transactions (-50.3%). The credit card market has shrunk slightly compared with the previous year, posting a decrease in volumes of -1.9%.

In the area of special-purpose loans (other than cars), the Parent Company closed 2013 with a 85.3% shortfall on 2012, in a market that, according to Assofin, closed with a 4.8% decline in disbursements compared with the previous year. This result stems from the decision to limit the marketing of this product to just a few distribution channels.
In 2013, sales of the salary assignment product through Santander Consumer Unifin were more or less flat compared with the previous year (-0.62%), compared with +3.1% by the market.

Marketing

In 2013, the Bank's direct communication strategies were further refined, with the aim of remodulating the Group's direct marketing activities by optimising the results of individual processes and identifying any new development opportunities (such as cross-selling or up-selling) and minimising customer contact costs.
New Customer Relationship Management (CRM) processes were introduced for the proposal of personal loans, car loans, insurance products and deposit accounts.
During the year, efforts were made to enrich the information on individual customers that is available to the Group. This was done primarily by introducing a voluntary interview to be offered to customers at the time they make contact. The purpose is to have a basis on which to select and propose products that match the specific characteristics of the individual customer.
This year saw a declining trend in the placement of insurance services combined with the loans being granted, especially in the Personal Loans channel, whereas there was a slight increase in their placement through remote channels.
Generally speaking, the traditional "Point of Sale" channel saw a decline in performance by Creditor Protection Insurance (CPI) products, whereas there was an increase (in terms of market share) in the distribution of property insurance policies, such as Fire and Theft.
The trend in "alternative" channels has been very positive, rising as a proportion of overall insurance sales from 14% in 2012 to 25% in 2013: the campaign for "stand alone" products (i.e. not linked to loans) through the telemarketing channel turned in excellent results, as did the "recall" channel (with the CPI, GAP and Billing Protection product range).
Also worth mentioning was the launch in June on the (direct) branches channel of "stand alone" insurance products with good performances and a wide range of products proposed according to the needs of customers.
Profits in absolute terms are 37.2% short of budget, mainly due to the decline in volumes sold in the Automotive market and, even more so, through the Personal Loans channel.

Nationwide Agreements Area

During 2013, this Area's activity focused on further growth of the existing "captive" automotive agreements (Mazda Financial Services, Hyundai Finance and KIA Finance This focus made it possible to increase returns and achieve important results, providing the best possible sales support for these brands in a very difficult market environment. In particular, the volumes financed for Hyundai increased (+2.17% on 2012) as did retail market share (+7% on 2012). The same was the case for both Mazda (volumes financed +16% on 2012 and retail market share +5% on 2012) and KIA (volumes financed +31% on 2012 and retail market share +4% on 2012).

As confirmation of the Bank's strong focus on the captive market, in 2013 the Nationwide Agreements Area was engaged in the renewal of the partnership with Hyundai and KIA, which will see the Santander Group working alongside the two Korean brands until 2017, with the possibility of a further extension.
Lastly, in the field of business development, the Bank's activity concentrated on the launch of a new partnership agreement with the Mitsubishi/SsangYong brands involving retail products, which have an excellent growth potential for the future.
The work on "captive" agreements was handled as usual in coordination with Spanish Parent Company Santander Consumer Finance as part of agreements at European level, following the guidelines and strategic approach suggested by the ultimate parent company.
As for the motorcycle industry, 2013 saw a further general decline in the volumes being financed under captive agreements (-18% on 2012), largely due to the continuing crisis in this sector (-26% compared with 2012).

The agreement with KTM, on the other hand, posted an increase of 46% in volumes compared with 2012, thanks to the brand's positive trend on the Italian market and a strong sales push.

Credit Cards Area

Santander Consumer Bank's main actions in credit card market in 2013 were a natural continuation of the process initiated the previous year: rationalising the existing portfolio and streamlining operating processes.
The fact that there was a contraction in the number of cards in circulation is therefore consistent with this rationalisation of the portfolio and of distribution channels, as well as to the fact that there was less communication about the product.
Since February, both revolving and charge cards have been offered exclusively through branches of the Parent Company. It is worth emphasising that, despite the significant decrease in the number of cards in circulation, their use has been fairly constant.

Personal Loans

The general downward trend in volumes already seen in the previous year was again confirmed in 2013, during which the personal loans granted by the Parent Company fell by 70% compared with the volumes financed in 2012.
The reduction in volumes is partly due to the negative macroeconomic environment and the resulting decline in consumer spending, and partly to a strategy of the Parent Company to consolidated controls of the profitability of this line of business, which is also being implemented through mechanisms designed to anticipate and mitigate risk situations. With this in mind, throughout the year we implemented significant measures on distribution channels and product features with a view to improving various qualitative aspects.

Deposit Accounts

Deposit accounts are still one of the most successful financial products in Italy, with a wide variety available on the market offered by various banking institutions.
The wide range of deposit accounts can essentially be split into two camps, depending on whether there is or is not a time constraint in order to earn the contractual interest rate.
Santander Consumer Bank offers both unrestricted deposit accounts and time deposit accounts.
During 2013, from a commercial point of view, the strategy of consolidating existing customers was accompanied by an expansion of the customer portfolio for Time Deposits.
The Group achieved its aim of improving customer loyalty without increasing the product range and offering a yield in line with the middle range of the market.
A dynamic approach aimed at customer satisfaction through a significant improvement in home banking services characterized our commitment during the year.

The following table summarises the quantitative aspects at the balance sheet date:
- "Time Deposit" funding amounted to 167 million (+215% on 2012);
- "Conto Deposito" funding amounted to 95 million (-10% on 2012);
- "Conto Faro" funding amounted to 19 million (-5% on 2012).

Credit Analysis and Loan Resolution

2013 saw the consolidation of this Unit in its "historical" role of coordination and assistance to agents and dealers in the admission process.

The Unit's main activity consists of the coordination of lending activities through the application of company procedures for the assessment of customers' solvency and creditworthiness, providing assistance in the approval and post-approval stage to dealers and the branch operators, granting credit through the execution of the settlement activities and monitoring all of the Unit's activities that have been outsourced.

The most important changes in the Approval, Post-Approval and Quality Offices during 2013 were:
- Priority given to the handling of transactions through the Captive Network (Nationwide Agreements) during the credit analysis and settlement phases, and during monitoring;
- start of the new admission process for personal loans through the remote channel;
- the acquisition of skills in the analysis of salary assignment with a team of analysts dedicated to this activity;
- supervision of the analysis process and activation of the current account product.

Loan disbursement and quality of the portfolio

As regards how portfolio quality is evolving, the three main lines of action that have gradually been implemented over the last three years or more are:
- periodic sales of the non-performing loan portfolio to third parties;
- monitoring the policies for writing down and provisioning the non-performing loan portfolio;
- defining more selective criteria for granting loans in order to improve the proportion of new loans that turn insolvent.

On this last point, the Parent Company has undertaken various initiatives to make the disbursement of new loans more selective, including the work carried out in the field of captive agreements.
For these the Company has envisaged a process of analysis and acceptance of the dealers for so-called "stock finance" credit lines, which takes place according to strict processes for budget analysis and credit rating, as well as a process of acceptance of the retail end-customers, who are channelled through a distribution network that is known and managed in a coordinated way together with the manufacturers.
Monitoring the effects of these measures is done by monitoring the performance of disbursements over the years by means of a vintage analysis, a widely used tool in the financial sector. The usefulness of this type of analysis comes from being able to observe changes in the default rate over the years, calculated as a percentage of the funding initially provided, thus permitting a comparison of different years of production, observed at the same distance in time from the initial disbursement (i.e. after 6 months, 12 months, 18 months, and so on).

Customer Service

Customer Service consists of two offices, Staff and Complaints, each with different tasks.
The Staff Office monitors the quality of management of the relationship with customers by service providers. Key performance indicators (KPI) and the quality of the work done are monitored, coordinating the activities of operators also on the basis of the contractual agreements currently in force. The office plays an important role in the ongoing revision of operational processes, searching for greater efficiency reallocating activities among the various units of external suppliers, and by means of technological innovation in the instruments used (such as answering machines and fax servers). The Staff Office provides support for a variety of commercial projects and other activities related to the Single Computer Archive.

Operational data on front and back office operations are as follows:

Managed 2013 (in thousands)	
Incoming calls transferred to an operator	300
Outgoing calls	20
Back office	350
Customers managed in loco	1

SMS 2013 in thousand	
Incoming	Outgoing
22	92

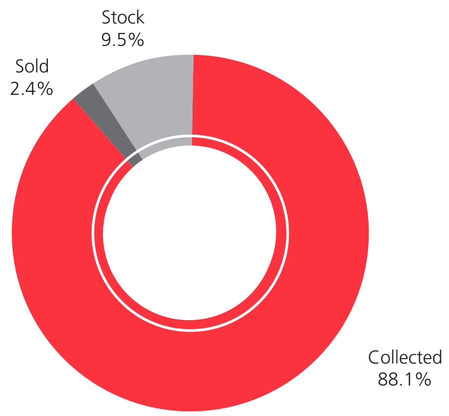
Incoming calls that are transferred to an operator are around 20-30% of the total number of calls received, which reflects the high level of automation achieved.
The Complaints Office, assisted by the Legal Department, handles the complaints received from customers for all companies in the Group, dealing with the entire process, from assessment to finding the best solution, also considering the guidelines issued by the Banking and Financial Arbitrator (BFA). It also deals with the various BFA secretariats in appraising complaints submitted by customers (65 in 2013), the activities related to the customers'

positions reported in the various databases (checks and any arrangements), as well as handling irregularity notes. The operating figures are as follows:

2013	Actual positions (in thousands)
Complaints[5]	1.8
Irregularities	1
SIC	1.7

Debt Collection

During 2013, the slowdown in the Italian economy continued to influence the labour market, where the unemployment rate again exceeded the record levels of the last few years. This inevitably had an impact on our debt collection activities, which tend to clash with the increasing difficulty that households are having in keeping up with their payment obligations.
From the point of view of the debt collection process, all activities, both judicial and non-judicial, are headed up by the Collection Business Unit (CBU), in line with the model foreseen by the Santander Group. The unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies that make it possible to prioritise the collection depending on the customer's risk profile and the ageing of their balances; this efficiency is also achieved by launching specific campaigns and using appropriate tools.
in 2013, the managed collection portfolio (i.e. the sum of flows handled monthly) consisted of 598,948 contracts, for a total of Euro 5.4 billion, -31.2% than the previous year in terms of the number of contracts and -20.0% in terms of amount.
To ensure the effectiveness of debt collection activities, we distinguish between the various types based on the age of the defaults, the type of product, and the dossier risk, deciding on collective action or personalised management addressed to the individual customer; depending on the stage the dossier has reached, this may be outsourced to specialist debt collection agencies, or handled internally at a local level. Every month we develop campaigns for targeted groups of contracts selected on the basis of detailed analysis of the collection portfolio, aimed at defining the most suitable solutions to offer to customers, based on the household's financial resources, in order to meet the customers' needs and help lower the percentage of the Group's receivables that are in dispute. Control activities and daily reports are used to monitor on a timely basis the progress and effectiveness of the collection process.
As can be seen in the chart below, the result of the collection activity in terms of value was positive for 88.1% of the volumes handled in 2013, with a residual stock still being handled at 31 December 2013 of 9.5%.



The amount of receivables sold to third parties during the year corresponds to 2.4% of risk assets under management.

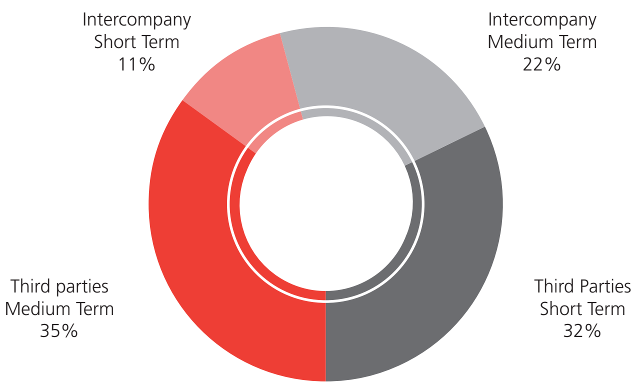
5 Genuine complaints are about 15% of those actually received through the channels dedicated to handling complaints.

As for salary assignment as a product, recovery activities - again following the Group model - are headed up by the Collection Business Unit which focuses on recovering any amounts not paid by the third-party administrations involved in the assignment, applying priorities according to the level of risk and age of the positions. In this context, synergy was created through the distribution network with a view to reducing and preventing the state of insolvency.
In 2013, the managed collection portfolio consisted of 50,836 contracts, for a total of Euro 790 million.
The improvement in the management of insurance claims was of fundamental importance with a view to reducing the stock and optimizing the process in order to reduce the time needed to deal with them. The stock of claims was significantly reduced in 2013, passing from 5,780 (Euro 57.3 million) to 4,992 positions (Euro 45.9 million), -13.6% in percentage terms. In 2013, 4,393 new claims were opened of which 457 life claims and 3,936 occupational accidents.

Financial Management

In 2013, the European Central Bank (ECB) again pursued a monetary policy aimed at containing, as far as possible, the effects of the financial crisis and favouring recovery by maintaining high levels of liquidity, with a reference rate that decreased in May to 0.50% and in November to 0.25%.
At year end, the net amount of financial transactions reached Euro 5,673 million (-9.4% compared with 2012).
Following the directives of the Spanish Parent Company, the Bank increased its recourse to external sources of finance during the period, including transactions with the ECB, which remained stable during the year, and transactions with counterparties outside the Group, in order to increase the degree of financial independence with respect to the Parent Company.
The ratio between external sources of finance and total debt at 31 December 2013 came to 67%, an increase of +18% over the previous year.
The following chart shows the distribution of debt at 31 December 2013 by duration and counterparty:

SCB Funding*



* In the above chart, the term "Third parties" also includes the financial transactions handled by the Parent Company, but with end-counterparties that are outside the Group.

Intercompany short-term liabilities mainly include liabilities to the Parent Company Santander Consumer Finance S.A. and commercial paper issued by other Group companies.
Intercompany long-term liabilities include medium-term loans again with the Parent Company (Euro 1 billion at 31 December 2013, of which Euro 395 million repaid and Euro 550 million of new loans) and subordinated loans with companies of the Spanish Group. Subordinated loans decreased by Euro 16 million to reach 252 million at the year end. These loans have the features that enable them to be included in the calculation of the Group's capital for supervisory purposes.
Short-term liabilities with third parties include customers' demand deposits and amounts due to the ECB.
The Group did in fact take part in the auctions held by the ECB, offering as collateral the ABS Class A securities issued by Golden Bar and held in portfolio. As of 31 December 2013, the total amount deriving from taking part in ECB auctions amounted to Euro 1,505 million. Of this, the portion relating to LTRO auctions (with a three-year maturity) amounted to € 1,225 million.
Lastly, medium- to long-term liabilities outside the Group include securities issued by the SPE Golden Bar and ac-

quired directly from outside investors, time deposit accounts, bonds and other residual forms of financing.
As regards bonds, in May 2013 a programme of medium-to-long term issues was completed for a maximum of Euro 5 billion. The programme is guaranteed by Santander Consumer Finance S.A. and has obtained a rating equal to that of the Parent Company (P2/Baa2 by Moody's, A3/BBB- by DBRS). The first issue of the securities underlying the programme was completed in July. The securities, which were issued with a nominal value of Euro 100 million, were subscribed by an Italian institutional investor. This transaction is shown in item 30 of liabilities, "Debt securities issued".
As regards the securitisations carried out by the Parent Company through the SPE Golden Bar, on 15 March 2013 the first securitisation programme (completed in 2004) was repaid by reimbursing the entire residual value of the securities, namely Euro 1,117,291 for Series 3 and Euro 3,361,026 for Series 4. These securities did not feature in item 30 of liabilities, "Debt securities issued", as they were all subscribed by the Parent Company.
The restructuring of the programme issued in 2009 (Golden Bar Securitisation Programme IV 2009-1) was concluded in March. The securities, which were previously floating-rate, have been converted into fixed-rate that differs according to the class, with 6-monthly coupons. At the same time the associated interest rate swap was extinguished and a new subordinated loan of Euro 50,000,000 was granted by the Parent Company to the vehicle company to finance the transaction. These securities do not feature in item 30 of liabilities, "Debt securities issued", as they were all subscribed by the Parent Company.
Repayment of the class A securities of the Golden Bar 2011-1 securitisation continued in 2013. The total amount of the reimbursement was Euro 213,509,600. These securities are included in item 30 of liabilities, "Debt securities issued", for the portion held by third parties, namely Euro 48,974,181.
During 2013, repayment also began of the class A securities of the Golden Bar 2011-2 securitisation, of which a total of Euro 316,168,021 has been repaid. These securities do not feature in item 30 of liabilities, "Debt securities issued", as they were all subscribed by the Parent Company.
With reference to the Golden Bar 2011-3 securitisation, during 2013 the SPE carried out four revolving acquisitions of performing consumer loans for a total of Euro 347,247,122. These securities are included in item 30 of liabilities, "Debt securities issued", for the portion held by third parties, namely Euro 500,000,000.
The two transactions completed in 2012 (GB 2012-1 and GB 2012-2) repaid Euro 212,884,249 and Euro 248,808,618 respectively on the Class A securities. These securities do not feature in item 30 of liabilities, "Debt securities issued", as they were all subscribed by the Parent Company.
Two new loan securitisations and securities issues were concluded by the SPE Golden Bar during the year (Whole Loan Notes), details of which follow:

Name	Class	CCY	Nominal amount	Issue rating	Issue date	Maturity date
Golden Bar 2013-1	WLN	Eur	491,590,000	unrated	20/11/2013	20/02/2035
Golden Bar 2013-2 CQS	WLN	Eur	254,820,000	unrated	20/112013	20/08/2026

Both transactions involve a single security with quarterly coupons at a fixed rate of 1%, plus the additional remuneration generated by the underlying portfolio.
The 2013-1 transaction has an underlying portfolio which includes personal loans, special-purpose loans and car loans (for new and second-hand cars), whereas the 2013-2 has receivables arising from salary assignment as the underlying. The securities issued in both these transactions were subscribed by Santander Consumer Bank (and do not therefore feature in item 30 of liabilities, "Debt securities issued") and are destined to be used for a repo transaction with an institutional counterparty.

Planning and Management Control

The Planning and Management Accounting Unit is responsible for assisting top management in the formulation of business plans and budgets, in the periodic definition of the pre-final reports and in monitoring business performance and the reasons for variances, suggesting corrective action. The Unit also identifies areas of risk, control objectives and suitable techniques to achieve them.
The main functions assigned to this Unit are:

- coordination of the planning and budgeting process and formalisation of the related documents for each company, which are then consolidated for the Parent Company (shareholder bank);
- preparation, analysis, development and maintenance of periodic reporting on corporate performance and their distribution to Management, the Corporate Bodies and the pertinent offices of the Parent Company (shareholder bank);

- current and prospective valuation of regulatory capital, capital ratios and preparation of the ICAAP;
- periodic monitoring of credit risk associated with the portfolio of outstanding contracts, by means of Loan Loss Reserve (LLR) techniques;
- functional coordination with the corresponding functions of the Parent Company.

IT – Systems

Management of the Bank's applications and IT infrastructure is guaranteed by the Italian branch of ISBAN (Ingenieria de Software Bancario) as in previous years.

ISBAN has operated strictly within the guidelines and strategies communicated by the Group, ensuring that all areas of the business receive proper maintenance of computer facilities and the implementation of applications, so as to provide products and services that are compliant with the specifications received and in line with corporate standards.
Major projects during the year in the commercial operational area included the complete revamp of the web interface with the dealer network, the development of automated processes for documentary management of the credit process fully integrated with the assessment of positions, as well as for contract forms, according to regulatory guidelines received.
In the area of operational procedures, of particular importance was the review and automation of recovery processes managed by the Group, document management, operational consolidation and development of new features for the revival of leasing products, involving all areas of the company involved in the process. During the year, an important project has been initiated at the request of the General Management to create a structure for the management of corporate data. ISBAN has provided the technological support and infrastructure for the new Data Warehouse (DWH) feature.
With regard to the management of infrastructure, hardware and networks, ISBAN has worked to ensure service in line with the service level agreements (SLAs), also making use of centralised corporate structures. Particular attention has been given to service continuity and physical and logical security of the Group's information assets, by updating and managing business continuity and recovery plans, penetration testing and ethical hacking, for which tests have been carried out and reported to the corporate control functions. The update of the business continuity and recovery plan has also been submitted to the Board of Directors for approval.
Routine reporting with the measurement of service levels has been regularly produced, presented and discussed with members of the Technology Committee.

Institutional Relations, Legal and Compliance Department

During 2013, the various units of the Institutional Relations, Legal and Compliance Department covered the following areas.

Transparency of banking and financial transactions and services - consumer credit agreements
In the field of consumer credit agreements, the Legal Affairs Unit continued to update the contractual documentation in order to comply with current regulations and ensure compliance with their criteria of clarity and transparency.

Banking and Financial Arbitrator
The Legal Affairs Unit has assisted the Complaints Office in disputes referred by customers to the Banking and Financial Arbitrator, preparing the defence case for the Group. As part of this work, the Legal Affairs Unit updated the departments involved on any new guidelines issued by the BFA in areas of interest to the Group and recommended improvements in critical areas that emerged from the complaints and from the appeals presented by customers to the BFA.

Captive agreements and sale of non-performing loans
In coordination with the Sales and Marketing Department and their counterparts at the Parent Company, the Legal Affairs Unit has provided support in the renewal of the captive agreements signed with Hyundai, Kia and Mazda, and in the definition of the agreement for the sale of non-performing loans signed in November 2013.

Anti-money laundering (AML) regulations.
The various obligations prescribed by the law on the prevention of money laundering and financing of terrorism are monitored by the Compliance and Anti-Money Laundering Unit; in this function, periodic monitoring is carried out on the Single Computer Archive and any signs of anomalies associated with transactions and relationships. The main activities in 2013 were therefore:

- defining the content and planning of training courses on this topic; training has been carried out with different levels of interaction and analysis, also for the external product distribution network;
- annual review of the anti-money laundering manual; specification of control measures;
- amending and updating the input logic of relationships and transactions in the single computer archive;
- implementation of procedures for periodic checks on transactions and relationships;
- customer profiling both in the activation phase of the relationship and subsequently;
- monthly monitoring of compliance with the deadline for the registration of relationships, transactions and links in the single computer archive and activation of specific analyses of possible anomalies found (in order to take corrective action).
- implementation of the new rules issued in April 2013 for adequate verification of customers and new input to the Single Computer Archive.

Organisation

The Organisation Unit took part in the development and monitoring of the main projects developed by the Company's other units.

Its main activities include projects of a transversal nature that involved users in all areas of the Bank. To start with, the migration from the current fax server to a more sophisticated document management system that makes it possible not only to receive and file documents, but also to manage them according to the rules for proper execution of business processes. This project affects the entire business and will be completed during the course of 2014. Secondly, the project for the dematerialisation of the purchasing cycle of Santander Consumer Bank S.p.A., which eliminates paper invoices, tracks the approval process with the possibility of log analysis, optimises the process by reducing the time needed and eliminating duplicated activities. This is another project that affects the entire business; it will be completed during the course of 2014 and will be extended to Santander Consumer Unifin S.p.A.

Following the method of classification defined by ABI, the Organisation Unit handled the complete revision of the document section on the intranet, whereas it worked with ISBAN in developing the Agreements Warehouse for the filing of documents.

As part of more effective monitoring of costs and operational risks associated with the use of external suppliers, it optimised the use of the supplier database introduced in 2011; it was also decided, following the guidelines laid down by the Parent Company, to coordinate the quarterly update of data from all of the Units involved.
In particular, in 2013 a control was also established over the negotiations carried out by the account managers of the individual cost centres for the selection of suppliers, with a view to keeping benchmarking activities with competitors up to date and to ensure that the financial terms offered are in line with the market for the levels of service provided.

The Organisation Unit has also strengthened the monitoring and evaluation of costs by means of monthly meetings of the PIF Costs Committee and procedures for analysing variances from budget; it has also coordinated the various activities involved in the definition of the 2014 budget and the 2013 closing as regards operating expenses. Lastly, it has implemented the corporate procedures for the evaluation and approval of expenses, which include sending appropriate documentation to the Global Sourcing Forum (the technical committees of the Spanish Parent Company).

Lastly, as part of a corporate project, the Organisation Unit continued to coordinate the working group dedicated to the operating procedures required by future Fatca (Foreign Account Tax Compliance Act) legislation; The project involves several corporate players including the Compliance and Legal Units, as well as ISBAN for the development of the necessary application updates.

On the question of Safety and Hygiene in the Workplace, the Unit made efforts to ensure compliance with all of the obligations imposed by law, carrying out all of the interventions needed to make the workplace fit for working activities, as well as to guarantee the health and well-being of employees.

Human Resources

During 2013, the Group implemented a corporate restructuring plan that had an impact on employment; this project was a major feature of the entire year.
On 9 September 2013, Santander Consumer Bank initiated a radical internal reorganisation to regain competitiveness in the market and render internal processes more effective. Discussions with the Company's trade union

representatives have been very active and intense. Negotiations with the unions were complex and time-consuming in an exhausting search for joint solutions for the new organisation. This envisaged a streamlining of the sales network (involving both the direct and indirect channels), reducing the number of branches and turning them into new entities that are more comprehensive and more focused on commercial development.
The reorganisation plan also meant reducing the number of staff at head office because of the reduction in the volume of loans granted.
In the absence of an agreement with the unions during the first stage, foreseen under art. 20 of the Banking National Labour Contract, on 7 November 2013 the Company initiated the phase prescribed by law in cases of staff reductions (Law 223/91). On 20 November 2013, in respect of each other's roles, albeit in a complex and difficult environment, an agreement was signed with the unions with the largest representation in the Company (FABI and FISAC/CGIL) with the intention of moderating the impact on employment levels.
At the end of the project, a total of 106 employees left the Bank, 78 of them from the branches. 28 people left the Turin office. Although the number of redundancies declared by the Company was higher than the actual figure, the Bank decided that it did not need to activate the criteria of the law and waived the other layoffs.
The procedure was completed with the agreement signed between the parties on 11 December 2013.
Most of the employees who left terminated their employment on 31 December 2013, a dozen at the beginning of 2014, and some will end during 2014 by maintaining their maternity leave.
This process of reorganisation has led to the closure of 35 branches, combining expertise in the remaining 21 branches, mainly by reducing the number of employees working in the direct channel.

The Santander Group's workforce at 31 December 2013 consists of 569 persons (including 10 managers, 136 middle managers and 423 office workers). The office workers include one new hire contract and five fixed-period contracts including three replacements for employees on maternity leave. At the end of the year, there are 17 employees on post-graduate internships.
The average age is 39 years, while female workers represent 44% of total employees.
Resources are allocated 44% in the commercial area, the rest in the various functions of General Management.
Personnel costs for the year amount to Euro 49.5 million.

In-house training has maintained a key role in the development of technical and management skills; over 18,000 hours of training were provided by internal trainers both on technical, product and process issues, and on behavioural and management skills with the collaboration of prestigious industry partners.

The content of the e-learning platform was enriched, now that it has become a very useful tool for training and for consulting regulations, procedures and products, especially for the more technical and operational issues. It is now able to involve the entire enterprise in a uniform manner with more dynamic and interactive formats.

All colleagues involved in the sale of insurance products, by both direct channel and CBU, have taken IVASS professional refresher courses for a total of over 3,000 hours, following a route that is becoming more and more specific, interactive and effective, with the help of prestigious collaborations with leading companies in the legal and insurance sectors.

We would emphasis an important result in the management of training expenditure, in that for the seventh year in a row more than 60% of the training was provided by external partners and lecturers financed by the joint inter-professional fund, the Banking and Insurance Fund, through a corporate training plan that involved about 80% of the staff through a broad range of training courses based on the development of those technical and management skills that most need updating and developing.

The international exchanges related to the "Mundo Santander" project continued to great effect, during which a number of colleagues had the opportunity to meet and work together at the Madrid headquarters and at the German division of Santander Consumer Bank. as part of the corporate "European Internship Programme", two resources from Spain were hosted for an internship, an opportunity to live an intense period of training in the main head office units.

Collaboration with major Italian universities has been strengthened with excellent results, hosting 30 undergraduates and recent graduates in internships in the year. In order to develop an important policy of attracting high fliers to the Company, Santander Consumer Bank attended the work orientation days organised by major Italian universities.

Internal controls / Sarbanes – Oxley

Santander Consumer Bank implemented since 2008 an Internal Control Model, as requested by the Spanish Parent Company.
With the purpose of developing Internal Control Models for the various Group companies, in 2006 the Santander Group launched a project at a global level, which initially involved the setting up of a central unit, based in Spain, delegated to coordinate the project at peripheral unit level. Internal Control Models have been developed for Santander Group companies on the basis of America's Sarbanes–Oxley Act.
The Sarbanes-Oxley Act of 2002, otherwise known as the Public Company Accounting Reform and Investor Protection Act is a U.S. federal law enacted in June 2002 in response to the financial scandals involving leading U.S. companies (such as Enron, Tyco International, Adelphia, Peregrine Systems and WorldCom). Section 404 of the Act provides as a mandatory requirement for listing on the New York Stock Exchange the preparation of a comprehensive system of internal controls designed to ensure the reliability and accuracy of accounting information, with an emphasis on the process of preparing financial statements.
In particular, this section requires management of any listed company, or company owned by a listed group, to certify annually the adequacy of its internal controls related to financial reporting activities, with the following main objectives:

- identification and documentation of business processes used in the generation of financial data;
- identification of the risks inherent in these processes (with a special focus on the risks inherent in the integrity and traceability of data);
- identification of risks not directly related to the process of financial reporting, but which could generate material errors within it;
- definition of the controls introduced to monitor these risks and their assessment in terms of design and effectiveness.

In order to coordinate, manage and monitor the activities relating to Internal Control Model, there is a specific organisational unit dedicated to these issues at the Administration & Control Department, which has the following main objectives:

- to identify the risks of major business processes and verify the related mitigating controls;
- to develop and maintain the internal control model, based on changes in relevant legislation and the organisational structure of the Company;
- to identify and resolve weaknesses in cooperation with the Internal Audit Department;
- to monitor implementation of the recommendations issued by internal and external auditors;
- to act as an intermediary between the central unit of the Group and the local organisational areas delegated to monitor business processes within the internal controls;
- to monitor compliance with the deadlines and formalities laid down by Group directives;
- to monitor the resolution of any anomalies found during certification;
- to inform and support the Internal Control Committee in its monitoring and evaluation of the Internal Control Model.

During 2013, the Internal Control Office updated the documentation of the procedures and risks/controls currently in place; in addition, the procedures relating to the salary assignment product were integrated into the Group's Internal Control Model.
The certification of controls, sub-processes, processes and areas, and the subsequent certification of the Internal Control Model is carried out annually and ends with the certification of the Internal Control Model by the CEO and the Administration & Controls Manager. The certification for 2013 was completed in February 2014 without revealing any material weaknesses.
During 2013, the Internal Control Model was strengthened with the implementation of the Internal Control Indicators in accordance with the Parent Company's methodology. These indicators makes it possible to obtain objective and comparable measurements of different processes, taking into account the specific characteristics of each company in the Santander Group.
The Internal Control Committee assesses the effectiveness and proper implementation of the Internal Control Model, with particular emphasis on accounting and operating risks, and monitors action plans to resolve any problems that emerge.

Taxation

The tax inspection at Santander Consumer Bank that the Guardia di Finanza began on 18 December 2012 for the tax years 2008-2012 was completed on 16 December 2013.
With regard to 2008, in their preliminary assessment report issued on 29 July, the inspectors pointed out the absence of definite and precise elements in relation to the loans transferred during the year; on 30 October another preliminary assessment report was issued in relation to 2008 with exceptions regarding transfer pricing. Lastly, with respect to 2009 and 2010, the Guardia di Finanza issued another preliminary assessment report on 16 December 2013 concerning: (i) the absence of definite and precise elements in relation to intercompany transfers of loans carried out in those years, (ii) a breach of the rules on transfer pricing in 2009 and 2010, and (iii) a formal error in applying the rules relating to withholding taxes on dividends paid to the shareholder in 2009.
With reference to transfers of loans without recourse, the taxable amount in dispute for income tax purposes comes to a total of Euro 51,825 thousand for the three-year period 2008-2010.
During 2014, the Taxation Unit will continue its discussions with the Regional Tax Office, with the help of external consultants, in order to produce every possible element in its defence, confident of a positive outcome of the dispute.

Again with reference to the Parent Company Santander Consumer Bank, the conflict of powers between State and Regions remains for the annual tax on leased motor vehicles following the amendments introduced by Law 99/2009 which, according to an interpretation which is believed to be totally credible, from 15 August 2009 saw only the user and not the leasing company responsible for paying the tax.
When faced with a claim from the Regions that is deemed unacceptable, the inevitable legal challenge by the Parent Company is accompanied by ongoing negotiations with the various regions involved to find solutions that will enable it to comply with the national law, as is the Bank's intention.

There are no inspections or disputes currently underway involving other Group companies.

Other facts worth mentioning

At the end of the first half of 2013, Santander Consumer Unifin S.p.A. became part of the Santander Consumer Bank Group by being contributed to Santander Consumer Bank S.p.A. by its common Parent Company Santander Consumer Finance S.A. This type of transaction is considered as a transfer "under common control". The balance sheet items of Santander Consumer Unifin have therefore been fully consolidated in the consolidated balance sheet, whereas the income statement has been consolidated on a line-by-line basis from the second half of the year.

During the year, the Parent Company carried out two extraordinary sales of non-performing loans to a leading bank that specialises in the purchase of non-performing loans.
Sales of receivables, including the routine monthly assignments relating to credit cards, resulted in the Group recording losses on disposal of Euro 74,955 thousand, before tax.

As regards the main risks and uncertainties to which the Group is exposed, in accordance with the provisions of art. 2428 of the Civil Code, the economic situation and financial position are influenced by various factors that determine the macro-economic situation and the trend in financial markets. In particular, the recession that has continued to affect both the economic and the financial sector, resulting in a lack of liquidity and falling confidence on the part of operators and consumers, is one of the biggest risks to growth in the capacity to generate income and to consolidate the capital and financial structure of the Company and of the Group.

With regard to the information required by the Italian Civil Code on the Group's objectives and policies in financial risk management, as per paragraph 6-bis of art. 2428 of the Civil Code, as well as in relation to the use of financial instruments, for a detailed analysis reference should be made to Part E of the notes to the separate and consolidated financial statements.

Group companies operate in full managerial autonomy in accordance with the strategic and operational guidelines issued by the Parent Company Santander Consumer Finance S.A., which exercises direction and coordination pursuant to art. 2497 bis of Civil Code and art. 23 of Legislative Decree 385 of 1 September 1993.
The direction and coordination activity generally produces positive effects on the business and its results, as it permits economies of scale by using professional skills and specialized services with continuous improvements in quality, allowing the Bank to focus its resources on managing the core business.

The notes are supplemented by an appendix that summarises the key figures from the latest approved financial statements of the entity that exercises direction and coordination (Santander Consumer Finance S.A.); the Parent Company does not own any treasury shares either directly or through trust companies or nominees.
No research and development was carried out during 2013.

Given the nature of its activity, the Group has not caused any environmental damage nor is it likely to ever cause environmental damage. Note that, apart from the copies printed for filing as required for legal purposes, this report has only been reproduced in electronic form to limit its environmental impact.

Related party disclosures are provided in the notes accompanying the main balance sheet and income statement items that are affected, as well as in section H which is specifically on related-party transactions. This information is considered exhaustive with respect to the requirements of art. 2428 C.C. and IAS 24.

Note that all transactions with related parties are carried out at arm's length, taking into account the quality and type of services rendered.

Lastly, note that no transactions have been carried out with related parties, or with persons other than related parties, that could be considered atypical or unusual, outside the normal course of business or that would significantly impact on the economic and financial position of Santander Consumer Bank or its Group.

With regard to the going-concern assumption, note that in accordance with the instructions provided in Document no. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and Isvap, regarding "Information to be provided in financial reports on impairment tests, on debt covenants, on debt restructuring and on the fair value hierarchy", which makes reference to the corresponding document no. 2, again issued jointly by these three Authorities on 6 February 2009, the Bank has a reasonable expectation that it will remain in operation for the foreseeable future and has therefore prepared its financial statements on a going-concern basis. Even though the uncertainties resulting from the current economic environment have had a significant impact on various aspects of the 2013 financial statements, they do not cast doubt on the going-concern assumption.

Since the end of the year and up to the date of approval of the draft financial statements by the Board of Directors, there have been no events or transactions that could have a significant impact on the results explained in this report. The draft financial statements therefore reflect all events that affected the Group's operations in 2013.

Significant subsequent events

No events worth mentioning took place after the end of the year.

Reconciliation of the Parent Company's shareholders' equity and net income (loss) with the consolidated shareholder's equity and net income (loss)

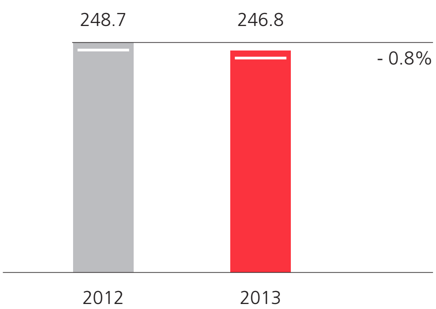
	Shareholders' equity	of which: Result at 31/12/2013
Balances of the Parent Company at 31.12.2013	**525,793,069**	**(42,873,064)**
Effect of consolidation of subsidiaries	1,644,511	(843,459)
Minority interests	2,672,587	(25,405)
Adjustments for GAAP consistency	(5,690,960)	1,675,404
Consolidated balances at 31.12.2013	**524,419,207**	**(42,066,524)**

Comments on the results and key figures in the consolidated financial statements

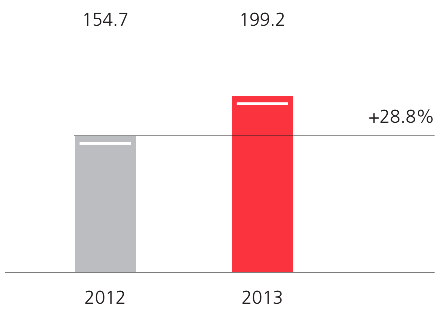
The following table shows the key economic and operating figures for the year, with comparative figures from the previous year (in millions of euro) compared with the total average assets (TAA).

	2013	% TAA	2012	% TAA	Change	
					Amounts	**(%)**
Net interest income	**246.8**	**3.4**	**248.7**	**3.1**	**(1.9)**	**(0.8)**
Net commission income	29.3	0.4	50.3	0.6	(21.0)	(41.7)
Trading gains	**276.1**	**3.8**	**299.0**	**3.7**	**(22.9)**	**(7.7)**
Net trading income and net hedging gains (losses)	(0.5)	(0.0)	(2.2)	(0.0)	1.7	77.3
Net result on disposal of financial assets	(76.3)	(1.0)	(142.1)	(1.8)	65.8	46.3
Net interest and other banking income	**199.3**	**2.7**	**154.7**	**1.9**	**44.6**	**28.8**
Other income (expenses)	8.2	0.1	13.8	0.2	(5.6)	(40.6)
Administrative expense	(109.9)	(1.5)	(99.1)	(1.2)	(10.8)	(10.9)
payroll costs	(49.5)	(0.7)	(41.4)	(0.5)	(8.1)	(19.6)
other administrative expense	(60.4)	(0.8)	(57.7)	(0.7)	(2.7)	(4.7)
Depreciation and amortisation	(7.8)	(0.1)	(7.5)	(0.1)	(0.3)	(4.0)
Net operating income	**89.8**	**1.2**	**61.9**	**0.8**	**27.9**	**45.1**
Net impairment adjustments to loans	(144.3)	(2.0)	(112.4)	(1.4)	(31.9)	(28.4)
Other provisions	(6.1)	(0.1)	(0.9)	(0.0)	(5.2)	(577.8)
Profit before tax	**(60.6)**	**(0.8)**	**(51.4)**	**(0.6)**	**(9.2)**	**(17.9)**
Income tax	18.5	0.3	10.2	0.1	8.3	81.4
Net profit	(42.1)	(0.6)	(41.2)	(0.5)	(0.9)	(2.2)
Consolidated profit (loss)	**(42.1)**	**(0.6)**	**(41.3)**	**(0.5)**	**(0.8)**	**(1.9)**
Result of the parent company	**(42.0)**	**(0.6)**	**(41.3)**	**(0.5)**	**(0.7)**	**(1.7)**

Net interest income



Net interest and other banking income



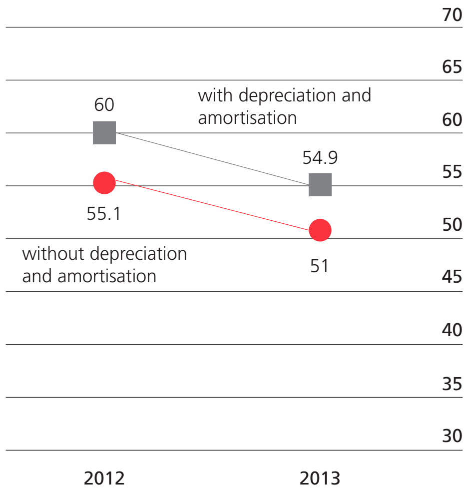
Unlike the previous year, the 2013 result was affected by the consolidation of Santander Consumer Unifin S.p.A.'s income statement for the second half of the year.

Net interest income is substantially in line with the previous year: the overall decline in interest margin is offset by including the positive components generated by Santander Consumer Unifin S.p.A.
Commission income went down by 41.7% because of a reduction in new volumes (-38%) and especially of the contraction in insurance commission (-46%). In addition to the above, net interest and other banking income has been positively influenced by the reduction of losses on the sale of the impaired portfolio.

The decrease in other net operating income depends on the reduction of the impact of the results related to leasing transactions, in line with the contraction in new loans and in loans outstanding (Euro 88 million at the end of 2013 compared with Euro 192 million at the end of 2012, -54.24%).

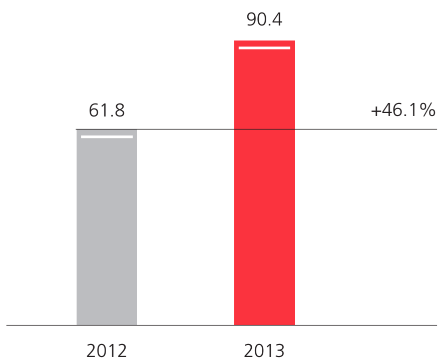
Administrative expenses increased compared with the previous year (+10.8%) due to the increase in personnel costs (+19.4%), influenced by the costs of restructuring the Parent Company, which was completed by the end of 2013, as well as the administrative expenses of Santander Consumer Unifin for the second half of the year.
Impairment losses on loans are up by 28.3%, mainly because their coverage has been raised, whereas net provisions for risks and charges report a significant increase on the previous year, due to higher provisions against estimated future liabilities, including the dispute about who pays the road tax on leased cars.

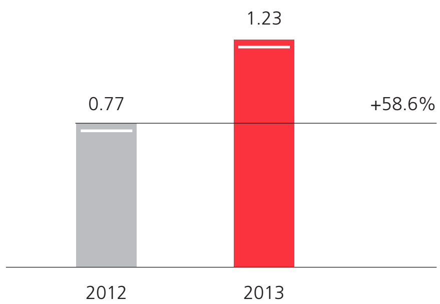
Efficiency ratio



The efficiency ratio, which is the ratio between the sum of administrative expenses and other operating income (with and without depreciation and amortisation) and net interest and other banking income, has been affected by the latter's growth, as it includes the lower losses on the sale of the impaired portfolio

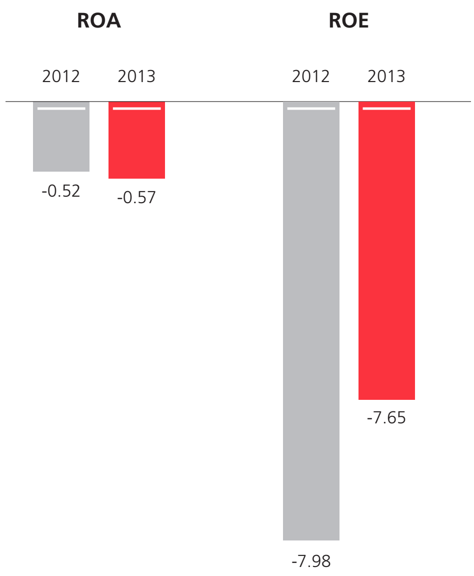
Net operating income





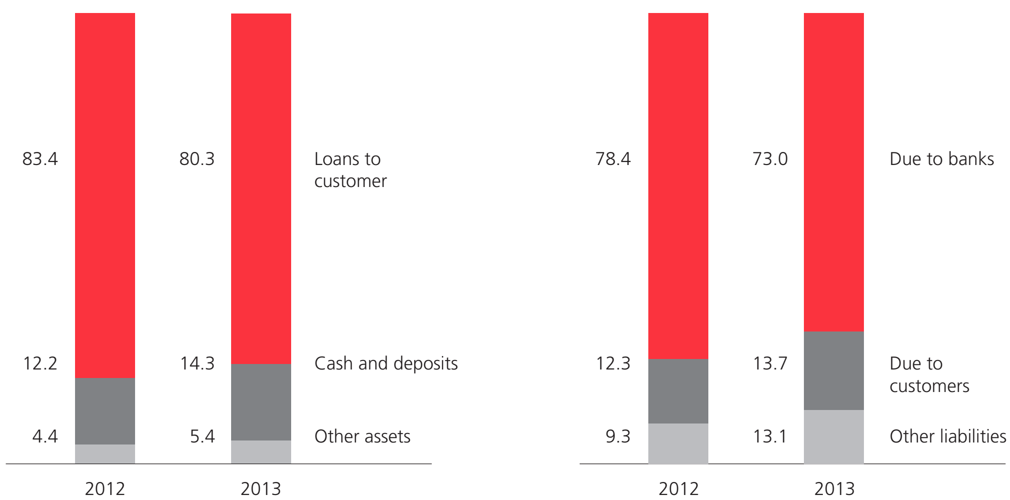
Net operating income (EBIT), calculated as the sum of net interest and other banking income, other income and expenses, administrative costs and depreciation and amortisation, has risen by 45.1%. It has also risen (from 0.77% to 1.22%) as a proportion of average total assets.

Profitability ratios



As a result of these trends, the ROA (Return on Assets) has decreased by 5 b.p. and ROE (Return On Equity) has increased by 33 basis points.

Structure of assets and liabilities

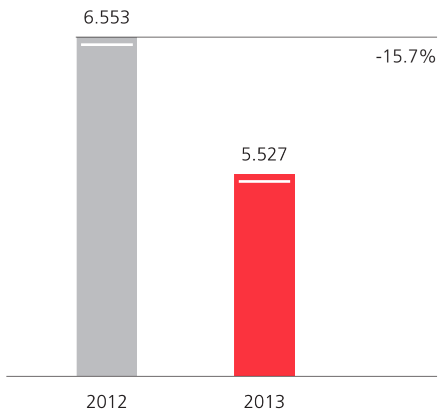


The asset mix has slight changed in the composition of the various elements, with a slight decline in loans to customers offset by higher amounts due from banks. In the structure of sources of funds, on the other hand, there was an reduction in amounts due to banks and a slight increase in amounts due to customers (mainly represented by demand and time deposit accounts).

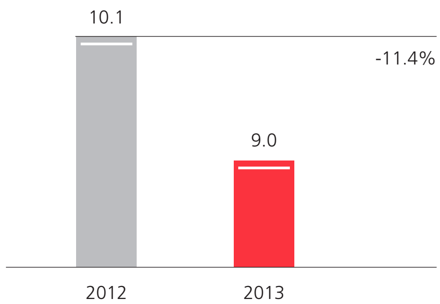
Amounts in millions of Euro			Change	
	2013	**2012**	**Amounts**	**%**
Car loan	1,891	2,264	(373)	(16.5)
Special-purpose loan	96	182	(86)	(47.3)
Personnel loan	1,898	2,286	(388)	(17.0)
Cards	53	102	(49)	(48.0)
Leasing	88	193	(105)	(54.4)
Salary assignment	1,520	1,490	30	2.0
Stock financing	143	98	45	45.9
Other loans to customers	80	24	56	233.3
Other components of amortised cost	45	77	(32)	(41.6)
Gross loans to customers	**5,814**	**6,716**	**(902)**	**(13.4)**
Provision for loan losses	(302)	(163)	(139)	(85.3)
Net loans to customers	**5,512**	**6,553**	**(1,041)**	**(15.9)**

As regards the evolution of loans to customers, there has been a decrease in total assets, primarily due to the reduction in volumes issued. Analysing the details, there has been a general contraction on the part of all managed products, with the exception of salary assignment, which is more or less stable, and stock financing, which is rising. The average duration of the loans issued in 2013 is 68 months: for car loans it comes to 53 months, while for personal loans the average duration is 83 months. "Other components of amortised cost" mainly refer to the net value of contributions and commissions which were paid at the time the loan was granted and then deferred over the expected residual useful life of the loan.

Net loans to customers



Gross loans per employee

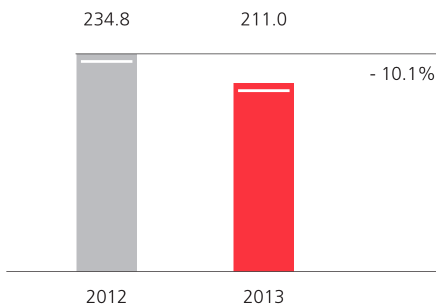


Comments on the results and key figures in the separate financial statements

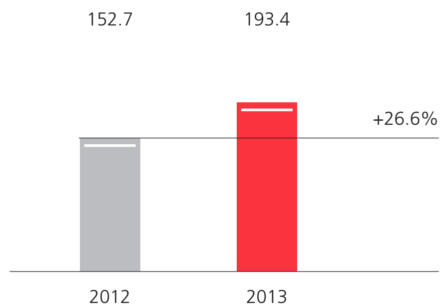
The table shows the key economic and operating figures for the year, with comparative figures from the previous year (in millions of euro).

Amounts in millions of Euro					Change	
	2013	% TAA	2012	% TAA	Amounts	(%)
Net interest income	**211.0**	**3.0**	**234.8**	**3.1**	**(23.8)**	**(10.1)**
Net commission income	21.9	0.3	39.1	0.5	(17.2)	(44.0)
Trading gains	**232.9**	**3.3**	**273.9**	**3.6**	**(41.0)**	**(15.0)**
Net trading income and net hedging gains (losses)	(0.5)	(0.0)	(1.6)	(0.0)	1.1	68.8
Net result on disposal of financial assets	(39.0)	(0.6)	(119.6)	(1.6)	80.6	67.4
Net interest and other banking income	**193.4**	**2.7**	**152.7**	**2.0**	**40.7**	**26.7**
Other income (expenses)	9.2	0.1	13.7	0.2	(4.5)	(32.8)
Administrative expense	(106.2)	(1.5)	(98.1)	(1.3)	(8.1)	(8.3)
payroll costs	(48.4)	(0.7)	(41.4)	(0.5)	(7.0)	(16.9)
other administrative expense	(57.8)	(0.8)	(56.8)	(0.7)	(1.0)	(1.8)
Depreciation and amortisation	(7.4)	(0.1)	(7.5)	(0.1)	0.1	1.3
Net operating income	**89.0**	**1.3**	**60.8**	**0.8**	**28.2**	**46.4**
Net impairment adjustments to loans	(144.8)	(2.0)	(110.8)	(1.4)	(34.0)	(30.7)
Other provisions	(6.1)	(0.1)	(0.9)	(0.0)	(5.2)	(577.8)
Profit before tax	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**---**
Income tax	(61.9)	(0.9)	(50.9)	(0.7)	(11.0)	(21.6)
Net profit	**19.0**	**0.3**	**10.2**	**0.1**	**8.8**	**86.3**
Consolidated profit (loss) for the year	**-42.9**	**-0.6**	**-40.7**	**-0.5**	**(2.2)**	**-5.4**
Net profit of the Group	**(42.9)**	**(0.6)**	**(40.7)**	**(0.5)**	**(2.2)**	**(5.4)**

Net interest income



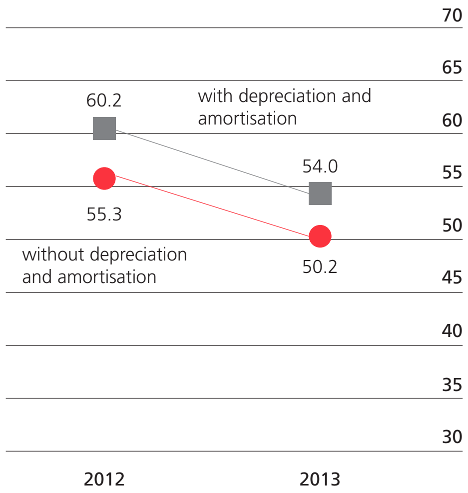
Net interest and other banking income



Compared with the previous year, in 2013 there has been a 10.1% decrease in net interest income, resulting mainly from the significant reduction in interest income (-14.4%) due to the decrease in managed assets caused by the lower volume of loans granted, partially offset by the decline in interest expense (-18.9%), which is linked to the contraction in liabilities and in borrowing rates.
The commission margin fell by 44%, as the main consequence of the lower volume of new loans granted (-38%).
In addition to the above effects, net interest and other banking income reflects in a positive way the reduction in losses from the transfer of the non-performing loan portfolio, the impact of which is Euro 81 million lower than on the previous year.
The decrease in other net operating income depends on the reduction of the impact of the results related to leasing transactions, in line with the contraction in new loans and in loans outstanding (Euro 88 million at the end of 2013 compared with Euro 192 million at the end of 2012, -54.2%).

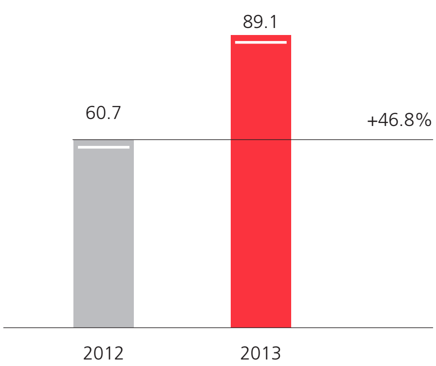
Administrative expenses show a slight increase on the previous year (+8.1%) due to the increase in personnel costs (+16.8%), which include the costs of restructuring which was completed at the end of 2013.
Loan adjustments show a rise of 30.7%, mainly as a result of increasing the coverage for loan losses, whereas net provisions for risks and charges report a significant increase on the previous year, due to higher provisions against estimated future liabilities, including the dispute about who pays the road tax on leased cars.

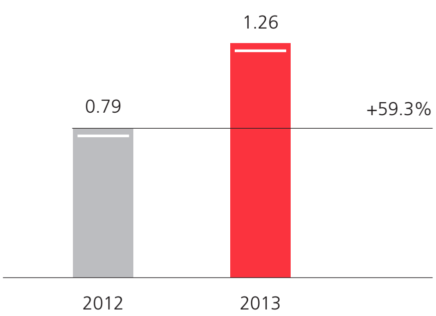
Efficiency ratio



The efficiency ratio, which is the ratio between the sum of administrative expenses and other operating income (with and without depreciation and amortisation) and net interest and other banking income, has been affected by the latter's increase as it includes the lower losses on the sale of the non-performing portfolio.

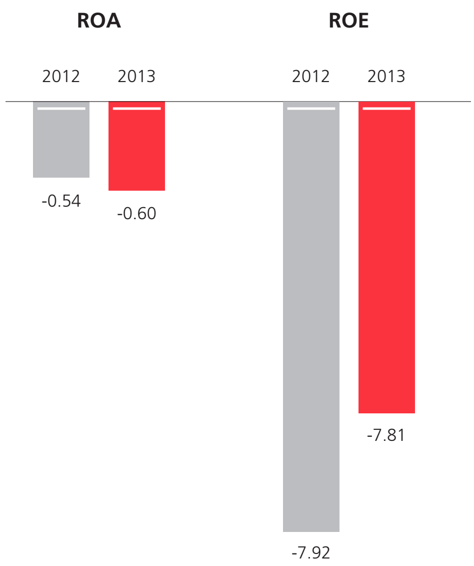
Net operating income





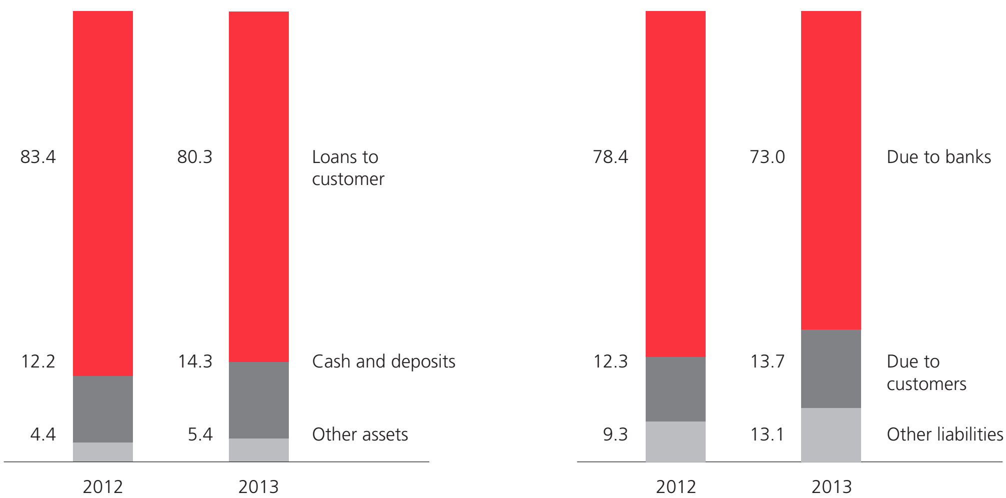
Net operating income (EBIT), calculated as the sum of net interest and other banking income, other income and expenses, administrative costs and depreciation and amortisation, has risen by 46.4%. It has also risen (from 0.79% to 1.26%) as a proportion of average total assets.

Profitability ratios



As a result of these trends, the ROA (Return on Assets) has decreased by 5 b.p. and ROE (Return On Equity) has decreased by 33 b.p.

Structure of assets and liabilities

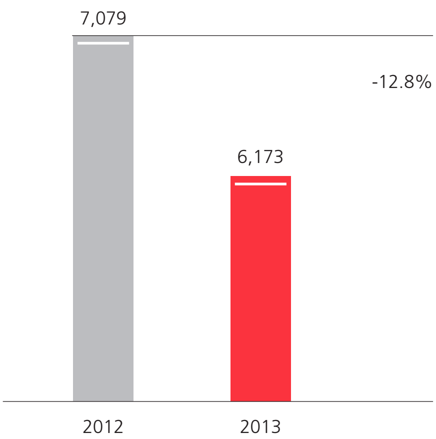


The asset mix is more or less the same as last year, with a slight decline in loans to customers offset by higher amounts due from banks. In the structure of sources of funds amounts due to banks decline whereas amounts due to customers show a slight increase (mainly represented by demand and time deposit accounts).

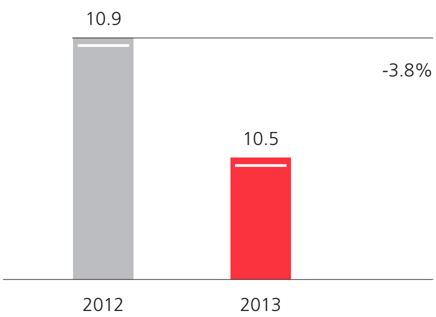
Amounts in millions of Euro			Change	
	2013	**2012**	**Amounts**	**(%)**
Car loan	1,890	2,264	-374	(16.5)
Special-purpose loan	96	182	-86	(47.3)
Personnel loan	1,898	2,286	-388	(17.0)
Cards	23	60	-37	(61.7)
Leasing	88	193	-105	(54.4)
Salary assignment	1,512	1,490	22	1.5
Stock financing	143	98	45	45.9
Other loans to customers	732	587	145	24.7
Other components of amortised cost	60	80	-20	(25.0)
Gross loans to customers	**6,442**	**7,240**	**-798**	**(11.0)**
Provision for loan losses	-269	-161	-108	67.1
Net loans to customers	**6,173**	**7,079**	**-906**	**(12.8)**

As regards the evolution of loans to customers, there has been a decrease in total assets, primarily due to the reduction in volumes issued.
Analysing the details, there has been a general contraction on the part of all managed products, with the exception of salary assignment, which is more or less stable, and loans for stock financing, which are rising.
As regards salary assignment, the synergies with Santander Consumer Unifin S.p.A. continued following the transfer of control from the Spanish Parent Company Santander Consumer Finance to Santander Consumer Bank.
Other loans to customers are mainly the receivables due from the SPE for car loan securitisations.
"Other components of amortised cost" mainly refer to the net value of contributions and commissions which were paid at the time the loan was granted and then deferred over the expected residual useful life of the loan.

Net loans to customers



Gross loans per employee



SANTANDER CONSUMER BANK GROUP'S SUBSIDIARIES

Santander Consumer Unifin S.p.A.

The company acts as an intermediary between the transferor (the customer being financed) and the transferee bank, operating in the field of lending operations in exchange for "salary/pension assignment" or "delegation of payment" on behalf of transferee or delegated banks, subject to the credit limits that they set. As early as 2006, the Company only used the credit line granted by Santander Consumer Bank S.p.A., while the level of drawdown of the previous ceilings is gradually decreasing due to the natural amortisation of loans and early repayments.
As is normal practice in the salary assignment market, the company grants banks an "uncollected for collected" guarantee in the normal conduct of its business; there is therefore an endorsement credit outstanding in favour of Santander Consumer Bank S.p.A. of Euro 1,512,830 thousand at 31 December 2013.
Santander Consumer Unifin S.p.A. was set up in December 1971 in Bologna with the name of Fin Universo S.p.A. and in 1979 became Unifin S.p.A.; in 2006 Santander Consumer Finance S.A., Grupo Santander, acquired 72.05% of the company; in June 2009 Unifin became a wholly owned subsidiary of Santander Consumer Finance S.A.
In June 2013 Unifin entered the Santander Consumer Bank Banking Group after an increase in capital decided by Santander Consumer Bank S.p.A. which was subscribed by the sole shareholder Santander Consumer Finance S.A. by contributing its investment in Unifin S.p.A. In August 2013 Unifin S.p.A. changed its name to Santander Consumer Unifin S.p.A.
Even though the credit market was still shrinking in 2013, the salary and pension assignment sector managed to grow, even if only by 3.1%, putting an end to a period of recession that has gone one uninterrupted since 2010.
In this market environment which is still under pressure, the Company has worked to achieve a reasonable balance between profit margins and volumes, posting new loans in 2013 of Euro 332 million which is almost exactly the same as the previous year's figure of Euro 334 million (in terms of the amount financed).
This trend, in line with the market, is the result of the Company being appropriate positioned in terms of pricing and acceptance criteria and the proper sizing of its distribution network.
2013 was in fact characterised by the introduction of the regulatory change concerning the new register of financial agents, governed by the newly formed Intermediary Agent Body.
After detailed negotiations, the Company formalised the new single financial agency mandate with its distribution network. In the light of this process, the Company has reduced the number of agency relationships from 104 to 50 by selecting agents on the basis of volumes handled, quality of loans arranged and their knowledge of and compliance with company procedures.
The Company's market share remained more or less stable, going from 8.2% at the end of 2012 to 7.8% at the end of 2013.
The process of improving production in qualitative terms continued during 2013 through the provision of loans to public sector employees and pensioners for 77% of the total volume (75% in 2012), while loans granted to private sector employees fell to 14% in 2013 from 16% in 2012. Lastly, the loans granted to the parapublic sector remained stable, accounting for about 9% of total production.
As regards the income statement, net interest and other banking income have decreased from Euro 9,607 thousand in 2012 to Euro 8,998 thousand in 2013 (-6.3%). The three major factors that lead to this result are the fact that net interest income held up reasonably well (Euro 1,364 thousand in 2013 versus Euro 1,456 thousand in 2012), the improvement in net commission income which increased by Euro 680 thousand (Euro 11,743 thousand in 2013 on 11,063 thousand in 2012), mainly thanks to lower commission expenses, and lastly the losses due to early repayment of the loan taken out in previous years with Santander Consumer Finance S.A. (for Euro 1,380 thousand).
The "net adjustments for impairment" include a release of Euro 133 thousand which, compared with the previous two years (Euro 9,379 thousand of provisions in 2012), confirms the improvement in debt collection and claims management.
Administrative expense went from Euro 7,681 thousand to Euro 6,574 thousand: -14.4% on the previous year. The decrease is mainly explained by the Company's total alignment with the Parent Company's guidelines for managing overheads and operating costs of third-party companies.
The result before tax comes to a profit of Euro 1,182 thousand, due to the situations explained above. The net profit comes to Euro 388 thousand.
In December 2011 and March 2012 the Company completed transactions to strengthen its capital structure together with the current Parent Company Santander Consumer Bank S.p.A. This involved the latter subscribing subordinated loans issued by Unifin.
These subordinated loans are shown as debt in the form of "Upper Tier II" (for Euro 6,500 thousand) and "Lower Tier II" (for further Euro 6,500 thousand). These loans were disbursed directly by Santander Consumer Bank S.p.A., based in Turin, which owns the entire share capital of Santander Consumer Unifin. These loans are all shown as

hybrid instruments in support of the Company's capital base for regulatory purposes.
Other payables are represented by amounts due to banks and are linked to positions being processed for overdue instalments and early repayments.
Loans, which at year-end amount to Euro 156,260 thousand, include amounts due from banks for Euro 92,370 thousand. Loans to customers include loans granted to customers and not yet completed for Euro 2,627 thousand, instalments already overdue waiting to be settled by the competent administrations or companies for Euro 69,858 thousand and receivables from the Italian Post Office of Euro 888 thousand.
Loans are written down overall by Euro 13,004 thousand. The balance sheet item representing the overdue instalments, pending payment of the third-party administrations ceded, is included in receivables because of the "uncollected for collected" guarantee (according to which the Company is obliged to pay to transferee banks the overdue instalments of loans, whether or not they have actually been collected).
The Company belongs to Grupo Santander and, starting from June 2013, is subject to the direction and coordination of Santander Consumer Bank S.p.A., which holds all of its share capital; previously it was subject to the direction and coordination of Santander Consumer Finance S.A. Direction and coordination on the part of the Parent Company is ensured by the presence of three members of its management on the Board of Directors of Unifin and under the Services Outsourcing Agreement mentioned previously.
As regards this last aspect, it is obvious that the direct participation of the CEO and General Manager of Unifin (as the point of reference for the outsourced activities) at meetings of some of the internal committees established with a consulting and advisory role by the Parent Company's Board of Directors makes it possible to ensure uniformity of business practices within the Banking Group.
Santander Consumer Bank S.p.A. exercises direction and coordination pursuant to art. 2497 bis of Civil Code.

The main captions in the financial statements at 31 December 2013 are illustrated below.

Item	Main balance sheet items	Amount in Euros 31/12/2013	% of assets/ liabilities	Amount in Euros 31/12/2012	% of assets/ liabilities
60	Receivables	156,259,504	92%	171,792,711	92%
90	Other liabilities	86,381,434	51%	76,210,454	41%
	Total assets and liabilities	**170,685,980**		**187,168,608**	

Main income statement items	Amount in Euros 2013	Amount in Euros 2012
Net interest income	-1,364,252	-1,456,159
Net commission income	11,742,980	11,063,031
Net interest and other banking income	8,998,693	9,606,872
Result of operations	1,181,964	-8,647,751
Net profit (loss) for the period	387,847	-5,892,863

Santander Consumer Finance Media S.r.l.

The Company's business is financing publishing works through "privative" credit cards (which cannot be used on banking circuits), on which a line of credit is placed that allows the immediate purchase of the publications, and subsequently the funding of further works within the available limit.
The company carries out its assessment of customers' creditworthiness in full autonomy by applying the same methods and procedures as Santander Consumer Bank, suitably personalised to take into account the particular nature of Santander Consumer Finance Media's products.
The loan is paid on an "interest-free" basis for the customer, as the related costs (so-called "contributions") are all borne by the distribution networks.
On 5 July 2013, Federico Motta Editore S.p.A. filed a request at the Milan Court for access to the pre-bankruptcy arrangement with creditors as a going concern, a procedure that was declared open on 16 January 2014.
The proposed arrangement envisages paying 5% of the amounts owed to unsecured creditors. This proposal will have a negative impact on the company of approximately Euro 600 thousand, which is already covered by a specific allowance for doubtful accounts.
On 7 January 2013, the De Agostini Editore Group signed an agreement for the sale of its 99.54% interest in Utet S.p.A. to FMR Art'è (80%) and to the CEO of Utet (19.54%). This decision by De Agostini Editore forms part of a business strategy to focus on the Group's core activities.

On the same date, Utet S.p.A. changed its name into Utet Grandi Opere S.p.A.
The parties have agreed that the commercial arrangement in favour of Utet S.p.A. remains valid with Utet Grandi Opere S.p.A. until 30 June 2014, the date by which the future corporate and commercial structure of the company will be decided.
Commercial activity has been carried on mainly by Utet's sales network given that the business arrangement with Federico Motta Editore S.p.A. came to a natural end in the first quarter, while operational activities continue to be provided by the Parent Company Santander Consumer Bank S.p.A. through a specific service agreement.
Commercial activity in the current year is also about 19% lower than budget (estimated on the basis of the volumes achieved in 2012). The distribution of volumes is about 88% through the Utet channel and 12% through the Motta Editore channel, also considering that Federico Motta Editore was involved only in the first quarter.
During the year, around 2,100 requests for funding were evaluated (-40% on 2012), of which around 1,400 were accepted. The amount of loans disbursed came to a total of around Euro 8.9 million, of which approximately Euro 6 million came from reuse.
Outstanding loans to customers (gross of contributions due and the related adjustments) amount approximately to 30 million euro at 31 December 2013; during the year contributions were charged to counterparties for a total of 0.7 million euro, with an amount attributable to the year of 2.2 million euro.
Commission expenses, including the cost of the services provided by the Parent Company, amounted to Euro 625 thousand, whereas there were no losses on the sale of loans during the year as they related to receivables that had already been written down to zero.
2013 closed with a loss of Euro 71 thousand before tax and of Euro 73 thousand after tax for the year.
A brief financial analysis of the items in the financial statements shows that the rate of return on loans, calculated as the ratio between interest income (represented almost entirely by the contributions of the year) and average loans, came to 6.4%.
As regards the main risks and uncertainties to which the company is exposed, in accordance with the provisions of art. 2428 of the Civil Code, the economic situation and financial position of the company and of the Group are influenced by various factors that determine the macro-economic situation and the trend in financial markets in particular.
Given that the macro-economic scenario is expected to remain difficult, and in light of the absence of the agreement with one of the two distribution networks, 2014 is likely to see a further fall in volumes, partially offset by stable financial spreads, and even more careful management of credit risk. All factors that lead to the expectation that business will evolve in much the same way as the year just ended.
None of the indicators listed in paragraph 8 of Document no. 570 on "Going Concern", recommended by Consob and used here by way of reference, is applicable to the Company, which does not see any risks that could affect its expectations of being able to continue as a going concern.
As mentioned previously, the company has delegated all corporate functions to the Parent Company Santander Consumer Bank; the Parent Company provides the services requested on the basis of the said servicing agreement at a cost that is in line with market standards. In the current year, the company paid the Parent Company approximately Euro 585 thousand for the services received. Given this situation, the company does not have any employees of its own.
Note that the company joined the national tax consolidation from 2007, which allows it to consolidate its income tax balances with those of the Parent Company Santander Consumer Bank S.p.A.
All transactions with the Parent Company form part of the core business and are not extraordinary in nature.
Note that all transactions with related parties are carried out at arm's length, taking into account the quality and type of services rendered.
Lastly, note that no transactions have been carried out with related parties, or with persons other than related parties, that could be considered atypical or unusual, outside the normal course of business or that would significantly impact on the economic and financial position of the company or of the Group.
The company operates in full managerial autonomy in accordance with the strategic and operational guidelines issued by the Parent Company Santander Consumer Finance S.p.A., which exercises direction and coordination pursuant to art. 2497 bis of Civil Code and art. 23 of Legislative Decree 385 of 1 September 1993.

The main captions in the financial statements at 31 December 2013 are illustrated below.

Item	Main balance sheet items	Amount in Euros 31/12/2013	% of assets/ liabilities	Amount in Euros 31/12/2012	% of assets/ liabilities
60	Receivables	28,313,142	90%	38,611,881	92%
10	Payables	21,537,294	68%	32,312,514	77%
	Total assets and liabilities	**31,562,150**		**41,960,427**	

Main income statement items	Amount in Euros 2013	Amount in Euros 2012
Net interest income	1,440,470	2,515,498
Net commission income	-606,315	-830,645
Net interest and other banking income	834,155	1,684,853
Result of operations	-70,865	60,993
Net profit (loss) for the period	-72,585	9,382

Santander
CONSUMER BANK

Independent Auditors' Report on the Consolidated Financial Statements at 31 December 2013

Independent Auditors' Report on the Consolidated Financial Statements at 31 December 2013

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
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Fax: +39 02 83322112
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AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
(Translation from the Original Issued in Italian)

To the Shareholder of
SANTANDER CONSUMER BANK S.p.A.

1. We have audited the consolidated financial statements of Santander Consumer Bank S.p.A. and its subsidiaries (the "Santander Consumer Bank Group"), which comprise the balance sheet as of December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and the related explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005 are the responsibility of Santander Consumer Bank S.p.A.'s Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 12, 2013.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Santander Consumer Bank Group as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005.

4. The Directors of Santander Consumer Bank S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations is consistent with the consolidated financial statements of the Santander Consumer Bank Group as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 11, 2014

This report has been translated into the English language solely for the convenience of international readers.

Santander
CONSUMER BANK

Consolidated financial statements

Consolidated balance sheet

Values in Euro

	Assets	31/12/2013	31/12/2012	Change	
				amounts	**%**
10	Cash and cash equivalents	11,862	6,411	5,451	85.0%
60	Due from banks	981,389,728	957,249,281	24,140,447	2.5%
70	Loans to customers	5,511,737,862	6,552,646,176	(1,040,908,314)	-15.9%
80	Hedging derivatives	43,644,499		43,644,499	-
90	Fair value change of financial assets in hedged portfolios (+/-)	47,434,112	102,541,931	(55,107,819)	-53.7%
120	Property and equipment	4,295,612	4,953,053	(657,441)	-13.3%
130	Intangible assets	10,207,412	10,460,521	(253,109)	-2.4%
140	Tax assets	226,980,065	185,098,626	41,881,439	22.6%
	a) current	33,176,342	31,089,218	2,087,124	6.7%
	b) deferred	193,803,723	154,009,408	39,794,315	25.8%
	of which:				
	- convertible into tax credits (Law 214/2011)	175,091,448	144,556,694	30,534,754	21.1%
150	Non-current assets held for sale and discontinued operations	21,792	290,301	(268,509)	-92.5%
160	Other assets	35,678,268	42,530,778	(6,852,510)	-16.1%
TOTAL ASSETS		**6,861,401,212**	**7,855,777,078**	**(994,375,866)**	**-12.7%**

Consolidated balance sheet

Values in Euro

	Liabilities and shareholders' equity	31/12/2013	31/12/2012	Change	
				amounts	**%**
10	Due to banks	5,023,840,248	6,160,895,075	(1,137,054,827)	-18.5%
20	Due to customers	290,033,770	339,279,625	(49,245,855)	-14.5%
30	Debt securities issued	649,585,107	626,419,238	23,165,869	3.7%
60	Hedging derivatives	104,859,983	125,573,140	(20,713,157)	-16.5%
80	Tax liabilities	30,458,372	26,232,355	4,226,017	16.1%
	a) current	30,443,204	26,232,355	4,210,849	16.1%
	b) deferred	15,168		15,168	-
100	Other liabilities	222,844,682	93,469,207	129,375,475	138.4%
110	Provision for employee termination indemnities	4,753,585	4,492,538	261,047	5.8%
120	Provisions for risks and charges	10,606,258	4,588,877	6,017,381	131.1%
	b) other provisions	10,606,258	4,588,877	6,017,381	131.1%
140	Valuation reserves	(5,556,666)	(10,957,829)	5,401,163	-49.3%
170	Reserves	(4,288,181)	12,432,997	(16,721,178)	-134.5%
180	Share premium reserve	632,586		632,586	-
190	Share capital	573,000,000	512,000,000	61,000,000,00	11.9%
210	Minority interests (+/-)	2,672,587	2,697,992	(25,405)	-0.9%
220	Net profit (loss) for the period (+/-)	(42,041,119)	(41,346,137)	(694,982)	1.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,861,401,212**	**7,855,777,078**	**(994,375,866)**	**-12.7%**

Consolidated income statement

Values in Euro

	Items	31/12/2013	31/12/2012	Change	
				amounts	**%**
10	Interest and similar income	400,497,523	459,590,543	(59,093,020)	-12.9%
20	Interest and similar expense	(153,720,034)	(210,911,862)	57,191,828	27.1%
30	**Net interest income**	**246,777,489**	**248,678,681**	**(1,901,192)**	**-0.8%**
40	Commission income	44,754,093	67,932,905	(23,178,812)	-34.1%
50	Commission expense	(15,497,321)	(17,655,018)	2,157,697	12.2%
60	**Net commission income**	**29,256,772**	**50,277,887**	**(21,021,115)**	**-41.8%**
80	Net trading income	(474)	(1,129)	655	58.0%
90	Net hedging gains (losses)	(485,876)	(2,196,924)	1,711,048	77.9%
100	Gains (losses) on disposal or repurchase of:	(76,334,869)	(142,094,743)	65,759,874	46.3%
	a) loans	(74,954,834)	(142,277,222)	67,322,388	47.3%
	b) financial assets available for sale		182,479	(182,479)	-100.0%
	d) financial liabilities	(1,380,035)		(1,380,035)	-
120	**Net interest and other banking income**	**199,213,042**	**154,663,772**	**44,549,270**	**28.8%**
130	Net losses/recoveries on impairment of:	(144,252,635)	(112,446,011)	(31,806,624)	-28.3%
	a) loans	(144,252,635)	(112,446,011)	(31,806,624)	-28.3%
140	**Net income from financial activities**	**54,960,407**	**42,217,761**	**12,742,646**	**30.2%**
170	**Net profit from banking and insurance activities**	**54,960,407**	**42,217,761**	**12,742,646**	**30.2%**
180	Administrative expense:	(109,856,635)	(99,130,046)	(10,726,589)	-10.8%
	a) payroll costs	(49,478,458)	(41,432,842)	(8,045,616)	-19.4%
	b) other administrative expense	(60,378,177)	(57,697,204)	(2,680,973)	-4.6%
190	Net provisions for risks and charges	(6,090,427)	(927,764)	(5,162,663)	-556.5%
200	Net adjustments to/recoveries on property and equipment	(2,051,876)	(2,035,949)	(15,927)	-0.8%
210	Net adjustments to intangible assets	(5,725,625)	(5,426,976)	(298,649)	-5.5%
220	Other operating expenses/income	8,194,370	13,777,345	(5,582,975)	-40.5%
230	**Operating expenses**	**(115,530,193)**	**(93,743,390)**	**(21,786,803)**	**-23.2%**
280	**Profit (loss) from continuing operations before tax**	**(60,569,786)**	**(51,525,629)**	**(9,044,157)**	**-17.6%**
290	Income taxes on continuing operations	18,503,262	10,182,776	8,320,486	81.7%
300	**Profit (loss) from continuing operations after tax**	**(42,066,524)**	**(41,342,853)**	**(723,671)**	**-1.8%**
320	**Net profit (loss) for the period**	**(42,066,524)**	**(41,342,853)**	**(723,671)**	**-1.8%**
330	Net profit (loss) pertaining to minority interests	(25,405)	3,284	(28,689)	-873.6%
340	**Net profit (loss) pertaining to the Parent Company**	**(42,041,119)**	**(41,346,137)**	**(694,982)**	**-1.7%**

Consolidated statement of comprehensive income

Values in Euro

	Items	31/12/2013	31/12/2012
10	Net profit (loss) for the period	(42,066,524)	(41,342,853)
	Other comprehensive income not reclassified to profit or loss		
40	Actuarial gains (losses) on defined-benefit pension plans	176,946	(574,022)
	Other comprehensive income after tax that may be reclassified to profit or loss:		
90	Cash flow hedges	5,224,217	7,067,714
130	**Total Other Comprehensive Income after tax**	**5,401,163**	**6,493,692**
140	**Total comprehensive income (Items 10+130)**	**(36,665,361)**	**(34,849,161)**
150	Total comprehensive income pertaining to minority interests	(25,405)	3,284
160	**Total consolidated comprehensive income pertaining to Parent Company**	**(36,639,956)**	**(34,852,445)**

Statement of changes in consolidated shareholders' equity

2013

Values in Euro

				Allocation of prior year results		Changes during the year									
							Transactions on shareholders' equity								
	Balance at 31,12,2012	Changes in opening balances	Balance at 1,1,2013	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for 2013	**Group shareholders' equity at 31,12,2013**	**Minority interests at 31,12,2013**
Share capital:				-											
a) ordinary shares	514,450,000		514,450,000	-			61,000,000							**573,000,000**	**2,450,000**
b) other shares				-											
Share premium reserve				-			632,586							**632,586**	
Reserves:				-											
a) retained earnings	244,708		244,708	(40,734,008)										**(40,737,292)**	**247,992**
b) other	12,432,997		12,432,997	(608,845)		24,624,959								**36,449,111**	
Valuation reserves	(10,957,829)		(10,957,829)	-									5,401,163	**(5,556,666)**	
Equity instruments			-	-										**-**	
Treasury shares			-	-										**-**	
Net profit (loss) for the period	(41,342,853)		(41,342,853)	41,342,853	-								(42,066,524)	**(42,041,119)**	**(25,405)**
Shareholders' equity	474,827,023	-	474,827,023	-	-	24,624,959	61,632,586	-	-	-	-	-	(36,665,361)	**521,746,620**	**2,672,587**

Statement of changes in consolidated shareholders' equity

2012

Values in Euro

				Allocation of prior year results		Changes during the year									
							Transactions on shareholders' equity								
	Balance at 31,12,2011	Changes in opening balances	Balance at 1,1,2012	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for 2012	**Group shareholders' equity at 31,12,2012**	**Minority interests at 31,12,2012**
Share capital:															
a) ordinary shares	514,450,000		514,450,000											**512,000,000**	**2,450,000**
b) other shares			-											**-**	
Share premium reserve			-											**-**	
Reserves:			-											**-**	
a) retained earnings	(4,187,607)		(4,187,607)	(21,778,157)		26,210,472								**-**	**244,708**
b) other	(1,269,128)		(1,269,128)	(87,403)		13,789,528								**12,432,997**	
Valuation reserves	(17,451,520)		(17,451,520)										6,493,691	**(10,957,829)**	
Equity instruments			-											**-**	
Treasury shares			-											**-**	
Net profit (loss) for the period	(21,537,721)		(21,537,721)	21,865,560	(327,839)								(41,342,853)	**(41,346,137)**	**3,284**
Shareholders' equity	470,004,024	-	470,004,024	-	(327,839)	40,000,000	-	-	-	-	-	-	(34,849,162)	**472,129,031**	**2,697,992**

Consolidated cash flow statement (indirect method)

Values in Euro

A, Operating activities	Amount 31/12/2013	Amount 31/12/2012
1, Cash generated from operations	**306,716,614**	**15,164,262**
- net profit for the year (+/-)	(42,066,524)	(41,342,853)
- net gains/losses on financial assets held for trading and financial assets/liabilities designated at fair value through profit and loss (+/-)		
- gains (losses) from hedging activities (+/-)	485,876	2,196,924
- net adjustments for impairment (+/-)	145,265,880	112,500,801
- impairment/recoveries to property and equipment and intangible assets (+/-)	8,686,470	7,462,925
- net provisions for risks and charges and other costs/income (+/-)	3,587,254	(1,231,730)
- net premiums not collected (-)		
- other income insurance income/expense not collected (-/+)		
- unsettled taxes (+)	25,488,433	31,481,707
- impairment/recoveries to disposal groups, net of tax effect (-/+)	14,820	
- other adjustments (+/-)	165,254,405	(95,903,512)
2, Cash generated/absorbed by financial assets	**896,683,087**	**265,524,908**
- financial assets held for trading		
- financial assets designated at fair value through profit and loss		
- financial assets available for sale		
- due from banks: on demand	(676,400,770)	(48,021,202)
- due from banks: other receivables	645,942,226	(414,278,872)
- loans to customers	932,236,428	710,393,667
- other assets	(5,094,797)	17,431,315
3, Cash generated/absorbed by financial liabilities	**(1,226,591,474)**	**(311,630,238)**
- due to banks: on demand		
- due to banks: other debts	(1,140,187,894)	(93,199,419)
- due to customers	(52,521,934)	(4,153,666)
- debt securities issued	(77,923,212)	(205,888,561)
- financial liabilities held for trading		
- financial liabilities designated at fair value through profit and loss		
- other liabilities	44,041,566	(8,388,592)
Net cash generated/absorbed by operating activities	**(23,191,773)**	**(30,941,068)**
B, INVESTING ACTIVITIES		
1, Cash generated by	**161,363**	**238,168**
- sale of equity investments		
- dividends collected on equity investments		
- sale of financial assets held to maturity		
- sale of property and equipment	161,363	238,168
- sale of intangible assets		
- sale of lines of business		
2, Cash absorbed by	**(6,964,138)**	**(8,966,766)**
- purchase of equity investments		
- purchase of financial assets held to maturity		
- purchase of property and equipment	(1,537,122)	(2,198,963)
- purchase of intangible assets	(5,427,016)	(6,767,802)
- purchase of lines of business		
Net cash generated/absorbed by investing activities	**(6,802,776)**	**(8,728,598)**
C, FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- dividends distributed and other allocations	30,000,000	39,672,161
Net cash generated/absorbed by financing activities	**30,000,000**	**39,672,161**
NET CASH GENERATED/ABSORBED IN THE YEAR	**5,451**	**2,495**

Items	Amount 31/12/2013	Amount 31/12/2012
Cash and cash equivalents at beginning of year	6,411	3,916
Net increase (decrease) in cash and cash equivalents	5,451	2,495
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	11,862	6,411

Key:
(+) generated
(-) absorbed

Santander
CONSUMER BANK

Notes to the Consolidated Financial Statements

Part A - Accounting policies

A.1 – General information

Section 1 - Declaration of compliance with International Financial Reporting

Pursuant to Legislative Decree 38 of 28 February 2005, the consolidated financial statements of the Santander Consumer Bank Group have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission, as established by Regulation no. 1606 of 19 July 2002.
The Consolidated Financial Statements as at 31 December 2013 have been prepared on the basis of "Guidelines for the preparation of the financial statements and the consolidated financial statements of banks and finance companies of banking groups" issued by the Bank of Italy, in the exercise of the powers established by art. 9 of Legislative Decree no. 38/2005, with the Regulation of 22 December 2005 and Circular no. 262/05 as amended by the 2nd update of 21 January 2014. These Instructions establish binding rules governing the financial statements and how they are to be prepared, including the contents of the notes. In preparing the financial statements the IAS/IFRS in force at 31 December 2013 have been applied (including the SIC and IFRIC interpretations), as endorsed by the European Commission.

Section 2 - Basis of preparation

The consolidated financial statements consist of the balance sheet, income statement, statement of changes in shareholders' equity, statement of comprehensive income, cash flow statement and the notes to the consolidated financial statements and are also accompanied by the directors' report on the operations, results and financial position of the Santander Consumer Bank Group.
In accordance with the provisions of art. 5 of Legislative Law 38/2005, the financial statements have been prepared using the euro as the functional currency.
The amounts in the financial statements are expressed in euro, whereas unless otherwise specified, those in the notes and the report on operations are expressed in thousands of euro.
The financial statements are prepared in accordance with the general principles laid down in IAS 1 and the specific accounting standards endorsed by the European Commission, as described in Part A.2 of these notes. In particular, these financial statements have been prepared on a going concern basis (IAS 1 para. 25 and para. 26), in accordance with the principle of accrual accounting (IAS 1 para. 27 and para. 28) and in compliance with the consistency of presentation and classification of items in the financial statements (IAS 1 para. 29). The assets and liabilities, income and expenses have not been offset unless required or permitted by a standard or interpretation (IAS 1 para. 32).
No exceptions have been made to the application of IAS/IFRS.
In addition to the figures for the reporting period, the financial statements and notes also provide comparative figures at 31 December 2012, reclassified to ensure a better comparison with the current year. The individual tables in the notes are identified on the basis of the numbers assigned by the Bank of Italy, as well as by indicating the page number of Circular 262/2005 (2nd update of 21 January 2014), which we have followed in preparing the tables.
The report on operations and the notes provide the information required by International Accounting Standards, by Italian law and by the Bank of Italy, as well as other non-mandatory information considered necessary to give a true and fair view of the Group's situation.

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities reported in the financial statements. The development of such estimates involves the use of available information and the adoption of subjective judgments based on past experience, which are used to formulate reasonable assumptions for recording corporate events. By their nature, the estimates and assumptions used can vary from year to year, which means that it cannot be excluded that in future years the figures in the financial statements may differ significantly due to changes in the subjective judgments used.

The main situations in which management has to make subjective judgments include the following:

- The quantification of impairment losses on receivables and financial assets generally;
- The use of valuation models for determining the fair value of financial instruments not quoted in active markets;
- Assessing whether the value of intangible assets is fair;
- Quantifying personnel provisions and provisions for risks and charges;
- Making estimates and assumptions regarding the recoverability of deferred tax assets.

Contents of the consolidated financial statements

Consolidated Balance sheet and Consolidated Income statement

The formats used for the balance sheet and income statement are made up of items, sub-items and other details. In the income statement, revenues are shown without a sign, whereas costs are shown in brackets.

Consolidated statement of comprehensive income

The statement of changes in comprehensive income is presented in the manner prescribed by the Bank of Italy, based on the information required by IAS 1.

"Net profit (loss)" is the same amount shown in item 320 of the income statement.

The "other elements of income, net of taxes" include changes in the value of assets recorded during the year with contra-entry to the valuation reserves (net of tax).

Statement of changes in consolidated shareholders' equity

The statement of changes in shareholders' equity is presented in the manner prescribed by the Bank of Italy. It shows the composition and changes in shareholders' equity accounts during the year, divided into share capital, capital reserves, retained earnings and the result for the year.

Consolidated cash flow statement

The cash flow statement for the current and previous years has been prepared using the indirect method, whereby cash flows from operating activities are represented by the result for the year adjusted for non-monetary transactions. Cash flows are broken down into those generated by operating activities, investing activities and financing activities. In this statement, the cash flows generated during the year are shown without a sign, whereas those absorbed are shown in brackets.

Contents of the notes

The notes include the information set out in Bank of Italy Circular no. 262/2005 and subsequent amendments, as well as the additional disclosures required by International Accounting Standards. To reflect in full the formats laid down by the Bank of Italy, we also show the headings of sections on items with zero balances in both years.

Section 3 - Scope of consolidation and consolidation method

1. Investments in subsidiaries and companies under joint control (consolidated on a proportional basis)

Company name	Head office	Type of relationship (1)	Nature of holding		% of votes (2)
			Parent company	**% held**	
A. Companies					
Parent Company					
Santander Consumer Bank S.p.A.	Turin				
A.1 Companies consolidated line by line					
1. Santander Consumer Finance Media S.r.l.	Turin	1	Santander Consumer Bank S.p.A.	65%	
2. Santander Consumer Unifin S.p.A.	Castel Maggiore (BO)	1	Santander Consumer Bank S.p.A.	100%	

Key
(1) Type of relationship:
1 = majority of voting rights at ordinary shareholders' meeting
2 = significant influence at ordinary shareholders' meetings
3 = agreements with other shareholders
4 = other forms of control
5 = joint management pursuant to art. 26, paragraph 1, of Legislative Decree 87/92
6 = joint management pursuant to art. 26, paragraph 2, of Legislative Decree 87/92
7 = joint control
(2) Voting rights at ordinary shareholders' meeting, distinguishing between actual and potential.
Voting rights are only shown if different from the percentage shareholding. There are no potential voting rights.

The consolidated financial statements include those of Santander Consumer Bank and the companies directly controlled by it. The scope of consolidation - as specified by IAS/IFRS (SIC 12 and IAS 27) - also includes the segregated funds belonging to Golden Bar (Securitisation) S.r.l.
The scope of consolidation therefore includes Santander Consumer Finance Media S.r.l. (established in 2006 on the basis of two specific commercial cooperation agreements concluded with De Agostini Diffusione del Libro S.p.A. and Utet S.p.A, giving the Santander Consumer Bank a 65% controlling interest), Santander Consumer Unifin S.p.A. (acquired at the end of June 2013), as well as the segregated funds belonging to Golden Bar S.r.l.(Securitisation).
As regards the change in the scope of consolidation, the transfer of Santander Consumer Unifin S.p.A. by the common parent company Santander Consumer Finance SA, which took place at the end of the first half of 2013, was carried out in continuity of values, without applying the purchase method foreseen by IFRS 3, as it was considered a transaction involving a company "under common control". The balance sheet items have therefore been fully consolidated in the consolidated balance sheet, whereas the income statement has been consolidated on a line-by-line basis from the second half of the year.
The following is a list of the owners of the segregated funds included in the consolidation:

	Company name	Head office
A.	**Companies**	
	1. Golden Bar (Securitisation) S.r.l.	Turin

2. Other information

Consolidation method

Full consolidation method
The consolidated financial statements are prepared under the full consolidation method, which involves line-by-line inclusion of the subsidiary's balance sheet and income statement aggregates. After showing separately the minority interests' share of equity and the result for the year, the value of the investment is eliminated against the residual value of the subsidiary's net equity.

Any differences arising from this operation are recognised in equity as a consolidation reserve.
All intercompany assets, liabilities, income and expenses are eliminated.
The financial statements of the Parent Company and its subsidiary have been prepared as of the same date.

Section 4 - Subsequent events

In the period between the end of 2013 and the date of approval of these financial statements, there have been no events which could have an appreciable impact on the operations and results of the Group.
Pursuant to IAS 10, these financial statements were authorized for publication on 27 March 2014.

Section 5 - Other aspects

The following list shows the new international accounting standards or changes in accounting standards already in force, which are applicable to the Group's financial statements:

- **International Accounting Standards applicable in 2013, but adopted from the financial statements as of 31/12/2012**

– Amendment to IAS 19 Employee Benefits

- **International Accounting Standards that came into force in 2013**

– Amendment to IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
– Amendment to IAS 12 - Deferred tax: Recovery of Underlying Assets
– Amendment to IAS 32 - Offsetting financial assets and financial liabilities
– Amendments to IFRS 7 - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
– IFRS 13 - Fair Value Measurement

On 12 May 2011, the IASB issued IFRS 13 - Fair Value Measurement, which defines the methods for the determination of fair value for financial reporting purposes. It applies in all cases where IAS/IFRS require or permit measurement at fair value or the presentation of information based on fair value, with some limited exceptions. In addition, the standard requires more disclosure on the measurement of fair value ("fair value hierarchy") than is currently required by IFRS 7. The standard is to be applied prospectively from 1 January 2013.
On 16 June 2011, the IASB issued an amendment to IAS 1 - Presentation of Financial Statements to require entities to group items presented in the statement of "Other comprehensive income" into two subgroups, depending on whether they can or cannot subsequently be reclassified to profit or loss.
On 16 December 2011, the IASB issued amendments to IFRS 7 - Financial Instruments: Disclosures. These amendments require the submission of information on the effects (real or potential) on the balance sheet arising from the netting of financial assets and liabilities carried out in accordance with IAS 32. These amendments are applicable retrospectively for annual periods beginning on or after 1 January 2013. Application of these amendments did not have any impact on these financial statements.

- International accounting standards endorsed by the European Union, but not adopted in advance

– IFRS 10 - Consolidated Financial Statements, which will in part replace IAS 27 – Consolidated and Separate Financial Statements (01.01.2014)
– IFRS 12 - Disclosure of Interests in Other Entities (1 January 2014)
– IFRS 11 - Joint Arrangements, which will replace IAS 31 - Investments in Joint Venture (01/01/2014)
– IFRS 12 - Disclosure of Interests in Other Entities (01/01/2014)
– Amendments to IAS 32 - Financial Instruments (01/01/2014)

On 12 May 2011, the IASB issued IFRS 12 - Disclosure of Interests in Other Entities, which represents a new and comprehensive standard on disclosure requirements for the consolidated financial statements for all types of investments, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The standard is applicable retrospectively from 1 January 2014.
On 12 May 2011, the IASB issued IFRS 11 - Joint Arrangements, which will replace IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-monetary Contributions by Venturers. The new standard does not change the criteria for identifying a situation of joint control, but provides new criteria for the accounting treat-

ment of joint arrangements focusing on the rights and obligations arising from such arrangements, rather than on their legal form, and distinguishing between joint ventures and joint operations. The existence of a separate vehicle will not be a sufficient condition for classifying a joint arrangement as a joint venture. Where the parties only have rights over the net equity of the agreement, the standard establishes the equity method as the only method of accounting for joint ventures in the consolidated financial statements. In joint operations where the parties have rights to the assets and obligations for the liabilities of the agreement, the standard envisages direct inclusion in the consolidated financial statements (and in the separate financial statements) of a pro-rata share of the assets, liabilities, expenses and revenues deriving from the joint operation. The new standard is applicable retrospectively from 1 January 2014.
On the basis of IAS 8, we would also inform you that certain figures for 2012 have been reclassified in order to allow comparison on a consistent basis. The following are the material changes involved in the reclassification of the difference between what was paid by the insurance companies and the amount of revenue actually expected.

Items	31/12/2012	Reclassifications	31/12/2012
	Published		**Restated**
100. Other liabilities	(84,366)	(9,103)	(93,469)
120b) Provisions for risks and charges	(13,692)	9,103	(4,589)

Complete copies of the last financial statements with the reports on operations of the companies that at 31 December 2013 were subsidiaries or associates, and that their respective Boards of Directors will submit for approval of their shareholders' meetings by 30 April 2014, will be deposited at head office.
The related reports of the Board of Statutory Auditors and Independent Auditors will also be deposited. The prior year financial statements of these companies will be deposited as well.
Information on the activities and results achieved by the subsidiaries in 2013 are included in the report accompanying the consolidated financial statements.
The consolidated financial statements are audited by Deloitte & Touche S.p.A., pursuant to the Resolution of the Shareholders' Meeting of 27 April 2010, which appointed this firm to perform the audit for the nine years from 2010 to 2018.

A.2 – Main captions in the financial statements

This section explains the accounting policies followed to prepare the 2013 financial statements. The Group's accounting policies are explained with reference to the classification, recognition, measurement and derecognition of assets and liabilities. A description of the economic effects is given for each of these stages, where relevant.

1. Loans

Recognition
Loans are initially recognised on the payout date, with reference to the fair value of the financial instrument concerned. This is represented by the amount paid out including costs/revenues that are both directly attributable to the individual loans and identifiable from the start of the transaction, even if they are settled at a later time.

Classification
Loans include loans to customers and to banks, whether granted directly or acquired from third parties, with fixed or determinable payments, that are not quoted in an active market and which were not originally classified as "Financial assets available for sale". Loans include loans originating from leasing operations , as well as loans previously sold for securitisation transactions, which do not satisfy the condition of the transfer of risks and benefits in IAS 39 on derecognition ., and in IAS 27 and the related interpretation document SIC 12 on Consolidated Financial Statements.

Measurement and recognition of components affecting the income statement
After initial recognition, loans are measured at their amortised cost, corresponding to the initial cost less/plus principal repayments, net adjustments/recoveries and amortisation - calculated using the effective interest method - of the difference between the amount paid out and the amount repayable on maturity, which is generally attributable to the costs/income directly allocated to the individual loans. The effective interest rate is the rate that equates the present value of future cash flows of loans, for principal and interest, to the amount granted, including costs/in-

come attributable to the loan. This accounting method, using a financial logic, allows distribution of the economic effect of costs/income over the estimated residual life of the loan.
Loans are assessed at the end of each accounting period to identify any objective evidence, arising from events subsequent to initial recognition, that their value may be impaired. This includes positions classified as doubtful, watchlist, restructured or past due loans in compliance with current Bank of Italy regulations. These non-performing loans are assessed in detail and the adjustment made to each position represents the difference between their book value at the time of measurement (amortised cost), net of impairment. The adjustments are recorded in the income statement The original value of loans is reinstated in subsequent periods, to the extent that the reasons for the adjustments made cease to apply, on condition that this assessment is objectively linked with events that took place subsequent such adjustments. The writeback is recorded in the income statement Loans for which there is no objective evidence of impairment, i.e. those usually classified as performing loans, are periodically assessed and adjusted if they are deemed to be impaired1. This assessment takes place by homogeneous loan categories in terms of their credit risk and the relative loss percentages are estimated taking into account past experience, based on observable elements at the measurement date, which make it possible to estimate the value of the loss for each category of loans. Adjustments that are calculated on a collective basis are charged to the income statement.

Derecognition
Apart from those situations where the impairment of the loans reduces their fair value to zero, loans are only eliminated from the balance sheet if their disposal leads to the transfer of substantially all of the risks and benefits associated with them. This situation takes place in the case of a transfer without recourse with respect to non-performing loans, the economic effects of which are recorded in item 100 (gains/losses on disposal or repurchase of loans) in the income statement. Conversely, if the risks and benefits relating to loans that have been sold are retained, these continue to be reported as assets in the balance sheet, even if legal ownership of the loans has been effectively transferred. Cancellation also takes place following the expiry of the contractual rights or when the loan is considered permanently unrecoverable.

2. Hedging derivatives

Type of hedges
Hedges are arranged to neutralise losses that may be incurred in relation to a given element or group of elements, as a consequence of a given risk, via profits that would be earned on another element or group of elements should that particular risk crystallise. Of the types of hedges that are allowed, uses cash flow hedging (CFH) to neutralise the exposure of its liabilities to changes in future cash flows arising from unexpected fluctuations in interest rates, and fair value hedging (FVH) for a portion of its fixed-rate assets.

Measurement
Hedging derivatives are measured at their fair value. Therefore, changes in the fair value of the derivative in the case of CFH derivatives are recognised in the shareholders' equity for the effective portion of the hedge, and are recognised in the income statement only when there is a change in hedged item's cash flows to be compensated. In the case of FVH derivatives, any change in the fair value of the hedging instrument is recognised in the income statement, as are changes in the fair value of the hedged item, with a net effect to reflect the partial ineffectiveness of the hedge.
Hedging transactions are formally documented and subject to regular testing by:
- prospective tests that justify the application of hedge accounting, by demonstrating the expected effectiveness of the hedge;
- retrospective tests that show the effectiveness of the hedge during the period under review. The tests described here are designed to determine the extent to which the actual results differ from the perfect hedge. If the tests do not confirm the hedge's effectiveness, hedge accounting is interrupted for the ineffective portion and it is reclassified to financial instruments held for trading.

Recognition of components affecting the income statement
In the case of CFH derivatives, as long as the effectiveness of the hedge remains, changes in the fair value of the hedging derivative are recorded in a specific cash flow hedging reserve with these reserves merely being released on expiry of the derivative or the ineffective portion being transferred to the income statement on failing the effectiveness test). In the case of FVH derivatives, changes in the fair value of the hedging derivative and of the hedged item are recognised in the income statement.
Differentials on hedging derivatives, whether FVH or CFH, are recognised in the income statement on a pro-rata basis.

3. Equity investments

No equity investments remain in the balance sheet at the end of the consolidation process. The value of the investments in subsidiaries was eliminated and replaced by their assets, liabilities and shareholders' equity on a line-by-line basis, in accordance with the full consolidation method.

4. Property and equipment

Recognition
Property and equipment are initially recorded at purchase price, including any directly attributable purchasing costs or costs involved in bringing the asset to working condition.

Classification
Property and equipment include motor vehicles owned by the company, furniture and furnishings and equipment of any kind. They are property and equipment that are held for use in the production or supply of goods or services or for administrative purposes and expected to be used for a number of years. This category also includes leasehold improvements to fixed assets, which have not been included in other assets as permitted by the Bank of Italy.

Measurement
Tangible fixed assets are measured at cost less depreciation and any impairment losses. Fixed assets are depreciated systematically over their estimated useful life, taking into account the date of entry into operation of the asset. Any adjustments are recorded in the income statement.

Derecognition
Property and equipment are derecognised on disposal, or when the assets concerned are permanently taken out of use and no further economic benefits are expected from their disposal.

5. Intangible assets

Classification
This category includes non-monetary, identifiable intangible assets with a useful life of several years, mainly represented by software. Intangible assets are recognised if they are identifiable and reflect legal or contractual rights.

Recognition and measurement
Intangible assets are stated at cost, adjusted for any ancillary charges only if it is probable that the future economic benefits attributable to the asset will be realized and if the cost of the asset can be measured reliably. Otherwise, the cost of the intangible asset is recognised in the income statement in the period that the cost is incurred. The cost of intangible assets (classified as assets with a finite duration) is amortised on a straight-line basis over their useful lives. An estimate of recoverable value is made if there is any evidence of asset impairment at the reporting date. The impairment loss, expensed to income, is the difference between the carrying value of an asset and its recoverable amount.

Derecognition
Intangible assets are derecognised on retirement and when no further economic benefits are expected.

6. Non-current assets held for sale and discontinued operations and liabilities associated with groups of assets held for sale

Recognition
In this category are recognised non-current assets whose carrying value will be recovered principally through a sale rather than through its continuing use. This case includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract. The related recognition occurs once the full availability of the asset is ascertained, for an amount equal to the lower of the carrying value and its fair value net of costs to sell, that meets the requirements of high probability that it will be sold, as well as reduced time lag between initial recognition and subsequent disposal, usually within a year.

Classification and recognition of components affecting the income statement
Assets that meet the criteria to be classified as non-current assets held for sale are shown separately in the balance sheet.

Measurement
Assets that meet the criteria to be classified in this category are valued at the lower of their carrying value and fair value, net of costs to sell. The related adjustment is recorded under impairment losses on property and equipment, as required by the instructions for preparation of the financial statements of banks issued by the Bank of Italy (Circular 262/2005 2nd update).

Derecognition
The derecognition of non-current assets held for sale takes place when the asset is sold.

7. Tax assets and liabilities

The effects of current and deferred taxation are recognised by applying the current tax rates. Income taxes are recognised in the income statement.
The provision for income taxes is determined on the basis of a prudent estimate of current taxes, deferred tax assets and deferred tax liabilities. In particular, deferred tax assets and liabilities are determined on the basis of temporary differences - without time limits - between the value of an asset or a liability according to statutory criteria and the corresponding values for tax purposes.
Deferred tax assets, representing the future tax benefit deriving from deductible temporary differences or tax losses carried forward, are recognised to the extent that their recovery is likely.
Deferred tax assets and liabilities are systematically assessed to take account of any changes in regulations or tax rates.

8. Provisions for risks and charges

Classification and recognition
The provisions for risks and charges cover liabilities whose timing and extent are uncertain, when all the following conditions are met:
- a current obligation exists at the balance sheet date, deriving from a past event;
- the origin of the obligation must either be legal (deriving from a contract, regulation or the provisions of law) or implicit (arising when the business causes third parties to expect that commitments will be met, even if these do not fall into the category of legal obligations);
- a financial outflow is likely;
- the extent of the obligation can be estimated reliably.

Provisions for risks and charges include the provisions for risks and charges dealt with in IAS 37.

Measurement
Provisions are measured on the basis of reliable forecasts in terms of the expected disbursement, discounted at current market rates when the time element is significant. Provisions are charged to the income statement.

Derecognition and recognition of components affecting the income statement
The liabilities relating to provisions for risks and charges are eliminated on settlement of the expected amount or in circumstances where the conditions that led to the initial provision no longer exist. Accruals to the provisions in question and their increase due to the passage of time are recognised under "Net provisions for risks and charges" in the income statement.

9. Debts and debt securities issued

Recognition
The initial recognition of these financial liabilities takes place on receipt of the amounts collected or on issue of the debt securities. These liabilities are initially recognised at their fair value, usually corresponding to the amount collected or the issue price, plus any additional costs/proceeds directly attributable to the individual funding transaction or issue that are not reimbursed by the creditor.

Classification
Amounts due to banks, due to customers, debt securities issued and financial liabilities held for trading include the various forms of interbank and customer funding through current accounts and issued debt securities. These items also include liabilities related to loans involved in securitisations, sold but not derecognised, which are therefore still shown in the balance sheet.

Measurement
After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. As an exception, short-term liabilities are measured at the amount collected, as the effect of the time factor is insignificant.

Derecognition
Financial liabilities are derecognised when they expire or are settled. The repurchase of debt securities issued in prior periods results in their derecognition.

10. Other information

Treasury shares
There are no treasury shares to be deducted from shareholders' equity.

Provision for employee termination indemnities
The provision for employee termination indemnities is recognised on the basis of its actuarial value. For the purposes of discounting, the projected unit credit method is used, which involves the projection of future payments based on historical statistical analyses and the demographic curve, and the discounting of these flows on the basis of a market interest rate. The contributions paid in each year are considered as separate units, recorded and evaluated individually in order to determine the final obligation.
Following implementation of the changes to IAS 19 - Employee Benefits, the accounting treatment of the various components are as follows: personnel charges include interest costs (which correspond to the change in the current value of the actuarial estimate at the previous year-end, merely due to the fact that the estimated date of disbursement is getting closer) and service costs (which correspond to the higher cost due mainly to the increase in salaries and in the workforce). Actuarial gains and losses (reflecting any variation in the present value caused by changes in the macroeconomic scenario or in interest rate estimates), are posted to shareholders' equity.

Provisions for commitments and guarantees given
Not applicable.

Share-based payments
Not applicable.

Revenue recognition
Revenues are recognised when received or when it is likely that the future benefits will be received and these benefits can be measured reliably. The effects of transactions and other events are recognised when they occur and not when the amount involved is received or paid ; they are shown in the accounting records and reported in the financial statements of the periods to which they relate on an accrual basis.

Fair value measurements
Fair value can be defined as the price that one would receive for selling an asset or that one would pay to transfer a liability at market conditions on the measurement date. In compliance with IFRS 13, the calculation of fair value has been adapted for each specific asset or liability. This means that when measuring fair value, we took account of the characteristics of the asset or liability. These characteristics include the following, among other things:

- the condition and location of the asset;
- any restrictions on its sale or use.

Measurement at fair value presumes that the sale and/or transfer of the asset/liability take place:

- on the principal market for the asset/liability;
- otherwise, on the most advantageous market for the asset/liability.

Reference should be made to Part A - Accounting policies – A.4 Information on fair value for the methods used to measure the fair value of financial assets and liabilities.

Method of determining amortised cost
The amortised cost of a financial asset or liability is the amount at which it was measured on initial recognition, net of repayments of principal, plus or minus accumulated amortisation (calculated using the effective interest method) of the differences between the initial value and its value on maturity, less any impairment loss.
The effective interest rate is the rate that equates the present value of a financial asset or a liability to the contrac-

tual flow of future cash payments, either received up to the expected maturity or to the next date that the price is recalculated. To calculate the present value, the effective interest rate is applied to the future cash flows received or paid through the entire life of the financial asset or liability, or for a shorter period under certain conditions (for example, if there is a change in market rates).
After initial recognition, the amortised cost permits the allocation of revenues and costs to decrease or increase the instrument over its entire expected life through the amortisation process.
With particular reference to fixed-rate loans that arise as part of the consumer finance business, the contributions received from dealers under special conventions as part of promotional campaigns (contracted at subsidised rates of interest) and the preliminary fees in excess of the costs incurred are classified as transaction income; reimbursements of stamp duty and legal fees, on the other hand, are excluded, as they are mere recoveries of expenses, as are penalties on cancellation of credit terms (requiring immediate repayment) and premiums on insurance policies brokered as accessories not inherent to loan agreements. Reimbursements of collection expenses are also excluded from the calculation of the effective interest rate because of the low mark-up compared with the actual charges incurred for the collection of loan repayments.
On the cost side, commissions paid to distribution channels are attributable to the financial instrument concerned. With regard to credit cards, the immateriality of the amounts of associated transaction costs, and the absence of a sinking fund plan known beforehand because of their floating-rate structure, means that the income and expenses associated with such an instrument tend to be excluded from the scope of amortised cost. For leases, the components of amortised cost are identified as the premiums and commissions paid to the sales network.
As mentioned in the section on valuation criteria for loans, debts and debt securities issued, the valuation of amortised cost is not applied to financial assets and liabilities whose short duration makes the economic effect of discounting insignificant nor to loans without a defined maturity.

Method of determining the impairment of financial assets
At each reporting date, financial assets classified as "held for trading" are subjected to an impairment test to verify whether there is objective evidence that their carrying amount may not be fully recoverable.
There is impairment if there is objective evidence of a reduction in future cash flows compared with those originally estimated, as a result of specific events; the loss must be quantified in a reliable manner and associated with actual events rather than just expected events. The assessment of impairment is carried out on an individual basis for financial assets that present specific evidence of impairment and collectively for financial assets for which no analytical assessment is required or for which analytical assessment did not result in an impairment.
Loans to customers and banks are subject to analytical valuation if they have been classified as doubtful, watchlist, restructured or past due according to the definitions of the Bank of Italy, which are consistent with IAS/IFRS.
These non-performing loans are assessed analytically and the adjustment made to each position represents the difference between their carrying amount at the time of measurement (amortised cost) and the present value of expected cash flows, discounted using the original effective interest rate.
Expected cash flows take account of the likely recovery period, the estimated realisable value of any guarantees obtained and the probable costs to be incurred to recover the outstanding loan. Cash flows relating to loans whose recovery is expected in the short term are not discounted, as the financial factor is not significant.
Loans for which there is no objective evidence of loss are assessed for impairment on a collective basis.

Intercompany transactions
Banking and commercial transactions with the shareholder, the parent company and its subsidiary Santander Consumer Finance Media S.r.l. and Santander Consumer Unifin S.p.A. are regulated on an arm's-length basis.

Securitisations
Interpretation SIC 12 - Consolidation - Special Purpose Entities (SPE) provides that an SPE should be consolidated when the essence of the relationship between the company and the SPE suggests that the SPE is controlled by the company. In addition to the situations described in IAS 27, paragraph 13, the following circumstances may indicate a relationship in which a company controls an SPE and consequently should consolidate it:
(a) in essence, the SPE's activities are being conducted on behalf of the company in relation to its specific business needs, so that the company obtains benefits from the SPE's activity;
(b) in essence, the company has decision-making powers to obtain the majority of the benefits of the SPE's activity or the company has delegated these decision-making powers by setting up an 'autopilot' mechanism;
(c) in essence, the company has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks inherent in the SPE's activity;
(d) in essence, the company retains most of the residual or ownership risks connected with the SPE or its activity in order to obtain benefits from it.

Where there are grounds according to this law, the entities represented by the segregated funds of the securitisations outstanding at the end of the year are included in the scope of consolidation and consolidated on a line-by-line basis with recognition of the related assets, liabilities, income and expenses, at the same time adjusting the securities subscribed by the entity, other balance sheet items related to the SPE and the corresponding items in the income statement.
With reference to the Financial Stability Forum's recommendations on transparency and in accordance with the Supervisory Authority's instructions regarding the disclosure requirements relating to exposures to certain financial instruments, such as asset-backed securities (ABS), please refer to Part E, paragraph C. "Securitisation and assignment of assets".

A.3 – Information on transfers between portfolios of financial assets

A.3.1 Reclassified financial assets: carrying value, fair value and effects on comprehensive income

There are no reclassified financial assets.

A.3.2 Reclassified financial assets: effects on comprehensive income before transfer

There are no reclassified financial assets.

A.3.3 Transfer of financial assets held for trading

The Bank has not made transfers of portfolios between the different categories of financial assets during the year.

A.3.4 Effective interest rate and cash flows expected from reclassified assets

There are no reclassified financial assets.

A.4 – Information on Fair Value

Qualitative information

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The valuation techniques used are adjusted according to the specific characteristics of the assets and liabilities being measured. The choice of inputs is designed to maximise the use of those that can be directly observed on the market, reducing as much as possible the use of internal estimates.
The valuation techniques used by the Group are:

- The market approach. This method uses prices and other significant information generated by market transactions in identical or comparable assets.
- The revenue approach. This method converts future amounts (cash flow, revenues, expenses) into a single amount, which is then discounted. When this approach is used, the calculation of fair value reflects current expectations about future amounts. This technique also includes the net present value method.

A.4.2 Valuation processes and sensitivity

The following is an explanation of the process used to measure the fair value of the individual items in the financial statements.

As regards the assets in the balance sheet:

- Cash, bank current accounts, sight deposits and short-term bank balances. For these items, the assumption is that their fair value is the same as their carrying amount in the balance sheet.
- Hedging derivatives. The fair value is calculated by means of a daily valuation based on the expected cash flows.
- Loans to customers:

- Sight assets. The assumption is that their fair value is the same as their carrying amount in the balance sheet.
- Other assets. The fair value of the portfolio is calculated by discounting the expected cash flows, net of adjustments, on the basis of a risk-free yield curve increased by the intercompany spread applicable at the measure-

ment date. This method assumes that the credit risk has already been incorporated at the time the asset was tested for impairment.

As regards the liabilities in the balance sheet:
- Due to banks on demand. The assumption is that the fair value is the same as the carrying amount in the balance sheet.
- Due to banks in the medium to long term. The fair value is calculated by discounting the expected cash flows on the basis of the yield curve observable on the market, increased by the intercompany spread applicable at the measurement date.
- Due to customers:
- Deposit accounts. The fair value is calculated by discounting the expected cash flows at the interest rate effectively applied to the customer at the measurement date.
- Current accounts and demand deposits. For these items, the assumption is that the fair value is the same as the carrying amount in the balance sheet.
- Debt securities issued. The fair value is calculated by discounting the expected cash flows on the basis of the yield curve observable on the market, increased by the intercompany spread.
- Hedging derivatives. The same as for hedging derivatives included in Assets.

A.4.3 Fair value hierarchy

In order to increase consistency and comparability in fair value measurements, IFRS 13 establishes a hierarchy based on the inputs used for the various valuation techniques.
This hierarchy gives preference to the use of prices quoted on active markets for identical assets and/or liabilities as opposed to inputs that cannot be directly observed on the market. The inputs used in the calculation can be put into one of three categories:
- Level 1. The fair value can be observed directly on active markets to which the entity has access at the date of measurement of the fair value of identical or comparable assets or liabilities.
- Level 2. The fair value is calculated internally on the basis of inputs that can be observed directly on the market.
- Level 3. The fair value is calculated internally on the basis of inputs that cannot be observed directly on the market. The company uses assumptions that are made internally.

A.4.4 Other information

There is no other information of a qualitative nature to be given in addition to what has been explained in the preceding paragraphs.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

Financial assets/liabilities designated at fair value	31/12/2013			31/12/2012		
	L1	**L2**	**L3**	**L1**	**L2**	**L3**
1. Financial assets held for trading						
2. Financial assets designated at fair value through profit and loss						
3. Financial assets available for sale						
4. Hedging derivatives		43,644				
5. Property and equipment						
6. Intangible assets						
Total		**43,644**				
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value through profit and loss						
3. Hedging derivatives		104,860			125,573	
Total		**104,860**			**125,573**	

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.4.5.2 Annual changes in financial assets measured at fair value on a recurring basis (level 3)

The Company does not hold any assets that are measured at fair value on a recurring basis.

A.4.5.3 Annual changes in financial liabilities measured at fair value on a recurring basis (level 3)

The Company does not hold any liabilities that are measured at fair value on a recurring basis.

A.4.5.4 Assets and liabilities not valued at fair value or valued at fair value on non-recurring basis: distribution by levels of fair value

Assets/liabilities not valued at fair value or valued at fair value on non-recurring basis	31/12/2013				31/12/2012			
	BV	**L1**	**L2**	**L3**	**BV**	**L1**	**L2**	**L3**
1. Financial assets held to maturity								
2. Due from banks	981,390			981,390	957,249			957,249
3. Loans to customers	5,511,738			5,813,722	6,552,646			6,440,341
4. Investment property								
5. Non-current assets held for sale and discontinued operations	22		22		290		290	
Total	**6,493,149**		**22**	**6,795,112**	**7,510,186**		**290**	**7,397,590**
1. Due to banks	5,023,840			5,050,134	6,160,895			6,160,895
2. Due to customers	290,034			292,401	339,280			339,280
3. Debt securities issued	649,585			649,243	626,419			626,419
3. Liabilities associated with non-current assets held for sale								
Total	**5,963,459**			**5,991,778**	**7,126,594**			**7,126,594**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.5 Information on "day one profit/loss"

The Company does not hold any financial instruments that meet the conditions referred to in paragraph 28 of IFRS 7.

Part B – Information on the consolidated balance sheet

ASSETS

Section 1 - Cash and cash equivalents - item 10

1.1 Cash and cash equivalents: breakdown

This item shows a balance of Euro 12 thousand (Euro 6 thousand at 31 December 2012) and includes the liquidity held at the head office and at branches throughout the country in the form of cash:

	31/12/2013	31/12/2012
a) Cash	12	6
b) Demand deposits with central banks		
Total	**12**	**6**

Section 2 - Financial assets held for trading - item 20

The Group has not designated any financial assets to this category.

Section 3 - Financial assets designated at fair value through profit and loss - item 30

The Group has not designated any financial assets to this category.

Section 4 - Financial assets available for sale - item 40

There are no financial assets available for sale at the balance sheet date.

Section 5 - Financial assets held to maturity - item 50

The Group has not designated any financial assets to this category.

Section 6 – Due from banks – item 60

6.1 Due from banks: breakdown

Amounts due from banks come to Euro 981,390 thousand (Euro 957,249 thousand at 31 December 2012) and are made up as follows:

Type of transaction/Amounts	31/12/2013				31/12/2012			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Due from central banks	**11,454**			**11,454**	**3,473**			**3,473**
1. Time deposits		X	X	X		X	X	X
2. Compulsory reserve	11,454	X	X	X	3,473	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Due from banks	**969,936**			**969,936**	**953,776**			**953,776**
1. Loans	**969,936**			**969,936**	**953,776**			**953,776**
1.1 Current accounts and deposits	745,750	X	X	X	77,019	X	X	X
1.2 Time deposits		X	X	X		X	X	X
1.3 Other loans:		X	X	X		X	X	X
- Repurchase agreements		X	X	X		X	X	X
- Finance leases		X	X	X		X	X	X
- Other	224,186	X	X	X	876,757	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total (book value)	**981,390**			**981,390**	**957,249**			**957,249**

Key:
FV = Fair Value
BV = Book Value

Amounts due from central banks are represented by receivables from the Bank of Italy with a balance of Euro 11,454 thousand (Euro 3,473 thousand at 31 December 2012).

Amounts due from banks refer to:
- Credit balances on bank current accounts for Euro 745,750 thousand (Euro 77,019 thousand at 31 December 2012), consisting of cash deposits belonging to the segregated funds of the securitisations (Euro 736,821 thousand);
- Other loans, which mainly include the commercial paper issued by Abbey National Treasury Services plc, a Group company, and subscribed by the SPE for Euro 206,486 thousand and Euro 17,700 thousand relating to the amounts paid as a guarantee deposit to the other party, Banco Santander, corresponding to the negative fair value of the derivative contracts entered into with it.

6.2 Due from banks with specific hedges

There are no amounts due from banks with specific hedges.

6.3 Finance leases

At 31 December 2013, there are no receivables under financial leases with banks.

Section 7 – Loans to customers – item 70

7.1 Loans to customers: breakdown

Loans to customers amount to Euro 5,511,738 thousand (Euro 6,552,646 thousand at 31 December 2012) and are made up as follows:

Type of transaction/ Amounts	31/12/2013						31/12/2012					
	Book value			Fair value			Book value			Fair value		
	Performing loans	Non-performing loans		L1	L2	L3	Performing loans	Non-performing loans		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans	**5,375,879**		**135,859**			**5,813,722**	**6,419,434**		**133,212**			**6,440,341**
1. Current accounts	8,542		597	X	X	X	8,065		394	X	X	X
2. Repurchase agreements				X	X	X				X	X	X
3. Mortgage loans				X	X	X				X	X	X
4. Credit cards, personal loans and salary assignment	3,235,953		102,887	X	X	X	3,702,334		97,896	X	X	X
5. Finance leases	72,669		1,392	X	X	X	166,953		4,169	X	X	X
6. Factoring	122,930			X	X	X	76,582			X	X	X
7. Other loans	1,935,785		30,983	X	X	X	2,465,500		30,753	X	X	X
Debt securities												
8. Structured				X	X	X				X	X	X
9. Other debt securities				X	X	X				X	X	X
Total	**5,375,879**		**135,859**			**5,813,722**	**6,419,434**		**133,212**			**6,440,341**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

In particular, loans to customers include:

- Euro 9,139 thousand (of which, Euro 597 thousand non-performing loans) for credit balances on current accounts with customers and post office current accounts;
- Euro 3,338,840 thousand (of which, Euro 102,887 thousand non-performing loans) for loans to customers arising from financing personal loan transactions, credit cards and loans guaranteed by salary assignment;
- Euro 74,061 thousand (of which, Euro 1,392 thousand non-performing loans) for loans to customers for finance leases, recorded at amortised cost;
- Euro 122,930 of receivables relating to factoring transactions with automotive companies;
- Euro 1,966,768 thousand (of which, Euro 30,983 thousand non-performing loans) for loans to customers resulting from stock financing (Euro 141,044 thousand), financing for car loans and other special-purpose loans.

The total of assets assigned and not derecognised (Euro 4,372,988 thousand, of which Euro 76,221 thousand impaired) was allocated to the various forms of financing, as required by the instructions for preparation of the financial statements.
For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

7.2 Loans to customers: breakdown by borrower/issuer

Type of transaction/Amounts	31/12/2013			31/12/2012		
	Performing loans	Non-performing loans		Performing loans	Non-performing loans	
		Purchased	Other		Purchased	Other
1. Debt securities						
a) Governments						
b) Other public entities						
c) Other issuers						
- non-financial institutions						
- financial institutions						
- insurance companies						
- other						
2. Loans to:						
a) Governments						
b) Other public entities	241			509		5
c) Other parties						
- non-financial institutions	468,806		12,780	630,454		12,946
- financial institutions	891		6	13,664		2
- insurance companies	17					
- other	4,905,924		123,073	5,774,807		120,259
Total	**5,375,879**		**135,859**	**6,419,434**		**133,212**

7.3 Loans to customers with specific hedges

There are no loans to customers with specific hedges.

7.4 Finance leases

	Amounts at 31/12/2013	
Information by lessor	**Minimum lease payments**	**Present value of minimum lease payments**
Finance lease instalments due		
Up to 12 months	28,805	27,052
1 to 5 years	41,628	39,094
Beyond 5 years	11,856	11,134
Total	**82,289**	**77,280**
of which:		
Unguaranteed residual values accruing to the lessor		
Less: unearned finance income	5,009	X
Present value of minimum lease payments	**77,280**	**77,280**

The table provides information in accordance with IAS 17, paragraph 47, a) and c) and paragraph 65, as required by the instructions contained in the Bank of Italy's Circular 262 of 22 December 2005. The lease contracts with customers form part of the general category of motor vehicle leasing.

Section 8 – Hedging derivatives – item 80

8.1 Hedging derivatives: breakdown by type of hedge and level

	FV			NV	FV			NV
	31/12/2013				31/12/2012			
	L1	L2	L3	31/12/2013	L1	L2	L3	31/12/2012
A) Financial derivatives								
1) Fair value		43,644		2,384,932				
2) Cash flows								
3) Foreign investments								
B) Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**43,644**		**2,384,932**				

Key:
FV = Fair Value
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The portfolio of hedging derivatives subscribed with the Spanish Parent Company Banco Santander, taken out to mitigate interest-rate risk, at 31 December 2013 included contracts with a positive fair value of Euro 43,644 thousand, whereas at 31 December 2013 it had a zero balance.
As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 1.2 - Market risk, Subsection 1.2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table gives details of hedging derivatives with negative fair values at 31 December 2013 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
230,000,000	21/09/2012	25/03/2019	Banco Santander	424,161
220,000,000	07/11/2012	10/06/2019	Banco Santander	497,756
221,000,000	06/06/2013	10/04/2018	Banco Santander	138,218
158,000,000	19/06/2013	21/03/2019	Banco Santander	50,853
306,255,963	30/03/2011	20/07/2016	Banco Santander	8,131,656
633,202,425	09/12/2011	31/05/2022	Banco Santander	18,335,997
616,474,002	17/11/2011	20/12/2016	Banco Santander	16,065,858
2,384,932,390				**43,644,499**

8.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge (book value)

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific								
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks	Generic	Specific	Generic	
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X	43,644	X		X
5. Other transactions						X		X	
Total assets						**43,644**			
1. Financial liabilities				X		X		X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities									
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 8.1

Section 9 - Fair value change of financial assets in hedged portfolios - item 90

9.1 Remeasurement of hedged assets: breakdown by hedged portfolio

Remeasurement of hedged assets/Amounts	31/12/2013	31/12/2012
1. Positive adjustment		
1.1 specific portfolios		
a) loans	47,434	102,542
b) financial assets available for sale		
1.2 general adjustment		
2. Negative adjustment		
2.1 specific portfolios		
a) loans		
b) financial assets available for sale		
2.2 general adjustment		
Total	**47,434**	**102,542**

The above table shows the change in value of the loan portfolio being hedged on the basis of the Fair Value Hedging Model.

9.2 Assets subject to general hedging of interest rate risk

Hedged assets	31/12/2013	31/12/2012
1. Loans	3,439,070	4,233,734
Total	**3,439,070**	**4,233,734**

Section 10 - Equity investments - item 100

Following the line-by-line consolidation of the subsidiaries Santander Consumer Unifin S.p.A. and Santander Consumer Finance Media S.r.l., there are no more equity investments in the financial statements.

Section 11 - Technical reserves carried by reinsurers - item 110

No Group company carries on insurance business.

Section 12 – Property and equipment – item 120

12.1 Property and equipment for business purposes: breakdown of assets measured at cost

Property and equipment amount to Euro 4,296 thousand (Euro 4,953 thousand at 31 December 2012) and are made up as follows:

Assets/Amounts	31/12/2013	31/12/2012
1. Own assets		
a) land		
b) property		
c) furniture	242	300
d) electronic systems	1,099	1,029
e) other	2,955	3,624
2. Assets purchased under finance leases		
a) land		
b) property		
c) furniture		
d) electronic systems		
e) other		
Total	**4,296**	**4,953**

"Other" mainly includes vehicles used by employees to perform their work (Euro 2,285 thousand), deferred charges made up of leasehold improvements (Euro 120 thousand) and telephone systems, equipment and facilities provided (Euro 224 thousand). The Group's fixed assets have been given the following useful lives for the purpose of calculating the annual depreciation charge:

Category of assets	Useful life (years)
Office furniture and furnishings	9
Ordinary office machines	9
Data processing machines	5
Telephone systems	4
Vehicles	4
Miscellaneous equipment	4
Deferred charges to be amortized	6

12.2 Investment property: breakdown of assets measured at cost

There are no items of investment property measured at cost.

12.3 Property and equipment for business purposes: breakdown revalued assets

There are no items of property and equipment used in operations that have been revalued.

12.4 Investment property: breakdown of assets measured at fair value

There are no items of investment property measured at fair value.

12.5 Property and equipment used for business purposes: changes in the period

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross amount			**4,485**	**9,626**	**16,596**	**30,707**
A.1 Total net adjustments			(4,185)	(8,597)	(12,972)	(25,754)
A.2 Opening net amount			**300**	**1,029**	**3,624**	**4,953**
B. Increases			**299**	**810**	**1,639**	**2,748**
B.1 Purchases			15	453	1,069	1,537
B.2 Capitalised improvement costs						
B.3 Recoveries						
B.4 Positive changes in fair value posted to:						
a) shareholders' equity						
b) income statement						
B.5 Positive exchange rate adjustments						
B.6 Transfers from						
investment property						
B.7 Other changes			284	357	570	1,211
C. Decreases			**357**	**740**	**2,308**	**3,405**
C.1 Sales				3	159	162
C.2 Depreciation			83	409	1,545	2,037
C.3 Impairment						
losses recognised to:						
a) shareholders' equity						
b) income statement			59		299	358
C.4 Negative changes in						
fair value recognised to:						
a) shareholders' equity						
b) income statement						
C.5 Negative exchange rate adjustments						
C.6 Transfers to:						
a) investment						
property						
b) non-current assets held for sale						
C.7 Other changes			215	328	305	848
D. Closing net amount			**242**	**1,099**	**2,955**	**4,296**
D.1 Total net adjustments			(4,245)	(8,790)	(12,870)	(25,905)
D.2 Closing gross amount			4,487	9,889	15,825	30,201
E. Measurement at cost						

Each class of assets is measured at cost. Sub-item E (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for tangible assets that are carried in the balance sheet at fair value.
The main increases during the year concerned upgrading of hardware and the purchase of cars used by employees in performing their work.
The other increases reported in item B.7 represent the value of fixed assets of Santander Consumer Unifin on acquisition by the Parent Company, whereas item C.7 - Other decreases shows the respective depreciation.
The changes in the income statement relating to depreciation and amortisation and other increases and decreases between the date of acquisition and the year-end are shown in items B.1, C.1 and C.2 together with those of the other Group companies.
The impairment losses relating to the branches that are involved in the restructuring are shown in item C.3b.

12.6 Investment property: changes in the period

There are no fixed assets held for investment purposes.

12.7 Commitments to purchase property and equipment

There are no commitments to repurchase property and equipment.

Section 13 – Intangible assets – item 130

13.1 Intangible assets: breakdown by type

Intangible assets amount to Euro 10,207 thousand (Euro 10,461 thousand at 31 December 2012).

Assets/Amounts	31/12/2013		31/12/2012	
	Finite useful life	**Indefinite useful life**	**Finite useful life**	**Indefinite useful life**
A.1 Goodwill	X		X	
A.1.1 attributable to the Group	X		X	
A.1.2 attributable to minority interests	X		X	
A.2 Other intangible assets				
A.2.1 Measured at cost:				
a) Internally-generated intangible assets				
b) Other assets	10,207		10,461	
A.2.2 Carried at fair value				
a) Internally-generated intangible assets				
b) Other assets				
Total	**10,207**		**10,461**	

"Other intangible assets" refer entirely to the software supplied to the Group companies.
The amortisation of software into production is calculated on the basis of a useful life of three years.

13.2 Intangible assets: change in the period

	Goodwill	Other internally-generated intangible assets		Other intangible assets: other		Total
		FIN	**INDEF**	**FIN**	**INDEF**	
A. Opening balance				55,659		**55,659**
A.1 Total net adjustments				(45,198)		**(45,198)**
A.2 Opening net amount				10,461		**10,461**
B. Increases				7,275		
B.1 Purchases				5,427		**5,427**
B.2 Increases in internally-generated intangible assets	X					
B.3 Recoveries	X					
B.4 Positive changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
B.5 Exchange gains						
B.6 Other changes				1,848		**1,848**
C. Decreases				7,529		**7,529**
C.1 Sales						
C.2 Adjustments						
- Amortisation	X			5,726		**5,726**
- Writedowns						
+ posted to shareholders' equity	X					
+ posted to income statement				565		**565**
C.3 Negative changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
C.4 Transfers to non-current						
assets held for sale						
C.5 Exchange losses						
C.6 Other changes				1,238		**1,238**
D. Closing net amount				10,207		**10,207**
D.1 Total net adjustments				(51,971)		**(51,971)**
E. Closing gross amount				62,178		**62,178**
F. Measurement at cost						

Key:
FIN: finite useful life
INDEF: indefinite useful life

Sub-item F (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for assets that are carried in the balance sheet at fair value.
The increases in item B.1 relate to the capitalisation of costs incurred in implementing EDP application packages and developing new computer programs, whereas the write-downs shown in item C.2 refer to computer programs that are no longer of any use to the Company.
The other increases reported in item B.6 represent the value of fixed assets of Santander Consumer Unifin on acquisition by the Parent Company, whereas item C.6 - Other decreases shows the respective amortization.
The changes in the income statement relating to depreciation and amortisation and other increases and decreases between the date of acquisition and the year-end are shown in items B.1, and C.2 together with those of the other Group companies.

13.3 Other information

Based to the Bank of Italy's instructions for the preparation of the financial statements, no other information has to be provided in this paragraph.

Section 14 - Tax assets and liabilities - asset item 140 and liability item 80

14.1 Deferred tax assets: breakdown

	31/12/2013	31/12/2012
Deferred tax assets balancing the income statement	186,949	148,595
Deferred tax assets balancing net equity	6,855	5,415
Total	**193,804**	**154,009**

Deferred tax assets are accounted for with reference to deductible temporary differences, based on the probability that the Company will be able to generate sufficient taxable income in the future for the deferred tax asset to meet the criteria for accounting recognition, as required by IAS 12 para. 37. The balance of Euro 193,804 thousand (Euro 154,009 thousand at 31 December 2012) refers for Euro 186,949 thousand to deferred tax assets with contra-entry to the income statement, mainly temporary differences determined by the deferred deductibility of adjustments to loans for IRES and IRAP purposes, while the other Euro 6,855 thousand refer to deferred tax assets recognised through shareholders' equity, related to the tax effect of consolidating Santander Consumer Unifin and to hedging derivatives with a negative fair value (Cash Flow Hedging Model).

14.2 Deferred tax liabilities: breakdown

The Group has recognised deferred tax liabilities of Euro 15 thousand at 31 December 2013.

	31/12/2013	31/12/2012
Deferred tax liabilities recognised to the income statement	15	
Total	**15**	

14.3 Changes in deferred tax assets (through the income statement)

	31/12/2013	31/12/2012
1. Opening balance	**148,595**	**117,723**
2. Increases	**55,266**	**40,704**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		6,047
b) due to changes in accounting policies		
c) recoveries		
d) other	45,417	34,657
2.2 New taxes or increases in tax rates		
2.3 Other increases	9,849	
3. Decreases	**16,912**	**9,832**
3.1 Deferred tax assets cancelled during the year		
a) reversals	4,735	5,098
b) write-offs		
c) due to changes in accounting policies		
d) other	828	
3.2 Reduction in tax rates		
3.3 Other decreases		
a) conversion into tax credits	11,349	4,734
as per Law 214/2011		
b) other		
Closing balance	**186,949**	**148,595**

The increase in deferred tax assets included in "Deferred tax assets recognised during the year - other" reflects the temporary differences caused by the deductibility for IRES and IRAP purposes of impairment losses on loans on a straight-line basis in 2013 and in the subsequent four years (Euro 38,320 thousand) as per Law 147 of 27 December

2013, as well as the creation of deferred tax assets related to provisions for risks and charges of the year. To these amounts has to be added the increase in deferred tax assets of Euro 3,005 thousand due to the consolidation of Santander Consumer Unifin.
"Other increases" are mainly the income statement contra-entries of the deferred tax asset balances of the subsidiary Santander Consumer Unifin as of 30 June 2013 (Euro 8,679 thousand). The amount was allocated to this table, rather than to the one that shows the changes with contra-entries in shareholders' equity, because of the nature of these taxes.
The "reversals", on the other hand, derive from the decline in the carry-forward fractions relating to temporary differences generated in previous years (Euro 224 thousand) and the use of funds to cover other risks and charges. To these amounts has to be added the change in deferred tax assets of Euro 1,189 thousand due to the consolidation of Santander Consumer Unifin.
"Other decreases" include the transformations into tax credits of the Parent Company in accordance with the provisions of Law 214/2011 (Euro 11,349 thousand), while those of the subsidiary Santander Consumer Unifin are already contained in the balance of deferred tax assets at 30 June shown under "Other increases" for an amount of Euro 179 thousand.

14.3.1 Changes in deferred tax assets as per Law 214/2011 (through the income statement)

	31/12/2013	31/12/2012
1. Opening balance	**144,557**	**111,329**
2. Increases	**43,160**	**38,062**
3. Decreases	**12,626**	**4,834**
3.1 Reversals	118	100
3.2 Conversion into tax credits		
a) due to losses arising from P&L	11,349	4,734
b) arising from tax losses	1,159	
4. Closing balance	**175,091**	**144,557**

The "reversals" represent the decline in deferred tax assets that have not been converted into tax credits as the requisites have not been satisfied.

14.4 Changes in deferred tax liabilities (through the income statement)

	31/12/2013	31/12/2012
1. Opening balance		
2. Increases	**15**	
2.1 Deferred tax liabilities recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases	15	
3. Decreases		
3.1 Deferred tax liabilities cancelled during the year		
a) reversals		
b) due to changes in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**15**	

"Other increases" are mainly the income statement contra-entries of the deferred tax liability balances of the subsidiary Santander Consumer Unifin as of 30 June 2013 (Euro 15 thousand).
The amount was allocated to this table, rather than to the one that shows the changes with contra-entries in shareholders' equity, according to the natural allocation of these deferred tax liabilities.

14.5 Changes in deferred tax assets (through shareholders' equity)

	31/12/2013	31/12/2012
1. Opening balance	**5,414**	**8,631**
2. Increases	**4,109**	**2,832**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		2,832
2.2 New taxes or increases in tax rates		
2.3 Other increases	4,109	
3. Decreases	**2,668**	**6,049**
3.1 Deferred tax assets cancelled during the year		
a) reversals	2,582	6,049
b) write-offs		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases	86	
4. Closing balance	**6,855**	**5,414**

The increase in deferred tax assets recognised by the Group in shareholders' equity relate to the tax effect related to the consolidation of Santander Consumer Unifin for Euro 4,109 thousand.
The decrease in "reversals" is due to the release of the deferred tax assets arising from changes in fair value of derivatives hedging cash flows (under the Cash Flow Hedging Model), while the reduction in "Other decreases" is related to the actuarial valuation of employee termination indemnities for Euro 69 thousand for the Parent Company and Euro 17 thousand for the subsidiary Santander Consumer Unifin, with reference to the second half.

14.6 Changes in deferred tax liabilities (through shareholders' equity)

	31/12/2013	31/12/2012
1. Opening balance		**8**
2. Increases		
2.1 Deferred tax liabilities recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases		**8**
3.1 Deferred tax liabilities cancelled during the year		
a) reversals		
b) due to changes in accounting policies		
c) other		8
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance		

Section 15 - Non-current assets held for sale and discontinued operations and associated liabilities - asset item 150 and liability item 90

15.1 Non-current assets held for sale and discontinued operations: breakdown by type

	31/12/2013	31/12/2012
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property and equipment	22	290
A.4 Intangible assets		
A.5 Other non-current assets		
Total A	**22**	**290**
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
B. Groups of assets (discontinued operations)		
B.1 Financial assets held for trading		
B.2 Financial assets designated at fair value through profit and loss		
B.3 Financial assets available for sale		
B.4 Financial assets held to maturity		
B.5 Due from banks		
B.6 Loans to customers		
B.7 Equity investments		
B.8 Property and equipment		
B.9 Intangible assets		
B.10 Other assets		
Total B		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
D. Liabilities associated with groups of assets held for sale		
D.1 Due to banks		
D.2 Due to customers		
D.3 Debt securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities designated at fair value through profit and loss		
D.6 Provisions		
D.7 Other liabilities		
Total D		

The balance of Euro 22 thousand includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract, without exercising the purchase option.

15.2 Other information

Not applicable as a result of the foregoing.

15.3 Information on equity investments in companies subject to significant influence not valued at equity

Not applicable.

Section 16 – Other assets – item 160

16.1 Other assets: breakdown

The balance of "Other assets", amounting to Euro 36,275 thousand (Euro 42,531 thousand at 31 December 2012), is made up as follows:

	31/12/2013	31/12/2012
Advances to suppliers	600	37
VAT receivables	1,943	2,610
Other amounts due from tax authorities	5,810	11,081
Other items	27,325	28,373
Due from Santander Consumer Unifin		430
Total	**35,678**	**42,531**

The "Other amounts due from tax authorities" mainly include payments on account of stamp duty on loans to customers (Euro 2,008 thousand), withholding tax paid on interest on current accounts with customers (Euro 396 thousand), flat-rate substitute tax on medium/long-term loans (Euro 1,368 thousand). They also include Euro 1,759 thousand, relating to a claim for a tax rebate for the higher IRES paid in previous years on personnel costs not deducted for IRAP purposes for Group companies.

"Other items" mainly include receivables from dealers for contributions on loans contracted with a "zero interest rate" (Euro 1,520 thousand), other charges deferred to the future on an accrual basis (Euro 611 thousand), receivables for insurance commissions (Euro 8,246 thousand), items in transit relating to instalment collections (Euro 13,779 thousand), and receivables from dealers for the reversal of commissions and contributions (Euro 597 thousand).

LIABILITIES AND SHAREHOLDERS' EQUITY

Section 1 – Due to banks – item 10

1.1 Due to banks: breakdown by type

Amounts due to banks amount to Euro 5,023,840 thousand (Euro 6,160,895 thousand at 31 December 2012) and are made up as follows:

Type	31/12/2013	31/12/2012
1. Due to central banks	**1,521,616**	**1,884,872**
2. Due to banks	**3,502,224**	**4,276,023**
2.1 Current accounts and deposits	128,230	42,431
2.2 Time deposits	1,250,514	268,806
2.3 Loans		
2.3.1 repurchase agreements	867,872	
2.3.2 other	1,255,349	3,957,547
2.4 Payables for commitments to repurchase own equity instruments		
2.5 Other payables	259	7,239
Total	**5,023,840**	**6,160,895**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	5,050,134	6,160,895
Total (fair value)	**5,050,134**	**6,160,895**

Amounts "Due to central banks" include advances from the Bank of Italy as part of LTROs with the European Central Bank (Euro 1,521,616 thousand).
Amounts "Due to banks" consist of:
- current accounts with a credit balance at the year-end (Euro 822 thousand), overnight financing operations (Euro 89,408 thousand) and cash paid in by Banco Santander to the separate portfolios by way of guarantee for the securitisations (Euro 38,000 thousand);
- short-term loans granted by companies of the Santander Group (Euro 1,047,642 thousand) and by third-party companies (Euro 201,495 thousand);
- repurchase agreements with Group companies (Euro 292,461 thousand) and with third-party banks (Euro 575,411 thousand);
- subordinated loans including accrued interest (Euro 252,293 thousand) and loans granted as part of normal lending operations by companies of the Santander Group (Euro 1,002,986 thousand);
- other payables, including mainly amounts due to agent banks for early repayments and instalments to be deducted (Euro 52 thousand) and accrued charges on other amounts due to banks (Euro 160 thousand).

For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

1.2 Details of item 10 "Due to banks": subordinated debts

This item, totalling Euro 252,000 thousand (268,500 thousand at 31 December 2012), includes both subordinated liabilities (Euro 104,500 thousand) and hybrid capital instruments (Euro 147,500 thousand).
These loans, which aim to strengthen the capital base of the Group, have been granted by companies belonging to the Santander Group and are made up as follows:

Type	31/12/2013	31/12/2012
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2018	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2018	32,500	32,500
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2016	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2016	19,500	26,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	20,000	30,000
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	50,000	50,000
UPPER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
LOWER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
Total	**252,000**	**268,500**

For further details on subordinated debt to banks mentioned in the table, see Part F (Information on Consolidated Shareholders' Equity), Section 2 (Capital and capital adequacy ratios), Section A.2 (Tier II capital).

1.3 Details of item 10 "Due to banks": structured debts

The Group has no structured debts.

1.4 Due to banks with specific hedges

The Group does not have any amounts due to banks that are being hedged.

1.5 Finance lease payables

The Group does not have any finance lease obligations.

Section 2 – Due to customers – item 20

2.1 Due to customers: breakdown

Due to customers amount to Euro 290,034 thousand (Euro 339,280 thousand at 31 December 2012) and are made up as follows:

Type	31/12/2013	31/12/2012
1. Current accounts and deposits	116,788	248,646
2. Time deposits	173,147	90,338
3. Loans		
3.1 repurchase agreements		
3.2 other		
4. Payables for commitments to repurchase own		
equity instruments		
5. Other payables	99	296
Total	**290,034**	**339,280**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	292,401	339,280
Total (fair value)	**292,401**	**339,280**

"Current accounts and deposits" include demand deposits from customers, in particular the funds deposited on "Conto Santander" deposit accounts (Euro 95,239 thousand), ordinary current accounts (Euro 2,140 thousand) and savings deposit books held by employees (Euro 19,409 thousand); the "time deposits" refer to "Santander Time Deposits", including accrued interest. "Other payables" refer to items to be refunded to customers as part of credit card operations and consumer financing.

For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

2.2 Details of item 20 "Due to customers": subordinated debts

The Group does not have any subordinated debts with customers.

2.3 Details of item 20 "Due to customers": structured debts

The Group does not have any structured debts with customers.

2.4 Due to customers with specific hedges

The Group does not have any amounts due to customers that are being hedged.

2.5 Finance lease payables

The Group does not have any finance lease obligations.

Section 3 – Debt securities issued – item 30

3.1 Debt securities issued: breakdown

(Type of security/Members of the group	31/12/2013				31/12/2012			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**649,585**			**649,243**	**626,419**			**626,419**
1. Bonds	649,585			649,243	626,419			626,419
1.1 structured								
1.2 other	649,585			649,243	626,419			626,419
2. Other securities								
2.1 structured								
2.2 other								
Total	**649,585**			**649,243**	**626,419**			**626,419**

The balance of this item is made up of two elements.
The first, for Euro 548,807 thousand, relates to the "Asset Backed Floating Rate Notes" issued on the market by the SPE Golden Bar S.r.l., which appears in the consolidated financial statements of the Santander Consumer Bank Group following the line-by-line consolidation of the securitised portfolios for which there are no grounds for derecognition in accordance with international accounting standards, also including the related accrued interest and transaction costs linked to the issue.
The second, on the other hand, relates for Euro 100,778 thousand to a medium-to-long term bond issue programme, for which July 2013 saw the completion of an initial issue of securities underlying the programme for a nominal value of Euro 100,000 thousand. This item also includes prepaid expenses for the discount on the issue and accrued expenses for interest.
For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

3.2 Analysis of item 30 "Debt securities issued": subordinated securities

The Group has not issued any subordinated securities.

3.3 Details of item 30 "Debt securities issued": securities with specific hedges

The Group has not issued any securities with specific hedges.

Section 4 – Financial liabilities held for trading – item 40

The Group does not have any financial liabilities held for trading.

Section 5 - Financial liabilities designated at fair value through profit and loss - item 50

The Group has not designated financial liabilities under this category.

Section 6 – Hedging derivatives – item 60

6.1 Hedging derivatives: breakdown by type of hedge and level

	FV 31/12/2013			NV 31/12/2013	FV 31/12/2012			NV 31/12/2012
	L1	L2	L3			L2	L3	
A. Financial derivatives								
1) Fair value		96,211		4,134,769		109,189		4,211,300
2) Cash flows		8,649		790,000		16,384		700,000
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**104,860**		**4,924,769**		**125,573**		**4,911,300**

Key:
FV = Fair Value
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The amount shown in the above table refers to the negative fair value of interest rate swaps entered into with the Spanish Parent Company Banco Santander and with the direct Parent Company Santander Consumer Finance.
The derivatives portfolio consists of contracts taken out to hedge changes in the fair value of fixed-rate underlying assets, and contracts taken out to hedge the interest rate risk on the cash flows of floating-rate liabilities for the financing of fixed-rate assets. The change in their fair value, net of tax and accrued differentials for the year, is recorded with a contra-entry to the valuation reserves in equity, which at year end show a negative balance of Euro 5,176 thousand.
As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 1.2 - Market risk, Subsection 1.2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table gives details of hedging derivatives with negative fair values at 31 December 2013 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
25,000,000	11/12/2009	24/01/2014	Banco Santander	80,481
20,000,000	11/12/2009	28/02/2014	Banco Santander	34,487
30,000,000	11/12/2009	30/01/2014	Banco Santander	222,219
100,000,000	18/12/2009	22/03/2016	Banco Santander	2,304,711
85,000,000	19/01/2010	21/01/2016	Banco Santander	1,901,532
60,000,000	22/01/2010	26/10/2015	Banco Santander	1,276,799
80,000,000	05/02/2010	09/08/2016	Banco Santander	1,795,369
60,000,000	12/02/2010	16/11/2015	Banco Santander	1,147,476
195,000,000	26/08/2010	30/08/2016	Banco Santander	3,046,535
205,000,000	27/08/2010	30/09/2016	Banco Santander	2,542,386
277,500,000	27/09/2010	29/03/2017	Banco Santander	6,146,489
28,500,000	21/10/2010	25/07/2017	Banco Santander	652,207
28,900,000	25/10/2010	27/07/2017	Banco Santander	661,386
33,000,000	15/11/2010	17/11/2017	Banco Santander	903,806
33,000,000	23/11/2010	27/11/2017	Banco Santander	870,107
91,437,000	23/12/2010	27/04/2018	Banco Santander	2,785,276
50,500,000	05/01/2011	07/07/2017	Banco Santander	1,077,107
88,500,000	10/02/2011	14/03/2019	Banco Santander	3,789,753
98,500,000	15/03/2011	18/09/2017	Banco Santander	3,135,774
125,500,000	25/05/2011	27/02/2018	Banco Santander	5,478,827
86,000,000	17/06/2011	21/03/2018	Banco Santander	4,287,418
154,500,000	12/07/2011	14/01/2019	Banco Santander	5,496,873
109,500,000	10/08/2011	12/08/2019	Banco Santander	2,506,058
64,500,000	04/07/2012	08/10/2018	Banco Santander	270,522
65,000,000	10/07/2012	12/10/2018	Banco Santander	199,133
220,000,000	31/07/2012	02/11/2018	Banco Santander	178,328
184,000,000	27/06/2013	01/02/2019	Banco Santander	530,195
306,255,963	30/03/2011	20/11/2017	Banco Santander	8,198,633
633,202,425	09/12/2011	20/03/2018	Banco Santander	18,494,181
616,474,002	17/11/2011	23/04/2014	Banco Santander	16,230,953
150,000,000	13/05/2011	17/02/2015	Banco Santander	4,207,579
150,000,000	10/08/2011	12/08/2014	Banco Santander	1,303,170
75,000,000	17/07/2013	19/07/2016	Banco Santander	146,569
75,000,000	18/07/2013	22/07/2016	Banco Santander	72,159
90,000,000	27/08/2013	31/08/2015	Banco Santander	276,115
250,000,000	31/05/2012	31/05/2016	Santander Consumer Finance	2,643,856
4,924,769,390				**104,859,983**

6.2 Hedging derivatives: analysis by hedged portfolio and type of hedge

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific								
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks	Generic	Specific	Generic	
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X	96,211	X		X
5. Other transactions						X		X	
Total assets						**96,211**			
1. Financial liabilities				X		X		X	X
2. Portfolio	X	X	X	X	X		X	8,649	X
Total liabilities								**8,649**	
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 6.1

Section 7 - Remeasurement of financial liabilities with general hedges - item 70

There are no fair value adjustments of financial liabilities in hedged portfolios.

Section 8 – Tax liabilities – item 80

Please refer to Section 14 of the Assets.

Section 9 - Liabilities associated with non-current assets held for sale - item 90

The Group does not have any liabilities associated with assets held for sale.

Section 10 – Other liabilities – item 100

10.1 Other liabilities: breakdown

Other liabilities amount to Euro 222,845 thousand (Euro 93,469 thousand at the end of 2012) and consist of:

	31/12/2013	31/12/2012
Due to suppliers and invoices to be received	26,524	24,842
Payables to employees	15,089	4,570
Due to social security institutions	1,716	1,379
Due to tax authorities	4,522	4,083
Other payables	77,799	31,018
Other amounts due to customers	33,636	1,234
Items in transit	40,217	24,701
Other liabilities for commissions	22,376	
Provision for endorsement credits	74	
Due to Santander Consumer Unifin		1,642
Due to Isban	892	
Total	**222,845**	**93,469**

"Other payables" mainly include:

- payables to insurance companies (Euro 9,530 thousand);
- payables to car manufacturers for the factoring business (Euro 62,040 thousand). The difference compared with the previous year is due to a change in the factoring agreements with the car manufacturers.

"Other amounts due to customers" include temporary credit balances with customers for early repayments and the temporary credit balances for instalment payments received in advance of the contractual expiry date, as well as advance receipts of customers' termination indemnities on loans reported as "claims" to insurance companies. This situation did not exist in the 2012 financial statements as it relates to Santander Consumer Unifin.

"Other liabilities for commissions" include an estimate of the commissions to be reimbursed to customers in the event of early repayment (Euro 22,376 thousand).

"Items in transit" mainly include balances concerning instalment collection and customer reimbursements, as well as loan payments.

The "Provision for endorsement credits" (Euro 74 thousand) includes provisions for adjustments to guarantees issued to third-party banks with salary assignment loans intermediated by the company.

At 31 December 2012 there were payables to the Group company Santander Consumer Unifin, which was acquired and consolidated on a line-by-line basis in 2013.

The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 5 - Other Aspects of the Accounting Policies in the Notes.

Section 11 - Provision for employee termination indemnities - item 110

11.1 Provision for employee termination indemnities: change in the year

	31/12/2013	31/12/2012
A. Opening balance	**4,493**	**4,357**
B. Increases	**804**	**1,035**
B.1 Provisions for the year	100	177
B.2 Other changes	704	858
C. Decreases	**543**	**899**
C.1 Payments made	279	876
C.2 Other changes	264	23
D. Closing balance	**4,754**	**4,493**
Total	**4,754**	**4,493**

The provision for employee termination indemnities amounts to Euro 4,754 thousand (Euro 4,493 thousand at 31 December 2012) and according to IAS 19, it coincides with its actuarial value (Defined Benefit Obligation – DBO).
The actuarial assumptions made to value the provision at the balance sheet date are as follows:
- discount rate: 2.75%;
- expected inflation rate: 2%;
- annual revaluation of termination indemnity: 3%;
- frequency of advances: 6.5%;
- expected rate of pay rises: 2%, applicable only to Santander Consumer Unifin.

The following demographics were used:
- death: ISTAT 2010 mortality tables;
- disability: INPS tables split by age and gender;
- retirement age: according to Law 214/2011.

With the introduction of the reform envisaged by Law 296/2006 (Finance Law 2007) on supplementary pensions, the Parent Company's provision for employee termination indemnities is represented exclusively by the portion accrued up to the date that the reform came into effect and provisions for the year only refer to interest cost. Only with reference to 2013, there is an additional provision of Euro 4 thousand, due to an adjustment for the extraordinary resignation of employees. This has been accounted for in order to take into account the consequent reduction in the average residual term of payment of the termination indemnities to the staff concerned.
For Santander Consumer Unifin, provisions refer to the service cost (i.e. the higher cost mainly resulting from higher salaries and a possible increase in the workforce) and interest cost (i.e. interest on the amount set aside at the beginning of the period and on movements during the period). Again with reference to Santander Consumer Unifin, item "B.2 - Other changes" includes the provision that existed at the time of the company's acquisition by the Bank. In addition, in line with the amendment to IAS 19, the actuarial gains accrued at the balance sheet date have been recognised in "C.2 - Other changes".

11.2 Other information

IThe provision for termination indemnities covers the entire amount of rights accrued by employees in accordance with current law and national and local employment contracts. The balance comes to Euro 4,754 thousand at the balance sheet date. As regards the amendments made to IAS 19 by EU Regulation m. 475/2012, the following is an analysis of sensitivity to changes in the discount rate.

Sensitivity analysis	31/12/2013
Sensitivity to the discount rate	
a. Assumption (+25 bps)	3.00%
b. DBO	4,686
c. Gross service cost	30
d. Interest cost and expenses for the year	155
e. Assumption (-25 bps)	2.50%
f. DBO	4,825
g. Gross service cost	31
h. Interest cost and expenses for the year	138

Section 12 - Provisions for risks and charges - item 120

12.1 Provisions for risks and charges: breakdown

Items/Amounts	31/12/2013	31/12/2012
1. Post employment benefits		
2. Other provisions for risks and charges	**10,606**	**4,589**
2.1 legal disputes	4,450	3,437
2.2 personnel charges	505	511
2.3 other	5,651	641
Total	**10,606**	**4,589**

With reference to the items in the table, see the next section.
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 5 - Other Aspects of the Accounting Policies in the Notes.

12.2 Provisions for risks and charges: change in the year

	31/12/2013	
	Post-retirement plans	**Other provisions**
A. Opening balance		**4,589**
B. Increases		**8,498**
B.1 Provisions for the year		7,364
B.2 Time value change		
B.3 Changes due to variations in the discount rate		
B.4 Other changes		1,134
C. Decreases		**2,481**
C.1 Utilisations during the year		1,237
C.2 Changes due to variations in the discount rate		
C.3 Other changes		1,244
D. Closing balance		**10,606**

The main increases in item "B.1 - Provisions for the year" refer to the covering of legal disputes with the customers, to the covering of operating risks, to branch restructuring charges and to litigations for taxes on leasing vehicles.
The provisions that existed at the date of acquisition of Santander Consumer Unifin by the Bank form a significant

part of item "B.4 - Other changes".
As regards "Decreases", on the other hand, Euro 1,237 thousand relate to releases of provisions set aside, but not used in previous years, whereas the other Euro 1,244 thousand relate to the use of provisions set aside in prior years to cover payments made in 2013.

12.3 Defined-benefit pension plans

The Group has not established any company pension funds with defined benefits.

12.4 Provisions for risks and charges - other provisions

The Group has not set aside any provisions as per IAS 37, paragraphs 85, 86, 91.

Section 13 - Technical reserves - item 130

The Group does not have any technical reserves.

Section 14 - Redeemable shares - item 150

The Group has not approved any share redemption plans.

Section 15 - Group shareholders' equity - items 140, 160, 170, 180, 190, 200 and 220

The Group Shareholders' Equity amounts to Euro 521,747 thousand (Euro 472,129 thousand at 31 December 2012) broken down as follows:

Items/Amounts	31/12/2013	31/12/2012
1. Share capital	573,000	512,000
2. Share premium reserve	633	
3. Reserves	(4,288)	12,433
4. (Treasury shares)		
a) Parent Company		
b) subsidiaries		
5. Valuation reserves	(5,557)	(10,958)
6. Equity instruments		
7. Profit (loss) of the year pertaining to the Group	(42,041)	(41,346)
Total	**521,747**	**472,129**

Revenue reserves are described later in this section, whereas valuation reserves as regards hedging derivatives were described in section 6 of liabilities and shareholders' equity and the provision for termination indemnities in section 11. The share premium refers to the increase in capital of Euro 61 thousand made during the year by the parent company Santander Consumer Finance on the contribution of the investment, given its higher value.

15.1 "Share capital" and "Treasury shares": breakdown

For the breakdown of share capital, see point 15.2 below.

15.2 Share capital – number of shares of the Parent Company: change in the year

Item/Types	Ordinary	Other
A. Outstanding shares at the beginning of year		
- fully paid-in	512,000	
- not fully paid-in		
A.1 Treasury shares (-)		
A.2 Outstanding shares: opening balance	**512,000**	
B. Increases	**61,000**	
B.1 New share issues		
- for consideration:		
- on business combinations		
- on conversion of bonds		
- exercise of warrants		
- other	61,000	
- for free:		
- to employees		
- to directors		
- other		
B.2 Sale of treasury shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Outstanding shares: closing balance	**573,000**	
D.1 Treasury shares (+)		
D.2 Outstanding shares at the end of the year		
- fully paid-in	573,000	
- not fully paid-in		

15.3 Share capital: other information

At 31 December 2013, the share capital of Santander Consumer Bank S.p.A. amounts to Euro 573 million, consisting of 573,000 ordinary shares with a nominal value of Euro 1,000 each, all owned by Santander Consumer Finance S.A. (Santander Group).
An increase in capital was carried out by the shareholder during the year for the contribution of the investment in Santander Consumer Unifin S.p.A.

15.4 Retained earnings: other information

The retained earnings of the Group at 31 December 2013 are made up of the brought forward loss of Santander Consumer Bank of Euro -40,743 thousand and the Group's share of the subsidiary Santander Consumer Finance Media S.r.l.'s net income of Euro 6 thousand.

15.5. Other information

The Group has not issued any puttable financial instruments ("financial instruments repayable on demand") and has not approved any distribution of dividends.

Section 16 - Minority interests - item 210

Minority interests are made up as follows:

Items/Amount	31/12/2013	31/12/2012
1. Share capital	2,450	2,450
2. Share premium reserve		
3. Reserves	248	245
4. (Treasury shares)		
5. Valuation reserves		
6. Equity instruments		
7. Net profit (loss) pertaining	(25)	3
to minority interests		
Total	**2,673**	**2,698**

These amounts relate to the portion of the shareholders' equity attributable to the De Agostini Group for its 35% interest in the share capital of Santander Consumer Finance Media.

16.1 Equity instruments: breakdown and change during the period

There are no equity instruments attributable to minority interests.

OTHER INFORMATION

1. Guarantees given and commitments

Transactions	31/12/2013	31/12/2012
1) Financial guarantees given		
a) Banks	855	584
b) Customers		
2) Commercial guarantees given		
a) Banks		
b) Customers		
3) Irrevocable commitments to issue loans		
a) Banks		
i) certain to be called		
ii) not certain to be called		
b) Customers		
i) certain to be called		
ii) not certain to be called		
4) Commitments underlying credit derivatives: sales of protection		
5) Assets pledged as collateral for third-party commitments		
6) Other commitments		
Total	**855**	**584**

2. Assets used to guarantee own liabilities and commitments

There are no assets used to guarantee own liabilities or commitments.

3. Information on operating leases

No Group company has taken out operating leases.

4. Breakdown of investments relating to unit-linked and index-linked insurance policies

This item is not applicable to the Group's operations.

5. Administration and trading on behalf of third parties

No Group company operates in the field of administration and trading on behalf of third parties.

6. Financial assets subject to offsetting in the financial statements, or subject to master netting or similar agreements

The financial assets subject to offsetting in the financial statements refer to operations in derivative instruments performed by the parent company; thus refer to Part B – Other information of the separate financial statement.

7. Financial liabilities subject to offsetting in the financial statements, or subject to master netting or similar agreements

The financial liabilities subject to offsetting in the financial statements refer to operations in derivative instruments performed by the parent company; thus refer to Part B – Other information of the separate financial statement.

Part C - Information on the consolidated income statement

Section 1 - Interests - items 10 and 20

1.1 Interest and similar income: breakdown

Interest and similar income amounts to Euro 400,498 thousand (Euro 459,591 thousand at 31 December 2012) and is made up of:

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2013	31/12/2012
1. Financial assets held for trading					
2. Financial assets designated at					
fair value through profit and loss					
3. Financial assets available for sale					**2,074**
4. Financial assets held to maturity					
5. Due from banks		280	37	**317**	**2,385**
6. Loans to customers		400,181		**400,181**	**454,707**
7. Hedging derivatives	X	X			
8. Other assets	X	X			**425**
Total	**0**	**400,461**	**37**	**400,498**	**459,591**

Interest income on loans to banks mainly consists of interest accrued on bank overdrafts (Euro 33 thousand), commercial papers subscribed by the SPE (Euro 247 thousand) and other categories for the remaining Euro 37 thousand).
The value of the interest on loans to customers is represented, with respect to funding, by the economic impacts of the components identified as relevant to the amortised cost under IAS 39 in relation with the various technical forms.
Interest on non-performing loans accrued during the year net of recoveries amount to Euro 3,139 thousand. This interest has been written down to zero.

1.2 Interest and similar income: differentials on hedging transactions

Differentials on hedging transactions recorded a negative balance during the year.

1.3 Interest and similar income: other information

1.3.1 Interest and similar income on foreign currency assets
The Group does not hold any financial assets in foreign currency.

1.3.2 Interest and similar income on finance lease transactions
Interest income on finance lease transactions for the year 2013 amount to Euro 5,897 thousand (Euro 11,788 thousand in 2012).

1.4 Interest and similar expense: breakdown

Items/Technical forms	Payables	Securities	Other transactions	31/12/2013	31/12/2012
1. Due to central banks	9,264	X		**9,264**	**9,906**
2. Due to banks	62,153	X		**62,153**	**105,278**
3. Due to customers	9,795	X		**9,795**	**6,606**
4. Debt securities issued	X	11,453		**11,453**	**15,211**
5. Financial liabilities held for trading					
6. Financial liabilities designated at fair value through profit and loss					
7. Other liabilities and provisions	X	X	40	**40**	**46**
8. Hedging derivatives	X	X	61,015	**61,015**	**73,865**
Total	**81,212**	**11,453**	**61,055**	**153,720**	**210,912**

Interest expense to central banks relates to repurchase agreement with the European Central Bank.
Interest expense to banks is on loans granted by companies of the Santander Group (Euro 60,002 thousand) and other banks (Euro 2,150 thousand).
Interest expense to customers is the cost of funding provided by customers through current and deposit accounts.
Interest expense on securities relates to asset-backed securities issued by the SPE (Euro 10,475 thousand) and to the issue of bonds in 2013 (Euro 978 thousand).
For the interest expense on hedging derivatives, please refer to the following table.

1.5 Interest and similar expense: differentials on hedging transactions

Items/Sectors	31/12/2013	31/12/2012
A. Positive differentials on hedging transactions		163
B. Negative differentials on hedging transactions	(61,015)	(74,028)
C. Balance (A-B)	**(61,015)**	**(73,865)**

1.6 Interest and similar expense: other information

1.6.1 Interest and similar expense on foreign currency liabilities
The Group has no liabilities in foreign currency.

1.6.2 Interest and similar expense on finance lease obligations
None of the companies in the Group has entered into a purchase lease.

Section 2 – Commissions – items 40 and 50

2.1 Commission income: breakdown

The commission income generated during the year amounts to Euro 44,754 thousand (Euro 67,933 thousand at 31 December 2012) and is broken down as follows:

Type of service/Segments	31/12/2013	31/12/2012
a) guarantees given		
b) credit derivatives		
c) management, brokerage and consulting services:		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 individual		
3.2 collective		
4. custody and administration of securities		
5. custodian bank		
6. placement of securities		
7. reception and transmission of orders		
8. advisory services		
8.1 on investments		
8.2 on financial structure		
9. distribution of third-party services		
9.1 asset management		
9.1.1 individual		
9.1.2 collective		
9.2 insurance products	26,518	47,445
9.3 other products		
d) collection and payment services	15,149	17,480
e) servicing related to securitisation		
f) services for factoring transactions		
g) tax collection services		
h) management of multilateral trading systems		
i) maintenance and management of current accounts		
j) other services	3,087	3,008
Total	**44,754**	**67,933**

This item includes commission income for insurance products placed with customers financed for Euro 26,518 thousand and commissions generated during the year for collection and payment services provided of Euro 15,149 thousand.

Commissions classified as Other services are primarily attributable to income recognised in respect of damages and penalties for late payment (Euro 1,764 thousand), fees and commission income for the management of credit cards (Euro 913 thousand) and commission income on stock financing (Euro 308 thousand).

2.2 Commission expense: breakdown

Commissions expense amount to Euro 15,497 thousand (Euro 17,655 thousand at 31 December 2012) and are broken down as follows:

Services/Segments	31/12/2013	31/12/2012
a) guarantees received	855	1.459
b) credit derivatives		
c) management and brokerage services		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 own portfolio		
3.2 third-party portfolio		
4. custody and administration of securities	91	105
5. placement of financial instruments		
6. offer of securities, financial products and services through financial promoters	8,102	11,699
d) collection and payment services	3,316	3,567
e) other services	3,133	825
Total	**15,497**	**17,655**

The fees paid in respect of guarantees received, item a), refer to guarantees given in favour of the Group by major banks for Euro 131 thousand, by the direct Parent Company Santander Consumer Finance for Euro 534 thousand and by the ultimate Parent Company Banco Santander for Euro 190 thousand.
Point 6 of item c) of the table refers to commissions paid on the sale of insurance products (Euro 6,546 thousand) and contributions and termination indemnities accrued by the network of agents based on targets for the placement of loans with customers (Euro 1,550 thousand).
Item d) refers to the amount charged to the Group by the Interbank Network for the collection of loan instalments and for payments made.
The item e) includes commissions incurred for the structuring of securitisation transactions (Euro 475 thousand) and for rappels paid to the dealer-network by the subsidiary Santander Consumer Unifin S.p.A..

Section 3 – Dividends and similar income – item 70

3.1 Dividends and similar income: breakdown

The amount recognised for the period is not significant.

Section 4 – Net trading income – item 80

4.1 Net trading income: breakdown

The amount recognised during the year relating to exchange differences is not significant.

Section 5 – Net hedging gains (losses) – item 90

5.1 Net hedging gains (losses): breakdown

This table shows the charges generated by the valuation of the derivatives hedging the fair value of financial assets and the corresponding income resulting from the valuation of the hedged assets.

Items/Sectors	31/12/2013	31/12/2012
A. Income relating to:		
A.1 Fair value hedges	55,364	
A.2 Hedged financial assets (fair value)		32,523
A.3 Hedged financial liabilities (fair value)		
A.4 Cash flow hedges		
A.5 Foreign currency assets and liabilities		
Total income from hedging activity (A)	**55,364**	**32,523**
B. Expenses relating to:		
B.1 Fair value hedges	(742)	(34,720)
B.2 Hedged financial assets (fair value)	(55,108)	
B.3 Hedged financial liabilities (fair value)		
B.4 Cash flow hedges		
B.5 Foreign currency assets and liabilities		
Total charges from hedging activity (B)	**(55,850)**	**(34,720)**
C. Net hedging gains (losses) (A-B)	**(486)**	**(2,197)**

Section 6 - Gains (losses) on disposal or repurchase - item 100

6.1 Gains (losses) on disposal or repurchase: breakdown

Item/Income items	31/12/2013			31/12/2012		
	Gains	**Losses**	**Net result**	**Gains**	**Losses**	**Net result**
Financial assets						
1. Due from banks						
2. Loans to customers		(74,955)	(74,955)		(142,277)	(142,277)
3. Financial assets available for sale						
3.1 Debt securities						
3.2 Equity instruments				182		182
3.3 UCITS units						
3.4 Loans						
4. Financial assets held to maturity						
Total assets		**(74,955)**	**(74,955)**	**182**	**(142,277)**	**(142,095)**
Financial liabilities						
1. Due to banks		(1,380)	(1,380)			
2. Due to customers						
3. Debt securities issued						
Total liabilities		**(1,380)**	**(1,380)**			

The gains (losses) on sale/repurchase of loans to customers include the economic effects of receivables sold without recourse during the year, net of the related writedown.
Gains (losses) on the sale/repurchase of financial liabilities include losses for Euro 1,380 thousand due to the early repayment of loans subscribed in prior years by the subsidiary Santander Consumer Unifin S.p.A. with Santander Consumer Finance.

Section 7 - Net result on financial assets and liabilities designated at fair value - item 110

The Group does not hold any financial assets or liabilities designated at fair value.

Section 8 - Net losses/recoveries on impairment - item 130

8.1 Net losses/recoveries on impairment of loans and receivables: breakdown

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2013 (3) = (1) - (2)	31/12/2012 (3) = (1) - (2)
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		A	B	A	B		
A. Due from banks									
- Loans									
- Debt securities									
B. Loans to customers	1,180	165,262			(10,081)		(12,108)	144,253	112,446
Non-performing loans									
purchased									
- Loans			X				X		
- Debt securities			X				X		
- Other receivables									
- Loans									
- Debt securities									
C. Total	**1,180**	**167,979**			**(10,081)**		**(14,825)**	**144,253**	**112,446**

8.2 Net impairment losses to financial assets available for sale: breakdown

The Group has not made any impairment adjustments to financial assets available for sale.

8.3 Net impairment losses to financial assets held to maturity: breakdown

The Group has no financial assets held to maturity.

8.4 Net impairment adjustments to other financial transactions: breakdown

The Group has not made any impairment adjustments to other financial transactions.

Section 9 - Net premiums - item 150

The Group does not include insurance companies.

Section 10 - Net other insurance income/expense – item 160

The Group does not include insurance companies.

Section 11 - Administrative expenses - item 180

11.1 Payroll: breakdown

Payroll amount to Euro 49,478 thousand (Euro 41,433 thousand at 31 December 2012) and are split as follows:

Type of expense/Amounts	31/12/2013	31/12/2012
1) Employees		
a) wages and salaries	36,935	28,397
b) social security charges	7,409	6,995
c) termination indemnities	2	7
d) pension expenses		
e) provision for employee termination indemnities	100	177
f) provision for post-retirement benefits and similar benefits:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution	1,760	1,788
- defined benefit		
h) share-based		
payments		
i) other personnel benefits	1,844	2,145
2) Other personnel	571	954
3) Directors and statutory auditors	422	470
4) Retired personnel	435	500
5) Recovery of cost of employees seconded to other companies		
6) Reimbursement of cost of third-party employees seconded to the Bank		
Total	**49,478**	**41,433**

"Social security charges" also include pension costs incurred by the Group in 2013.
The "provision for employee termination indemnities" only shows the amount of interest cost for the Parent Company, based on actuarial estimates, whereas for Santander Consumer Unifin the figure relates to interest cost and the provision for the period.
With the reform introduced by Law 296/2006 (Finance Law 2008) on supplementary pensions, the Parent Company's termination indemnities do not include any service cost due to the fact that all new accruals are transferred to third-party pension funds, as shown in the table in paragraph g).

The expenses incurred for retired personnel include the costs of the restructuring plan that are not attributable to previous items, above all "Wages and salaries".

11.2 Average number of employees, by categories

	31/12/2013	31/12/2012
Employees:		
a) managers	8	4
b) total middle managers	156	153
of which 3rd and 4th level	58	58
c) other employees	483	506
Total	**648**	**663**
Other personnel	14	24

11.3 Post-retirement defined benefit plans: total costs

The Group has not allocated post-retirement defined benefit plans.

11.4 Other personnel benefits

	31/12/2013	31/12/2012
Ancillary staff expenses (contributions to rent and health insurance, luncheon vouchers, other minor benefits and training costs)	1,623	1,785
Company supplementary contribution to pension fund		
Incentive plan reserved for managers and middle managers	221	360
Costs for the allocation of Parent Company shares to employees		
Total	**1,844**	**2,145**

The long-term incentive plan for managers and middle managers is a system of deferred remuneration that provides for the distribution of Banco Santander shares to key personnel identified within the entire Group; around 6,500, 35 of whom are in Italy.

11.5 Other administrative expenses: breakdown

Other administrative expenses amount to Euro 60,378 thousand at 31 December 2013 (Euro 57,697 thousand at 31 December 2012) and are made up as follows:

	31/12/2013	31/12/2012
Indirect taxes and duties	2,257	2,152
Telephone, broadcasting and postal	5,330	4,890
Maintenance, cleaning and waste disposal	1,206	1,536
Property lease, removals and condominium expenses	4,762	4,987
Professional fees and corporate expenses	5,516	6,613
Travel and accommodation	1,868	1,816
Stamp duty and flat-rate substitute tax	3,025	4,702
Insurance charges	377	387
Forms, stationery and consumables	204	317
Supplies, licences, EDP consulting and maintenance	8,413	6,407
Debt recovery charges	18,092	12,793
Other expenses	2,578	3,268
Statutory Auditors' fees		
Legal fees	1,693	1,852
Legal expenses	816	1,141
Advertising, promotion and representation	1,583	1,693
Commercial information and searches	2,109	2,590
Lighting and heating	549	553
Total	**60,378**	**57,697**

Section 12 - Net provisions for risks and charges - item 190

12.1 Net provisions for risks and charges: breakdown

Item	31/12/2013	31/12/2012
Provisions for personnel charges		
Net provisions for legal risks	1,051	928
Provisions for other liabilities	5,039	
Total	**6,090**	**928**

"Provisions for legal risks" mainly include provisions for risks and charges made during the year for litigation with customers and dealers, based on a reliable assessment of the expected financial outlay.
"Provisions for other liabilities" are mainly to cover non-payment of taxes by customers and branch restructuring charges.

Section 13 - Net adjustments to/recoveries on property and equipment – item 200

13.1 Net adjustments to/recoveries on property and equipment: breakdown

Net adjustments to property and equipment refer for Euro 2,037 thousand to the depreciation of the Group's fixed assets and for Euro 15 thousand to adjustments to non-current assets held for sale.

Assets/Income items	Depreciation (a)	Impairment adjustments (b)	Recoveries (c)	Net result (a + b – c)
A. Property and equipment				
A.1 Owned				
- For business purposes	2,037			**2,037**
- For investment purposes				
A.2 Held under finance leases				
- For business purposes				
- For investment purposes				
B. Non-current assets held for sale	15			**15**
Total	**2,052**			**2,052**

Section 14 - Net adjustments to/recoveries on intangible assets - item 210

14.1 Net adjustments to/recovery on intangible assets: breakdown

Net adjustments to intangible assets amount to Euro 5,726 thousand and relate to the amortisation of the year, as shown in the following table:

Assets/Income items	Amortisation (a)	Impairment adjustments (b)	Recoveries (c)	Net result (a + b – c)
A. Intangible assets				
A.1 Owned				
- Internally generated				
- Other	5,726			**5,726**
A.2 Held under finance leases				
Total	**5,726**			**5,726**

Section 15 - Other operating expenses/income - item 220

15.1 Other operating expenses: breakdown

Other operating expenses amount to Euro 7,886 thousand (Euro 10,343 thousand at 31 December 2012) and are divided as follows:

	31/12/2013	31/12/2012
Rebates and discounts given	122	176
Losses on disposal	726	90
Expenses related to leasing transactions	3,987	8,334
Other	1,220	736
Miscellaneous expenses	1,831	1,007
Total	**7,886**	**10,343**

The item "Expenses related to leasing transactions" mainly includes full-leasing service expenses (Euro 968 thousand) and administrative expenses related to the leasing business (Euro 2,617 thousand).
"Other" mainly relates to out-of-period expenses for legal disputes (Euro 249 thousand) and miscellaneous out-of-period expenses (Euro 571 thousand).

15.2 Other operating income: breakdown

Other operating income amounts to Euro 16,080 thousand (Euro 24,120 thousand at 31 December 2012) and can be broken down as follows:

	31/12/2013	31/12/2012
Recovery of taxes	4,528	6,150
Recovery of lease instalments	58	73
Recovery of other expenses	978	1,231
Recovery of preliminary expenses	3,459	5,557
Rebates and discounts received	20	59
Insurance reimbursements	122	170
Gains on disposal	1,060	1,663
Income related to leasing transactions	5,391	8,683
Other income	464	534
Total	**16,080**	**24,120**

"Income related to leasing transactions" includes, among other things, the recovery of full-leasing expenses for Euro 673 thousand, recovery of car lease expenses charged to customers for Euro 1,652 thousand, recovery of provincial transcription tax (IPT) for Euro 2,126 thousand, recovery of car road tax for Euro 167 thousand and damages received for Euro 567 thousand.
"Recovery of taxes" relates to the recovery of stamp duty for Euro 4,528 thousand.

Section 16 - Profit (loss) on equity investments - item 240

Not applicable.

Section 17 - Net gains (losses) arising on fair value measurement of property and equipment and intangible assets - item 250

The Group's property and equipment and intangible assets have not been measured at fair value.

Section 18 - Adjustments to goodwill - item 260

The Group has not designated intangible assets as part of goodwill.

Section 19 - Gains (losses) on disposal of investments - item 270

The Group has not recorded gains or losses on disposal of investments.

Section 20 - Income tax for the year on current operations - item 290

20.1 Income tax for the year on current operations: breakdown

The item "Income tax for the year" shows a balance of Euro 18,503 thousand (Euro 10,183 thousand at 31 December 2012) and represents the provision made during the year in accordance with current tax law. It is made up as follows:

Items/Segments	31/12/2013	31/12/2012
1. Taxes (-)	(22,523)	(27,051)
2. Change in prior period income taxes (+/-)	1	1,628
3. Decrease in current tax for the year (+)		
3.bis Reduction in current taxes for tax credits	11,349	4,734
as per Law 214/2011 (+)		
4. Change in deferred tax assets (+/-)	29,676	30,872
5. Change in deferred tax liabilities (+/-)		
6. Income tax for the year on current operations (-) (-1+/-2+3+/-4+/-5)	**18,503**	**10,183**

The change is due to the recognition of deferred tax assets generated by deductible temporary differences, mostly due to write-downs of loans, as well as the reversal to income of the year of the portions of tax assets recorded in previous years and accruing to the current year.
As regards item 3 bis "Reduction in current taxes for tax credits as per Law 214/2011", note that the effect on taxes is offset in item 4 "Change in deferred tax assets".
As for the impact on taxes of the first consolidation of Santander Consumer Unifin, see the information given in Section 14 - Tax assets and tax liabilities.

20.2 Reconciliation between theoretical and effective tax burden

The following table shows the effects on current taxes recognised in the financial statements arising from the presence of permanent differences that increase taxable income with respect to the operating profit, thereby aggravating the tax burden.

	31/12/2013	31/12/2012
Profit (loss) from continuing operations before tax	(60,728)	(51,526)
Profit before tax on discontinuing operations		
Theoretical taxable income	**(60,728)**	**(51,526)**
Income tax - Theoretical tax charge	16,606	14,002
- effect of income and expenses that do not contribute to the tax base	3,046	1,258
- effect of expenses that are wholly or partially non-deductible	(3,346)	(4,932)
- differences due to the scope of consolidation	211	
IRES - Effective tax burden	**16,517**	**10,328**
IRAP - Theoretical tax charge	**3,382**	**2,836**
- portion of non-deductible administrative expenses, depreciation and amortisation	(3,211)	(2,668)
- portion of non-deductible interest expense	(400)	(489)
- effect of income and expenses that do not contribute to the tax base	738	(5,454)
- effect of expenses that are wholly or partially non-deductible	1,355	5,630
- differences due to the scope of consolidation	122	
IRAP - Effective tax burden	1,986	(145)
Effective tax burden as shown in the financial statements	**18,503**	**10,183**

The effects of temporary changes that increase/decrease taxable income, recognised in the accounts as part of deferred tax assets/liabilities, are reflected in the reconciliation.

Section 21 - Profit (loss) after tax on discontinuing operations - item 310

The Group does not have groups of assets held for sale.

Section 22 - Net profit (loss) pertaining to minority interests - item 330

22.1 Analysis of item 330 “Net profit (loss) pertaining to minority interests”

There are no gains pertaining to minority interests in 2013.

22.2 Analysis of item 330 “Loss pertaining to minority interests”

Company	31/12/2013	31/12/2012
De Agostini Editore S.p.A.	(25)	3
Total	**(25)**	**3**

The loss attributable to minority interests amounts to Euro -25 thousand and refers to the portion attributable to the De Agostini Editore S.p.A. group for the 35% interest in the share capital of the subsidiary Santander Consumer Finance Media S.r.l.

Section 23 - Other information

No further information has to be given in addition to what has already been provided in the previous sections.

Section 24 - Earnings per share

24.1 Average number of ordinary shares (fully diluted)

	Number	Days	Weighted number
Opening balance	512,000	365	512,000
Issue of new shares	61,000	193	32,255
Total			**544,255**

With reference to IAS 33, note that the weighted average number of ordinary shares used in the calculation of basic earnings per share is the same as the average number of shares based on fully diluted capital.

24.2 Other information

Profit (loss) for the year	-42,067
Basic earnings per share	-0,08
Profit (loss) for the period pertaining to the Parent Company	-42,041
Basic earnings per share	-0,08

Basic EPS is the same as diluted EPS as there are no instruments outstanding that could potentially dilute basic EPS in the future.

Part D - Consolidated comprehensive income

ANALYTICAL STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

	Items	Gross amount	Income taxes	Net amount
10.	**Net profit (loss) for the period**	X	X	(42,067)
	Other elements of income without transfer to the income statement:			
20.	Property and equipment			
30.	Intangible assets			
40.	Defined-benefit pension plans	264	(87)	177
50.	Non-current assets held for sale and discontinued operations			
60.	Portion of the measurement reserves of the equity investments			
	measured at equity			
	Other elements of income with transfer to the income statement:			
70.	**Foreign investment hedges:**			
	a) changes in fair value			
	b) relapse to the income statement			
	c) other changes			
80.	**Exchange differences:**			
	a) changes in value			
	b) relapse to the income statement			
	c) other changes			
90.	**Cash-flow hedges:**			
	a) changes in fair value	7,807	(2,582)	5,225
	b) relapse to the income statement			
	c) other changes			
100.	**Financial assets available for sale:**			
	a) changes in fair value			
	b) relapse to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
110.	**Non-current assets held for sale and discontinued operations:**			
	a) changes in fair value			
	b) relapse to the income statement			
	c) other changes			
120.	**Portion of the measurement reserves of the equity investments measured at equity:**			
	a) changes in fair value			
	b) relapse to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
130.	**Total other elements of income**	**8,071**	**(2,669)**	**5,402**
140.	**Total comprehensive income (Items 10+130)**			**(36,665)**
150.	Total comprehensive income pertaining to minority interests	(37)	12	(25)
160.	**Total consolidated comprehensive income pertaining to Parent Company**			**(36,640)**

Part E - Information on risks and related hedging policies

Section 1 - Credit risk

Qualitative information

1. General aspects

Credit risk is the main type of risk to which the Bank is exposed; it is the risk associated with the probability that a borrower may be unable to meet its contractual obligations, thus exposing the Bank to possible future losses.

The Bank's operations in Italy are prevalently focused on retail customers, where the risk in question is highly differentiated and "pulverised". In fact, the Bank's assets are characterised by a very high average number of customers, a low average exposure and a limited average residual duration. So in general, credit risk exists, but in a situation of high fragmentation.

2. Credit risk management policies

2.1. Organisational aspects

The Bank's risk management model provides for the involvement of the Board of Directors and Top Management, along with the structures that perform day-to-day risk management activities.

With regard to the risk classes that have been identified and thanks to a system of delegated powers and controls, the units designated to manage the associated risk are those units/functions that play a supervisory/direction/control role and other support structures.

The structures involved in the overall process of risk management are:

- Board of Directors;
- Chief Executive Officer and General Manager;
- Administration and Control Department;
- Legal Affairs and Institutional Relations Department;
- Operational Development Department;
- Finance Department;
- Sales and Marketing Department;
- Risk Management Department;
- Collection Business Unit (CBU);
- Internal Auditing and Operating Controls Department (reports to the Board of Directors through a direct functional relationship with the CEO).

These structures are either directly responsible or work through sub-areas and units.

The risk management map is as follows:

Type of risk	Risk Taking Unit	Control
Credit risk	Standardized/Non-Standardized Risk Unit	Risk Control Unit
Counterparty risk	Finance Department	Risk Control Unit
Operational risk	The various functional areas involved in the operational process	T&O Department
Interest rate risk	Finance Department	Risk Control Unit
Liquidity risk	Finance Department	Risk Control Unit
Securitisation risk	Finance Department	Risk Control Unit
Strategic risk	Board of Directors/Top Management	Board of Directors/Executive Committee
Reputational risk	T&O Department / Institutional Relations, Legal and Compliance Department	Legal and Compliance Committee
Concentration risk	Standardized/Non-Standardized Risk Unit	Risk Control Unit
Provisioning risk	Planning and Controls Department	Risk Control Unit
Residual Risk	General Management / Institutional Relations, Legal and Compliance Department	Institutional Relations, Legal and Compliance Department

In addition to the areas mentioned above, the control activity is completed and assessed by the Internal Auditing and Operating Controls Department.
Note that at the balance sheet date the organisational structure for the supervision, monitoring and control of risk is currently being revised to bring it into line with the recommendations of the July 2013 update of Circular 263.

The following chart shows the organisational structure of the Risk Department.

More in detail, the essential functions of Standardized Risk Management at the Santander Consumer Bank Group are:
- to define the risk policies, strategies and internal procedures for the management of "standardized" products (i.e. those subject to automatic assessment by means of a scoring mechanism);
- to analyse, help create and manage (in terms of updating and configuration) automatic applications for decision-making and support in setting up dossiers ("scoring");
- to monitor the riskiness of products, Local Units, Dealers and agents, with the objective of retro-feeding and refining the rules and models for credit risk assessment;
- to prepare an overview of the qualitative trend of corporate loans and any balances showing significant changes in riskiness that need to be analysed;
- to handle the entire credit analysis for the activation of new Dealers;
- to handle relations with official data bases, especially with regard to changes in the information provided, reporting anomalies and cancellations, and monitoring their bills;
- to assign approval levels in accordance with the guidelines authorised by the Board of Directors;
- to develop and supervise the "Loan Management Plan" (LMP);
- to analyse, develop and maintain corporate procedures aimed at identifying situations of potential fraud by third parties.

The essential functions of Non-Standardized Risk Management at Santander Consumer Bank are:

- define the risk policies, development strategies and internal procedures for products in the "non-standardized" segment (i.e. those subject to valuation by a rating system);
- to prepare positions for submission to the Committees with powers of approval;
- to carry out an annual review of dealers' positions in "non-standardized" products";
- to develop together with the Collection Business Unit debt recovery strategies to be implemented with dealers (only with respect to "non-standardized" products);
- to manage the risk policies for all National Agreements and collaborations with leading automobile brands;
- to perform the periodic analysis of the F.E.V.E (Firmas en Situaciòn de Vigilancia Especial - signature powers in particular monitoring situations).

The mission of the Risk Control Unit is to identify areas of risk, control objectives and suitable techniques to achieve them. The main functions assigned to this unit are:

- to monitor the main risk indicators
- to provide support in the definition of provisions for current and future losses;
- to calculate and monitor expected losses;
- to ensure the reliability and automatic generation of reports;
- to analyse, develop and maintain systems that are technically up-to-date, guaranteeing the reliability of the applications used to create periodic reports for operating and management purposes;
- to monitor financial risks periodically, with particular reference to interest rate risk and liquidity risk, using Asset & Liability Management (ALM) techniques;
- to liaise with the internal and external control bodies periodically to verify the level of implementation of company policies.

The essential function of the Decision-Making Support and Monitoring Unit is to ensure proper implementation of the policies and procedures for standardized risk-taking with regard to particular credit proposals.

2.2 Systems for managing, measuring and monitoring risk

The Risk Function oversees the process of risk management, which is defined by the approval of policies for the identification, measurement, control and management of risk, where applicable. During the process, the areas that take risks and top management are both involved in the risk function. It also relates these activities to business development by identifying new opportunities and business plans, budgets and optimisation of risk-adjusted profitability.
This activity is carried out in close collaboration with those who take the risks, performing analyses and management of the loan portfolios in a way that makes it possible to adjust business development to the risk profile desired and, where applicable, to mitigate the risk and handle debt collection which is applicable in any case.

In Santander Consumer Bank, the credit risk assumed by the Company's activity can essentially be split into two categories: Standardized and Non-Standardized. Both these types involve the risk that the borrower will default on its obligations under the terms of the agreement, but it is necessary to distinguish between contracts that are treated in a standardized way and others that require separate treatment (by an analyst or portfolio manager).

As regards the first category, the following phases are identified:

1. Origination
2. Monitoring & Reporting
3. Impairment

1. The Origination phase is in turn split into credit analysis, assessment and approval:

- The Credit Analysis phase involves keying in the data directly to the operating system by a branch employee, dealer/retailer or directly by the customer through Internet. This applies to personal loans, special-purpose loans and credit cards. As far as leasing & renting are concerned, for the Retail segment the process is similar to the above, whereas for counterparties in the Small Business segment, opening a dossier may require more information, such as financial statements data, if available, and information on the applicant's business activity.

- The Assessment is automatic in the case of special-purpose loans, personal loans and credit cards. The information entered into the system during the credit analysis phase is processed through a scoring system managed by the Standardized Risk Function; measurement of the risk associated with the dossier is, therefore, based on this system. These scoring grids (built internally or externally according to the corporative models of the Santander Group, which are based on logistic regression) are used to segment the clientele and establish the associated refusal rate. In the case of leasing, as well as the usual evaluation done with a scoring system, there is also provision for a manual examination of the dossier on the part of an operator (for loans to legal entities and some personal loans). If accounting figures for the counterparty are available, the analyses are carried out and the information required depends on the type of the dossier and level of signature power required; in this case, therefore, measurement of the risk associated with the dossier is of an evaluation type.

- The Resolution phase is delegated to various persons in the structure based on grids that show the signatory powers based on the type of customer, the amount to be lent, the type of product/service and, in certain cases, the asset to be financed.

Once concluded, the Origination phase may provide for a process of mitigation and collateral management, where the analyst has to analyse in detail all of the items acquired by the applicant and, where necessary, foresee the inclusion of appropriate collateral (in order to minimise the credit risk inherent in lending activities), such as a second signature and/or guarantees, bond insurance (only for car loan products), mandates to register a mortgage (only for car loan products), liens (only for car loan products) and bills of exchange.

2. Monitoring is handled by the Standardized Risk and Risk Control Units, its main purpose being to identify, analyse, forecast and model the behaviour of all the variables that could potentially result in changes to the quality of credit risk assumed by the entity.

3. The Impairment phase is handled by the Collection Business Unit. The Unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies that make it possible to prioritise the collection depending on the customer's risk profile and the ageing of their balances.

The objective is to evaluate the current position of the customer through qualitative and quantitative analysis, with a view to renegotiating the amount of each instalment.
It also performs what is known as "Late Collection - After the Final Deadline (AFD). In particular, it handles those contracts that are officially considered in default after non-payment of a number of instalments and an AFD notice is issued. The latter makes use of external collection agencies (which carry out Home Calling and Phone Calling), with a view to recovering the full amount outstanding. To support this activity, external law firms send borrowers injunctions and later payment requests or summons.

Salary or pension assignment differs from the above procedure. The Origination phase provides for a commercial agreement for distribution of the product through Santander Consumer Unifin, a Group company which pays over the monthly instalments collected from the customers who have borrowed money from Santander Consumer Bank, regardless of the actual collection from customers as guaranteed by means of a clause of "collected for uncollected".
Credit analysis, assessment and approval are carried out by Unifin with the assistance of Santander Consumer Bank, in accordance with an outsourcing agreement. Monitoring is based primarily on income data. The Impairment phase is handled by Santander Consumer Bank under the above mentioned contract.

As regards Non-Standardized Risk management, the process gets split into the following phases:
1. Customer Analysis
2. Customer's Credit Rating
3. Analysis of Credit Transactions
4. Decisions regarding Transactions/Customers
5. Monitoring
    - Customer tracking
    - Portfolio tracking
    - Controls
    - Check on production volumes
6. Collection

The Decision-making and Monitoring Function, on the other hand, reviews the credit analysis carried out by the Processing Area/Branch/Agent, each for their own dossiers.
After careful analysis of all available information (databases, customer's overall exposure, financial plan, etc.), the Approval and Monitoring Function, recommends to the decision-making body: approval, denial or suspension for additional guarantees.
This is within the scope of the guidelines issued by the Spanish Parent Company and with the agreement of General Management. The main differences between the scoring systems lies in the methods for determining the rating bands and in the variables used for the assignment of points. The scoring system calculates a score for each dossier and then associates it to a rating band, and on this basis a judgment is formulated on the dossier.

In the case of transactions with Corporate counterparties, i.e. medium to large companies, the measurement of the associated credit risk is done through detailed analyses of the accounting and non-accounting data. Such valuations, carried out by the Non-Standardized Risk Unit, consist of an analysis of the financial statements (accompanied by information on trends in the market in which it operates and its positioning within the market), external scoring systems and internal performance information.

2.3 Credit risk mitigation techniques

The risk mitigation techniques used in managing the portfolio are closely connected to the particular characteristics of the products being sold. The main types of guarantees currently in use are:

- Consumer Credit: co-obligation, surety, bill of exchange, mortgage, mandate to register a mortgage, insurance lien. In any case, note that coverage of the portfolio is very limited (around 1%);
- Stock Finance: Diversion & Repossession Agreement (93% of the total portfolio), signed by the Ultimate Parent Companies (captive agreements) and the Group Holding Company at the time that the framework agreement was signed;
- Salary Assignment: the credit is guaranteed by writing specific life and investment insurance policies, as well as a lien on the termination indemnity of the assignor in the case of private and parapublic companies.

2.4 Impaired financial assets

Impaired financial assets are managed by the CGU, which coordinates debt collection activities for the entire country and for all products, in accordance with the law and the Group's operating procedures. The Unit aims for maximum efficiency in managing the collection portfolio by applying strategies to establish collection priorities according to the customer's degree of risk and the ageing of the balances; this efficiency is also achieved by setting adequate strategies, by launching campaigns and by using specific tools.
Managing impaired assets (as in "massive collection") is performed on dossiers that have defaulted at least once.
Alongside this activity there is the management of positions that are considered special cases, which require particular procedures to be applied. The Bank also makes use of external collection entities that are carefully selected and monitored on an ongoing basis.

For all impaired balances there is also an activity that involves monitoring and classification according to an internal model (used by all of the Santander Group's local units). The principal monitoring indicator is delinquency (i.e. being in arrears, from the definition similar to that of impaired financial assets provided by the Supervisory Authority). The following are included in this category:

- dossiers that are past due by more than 90 days;
- dossiers affected by "entrainment" (i.e. belonging to a customer that has more than 25% of its total exposure in arrears);
- dossiers subject to loan restructuring (refinancing, reconciliations, queuing) for which the co-called "cure period" is not yet over;
- dossiers involving specific events, such as bankruptcy or fraud;
- contracts with AFDs and write-offs.

Delinquency is constantly monitored in terms of inflows and outflows, the ageing of past due amounts and split by product category. In particular, outflows are defined mainly on the basis of the days in arrears (in the event that they fall below 90), as well as the specific operations linked to particular categories included in the period of delay (as listed above). This breakdown of the portfolio is also fundamental for application of the model for deciding writedowns, based on an ageing analysis by product.

A. Credit quality

A.1 Impaired and performing loans: amounts, adjustments, trends, economic and territorial distribution

A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

Portfolio/Quality	Banking Group						Other entities		Total
	Doubtful loans	Non-performing loans	Restructured loans	Past due non-performing loans	Past due loans	Other assets	Non-performing loans	Other	
1. Financial assets held for trading									
2. Financial assets available for sale									
3. Financial assets held to maturity									
4. Due from banks						981,390			**981,390**
5. Loans to customers	58,706	25,077	14,473	37,603	131,269	5,244,610			**5,511,738**
6. Financial assets designated at fair value through profit and loss									
7. Financial assets under disposal						22			**22**
8. Hedging derivatives						43,644			**43,644**
31/12/2013	**58,706**	**25,077**	**14,473**	**37,603**	**131,269**	**6,384,220**			**6,536,794**
31/12/2012	**6,769**	**40,241**	**6,370**	**79,832**	**323,819**	**7,053,154**			**7,510,185**

The only portfolio that has impaired assets consists of loans to customers. The amount of doubtful, watchlist, restructured and past due loans corresponds to what was communicated to the Bank of Italy in the ordinary supervisory reports.

A.1.2 Distribution of credit exposures by portfolio and credit quality (gross and net values)

Portfolio/Quality	Non performing assets			Performing loans			Total (net exposure)
	Gross exposure	**Specific adjustments**	**Net exposure**	**Gross exposure**	**General portfolio**	**Net exposure**	
A. Banking Group							
1. Financial assets held for trading				X	X		
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks				981,390		981,390	**981,390**
5. Loans to customers	388,129	(252,270)	135,859		(50,017)		
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal							
8. Hedging derivatives				X	X	43,644	**43,644**
Total A	**388,129**	**(252,270)**	**135,859**		**(50,017)**		
B. Other companies included in consolidation							
1. Financial assets held for trading							
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks							
5. Loans to customers							
6. Financial assets designated at fair value through profit and loss							
7. Financial assets under disposal							
8. Hedging derivatives							
Total B							
Total 31/12/2013	**388,129**	**(252,270)**	**135,859**		**(50,017)**		
Total 31/12/2012	**252,621**	**(119,409)**	**133,212**		**(44,019)**		

The following is an ageing analysis of past due balances on performing exposures of loans to customers. Note that the Group does not have any exposures being renegotiated as part of Collective Agreements.

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure	Amount past due
Performing exposures					
Other exposures					
Past due up to 3 months	145,678		17,140	128,538	16,510
Past due from 3 to 6 months	3,646		1,142	2,503	162
Past due from 6 to 12 months	324		119	206	31
Past due beyond 1 year	142		119	22	12
Total A	**149,790**		**18,520**	**131,269**	**16,715**

Note that these loans are classified as performing, as foreseen in the Supervisory Regulations, as the total of the past due or overdrawn amounts is less than 5% of the entire credit exposure.

A.1.3 Banking Group - On- and off-balance sheet exposures to banks: gross and net values

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans			X	
b) Non-performing loans			X	
c) Restructured loans			X	
d) Past due loans			X	
e) Other assets	981,390	X		981,390
TOTAL A	**981,390**			**981,390**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other	44,499	X		44,499
TOTAL B	**44,499**			**44,499**
TOTAL A+B	**1,025,889**			**1,025,889**

The cash exposures to banks include the assets in item 60, whereas the off-balance sheet exposures include the fair value of the derivatives shown in asset item 80 and the guarantees concerning the Interbank Deposit Protection Fund. For details, please refer to the specific sections of the notes.

A.1.4 Banking Group - Cash credit exposures to banks: dynamics of gross non-performing loans

The Group does not have any exposures to banks that are subject to impairment.

A.1.5 Banking Group - Cash credit exposures to banks: dynamics of total writedowns

Exposures to banks are not subject to writedowns.

A.1.6 Banking Group - On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans	220,876	(162,170)	X	58,706
b) Non-performing loans	79,234	(54,157)	X	25,077
c) Restructured loans	16,543	(2,070)	X	14,473
d) Non-performing past due loans	71,476	(33,873)	X	37,603
e) Other assets	5,425,896	X	(50,017)	5,375,879
TOTAL A	**5,814,025**	**(252,270)**	**(50,017)**	**5,511,738**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing				
b) Other		X		
TOTAL B				
TOTAL A+ B	**5,814,025**	**(252,270)**	**(50,017)**	**5,511,738**

This table gives details of non-performing and performing loans to customers, gross and net of specific and portfolio adjustments.

A.1.7 Banking Group - Cash credit exposures to customers: dynamics of gross non-performing loans

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
A. Opening gross exposure	**25,611**	**97,417**	**9,453**	**120,141**
- of which: sold but not derecognised	5,443	39,198	2,129	59,664
B. Increases				
B.1 transfers from performing loans	62,645	88,182	13,808	136,642
B.2 transfers from other categories of	226,438	57,880	1,668	1,951
non-performing exposures				
B.3 other increases	25,169	14,137	10,424	15,048
C. Decreases				
C.1 transfers to performing loans	(1,084)	(5,793)	(1,504)	(20,208)
C.2 write-offs	(1,225)	(2,403)	(6)	(318)
C.3 collections	(9,158)	(10,366)	(4,201)	(14,614)
C.4 proceeds from disposals	(8,151)	(2,090)	(44)	(1,100)
C.4bis losses on disposal	(83,863)	(7,988)	(256)	(6,223)
C.5 transfers to other categories	(713)	(137,766)	(5,776)	(142,022)
of non-performing exposures				
C.6 other decreases	(14,792)	(11,978)	(7,023)	(17,822)
D. Closing gross exposure	220,877	79,233	16,542	71,476
- of which: sold but not derecognised	109,142	34,905	8,155	47,731

A.1.8 Banking Group - Cash credit exposures to customers: dynamics of total writedowns

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
A. Total opening adjustments	**18,840**	**57,177**	**3,083**	**40,309**
- of which: sold but not derecognised	2,146	21,383	656	18,786
B. Increases				
B.1 adjustments	71,524	24,628	1,719	55,915
B.1.bis losses on disposal	862	9,572	306	9,273
B.2 transfers from other categories of impaired exposure	64,973	11,260	52	210
B.3 other increases	19,606	4,493		2,826
C. Decreases				
C.1 recoveries on valuation	(357)	(1,100)	(969)	(5,028)
C.2 recoveries due to collections	(1,787)	(1,733)	(327)	(1,206)
C.2.bis gains on disposal				
C.3 write-offs	(8,684)	(1,543)	(2)	(208)
C.4 transfers to other categories of impaired exposure	(326)	(23,106)	(1,294)	(51,769)
C.5 other decreases	(2,481)	(25,490)	(498)	(16,449)
D. Total closing adjustments	**162,170**	**54,157**	**2,070**	**33,873**
- of which: sold but not derecognised	76,942	23,876	190	22,704

The total of "other decreases" includes the initial adjustments related to the operations of assets sold.

A.2 Classification of exposures based on external and internal ratings

A.2.1 Banking Group - Distribution of on- and off-balance sheet exposures by external rating class

The following table shows the net values of exposures to banks reflecting those shown in table A.1.3 and the net values of exposures to customers as shown in table A.1.6. Given the Group's type of customers, the latter are not subjected to rating.

Exposures	External rating class						Unrated	Total
	1	**2**	**3**	**4**	**5**	**6**		
A. Cash exposures		943,328	26,342		92		5,523,366	**6,493,128**
B. Derivatives								
B.1 Financial derivatives			43,644					**43,644**
B.2 Credit derivatives								
C. Guarantees given							855	**855**
D. Commitments to issue loans								
E. Other								
Total		943,328	69,986		92		5,524,221	**6,537,627**

The risk classes by rating indicated in this table refer to the various classes of borrowers' creditworthiness according to the assessments made by the rating agencies.
If various conflicting assessments have been made of the same entity, we have made reference to the worst.

The following shows the relationships between the risk classes and ratings used by the rating agencies surveyed:

Rating classes	S&P	Moody's	Fitch	DBRS
1	AAA/AA-	Aaa/Aa3	AAA/AA-	AAA/AAL
2	A+/A-	A1/A3	A+/A-	AH/AL
3	BBB+/BBB-	Baa1/Baa3	BBB+/BBB-	BBBH/BBBL
4	BB+/BB-	Ba1/Ba3	BB+/BB-	BBH/BBL
5	B+/B-	B1/B3	B+/B-	BH/BL
6	CCC+/D	Caa1/C	CC+/D	CCCH/D

A.2.2 Banking Group - Distribution of on- and off-balance sheet exposures by internal rating classes

This table has not been prepared because the internal ratings are not currently used in the calculation of capital requirements for the management of credit risk.

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Banking Group - Guaranteed credit exposures to banks

The Group has no guaranteed credit exposures to banks.

A.3.2 Banking Group - Guaranteed credit exposures to customers

	Amount of net exposure	Secured guarantees (1)			Unsecured guarantees (2)									Total (1)+(2)
					Credit derivatives					Endorsement credits				
						Other derivatives								
		Property	Securities	Other secured guarantees	Credit Linked Notes	Governments and central banks	Other public entities	Banks	Other parties	Governments and central banks	Other public entities	Banks	Other parties	
1. Guaranteed cash exposures:														
1.1 fully guaranteed	69,762												69,762	69,762
- of which: impaired	1,639												1,639	1,639
1.2 partially guaranteed	1,100												1,100	1,100
- of which: impaired	58												58	58
2. Guaranteed off-balance sheet credit exposures:														
2.1 fully guaranteed														
- of which: impaired														
2.2 partially guaranteed														
- of which: impaired														

The table shows the amount of loans to customers backed by endorsement credits, consisting mainly of promissory notes and guarantees, including the entire stock of loans on salary assignment, guaranteed by Unifin S.p.A. (part of the Santander Group) through a contractual clause called “collected for uncollected”.

B. Distribution and concentration of credit exposures

B.1 Banking Group - Distribution by sector of on- and off-balance sheet exposures to customers (book value)

Exposures/ Counterparties	Governments			Other public entities			Financial institutions			Insurance companies			Non-financial institutions			Other parties		
	Net exposure	**Specific adjustments**	**General portfolio adjustments**	**Net exposure**	**Specific adjustments**	**General portfolio adjustments**	**Net exposure**	**Specific adjustments**	**General portfolio adjustments**	**Net exposure**	**Specific adjustments**	**General portfolio adjustments**	**Net exposure**	**Specific adjustments**	**General portfolio adjustments**	**Net exposure**	**Specific adjustments**	**General portfolio adjustments**
A. Cash exposures																		
A.1 Doubtful loans			X		-5	X		-1	X			X	8,495	(29,554)	X	50,211	(132,610)	X
A.2 Non-performing loans			X			X	6	-6	X			X	1,823	(6,589)	X	23,248	(47,562)	X
A.3 Restructured loans			X			X			X			X	323	(27)	X	14,150	(2,043)	X
A.4 Past due loans			X			X			X			X	2,139	(3,028)	X	35,464	(30,845)	X
A.5 Other exposures		X		241	X		891	X	(2)	17	X	(2)	468,806	X	(3,297)	4,905,924	X	(46,716)
TOTAL				**241**	**(5)**		**897**	**(7)**	**(2)**	**17**		**(2)**	**481,586**	**(39,198)**	**(3,297)**	**5,028,997**	**(213,060)**	**(46,716)**
B. Off-balance sheet exposures																		
B.1 Doubtful loans			X			X			X			X			X			X
B.2 Non-performing loans			X			X			X			X			X			X
B.3 Other non-performing loans			X			X			X			X			X			X
B.4 Other exposures		X			X			X			X			X			X	
TOTAL																		
31/12/2013				**241**	**(5)**		**897**	**(7)**	**(2)**	**17**		**(2)**	**481,586**	**(39,198)**	**(3,297)**	**5,028,997**	**(213,060)**	**(46,716)**
31/12/2012				**514**	**(3)**	**(2)**	**13,666**	**(1)**	**(14)**				**643,400**	**(31,957)**	**(5,020)**	**5,895,066**	**(87,448)**	**(38,983)**

The above table shows the cash positions with customers by sector. It shows the distinct prevalence of exposures to retail customers.

B.2 Banking Group - Territorial distribution of on- and off-balance sheet exposures to customers (book values)

Exposures/ Geographical areas	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH		ISLANDS	
	Net exposure	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**
A. Cash exposures										
A.1 Doubtful loans	10,831	(30,823)	4,834	(12,040)	11,496	(33,090)	21,572	(58,849)	9,973	(27,368)
A.2 Non-performing loans	5,361	(10,482)	2,270	(4,291)	5,122	(12,291)	7,598	(17,687)	4,726	(9,406)
A.3 Restructured loans	3,302	(329)	1,836	(146)	3,026	(370)	3,726	(661)	2,583	(564)
A.4 Past due loans	7,229	(6,727)	2,477	(2,190)	7,823	(7,423)	12,038	(10,762)	8,036	(6,771)
A.5 Other exposures	1,408,242	(11,386)	561,771	(4,829)	1,147,130	(10,825)	1,470,086	(14,876)	788,650	(8,101)
TOTAL	**1,434,965**	**(59,747)**	**573,188**	**(23,496)**	**1,174,597**	**(63,999)**	**1,515,020**	**(102,835)**	**813,968**	**(52,210)**
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures										
TOTAL										
TOTAL 31/12/2013	**1,434,965**	**(59,747)**	**573,188**	**(23,496)**	**1,174,597**	**(63,999)**	**1,515,020**	**(102,835)**	**813,968**	**(52,210)**
TOTAL 31/12/2012	**1,696,476**	**(37,647)**	**679,549**	**(13,868)**	**1,412,884**	**(38,309)**	**1,765,396**	**(47,912)**	**998,341**	**(25,692)**

The Group has exposures exclusively to Italian customers; the geographical breakdown used in the table is taken from the instructions issued by the Bank of Italy and is consistent with the allocation used for regulatory reporting.

B.3 Banking Group - Territorial distribution of on- and off-balance sheet exposures to banks (book value)

Exposures/Geographical areas	ITALY		OTHER EU COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. Cash exposures										
A.1 Doubtful loans										
A.2 Non-performing loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	757,204		224,186							
TOTAL	**757,204**		**224,186**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures	855		43,644							
TOTAL	**855**		**43,644**							
TOTAL 31/12/2013	**758,059**		**267,830**							
TOTAL 31/12/2012	**80,492**		**876,757**							

This table contains, for exposures to residents, the positive balance of current accounts with banks, while for exposures to foreigners, the balance is made up primarily of commercial paper subscribed by securitisation vehicles consolidated in the financial statements issued by the companies of the Abbey National Treasury Service Plc Group, which belongs to the Spanish Santander Group.

B.4 Large risks

The Group is not exposed to any large risks at the balance sheet date.

C. Securitisation and assignment of assets

This section only refers to securitisations, so excluding transactions in which the Parent Company subscribed the entire amount of the securities issued.

C.1 Securitisations

Qualitative information

In accordance with the provisions of the Supervisory Authority regarding financial statement disclosures on securitisations (Circular No. 262 of 22 December 2005 and Provision no. 179 of 30 July 2003), we provide the following detailed information.

At the end of 2013, the Parent Company has two securitisations of performing consumer loans, carried out in accordance with Law 130/99 through Golden Bar (Securitisation) S.r.l. (an SPE which has no participatory connection with the Parent Company):

- Golden Bar Stand Alone 2011-1
- Golden Bar Stand Alone 2011-3.

Both transactions are "stand alone", with a single initial issue.
In addition, on 15 March 2013, the first securitisation programme (started in 2004) called "2,500,000,000 Euro Medium Term Asset-Backed Notes Programme", was completely repaid by reimbursing the residual value of the

securities, namely Euro 1,117,291 for Series 3 and Euro 3,361,026 for Series 4.

As part of Golden Bar Stand Alone 2011-1 transaction the company purchased a portfolio of performing loans for a total of Euro 600,001,249, which was completed on 31 March 2011 with the issuance of a single series of securities for a total of Euro 600,000,000, divided into three classes with decreasing order of priority and subscribed by the originator for a total of Euro 450,000,000, while the remainder, of Euro 150,000,000, was subscribed by third party company.
As part of Golden Bar Stand Alone 2011-3 transaction the company purchased a portfolio of performing loans for a total of Euro 710,058,081, which was completed on 21 November 2011 with the issuance of a single series of securities for a total of Euro 710,058,000, divided into two classes with decreasing order of priority, both without rating. The entire Class A was privately subscribed and the Junior security was subscribed by Santander Consumer Bank.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 14,201,160, which at the date of the balance sheet is still outstanding for an amount of Euro 11,753,017.
During the year, the SPE made further revolving acquisitions of performing loans for a total of Euro 347,247,122.

During the year, operations were monitored by rating agencies, such as Moody's Investors Services and Standard & Poor's for the first programme, by Moody's Investors Services and Fitch Ratings Ltd for the first stand-alone operation, whereas no rating was assigned to the securities of the second stand-alone operation as they were subscribed privately.

Santander Consumer Bank, as the servicer, sends a periodic "servicing report" to the Calculation Agent, represented by Deutsche Bank S.p.A. for the first securitisation programme (ended in March 2013) and for Golden Bar Stand Alone 2011-1; by Bank of New York Mellon for Golden Bar Stand Alone 2011-3. The Calculation Agent integrates the information on the portfolio with financial data and produces an investor report for each operation which is distributed to the rating agencies, investors and the international financial community. In this report it gives details of the trend in collections and the main events that could affect the securitised loans (early repayments, late payments, defaults, etc.).

As the servicer, Santander Consumer Bank S.p.A. handles, among other things, management of payments from customers, the immediate credit of the funds received to the SPE and activation of debt collection procedures where necessary.

In 2013, the Parent Company entered servicing fee income of Euro 8 thousand (Euro 416 thousand in 2012), related to the first programme, Euro 2,180 thousand (Euro 2,992 thousand in 2012) related to Golden Bar Stand Alone 2011-1, Euro 5,558 thousand (Euro 3,375 thousand in 2012) related to the third programme and Euro 3,993 thousand (Euro 3,723 thousand in 2010) related to Golden Bar Stand Alone 2011-3.
The following table summarises the figures (in thousands of Euro) that show the size of each portfolio, the total exposure of the Parent Company in terms of securities subscribed, the cash reserve and additional collateral. Note that the cash reserves of the Golden Bar Stand Alone 2011-1 operation include the cash paid by Banco Santander as a guarantee, namely Euro 18 million.

<table>
<tr><th></th><th>Assets held by the SPE</th><th>Senior and Mezzanine Securities subscribed</th><th>Junior Securities subscribed</th><th>Cash Reserve</th><th>Assets held by the Group</th><th>Type of collateral</th><th>Distribution of collateral by geographical area</th><th>Average maturity of the collateral</th><th>Rating of the collateral</th></tr>
<tr><td>Golden Bar Stand Alone 2011-1</td><td>310,271</td><td>214,215</td><td>60,000</td><td>90,115</td><td rowspan="2">5,511,738</td><td>n.a.</td><td>n.a.</td><td>n.a.</td><td>n.a.</td></tr>
<tr><td>Golden Bar Stand Alone 2011-3</td><td>694,381</td><td>-</td><td>210,058</td><td>68,254</td><td>n.a.</td><td>n.a.</td><td>n.a.</td><td>n.a.</td></tr>
</table>

In accordance with international accounting standards, specifically SIC 12 and IAS 27, it was decided to consolidate the portfolios securitised as there were not the requisites for derecognition of the receivables by the Parent Company, as the subscriber of the Junior Securities issued by the SPE.

At the end of the year the Parent Company holds in its portfolio the Class B securities, the Junior Securities and part of the Class A securities related to: Golden Bar Stand Alone 2011-1 for Euro 274,215 thousand, while for Golden Bar Stand Alone 2011-3 it holds the Junior security for Euro 210,058 thousand.

During the year, the Junior Securities generated income of Euro 25 thousand (Euro 1,919 thousand in 2012) for the first Programme, Euro 11,816 thousand (Euro 11,072 thousand in 2012) for the stand alone 2011-1 transaction, for Euro 23,125 thousand (Euro 47,646 thousand in 2012) for the stand alone 2011-3 transaction.

To enhance the transparency of disclosures, the following is a breakdown of the various components that generated the excess spread accrued on the various operations, which was booked to the income statement in 2013 and 2012.

2013

Breakdown of the excess spread accrued during the year	31/12/2013	
	Golden Bar Stand Alone 2011-1	**Golden Bar Stand Alone 2011-3**
Interest expense on securities issued	(4,865)	(8,919)
Commissions and fees on the operation	-	-
- for servicing	(2,180)	(3,558)
- for other services	(112)	(20)
Other charges	(10,263)	(14,501)
Interest generated by the securitised assets	27,584	47,002
Other revenues	1,652	3,121
Total interest income	**11,816**	**23,125**

2012

Breakdown of the excess spread accrued during the year	31/12/2012	
	Golden Bar Stand Alone 2011-1	**Golden Bar Stand Alone 2011-3**
Interest expense on securities issued	(9,984)	(11,087)
Commissions and fees on the operation	-	-
- for servicing	(2,992)	(3,375)
- for other services	(233)	(16)
Other charges	(17,839)	(12,985)
Interest generated by the securitised assets	39,653	47,037
Other revenues	2,467	3,326
Total interest income	**11,072**	**22,900**

Quantitative information

C.1.1 Banking Group - Exposures deriving from securitisations, analysed by type of underlying assets

Type of underlying assets/ Exposures	Cash exposure						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. With own underlying assets:																		
a) Impaired	18,330	7,148	3,728	1,454	7,805	3,044												
b) Other	598,304	596,834	121,701	121,402	254,777	254,151												
B. With underlying assets of third parties:																		
a) Impaired																		
b) Other																		

At 31 December 2013 there are no exposures arising from securitisations whose assets have been derecognised from the balance sheet.

C.1.2 Banking Group - Exposures deriving from principal "own" securitisations, analysed by type of assets securitised and by type of exposures

"Type of underlying assets/ Exposures "	Cash exposure						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/recoveries	Book value	Adjustments/recoveries	Book value	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries
A. Derecognised in full																		
A.1 Golden Bar III Securitisation Programme																		
- Senior Notes	-																	
- Type of assets																		
A.3 Name of securitisation ...																		
B. Derecognised in part																		
B.1 Name of securitization 1																		
- Type of assets																		
B.2 Name of securitisation 2																		
- Type of assets																		
B.3 Name of securitisation ...																		
C. Not derecognised																		
C.1 Golden Bar Securitisation Programme																		
- Consumer credit																		
C.2 Golden Bar IV Securitisation Programme																		
- Consumer credit																		
C.1 Golden Bar Stand Alone 2011-1																		
- Consumer credit	127,798	2,677	122,856	2,573	57,142	1,197												
C.4 Golden Bar Stand Alone 2011-2																		
- Consumer credit																		
C.2 Golden Bar Stand Alone 2011-3																		
- Consumer credit	476,184	9,975	-	-	200,053	4,191												

The table shows the value of the securitised loans. For each operation, the exposures were split into "Senior", "Mezzanine" and "Junior" by parametrising the amount of the securitised assets by the residual value of the notes issued, as it is impossible to identify a correlation between specific securitised assets (identifiable by amount, type and quality) and the securities issued due to the nature of the operations.

C.1.3 Banking Group - Exposures deriving from principal third-party securitisations, analysed by type of assets securitised and by type of exposure

The Group does not have any exposures resulting from third-party securitisations.

C.1.4 Banking Group - Exposures to securitisations analysed by portfolio and by type

At 31 December 2013 there are no securitisations whose assets have been sold and fully derecognised from the balance sheet.

C.1.5 Banking Group - Total amount of the securitised assets underlying the Junior Securities or other forms of credit support

Assets/Amounts	Traditional securisations	Synthetic securisations
A. Own underlying assets:		
A.1 Derecognised in full		
1. Doubtful loans		X
2. Non-performing loans		X
3. Restructured loans		X
4. Past due loans		X
5. Other assets		X
A.2 Derecognised in part		
1. Doubtful loans		X
2. Non-performing loans		X
3. Restructured loans		X
4. Past due loans		X
5. Other assets		X
A.3 Not derecognised		
1. Doubtful loans	6,264	
2. Non-performing loans	1,840	
3. Restructured loans	542	
4. Past due loans	3,000	
5. Other assets	972,387	
B. Underlying assets of third parties		
B.1 Doubtful loans		
B.2 Non-performing loans		
B.3 Restructured loans		
B.4 Past due loans		
B.5 Other assets		

The table shows the securitised loans for which all the risks and benefits are not transferred.

C.1.6 Banking Group - Interests in special purpose entities (SPE)

The Group does not have any interests in special purpose entities.

C.1.7 Banking Group - Servicer Activity - collections of securitised loans and reimbursement of securities issued by the SPE

SPE	Securitised assets (at year end)		Loan collections during the year		Percentage of securities repaid (at year end)					
					Senior		**Mezzanine**		**Junior**	
	Non-performing loans	**Performing loans**	**Non-performing loans**	**Performing loans**	**Non-performing**	**Performing**	**Non-performing**	**Performing**	**Non-performing**	**Performing**
"Golden Bar S.r.l. (Golden Bar Stand Alone 2011-1)"	6,177	301,619	2,942	177,707		67%				
"Golden Bar S.r.l. (Golden Bar Stand Alone 2011-3)"	5,469	670,768	2,796	308,676						

C.1.8 Banking Group - SPE subsidiaries

Not applicable.

C.2 Transfers

A. Financial assets sold but not fully derecognised

Qualitative information

For the information required by IFRS 7 to be provided in this paragraph, see Section C.1 Securitisations - qualitative information.

Quantitative information

C.2.1 Banking Group - Financial assets sold but not derecognised: book value and full value

Technical forms/ Portfolio	Financial assets held for trading			Financial assets designated at fair value through profit and loss			Financial assets available for sale			Financial assets held to maturity			Due from banks			Loans to customers			Total	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2013	31/12/2012
A. Cash assets																				
1. Debt securities																				
2. Equity instruments										X	X	X	X	X	X	X	X	X		
3. UCITS units										X	X	X	X	X	X	X	X	X		
4. Loans																984,033			**984,033**	**1,187,065**
B. Derivatives				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
31/12/2013																984,033			**984,033**	**X**
of which: impaired																11,646			**11,646**	**X**
31/12/2012																1,187,065			**X**	**1,187,065**
of which: impaired																**10,248**			**X**	**10,248**

Key:
A = Financial assets sold and recognised in full (book value)
B = Financial assets sold and recognised in part (book value)
C = Financial assets sold and recognised in part (full value)

This table shows the carrying value of financial assets sold but still recognised in the balance sheet. These assets were sold as part of securitisation operations, details of which can be found in Part E, Section 1, paragraph C of the consolidated financial statements.

C.2.2 Banking Group - Financial liabilities for financial assets sold but not derecognised: book value

Liabilities/Portfolio assets	Financial assets held for trading	Financial assets designated at fair value through profit and loss	Financial assets available for sale	Financial assets held to maturity	Due from banks	Loans to customers	Total
1. Due to customers							
a) for assets recorded in full							
b) for assets recorded in part							
2. Due to banks							
a) for assets recorded in full							
b) for assets recorded in part							
3. Debt securities issued							
a) for assets recorded in full						548,974	548,974
b) for assets recorded in part							
31/12/2013						**548,974**	**548,974**
31/12/2012						**626,419**	**626,419**

"Debt securities issued" include liabilities issued by the SPE as part of the securitisation of loans to customers.

C.2.3 Banking Group – Transfers with liabilities that have recourse exclusively against the assets sold: fair value

Technical forms/Portfolio	Financial assets held for trading		Financial assets designated at fair value through profit and loss		Financial assets available for sale		Financial assets held to maturity (fair value)		Due from banks (fair value)		Loans to customers (fair value)		Total	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**T**	**T-1**
A. Cash assets														
1. Debt securities														
2. Equity instruments							X	X	X	X	X	X		
3. UCITS units							X	X	X	X	X	X		
4. Loans											522,826		**522,826**	**594,288**
B. Derivatives			X	X	X	X	X	X	X	X	X	X		
Total assets											**522,826**		**522,826**	**594,288**
C. Associated liabilities													**X**	**X**
1. Due to customers											548,974		**X**	**X**
2. Due to banks													**X**	**X**
Total liabilities											**548,974**		**548,974**	**626,897**
Net amount (T)											(26,148)		**(26,148)**	**X**
Net amount (T-1)											(32,609)		**X**	**(32,609)**

Key:
A = Sold financial assets wholly measured
B = Sold financial assets partially measured

The loans represent the value of the securitised receivables parametrised to the residual value at 31 December 2013 of the securities issued and subscribed by third parties, as shown in "Due to customers", gross of the payments generated by the portfolio.

B. Financial assets sold and fully derecognised with recognition of the continued involvement

Qualitative information
Not applicable.

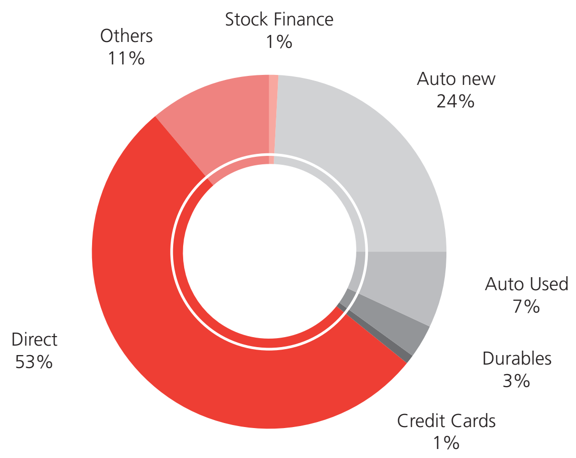
Quantitative information
Not applicable.

C.3 Banking Group - Covered bond transactions

Not applicable.

D. Banking Group - Models for the measurement of credit risk

Delinquency Balance - CONSOLIDATED



The balance at risk by product of the "dossiers in delinquency" (i.e. that have amounts past due by more than 90 days and with other characteristics that make them be considered high risk) is monitored on a monthly basis. Note that the monthly change in the delinquency helps to define another metric, called VMG (Variación de Mora Gestionada).

As you can see from the above graph (December 2013), the distribution of this aggregate by product follows the characteristics of the Group's business. The main products are new cars (24%), direct loans (53%) and salary assignment (11%).

Credit risk is assessed, among other things, by:
- Vintage analysis. This is a tool that allows you to make comparisons between different production performances (over the life of the product), according to their segmentation. The comparison is between products with a similar production date, so you can identify any deviations from past performances. Usually, graphic representations are used to keep track of the trend, such as the one that shows the relationship between the months on book and the percentage of delinquency between multiple vintages
- Trend analysis (roll rate)
  Polynomial models are used (confidence/R2 ~ 95%) for stress test purposes, also to take account of the trend in default rates with a non-linear trend at the same date of the first instalment. In particular, this tool is used to define the migration of dossiers from one late payment category to another, reflecting a deterioration or improvement in the quality of the asset portfolio
- Expected Loss, in collaboration with the Parent Company, we calculate the value of EL/LGD for each dossier, the main objectives being:
  - to set up a reserve for expected losses
  - to estimate expected recoveries
  - to provide information to other units
  - to reduce the impact of riskier products on the portfolio.

2. Banking Group - Market risks

2.1 Interest rate risk and price risk - Trading portfolio reported for supervisory purposes

Not applicable.

2.2 Interest rate risk and price risk - Banking book

Qualitative information

A. General aspects, management and measurement of interest rate risk and price risk

In general, the sources of interest rate risk are mainly attributable to:

- repricing risk, i.e. the risk linked to a timing gap in the maturities and in the repricing of assets and liabilities; this risk is mainly attributable to changes in the slope and shape of the yield curve ("yield curve risk") and to an imperfect correlation in the adjustment of the lending and borrowing rates applied to various instruments that may also present similar characteristics in the price revision ("basis risk");
- option risk, i.e. the risk deriving from the existence of options that are implicitly or explicitly present in the assets, liabilities and off-balance sheet instruments.

The sources of interest rate risk for the Group are mainly related to loans to customers, which are generated by the placement of consumer credit products and services (asset items) and their means of funding (liability items). The sector in which the Group operates is characterised by the fact that the loans granted are mostly fixed-rate, whereas the Bank's funding is both fixed- and floating-rate. So the main categories of interest rate risk to which the Bank is exposed are attributable to repricing risk.
Interest-rate risk is managed as part of the macro-strategies agreed at Group level within well-defined, formal exposure limits. The internal processes of managing and monitoring interest-rate risk provide for monthly preparation of operational information by the Unit in question and a critical evaluation on the part of the ALCO Committee. Monitoring is carried out by comparing the limits set by the Bank of Italy and by the Parent Company's policies with the results of the stress tests carried out on sensitive assets and liabilities.

Suitable indicators are formalised by the Finance Department and checked by the Risk Department. In this regard, quantitative limits are set for the following risk metrics:

- Market Value of Equity Sensitivity (MVE Sens.);
- Net interest margin Sensitivity (NIM Sens.).

To mitigate the risk of fluctuations in interest rates, the Group implements two main forms of mitigation:

- use of derivatives (interest rate swaps);
- having alternative sources of funding.

Monitoring of financial risks is carried out using the method established by the Bank of Italy. Specific quantitative limits are set for the following risk metrics:

- Retrospective and prospective effectiveness tests
- Liquidity ratio

Of the various types of risk hedges that are acceptable, the Group has chosen to use derivatives according to the following methods.

B. Fair value hedges

As regards fair value hedging, from September 2009 the Bank has entered into amortising derivatives to neutralise the exposure to changes in fair value of a portfolio of financial assets, attributable to unexpected fluctuations in interest rates.

L'efficacia delle coperture è misurata e formalizzata periodicamente, sulla base di test predefiniti (retrospettivi e The effectiveness of the hedges is periodically measured and formalised, based on predefined tests (both retrospective and prospective):

- Prospective test. This test is designed to assess the difference between changes in the fair value of the hedged item and those of the hedging instrument, quantifying it by means of a specific percentage (efficiency percentage). The observation/effectiveness range is as foreseen by IFRS for this purpose.
- Retrospective test. This assessment is based on expectations of the future trend of the hedging relationship by identifying different scenarios for the trend in interest rate curves. In order to assess the effectiveness of the hedge, the difference between changes in the fair value of the hedged item and those of the hedging instrument have to be considered jointly for each scenario (quantifying them by means of a percentage). The observation/effectiveness range is as foreseen by IFRS for this purpose.

The metrics are defined/maintained in accordance with the Parent Company's instructions.

C. Cash flow hedges

As regards cash flow hedges, the Parent Company has entered into bullet derivatives to neutralise the exposure of its liabilities to changes in future cash flows arising from unexpected fluctuations in interest rates.

The effectiveness of the hedges is periodically measured and formalised, based on predefined tests (both retrospective and prospective):

- Prospective test. The prospective test also involves preparing a report that identifies the correlation between the cash flows (interest) arising from the item being hedged by the hedging instrument.
- Retrospective test. The aim of the test is to verify the correlation/relationship between interest expense (on the funding side) and the interest income earned from the derivative contracts negotiated (floating flow).

Quantitative information

1. Banking book: distribution by residual duration (repricing date) of financial assets and liabilities

This table is not prepared as the next section gives an analysis of the sensitivity to interest rate risk based on internal models and this analysis covers the whole of the banking book.

2. Banking book: internal models and other methodologies for analysing sensitivity

The measurement/quantification of financial risks, especially the interest rate risk, is carried out by analysing the specific synthetic indicators described below. These indicators are calculated on a monthly basis, which involves calculating an actual figure at the end of each month, as well as a forecast figure for the next reporting period. Monitoring interest rate risk is the responsibility of the Finance Department. When reporting, specific ratios are formalised by that Department and monitored by the Risk Management Department.

Sensitivity indicator "Market Value of Equity" (MVE)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it is designed to quantify the effect of a smooth change in interest rates in various scenarios on the shareholders' equity. The scenarios on which the calculation is performed are ±25, ±50, ±75, ±100 and +250 b.p. The following paragraph shows the results obtained by applying the +100 b.p. scenario on which the monthly analysis and the decisions on interest rate risk are based. The measurement of interest rate risk is then carried out by assessing the change in the value of financial assets and liabilities that are sensitive to interest rates and of derivatives (IRS) when there are changes in interest rates; the Market Value of Equity is calculated by using the present value of all future cash flows.
At 31 December 2013, the MVE was -20.6 million; during 2013 the average value was -24.7 million, with a low of -18.8 million and a high of -33 million.
At 31 December 2013 the sensitivity on the MVE (for a shift of 100 basis points) equal to -20.6 million would have caused an impact of -33.4 million on the result for the year and of -12.8 million on shareholders' equity (cash flow hedge reserve).

Sensitivity indicator "Net Interest Margin" (NIM)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetrical change in the interest rate curve in various scenarios on the net interest margin (analysis period: 12 months). As regards the interest rate shift scenarios, please refer to the paragraph on MVE.
At 31 December 2013, the NIM was equal to +7.1 million; during 2013 the average value was +1.4 million, with a low of +7.1 million and a high of -2.3 million.
This indicator is supported by an analysis of the duration; it is, in fact, a useful tool for measuring the sensitivity of financial assets and liabilities to changes in interest rates.

Italy (MM Eur): +100 Bps	MVE Sens	NIM Sens
Dec - 13	-20.6	7.1
Limit	-50.0	-15.0

Italy Duration (mths)	Assets (whit Hedges)	Liabilities (whit Hedges)
Dec - 13	13.9	7.1

1.2.3 Exchange risk

The Group is not exposed to exchange risk.

1.1.2.4 Derivatives

A. Financial derivatives

A.1 Trading portfolio for supervisory purposes: period-end and average notional values

There are no financial derivatives in the trading portfolio for supervisory purposes.

A.2 Banking book: period-end and average notional amounts

AA.2.1 For hedging

Underlying assets/Type of derivative	31/12/2013		31/12/2012	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
1. Debt securities and interest rates				
a) Options				
b) Swaps	7,309,702		4,911,300	
c) Forwards				
d) Futures				
e) Other				
2. Equities and stock indices				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Currency and gold				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
4. Goods				
5. Other underlyings				
Total	**7,309,702**		**4,911,300**	
Average	**6,110,501**		**5,790,525**	

For details of interest rate swap transactions, see section 8 of assets and section 6 of liabilities.

A.2.2 Other derivatives

Financial derivatives have been entered into to hedge interest rate risk.

A.3 Financial derivatives: positive gross fair value - breakdown by product

Portfolio/Types	Positive fair value			
	31/12/2013		31/12/2012	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	43,644		-	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**43,644**			

A.4 Financial derivatives: negative gross fair value - breakdown by product

Portfolio/Types	Negative fair value			
	31/12/2013		31/12/2012	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	104,860		125,573	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**104,860**		**125,573**	

A.5 OTC financial derivatives: trading portfolio for supervisory purposes - notional amounts, positive and negative gross fair values by counterparty - contracts not included in netting agreements

Not applicable.

A.6 OTC financial derivatives: trading portfolio for supervisory purposes - notional amounts, positive and negative gross fair values by counterparty - contracts included in netting agreements

Not applicable.

A.7 OTC financial derivatives agreements: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

The Group has not entered into OTC financial derivatives not included in netting agreements.

A.8 OTC financial derivatives agreements: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

Contracts included in netting agreements	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial institutions	Other parties
1) Debt securities and interest rates							
- notional value			7,309,702				
- positive fair value			43,644				
- negative fair value			(104,860)				
2) Equities and stock indices							
- notional value							
- positive fair value							
- negative fair value							
3) Currency and gold							
- notional value							
- positive fair value							
- negative fair value							
4) Other instruments							
- notional value							
- positive fair value							
- negative fair value							

A.9 Residual life of OTC financial derivatives: notional values

Underlyings/Residual value	Within 1 year	Beyond 1 year up to 5 years	Beyond 5 years	Total
A. Trading portfolio for supervisory purposes				
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equities and stock indices				
A.3 Financial derivatives on exchange rates and gold				
A.4 Financial derivatives on other instruments				
B. Banking portfolio				
B.1 Financial derivatives on debt securities and interest rates	1,329,450	4,713,847	1,266,405	7,309,702
B.2 Financial derivatives on equities and stock indices				
B.3 Financial derivatives on exchange rates and gold				
B.4 Financial derivatives on other instruments				
31/12/2013	**1,329,450**	**4,713,847**	**1,266,405**	**7,309,702**
31/12/2012	**510,000**	**2,578,800**	**1,822,500**	**4,911,300**

A.10 OTC financial derivatives: counterparty risk/financial risk – Internal models

The Group do not calculate counterparty risk of EPE-type internal models for supervisory purposes, so this table has not been prepared; tables A.3-A.8 have been prepared instead.
Relating to the information required on notional value of derivative contracts divided for counterparty, please see Part B Information on the balance sheet, section 8 of the Assets and section 6 of the Liabilities.

B. Credit derivatives

The Group does not have any credit derivatives at the date of the financial statements.

C. Financial and credit derivatives

C.1 OTC financial and credit derivatives: net fair value and future exposure by counterparty

	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial institutions	Other parties
1) Bilateral financial derivative agreements							
- positive fair value			43,644				
- negative fair value			(104,860)				
- future exposure			19,176				
- net counterparty risk			62,820				
2) Bilateral credit derivative agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							
3) Cross product agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							

1.3 Liquidity risk

Qualitative information

A. General aspects, management and measurement of liquidity risk

The Group is exposed to liquidity risk, defined as the probability that it may, at any time, not have sufficient cash reserves to meet payments arising from its obligations, or not have sufficient liquidity to meet credit requests from new customers, even if it is able to obtain such amounts in the short/medium term.

The sources of liquidity risk are as follows: lack of availability in the short term of the sums necessary to pay the interest and/or repay the principal on funding and/or repay the principal on amounts deposited on deposit accounts and/or the inability to provide loans as a result of the lack of availability of the amounts required in the short term. As regards liquidity risk, it is worth remembering that the Bank's current operations have ample facilities thanks to the credit lines granted by its Spanish Parent Company.

The quantification of liquidity risk is made primarily by calculating the liquidity ratio (Minimum Liquidity Ratio – MLR). This ratio is a synthetic indicator of the liquidity situation and expresses the Group's ability to meet its commitments at the contractual maturities.
Calculating this ratio involves an initial phase of determination of the time horizon, on which there are fixed limits, which can be either very short-term (1 month) or just short-term (12 months). Another alert is set for 3-month maturities. It can be summarised in the following equation:

$$\text{Liquidity Limit} \geq \frac{\text{Total sensitive assets} < X \text{ months}}{\text{Total sensitive liabilities} < X \text{ months}}$$

The dynamism of the operational context and current regulations require the Group to define and formalise a strategy (Contingency Funding Plan), which allows it to deal with a credit squeeze or a genuine liquidity crisis. The strategy has to take the following steps into account:

- construction of a maturity ladder to assess whether expected cash flows are in equilibrium, by juxtaposing assets and liabilities with maturities in each time band;
- recourse to the scenario technique, which assumes the occurrence of events that change certain items in the various bands that make up the maturity ladder. An analysis of the impact of these scenarios on liquidity is used to carry out transactions that offset the mismatches or initiate operational mechanisms designed to manage the critical situation, allowing a focused assessment.

The Finance and Risk Management Departments monitor liquidity risk on an ongoing basis. In particular, current and future liquidity balances and the sources and applications of funds are continuously monitored by Finance Department. When reporting, specific ratios are formalised by the Finance Department and monitored by the Risk Management Department.
The ALCO Committee is delegated the task of monitoring risk on a tactical basis, by analysing the Bank's position on a short/medium-term time horizon, recommending appropriate corrective measures to manage/minimize liquidity risk.

Quantitative information

1. Distribution of financial assets and liabilities by residual maturity - Currency: Euro

Type/Residual maturity	Demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Unspecified duration
Cash assets										
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Loans										
- Banks	738,970	17,700	206,331							11,453
- Customers	78,431	1,518	64,002	56,401	326,866	503,554	853,891	3,034,432	851,702	
2. Cash liabilities										
B.1 Deposits and current accounts										
- Banks	128,246	1	361,732	3,892	476,555	953,075	686,994	2,391,067	39,000	
- Customers	117,176	3,409	701	6,309	34,088	31,293	12,129	79,355		
B.2 Debt securities				1,094	95,600	87,620	153,411	323,839		
B.3 Other liabilities										
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- long positions										
- short positions										
C.2 Financial derivatives without exchange of capital										
- long positions					1,551	6,923	15,610			
- short positions	970	102	461	1,656	7,522	13,836	27,590			
C.3 Deposits and loans to be received										
- long positions										
- short positions										
C.4 Irrevocable commitments to issue loans										
- long positions										
- short positions										
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

Relating to self-securitisation, at the end of 2013, the Parent Company has six securitisations of performing consumer loans, for which it has subscribed all securities on their issue. One of these operations is carried out through a Programme, the structure of which includes subsequent transfers of loans from Santander Consumer Bank to Golden Bar, each financed by a new issue of securities (the receivables purchased on various occasions by the SPE constitute a single fund, without any segregation between the loans involved in the various transfers), as well as five new "stand-alone" operations featured by a single initial issue.

In the operation called Golden Bar Securitisation Programme IV 2009-1, launched with the purchase of an initial portfolio of performing consumer loans worth Euro 800,001,181, on 23 December 2009 the company issued the first series of notes for a total of Euro 800,000,000 divided into three classes with a decreasing order of priority which were fully subscribed by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan for an amount of Euro 20,000,000, which has been fully repaid as of the balance sheet date. During the year, the SPE made further revolving acquisitions of performing loans for a total of Euro 297,187,720. During 2013 the transaction was restructured to turn it into one with a fixed interest rate and six-monthly coupon payments. On 19 April 2013, Santander Consumer Bank granted the SPE a new subordinated loan of Euro 50,000,000, which at the date of the balance sheet is still outstanding for an amount of Euro 43,982,175.

The stand-alone operations, were carried out in accordance with Law 130/99 by means of an initial purchase financed by a single issue of notes.

As part of Operation Golden Bar Stand-Alone 2011-2 the company purchased a portfolio of performing loans for a total of Euro 950,000,104, which was completed on 12 October 2011 with the issuance of a single series of securities for a total of Euro 950,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan for an amount of Euro 23,750,000, which has been fully repaid as of the balance sheet date.
Repayment of Class A notes began on 20 March 2013: during the year, the SPE repaid securities amounting to Euro 316,168,021.

As part of Operation Golden Bar Stand-Alone 2012-1 the company purchased a portfolio of performing consumer loans (special purpose loans and personal loans) for a total of Euro 753,106,836, which was completed on 23 July 2012 with the issuance of a single series of securities for a total of Euro 753,100,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 33,750,000, so as to guarantee the cash reserve of Euro 18,750,000 and the liquidity reserve of Euro 15,000,000 required by contract. At the end of the year the subordinated loan has been fully repaid.
The SPE did not make any further revolving acquisitions of performing loans during the year.

As part of Operation Golden Bar Stand-Alone 2012-2 the company purchased a portfolio of performing loans related to loans through salary assignment for a total of Euro 1,209,317,467, which was completed on 31 October 2012 with the issuance of a single series of securities for a total of Euro 1,209,317,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 54,418,925, so as to guarantee the cash reserve of Euro 30,232,925 and the liquidity reserve of Euro 24,186,000 required by contract. The subordinated loan is still outstanding at the balance sheet date for Euro 15,667,813.
The SPE did not make any further revolving acquisitions of performing loans during the year.

As part of Operation Golden Bar Stand-Alone 2013-1 the company purchased a portfolio of performing loans for a total of Euro 425,143,451, which was completed on 23 July 2013. In October 2013 an additional transfer of loans for Euro 66,447,730 was made and a single series of notes was issued for Euro 491,590,000.

As part of Operation Golden Bar Stand Alone 2013-2 the Company purchased a portfolio of performing loans involving salary assignment loans for a total of Euro 254,826,452, which was completed on 25 July 2013. In November 2013 a single issue of notes was issued for Euro 254,820,000.

During the year, the programme and the operations were monitored by Moody's Investors Services and Standard & Poor's for the programme, by Moody's Investors Services and DBRS for the operation Golden Bar Stand Alone 2011-2, 2012-1 and 2012-2. No rating was assigned to the remaining stand-alone operations.

As the servicer, Santander Consumer Bank S.p.A. handles, among other things, management of payments from customers, the immediate credit of the funds received to the SPE and activation of debt collection procedures where necessary.

The following table summarises the figures (in thousands of Euro) that show the size of each portfolio, the total exposure of the Parent Company in terms of securities subscribed, the cash reserve and additional collateral. Note that the cash reserves of the Golden Bar Stand Alone 2011-2 operation include the cash paid by Banco Santander as a guarantee, namely Euro 20 million.

	Assets held by the SPE	Senior and Mezzanine Securities subscribed	Junior Securities subscribed	Cash Reserve	Assets held by the Group	Type of collateral	Distribution of collateral by geographical area	Average maturity of the collateral	Rating of the collateral
Golden Bar Programme IV	628,605	772,000	28,000	114,936	5,527,277	n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-2	659,452	310,832	323,000	92,325		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-1	499,156	370,816	169,400	74,030		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-2	908,419	786,110	181,398	62,881		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2013-1	435,936	-	491,590	17,860		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2013-2	236,767	-	254,820	6,770		n.a.	n.a.	n.a.	n.a.

In accordance with international accounting standards, specifically SIC 12 and IAS 27, it was decided to consolidate the portfolios securitised as there were not the requisites for derecognition of the receivables by the Parent Company, as the subscriber of the Junior Securities issued by the SPE.

During the year, the Junior Securities generated income of Euro 27,921 thousand (Euro 25,277 thousand in 2012) for the Programme, Euro 40,609 thousand (Euro 47,646 thousand in 2012) for the stand-alone operation 2011-2, for Euro 28,248 thousand for the stand-alone operation 2012-1 (Euro 45,954 thousand in 2012), for Euro 31,818 thousand for the stand-alone operation 2012-2 (Euro 15,396 thousand in 2012), for Euro 17,860 thousand for the stand-alone operation 2013-1 and for Euro 6,770 thousand for the stand-alone operation 2013-2.
To enhance the transparency of disclosures, the following is a breakdown of the various components that generated the excess spread accrued on the various operations, which was booked to the income statement in 2013 and 2012.
As shown in the following tables, the Company has two new securitisations compared with 2012, respectively Golden Bar Stand Alone 2013-1 and Golden Bar Stand Alone 2013-2.

2013

Breakdown of the excess spread accrued during the year	31/12/2013						
	Golden Bar Programme	Golden Bar Programme IV	Golden Bar Stand Alone 2011-2	Golden Bar Stand Alone 2012-1	Golden Bar Stand Alone 2012-2	Golden Bar Stand Alone 2013-1	Golden Bar Stand Alone 2013-2
Interest expense on securities issued	-	(10,249)	(8,484)	(6,497)	(13,962)	-	-
Commissions and fees on the operation	-	-	-	-	-	-	-
- for servicing	(8)	(2,129)	(4,091)	(1,543)	(2,816)	(274)	(142)
- for other services	(9)	(32)	(121)	(19)	(20)	-	-
Other charges	(16)	(18,924)	(21,947)	(18,057)	(1,188)	(21)	(6)
Interest generated by the securitised assets	26	55,473	73,292	53,362	49,787	17,661	6,911
Other revenues	32	3,782	1,960	1,002	17	494	7
Total interest income	**25**	**27,921**	**40,609**	**28,248**	**31,818**	**17,860**	**6,770**

2012

Breakdown of the excess spread accrued during the year	31/12/2012				
	Golden Bar Programme	Golden Bar Programme IV	Golden Bar Stand Alone 2011-2	Golden Bar Stand Alone 2012-1	Golden Bar Stand Alone 2012-2
Interest expense on securities issued	(962)	(11,278)	(14,359)	(3,940)	(2,655)
Commissions and fees on the operation	0	0	0	0	0
- for servicing	(416)	(4,010)	(4,857)	(833)	(533)
- for other services	(33)	(81)	(140)	(15)	(10)
Other charges	(1,423)	(21,835)	(21,871)	(569)	(331)
Interest generated by the securitised assets	3,348	58,545	86,245	50,416	18,920
Other revenues	1,405	3,936	2,628	895	5
Total interest income	**1,919**	**25,277**	**47,646**	**45,954**	**15,396**

2. Disclosure of on-balance sheet pledged assets

Technical forms	Committed		Not committed		31/12/2013	31/12/2012
	BV	**FV**	**BV**	**FV**		
1. Cash and cash equivalents		X		X	-	
2. Debt instruments						
3. Equity instruments						
4. Loans	4,372,988	X		X	**4,372,988**	**4,727,631**
5. Other financial assets		X		X		
6. Non financial assets		X		X		
Total 31/12/2013	**4,372,988**	**-**	**-**	**-**	**4,372,988**	**X**
Total 31/12/2012	**4,727,631**				**X**	**4,727,631**

Key:
FV = Fair Value
BV = Book Value

This table shows the receivables transferred to the SPE and not derecognised by the Parent Company as part of securitisations and self-securitisations.

3. Disclosure of off-balance sheet pledged assets

Technical forms	Committed	Not committed	31/12/2013	31/12/2012
1. Financial assets	4,172,239	-	4,172,239	4,332,276
- Debt securities	4,172,239		4,172,239	4,332,276
- Others			-	
2. Non financial assets			-	
Total 31/12/2013	**4,172,239**	**-**	**4,172,239**	**X**
Total 31/12/2012	**4,332,276**		**X**	**4,332,276**

This table shows the securities issued by the SPE and held by the Bank. Of these, Euro 1,891,699 thousand are lodged with the ECB for financing operations. These involve four Class A asset backed securities issued by the SPE Golden Bar (Securitisation) S.r.l. Net of the discount applied, the guarantee amounts to Euro 1,588,344 thousand.

1.4 Operational risk

Qualitative information

A. General aspects, management and measurement of operational risk

Operational risk is the risk of incurring losses due to inadequate or dysfunctional procedures, human resources or internal systems, or to exogenous events. This last type includes losses deriving from fraud, human error, business interruption, non-availability of systems, contractual non-performance and natural catastrophes. Operational risk includes legal risk, but not strategic or reputation risks.
Operational risk is therefore closely linked to the Group's operations. Exposure to this type of risk can come from various sources, particularly during the following phases of the business:

- Customer acceptance
- Completion of the contract
- Funding
- After-sale processes
- Back office processes
- Backend activities

Moreover, exposure to operational risk can also arise at the same time as potential errors connected to support processes, such as:
- Administrative processes
- Information Systems

In the area of operational risk, the exposure is measured by the Group according to the criteria laid down in the rules of internal governance. The main tools of supervision include: segregation of duties, identification of possible risk indicators (alert signals that can be quantified, totalised and compared with the Group benchmark), self-assessment questionnaires (local, based on the Parent Company's guidelines).
A database are also used to store the losses generated by inadequate processes and information systems, and by fraud, as well as reports of events that could be a source of operational risk and potential losses.
Legal risk includes various types of regulatory violations, illegal behaviour and non-compliant business methods that could result in financial losses for the intermediary. These include, for example, losses resulting from:
- violations of laws or regulations;
- fines and penalties resulting from measures taken by the Supervisory Authority;
- transactions carried out as part of non-traditional activities with non-residents, which the counterparty is banned from entering into by law or regulations;
- use of unacceptable business methods.

Also falling within the definition of legal risk are losses from retroactive changes in the regulatory framework, as well as those resulting from settlements.
The risk of litigation has been the subject of specific and careful analysis by the Bank. In the presence of legal obligations, for which it is probable that there will be an outflow of economic resources for their fulfilment, and for which it is possible to make a reliable estimate of the amount involved, the Bank decided to set up provisions for risks and charges, distinguishing between situations according to the most appropriate Basel II category (i.e. Provision for Legal Risks, categories IV/VII). These two Basel categories of legal-type risk include the following:
- Category IV: practices connected with customers, products and activities such as breach of the fiduciary relationship, abuse of confidential information.
- Category VII: executive and procedural compliance such as incorrect data entry, incomplete legal documentation, breach of contract by non-customer counterparties, legal disputes with suppliers.

The provisions for legal risks in place at 31 December 2013 amount to Euro 4,374 thousand, with a provision for the year of Euro 625 thousand for category IV and Euro 1,421 thousand for category VII.

Quantitative information

The risk exposure of each unit is identified by the corporate risk matrix. The model used for the self-assessment questionnaires consists of three phases:

I. Measurement of inherent risk: risk associated with an activity/process regardless of the level of control. The level of risk is given by the combination of probability/frequency of realisation of the asset/process and the potential impact generated by the event. The size of the impact is assessed using different criteria depending on the type of risk being considered
II. Verification of the presence of appropriate control tools: control systems must be evaluated according to effectiveness (0%-100%), suitability and possible future developments for the year
III. Measurement of residual risk determined by the combination of inherent risk and evaluation of control systems and measured in terms of probability/frequency of realisation of the asset/process and the potential impact generated by the event

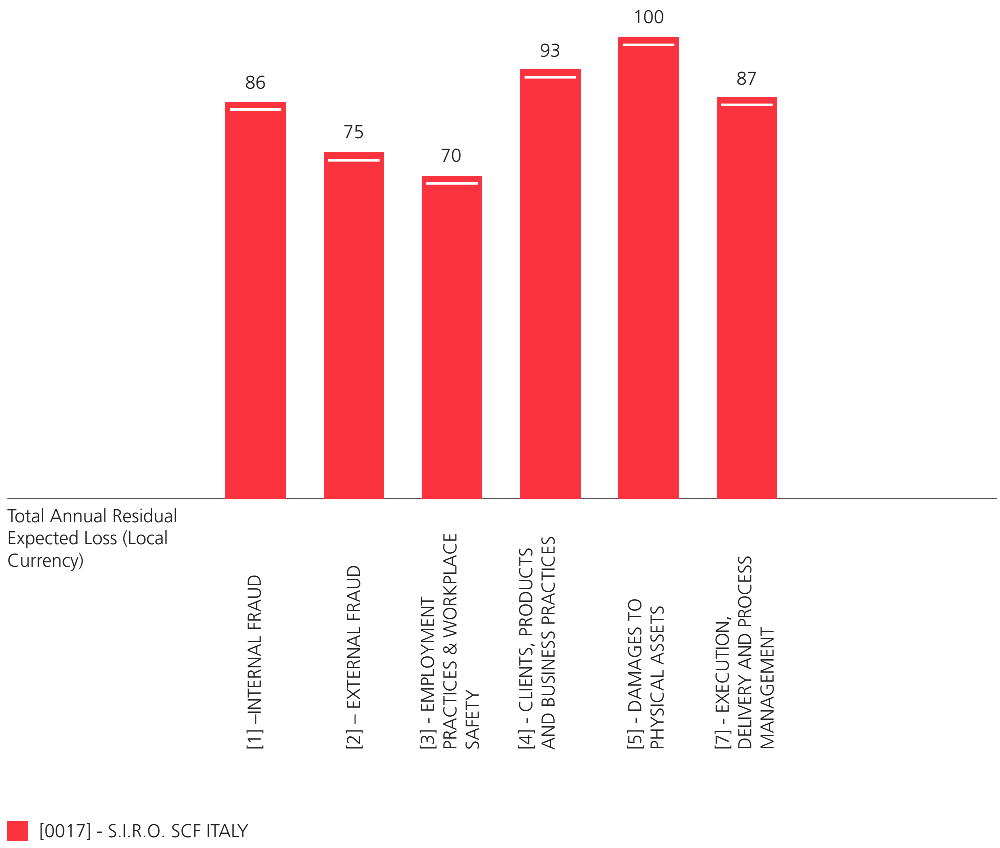
The processes and sub-processes to be analysed are shown below:

Risk category (BIS II) and % on total	Department	Number of processes evaluated
[1] - INTERNAL FRAUD (6%)	Human Resources	1
	Technology and Operations	20
	Technology and Operations UNF	1
	Administrations and Controls	7
	Administrations and Controls UNF	4
	Commercial	12
	Commercial UNF	1
	Institutional Relations, Legal and Compliance Department	2
	Finance	2
	Risk	2
[2] - EXTERNAL FRAUD (16%)	Technology and Operations	14
	Commercial	3
	Commercial UNF	2
	Finance	2
[3] - EMPLOYMENT PRACTICES & WORKPLACE SAFETY (1%)	Human Resources	1
[4] - CLIENTS, PRODUCTS AND BUSINESS PRACTICES (31%)	Technology and Operations	8
	Technology and Operations UNF	1
	Commercial	44
	Commercial UNF	2
	Finance	11
	Administrations and Controls	1
	Institutional Relations, Legal and Compliance Department	22
	Risk	14
[5] - DAMAGES TO PHYSICAL ASSETS (2%)	Technology and Operations	1
[7] - EXECUTION, DELIVERY AND PROCESS MANAGEMENT (44%)	Human Resources	3
	Technology and Operations	57
	Technology and Operations UNF	6
	Commercial	23
	Commercial UNF	2
	Institutional Relations, Legal and Compliance Department	6
	Finance	17
	Administrations and Controls	23
	Administrations and Controls UNF	11
	Risk	1

*UNF: Santander Consumer Unifin S.p.A.

As far as safeguards are concerned, the category that appears to have the most coverage is category V - damage to physical assets. Slightly below this is category IV - customers, products and business practices.
The category with the lowest coverage is category III - employment and safety at work, mainly because of the unpredictability of this type of risk.

Total Annual Residual Expected Loss by BIS II Risk Category (Local Currency) - 2013



The maximum potential residual risk is estimated at approximately Euro 4.9 billion and is mainly influenced by:

- External Fraud. This is associated particularly with documentary fraud on the part of those with special agreements, though the trend can be affected by increased prevention.
- Customers, Products and Commercial Activities. The two major risks involved in this category are associated with customer complaints (with particular reference to Santander Consumer Unifin) and potential litigation liabilities arising from commercial agreements or from customers
- Execution, delivery and management of processes. This category refers specifically to legal liabilities resulting from procedural errors or operational inaccuracies.

Section 2 - Risks of insurance companies

There are no insurance companies in the consolidation.

Section 3 - Risks of other companies

There are no other companies in the consolidation.

Part F - Information on consolidated shareholders' equity

Section 1 - Consolidated shareholders' equity

A. Qualitative information

Equity management concerns all strategies designed to identify and maintain shareholders' equity at the proper size, as well as an optimal combination of the various different methods of capitalisation, in order to ensure, from time to time for the Santander Consumer Bank Banking Group, full compliance with the regulatory requirements and consistency with the risk profiles assumed.

B. Quantitative information

B.1 Consolidated shareholders' equity: breakdown by type of business

The following table explains analytically the items in the shareholders' equity of the Group.

Shareholders' equity items	Banking Group	Insurance companies	Other entities	Consolidation adjustments and eliminations	Total
Share capital	573,000				**573,000**
Share premium reserve	633				**633**
Reserves	(4,288)				**(4,288)**
Equity instruments					
(Treasury shares)					
Valuation reserves	(5,557)				**(5,557)**
- Financial assets available for sale					
- Property and equipment					
- Intangible assets					
- Foreign investment hedges					
- Cash flow hedges	(5,176)				**(5,176)**
- Exchange differences					
- Non-current assets held for sale					
- Actuarial gains (losses) on defined-benefit pension plans	(381)				**(381)**
- Portion of measurement reserves relating to investments					
measured at equity					
- Special revaluation laws					
Profit (loss) of the year pertaining to the Group and minority interests	(42,067)				**(42,067)**
Total	**521,721**			**-**	**521,721**

B.2 Valuation reserves for financial assets for sale: breakdown

Not applicable.

B.3 Valuation reserves for financial assets available for sale: change in year

Not applicable.

B.4 Valuation reserves related to defined-benefit pension plans: change in the year

Not applicable.

Section 2 - Capital and capital adequacy ratios

A. Qualitative information

The Santander Consumer Bank Banking Group is subject to capital adequacy requirements set by the Basel Committee, as incorporated into the current regulations of the Bank of Italy. Under these rules, the ratio between capital and risk-weighted assets at a consolidated level must be at least 8%; compliance with this requirement is checked by the Supervisory Board every six months.
Compliance with the capital requirements is verified from two different perspectives.
A forward-looking perspective, at the same time that the Three-Year Plans and Annual Budget are agreed, to identify the main impacts, which are typically the expected growth in loans and quantification of the different elements of risk (credit, interest rate, operational). Based on quantitative information, a capitalisation plan is prepared in consultation with the Shareholder and on a monthly basis, any new capital requirements and the instruments to be used are identified (typically securitisation operations, increases in capital, subordinated "Tier II" deposits).
A backward-looking perspective, to assess on a quarterly basis during the year any significant variances with respect to the capitalisation plan and, where appropriate, to identify suitable corrective measures to ensure compliance with the capital requirements.
Even in the case of extraordinary operations, such as acquisitions or the start-up of new business initiatives, a capitalisation plan is prepared which then becomes an integral part of the overall business plan.

1. Tier 1 capital

Tier 1 capital includes paid-up capital, reserves and net profit for the period, net of intangible assets.

2. Tier 2 capital

The contracts for hybrid capital instruments are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:
- the right of the issuer to use the money coming from such liabilities continue the activity in the event of losses that result in a reduction of the paid-up capital below the minimum level of capital required for the authorisation to operate as a bank;
- the faculty not to pay past due interest if in the previous 12 months the Bank has not approved and/or distributed any dividend or, based on the interim report, it is not possible to distribute an interim dividend;
- in the event of liquidation of the Bank, repayment of the debt only after all the other creditors have been satisfied;
- the faculty to repay the hybrid instruments only after receiving authorisation from the Bank of Italy.

Similarly, the contracts relating to the subordinated liabilities are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:
- in the event of liquidation of the Bank, repayment of the debt only after all the other creditors not equally subordinated have been satisfied;
- early repayment, if foreseen, only at the initiative of the Bank and after receiving authorisation from the Bank of Italy.

Hybrid capital instruments	Issue date	Amount (Euro)	Interest rate	Duration
UPPER TIER II subordinated debt to Santander Benelux S.A.	22/04/2005	32,500,000	6 month Euribor + 1.3%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/06/2005	17,500,000	6 month Euribor + 1.3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	22/06/2006	32,500,000	6 month Euribor + 1.3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	30/06/2008	16,250,000	6 month Euribor + 2.8%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	31/10/2008	16,250,000	6 month Euribor + 2.8%	10 years
UPPER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	6 month Euribor + 4.0%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	6 month Euribor + 2.2%	10 years

Subordinated liabilities	Issue date	Amount (Euro)	Interest rate	Duration
LOWER TIER II subordinated debt to Santander Benelux S.A.	22/04/2005	13,000,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2005	7,000,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	22/06/2006	19,500,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	30/06/2008	16,250,000	6 month Euribor + 1.8%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	31/10/2008	16,250,000	6 month Euribor + 1.8%	10 years
LOWER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	6 month Euribor + 4.0%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	6 month Euribor + 2.2%	10 years

3. Tier 3 capital

The Group do not hold debt compared with Tier I capital.

B. Quantitative information

	31/12/2013	31/12/2012
A. Core capital (Tier 1 capital before the application of prudential filters)	**519,769**	**475,324**
B. Prudential filters of tier 1 capital:		(6,500)
B.1 Positive IFRS prudential filters (+)		
B.2 Negative IFRS prudential filters (-)		(6,500)
C. Tier 1 capital gross of items to be deducted (A+B)	**519,769**	**468,824**
D. Items to be deducted from Tier 1 capital		
E. Total Tier 1 capital (C-D)	**519,769**	**468,824**
F. Supplementary capital (Tier 2 capital before the application of prudential filters)	**164,000**	**252,000**
G. Prudential filters for Tier 2 capital:		(6,500)
G.1 Positive IFRS prudential filters (+)		
G.2 Negative IFRS prudential filters (-)		(6,500)
H. Tier 2 capital gross of items to be deducted (F+G)	**164,000**	**245,500**
I. Items to be deducted from tier 2 capital		
L. Total Tier 2 capital (H-J)	**164,000**	**245,500**
M. Items to be deducted from Tier 1 and Tier 2 capital		
N. Capital for supervisory purposes (E+L-M)	**683,769**	**714,324**
O. Tier 3 capital		
P. Capital for supervisory purposes including Tier 3 (N+O)	**683,769**	**714,324**

The table shows the amount of capital for supervisory purposes and its fundamental components which correspond to those indicated in the supervisory reports.

Capital adequacy

A. Qualitative information

Please refer to paragraph A - qualitative information.

B. Quantitative information

Description/Amounts	Unweighted amounts		Weighted amounts/ Requirements	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standardized methodology	7,740,903	8,370,587	4,637,000	5,052,307
2. Methodology based on internal ratings				
2.1 Basic				
2.1 Advanced				
3. Securitisations		144,345		2,585
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			370,960	404,391
B.2 Market risk				
1. Standardized methodology				
2. Internal models				
3. Concentration risk				
B.3 Operational risk				
1. Basic method				
2. Standardized methodology			25,751	32,804
3. Advanced method				
B.4 Other precautionary requirements				
B.5 Other elements for the calculation				
B.6 Total precautionary requirements			396,711	437,195
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			4,958,888	5,464,942
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			10.48%	8.58%
C.3 Capital for supervisory purposes including Tier 3/ Risk-weighted assets (Total capital ratio)			13.79%	13.07%

The table shows the amount of risk assets and capital requirements that is the same as shown in supervisory reports.

Section 3 - Insurance capital and capital ratios

Not applicable

Section 4 - The capital adequacy of the financial conglomerate

Non applicabile

Part G - Business combinations

Section 1 - Transactions carried out during the year

During the year there were no business combinations, as regulated by IFRS 3, which resulted in the acquisition of control of business or legal entities.

Section 2 - Transactions subsequent to the year end

The Group has not carried out any business combination after the balance sheet date.

Section 3 - Retrospective adjustments

The Group has not carried out any business combination after the balance sheet date.

Part H - Related-party transactions

1. Information on the remuneration of directors, auditors and managers

The following table shows the amounts of compensation paid in 2012 to members of the management and control bodies and to managers with strategic responsibilities that fall within the definition of "related party".

	31/12/2013
Short-term benefits	2,983
Post-employment benefits	94
Other long-term benefits	-
Termination indemnities	-
Share-based payments	-
Total	**3,077**

2. Related party disclosures

Shown below are the principal relationships with related parties according to the size of the year-end balance (in thousands of euro):

	Receivables	Payables	Guarantees and/or commitments	Derivatives	Expenses	Income
Banco Santander	61,344	135,136	n.a.	7,079,702	149,655	144,546
Santander Consumer Finance	-	2,224,607	n.a.	250,000	50,896	1
Gruppo DeAgostini Editore	2		1,955	n.a.		2
Other Santander Group companies	210,647	462,579	n.a.	n.a.	19,579	20,045

Versus the Spanish Parent Company Banco Santander:

- receivables relate to the valuation of derivatives and related accruals for a total of Euro 43,644 thousand, whereas the remainder relates to sums paid by way of a guarantee deposit corresponding to the negative fair value of derivative contracts entered into with the Spanish counterpart;
- The payables relate to the measurement of cash flow hedging derivatives (Euro 90,522 thousand), accruals on derivatives (Euro 6,460 thousand) and incentive plans still to be paid (Euro 70 thousand) and liquidity from Banco Santander as a guarantee of the securitisation (Euro 38 thousand);
- The derivatives refer to interest risk hedging transactions as mentioned in Part E, Section 2. The amount shown in the table is the sum of the notionals;
- The costs refers to differentials on hedging derivatives (Euro 149,438 thousand);
- The income refers to differentials on hedging derivatives

versus the direct Parent Company Santander Consumer Finance:

- the payables all refer to loans and related interest accruals received from the Parent Company as part of normal funding activities (Euro 2,224,462 thousand), as well as the measurement of the hedging derivative entered into with it during the year and the related accruals (Euro 145 thousand);
- The derivative refers to the notional amount of interest risk hedging transactions as mentioned in Part E, Section 2;
- the charges relate to interest expenses on loans received (Euro 49,242 thousand) and to negative differentials on the hedging result (Euro 1,654 thousand);
- the income refers to short-term financing transactions entered into by the Parent Company with Santander Consumer Bank;

With regard to the minority shareholder of the subsidiary Santander Consumer Finance Media, De Agostini Editore, the income is represented by the contributions on the lending dossiers of the year of Euro 2 thousand. The guarantees provided by the De Agostini Group for Euro 1,955 thousand relate to commitments to repurchase non-performing dossiers according to the agreed terms and conditions.
The Bank has also interests with other entities of the Santander Group. The largest amounts entered in the Assets are commercial papers related to securitisations (Euro 206,486 thousand).
The largest amounts due are determined by short-term financing transactions (Euro 209,394 thousand), subordinated and hybrid capital instruments (Euro 252,293 thousand), whereas the charges are primarily related to interest expense on borrowings. The income consists of fees for the brokerage of insurance products of other Group companies (Euro 19,741 thousand).

Other information

As required by Art. 2427, paragraph 16 bis) of the Civil Code, the following table shows the total amount of fees due to the independent auditors for the audit of the annual accounts, including audit activities during the year on the regularity of the bookkeeping, correct recognition of transactions in the accounting records and verification of the result included in the capital for supervisory purposes at 30 June. These amounts are shown net of expenses, calculated on a forfeit basis, the supervisory contribution and VAT.

<table>
<tr><th>Type of services</th><th>Supplier</th><th>Recipient</th><th>Description</th><th>Fees (euro)</th></tr>
<tr><td rowspan="3">Audit</td><td>Deloitte & Touche S.p.A.</td><td>Parent Company</td><td rowspan="3">Audit services (annual report, consolidated financial statements, interim report, accounting checks)</td><td>141,000</td></tr>
<tr><td>Deloitte & Touche S.p.A.</td><td>Subsidiaries</td><td>80,000</td></tr>
<tr><td>Deloitte & Touche S.p.A.</td><td>SPE</td><td>41,000</td></tr>
<tr><td rowspan="2">Certification services</td><td>Deloitte & Touche S.p.A.</td><td>Parent Company</td><td>Performance of agreed-upon procedures related to the servicing activity report on securitisations and pool audits; preparation of a comfort letter relating to a bond issue (EMTN)</td><td>83,000</td></tr>
<tr><td>Deloitte, S.L.</td><td>Parent Company</td><td>Preparation of comfort letter relating to a bond issue (EMTN)</td><td>60,000</td></tr>
<tr><td>Other services</td><td>Deloitte ERS Enterprise Risk Services S.r.l.</td><td>Parent Company</td><td>Advice on the verification of possible impacts of the new regulation issued by the Bank of Italy</td><td>27,650</td></tr>
<tr><td>Total</td><td></td><td></td><td></td><td>432,650</td></tr>
</table>

Part I - Share-based payments

The Group has not entered into any payment agreements based on its own equity instruments.

Part L - Segment reporting

Based on the analyses carried out to verify whether the quantitative thresholds laid down in IFRS 8 had been exceeded, the predominant operating segment of the Group is "consumer credit". It is therefore not necessary to provide separate information for the various operating segments of the Group.

Santander
CONSUMER BANK

Separate Financial Statements of Santander Consumer Bank

Santander
CONSUMER BANK

Report of the Board of Statutory Auditors to the Financial Statements at 31 december 2013

Report of the Board of Statutory Auditors to the Financial Statements at 31 december 2013

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013

SANTANDER CONSUMER BANK SPA
Head office via Nizza 262/26, Turin
Share capital Euro 573,000,000
Turin Companies Register 05634190010
Parent Company of the Santander Consumer Bank Spa Banking Group

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013 PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

To the Shareholders:

The financial statements at 31.12.2013, presented for your approval by the Board of Directors, closes with a loss of Euro 42,873,064.

The directors have provided extensive information on developments in the Company's operations and on the corporate structure, the events and accounting entries, both in the report on operations, referring to the scope of consolidation, and in the explanatory notes, which give the disclosures required by law, the Bank of Italy and International Accounting Standards.

We were appointed as the current Board of Statutory Auditors by the Shareholders' Meeting on 24 April 2012 and, during the year, we carried out the duties required by law and regulations, taking into account the standards of conduct for Statutory Auditors recommended by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

The checks carried out during the year and our attendance at meetings of the Board of Directors and the Shareholders have always shown substantial compliance of the Bank's corporate governance with the articles of association and current regulations, also with reference to specific provisions relating to the Bank's activity.

At meetings we acquired information from the Chief Executive Officer on the general performance of the business and its prospects, and on the more important transactions in terms of their size or nature carried out by the Company and its subsidiaries. Based on the information that we acquired, there are no matters to report.

The financial statements have been audited by Deloitte & Touche Spa, the firm appointed to carry out the legal audit, and periodically we have held several meetings with them to exchange data and information that may be of use in the performance of our respective duties. These meetings did not reveal anything negative about the Company, as can be seen from their audit report prepared in accordance with art. 14 of Decree no. 39/2010, in which they give their opinion without any qualifications.

We have acquired knowledge and verified, to the extent of our responsibility, the adequacy and functioning of the Company's organisational structure, also by gathering information from departmental heads. We have no matters to report in this regard.

We have acquired knowledge and verified, to the extent of our responsibility, the adequacy and functioning of the Company's administrative and accounting system, as well as its reliability in giving a true and fair view of the Company's operations, by gathering information from departmental heads and from the independent auditors. We have no matters to report in this regard.

We completed all of our duties as required by law, ensuring compliance with the regulations and articles of association, respect for the principles of good administration.

We did not receive any complaints pursuant to art. 2408 of the Italian Civil Code during the year.

We would reiterate that the financial statements at 31.12.2013 were prepared according to the instructions issued by the Bank of Italy with Circular no. 262/2005, as subsequently updated, with the application of the IAS/IFRS in force at 31 December 2013.

In particular, we would point out that the intangible assets, recognised at cost, including ancillary charges, and amortised systematically over their estimated useful lives, relate mainly to the capitalisation of costs incurred for the acquisition of software and the development of new computer programs.

The Directors confirm in the explanatory notes that any transactions with related parties were made at arm's length.

In relation to the above, we express a favourable opinion to the approval of the financial statements at 31.12.2013.

Turin, 11 April 2014

The Board of Statutory Auditors

(Walter Bruno)

(Stefano Caselli)

(Maurizio Giorgi)

Notice of calling to the shareholders' meeting

Shareholders are hereby convened to the Ordinary Shareholders' Meeting at the head office in Via Nizza 262, Turin, on 29 April 2014 at 11:00 a.m. at first calling and, if necessary, at second calling on 30 April 2014, same place and hour, to discuss and vote on the following:

AGENDA

- Report on operations and financial statements at 31.12.2013. Report of the Board of Statutory Auditors and Report of the Independent Auditors. Related resolutions;

- Information on the 2013 remuneration and bonus system and 2014 remuneration and bonus policy (Bank of Italy Rules dated 30.03.2011).

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

Proposals to the Shareholders' Meeting
Proposal of allocation of the net profit or coverage of net loss

Shareholders,

As we have mentioned already, the year ended with a net loss of	euro	(42,873,063.64)
which we propose to carry forward for	euro	(42,873,063.64)

Turin, 27 March 2014

THE BOARD OF DIRECTORS

Santander
CONSUMER BANK

Report of the Independent Auditors

Report of the Independent Auditors

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
(Translation from the Original Issued in Italian)

To the Shareholder of
SANTANDER CONSUMER BANK S.p.A.

1. We have audited the financial statements of Santander Consumer Bank S.p.A., which comprise the balance sheet as of December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and the related explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005 are the responsibility of Santander Consumer Bank S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 12, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of Santander Consumer Bank S.p.A. as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005.

4. The Directors of Santander Consumer Bank S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations is consistent with the financial statements of Santander Consumer Bank S.p.A. as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 11, 2014

This report has been translated into the English language solely for the convenience of international readers.

Santander
CONSUMER BANK

Financial statements

Balance sheet

Values in Euro

	Assets	31/12/2013	31/12/2012	Change	
				amounts	**%**
10	Cash and cash equivalents	10,289	6,271	4,018	64.1%
60	Due from banks	32,249,046	129,623,591	(97,374,545)	-75.1%
70	Loans to customers	6,172,985,522	7,078,848,106	(905,862,584)	-12.8%
80	Hedging derivatives	43,644,499		43,644,499	--
90	Fair value change of financial assets in hedged portfolios (+/-)	47,434,112	102,541,931	(55,107,819)	-53.7%
100	Equity investments	66,182,586	4,550,000	61,632,586	1354.6%
110	Property and equipment	3,979,685	4,953,053	(973,368)	-19.7%
120	Intangible assets	9,585,606	10,458,327	(872,721)	-8.3%
130	Tax assets	207,912,288	182,532,906	25,379,382	13.9%
	a) current	29,740,459	30,349,809	(609,350)	-2.0%
	b) deferred	178,171,829	152,183,097	25,988,732	17.1%
	of which:				--
	- convertible into tax credits (Law 214/2011)	169,701,016	142,730,382	26,970,634	18.9%
140	Non-current assets held for sale and discontinued operations	21,792	290,301	(268,509)	-92.5%
150	Other assets	35,132,533	41,195,709	(6,063,176)	-14.7%
TOTAL ASSETS		**6,619,137,958**	**7,555,000,195**	**(935,862,237)**	**-12.4%**

Balance sheet

Values in Euro

	Liabilities and shareholders' equity	31/12/2013	31/12/2012	Change	
				amounts	**%**
10	Due to banks	4,985,688,430	6,112,060,361	(1,126,371,931)	-18.4%
20	Due to customers	709,976,692	718,998,108	(9,021,416)	-1.3%
30	Debt securities issued	100,777,973		100,777,973	---
60	Hedging derivatives	104,859,983	125,573,140	(20,713,157)	-16.5%
80	Tax liabilities	28,844,544	25,969,157	2,875,387	11.1%
	a) current	28,844,544	25,969,157	2,875,387	11.1%
100	Other liabilities	149,130,523	91,649,539	57,480,984	62.7%
110	Provision for employee termination indemnities	4,114,915	4,492,538	(377,623)	-8.4%
120	Provisions for risks and charges	9,951,829	4,588,877	5,362,952	116.9%
	b) other provisions	9,951,829	4,588,877	5,362,952	116.9%
130	Valuation reserves	(5,592,757)	(10,957,829)	5,365,072	-49.0%
160	Reserves	626,304	11,369,694	(10,743,390)	94.5%
170	Share premium reserve	632,586		632,586	---
180	Share capital	573,000,000	512,000,000	61,000,000	11.9%
190	Treasury shares (-)			-	---
200	Net profit (loss) for the period (+/-)	(42,873,064)	(40,743,390)	(2,129,674)	5.2%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,619,137,958**	**7,555,000,195**	**(935,862,237)**	**-12.4%**

Income statement

Values in Euro

	Items	31/12/2013	31/12/2012	Change	
				amounts	**%**
10	Interest and similar income	387,856,549	452,974,843	(65,118,294)	-14.4%
20	Interest and similar expense	(176,869,181)	(218,207,452)	41,338,271	18.9%
30	**Net interest income**	**210,987,368**	**234,767,391**	**(23,780,023)**	**-10.1%**
40	Commission income	33,126,336	56,211,809	(23,085,473)	-41.1%
50	Commission expense	(11,268,253)	(17,101,513)	5,833,260	34.1%
60	**Net commission income**	**21,858,083**	**39,110,296**	**(17,252,213)**	**-44.1%**
70	Dividends and similar income		608,845	(608,845)	-100.0%
80	Net trading income	(474)	(1,129)	655	58.0%
90	Net hedging gains (losses)	(485,876)	(2,196,924)	1,711,048	77.9%
100	Gains (losses) on disposal or repurchase of:	(38,960,968)	(119,550,475)	80,589,507	67.4%
	a) loans	(38,960,968)	(119,732,954)	80,771,986	67.5%
	b) financial assets available for sale		182,479	(182,479)	-100.0%
120	**Net interest and other banking income**	**193,398,133**	**152,738,004**	**40,660,129**	**26.6%**
130	Net losses/recoveries on impairment of:	(144,842,573)	(110,762,295)	(34,080,278)	-30.8%
	a) loans	(144,842,573)	(110,762,295)	(34,080,278)	-30.8%
140	**Net income from financial activities**	**48,555,560**	**41,975,709**	**6,579,851**	**15.7%**
150	Administrative expense:	(106,121,846)	(98,182,895)	(7,938,951)	-8.1%
	a) payroll costs	(48,355,658)	(41,397,713)	(6,957,945)	-16.8%
	b) other administrative expense	(57,766,188)	(56,785,182)	(981,006)	-1.7%
160	Net provisions for risks and charges	(6,127,465)	(927,764)	(5,199,701)	-560.5%
170	Net adjustments to/recoveries on property and equipment	(1,979,809)	(2,035,949)	56,140	2.8%
180	Net adjustments to intangible assets	(5,408,733)	(5,422,167)	13,434	0.2%
190	Other operating expenses/income	9,243,296	13,615,289	(4,371,993)	-32.1%
200	**Operating expenses**	**(110,394,557)**	**(92,953,486)**	**(17,441,071)**	**-18.8%**
250	**Profit (loss) from continuing operations before tax**	**(61,838,997)**	**(50,977,777)**	**(10,861,220)**	**-21.3%**
260	Income taxes on continuing operations	18,965,933	10,234,387	8,731,546	85.3%
270	**Profit (loss) from continuing operations after tax**	**(42,873,064)**	**(40,743,390)**	**(2,129,674)**	**-5.2%**
290	**Net profit (loss) for the period**	**(42,873,064)**	**(40,743,390)**	**(2,129,674)**	**-5.2%**

Statement of comprehensive income

Values in Euro

	Items	31/12/2013	31/12/2012
10	**Net profit (loss) for the period**	(42,873,064)	(40,743,390)
	Other comprehensive income not reclassified to profit or loss		
40	Defined-benefit pension plans	140,855	(574,022)
	Other comprehensive income after tax that may be reclassified to profit or loss:		
90	Cash flow hedges	5,224,217	7,067,714
130	**Total Other Comprehensive Income after tax**	**5,365,072**	**6,493,692**
120	**Total comprehensive income (Items 10+130)**	**(37,507,992)**	**(34,249,698)**

Statement of changes in shareholders' equity

2013

Values in Euro

				Allocation of prior year results		Changes during the year								
							Transactions on shareholders' equity							
	Balance at 31.12.2012	Changes in opening balances	Balance at 1.1.2013	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for 2013	**SHareholders' equity at 31.12.2013**
Share capital:														
a) ordinary shares	512,000,000		512,000,000				61,000,000							573,000,000
b) other shares														
Share premium reserve	-		-				632,586							632,586
Reserves:														
a) retained earnings	-		-	(40,743,390)										(40,743,390)
b) other	11,369,694		11,369,694			30,000,000								41,369,694
Valuation reserves	(10,957,829)		(10,957,829)										5,365,072	(5,592,757)
Equity instruments			-											-
Treasury shares			-											-
Net profit (loss) for the period	(40,743,390)		(40,743,390)	40,743,390									(42,873,064)	(42,873,064)
Shareholders' equity	471,668,475	-	471,668,475	-	-	30,000,000	61,632,586	-	-	-	-	-	(37,507,992)	525,793,069

Statement of changes in shareholders' equity

2012

Values in Euro

	Balance at 31.12.2011	Changes in opening balances	Balance at 1.1.2012	Allocation of prior year results: Reserves	Allocation of prior year results: Dividends and other allocations	Changes during the year: Changes in reserves	Changes during the year – Transactions on shareholders' equity: Issue of new shares	Changes during the year – Transactions on shareholders' equity: Purchase of treasury shares	Changes during the year – Transactions on shareholders' equity: Extraordinary distribution of dividends	Changes during the year – Transactions on shareholders' equity: Changes in equity instruments	Changes during the year – Transactions on shareholders' equity: Derivatives on treasury shares	Changes during the year – Transactions on shareholders' equity: Stock options	Changes during the year: Comprehensive income for 2012	**Shareholders' equity at 31.12.2012**
Share capital:														
a) ordinary shares	512,000,000		512,000,000											512,000,000
b) other shares			-											-
Share premium reserve			-											-
Reserves:			-											-
a) retained earnings	(4,415,060)		(4,415,060)	(21,795,412)		26,210,472								-
b) other	(2,419,834)		(2,419,834)			13,789,528								11,369,694
Valuation reserves	(17,451,520)		(17,451,520)										6,493,691	(10,957,829)
Equity instruments			-											-
Treasury shares			-											-
Net profit (loss) for the period	(21,795,412)		(21,795,412)	21,795,412									(40,743,390)	(40,743,390)
Shareholders' equity	465,918,174	-	465,918,174	-	-	40,000,000	-	-	-	-	-	-	(34,249,699)	471,668,475

Cash flow statement (indirect method)

Values in Euro

A. OPERATING ACTIVITIES	Amount 31/12/2013	Amount 31/12/2012
1. Cash generated from operations	**154,947,721**	**14,717,636**
- net profit for the year (+/-)	(42,873,064)	(40,743,390)
- net gains/losses on financial assets held for trading and		
financial assets/liabilities designated at fair value through profit and loss (+/-)		
- gains (losses) from hedging activities (+/-)	485,876	2,196,924
- net adjustments for impairment (+/-)	146,698,206	110,817,085
- impairment/recoveries to property and equipment and intangible assets (+/-)	8,297,510	7,458,116
- net provisions for risks and charges and other costs/income (+/-)	2,932,826	(1,231,730)
- unsettled taxes (+)	23,980,972	31,218,169
- impairment/recoveries to disposal groups, net of tax effect (-/+)	14,820	
- other adjustments (+/-)	15,410,575	(94,997,538)
2. Cash generated/absorbed by financial assets	**960,738,850**	**261,662,505**
- financial assets held for trading		
- financial assets designated at fair value through profit and loss		
- financial assets available for sale		
- due from banks: on demand	5,120,719	(3,867,197)
- due from banks: other receivables	85,800,000	(103,500,000)
- loans to customers	871,900,815	350,979,093
- other assets	(2,082,684)	18,050,609
3. Cash generated/absorbed by financial liabilities	**(1,139,231,132)**	**(307,647,098)**
- due to banks: on demand		
- due to banks: other debts	(1,136,320,354)	(135,119,419)
- due to customers	(100,090,972)	(164,072,478)
- debt securities issued	99,856,466	
- financial liabilities held for trading		
- financial liabilities designated at fair value through profit and loss		
- other liabilities	(2,676,272)	(8,455,201)
Net cash generated/absorbed by operating activities	**(23,544,561)**	**(31,266,957)**
B. INVESTING ACTIVITIES		
1. Cash generated by	**158,942**	**238,168**
- sale of equity investments		
- dividends collected on equity investments		
- sale of financial assets held to maturity		
- sale of property and equipment	158,942	238,168
- sale of intangible assets		
- sale of lines of business		
2. Cash absorbed by	**(6,610,363)**	**(8,966,766)**
- purchase of equity investments		
- purchase of financial assets held to maturity		
- purchase of property and equipment	(1,509,349)	(2,198,963)
- purchase of intangible assets	(5,101,014)	(6,767,802)
- purchase of lines of business		
Net cash generated/absorbed by investing activities	**(6,092,634)**	**(8,728,598)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- dividends distributed and other allocations	30,000,000	40,000,000
Net cash generated/absorbed by financing activities	**30,000,000**	**40,000,000**
NET CASH GENERATED/ABSORBED IN THE YEAR	**4,018**	**4,445**

Items	Amount 31/12/2013	Amount 31/12/2012
Cash and cash equivalents at beginning of year	6,271	1,826
Net increase (decrease) in cash and cash equivalents	4,018	4,445
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	10,289	6,271

Santander
CONSUMER BANK

Explanatory Notes

Part A - Accounting policies

A.1 - General information

Section 1 - Declaration of compliance with International Financial Reporting

Pursuant to Legislative Decree 38 of 28 February 2005, the financial statements of Santander Consumer Bank S.p.A. are prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission, as established by Regulation no. 1606 of 19 July 2002.
The Financial Statements at 31 December 2013 have been prepared on the basis of the "Guidelines for the preparation of the financial statements of banks" issued by the Bank of Italy, in the exercise of the powers established by art. 9 of Legislative Decree no. 38/2005, with its Circular of 22 December 2005, with which it issued Circular 262/05 and subsequent 2nd update on 21 January 2014. These Instructions establish binding rules governing the financial statements and how they are to be prepared, including the contents of the notes.
In preparing the financial statements the IAS/IFRS in force at 31 December 2013 have been applied (including the SIC and IFRIC interpretations).

Section 2 - Basis of preparation

The financial statements consist of the balance sheet, income statement, statement of changes in shareholders' equity, statement of comprehensive income, cash flow statement and the notes and are accompanied by the directors' report on the Company's operations, results and financial position. As regards the directors' report, please refer to the report on operations in the Group's consolidated financial statements as it can be considered representative of the Company's operations, due to the limited size of Santander Consumer Media and Santander Consumer Unifin with respect to Santander Consumer Bank,. A specific paragraph explains the main impact that Santander Consumer Media and Santander Consumer Unifin have had.
In accordance with the provisions of art. 5 of Legislative Law 38/2005, the financial statements have been prepared using the euro as the functional currency. The amounts in the financial statements are expressed in euro, whereas unless otherwise specified, those in the notes and the report on operations are expressed in thousands of euro.
The financial statements are prepared in accordance with the general principles set out by IAS 1 and the specific accounting standards endorsed by the European Commission, as described in Part A.2 of these notes.
No exceptions have been made to the application of IAS/IFRS.
In addition to the figures for the reporting period, the financial statements and notes also provide comparative figures at 31 December 2012, reclassified to ensure a better comparison with the current year. The individual tables in the notes are identified on the basis of the numbers assigned by the Bank of Italy, as well as by indicating the page number of Circular 262/2005 (2nd update of 21 January 2014), which we have followed in preparing the tables.
The report on operations and the notes provide the information required by International Accounting Standards, by Italian law and by the Bank of Italy, as well as other non-mandatory information considered necessary to give a true and fair view of the Bank's situation.

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities reported in the financial statements. The development of such estimates involves the use of available information and the adoption of subjective judgments based on past experience, which are used to formulate reasonable assumptions for recording corporate events. By their nature, the estimates and assumptions used can vary from year to year, which means that it cannot be excluded that in future years the figures in the financial statements may differ significantly due to changes in the subjective judgments used.
The main situations in which management has to make subjective judgments include the following:

- The quantification of impairment losses on receivables, equity investments and financial assets generally;
- The use of valuation models for determining the fair value of financial instruments not quoted in active markets;
- Assessing whether the value of intangible assets is fair;
- Quantifying personnel provisions and provisions for risks and charges;
- Making estimates and assumptions regarding the recoverability of deferred tax assets.

Contents of the consolidated financial statements

Consolidated Balance sheet and Consolidated Income statement
The formats used for the balance sheet and income statement are made up of items, sub-items and other details. In the income statement, revenues are shown without a sign, whereas costs are shown in brackets.

Statement of comprehensive income
The statement of changes in comprehensive income is presented in the manner prescribed by the Bank of Italy, based on the information required by IAS 1.
"Net profit (loss)" is the same amount shown in item 320 of the income statement.
The "other elements of income, net of taxes" include changes in the value of assets recorded during the year with contra-entry to the valuation reserves (net of tax).

Statement of changes in shareholders' equity
The statement of changes in shareholders' equity is presented in the manner prescribed by the Bank of Italy. It shows the composition and changes in shareholders' equity accounts during the year, divided into share capital, capital reserves, retained earnings and the result for the year.

Cash flow statement
The cash flow statement for the current and previous years has been prepared using the indirect method, whereby cash flows from operating activities are represented by the result for the year adjusted for non-monetary transactions.
Cash flows are broken down into those generated by operating activities, investing activities and financing activities. In this statement, the cash flows generated during the year are shown without a sign, whereas those that are absorbed are preceded by a minus sign.

Contents of the notes
The notes include the information set out in Bank of Italy Circular no. 262/2005, as well as the additional disclosures required by International Accounting Standards.
To reflect in full the formats laid down by the Bank of Italy, we also show the headings of sections on items with zero balances in both years.

Section 3 - Subsequent events

In the period between the end of 2013 and the date of approval of these financial statements, there have been no events which could have an appreciable impact on the operations and results of the Company.
Pursuant to IAS 10, these financial statements were authorized for publication on 27 March 2014.

Section 4 - Other aspects

On the basis of IAS 8, we would also inform you that certain figures for 2012 have been reclassified in order to allow comparison on a consistent basis.
The following are the material changes involved in the reclassification of the difference between what was paid by the insurance companies and the amount of revenue actually expected.

Items	31/12/2012	Reclassifications	31/12/2012
	Published		**Restated**
100. Other liabilities	(82,547)	(9,103)	(91,650)
120. Provisions for risks and charges	(13,692)	9,103	(4,589)

Complete copies of the last financial statements with the reports on operations of the companies that at 31 December 2013 were subsidiaries or associates, and that their respective Boards of Directors will submit for approval of their shareholders' meeting by 30 April 2014, will be deposited at head office.
The related reports of the Board of Statutory Auditors and Independent Auditors will also be deposited. The prior year financial statements of these companies will also be deposited.

Information on the activities and results achieved by the subsidiaries in 2013 are included in the report accompanying the consolidated financial statements. The financial statements of Santander Consumer Bank are audited by Deloitte & Touche S.p.A., pursuant to the Resolution of the Shareholders' Meeting of 27 April 2010, which appointed this firm to perform the audit for the nine years from 2010 to 2018.

A.2 - Main captions in the financial statements

This section explains the accounting policies followed to prepare the 2013 financial statements. The Company's accounting policies are explained with reference to the classification, recognition, measurement and derecognition of assets and liabilities. A description of the economic effects is given for each of these stages, where relevant.

1. Loans

Recognition
Loans are initially recognised on the payout date, with reference to the fair value of the financial instrument concerned. This is represented by the amount paid out including costs/revenues that are both directly attributable to the individual loans and identifiable from the start of the transaction, even if they are settled at a later time.

Classification
Loans include loans to customers and to banks, whether granted directly or acquired from third parties, with fixed or determinable payments, that are not quoted in an active market and which were not originally classified as "Financial assets available for sale". Loans include loans originating from leasing operations, as well as loans previously sold for securitisation transactions, which do not satisfy the condition of the transfer of risks and benefits in IAS 39 on derecognition.

Measurement and recognition of components affecting the income statement
After initial recognition, loans are measured at their amortised cost, corresponding to the initial cost less/plus principal repayments, net adjustments/recoveries and amortisation - calculated using the effective interest method - of the difference between the amount paid out and the amount repayable on maturity, which is generally attributable to the costs/income directly allocated to the individual loans. The effective interest rate is the rate that equates the present value of future cash flows of loans, for principal and interest, to the amount granted, including costs/income attributable to the loan. This accounting method, using a financial logic, allows distribution of the economic effect of costs/income over the estimated residual life of the loan.
Loans are assessed at the end of each accounting period to identify any objective evidence, arising from events subsequent to initial recognition, that their value may be impaired. This includes positions classified as doubtful, watchlist, restructured or past due loans in compliance with current Bank of Italy regulations. These non-performing loans are assessed in detail and the adjustment made to each position represents the difference between their book value at the time of measurement (amortised cost), net of impairment. Adjustments are booked to the income statement. The original value of loans is reinstated in subsequent periods, to the extent that the reasons for the adjustments made cease to apply, on condition that this assessment is objectively linked with events that took place subsequent such adjustments. The writeback is recorded in the income statement Loans for which there is no objective evidence of impairment, i.e. those usually classified as performing loans, are periodically assessed and adjusted if they are deemed to be impaired. This assessment takes place by homogeneous loan categories in terms of their credit risk and the relative loss percentages are estimated taking into account past experience, based on observable elements at the measurement date, which make it possible to estimate the value of the loss for each category of loans. Adjustments that are calculated on a collective basis are charged to the income statement.

Derecognition
Apart from those situations where the impairment of the loans reduces their fair value to zero, loans are only eliminated from the balance sheet if their disposal leads to the transfer of substantially all of the risks and benefits associated with them. This situation takes place in the case of a transfer without recourse with respect to non-performing loans, the economic effects of which are recorded in item 100 (gains/losses on disposal or repurchase of loans) in the income statement. Conversely, if the risks and benefits relating to loans that have been sold are retained, these continue to be reported as assets in the balance sheet, even if legal ownership of the loans has been effectively transferred. Cancellation also takes place following the expiry of the contractual rights or when the loan is considered permanently unrecoverable.

2. Hedging derivatives

Type of hedges

Hedges are arranged to neutralise losses that may be incurred in relation to a given element or group of elements, as a consequence of a given risk, via profits that would be earned on another element or group of elements should that particular risk crystallise. Of the types of hedges that are allowed, the Bank uses cash flow hedging (CFH) to neutralise the exposure of its liabilities to changes in future cash flows arising from unexpected fluctuations in interest rates, and fair value hedging (FVH) for a portion of its fixed-rate assets.

Measurement

Hedging derivatives are measured at their fair value. Therefore, changes in the fair value of the derivative in the case of CFH derivatives are recognised in the shareholders' equity for the effective portion of the hedge, and are recognised in the income statement only when there is a change in hedged item's cash flows to be compensated. In the case of FVH derivatives, any change in the fair value of the hedging instrument is recognised in the income statement, as are changes in the fair value of the hedged item, with a net effect to reflect the partial ineffectiveness of the hedge.
Hedging transactions are formally documented and subject to regular testing by:

- prospective tests that justify the application of hedge accounting, by demonstrating the expected effectiveness of the hedge;
- retrospective tests that show the effectiveness of the hedge during the period under review. The tests described here are designed to determine the extent to which the actual results differ from the perfect hedge. If the tests do not confirm the hedge's effectiveness, hedge accounting is interrupted for the ineffective portion and it is reclassified to financial instruments held for trading.

Recognition of components affecting the income statement

In the case of CFH derivatives, as long as the effectiveness of the hedge remains, changes in the fair value of the hedging derivative are recorded in a specific cash flow hedging reserve with these reserves merely being released on expiry of the derivative or the ineffective portion being transferred to the income statement on failing the effectiveness test. In the case of FVH derivatives, changes in the fair value of the hedging derivative and of the hedged item are recognised in the income statement.
Differentials on hedging derivatives, whether FVH or CFH, are recognised in the income statement on a pro-rata basis.

3. Equity investments

Recognition and measurement

IThis category includes investments in subsidiaries carried at cost, in accordance with IAS 27, paragraph 37. If there is evidence that an investment may be impaired, its recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the related difference is charged to the income statement. If the reasons for impairment cease to exist due to an event occurring after recognition of the impairment, write-backs are made against the income statement.

Derecognition

Equity investments are derecognised on expiry of the contractual rights over the related cash flows or when the investment is sold with the transfer of essentially all the related risks and benefits of ownership.

4. Property and equipment

Recognition

Property and equipment are initially recorded at purchase price, including any directly attributable purchasing costs or costs involved in bringing the asset to working condition.

Classification

Property and equipment include motor vehicles owned by the company, furniture and furnishings and equipment of any kind. They are property and equipment that are held for use in the production or supply of goods or services or for administrative purposes and expected to be used for a number of years. This category also includes leasehold improvements to fixed assets, which have not been included in other assets as permitted by the Bank of Italy.

Measurement
Tangible fixed assets are measured at cost less depreciation and any impairment losses. Fixed assets are depreciated systematically over their estimated useful life, taking into account the date of entry into operation of the asset. Any adjustments are recorded in the income statement.

Derecognition
Property and equipment are derecognised on disposal, or when the assets concerned are permanently taken out of use and no further economic benefits are expected from their disposal.

5. Intangible assets

Classification
This category includes non-monetary, identifiable intangible assets with a useful life of several years, mainly represented in the Company's case by costs for the purchase of software. Intangible assets are recognised if they are identifiable and reflect legal or contractual rights.

Recognition and measurement
Intangible assets are stated at cost, adjusted for any ancillary charges only if it is probable that the future economic benefits attributable to the asset will be realized and if the cost of the asset can be measured reliably. Otherwise, the cost of the intangible asset is recognised in the income statement in the period that the cost is incurred. The cost of intangible assets (classified as assets with a finite duration) is amortised on a straight-line basis over their useful lives. An estimate of recoverable value is made if there is any evidence of asset impairment at the reporting date. The impairment loss, expensed to income, is the difference between the carrying value of an asset and its recoverable amount.

Derecognition
Intangible assets are derecognised on retirement and when no further economic benefits are expected.

6. Non-current assets held for sale and discontinued operations

Recognition
In this category are recognised non-current assets whose carrying value will be recovered principally through a sale rather than through its continuing use. This case includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract, without exercising the purchase option. The related recognition occurs once the full availability of the asset is ascertained, for an amount equal to the lower of the carrying value and its fair value net of costs to sell, that meets the requirements of high probability that it will be sold, as well as reduced time lag between initial recognition and subsequent disposal, usually within a year.

Classification and recognition of components affecting the income statement
Assets that meet the criteria to be classified as non-current assets held for sale are shown separately in the balance sheet.

Measurement
Assets that meet the criteria to be classified in this category are valued at the lower of their carrying value and fair value, net of costs to sell. The related adjustment is recorded under impairment losses on property and equipment, as required by the instructions for preparation of the financial statements of banks issued by the Bank of Italy (Circular 262/2005 2nd update).

Derecognition
The derecognition of non-current assets held for sale takes place when the asset is sold.

7. Current and deferred taxation

The effects of current taxation and deferred tax assets and liabilities are recognised using the tax rates in force in the country where the company is located. Income taxes are recognised in the income statement.
The provision for income taxes is determined on the basis of a prudent estimate of current taxes, deferred tax assets and deferred tax liabilities. In particular, deferred tax assets and liabilities are determined on the basis of temporary differences - without time limits - between the value of an asset or a liability according to statutory criteria and the corresponding values for tax purposes.
Deferred tax assets, representing the future tax benefit deriving from deductible temporary differences or tax losses

carried forward, are recognised to the extent that their recovery is likely.
Deferred tax assets and liabilities are systematically assessed to take account of any changes in regulations or tax rates.

8. Provisions for risks and charges

Classification and recognition
The provisions for risks and charges cover liabilities whose timing and extent are uncertain, when all the following conditions are met:
- a current obligation exists at the balance sheet date, deriving from a past event;
- the origin of the obligation must either be legal (deriving from a contract, regulation or the provisions of law) or implicit (arising when the business causes third parties to expect that commitments will be met, even if these do not fall into the category of legal obligations);
- a financial outflow is likely;
- the extent of the obligation can be estimated reliably.

Provisions for risks and charges include the provisions for risks and charges dealt with in IAS 37.

Measurement
Provisions are measured on the basis of reliable forecasts in terms of the expected disbursement, discounted at current market rates when the time element is significant. Provisions are charged to the income statement.

Derecognition and recognition of components affecting the income statement
The liabilities relating to provisions for risks and charges are eliminated on settlement of the expected amount or in circumstances where the conditions that led to the initial provision no longer exist. Accruals to the provisions in question and their increase due to the passage of time are recognised under "Net provisions for risks and charges" in the income statement.

9. Debts and debt securities issued

Recognition
The initial recognition of these financial liabilities takes place on receipt of the amounts collected or on issue of the debt securities. These liabilities are initially recognised at their fair value, usually corresponding to the amount collected or the issue price, plus any additional costs/proceeds directly attributable to the individual funding transaction or issue that are not reimbursed by the creditor.

Classification
Amounts due to banks, due to customers, debt securities issued and financial liabilities held for trading include the various forms of interbank and customer funding through current accounts and issued debt securities. These items also include liabilities related to loans involved in securitisations, which are therefore still shown in the balance sheet.

Measurement
After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. As an exception, short-term liabilities are measured at the amount collected, as the effect of the time factor is insignificant.

Derecognition
Financial liabilities are derecognised when they expire or are settled. The repurchase of debt securities issued in prior periods results in their derecognition.

10. Other information

Treasury shares
There are no treasury shares to be deducted from shareholders' equity.

Provision for employee termination indemnities
The provision for employee termination indemnities is recognised on the basis of its actuarial value. For the purposes of discounting, the projected unit credit method is used, which involves the projection of future payments based on historical statistical analyses and the demographic curve, and the discounting of these flows on the basis of a market interest rate. The contributions paid in each year are considered as separate units, recorded and evaluated

individually in order to determine the final obligation.
Following implementation of the Changes to IAS 19 - Employee Benefits, the accounting treatment of the various components are as follows: personnel charges include interest costs (which correspond to the change in the current value of the actuarial estimate at the previous year-end, merely due to the fact that the estimated date of disbursement is getting closer). With regard to actuarial gains and losses (reflecting any variation in the present value caused by changes in the macroeconomic scenario or in interest rate estimates), these gains and losses have been posted to shareholders' equity.

Provisions for commitments and guarantees given
Non applicabile.

Share-based payments
Not applicable.

Revenue recognition
Revenues are recognised when received or when it is likely that the future benefits will be received and these benefits can be measured reliably. The effects of transactions and other events are recognised when they occur and not when the amount involved is received or paid; they are shown in the accounting records and reported in the financial statements of the periods to which they relate on an accrual basis.

Fair value measurements
Fair value can be defined as the price that one would receive for selling an asset or that one would pay to transfer a liability at market conditions on the measurement date. In compliance with IFRS 13, the calculation of fair value has been adapted for each specific asset or liability. This means that when measuring fair value, we took account of the characteristics of the asset or liability. These characteristics include the following, among other things:

- the condition and location of the asset;
- any restrictions on its sale or use.

Measurement at fair value presumes that the sale and/or transfer of the asset/liability take place:

- on the principal market for the asset/liability;
- otherwise, on the most advantageous market for the asset/liability.

Reference should be made to Part A - Accounting policies – A.4 Information on fair value for the methods used to measure the fair value of financial assets and liabilities.

Method of determining amortised cost
The amortised cost of a financial asset or liability is the amount at which it was measured on initial recognition, net of repayments of principal, plus or minus accumulated amortisation (calculated using the effective interest method) of the differences between the initial value and its value on maturity, less any impairment loss.
The effective interest rate is the rate that equates the present value of a financial asset or a liability to the contractual flow of future cash payments, either received up to the expected maturity or to the next date that the price is recalculated. To calculate the present value, the effective interest rate is applied to the future cash flows received or paid through the entire life of the financial asset or liability, or for a shorter period under certain conditions (for example, if there is a change in market rates).
After initial recognition, the amortised cost permits the allocation of revenues and costs to decrease or increase the instrument over its entire expected life through the amortisation process.
With particular reference to fixed-rate loans that arise as part of the consumer finance business, the contributions received from those under special conventions as part of promotional campaigns (contracted at subsidised rates of interest) and the preliminary fees in excess of the costs incurred are classified as transaction income; reimbursements of stamp duty and legal fees, on the other hand, are excluded, as they are mere recoveries of expenses, as are penalties on cancellation of credit terms (requiring immediate repayment) and premiums on insurance policies brokered as accessories not inherent to loan agreements. Reimbursements of collection expenses are also excluded from the calculation of the effective interest rate because of the low mark-up compared with the actual charges incurred for the collection of loan repayments.
On the cost side, commissions paid to distribution channels are attributable to the financial instrument (with the exception of fees paid to the network of dealers under special conventions following the achievement of volume targets, so-called "rappels", because they are neither certain nor reliably quantifiable at the date that the loans are granted).

With regard to credit cards, the immateriality of the amounts of associated transaction costs, and the absence of a sinking fund plan known beforehand because of their floating-rate structure, means that the income and expenses associated with such an instrument tend to be excluded from the scope of amortised cost.
For leases, the components of amortised cost are identified as the premiums and commissions paid to the sales network, as the related revenue items associated with the transaction have been deemed immaterial.
As mentioned in the section on valuation criteria for loans, debts and debt securities issued, the valuation of amortised cost is not applied to financial assets and liabilities whose short duration makes the economic effect of discounting insignificant nor to loans without a defined maturity.

Method for determining the extent of impairment

Financial assets
At each reporting date, financial assets classified as "held for trading" are subjected to an impairment test to verify whether there is objective evidence that their carrying amount may not be fully recoverable.
There is impairment if there is objective evidence of a reduction in future cash flows compared with those originally estimated, as a result of specific events; the loss must be quantified in a reliable manner and associated with actual events rather than just expected events.
The assessment of impairment is carried out on an individual basis for financial assets that present specific evidence of impairment and collectively for financial assets for which no analytical assessment is required or for which analytical assessment did not result in an impairment. The collective assessment is based on the identification of similar classes of risk of financial assets with reference to the characteristics of the borrower/issuer, the economic sector, the geographical area, the presence of any guarantees and other relevant factors.
Loans to customers and banks are subject to analytical valuation if they have been classified as doubtful, watchlist, restructured or past due according to the definitions of the Bank of Italy, which are consistent with IAS/IFRS.
This assessment takes place by homogeneous loan categories in terms of their credit risk and the relative loss percentages are estimated taking into account past experience, based on observable elements at the measurement date, which make it possible to estimate the value of the loss for each category of loans.
The provisions on performing loans are quantified by identifying the highest possible synergies (as permitted by the various regulations) with the approach required for regulatory purposes by the "New Capital Accord" known as Basel II. In particular, the parameters of the calculation model under the new supervisory provisions, represented by PD (Probability of Default) and LGD (Loss Given Default), are used - where already available - for financial statement valuation purposes as well. The relationship between these two parameters is the starting point for the segmentation of loans, as they summarise the relevant factors considered by IAS/IFRS for the determination of homogenous categories and the calculation of provisions. The time horizon of one year, which is used to determine the probability of default, is believed to approximate the notion of incurred loss, i.e. the loss based on current events but not yet recorded by the company by revising the degree of risk of the specific customer, as recommended by IAS/IFRS.

Other non-financial assets
Property and equipment and intangible assets with a finite useful life are subjected to impairment testing if there is evidence that their carrying amounts may no longer be fully recoverable. Recoverable value is determined with reference to the fair value of the property and equipment or intangible asset, net of disposal costs, or to its value in use if this can be determined and exceeds fair value.
For other property and equipment and intangible assets (other than goodwill) it is assumed that the carrying value normally corresponds to the value in use, as determined by a process of depreciation/amortisation estimated on the basis of the asset's actual contribution to the production process, in situations where the determination of fair value is very uncertain. The two values differ, giving rise to impairment in the event of damage, leaving the production process or other similar non-recurring circumstances.

Intercompany transactions
Banking and commercial transactions with the shareholder, with the subsidiary Santander Consumer Finance Media S.r.l. and Santander Consumer Unifin S.p.A. and with other companies of the Santander Group are regulated on an arm's-length basis.

Securitisations
With reference to the provisions of IAS 39 on derecognition, according to which the derecognition of financial assets and liabilities is only allowed when the risks and benefits associated with the asset being sold are transferred to the buyer, the receivables involved in securitisations are to be re-recorded in the balance sheet and measured in the same way as loans to customers, with recognition of a corresponding payable to the SPE (classified among

amounts due to customers, liability caption 20). This payable is recognised for an amount equal to the liabilities issued by the SPE held by parties other than the Bank (at the end of the year), less the amount of the assets of the SPE generated by the securitised portfolio.
In "self-securitisations" where there are no liabilities to the SPE, the cash generated in the company is shown as a receivable from the securitisation, net of any payables of the SPE.
In terms of the income statement, as a result of the reclassification the related income items are recorded in the financial statements as follows:

- Interest expense on the payable, corresponding to the total costs recorded by the securitised portfolios, net of income other than the interest income on the portfolio;
- Interest earned on the portfolio being re-recorded;
- Adjustments to the securitised portfolio, under the corresponding balance sheet item.

A.3 – Information on transfers between portfolios of financial assets

A.3.1 Reclassified financial assets: carrying value, fair value and effects on comprehensive income

There are no reclassified financial assets.

A.3.2 Reclassified financial assets: effects on comprehensive income before transfer

There are no reclassified financial assets.

A.3.3 Transfer of financial assets held for trading

The Company has not made transfers of portfolios between the different categories of financial assets during the year.

A.3.4 Effective interest rate and cash flows expected from reclassified assets

There are no reclassified financial assets.

A.4 - Information on fair value

Qualitative information

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The valuation techniques used are adjusted according to the specific characteristics of the assets and liabilities being measured. The choice of inputs is designed to maximise the use of those that can be directly observed on the market, reducing as much as possible the use of internal estimates.
The valuation techniques used by the Group are:

- The market approach. This method uses prices and other significant information generated by market transactions in identical or comparable assets.
- The revenue approach. This method converts future amounts (cash flow, revenues, expenses) into a single amount, which is then discounted. When this approach is used, the calculation of fair value reflects current expectations about future amounts. This technique also includes the net present value method.

A.4.2 Valuation processes and sensitivity

The following is an explanation of the process used to measure the fair value of the individual items in the financial statements.
As regards the assets in the balance sheet:

- Cash, bank current accounts, sight deposits and short-term bank balances. For these items, the assumption is that their fair value is the same as their carrying amount in the balance sheet.
- Hedging derivatives. The fair value is calculated by means of a daily valuation based on the expected cash flows.
- Loans to customers:
  - Sight assets. The assumption is that their fair value is the same as their carrying amount in the balance sheet.
  - Other assets. The fair value of the portfolio is calculated by discounting the expected cash flows, net of

adjustments, on the basis of a risk-free yield curve increased by the intercompany spread applicable at the measurement date. This method assumes that the credit risk has already been incorporated at the time the asset was tested for impairment.

As regards the liabilities in the balance sheet:
- Due to banks on demand. The assumption is that the fair value is the same as the carrying amount in the balance sheet.
- Due to banks in the medium to long term. The fair value is calculated by discounting the expected cash flows on the basis of the yield curve observable on the market, increased by the intercompany spread applicable at the measurement date.
- Due to customers:
  - Deposit accounts. The fair value is calculated by discounting the expected cash flows at the interest rate effectively applied to the customer at the measurement date.
  - Current accounts and demand deposits. For these items, the assumption is that the fair value is the same as the carrying amount in the balance sheet.
- Debt securities issued. The fair value is calculated by discounting the expected cash flows on the basis of the yield curve observable on the market, increased by the intercompany spread.
- Hedging derivatives. The same as for hedging derivatives included in Assets.

A.4.3 Fair value hierarchy

In order to increase consistency and comparability in fair value measurements, IFRS 13 establishes a hierarchy based on the inputs used for the various valuation techniques.This hierarchy gives preference to the use of prices quoted on active markets for identical assets and/or liabilities as opposed to inputs that cannot be directly observed on the market. The inputs used in the calculation can be put into one of three categories:
- Level 1. The fair value can be observed directly on active markets to which the entity has access at the date of measurement of the fair value of identical or comparable assets or liabilities.
- Level 2. The fair value is calculated internally on the basis of inputs that can be observed directly on the market.
- Level 3. The fair value is calculated internally on the basis of inputs that cannot be observed directly on the market. The company uses assumptions that are made internally.

A.4.4 Other information

There is no other information of a qualitative nature to be given in addition to what has been explained in the preceding paragraphs.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels.

Financial assets/liabilities designated at fair value	31/12/2013			31/12/2012		
	L1	**L2**	**L3**	**L1**	**L2**	**L3**
1. Financial assets held for trading						
2. Financial assets designated at fair value through profit and loss						
3. Financial assets available for sale						
4. Hedging derivatives		43,644				
5. Property and equipment						
6. Intangible assets						
Total		**43,644**				
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value through profit and loss						
3. Hedging derivatives		104,860			125,573	
Total		**104,860**			**125,573**	

Key:
BV=book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

No transfer of assets or liabilities between level 1 and level 2 have occurred during the year.

A.4.5.2 Annual changes in financial assets measured at fair value on a recurring basis (level 3)
The Company does not hold any financial assets measured at fair value (Level 3).

A.4.5.3 Annual changes in financial liabilities at fair value on a recurring basis (level 3)
The Company does not have any financial liabilities designated at fair value through profit and loss (Level 3).

A.4.5.4 Assets and liabilities not valued at fair value or valued at fair value on non-recurring basis: distribution by levels of fair value.

Assets/liabilities not valued at fair value or valued at fair value on non-recurring basis	31/12/2013				31/12/2012			
	BV	**L1**	**L2**	**L3**	**BV**	**L1**	**L2**	**L3**
1. Financial assets held to maturity								
2. Due from banks	32,249			32,249	129,624			129,624
3. Loans to customers	6,172,986			6,472,492	7,078,848			6,967,183
4. Investment property								
5. Non-current assets held for sale and discontinued operations	22		22		290		290	
Total	**6,205,257**		**22**	**6,504,741**	**7,208,762**		**290**	**7,096,807**
1. Due to banks	4,985,688			5,011,982	6,112,060			6,112,060
2. Due to customers	709,977			714,217	718,998			718,998
3. Debt securities issued	100,778			102,140				
3. Liabilities associated with non-current assets held for sale								
Total	**5,796,443**			**5,828,339**	**6,831,058**			**6,831,058**

Key:
BV=book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.5 Information on “day one profit/loss”

The Company does not hold any financial instruments that meet the conditions referred to in paragraph 28 of IFRS 7.

Part B – Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents - item 10

1.1 Cash and cash equivalents: breakdown

This item shows a balance of Euro 10 thousand (Euro 6 thousand at 31 December 2012) and includes the liquidity held at the head office and at branches throughout the country in the form of cash:

	31/12/2013	31/12/2012
a) Cash	10	6
b) Demand deposits with central banks		
Total	**10**	**6**

Section 2 - Financial assets held for trading - item 20

There are no financial assets held for trading at the balance sheet date.

Section 3 - Financial assets designated at fair value through profit and loss - item 30

The Company has not designated any financial assets to this category.

Section 4 - Financial assets available for sale - item 40

There are no financial assets available for sale at the balance sheet date.

Section 5 - Financial assets held to maturity - item 50

The Company has not designated any financial assets to this category.

Section 6 – Due from banks – item 60

6.1 Due from banks: breakdown

Amounts due from banks come to Euro 32,249 thousand (Euro 129,624 thousand at 31 December 2012) and are made up as follows:

Type of transaction/Amounts	31/12/2013				31/12/2012			
	BV	FV			BV	FV		
		L1	L2	L3		L1	L2	L3
A. Due from central banks	**11,454**			**11,454**	**3,473**			**3,473**
1. Time deposits		X	X	X		X	X	X
2. Compulsory reserve	11,454	X	X	X	3,473	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Due from banks	**20,795**			**20,795**	**126,151**			**126,151**
1. Loans	20,795			20,795	126,151			126,151
1.1 Current accounts and deposits	3,095	X	X	X	15,886	X	X	X
1.2 Time deposits		X	X	X		X	X	X
1.3 Other loans:		X	X	X		X	X	X
- Repurchase agreements		X	X	X		X	X	X
- Finance leases		X	X	X		X	X	X
- Other	17,700	X	X	X	110,265	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total (book value)	**32,249**			**32,249**	**129,624**			**129,624**

Key:
BV=book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The compulsory reserve represents amounts due from the Bank of Italy, with a balance of Euro 11,454 thousand (Euro 3,473 thousand at 31 December 2012). Amounts due from banks for current accounts and demand deposits amount to Euro 3,095 thousand (Euro 15,886 thousand at 31 December 2012) and refer to the temporary debit balances on current accounts.
Other loans essentially relate to the amounts paid as a guarantee deposit to the other party, Banco Santander, corresponding to the negative fair value of the derivative contracts entered into with it.
For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

6.2 Due from banks with specific-hedges

Not applicable.

6.3 Finance leases

Not applicable.

Section 7 – Loans to customers – item 70

7.1 Loans to customers: breakdown

Loans to customers amount to Euro 6,172,986 thousand (Euro 7,078,848 thousand at 31 December 2012) and are made up as follows:

Type of transaction/ Amounts	31/12/2013						31/12/2012					
	Book value			Fair value			Book value			Fair value		
	Performing loans	Non-performing loans		L1	L2	L3	Performing loans	Non-performing loans		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans	**6,052,927**		**120,059**			**6,472,492**	**6,945,806**		**133,042**			**6,967,183**
1. Current accounts	8,542		597	X	X	X	7,691		394	X	X	X
2. Repurchase agreements				X	X	X				X	X	X
3. Mortgage loans				X	X	X				X	X	X
4. Credit cards, personal loans and salary assignment	3,189,437		87,087	X	X	X	3,665,781		97,726	X	X	X
5. Finance leases	72,669		1,392	X	X	X	166,953		4,169	X	X	X
6. Factoring	122,930			X	X	X	76,582			X	X	X
7. Other loans	2,659,349		30,983	X	X	X	3,028,799		30,753	X	X	X
Debt securities												
8. Structured				X	X	X				X	X	X
9. Other debt securities				X	X	X				X	X	X
Total	**6,052,927**		**120,059**			**6,472,492**	**6,945,806**		**133,042**			**6,967,183**

Key:
BV=book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

In particular, loans to customers include:

- Euro 9,139 thousand (of which, Euro 597 thousand non-performing loans) for credit balances on current accounts with customers and post office current accounts;
- Euro 3,276,524 thousand (of which, Euro 87,087 thousand non-performing loans) for loans to customers arising from financing personal loan transactions, credit cards and loans guaranteed by salary assignment;
- Euro 74,061 thousand (of which, Euro 1,392 thousand non-performing loans) for loans to customers for finance leases, recorded at amortised cost;
- Euro 122,930 for factoring receivables related to operations with automotive companies;
- Euro 2,690,332 thousand (of which, Euro 30,983 thousand non-performing loans) for loans to customers resulting from stock financing (Euro 141,044 thousand) and financing for car loans and other special-purpose loans, as well as receivables from the subscription of Upper and Lower Tier II subordinated loans issued by the subsidiary Santander Consumer Unifin (Euro 13,000 thousand) and the loan granted to the subsidiary Santander Consumer Finance Media (Euro 25,001 thousand), including the related accrued interest.

The total of assets assigned and not derecognised (Euro 4,372,988 thousand, of which Euro 76,221 thousand impaired) was allocated to the various forms of financing, as required by the instructions for preparation of the financial statements. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 4 - Other Aspects of the Accounting Policies in the Notes. For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

7.2 Loans to customers: breakdown by borrower/issuer

Type of transaction/Amounts	31/12/2013			31/12/2012		
	Performing loans	Non-performing loans		Performing loans	Non-performing loans	
		Purchased	Other		Purchased	Other
1. Debt securities						
a) Governments						
b) Other public entities						
c) Other issuers						
- non-financial institutions						
- financial institutions	21,400					
- insurance companies						
- other						
2. Loans to:						
a) Governments						
b) Other public entities	241			509		5
c) Other parties						
- non-financial institutions	464,336		12,780	630,081		12,946
- financial institutions	703,055		6	576,963		2
- insurance companies	17					
- other	4,863,878		107,273	5,738,253		120,089
Total	**6,052,927**		**120,059**	**6,945,806**		**133,042**

7.3 Loans to customers with specific hedges

There are no loans to customers with specific-hedges.

7.4 Finance leases

Information by lessor	Amounts at 31/12/2013	
	Minimum lease payments	Present value of minimum lease payments
Finance lease instalments due		
Up to 12 months	28,805	27,052
1 to 5 years	41,628	39,094
Beyond 5 years	11,856	11,134
Total	**82,289**	**77,280**
of which:		
Unguaranteed residual values accruing to the lessor		
Less: unearned finance income	5,009	X
Present value of minimum lease payments	**77,280**	**77,280**

The table provides information in accordance with IAS 17, paragraph 47, a), c) and f) and paragraph 65, as required by the instructions contained in the Bank of Italy's Circular 262 of 22 December 2005. The lease contracts with customers form part of the general category of car leasing.

Section 8 – Hedging derivatives – item 80

8.1 Hedging derivatives: breakdown by type of hedge and level

	FV			NV	FV			NV
	31/12/2013				31/12/2012			
	L1	L2	L3	31/12/2013	L1	L2	L3	31/12/2012
A) Financial derivatives								
1) Fair value		43,644		2,384,932				
2) Cash flows								
3) Net investment in foreing entities								
B) Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**43,644**		**2,384,932**				

Key:
FV = Fair Value
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The portfolio of hedging derivatives subscribed by the Bank with the Spanish Parent Company Banco Santander, taken out to mitigate the interest-rate risk to which the Bank is exposed, at 31 December 2013 had contracts with a positive fair value of Euro 43,644 thousand, whereas at 31 December 2013 it had a zero balance. The fair value measurement of these derivatives is carried out by the Spanish parent company Banco Santander.
As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table gives details of hedging derivatives with negative fair values at 31 December 2013 (in euro):

NOTIONAL (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
230,000,000	21/09/2012	25/03/2019	Banco Santander	424,161
220,000,000	07/11/2012	10/06/2019	Banco Santander	497,756
221,000,000	06/06/2013	10/04/2018	Banco Santander	138,218
158,000,000	19/06/2013	21/03/2019	Banco Santander	50,853
306,255,963	30/03/2011	20/11/2017	Banco Santander	8,131,656
633,202,425	09/12/2011	20/03/2018	Banco Santander	18,335,997
616,474,002	17/11/2011	23/04/2014	Banco Santander	16,065,858
2,384,932,390				43,644,499

8.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific								
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks	Generic	Specific	Generic	
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X	43,644	X		X
5. Other transactions						X		X	
Total assets						**43,644**			
1. Financial liabilities				X		X		X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities									
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For comments, please read the description in point 8.1

Section 9 - Fair value change of financial assets in hedged portfolios - item 90

9.1 Remeasurement of hedged assets: breakdown by hedged portfolio

"Remeasurement of hedged assets/Amounts"	31/12/2013	31/12/2012
1. Positive adjustment		
1.1 specific portfolios		
a) loans	47,434	102,542
b) financial assets available for sale		
1.2 general adjustment		
2. Negative adjustment		
2.1 specific portfolios		
a) loans		
b) financial assets available for sale		
2.2 general adjustment		
Total	**47,434**	**102,542**

The above table shows the change in value of the loan portfolio being hedged on the basis of the Fair Value Hedging Model.

9.2 Assets subject to general hedging of interest rate risk

Hedged assets	31/12/2013	31/12/2012
1. Loans	3,439,070	4,233,734
Total	**3,439,070**	**4,233,734**

Section 10 - Equity investments - item 100

10.1 Equity investments in subsidiaries, company under joint control and companies subject to significant influence: disclosures

The Bank's equity investments at 31 December 2013 are made up as follows:

Name	Head office	% holding	% of votes
A. Investments in wholly-owned subsidiaries			
1. Santander Consumer Finance Media S.r.l.	Turin	65%	
2. Santander Consumer Unifin S.p.A.	Castel Maggiore (Bologna)	100%	
B. Investments in companies under joint control			
C. Associates (subject to significant influence)			

Note that the investment in Santander Consumer Unifin S.p.A. was contributed by the Spanish Parent Company Santander Consumer Finance S.A. in June 2013.

10.2 Equity investments in subsidiaries, company under joint control and companies subject to significant influence: accounting information

Name	Total assets	Total revenues	Net profit (loss)	Shareholders' equity	Book value	Fair value		
						L1	L2	L3
A. Investments in wholly-owned subsidiaries								
1. Santander Consumer Finance Media S.r.l.	30,965	2,315	(73)	7,636	4,550	X	X	X
2. Santander Consumer Unifin S.p.A.	170,686	52,816	388	65,590	61,633	X	X	X
B. Investments in companies under joint control						X	X	X
C. Associates (subject to significant influence)								
Total	**201,651**	**55,131**	**315**	**73,226**	**66,183**			

As per the Bank of Italy's instructions, total revenues are the sum of positive income items before tax. The amounts reported for both companies relate to the whole of 2013.
The "Shareholders' equity" column includes the amount of the companies' equity, including net profit for the year at 31 December 2013.

10.3 Equity investments: changes in the period

Equity investments in subsidiaries are recognised in the financial statements at 31 December 2013 for Euro 66,183 thousand (Euro 4,550 thousand at 31 December 2012), as shown in the following table:

	31/12/2013	31/12/2012
A. Opening balance	**4,550**	**4,550**
B. Increases	**61,633**	
B.1 Purchases	61,633	
B.2 Write-backs		
B.3 Revaluations		
B.4 Other changes		
C. Decreases		
C.1 Sales		
C.2 Write-downs		
C.3 Other changes		
D. Closing balance	**66,183**	**4,550**
E. Total revaluations		
F. Total adjustments		

During 2013, the Parent Company Santander Consumer Finance S.A. contributed its investment in Santander Consumer Unifin S.p.A. to Santander Consumer Bank S.p.A. for an amount of Euro 61,633 thousand versus an increase in capital of Euro 61,000 thousand and the creation of a share premium reserve of Euro 633 thousand. The investment was valued in accordance with art. 2343-ter, para. 2b) of the Civil Code.

10.4 Commitments relating to investments in subsidiaries

Not applicable.

10.5 Commitments relating to investments in subsidiaries under joint control

Not applicable.

10.6 Commitments relating to equity investments in companies subject to significant influence

Not applicable.

Section 11 - Property and equipment – item 110

11.1 Property and equipment for business purposes: breakdown of assets measured at cost

Property and equipment amount to Euro 3,980 thousand (Euro 4,953 thousand at 31 December 2012) and are made up as follows, net of accumulated depreciation:

Assets/Amounts	31/12/2013	31/12/2012
1. Own assets		
a) land		
b) property		
c) furniture	180	300
d) electronic systems	1,084	1,030
e) other	2,716	3,623
2. Assets purchased under finance leases		
a) land		
b) property		
c) furniture		
d) electronic systems		
e) other		
Total	**3,980**	**4,953**

Other property and equipment include, in particular:

- Euro 2,176 thousand for vehicles owned by the Bank and used by employees to perform their work;
- Euro 326 thousand for depreciable deferred charges made up of leasehold improvements (reclassified to property and equipment in accordance with IAS 38);
- Euro 213 thousand for telephone systems, appliances and equipment.

Fixed assets have been given the following useful lives for the purpose of calculating the annual depreciation charge:

Category of assets	Useful life (years)
OFFICE FURNITURE AND FURNISHINGS	9
ORDINARY OFFICE MACHINES	9
DATA PROCESSING MACHINES	5
TELEPHONE SYSTEMS	4
VEHICLES	4
MISCELLANEOUS EQUIPMENT	4
DEFERRED CHARGES TO BE AMORTISED	6

11.2 Investment property: breakdown of assets measured at cost

Not applicable.

11.3 Property and equipment for business purposes: breakdown revalued assets

Not applicable.

11.4 Investment property: breakdown of assets measured at fair value

Not applicable.

11.5 Property and equipment used for business purposes: changes in the period

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross amount			**4,485**	**9,627**	**16,595**	**30,707**
A.1 Total net adjustments			(4,185)	(8,597)	(12,972)	**(25,754)**
A.2 Opening net amount			**300**	**1,030**	**3,623**	**4,953**
B. Increases			**15**	**453**	**1,041**	**1,509**
B.1 Purchases			15	453	1,037	**1,505**
B.2 Capitalised improvement costs					4	**4**
B.3 Recoveries						
B.4 Positive changes in fair value posted to:						
a) shareholders' equity						
b) income statement						
B.5 Positive exchange rate adjustments						
B.6 Transfers from investment property						
B.7 Other changes						
C. Decreases			**135**	**399**	**1,948**	**2,482**
C.1 Sales				3	156	**159**
C.2 Depreciation			76	396	1,493	**1,965**
C.3 Impairment						
losses recognised to:						
a) shareholders' equity						
b) income statement			59		299	**358**
C.4 Negative changes in fair value recognised to:						
a) shareholders' equity						
b) income statement						
C.5 Negative exchange rate adjustments						
C.6 Transfers to:						
a) investment property						
b) non-current assets held for sale						
C.7 Other changes						
D. Closing net amount			**180**	**1,084**	**2,716**	**3,980**
D.1 Total net adjustments			(4,022)	(8,448)	(12,566)	**(25,036)**
D.2 Closing gross amount			4,202	9,532	15,282	**29,016**
E. Measurement at cost						

Sub-item E (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for tangible assets that are carried in the balance sheet at fair value.
The main increases during the year concerned upgrading of hardware and the purchase of cars used by employees in performing their work.

The impairment losses relating to the branches involved in the reorganisation are shown in item C.3b).

11.6 Investment property: changes in the period

Not applicable.

11.7 Commitments to purchase property and equipment (IAS 16/74 c)

Not applicable.

Section 12 - Intangible assets – item 120

12.1 Intangible assets: breakdown by type

Intangible assets amount to Euro 9,586 thousand (Euro 10,458 thousand at 31 December 2012) and are made up as follows:

Assets/Amounts	31/12/2013		31/12/2012	
	Finite useful life	**Indefinite useful life**	**Finite useful life**	**Indefinite useful life**
A.1 Goodwill	X		X	
A.2 Other intangible assets				
A.2.1 Measured at cost:				
a) Internally-generated intangible assets				
b) Other assets	9,586		10,458	
A.2.2 Carried at fair value				
a) Internally-generated intangible assets				
b) Other assets				
Total	**9,586**		**10,458**	

Other intangible assets refer entirely to the Bank's software.
The amortisation of software into production is calculated on the basis of a useful life of three years.

12.2 Intangible assets: change in the period

	Goodwill	Other internally-generated intangible assets		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Opening balance				**55,588**		**55,588**
A.1 Total net adjustments				(45,130)		**(45,130)**
A.2 Opening net amount				**10,458**		**10,458**
B. Increases				**5,101**		**5,101**
B.1 Purchases				5,101		**5,101**
B.2 Increases in internally-generated intangible assets	X					
B.3 Recoveries	X					
B.4 Positive changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
B.5 Exchange gains						
B.6 Other changes						
C. Decreases				**5,973**		**5,973**
C.1 Sales						
C.2 Adjustments						
- Amortisation	X			5,409		**5,409**
- Writedowns						
+ posted to shareholders' equity	X					
+ posted to income statement				564		**564**
C.3 Negative changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
C.4 Transfers to non-current assets						
held for sale						
C.5 Exchange losses						
C.6 Other changes						
D. Closing net amount				**9,586**		**9,586**
D.1 Total net adjustments				(50,349)		**(50,349)**
E. Closing gross amount				**59,935**		**59,935**
F. Measurement at cost						

Intangible assets are stated at cost. Sub-item F (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for tangible assets that are carried in the balance sheet at fair value.
Additions of the year (Euro 5,101 thousand) relate to the capitalisation of costs incurred for the implementation of EDP application packages and the development of new computer programmes.
The writedowns booked to the income statement relate to software which is no longer used and therefore does not have any useful life in the future.

12.3. Other information

Based to the Bank of Italy's instructions for the preparation of the financial statements, no other information has to be provided in this paragraph.

Section 13 - Tax assets and liabilities - asset item 130 and liability item 80

13.1 Deferred tax assets: breakdown

	31/12/2013	31/12/2012
Deferred tax assets balancing the income statement	175,408	146,768
Deferred tax assets balancing net equity	2,764	5,415
Total	**178,172**	**152,183**

Deferred tax assets are accounted for with reference to deductible temporary differences, based on the probability that the Company will be able to generate sufficient taxable income in the future for the deferred tax asset to meet the criteria for accounting recognition, as required by IAS 12 para. 37.

The balance of Euro 178,172 thousand (Euro 152,183 thousand at 31 December 2012) refers for Euro 175,408 thousand mainly to temporary differences determined by the deferred deductibility of adjustments to loans for IRES purposes, while the other Euro 2,764 thousand refer to deferred tax assets recognised to shareholders' equity, related to hedging derivatives with a negative fair value (Cash Flow Hedging Model), and to actuarial changes in the provision for employee termination indemnities (IAS 19).

13.2 Deferred tax liabilities: breakdown

The Bank has not recognised any deferred tax liabilities at 31 December 2013, as the entire derivatives portfolio valued according to the Cash Flow Hedging Model presents a negative fair value and the actuarial valuation of employee termination indemnities results in the recognition of deferred tax assets, for which see section 13.5 "Change in deferred tax assets (recognised in equity).

13.3 Changes in deferred tax assets (through income statement)

	31/12/2013	31/12/2012
1. Opening balance	**146,768**	**116,108**
2. Increases	**43,417**	**40,392**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		6,047
b) due to changes in accounting policies		
c) recoveries		
d) other	42,247	34,345
2.2 New taxes or increases		
in tax rates		
2.3 Other increases	1,170	
3. Decreases	**14,777**	**9,732**
3.1 Deferred tax assets cancelled during the year		
a) reversals	3,428	4,998
b) write-offs		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
a) conversion into tax credits		
as per Law 214/2011	11,349	4,734
b) other		
4. Closing balance	**175,408**	**146,768**

The increase in deferred tax assets included in "Deferred tax assets recognised during the year - other" reflects the temporary differences caused by the deductibility for IRES and IRAP purposes of impairment losses on loans on a straight-line basis in 2013 and in the subsequent four years (Euro 38,320 thousand) as per Law 147 of 27 December 2013, as well as the creation of deferred tax assets related to provisions for risks and charges mainly to cover the cost of possible legal disputes pending and probable insurance reimbursements for early repayments (Euro 3,927 thousand).

The "reversals", on the other hand, derive from the decline in the carry-forward fractions relating to temporary differences generated in previous years (Euro 106 thousand) and the use of funds to cover potential liabilities, primarily for insurance reimbursements (Euro 3,322 thousand).
"Other decreases" shows the effect of the conversion of deferred tax assets into tax credits, as required by law 214/2011, for Euro 11,349 thousand.

13.3.1 Changes in deferred tax assets as per Law 214/2011 (through the income statement)

	31/12/2013	31/12/2012
1. Opening balance	**142,730**	**109,714**
2. Increases	**38,320**	**37,750**
3. Decreases	**11,349**	**4,734**
3.1 Reversals		
3.2 Conversion into tax credits		
a) due to losses arising from P&L	11,349	4,734
b) arising from tax losses		
3.3 Other decreases		
4. Closing balance	**169,701**	**142,730**

13.4 Changes in deferred tax liabilities (through the income statement)

The Bank has not recognised deferred taxes in the income statement.

13.5 Changes in deferred tax assets (through shareholders' equity)

	31/12/2013	31/12/2012
1. Opening balance	**5,415**	**8,632**
2. Increases		**2,832**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		2,832
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**2,651**	**6,049**
3.1 Deferred tax assets cancelled during the year		
a) reversals	2,582	6,049
b) write-offs		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases	69	
4. Closing balance	**2,764**	**5,415**

The decrease in deferred tax assets recognised by the Bank in shareholders' equity relate to the tax effect of the valuation at fair value of cash flow hedging derivatives (according to the Cash Flow Hedging Model) for Euro 2,582 thousand, as well as the tax effect related to the actuarial valuation of employee termination indemnities for Euro 69 thousand.

13.6 Changes in deferred tax liabilities (through shareholders' equity)

	31/12/2013	31/12/2012
1. Opening balance		**8**
2. Increases		
2.1 Deferred tax liabilities recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases		**8**
3.1 Deferred tax liabilities cancelled during the year		
a) reversals		
b) due to changes in accounting policies		
c) other		8
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance		

The balance of Euro 8 thousand at 31 December 2011, on the other hand, relating to the tax effect arising from the application of IAS 19 on a retrospective basis, which resulted in a restatement of the comparative figures, has been deducted in 2012, as the actuarial valuation of the year results in the recognition of deferred tax assets. Against this, there has been no change that affects 2013.

Section 14 - Non-current assets held for sale and discontinued operations and associated liabilities - asset item 140 and liability item 90

14.1 Non-current assets held for sale and discontinued operations: breakdown by type

	31/12/2013	31/12/2012
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property and equipment	22	290
A.4 Intangible assets		
A.5 Other non-current assets		
Total A	**22**	**290**
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2	**22**	**290**
of which: designated at fair value level 3		
B. Groups of assets (discontinued operations)		
B.1 Financial assets held for trading		
B.2 Financial assets designated at fair value through profit and loss		
B.3 Financial assets available for sale		
B.4 Financial assets held to maturity		
B.5 Due from banks		
B.6 Loans to customers		
B.7 Equity investments		
B.8 Property and equipment		
B.9 Intangible assets		
B.10 Other assets		
Total B		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
D. Liabilities associated with groups of assets held for sale		
D.1 Due to banks		
D.2 Due to customers		
D.3 Debt securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities designated at fair value through profit and loss		
D.6 Provisions		
D.7 Other liabilities		
Total D		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		

The balance of Euro 22 thousand includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract, without exercising the purchase option.

14.2. Other information

Not applicable.

14.3 Information on equity investments in companies subject to significant influence not valued at equity

The Bank has no equity investments in companies subject to significant influence.

Section 15 - Other assets – item 150

15.1 Other assets: breakdown

The balance of "Other assets", amounting to Euro 35,133 thousand (Euro 41,196 thousand at 31 December 2012), is made up as follows:

	31/12/2013	31/12/2012
Advances to suppliers	40	37
VAT receivables	1,943	238
Other amounts due from tax authorities	6,098	12,454
Other items	26,375	27,803
Due from Santander Consumer Unifin	540	430
Due from Santander Consumer Finance Media	137	234
Total	**35,133**	**41,196**

The "Other amounts due from tax authorities" mainly include payments on account of stamp duty on loans to customers (Euro 1,733 thousand), flat-rate substitute tax on medium/long-term loans (Euro 1,368 thousand) and receivables for a claim for a tax rebate for the higher IRES paid in previous years on personnel costs not deducted for IRAP purposes (Euro 1,628 thousand).

"Other items" mainly include receivables from dealers for contributions on loans contracted with a "zero interest rate" (Euro 1,020 thousand), receivables from suppliers (Euro 560 thousand), other charges deferred to the future on an accrual basis (Euro 578 thousand), receivables for insurance commissions (Euro 8,246 thousand), and items in transit relating to instalment collection (Euro 11,787 thousand).

LIABILITIES AND SHAREHOLDERS' EQUITY

Section 1 – Due to banks – item 10

1.1 Due to banks: breakdown by type

Amounts due to banks amount to Euro 4,985,688 thousand at 31 December 2013 (Euro 6,112,060 thousand at 31 December 2012) and are made up as follows:

Type of transaction/Amounts	31/12/2013	31/12/2012
1. Due to central banks	**1,521,616**	**1,884,872**
2. Due to banks	**3,464,072**	**4,227,188**
2.1 Current accounts and deposits	90,177	511
2.2 Time deposits	1,250,514	2,915,949
2.3 Loans		
2.3.1 Repurchase agreements	867,872	
2.3.2 Other	1,255,349	1,310,404
2.4 Payables for commitments to repurchase own equity instruments		
2.5 Other payables	160	324
Total	**4,985,688**	**6,112,060**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	**5,011,982**	**6,112,060**
Total (fair value)	**5,011,982**	**6,112,060**

Amounts "Due to central banks" include advances from the Bank of Italy as part of LTROs with the European Central Bank (Euro 1,521,616 thousand).
Amounts "Due to banks" consist of:

- current accounts with a credit balance at the year-end (Euro 822 thousand), overnight financing operations (Euro 89,355 thousand);
- short-term loans granted by companies of the Santander Group (Euro 1,049,019 thousand) and by third-party companies (Euro 201,495 thousand);
- repurchase agreements with Group companies (Euro 292,491 thousand) and with third-party banks (Euro 575,381 thousand);
- subordinated loans including accrued interest (Euro 252,293 thousand) and loans granted as part of normal lending operations by companies of the Santander Group (Euro 1,003,056 thousand);
- accrued charges on other amounts due to banks (Euro 160 thousand).

For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

1.2 Details of item 10 "Due to banks": subordinated debts

This item, totalling Euro 252,000 thousand (Euro 268,500 thousand at 31 December 2012), includes both subordinated liabilities (Euro 104,500 thousand) and hybrid capital instruments (Euro 147,500 thousand).
These loans, which aim to strengthen the capital base of the Bank, have been granted by companies belonging to the Santander Group and are made up as follows:

Type of transaction	31/12/2013	31/12/2012
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2018	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2018	32,500	32,500
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2016	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2016	19,500	26,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	20,000	30,000
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	50,000	50,000
UPPER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
LOWER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
Total	**252,000**	**268,500**

For further details on subordinated debt to banks mentioned in the table, see Part F (Information on Shareholders' Equity), Section 2 (Capital and capital adequacy ratios), Section A.2 (Tier II capital).

1.3 Details of item 10 "Due to banks": structured debts

The Bank has no structured debts.

1.4 Due to banks with specific-hedges

The Bank does not have any amounts due to banks that are being hedged.

1.5 Finance lease payables

The Bank does not have any finance lease obligations.

Section 2 – Due to customers – item 20

2.1 Due to customers: breakdown

Due to customers amount to Euro 709,977 thousand (Euro 718,998 thousand at 31 December 2012) and are made up as follows:

Type of transaction/Amounts	31/12/2013	31/12/2012
1. Current accounts and deposits	203,935	250,159
2. Time deposits	173,147	90,338
3. Loans		
3.1 Repurchase agreements		
3.2 Other		
4. Payables for commitments to repurchase own equity instruments		
5. Other payables	332,895	378,501
Total	**709,977**	**718,998**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	**714,217**	**718,998**
Fair value	**714,217**	**718,998**

"Current accounts and deposits" include demand deposits from customers, in particular the funds deposited on "Conto Santander" deposit accounts (Euro 95,239 thousand), and on current accounts of Santander Consumer Unifin S.p.A. and Santander Consumer Finance Media S.r.l. (for a total of Euro 87,147 thousand). the "time deposits" refer to "Santander Time Deposits", including accrued interest. "Other payables" to customers are made up of the "conventional" debt recorded in the Bank as a result of the "reversal derecognition" of the special purpose entity (Golden Bar), as required by the Supervisory Authority's instructions (Euro 332,796 thousand).
For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

2.2 Details of item 20 "Due to customers": subordinated debts

The Bank does not have any subordinated debts with customers.

2.3 Details of item 20 "Due to customers": structured debts

The Bank does not have any structured debts with customers.

2.4 Due to customers with specific-hedges

The Bank does not have any amounts due to customers that are being hedged.

2.5 Finance lease payables

The Bank does not have any finance lease obligations.

Section 3 – Debt securities issued – item 30

3.1 Debt securities issued: breakdown

Type of security/Amounts	31/12/2013				31/12/2012			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**100,778**			**102,140**				
1. Bonds								
1.1 structured								
1.2 other	100,778			102,140				
2. Other securities								
2.1 structured								
2.2 other								
Total	**100,778**		**102,140**					

Within the medium-to-long term bond issue programme, July 2013 saw the completion of an initial issue of securities underlying the programme for a nominal value of Euro 100,000 thousand.
This item also includes prepaid expenses for the discount on the issue and accrued expenses for interest.
For further information on the method used to calculate the fair value of this item, see Part A - Accounting policies – A.4 Information on fair value.

3.2 Analysis of item 30 “Debt securities issued”: subordinated securities

The Bank has not designated subordinated securities on debt securities issued.

3.3 Debt securities issued with specific hedges

The Bank has not designated any securities with specific hedges.

Section 4 – Financial liabilities held for trading – item 40

The Bank has not designated financial liabilities under this category.

Section 5 - Financial liabilities designated at fair value through profit and loss - item 50

The Bank has not designated financial liabilities under this category.

Section 6 – Hedging derivatives – item 60

6.1 Hedging derivatives: breakdown by type and hierarchical level

	FV			NV	FV			NV
	31/12/2013				31/12/2012			
	L1	L2	L3	31/12/2013	L1	L2	L3	31/12/2012
A. Financial derivatives								
1) Fair value		96,211		4,134,769		109,339		4,211,300
2) Cash flows		8,649		790,000		16,234		700,000
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**104,860**		**4,924,769**		**125,573**		**4,911,300**

Key:
FV = Fair Value
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The amount shown in the above table refers to the negative fair value of interest rate swaps entered into by the Bank with the Spanish Parent Company Banco Santander and with the direct Parent Company Santander Consumer Finance to hedge changes in the fair value of fixed-rate underlying assets.
The derivatives portfolio consists of contracts taken out to hedge changes in the fair value of fixed-rate underlying assets, and contracts taken out to hedge the interest rate risk on the cash flows of floating-rate liabilities for the financing of fixed-rate assets. The change in their fair value, net of tax and accrued differentials for the year, is recorded with a contra-entry to the valuation reserves in equity, which at year end show a negative balance of Euro 5,177 thousand.

As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table gives details of hedging derivatives with negative fair values at 31 December 2013 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
25,000,000	11/12/2009	24/01/2014	Banco Santander	80,481
30,000,000	11/12/2009	30/01/2014	Banco Santander	222,219
100,000,000	18/12/2009	22/03/2016	Banco Santander	2,304,711
85,000,000	19/01/2010	21/01/2016	Banco Santander	1,901,532
60,000,000	22/01/2010	26/10/2015	Banco Santander	1,276,799
80,000,000	05/02/2010	09/08/2016	Banco Santander	1,795,369
60,000,000	12/02/2010	16/11/2015	Banco Santander	1,147,476
195,000,000	26/08/2010	30/08/2016	Banco Santander	3,046,535
205,000,000	27/08/2010	30/09/2016	Banco Santander	2,542,386
277,500,000	27/09/2010	29/03/2017	Banco Santander	6,146,489
28,500,000	21/10/2010	25/07/2017	Banco Santander	652,207
28,900,000	25/10/2010	27/07/2017	Banco Santander	661,386
33,000,000	15/11/2010	17/11/2017	Banco Santander	903,806
33,000,000	23/11/2010	27/11/2017	Banco Santander	870,107
91,437,000	23/12/2010	27/04/2018	Banco Santander	2,785,276
50,500,000	05/01/2011	07/07/2017	Banco Santander	1,077,107
88,500,000	10/02/2011	14/03/2019	Banco Santander	3,789,753
98,500,000	15/03/2011	18/09/2017	Banco Santander	3,135,774
125,500,000	25/05/2011	27/02/2018	Banco Santander	5,478,827
86,000,000	17/06/2011	21/03/2018	Banco Santander	4,287,418
154,500,000	12/07/2011	14/01/2019	Banco Santander	5,496,873
109,500,000	10/08/2011	12/08/2019	Banco Santander	2,506,058
64,500,000	04/07/2012	08/10/2018	Banco Santander	270,522
65,000,000	10/07/2012	12/10/2018	Banco Santander	199,133
220,000,000	31/07/2012	02/11/2018	Banco Santander	178,328
184,000,000	27/06/2013	01/02/2019	Banco Santander	530,195
306,255,963	30/03/2011	20/11/2017	Banco Santander	8,198,633
633,202,425	09/12/2011	20/03/2018	Banco Santander	18,494,181
616,474,002	17/11/2011	23/04/2014	Banco Santander	16,230,953
150,000,000	13/05/2011	17/02/2015	Banco Santander	4,207,579
150,000,000	10/08/2011	12/08/2014	Banco Santander	1,303,170
75,000,000	17/07/2013	19/07/2016	Banco Santander	146,569
75,000,000	18/07/2013	22/07/2016	Banco Santander	72,159
90,000,000	27/08/2013	31/08/2015	Banco Santander	276,115
250,000,000	31/05/2012	31/05/2016	Santander Consumer Finance	2,643,856
4,924,769,390				**104,859,983**

6.2 Hedging derivatives: analysis by hedged portfolio and type of hedge

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific								
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks	Generic	Specific	Generic	
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X	96,211	X		X
5. Other transactions						X		X	
Total assets						**96,211**			
1. Financial liabilities				X		X		X	X
2. Portfolio	X	X	X	X	X		X	8,649	X
Total liabilities								**8,649**	
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 6.1

Section 7 - Remeasurement of financial liabilities with general hedges - item 70

There are no fair value adjustments of financial liabilities in hedged portfolios.

Section 8 – Tax liabilities – item 80

Please refer to Section 13 of Assets.

Section 9 - Liabilities associated with non-current assets held for sale - item 90

Please refer to Section 14 of Assets.

Section 10 - Other liabilities - item 100

10.1 Other liabilities: breakdown

Other liabilities amount to Euro 149,131 thousand (Euro 91,650 thousand at the end of 2012) and consist of:

	31/12/2013	31/12/2012
Invoices to be received	19,291	24,769
Payables to employees	14,907	4,570
Due to social security institutions	1,426	1,379
Due to tax authorities	4,305	4,079
Other payables	75,391	55,211
Other amounts due to customers	11,101	
Items in transit	21,238	
Due to Santander Consumer Finance Media	1	
Due to Santander Consumer Unifin	579	1,642
Due to Isban	892	
Total	**149,131**	**91,650**

"Other payables" mainly include:

- payables to insurance companies (Euro 7,993 thousand);
- payables to car manufacturers for the factoring business (Euro 62,040 thousand).

"Other amounts due to customers" include temporary credit balances with customers for early repayments and the temporary credit balances for instalment payments received in advance of the contractual expiry date.
"Items in transit" mainly include balances concerning instalment collection and customer reimbursements, as well as loan payments.

Section 11 - Provision for employee termination indemnities - item 110

11.1 Provision for employee termination indemnities: change in the year

	31/12/2013	31/12/2012
A. Opening balance	**4,493**	**4,357**
B. Increases	**93**	**1,035**
B.1 Provisions for the year	93	177
B.2 Other changes		858
C. Decreases	**471**	**899**
C.1 Payments made	260	876
C.2 Other changes	211	23
D. Closing balance	**4,115**	**4,493**
Total	**4,115**	**4,493**

The provision for employee termination indemnities amounts to Euro 4,115 thousand (Euro 4,493 thousand at 31 December 2012) and according to IAS 19, it coincides with its actuarial value (Defined Benefit Obligation – DBO).
The actuarial assumptions made to value the provision at the balance sheet date are as follows:

- discount rate: 2.75%;
- expected inflation rate: 2%;
- annual revaluation of termination indemnity: 3%;
- frequency of advances: 6.5%;

The following demographics were used:

- death: ISTAT 2010 mortality tables;
- disability: INPS tables split by age and gender;
- retirement age: according to Law 214/2011.

With the reform introduced by Law 296/2006 (Finance Law 2008) on supplementary pensions, which required companies with over 50 employees to transfer their employee termination indemnities accruing from 1 July 2007 to private insurance funds or to the Treasury Fund managed by INPS, the Bank's provision for employee termination indemnities is represented exclusively by the portion accrued up to the date that the reform came into effect. The accruals therefore refer only to the interest cost. Only with reference to 2013, there is an additional provision of Euro 4 thousand, due to an adjustment for the extraordinary resignation of employees. This has been accounted for in order to take into account the consequent reduction in the average residual term of payment of the termination indemnities to the staff concerned.
In addition, in line with the amendment to IAS 19 regarding the recognition of actuarial gains and losses accrued at the balance sheet date, they have been recognised with the OCI method as decreases or increases under item "other changes" (Euro 211 thousand at 31 December 2013).

11.2 Other information

The provision for termination indemnities covers the entire amount of rights accrued by employees in accordance with current law and national and local employment contracts. The balance comes to Euro 4,115 thousand at the balance sheet date.

As regards the amendments made to IAS 19 by EU Regulation m. 475/2012, the following is an analysis of sensitivity to changes in the discount rate.

Sensitivity analysis	31/12/2013
Sensitivity to the discount rate	
a. Assumption (+25 bps)	3.00%
b. DBO	4,057
c. Interest cost and expenses for the year	107
d. Assumption (-25 bps)	2.50%
e. DBO	4,176
f. Interest cost and expenses for the year	92

Section 12 - Provisions for risks and charges - item 120

12.1 Provisions for risks and charges: breakdown

Items/Amounts	31/12/2013	31/12/2012
1. Post employment benefits		
2. Other provisions for risks and charges	**9,952**	**4,589**
2.1 legal disputes	4,381	3,437
2.2 personnel charges	505	511
2.3 other	5,066	641
Total	**9,952**	**4,589**

With reference to the items in the table, see the next section.

12.2 Provisions for risks and charges: change in the year

	31/12/2013	
	Post-retirement plans	**Other provisions**
A. Opening balance		**4,589**
B. Increases		**7,798**
B.1 Provisions for the year		7,363
B.2 Time value change		
B.3 Changes due to variations in the discount rate		
B.4 Other changes		435
C. Decreases		**2,435**
C.1 Utilisations during the year		1,236
C.2 Changes due to variations in the discount rate		
C.3 Other changes		1,199
D. Closing balance		**9,952**

The main increase of the "B1 Provisions for the year" are related to lawsuit with clients, operational risks, restructuring costs of the branch and stamp duty on leased cars.

The main elements included in "Provisions for the year" are represented by:
- Euro 2,047 thousand to provide coverage for lawsuits against the Company;
- euro 765 thousand related to branch restructuring;
- Euro 1,341 thousand to cover the risk of litigation with the Regions for road tax on leased cars.

"Utilisations during the year" mainly include the utilisation of provisions made the previous year for lawsuits of Euro 1,021 thousand. The item "Other changes" largely relates to the use of provisions for operational risks.

12.3 Defined-benefit pension plans

The Bank has not established any company pension funds with defined benefits

12.4 Provisions for risks and charges - other provisions

The Bank has not set aside any provisions as per IAS 37, paragraphs 85, 86, 91

Section 13 - Redeemable shares - item 140

The Bank has not approved any share redemption plans.

Section 14 - Shareholders' equity - items 130, 150, 160, 170, 180, 190 and 200

Shareholders' equity: breakdown

Shareholders' equity amounts to Euro 525,793 thousand (Euro 471,669 thousand at 31 December 2012) broken down as follows:

Items/Amounts	31/12/2013	31/12/2012
1. Share capital	573,000	512,000
2. Share premium reserve	633	
3. Reserves	626	11,370
5. Valuation reserves	(5,593)	(10,958)
7. Net profit (loss)	(42,873)	(40,743)
Total	**525,793**	**471,669**

Revenue reserves are described later in this section, whereas valuation reserves were described in sections 6 and 11 of liabilities and shareholders' equity. The amount of Euro 633 thousand refers to the share premium reserve deriving from the contribution of Santander Consumer Unifin S.p.A. from the parent company Santander Consumer Finance S.A.

14.1 "Share capital" and "Treasury shares": breakdown

For information on this section, please refer to paragraph 14.2.

14.2 Share capital - number of shares: change in the year

Item/Types	Ordinary	Other
A. Outstanding shares at the beginning of year		
- fully paid-in	512,000	
- not fully paid-in		
A.1 Treasury shares (-)		
A.2 Outstanding shares: opening balance	**512,000**	
B. Increases	**61,000**	
B.1 New share issues		
- for consideration:		
- on business combinations		
- on conversion of bonds		
- exercise of warrants		
- other	61,000	
- for free:		
- to employees		
- to directors		
- other		
B.2 Sale of treasury shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Outstanding shares: closing balance	**573,000**	
D.1 Treasury shares (+)		
D.2 Outstanding shares at the end of the year		
- fully paid-in	573,000	
- not fully paid-in		

The new issue of ordinary shares for Euro 61,000 thousand relates to the acquisition of Santander Consumer Unifin S.p.A., a company already controlled by the Parent Company Santander Consumer Finance S.A. and its contribution to the Bank in June 2013.

14.3 Share capital: other information

At 31 December 2013, the share capital of the Bank amounts to Euro 573 million, consisting of 573,000 ordinary shares with a nominal value of Euro 1,000 each, all owned by Santander Consumer Finance S.A. (Santander Group).

14.4 Profit reserves: other information

The Company's retained earnings at 31 December 2013 amount to Euro 626 thousand and are made up of the residual amount of two payments on capital account made in the previous year and the current one, respectively, by the Parent Company Santander Consumer Finance S.A. (for a total of Euro 41,370 thousand), net of the prior year loss carried forward (Euro 40,743 thousand).

14.5 Equity instruments: breakdown and change in year

The Bank has not issued any equity instruments.

14.6 Other information

The Bank has not issued any puttable financial instruments ("financial instruments repayable on demand") and has not approved any distribution of dividends.

As required by art. 2427, paragraph 7-bis of the Italian Civil Code, the following table describes in detail the items of shareholders' equity with an indication of their origin, extent to which they are available for use or for distribution, as well as how they have been used in previous years.

Shareholders' equity items	Amount	Availability (*)	Available portion	Uses in the past three years	
				to cover losses	**for other reasons**
Share capital	**573,000**				
Share premium reserve	**632**				
Reserves	**627**				
Legal reserve	-	A(1), B	-	9,948	
Extraordinary reserve	-	A, B, C	-	50,414	
FTA Reserve	-				
Reserves for changes in prior year results	-	(2)			
Accumulated losses	(40,743)				
Capital reserve	41,370	A, B		(1,370)	
Valuation reserves	**(5,593)**				
Valuation reserve for cash-flow hedges	(5,176)	(2)			
Valuation reserve for actuarial gains and losses on employee termination indemnities	(417)	(2)			
Net profit for the year	**(42,873)**				
Total	**525,793**				

During 2013 the capital reserve was increased by means of a payment of Euro 30,000 thousand made by Santander Consumer Finance S.A. not used during the year to cover the losses carried forward (Euro 40,743 thousand). A share premium reserve was also created (Euro 632 thousand) following the acquisition of Santander Consumer Unifin S.p.A. by the Parent Company Santander Consumer Finance S.A., which took place in June 2013.
The utilisations to cover losses mainly refer to 2011, when all of the legal reserve and the extraordinary reserve were used to cover the losses made in 2010.

OTHER INFORMATION

1. Guarantees given and commitments

Transactions	31/12/2013	31/12/2012
1) Financial guarantees given		
a) Banks	855	584
b) Customers		
2) Commercial guarantees given		
a) Banks		
b) Customers		
3) Irrevocable commitments to issue loans		
a) Banks		
i) certain to be called		
ii) not certain to be called		
b) Customers		
i) certain to be called		
ii) not certain to be called		
4) Commitments underlying credit derivatives: sales of protection		
5) Assets pledged as collateral for third-party commitments		
6) Other commitments		
Total	**855**	**584**

2. Assets used to guarantee own liabilities and commitments

There are no assets used to guarantee own liabilities or commitments.

3. Information on operating leases

The Bank does not have any operating leases.

4. Administration and trading on behalf of third parties

The Bank does not operate in the field of administration and trading on behalf of third parties.

5. Financial assets subject to offsetting in the financial statements, or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities offset in the balance sheet (b)	Net amount of financial assets reported in the balance sheet (c = a-b)	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2013 (f=c-d-e)	Net amount 31/12/2012
				Financial instruments (d)	**Cash deposits received as collateral (e)**		
1. Derivatives			43,644		43,399	245	-
2. Repurchase agreements							
3. Securities lending							
4. Other							
Total 31/12/2013	**-**	**-**	**43,644**	**-**	**43,399**	**245**	**X**
Total 31/12/2012	**-**	**-**	**-**	**-**	**-**	**X**	**-**

Note that, in line with the provisions of IFRS 7, the derivative contracts taken out by the Bank with the Parent Company are subject to an International Swaps and Derivatives Association (ISDA) master agreement, which means that netting is foreseen on settlement. On the other hand, there is no provision for offsetting in the books of account derivatives with a debit balance at the reporting date, i.e. with a positive fair value, with those that have a credit balance, i.e. with a negative fair value.
The carrying amount of the derivatives disclosed in Part B – Information on the Balance Sheet agrees with what is shown in column c) "Net amount of financial assets/liabilities reported in the financial statements".
The effects of the potential netting of the exposure with the related cash guarantees are reported in column e) "Cash deposits received/lodged in guarantee".

6. Financial liabilities subject to offsetting in the financial statements, or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities reported in the balance sheet (c = ab)	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2013 (f=c-d-e)	Net amount 31/12/2012
				Financial instruments (d)	**Cash deposits posted as collateral (e)**		
1. Derivatives			104,860		61,589	43,271	22,073
2. Repurchase agreements							
3. Securities lending							
4. Other							
Total 31/12/2013	**-**	**-**	**104,860**	**-**	**61,589**	**43,271**	**X**
Total 31/12/2012			**125,573**		**103,500**	**X**	**22,073**

See the previous paragraph for the IFRS 7 disclosures.

Part C – Information on the income statement

Section 1 - Interests - items 10 and 20

1.1 Interest and similar income: breakdown

Interest and similar income amounts to Euro 387,857 thousand (Euro 452,975 thousand at 31 December 2012) and is made up of:

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2013	31/12/2012
1. Financial assets held for trading					
2. Financial assets available for sale					**2,074**
3. Financial assets held to maturity					
4. Due from banks		28	37	**65**	**227**
5. Loans to customers		387,792		**387,792**	**450,249**
6. Financial assets designated at fair value through profit and loss					
7. Hedging derivatives	X	X			
8. Other assets	X	X			**425**
Total		**387,820**	**37**	**387,857**	**452,975**

Interest income on loans to banks mainly consists of interest accrued on bank overdrafts (Euro 28 thousand) and interest income on Interest Rate Swap stipulated with Banco Santander (Euro 37 thousand). The value of interest on loans to customers is represented by the economic consequences on an accrual basis of the components identified as relevant for amortised cost purposes as per IAS 39, in relation to the different technical forms. It is also represented by the amount of interest on securitised loans in the financial statements according to IAS 39 on reversal derecognition.
Interest on non-performing loans accrued during the year net of recoveries amount to Euro 3,139 thousand. This interest has been set aside in a provision for loan losses.

1.2. Interest and similar income: differentials on hedging transactions

The balance of differentials on hedging interest rate swaps is negative (as in 2012).
For details, reference should be made to paragraph 1.5.

1.3 Interest and similar income: other information

1.3.1 Interest and similar income on foreign currency assets

The Bank does not hold any financial assets in foreign currency.

1.3.2 Interest and similar income on finance lease transactions

Interest income on finance lease transactions for the year 2013 amounts to Euro 5,897 thousand (Euro 11,788 thousand in 2012).

1.4 Interest and similar expense: breakdown

Interest and similar expense amounts to Euro 176,869 thousand at 31 December 2013 (Euro 218,207 thousand at 31 December 2012) and is made up of:

Items/Technical forms	Payables	Securities	Other transactions	31/12/2013	31/12/2012
1. Due to central banks	9,264	X		**9,264**	**9,906**
2. Due to banks	62,084	X		**62,084**	**105,278**
3. Due to customers	10,279	X	76,027	**86,306**	**77,698**
4. Debt securities issued	X	978		**978**	
5. Financial liabilities held for trading					
6. Financial liabilities designated at fair value through profit and loss					
7. Other liabilities and provisions	X	X	2	**2**	**46**
8. Hedging derivatives	X	X	18,235	**18,235**	**25,279**
Total	**81,627**	**978**	**94,264**	**176,869**	**218,207**

Interest expense on amounts due to banks mainly derives from loans granted by companies of the Santander Group as part of ordinary funding operations.
Interest expense on amounts due to customers is the cost of funding provided by customers through current and deposit accounts, as well as those generated by the balances of correspondent accounts in respect of the subsidiaries Santander Consumer Finance Media (Euro 133) and Santander Consumer Unifin (Euro 173 thousand).
Interest expense relating to other transactions consists of interest expense recognised in the financial statements as a result of "reversal derecognition", in relation to securitised portfolios for which the conditions for derecognition do not apply. The net balance of differentials on hedging derivatives, as reported in table 1.5 below, is shown in line 8 of the table.

1.5 Interest and similar expense: differentials on hedging transactions

Items/Sectors	31/12/2013	31/12/2012
A. Positive differentials on hedging transactions:	42,334	48,114
B. Negative differentials on hedging transactions:	(60,569)	(73,393)
C. Balance (A-B)	(18,235)	(25,279)

The balance of differentials on hedging transactions is calculated taking into account the differentials on derivatives with the Parent Company Banco Santander related to the securitisation (and not included in the Cash Flow Hedging Model).

1.6 Interest and similar expense: other information

1.6.1 Interest and similar expense on foreign currency liabilities
The Bank has no liabilities in foreign currency.

1.6.2 Interest and similar expense on finance lease obligations
The Bank has not entered into any purchase leases.

Section 2 – Commissions – items 40 and 50

2.1 Commission income: breakdown

The commission income generated during the year amounts to Euro 33,126 thousand (Euro 56,212 thousand at 31 December 2012) and is broken down as follows:

Type of service/Segments	31/12/2013	31/12/2012
a) guarantees given		
b) credit derivatives		
c) management, brokerage and consulting services:		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 individual		
3.2 collective		
4. custody and administration of securities		
5. custodian bank		
6. placement of securities		
7. reception and transmission of orders		
8. advisory services		
8.1 on investments		
8.2 on financial structure		
9. distribution of third-party services		
9.1 asset management		
9.1.1 individual		
9.1.2 collective		
9.2 insurance products	26,518	47,445
9.3 other products		
d) collection and payment services	3,561	5,790
e) servicing related to securitisation		
f) services for factoring transactions		
g) tax collection services		
h) management of multilateral trading systems		
i) maintenance and management of current accounts		
j) other services	3,047	2,977
Total	**33,126**	**56,212**

Item c) includes commission income for insurance products placed with customers financed for Euro 26,518 thousand, item d) includes commissions generated during the year for collection and payment services provided to customers for Euro 2,857 thousand and servicing fees accrued during 2013 versus a subsidiary of Santander Consumer Finance Media for Euro 585 thousand and servicing fees accrued versus the counterparty for the sale of the non-performing portfolio, for collection services (Euro 119 thousand).
Item j) "other services", on the other hand, comprises:

- income recognised in respect of damages and penalties for late payment (Euro 1,334 thousand);
- fees and commission income for the management of credit cards (Euro 914 thousand);
- commission income on stock financing (Euro 327 thousand);
- commissions for other services (Euro 472 thousand).

2.2 Commission income: distribution channels for products and services

Channels/Segments	31/12/2013	31/12/2012
a) at own branches		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products	26,518	47,445
b) through financial promoters		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products		
c) other distribution channels		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products		

The amount shown in the table corresponds to income for insurance products placed with customers.

2.3 Commission expense: breakdown

Commission expense amounts to Euro 11,268 thousand (Euro 17,102 thousand at 31 December 2012) and is broken down as follows:

Type of service/Amounts	31/12/2013	31/12/2012
a) guarantees received	665	1,185
b) credit derivatives		
c) management and brokerage services		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 own portfolio		
3.2 third-party portfolio		
4. custody and administration of securities	91	105
5. placement of financial instruments	1	
6. offer of securities, financial products and services through financial promoters	7,912	11,699
d) collection and payment services	2,124	3,288
e) other services	475	825
Total	**11,268**	**17,102**

The fees paid in respect of guarantees received, item a), refer to guarantees given in favour of the bank by major banks for Euro 131 thousand and by the Parent Company Santander Consumer Finance S.A. for Euro 534 thousand. This item mainly refers to commissions paid on the sale of insurance products (Euro 6,544 thousand) and contributions and termination indemnities accrued by the network of agents based on targets for the placement of loans with customers (Euro 1,366 thousand). The total of item d) in the table refers to the cost incurred for the collection of loan instalments and for payments made. Item e) includes expenses incurred for the securitisations.

Section 3 – Dividends and similar income – item 70

3.1 Dividends and similar income: breakdown

Items/Income	31/12/2013		31/12/2012	
	Dividends	**Income from UCITS units**	**Dividends**	**Income from UCITS units**
A. Financial assets held for trading				
B. Financial assets available for sale				
C. Financial assets designated at fair value through profit and loss				
D. Equity investments		X	609	X
Total			**609**	

In 2013 there were no amounts relating to dividends paid by the subsidiaries Santander Consumer Media S.r.l. and Santander Consumer Unifin S.p.A.

Section 4 – Net trading income – item 80

4.1 Net trading income: breakdown

The amount recognised for the period is not significant.

Section 5 – Net hedging gains (losses) – item 90

5.1 Net hedging gains (losses): breakdown

This table shows the income generated by the valuation of the derivatives hedging the fair value of financial assets and the corresponding charge resulting from the valuation of the hedged assets.

Items/Sectors	31/12/2013	31/12/2012
A. Income relating to:		
A.1 Fair value hedges	55,364	
A.2 Hedged financial assets (fair value)		32,523
A.3 Hedged financial liabilities (fair value)		
A.4 Cash flow hedges		
A.5 Foreign currency assets and liabilities		
Total income from hedging activity (A)	**55,364**	**32,523**
B. Expenses relating to:		
B.1 Fair value hedges	(742)	(34,720)
B.2 Hedged financial assets (fair value)	(55,108)	
B.3 Hedged financial liabilities (fair value)		
B.4 Cash flow hedges		
B.5 Foreign currency assets and liabilities		
Total charges from hedging activity (B)	**(55,850)**	**(34,720)**
C. Net hedging gains (losses) (A-B)	**(486)**	**(2,197)**

Section 6 - Gains (losses) on disposal or repurchase - item 100

6.1 Gains (losses) on disposal or repurchase: breakdown

Item/Income items	31/12/2013			31/12/2012		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Due from banks						
2. Loans to customers		(38,961)	(38,961)		(119,733)	(119,733)
3. Financial assets available for sale						
3.1 Debt securities						
3.2 Equity instruments				182		182
3.3 UCITS units						
3.4 Loans						
4. Financial assets held to maturity						
Total assets		**(38,961)**	**(38,961)**	**182**	**(119,733)**	**(119,551)**
Financial liabilities						
1. Due to banks						
2. Due to customers						
3. Debt securities issued						
Total liabilities						

The gains (losses) on sale of loans to customers include the economic effects of receivables sold without recourse during the year, net of the release of the allowance for doubtful accounts recorded in previous years.

Section 7 - Net result on financial assets and liabilities designated at fair value - item 110

The Bank does not hold any financial assets or liabilities designated at fair value.

Section 8 - Net losses/recoveries on impairment - item 130

8.1 Net losses/recoveries on impairment of loans and receivables: breakdown

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2013 (3) = (1) - (2)	31/12/2012 (3) = (1) - (2)
	Specific		**Portfolio**	**Specific**		**Portfolio**			
	Write-offs	**Other**		**A**	**B**	**A**	**B**		
A. Due from banks									
- Loans									
- Debt securities									
B. Loans to customers	134	162,015			(10,081)		(7,225)	144,843	110,762
Non-performing loans purchased									
- Loans			X				X		
- Debt securities			X				X		
- Other receivables									
- Loans									
- Debt securities									
C. Total	**134**	**162,015**			**(10,081)**		**(7,225)**	**144,843**	**110,762**

Key:
A = from interests
B = other recoveries

8.2 Net impairment losses to financial assets available for sale: breakdown

The Bank has not made any impairment adjustments to financial assets available for sale.

8.3 Net impairment losses to financial assets held to maturity: breakdown

The Bank has no financial assets held to maturity.

8.4 Net impairment losses to other financial transactions: breakdown

The Bank has not made any impairment adjustments to other financial transactions.

Section 9 - Administrative expenses - item 150

9.1 Payroll: breakdown

Payroll amount to Euro 48,356 thousand (Euro 41,398 thousand at 31 December 2012) and are split as follows:

Type of expense/Amounts	31/12/2013	31/12/2012
1) Employees		
a) wages and salaries	36,213	28,397
b) social security charges	7,222	6,995
c) termination indemnities	2	7
d) pension expenses		
e) provision for employee termination indemnities	93	177
f) provision for post-retirement benefits and similar benefits:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution	1,732	1,788
- defined benefit		
h) equity-based		
payments		
i) other personnel benefits	1,785	2,145
2) Other personnel	527	954
3) Directors and statutory auditors	347	435
4) Retired personnel	435	500
Total	**48,356**	**41,398**

"Social security charges" include pension costs incurred by the Bank in 2013.

The "provision for employee termination indemnities" shows the amount calculated in accordance with actuarial estimates for the interest cost only. With the reform introduced by Law 296/2006 (Finance Law 2008) on supplementary pensions, termination indemnities do not include any service cost due to the fact that all new accruals are transferred to third-party pension funds, as shown in the table in paragraph g). Only with reference to 2013, there is an additional provision of Euro 4 thousand, due to an adjustment for the extraordinary resignation of employees. This has been accounted for in order to take into account the consequent reduction in the average residual term of payment of the termination indemnities to the staff concerned.

Fees payable to directors amount to Euro 171 thousand, while fees relating to members of the Board of Statutory Auditors amount to Euro 176 thousand.

The expenses incurred for retired personnel include the costs of the restructuring plan that are not attributable to previous items.

9.2 Average number of employees, by categories

	31/12/2013	31/12/2012
Employees:		
a) managers	7	4
b) middle managers	149	153
of which 3rd and 4th level	57	58
c) other employees	457	506
Total	**613**	**663**
Other personnel	**13**	**24**

9.3 Post-retirement defined benefit plans: total costs

The Bank has not allocated post-retirement defined benefit plans.

9.4 Other personnel benefits

	31/12/2013	31/12/2012
Ancillary staff expenses (contributions to rent and health insurance, luncheon vouchers and other minor benefits)	1,564	1,785
Incentive plan reserved for managers and middle managers	221	360
Total	**1,785**	**2,145**

The long-term incentive plan for managers and middle managers is a system of deferred remuneration that provides for the distribution of Banco Santander shares to key personnel identified within the entire Group, 35 of whom are in Italy.

9.5 Other administrative expenses: breakdown

Other administrative expenses amount to Euro 57,766 thousand (Euro 56,785 thousand at 31 December 2012) and are made up as follows:

	31/12/2013	31/12/2012
Indirect taxes and duties	2,137	2,098
Telephone, broadcasting and postal	5,066	4,782
Maintenance, cleaning and waste disposal	1,172	1,536
Property lease, removals and condominium expenses	4,633	4,987
Professional fees and corporate expenses	4,784	6,084
Travel and accommodation	1,840	1,816
Stamp duty and flat-rate substitute tax	2,967	4,567
Insurance charges	374	387
Forms, stationery and consumables	203	317
EDP supplies, licences, consulting and maintenance	8,219	6,331
Debt recovery charges	17,194	12,793
Other expenses	2,508	3,263
Legal fees	1,631	1,852
Legal expenses	808	1,141
Advertising, promotion and representation	1,585	1,693
Commercial information and searches	2,101	2,585
Lighting and heating	544	553
Total	**57,766**	**56,785**

Section 10 – Net provisions for risks and charges - item 160

10.1 Net provisions for risks and charges: breakdown

Item	31/12/2013	31/12/2012
Net provisions for legal risks	1,087	928
Provisions for other costs	5,040	
Total	**6,127**	**928**

"Provisions for legal risks" mainly include provisions for risks and charges made during the year for litigation with customers and dealers, based on a reliable assessment of the expected financial outlay. "Provisions for other liabilities" are mainly to cover the potential cost of litigation with local administrations for road tax on leased cars and branch restructuring charges.

Section 11 - Net adjustments to/recoveries on property and equipment - item 170

11.1 Net adjustments to/recoveries on property and equipment: breakdown

Assets/Income items	Depreciation (a)	Impairment adjustments (b)	Recoveries (c)	Net result (a + b – c)
A. Property and equipment				
A.1 Owned				
- For business purposes	1,965	15		**1,980**
- For investment purposes				
A.2 Held under finance leases				
- For business purposes				
- For investment purposes				
Total	**1,965**	**15**		**1,980**

Net adjustments to property and equipment refer to the depreciation of the Bank's fixed assets. classified under item 110 of assets for Euro 1,965 thousand and under net adjustments to/recoveries on property and equipment classified under item 140 of assets for Euro 15 thousand.

Section 12 - Net adjustments to intangible assets - item 180

12.1 Net adjustments to intangible assets: breakdown

Net adjustments to intangible assets amount to Euro 5,409 thousand and relate to the amortisation of the year, as shown in the following table:

Assets/Income items	Amortisation (a)	Impairment adjustments (b)	Recoveries (c)	Net result (a + b – c)
A. Intangible assets				
A.1 Owned				
- Internally generated				
- Other	5,409			**5,409**
A.2 Held under finance leases				
Total	**5,409**			**5,409**

Section 13 - Other operating expenses/income - item 190

13.1 Other operating expenses: breakdown

Other operating expenses amount to Euro 6,721 thousand (Euro 10,315 thousand at 31 December 2012) and are divided as follows:

	31/12/2013	31/12/2012
Rebates and discounts given	104	163
Losses on disposal	726	90
Expenses related to leasing transactions	3,987	8,334
Other charges	772	721
Miscellaneous expenses	1,132	1,007
Total	**6,721**	**10,315**

The item "expenses related to leasing transactions" mainly includes administrative expenses related to the leasing business (Euro 2,617 thousand and full-leasing service expenses (Euro 968 thousand).
"Other" mainly relates to out-of-period expenses for legal disputes (Euro 235 thousand) and miscellaneous

out-of-period expenses (Euro 419 thousand).

13.2 Other operating income: breakdown

Other operating income amounts to Euro 15,964 thousand (Euro 23,930 thousand at 31 December 2012) and can be broken down as follows:

	31/12/2013	31/12/2012
Recovery of taxes	4,477	6,027
Recovery of lease instalments	58	73
Recovery of other expenses	965	1,216
Recovery of preliminary expenses	3,459	5,557
Rebates and discounts received	11	57
Insurance reimbursements	119	170
Gains on disposal	1,053	1,663
Income related to leasing transactions	5,391	8,683
Other income	431	484
Total	**15,964**	**23,930**

"Income related to leasing transactions" includes, among other things, the recovery of full-leasing expenses for Euro 673 thousand, recovery of provincial transcription tax (IPT) for Euro 2,126 thousand, recovery of car road tax for Euro 167 thousand, recovery of car lease expenses charged to customers for Euro 1,652 thousand and damages received for Euro 567 thousand.
"Recovery of taxes" relates to the recovery of stamp duty for Euro 4,447 thousand.

Section 14 - Profit (loss) from equity investments - item 210

14.1 Profit (loss) from equity investments: breakdown

There were no profits or losses on equity investments in 2013.

Section 15 - Net gains (losses) arising on fair value measurement of property and equipment and intangible assets - item 220

15.1 Net gains (losses) arising on fair value (or revalued) measurement of property and equipment and intangible assets: breakdown

The Bank's property and equipment and intangible assets have not been measured at fair value.

Section 16 – Adjustments to goodwill - item 230

16.1 Adjustments to goodwill: breakdown

The Bank has not designated intangible assets as part of goodwill.

Section 17 - Gains (losses) on disposal of investments - item 240

17.1 Gains (losses) on disposal of investments: breakdown

The Bank has not recorded gains or losses on disposal of investments.

Section 18 - Income tax for the year on current operations - item 260

18.1 Income taxes for the year on current operations: breakdown

The item "Income tax for the year" shows a balance of Euro 18,966 thousand (Euro 10,234 thousand at 31 December 2012) and represents the provision made during the year in accordance with current tax law. It is made up as follows:

Items/Segments	31/12/2013	31/12/2012
1. Taxes (-)	(21,023)	(26,787)
2. Change in prior period income taxes (+/-)		1,628
3. Decrease in current tax for the year (+)		
3.bis Reduction in current taxes for tax credits	11,349	4,734
as per Law 214/2011 (+)		
4. Change in deferred tax assets (+/-)	28,640	30,659
5. Change in deferred tax liabilities (+/-)		
6. Income tax for the year on current operations (-)	**18,966**	**10,234**

The change is due to the recognition of deferred tax assets generated by deductible temporary differences, mostly due to write-downs of loans deductible for IRES purposes over eighteen years, as well as the reversal to income of the year of the portions of tax assets recorded in previous years and accruing to the current year.
As regards item 3-bis "Reduction in current taxes for tax credits as per Law 214/2011", note that the tax effect is offset in item 4 "Change in deferred tax assets".

18.2 Reconciliation between the theoretical and effective tax charge

The following table shows the effects on current taxes recognised in the financial statements arising from the presence of permanent differences that increase taxable income with respect to the operating profit, thereby aggravating the tax burden.

	31/12/2013	31/12/2012
Profit (loss) from continuing operations before tax	(61,839)	(50,978)
Profit before tax on discontinuing operations		
Theoretical taxable income	**(61,839)**	**(50,978)**
IRES - Theoretical tax charge	17,006	14,019
- effect of income and expenses that do not contribute to the tax base	3,492	1,257
- effect of expenses that are wholly or partially non-deductible	(3,599)	(4,933)
- release of pre-2007 deferred tax assets for change in IRES tax rate		
IRES - Effective tax burden	**16,899**	**10,343**
IRAP - Theoretical tax charge	3,444	2,839
- portion of non-deductible administrative expenses, depreciation and amortisation	(3,056)	(2,664)
- portion of non-deductible interest expense	(394)	(486)
- effect of income and expenses that do not contribute to the tax base	690	(5,454)
- effect of income and expenses that are wholly or partially non-deductible	1,383	5,656
IRAP - Effective tax burden	**2,067**	**(109)**
Effective tax burden as shown in the financial statements	**18,966**	**10,234**

The effects of temporary changes that increase/decrease taxable income, recognised in the accounts as part of deferred tax assets/liabilities, are reflected in the reconciliation.

Section 19 – Profit (loss) after tax on non-current assets held for sale - item 280

The Bank does not have groups of assets held for sale.

Section 20 - Other information

No further information has to be given in addition to what has already been provided in the previous sections.

Section 21 - Earnings per share

21.1 Average number of ordinary shares (fully diluted)

	Number	Days	Weighted number
Opening balance	512,000	365	512,000
Increase for the year	61,000	193	32,255
Total	**573,000**		**544,255**

With reference to IAS 33, note that the weighted average number of ordinary shares used in the calculation of basic earnings per share is the same as the average number of shares based on fully diluted capital.
The increase of 2013 relates to the acquisition of Santander Consumer Unifin S.p.A., which took place in June 2013 and is already part of the Santander Group, as it was previously controlled by Santander Consumer Finance S.A.

Net profit (loss) for the period	-42,873
Basic earnings (losses) per share	**-0.08**

21.2 Other information

Basic EPS is the same as diluted EPS as there are no instruments outstanding that could potentially dilute basic EPS in the future.

Part D – Comprehensive income

STATEMENT OF COMPREHENSIVE INCOME

	Items	Gross amount	Income taxes	Net amount
10.	**Net profit (loss) for the period**	X	X	(42,873)
	Other elements of income without transfer to the income statement:			
20.	Property and equipment			
30.	Intangible assets			
40.	Defined-benefit pension plans	210	(69)	141
50.	Non-current assets held for sale and discontinued operations			
60.	Portion of the measurement reserves of the equity investments measured at equity			
	Other elements of income with transfer to the income statement:			
70.	**Foreign investment hedges:**			
	a) changes in fair value			
	b) release to the income statement			
	c) other changes			
80.	**Exchange differences:**			
	a) changes in value			
	b) release to the income statement			
	c) other changes			
90.	**Cash-flow hedges:**			
	a) changes in fair value	7,719	(2,495)	5,224
	b) release to the income statement			
	c) other changes			
100.	**Financial assets available for sale:**			
	a) changes in fair value			
	b) release to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
110.	**Non-current assets held for sale and discontinued operations:**			
	a) changes in fair value			
	b) release to the income statement			
	c) other changes			
120.	**Portion of the measurement reserves of the equity investments measured at equity:**			
	a) changes in fair value			
	b) release to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
130.	**Total other elements of income**	**7,929**	**(2,564)**	**5,365**
140.	**Total comprehensive income (Items 10+130)**			**(37,508)**

Part E – Information on risks and related hedging policies

Section 1 - Credit risk

Qualitative information

1. General aspects

Credit risk is the main type of risk to which the Bank is exposed and is associated with the probability that a borrower may be unable to meet its contractual obligations, thus exposing the bank to possible future losses.

The Bank's operations in Italy are mainly focused on retail customers, where the risk in question is highly differentiated and "pulverised". In fact, overall, the Bank's assets are characterised by a very high average number of customers, a low average exposure and a limited average residual duration. So in general, credit risk exists, but in a situation of high fragmentation.

2. Credit risk management policies

2.1 Organisational aspects

The Bank's risk management model provides for the involvement of the Board of Directors and Top Management, along with the structures that perform direct risk management activities.

With reference to the classes of risk that have been identified and thanks to a system of delegation and control, the units responsible for managing the associated risk can be delineated, as the units or functions that play a role of supervision, direction or control, as well as additional support structures.

The structures involved in the overall process of risk management are:
- Board of Directors;
- Chief Executive Officer and General Manager;
- Administration and Control Department;
- Legal Affairs and Institutional Relations Department;
- Operational Development Department;
- Finance Department;
- Sales and Marketing Department;
- Risk Management Department;
- Collection Business Unit (CBU);
- Internal Auditing and Operating Controls Department (reports to the Board of Directors through a direct functional relationship with the Chief Executive Officer).

These structures are either directly responsible or work through sub-areas and units.

The risk management map is as follows:

Type of risk	Risk Taking Unit	Control
Credit risk	Standardized/Non-Standardized Risk Unit	Risk Control Unit
Counterparty risk	Finance Department	Risk Control Unit
Operational risk	The various functional areas involved in the operational process	T&O Department
Interest rate risk	Finance Department	Risk Control Unit
Liquidity risk	Finance Department	Risk Control Unit
Securitisation risk	Finance Department	Risk Control Unit
Strategic risk	Board of Directors/Top Management	Board of Directors/Executive Committee
Reputational risk	T&O Department / Institutional Relations, Legal and Compliance Department	Legal and Compliance Committee
Concentration risk	Standardized/Non-Standardized Risk Unit	Risk Control Unit
Provisioning risk	Planning and Controls Department	Risk Control Unit
Residual Risk	General Management / Institutional Relations, Legal and Compliance Department	Institutional Relations, Legal and Compliance Department

In addition to the areas mentioned above, the control activity is completed and assessed by the Internal Auditing and Operating Controls Department.
It should be noted that at the date of preparation of the financial statements, the organisational structure involved in the supervision, monitoring and control of risks is currently being revised to respond better to the provisions of Circular 263 updated in July 2013.

The following chart shows the organisational structure of the Santander Consumer Bank Italia Division:

More in detail, the essential functions of Standardized Risk Management at the Santander Consumer Bank are:
- to define the strategies and procedures for the management of "standardized" products (meaning those subject to automatic scoring);
- to analyse, help create and manage (in terms of updating and configuration) automatic applications for decision-making and support in setting up dossiers (the process known as "scoring");
- to monitor the riskiness of products and channels, highlighting abnormal situations for timely corrective action;
- to prepare an overview of the qualitative trend of corporate loans and any balances showing significant changes in riskiness that need to be analysed;
- to handle the entire credit analysis for the activation of new Affiliates;
- to handle relations with official data bases, especially with regard to changes in the information provided, re-

porting anomalies and cancellations, and monitoring their bills;
- to assign approval levels according to the personnel's level of experience and in accordance with the guidelines authorised by the Board of Directors;
- to develop and supervise the "Loan Management Plan" (LMP).

The essential functions of Non-Standardized Risk Management at Santander Consumer Bank are:
- to define the risk policies, development strategies and procedures for products in the "non-standardized" segment (meaning those subject to assessment by a rating system);
- to prepare positions for submission to the Committees with powers of approval;
- to carry out an annual review of dealers' positions in "non-standardized" products;
- to develop together with the Collection Business Unit debt recovery strategies to be implemented with affiliates (only with respect to "non-standardized" products);
- to manage the risk policies for all National Agreements and collaborations with leading automobile brands;
- to perform the periodic analysis of the F.E.V.E (Firmas en Situaciòn de Vigilancia Especial - Positions Under Observation).

The mission of the Risk Control Unit is to identify areas of risk, control objectives and suitable techniques to achieve them. The main functions assigned to this unit are:
- to monitor the main risk indicators;
- to provide support in deciding the provisions to cover current and future losses;
- the calculation and monitoring of expected losses;
- to ensure the reliability and automatic generation of reports;
- to monitor financial risks periodically, with particular reference to interest rate risk and liquidity risk, using Asset & Liability Management (ALM) techniques);
- to liaise with the internal and external control bodies periodically to verify the level of implementation of company policies.

The essential function of the Decision-Making Support and Monitoring Unit is to ensure the correct application of the policies and procedures for standardized risk-taking on particular credit proposals.

2.2 Systems for managing, measuring and monitoring risk

The Risk Function looks after the risk management process, which is defined by the approval of policies for the identification, measurement, control and management, where applicable, of the various types of risk. During the process, the areas that take risks and top management are both involved. In addition, it relates these activities to business development by identifying new opportunities and business plans, budgets and optimisation of risk-adjusted profitability, in collaboration with those who take the risks, performing analyses and management of the loan portfolios in a way that makes it possible to adjust business development to desired risk profile and, where applicable, to mitigate the risk and handle debt collection case by case.

Within Santander Consumer Bank, the credit risk assumed by the Company's activity can essentially be split into two categories: Standardized and Non-Standardized. While both of these types basically involve the risk that the borrower will default on its obligations under the terms of the agreement, it is necessary to distinguish between contracts that are treated in a standardized way and others that require separate treatment (by an analyst or portfolio manager).

As regards the first category, the following phases are identified:
1. Origination of a dossier
2. Monitoring & Reporting
3. Litigation
4. The Origination of a dossier phase is in turn split into credit analysis, assessment and approval.

- The Credit Analysis phase involves keying in the data directly to the operating system by a branch employee, dealer/retailer or directly by the customer if the request is made on-line. This applies to personal loans, special-purpose loans and credit cards. As far as leasing & renting are concerned, for the Retail segment the process is similar to the above, whereas for counterparties in the Small Business segment, opening a dossier may require more information, such as financial statements data, if available, and information on the applicant's business activity.

- The Assessment phase is automatic in the case of special-purpose loans, personal loans and credit cards. The information entered into the system during the credit analysis phase is processed through a scoring system managed by the Standardized Risk Function; measurement of the risk associated with the dossier is, therefore, based on this system. These scoring matrices (built internally or externally according to the Santander Group's corporate models that are based on logistic regression) are used to perform a customer segmentation and define the rejection rate associated with it. In the case of leasing, as well as the usual evaluation done with a scoring system, there is also provision for a manual examination of the dossier on the part of an operator (for loans to legal entities and some personal loans). If accounting figures for the counterparty are available, the analyses are carried out and the information required depends on the type of the dossier and level of signature power required; in this case, therefore, measurement of the risk associated with the dossier is of an evaluation type.
- The Resolution phase is delegated to various persons in the structure based on grids that show the signatory powers based on the type of customer, the amount to be lent, the type of product/service and, in certain cases, the asset to be financed.

Once concluded, the Origination of a dossier phase may provide for a process of mitigation and collateral management, where the analyst has to analyse in detail all of the items acquired by the applicant and, where necessary, foresee the inclusion of appropriate collateral (in order to minimise the credit risk inherent in lending activities), such as a second signature and/or guarantees, insurance assignment (only for "Car loan" products), mandates to register a mortgage (only for "Car loan" products), liens (only for "Car loan" products) and bills of exchange.

1. The Monitoring phase is handled by the Standardized Risk and Risk Control Units, its main purpose being to identify, analyse, forecast and model the behaviour of all the variables that could potentially result in changes to the quality of credit risk assumed by the entity.
2. The Litigation phase is handled by the Collection Business Unit. The Unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies that make it possible to prioritise the collection depending on the customer's risk profile and the ageing of their balances.
   The objective is to evaluate the current position of the customer through qualitative and quantitative analysis, with a view to renegotiating the amount of each instalment.
   It also carries out debt collection, known as "Advanced Recovery", once the document known as "Loss of Benefit of Term" (LBT) has been issued. In particular, it handles those contracts that are officially considered past due, with issuance of an LBT, after non-payment of a number of instalments. These dossiers are entrusted to external collection agencies (which carry out Home Calling and Phone Calling), with a view to recovering the full amount outstanding. To support this activity, external law firms send borrowers injunctions and later payment requests or summons.

On the other hand, as regards Non-Standardized Risk management, the process gets split into the following phases:
1. Customer Analysis
2. Customer's Credit Rating
3. Analysis of Credit Transactions
4. Preparation of resolutions regarding Transactions/Customers
5. Monitoring
   - Customer tracking
   - Portfolio tracking
   - Controls
   - Check on production volumes
6. Collection

The Resolution and Monitoring Function, on the other hand, reviews the credit analysis carried out by the Processing Area/Branch/Agent, each for their own dossiers.
After careful analysis of all available information (databases, customer's overall exposure, financial plan), it recommends to the decision-making body its approval, denial or suspension for additional guarantees.

This is within the scope of the guidelines issued by the Spanish Parent Company and with the agreement of General Management. The main differences between the scoring systems lies in the methods for determining the rating bands and in the variables used for the assignment of points. The scoring system calculates a score for each dossier and then associates it to a rating band, and on this basis a judgment is formulated on the dossier.
In the case of transactions with medium to large companies, i.e. Corporate counterparties, the measurement of the

associated credit risk is done through detailed analyses of the accounting and non-accounting data. Such valuations, carried out by the Non-Standardized Risk Unit, consist of an analysis of the financial statements (accompanied by information on trends in the market in which it operates and its positioning within the market), external scoring systems and internal performance information.

2.3 Credit risk mitigation techniques

The risk mitigation techniques used in portfolio management are closely linked to the characteristics of the products. The main types of collateral currently in use are:

- Consumer credit: co-obligation, guarantee, bill of exchange, mortgage, mandate to register a mortgage, insurance assignment. Note, however, that the provision covering the portfolio is extremely limited (around 1%).
- Stock finance: Diversion & Repossession Agreement (93% of the portfolio), signed by the parent companies (captive agreements) and Santander Consumer Bank at the signing of the framework agreement.

2.4 Impaired financial assets

Impaired financial assets are managed by the CGU, which coordinates debt collection activities for the entire country and for all products, in accordance with the law and the Group's operating procedures.
The unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies to prioritise collection depending on the customer's risk profile and the ageing of their balances; this efficiency is achieved thanks to the introduction of valid strategies, the launch of campaigns and the use of appropriate tools.
Litigation management, understood as "massive collection" is carried out on dossiers that have at least one instalment past due.
This last activity operates alongside the management of positions considered special cases, which require the application of particular procedures. The bank also makes use of external collection entities that are carefully selected and monitored on an ongoing basis.

For all impaired loans, there is also an activity of monitoring and classification according to an internal model (used by all local units of the Santander Group). The main monitoring indicator is default (based on a similar definition to that of impaired financial assets provided by the Supervisory Authority). In particular, this category includes:

- loans that are more than ninety days past due;
- loans affected by "drag" (i.e. belonging to a customer with more than 25% of its total exposure in default);
- loans involved in credit restructuring (refinancing, reclassifications, queueing) for which the so-called "cure period" is not yet over;
- dossiers characterised by specific events such as bankruptcy or fraud;
- contracts characterised by loss of benefits and write-off.

Default is constantly monitored in both its inflows and outflows, in its distribution by overdue periods and broken down by product categories. In particular, outflows are primarily defined on the basis of days overdue (i.e. in case they fall below the ninety-day period), as well as specific operations related to particular categories included in default (listed above). The above composition of the portfolio is also essential for the application of the impairment definition model, based on past due and product bands.

Quantitative information

A. Credit quality

A.1 Impaired and performing loans: amounts, adjustments, trends, economic and territorial distribution

A.1.1 Distribution of credit exposure by portfolio and credit quality (book values)

Portfolio/Quality	Doubtful loans	Non-performing loans	Restructured loans	Past due non-performing loans	Past due loans	Other assets	Total
1. Financial assets held for trading							
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks						32,249	**32,249**
5. Loans to customers	52,778	18,979	14,472	33,830	119,314	5,933,613	**6,172,986**
6. Financial assets designated at fair value through profit and loss							
7. Financial assets under disposal						22	**22**
8. Hedging derivatives						43,644	**43,644**
31/12/2013	**52,778**	**18,979**	**14,472**	**33,830**	**119,314**	**6,009,528**	**6,248,901**
31/12/2012	**6,769**	**40,178**	**6,370**	**79,725**	**320,049**	**7,030,861**	**7,208,762**

The only portfolio that has impaired assets consists of loans to customers. The amount of doubtful, watchlist, restructured and past due loans corresponds to what was communicated to the Bank of Italy in the ordinary supervisory reports.

A.1.2 Distribution of credit exposure by portfolio and credit quality (gross and net values)

Portfolio/Quality	Non performing assets			Performing loans			Total (net exposure)
	Gross exposure	**Specific adjustments**	**Net exposure**	**Gross exposure**	**General portfolio adjustments**	**Net exposure**	
1. Financial assets held for trading				X	X		
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks				32,249		32,249	32,249
5. Loans to customers	355,696	(235,637)	120,059	6,086,078	(33,151)	6,052,927	6,172,986
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal				22		22	22
8. Hedging derivatives				X	X	43,644	43,644
31/12/2013	**355,696**	**(235,637)**	**120,059**	**6,118,349**	**(33,151)**	**6,128,842**	**6,248,901**
31/12/2012	**251,339**	**(118,297)**	**133,042**	**7,118,151**	**(42,431)**	**7,075,720**	**7,208,762**

The following is an ageing analysis of performing loans to customers that are past due. The Bank does not have any exposures subject to renegotiation as part of collective agreements.

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure	Amount past due
Performing exposures					
Other exposures					
Past due up to 3 months	133,801		17,062	116,739	6,764
Past due from 3 to 6 months	3,582		1,140	2,441	144
Past due from 6 to 12 months	235		116	120	2
Past due beyond 1 year	131		116	14	2
Total A	**137,749**		**18,434**	**119,314**	**6,912**

Note that these receivables are classified as performing, in accordance with supervisory instructions, as the total amount of the instalments due or past due is less than 5% of the total exposure.

A.1.3 On-and off-balance sheet exposures to banks: gross and net values

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans			X	
b) Non-performing loans			X	
c) Restructured loans			X	
d) Past due loans			X	
e) Other assets	32,249	X		32,249
TOTAL A	**32,249**			**32,249**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other	44,499	X		44,499
TOTAL B	**44,499**			**44,499**
TOTAL A+B	**76,748**			**76,748**

The cash exposures to banks include the assets in item 60. For details, please refer to the specific sections of the notes.

A.1.4 Cash credit exposures to banks: dynamics of gross non-performing loans

The Bank does not have any exposures to banks that are subject to impairment.

A.1.5 Cash credit exposures to banks: dynamics of total writedowns

Exposures to banks are not subject to writedowns.

A.1.6 On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans	201,751	(148,974)	X	52,777
b) Non-performing loans	70,236	(51,257)	X	18,979
c) Restructured loans	16,543	(2,070)	X	14,473
d) Non-performing past due loans	67,166	(33,336)	X	33,830
e) Other assets	6,086,078	X	(33,151)	6,052,927
TOTAL A	**6,441,774**	**(235,637)**	**(33,151)**	**6,172,986**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other		X		
TOTAL B				

This table gives details of non-performing and performing loans to customers, gross and net of specific and portfolio adjustments.

A.1.7 Cash credit exposures to customers: dynamics of gross non-performing loans

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
A. Opening gross exposure	**25,521**	**96,602**	**9,453**	**119,764**
- of which: sold but not derecognised	5,443	39,198	2,129	59,664
B. Increases				
B.1 transfers from performing loans	54,468	81,837	13,808	131,771
B.2 transfers from other categories of non-performing exposures	225,126	56,034	1,668	930
B.3 other increases	13,035	10,796	10,424	12,244
C. Decreases				
C.1 transfers to performing loans	(36)	(4,286)	(1,504)	(17,838)
C.2 write-offs	(1,083)	(2,255)	(6)	(153)
C.3 collections	(9,157)	(10,309)	(4,201)	(14,499)
C.4 proceeds from disposals	(8,151)	(1,992)	(44)	(1,045)
C.4bis losses on disposal	(83,863)	(7,829)	(256)	(6,054)
C.5 transfers to other categories of non-performing exposures	(541)	(136,667)	(5,776)	(140,774)
C.6 other decreases	(13,568)	(11,696)	(7,023)	(17,179)
D. Closing gross exposure	**201,752**	**70,236**	**16,542**	**67,166**
- of which: sold but not derecognised	109,142	34,905	8,155	47,731

A.1.8 Cash credit exposures to customers: dynamics of total writedowns

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
Total opening adjustments	**18,751**	**56,424**	**3,083**	**40,039**
- of which: sold but not derecognised	2,146	21,383	656	18,786
B. Increases				
B.1 adjustments	78,318	26,830	1,719	55,896
B.1.bis losses on disposal	862	9,572	306	9,273
B.2 transfers from other categories of impaired exposure	64,662	11,154	52	204
B.3 other increases				
C. Decreases				
C.1 recoveries on valuation	(357)	(1,100)	(969)	(2,602)
C.2 recoveries due to collections	(1,787)	(1,733)	(327)	(1,206)
C.2.bis gains on disposal				
C.3 write-offs	(8,684)	(1,543)	(2)	(208)
C.5 other decreases	(2,481)	(25,490)	(498)	(16,449)
D. Total closing adjustments	**148,974**	**51,257**	**2,070**	**33,336**
- of which: sold but not derecognised	76,942	23,876	190	22,704

Note that the other decreases include the value of the initial adjustments caused by sales of the assigned assets.

A.2 Classification of exposures based on external and internal ratings

A.2.1 Distribution of on- and off-balance sheet exposures by external rating class

The following table shows the net values of exposures to banks reflecting those shown in table A.1.3 and the net values of exposures to customers as shown in table A.1.6. Given the Group's type of customers, the latter are not subjected to rating.

Exposures	External rating class						Unrated	Total
	1	**2**	**3**	**4**	**5**	**6**		
A. Cash exposures		22	20,774				6,184,440	**6,205,235**
B. Derivatives								
B.1 Financial derivatives			43,644					**43,644**
B.2 Credit derivatives								
C. Guarantees given							855	**855**
D. Commitments to issue loans								
E. Other								
Total		**22**	**64,418**				**6,185,295**	**6,249,734**

The risk classes by rating indicated in this table refer to the various classes of borrowers' creditworthiness according to the assessments made by the rating agencies.
If various conflicting assessments have been made of the same entity, reference is made to the worst.

The following shows the relationships between the risk classes and ratings used by the rating agencies surveyed:

Rating classes	S&P	Moody's	Fitch	DBRS
1	AAA/AA-	Aaa/Aa3	AAA/AA-	AAA/AAL
2	A+/A-	A1/A3	A+/A-	AH/AL
3	BBB+/BBB-	Baa1/Baa3	BBB+/BBB-	BBBH/BBBL
4	BB+/BB-	Ba1/Ba3	BB+/BB-	BBH/BBL
5	B+/B-	B1/B3	B+/B-	BH/BL
6	CCC+/D	Caa1/C	CC+/D	CCCH/D

A.2.2 Distribution of cash and "off-balance sheet" exposures by internal rating classes

This table has not been prepared because the internal ratings are not currently used in the calculation of capital requirements for the management of credit risk.

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Guaranteed credit exposures to banks

The Bank has no guaranteed credit exposures to banks.

A.3.2 Guaranteed credit exposures to customers

		Secured guarantees (1)			Unsecured guarantees (2)									
					Credit derivatives					Endorsement credits				
						Other derivatives								
	Amount of net exposure	Property	Securities	Other secured guarantees	Credit Linked Notes	Governments and central banks	Other public entities	Banks	Other parties	Governments and central banks	Other public entities	Banks	Other parties	Total (1)+(2)
1. Guaranteed cash exposures:														
1.1 fully guaranteed	1,581,059												1,581,059	1,581,059
- of which: impaired	23,199												23,199	23,199
1.2 partially guaranteed	1,100												1,100	1,100
- of which: impaired	58												58	58
2. Guaranteed off-balance sheet credit exposures:														
2.1 fully guaranteed														
- of which: impaired														
2.2 partially guaranteed														
- of which: impaired														

The amount of Euro 1,582,159 thousand refers to loans to customers backed by endorsement credits, consisting mainly of promissory notes and guarantees, including the entire stock of loans on salary assignment, guaranteed by Santander Consumer Unifin S.p.A. through a contractual clause called "collected for uncollected".

B. Distribution and concentration of credit exposures

B.1 Distribution by sector of cash and "off-balance sheet" exposures to customers (book value)

Exposures/Counterparties	Governments			Other public entities			Financial institutions			Insurance companies			Non-financial institutions			Other parties		
	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments
A. Cash exposures																		
A.1 Doubtful loans					(5)	X		(1)	X			X	8,495	(29,552)	X	44,282	(119,416)	X
A.2 Non-performing loans			X			X	6	(6)	X			X	1,823	(6,588)	X	17,150	(44,663)	X
A.3 Restructured loans			X			X			X			X	323	(27)	X	14,150	(2,043)	X
A.4 Past due loans			X			X			X			X	2,139	(3,028)	X	31,691	(30,308)	X
A.5 Other exposures		X		241	X	(2)	724,455	X	(2)	17	X	(2)	464,336	X	(3,288)	4,863,878	X	(29,857)
TOTAL A				**241**	**(5)**	**(2)**	**724,461**	**(7)**	**(2)**	**17**		**(2)**	**477,116**	**(39,195)**	**(3,288)**	**4,971,151**	**(196,430)**	**(29,857)**
B. Off-balance sheet exposures																		
B.1 Doubtful loans			X			X			X			X			X			X
B.2 Non-performing loans			X			X			X			X			X			X
B.3 Other non-performing loans			X			X			X			X			X			X
B.4 Other exposures		X			X			X			X			X			X	
TOTAL B																		
TOTAL 31/12/2013				**241**	**(5)**	**(2)**	**724,461**	**(7)**	**(2)**	**17**		**(2)**		**(39,195)**	**(3,288)**	**4,971,151**	**(196,430)**	**(29,857)**
TOTAL 31/12/2012				**514**	**(3)**	**(2)**	**576,965**	**(1)**	**(14)**					**(31,957)**	**(5,020)**	**5,858,342**	**(86,336)**	**(37,395)**

The above table shows the cash positions with customers by sector. It shows the distinct prevalence of exposures to retail customers.

B.2 Territorial distribution of on- and off-balance sheet exposures to customers (book values)

Exposures/Geographical areas	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH		ISLANDS	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. Cash exposures										
A.1 Doubtful loans	9,467	(27,609)	3,923	(10,372)	10,606	(30,931)	19,800	(55,357)	8,981	(24,705)
A.2 Non-performing loans	4,042	(9,796)	1,622	(3,870)	4,151	(11,830)	5,674	(16,842)	3,490	(8,919)
A.3 Restructured loans	3,302	(329)	1,836	(146)	3,026	(370)	3,726	(661)	2,583	(564)
A.4 Past due loans	6,658	(6,600)	2,157	(2,131)	7,347	(7,343)	10,828	(10,576)	6,840	(6,686)
A.5 Other exposures	2,124,678	(7,613)	554,733	(3,190)	1,133,471	(7,374)	1,458,510	(9,619)	781,535	(5,355)
TOTAL	**2,148,147**	**(51,947)**	**564,271**	**(19,709)**	**1,158,601**	**(57,848)**	**1,498,538**	**(93,055)**	**803,429**	**(46,229)**
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other assets										
B.4 Other exposures										
TOTAL										
TOTAL 31/12/2013	**2,148,147**	**(51,947)**	**564,271**	**(19,709)**	**1,158,601**	**(57,848)**	**1,498,538**	**(93,055)**	**803,429**	**(46,229)**
TOTAL 31/12/2012	**2,249,514**	**(36,954)**	**672,523**	**(13,404)**	**1,403,753**	**(37,659)**	**1,757,857**	**(47,257)**	**995,201**	**(25,454)**

The Bank has exposures exclusively to Italian customers; the geographical breakdown used in the table is taken from the instructions issued by the Bank of Italy and is consistent with the allocation used for regulatory reporting.

B.3 Territorial distribution of on- and off-balance sheet exposures to banks (book value)

Exposures/Geographical areas	ITALY		OTHER EU COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. Cash exposures										
A.1 Doubtful loans										
A.2 Non-performing loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	14,549		17,700							
TOTAL	**14,549**		**17,700**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures	855		43,644							
TOTAL	**855**		**43,644**							
TOTAL 31/12/2013	**15,404**		**61,344**							
TOTAL 31/12/2012	**19,359**		**110,265**							

This table contains, for exposures to residents, the positive balance of current accounts with banks, while for exposures to foreigners, the balance is made up primarily of balances due from the Spanish Parent Company Banco Santander.

B.4 Large risks

The Bank is not exposed to any large risks at the balance sheet date, as defined in the current supervisory instructions.

C. Securitisation and assignment of assets

C.1 Securitisations

This section only refers to securitisations, excluding transactions in which the Bank subscribed the entire amount of the securities issued.

Qualitative information
As regards securitisations, please refer to Part E of the notes to the consolidated financial statements.

Quantitative information

C.1.1 Exposures deriving from securitisations, analysed by type of underlying assets

Type of underlying assets/Exposures	Cash exposure						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. With own underlying assets:																		
a) Impaired	18,330	7,148	3,728	1,454	7,805	3,044												
b) Other	598,304	596,834	121,701	121,402	254,777	254,151												
B. With underlying assets of third parties:																		
a) Impaired																		
b) Other																		

The exposures were split into “Senior”, “Mezzanine” and “Junior” by parameterising the amount of the securitised assets by the residual value of the asset-backed securities issued, as it is impossible to identify a correlation between specific securitised assets and the securities issued due to the nature of the operations that do not involve the creation of a property right on securitised assets by the subscriber of the securities.

C.1.2 Exposures deriving from principal "own" securitisations, analysed by type of assets securitised and by type of exposures

"Type of underlying assets/ Exposures "	Cash exposure						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/recoveries	Book value	Adjustments/recoveries	Book value	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries
A. Derecognised in full																		
A.1 Golden Bar III Securitisation Programme																		
- Senior Notes	-																	
- Type of assets																		
A.3 Name of securitisation ...																		
B. Derecognised in part																		
B.1 Name of securitization 1																		
- Type of assets																		
B.2 Name of securitisation 2																		
- Type of assets																		
B.3 Name of securitisation ...																		
C. Not derecognised																		
C.1 Golden Bar Securitisation Programme																		
- Consumer credit																		
C.2 Golden Bar IV Securitisation Programme																		
- Consumer credit																		
C.1 Golden Bar Stand Alone 2011-1																		
- Consumer credit	127,798	2,677	122,856	2,573	57,142	1,197												
C.4 Golden Bar Stand Alone 2011-2																		
- Consumer credit																		
C.2 Golden Bar Stand Alone 2011-3																		
- Consumer credit	476,184	9,975	-	-	200,053	4,191												

The following table shows the value of the securitised loans involved in the securitisations that have not been derecognised. For each securitisation, the exposures were split into "Senior", "Mezzanine" and "Junior" by parameterising the amount of the securitised assets by the residual value of the notes issued, as it is impossible to identify a correlation between specific securitised assets (identifiable by amount, type and quality) and the securities issued due to the nature of the operations (that do not involve the creation of a property right on securitised assets by the subscriber of the securities).

C.1.3 Exposures deriving from principal third-party securitisations, analysed by type of assets securitised and by type of exposures

The Bank does not have any exposures resulting from third-party securitisations.

C.1.4 Exposures to securitisations analysed by portfolio and by type

At 31 December 2013 there are no securitisations whose assets have been sold and fully derecognised from the balance sheet.

C.1.5 Total amount of the securitised assets underlying the Junior Securities or other forms of credit support

Assets/Amounts	Traditional securisations	Synthetic securisations
A. Own underlying assets:		
A.1 Derecognised in full		
1. Doubtful loans		X
2. Non-performing loans		X
3. Restructured loans		X
4. Past due loans		X
5. Other assets		X
A.2 Derecognised in part		
1. Doubtful loans		X
2. Non-performing loans		X
3. Restructured loans		X
4. Past due loans		X
5. Other assets		X
A.3 Not derecognised		
1. Doubtful loans	6,264	
2. Non-performing loans	1,840	
3. Restructured loans	542	
4. Past due loans	3,000	
5. Other assets	972,387	
B. Underlying assets of third parties		
B.1 Doubtful loans		
B.2 Non-performing loans		
B.3 Restructured loans		
B.4 Past due loans		
B.5 Other assets		

The table shows the securitised loans for which all the risks and benefits are not transferred.

C.1.6 Interests in special purpose entities (SPE)

The Bank does not have any interests in special purpose entities.

C.1.7 Servicer Activity - collections of securitised loans and reimbursement of securities issued by the SPE

SPE	Securitised assets (at year end)		Loan collections during the year		Percentage of securities repaid (at year end)					
					Senior		Mezzanine		Junior	
	Non-performing loans	Performing loans	Non-performing loans	Performing loans	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-1)	6,177	301,619	2,942	177,707		67%				
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-3)	5,469	670,768	2,796	308,676						

The following table shows the securitisations carried out by the Bank, for which it has signed a servicing contract.

C.2 Transfers

A. Financial assets sold but not fully derecognised

Qualitative information

For the information required by IFRS 7 to be provided in this paragraph, see Section C.1 Securitisations - qualitative information.

Quantitative information

C.2.1 Financial assets sold but not derecognised: book value and full value

Technical forms/ Portfolio	Financial assets held for trading			Financial assets designated at fair value through profit and loss			Financial assets available for sale			Financial assets held to maturity			Due from banks			Loans to customers			Total	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2013	31/12/2012
A. Cash assets																				
1. Debt securities																				
2. Equity instruments										X	X	X	X	X	X	X	X	X		
3. UCITS units										X	X	X	X	X	X	X	X	X		
4. Loans																984,033			**984,033**	**1,187,065**
B. Derivatives				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
31/12/2013																**984,033**			**984,033**	**X**
of which: impaired																**11,646**			**11,646**	**X**
31/12/2012																**1,187,065**			**X**	**1,187,065**
of which: impaired																**10,248**			**X**	**10,248**

Key:
A = Financial assets sold and recognised in full (book value)
B = Financial assets sold and recognised in part (book value)
C = Financial assets sold and recognised in part (full value)

This table shows the carrying value of financial assets sold but still recognised in the balance sheet. These assets were sold as part of securitisation operations, details of which can be found in Part E, Section 1, paragraph C of the consolidated financial statements.

C.2.2 Financial liabilities for financial assets sold but not derecognised

Liabilities/Portfolio assets	Financial assets held for trading	Financial assets designated at fair value through profit and loss	Financial assets available for sale	Financial assets held to maturity	Due from banks	Loans to customers	**Total**
1. Due to customers							
a) for assets recorded in full						1,000,685	**1,000,685**
b) for assets recorded in part							
2. Due to banks							
a) for assets recorded in full							
b) for assets recorded in part							
31/12/2013						**1,000,685**	**1,000,685**
31/12/2012						**1,187,065**	**1,187,065**

This table shows the carrying value of financial liabilities for financial assets sold but not derecognised, recognised as liabilities in the balance sheet as a result of the reversal derecognition of the securitised portfolio.

C.2.3 Transfers with liabilities that have recourse only against the assets sold: fair value

Technical forms/Portfolio	Financial assets held for trading		Financial assets designated at fair value through profit and loss		Financial assets available for sale		Financial assets held to maturity (fair value)		Due from banks (fair value)		Loans to customers (fair value)		Total	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**T**	**T-1**
A. Cash assets														
1. Debt securities														
2. Equity instruments							X	X	X	X	X	X		
3. UCITS units							X	X	X	X	X	X		
4. Loans											522,826		522,826	594,288
B. Derivatives			X	X	X	X	X	X	X	X	X	X		
Total assets											522,826		522,826	594,288
C. Associated liabilities													X	X
1. Due to customers											548,974		X	X
2. Due to banks													X	X
Total liabilities											**548,974**		**548,974**	**626,897**
Net amount (T)											**(26,148)**		**(26,148)**	**X**
Net amount (T-1)											**(32,609)**		**X**	**(32,609)**

The loans shown here represent the value of the securitised receivables parametrised to the residual value at 31 December 2013 of the securities issued and subscribed by third parties, as shown in “Due to customers”, gross of the payments generated by the portfolio.

B. Financial assets sold and fully derecognised with recognition of the continued involvement

Qualitative information

Not applicable.

Quantitative information

Not applicable.

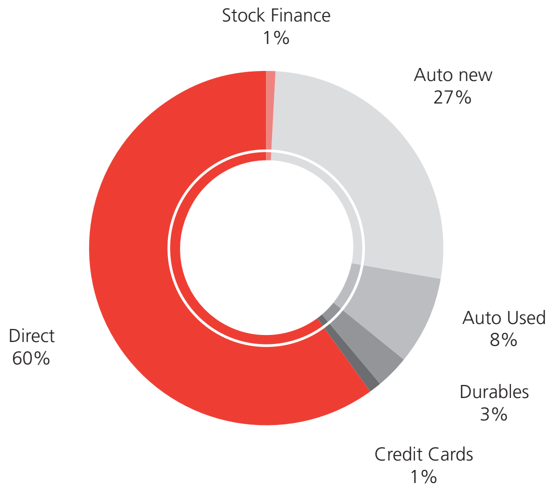
C.3 Covered bond transactions

The Bank has not carried out any covered bond transactions.

D. Models for the measurement of credit risk

The balance at risk by product of the "dossiers in delinquency" (i.e. that have amounts past due by more than 90 days) is monitored on a monthly basis. The following chart summarises the breakdown of the variable just described at 31 December 2013.

Delinquency - SCB



Credit risk is assessed, among other things, by:

- vintage analysis
- trend analysis (roll rate).

Polynomial models are used (confidence/R2 ~ 95%) for stress test purposes, also to take account of the trend in default rates with a non-linear trend at the same date of the first instalment.

Please read Section D - Models for the measurement of credit risk in the Consolidated Financial Statements for further information on the method used.

Section 2 - Market risks

2.1 Interest rate risk and price risk - Trading portfolio reported for supervisory purposes

Not applicable.

2.2 Interest rate risk and price risk - Banking book

Qualitative information

A. General aspects, management and measurement of interest rate risk and price risk

In general, the sources of interest rate risk are mainly attributable to:

- repricing risk, i.e. the risk linked to a timing gap in the maturities and in the repricing of assets and liabilities; this risk is mainly attributable to changes in the slope and shape of the yield curve ("yield curve risk") and to an imperfect correlation in the adjustment of the lending and borrowing rates applied to various instruments that may also present similar characteristics in the price revision ("basis risk");
- option risk, i.e. the risk deriving from the existence of options that are implicitly or explicitly present in the assets, liabilities and off-balance sheet instruments.

The sources of interest rate risk for the Bank are mainly related to loans to customers, which are generated by the placement of consumer credit products and services (asset items) and their means of funding (liability items). The sector in which the Bank operates is characterised by the fact that the loans granted are mostly fixed-rate, whereas the Bank's funding is both fixed- and floating-rate. So the main categories of interest rate risk to which the Bank is exposed are attributable to repricing risk.

Interest-rate risk is managed as part of the macro-strategies agreed at Group level within well-defined, formal exposure limits. The internal processes of managing and monitoring interest-rate risk provide for monthly preparation of operational information by the Unit in question and a critical evaluation on the part of the ALCO Committee. Monitoring is carried out by comparing the limits set by the Bank of Italy and by the Parent Company's policies with the results of the stress tests carried out on sensitive assets and liabilities.

Suitable indicators are formalised by the Finance Department and checked by the Risk Department. In this regard, quantitative limits are set for the following risk metrics:

- Market Value of Equity Sensitivity (MVE Sens.);
- Net Interest Margin Sensitivity (NIM Sens.).

To mitigate the risk of fluctuations in interest rates, the Bank implements two main forms of mitigation:

- use of derivatives (interest rate swaps);
- having alternative sources of funding.

Monitoring of financial risks is carried out using the method established by the Bank of Italy. Specific quantitative limits are set for the following risk metrics:

- Retrospective and prospective effectiveness tests
- Liquidity ratio

Of the various types of risk hedges that are acceptable, the Bank has chosen to use derivatives according to the following methods.

B. Fair value hedges

As regards fair value hedging, from September 2009 the Bank has entered into amortising derivatives to neutralise the exposure to changes in fair value of a portfolio of financial assets, attributable to unexpected fluctuations in interest rates.

The effectiveness of the hedges is periodically measured and formalised, based on predefined tests (both retrospective and prospective):

- Prospective test. This test is designed to assess the difference between changes in the fair value of the hedged item and those of the hedging instrument, quantifying it by means of a specific percentage (efficiency percentage). The observation/effectiveness range is as foreseen by IFRS for this purpose.

- Retrospective test. This assessment is based on expectations of the future trend of the hedging relationship by identifying different scenarios for the trend in interest rate curves. In order to assess the effectiveness of the hedge, the difference between changes in the fair value of the hedged item and those of the hedging instrument have to be considered jointly for each scenario (quantifying them by means of a percentage). The observation/effectiveness range is as foreseen by IFRS for this purpose.

The metrics are defined/maintained in accordance with the Parent Company's instructions.

C. Cash flow hedges

As regards cash flow hedges, the Parent Company has entered into bullet derivatives to neutralise the exposure of its liabilities to changes in future cash flows arising from unexpected fluctuations in interest rates.

The effectiveness of the hedges is periodically measured and formalised, based on predefined tests (both retrospective and prospective):
- Prospective test. The prospective test also involves preparing a report that identifies the correlation between the cash flows (interest) arising from the item being hedged by the hedging instrument.
- Retrospective test. The aim of the test is to verify the correlation/relationship between interest expense (on the funding side) and the interest income earned from the derivative contracts negotiated (floating flow).

Quantitative information

1. Banking book: distribution by residual duration (repricing date) of financial assets and liabilities

This table is not prepared as the next section gives an analysis of the sensitivity to interest rate risk based on internal models and this analysis covers the whole of the banking book.

2. Banking book: internal models and other methodologies for analysing sensitivity

Monitoring of financial risks is carried out thanks to an ALM (Asset and Liabilities Management) system by the Parent Company's Finance Department. The model is based on regular monitoring of the level of the risks that characterise the Bank's assets and liabilities.

Sensitivity indicator "Market Value of Equity" (MVE)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it is designed to quantify the effect of a smooth change in interest rates in various scenarios on the value shareholders' equity. The scenarios on which the calculation is performed are ±25, ±50, ±75, ±100 and +250 b.p. The following paragraph shows the results obtained by applying the +100 b.p. scenario on which the monthly analysis and the decisions on interest rate risk are based. The measurement of interest rate risk is then carried out by assessing the change in the value of financial assets and liabilities that are sensitive to interest rates and of derivatives (IRS) when there are changes in interest rates; the Market Value of Equity is calculated by using the present value of all future cash flows.
At 31 December 2013 the sensitivity on the MVE (for a shift of 100 basis points) equal to -21.2 million would have caused an impact of -34 million on the result for the year and of -12.8 million on shareholders' equity (cash flow hedge reserve).

Sensitivity indicator "Net Interest Margin" (NIM)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetrical change in the interest rate curve in various scenarios on the net interest margin (analysis period: 12 months). As regards the interest rate shift scenarios, please refer to the paragraph on MVE.

This indicator is supported by an analysis of the duration; it is, in fact, a useful tool for measuring the sensitivity of financial assets and liabilities to changes in interest rates.

SCB (MM Eur): +100 Bps	MVE Sens	NIM Sens
Dec - 13	-21.2	7.3

SCB Duration (mths)	Assets (whit Hedges)	Liabilities (whit Hedges)
Dec - 13	13.9	11.9

2.3 Exchange risk

The Bank is not exposed to exchange risk.

2.4 Derivatives

A. Financial derivatives

A.1 Trading portfolio for supervisory purposes: period-end and average notional values

There are no financial derivatives in the trading portfolio for supervisory purposes.

A.2 Banking book: period-end and average notional amounts

A.2.1 For hedging

Underlying assets/Type of derivative	31/12/2013		31/12/2012	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
1. Debt securities and interest rates				
a) Options				
b) Swaps	7,309,702		4,911,300	
c) Forwards				
d) Futures				
e) Other				
2. Equities and stock indices				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Currency and gold				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
4. Goods				
5. Other underlyings				
Total	**7,309,702**		**4,911,300**	
Average	**6,110,501**		**5,790,525**	

For details of interest rate swap transactions, see section 8 of assets and section 6 of liabilities.

A.2.2 Other derivatives

Financial derivatives have been entered into to hedge interest rate risk.

A.3 Financial derivatives: positive gross fair value - breakdown by product

At 31 December 2013 and at the end of the previous year, the Bank did not hold any financial derivatives with a positive fair value.

Portfolio/Types	Positive fair value			
	31/12/2013		31/12/2012	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	43,644			
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**43,644**			

A.4 Financial derivatives: negative gross fair value - allocation by product

Portfolio/Types	Negative fair value			
	31/12/2013		31/12/2012	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	104,860		125,573	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**104,860**		**125,573**	

A.5 OTC financial derivatives: trading portfolio for supervisory purposes - notional amounts, positive and negative gross fair values by counterparty - contracts not included in netting agreements

Not applicable.

A.6 OTC financial derivatives: trading portfolio for supervisory purposes - notional amounts, positive and negative gross fair values by counterparty - contracts included in netting agreements

Not applicable.

A.7 OTC financial derivatives agreements: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

The Bank has not entered into OTC financial derivatives not included in netting agreements.

A.8 OTC financial derivatives agreements: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreements

Contracts included in netting agreements	Governments and central banks	Other public entities	Banks	Financial businesses	Insurance companies	Non-financial institutions	Other parties
1) Debt securities and interest rates							
- notional value			7,309,702				
- positive fair value			43,644				
- negative fair value			(104,860)				
2) Equities and stock indices							
- notional value							
- positive fair value							
- negative fair value							
3) Currency and gold							
- notional value							
- positive fair value							
- negative fair value							
4) Other instruments							
- notional value							
- positive fair value							
- negative fair value							

A.9 Residual life of OTC financial derivatives: notional values

Underlyings/Residual value	Within 1 year	Beyond 1 year up to 5 years	Beyond 5 years	**Total**
A. Trading portfolio for supervisory purposes				
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equities and stock indices				
A.3 Financial derivatives on exchange rates and gold				
A.4 Financial derivatives on other instruments				
B. Banking portfolio				
B.1 Financial derivatives on debt securities and interest rates	1,329,450	4,713,847	1,266,405	**7,309,702**
B.2 Financial derivatives on equities and stock indices				
B.3 Financial derivatives on exchange rates and gold				
B.4 Financial derivatives on other instruments				
Total 31/12/2013	**1,329,450**	**4,713,847**	**1,266,405**	**7,309,702**
Total 31/12/2012	**510,000**	**2,578,800**	**1,822,500**	**4,911,300**

A.10 OTC financial derivatives: di counterparty risk /financial risk – Internal models

The Bank do not calculate counterparty risk of EPE-type internal models for supervisory purposes, so this table has not been prepared; tables A.3-A.8 have been prepared instead.
Relating to the information required on notional value of derivative contracts divided for counterparty, please see Part B Information on the balance sheet, section 8 of the Assets and section 6 of the Liabilities.

B. Credit derivatives

The Bank does not have any credit derivatives at the date of the financial statements.

C. Financial and credit derivatives

C.1 OTC financial and credit derivatives: net fair value and future exposure by counterparty

	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial institutions	Other parties
1) Bilateral financial derivative agreements							
- positive fair value			43,644				
- negative fair value			(104,860)				
- future exposure			19,176				
- net counterparty risk			62,820				
2) Bilateral credit derivative agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							
3) Cross product agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							

Section 3 - Liquidity risk

Qualitative information

A. General aspects, management and measurement of liquidity risk

The Bank is exposed to liquidity risk, defined as the probability that it may, at any time, not have sufficient cash reserves to meet payments arising from its obligations, or not have sufficient liquidity to meet credit requests from new customers, even if it is able to obtain such amounts in the short/medium term.

The sources of liquidity risk are as follows: lack of availability in the short term of the sums necessary to pay the interest and/or repay the principal on funding and/or repay the principal on amounts deposited on deposit accounts and/or the inability to provide loans as a result of the lack of availability of the amounts required in the short term. As regards liquidity risk, it is worth remembering that the Bank's current operations have ample facilities thanks to the credit lines granted by its Spanish Parent Company.

The quantification of liquidity risk is made primarily by calculating the liquidity ratio (Minimum Liquidity Ratio – MLR). This ratio is a synthetic indicator of the liquidity situation and expresses the Bank's ability to meet its commitments at the contractual maturities.
Calculating this ratio involves an initial phase of determination of the time horizon, on which there are fixed limits, which can be either very short-term (1 month) or just short-term (12 months). Another alert is set for 3-month maturities. It can be summarised in the following equation:

Total Sensitive Assets < X months

Liquidity Limit ≥ ———————————————————

Total Sensitive Liabilities < X monthsTotal Sensitive Assets < X months
Total Sensitive Liabilities < X months

The dynamism of the operational context and current regulations require the Group to define and formalise a strategy (Contingency Liquidity Plan), which allows it to deal with a credit squeeze or a genuine liquidity crisis. The strategy has to take the following steps into account:

- construction of a maturity ladder to assess whether expected cash flows are in equilibrium, by juxtaposing assets and liabilities with maturities in each time band;
- recourse to the scenario technique, which assumes the occurrence of events that change certain items in the various bands that make up the maturity ladder. An analysis of the impact of these scenarios on liquidity is used to carry out transactions that offset the mismatches or initiate operational mechanisms designed to manage the critical situation, allowing a focused assessment.

The Finance and Risk Management Departments monitor liquidity risk on an ongoing basis. In particular, current and future liquidity balances and the sources and applications of funds are continuously monitored by the Bank's Finance Department. When reporting, specific ratios are formalised by the Finance Department and monitored by the Risk Management Department.
The ALCO Committee is delegated the task of monitoring risk on a tactical basis, by analysing the Bank's position on a short/medium-term time horizon, recommending appropriate corrective measures to manage/minimize liquidity risk.

Quantitative information

1. Distribution of financial assets and liabilities by residual maturity - Currency: Euro

Items/Time period	Demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Unspecified duration
Cash assets										
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Loans										
- Banks	3,096	17,700								11,453
- Customers	833,041	1,417	63,844	31,439	322,642	504,613	869,679	3,028,159	862,452	
Cash liabilities										
B.1 Deposits										
- Banks		89,355	361,718	2,979	473,010	938,490	669,627	2,410,618	39,000	
- Customers	203,935	3,944	736	6,590	35,241	32,464	12,461	81,711		
B.2 Debt securities										
B.3 Other liabilities				1,094	95,600	87,620	153,411	323,839		
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- long positions										
- short positions										
C.2 Financial derivatives without exchange of capital										
- long positions					1,551	6,923	15,610			
- short positions	970	102	461	1,656	7,522	13,836	27,590			
C.3 Deposits and loans to be received										
- long positions										
- short positions										
C.4 Irrevocable commitments to issue loans										
- long positions										
- short positions										
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

Related to self-securitisation, at the end of 2013, the Parent Company has six securitisations of performing consumer loans, for which it has subscribed all securities on their issue. One of these operations is carried out through a Programme, the structure of which includes subsequent transfers of loans from Santander Consumer Bank to Golden Bar, each financed by a new issue of securities (the receivables purchased on various occasions by the SPE constitute a single fund, without any segregation between the loans involved in the various transfers), as well as five new “stand-alone” operations featured by a single initial issue.

In the operation called Golden Bar Securitisation Programme IV 2009-1, launched with the purchase of an initial portfolio of performing consumer loans worth Euro 800,001,181, on 23 December 2009 the company issued the first series of notes for a total of Euro 800,000,000 divided into three classes with a decreasing order of priority which were fully subscribed by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan for an amount of Euro 20,000,000, which has been fully repaid as of the balance sheet date.
During the year, the SPE made further revolving acquisitions of performing loans for a total of Euro 297,187,720.
During 2013 the transaction was restructured to turn it into one with a fixed interest rate and six-monthly coupon payments. On 19 April 2013, Santander Consumer Bank granted the SPE a new subordinated loan of Euro 50,000,000, which at the date of the balance sheet is still outstanding for an amount of Euro 43,982,175.

The stand-alone operations, were carried out in accordance with Law 130/99 by means of an initial purchase financed by a single issue of notes.

As part of Operation Golden Bar Stand-Alone 2011-2 the company purchased a portfolio of performing loans for a total of Euro 950,000,104, which was completed on 12 October 2011 with the issuance of a single series of securities for a total of Euro 950,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan for an amount of Euro 23,750,000, which has been fully repaid as of the balance sheet date.
Repayment of Class A notes began on 20 March 2013: during the year, the SPE repaid securities amounting to Euro 316,168,021.

As part of Operation Golden Bar Stand-Alone 2012-1 the company purchased a portfolio of performing consumer loans (special purpose loans and personal loans) for a total of Euro 753,106,836, which was completed on 23 July 2012 with the issuance of a single series of securities for a total of Euro 753,100,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 33,750,000, so as to guarantee the cash reserve of Euro 18,750,000 and the liquidity reserve of Euro 15,000,000 required by contract. At the end of the year the subordinated loan has been fully repaid.
The SPE did not make any further revolving acquisitions of performing loans during the year.

As part of Operation Golden Bar Stand-Alone 2012-2 the company purchased a portfolio of performing loans related to loans through salary assignment for a total of Euro 1,209,317,467, which was completed on 31 October 2012 with the issuance of a single series of securities for a total of Euro 1,209,317,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 54,418,925, so as to guarantee the cash reserve of Euro 30,232,925 and the liquidity reserve of Euro 24,186,000 required by contract. The subordinated loan is still outstanding at the balance sheet date for Euro 15,667,813.
The SPE did not make any further revolving acquisitions of performing loans during the year.

As part of Operation Golden Bar Stand-Alone 2013-1 the company purchased a portfolio of performing loans for a total of Euro 425,143,451, which was completed on 23 July 2013. In October 2013 an additional transfer of loans for Euro 66,447,730 was made and a single series of notes was issued for Euro 491,590,000.

As part of Operation Golden Bar Stand Alone 2013-2 the Company purchased a portfolio of performing loans involving salary assignment loans for a total of Euro 254,826,452, which was completed on 25 July 2013. In November 2013 a single issue of notes was issued for Euro 254,820,000.

During the year, the programme and the operations were monitored by Moody's Investors Services and Standard & Poor's for the programme, by Moody's Investors Services and DBRS for the operation Golden Bar Stand Alone 2011-2, 2012-1 and 2012-2. No rating was assigned to the remaining stand-alone operations.

As the servicer, Santander Consumer Bank S.p.A. handles, among other things, management of payments from customers, the immediate credit of the funds received to the SPE and activation of debt collection procedures where necessary.
The following table summarises the figures (in thousands of Euro) that show the size of each portfolio, the total exposure of the Parent Company in terms of securities subscribed, the cash reserve and additional collateral. Note that the cash reserves of the Golden Bar Stand Alone 2011-2 operation include the cash paid by Banco Santander as a guarantee, namely Euro 20 million.

	Assets held by the SPE	Senior and Mezzanine Securities subscribed	Junior Securities subscribed	Cash Reserve	Assets held by the Group	Type of collateral	Distribution of collateral by geographical area	Average maturity of the collateral	Rating of the collateral
Golden Bar Programme IV	628,605	772,000	28,000	114,936	5,527,277	n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-2	659,452	310,832	323,000	92,325		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-1	499,156	370,816	169,400	74,030		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-2	908,419	786,110	181,398	62,881		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2013-1	435,936	-	491,590	17,860		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2013-2	236,767	-	254,820	6,770		n.a.	n.a.	n.a.	n.a.

In accordance with international accounting standards, specifically SIC 12 and IAS 27, it was decided to consolidate the portfolios securitised as there were not the requisites for derecognition of the receivables by the Parent Company, as the subscriber of the Junior Securities issued by the SPE.

During the year, the Junior Securities generated income of Euro 27,921 thousand (Euro 25,277 thousand in 2012) for the Programme, Euro 40,609 thousand (Euro 47,646 thousand in 2012) for the stand-alone operation 2011-2, for Euro 28,248 thousand for the stand-alone operation 2012-1 (Euro 45,954 thousand in 2012), for Euro 31,818 thousand for the stand-alone operation 2012-2 (Euro 15,396 thousand in 2012), for Euro 17,860 thousand for the stand-alone operation 2013-1 and for Euro 6,770 thousand for the stand-alone operation 2013-2.
To enhance the transparency of disclosures, the following is a breakdown of the various components that generated the excess spread accrued on the various operations, which was booked to the income statement in 2013 and 2012.
As shown in the following tables, the Company has two new securitisations compared with 2012, respectively Golden Bar Stand Alone 2013-1 and Golden Bar Stand Alone 2013-2.

2013

Breakdown of the excess spread accrued during the year	31/12/2013						
	Golden Bar Programme	**Golden Bar Programme IV**	**Golden Bar Stand Alone 2011-2**	**Golden Bar Stand Alone 2012-1**	**Golden Bar Stand Alone 2012-2**	**Golden Bar Stand Alone 2013-1**	**Golden Bar Stand Alone 2013-2**
Interest expense on securities issued	-	(10,249)	(8,484)	(6,497)	(13,962)	-	-
Commissions and fees on the operation	-	-	-	-	-	-	-
- for servicing	(8)	(2,129)	(4,091)	(1,543)	(2,816)	(274)	(142)
- for other services	(9)	(32)	(121)	(19)	(20)	-	-
Other charges	(16)	(18,924)	(21,947)	(18,057)	(1,188)	(21)	(6)
Interest generated by the securitised assets	26	55,473	73,292	53,362	49,787	17,661	6,911
Other revenues	32	3,782	1,960	1,002	17	494	7
Total interest income	**25**	**27,921**	**40,609**	**28,248**	**31,818**	**17,860**	**6,770**

2012

Breakdown of the excess spread accrued during the year	31/12/2012				
	Golden Bar Programme	**Golden Bar Programme IV**	**Golden Bar Stand Alone 2011-2**	**Golden Bar Stand Alone 2012-1**	**Golden Bar Stand Alone 2012-2**
Interest expense on securities issued	(962)	(11.278)	(14.359)	(3.940)	(2.655)
Commissions and fees on the operation	-	-	-	-	-
- for servicing	(416)	(4.010)	(4.857)	(833)	(533)
- for other services	(33)	(81)	(140)	(15)	(10)
Other charges	(1,423)	(21,835)	(21,871)	(569)	(331)
Interest generated by the securitised assets	3,348	58,545	86,245	50,416	18,920
Other revenues	1,405	3,936	2,628	895	5
Total interest income	**1,919**	**25,277**	**47,646**	**45,954**	**15,396**

2. Disclosure of on-balance sheet pledged assets

Technical forms	Committed		Not committed		31/12/2013	31/12/2012
	BV	**FV**	**BV**	**FV**		
1. Cash and cash equivalents		X		X	-	
2. Debt instruments						
3. Equity instruments						
4. Loans	4,372,988	X		X	**4,372,988**	**4,727,631**
5. Other financial assets		X		X		
6. Non financial assets		X		X		
Total 31/12/2013	**4,372,988**	**-**	**-**	**-**	**4,372,988**	**X**
Total 31/12/2012	**4,727,631**				**X**	**4,727,631**

Key:
FV = Fair Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

This table shows the receivables transferred to the SPE and not derecognised by the Bank as part of securitisations and self-securitisations

3. Disclosure of off-balance sheet pledged assets

Technical forms	Committed	Not committed	31/12/2013	31/12/2012
1. Financial assets	4,172,239	-	4,172,239	4,332,276
- Debt securities	4,172,239		4,172,239	4,332,276
- Others			-	
2. Non financial assets			-	
Total 31/12/2013	**4,172,239**	**-**	**4,172,239**	**X**
Total 31/12/2012	**4,332,276**		**X**	**4,332,276**

This table shows the securities issued by the SPE and held by the Bank. Of these, Euro 1,891,699 thousand are lodged with the ECB for financing operations. These involve four Class A asset backed securities issued by the SPE Golden Bar (Securitisation) S.r.l. Net of the discount applied, the guarantee amounts to Euro 1,588,344 thousand.

Section 4 - Operational risk

Qualitative information

A. General aspects, management and measurement of operational risk

Operational risk is the risk of incurring losses due to inadequate or dysfunctional procedures, human resources or internal systems, or to exogenous events. This last type includes losses deriving from fraud, human error, business interruption, non-availability of systems, contractual non-performance and natural catastrophes. Operational risk includes legal risk, but not strategic or reputation risks.
Operational risk is therefore closely linked to the Bank's operations. Exposure to this type of risk can come from various sources, particularly during the following phases of the business:

- Customer acceptance
- Completion of the contract
- Funding
- After-sale processes
- Back Office processes
- Back-end activities

Moreover, exposure to operational risk can also arise at the same time as potential errors connected to support processes, such as:
- Administrative processes
- Information Systems

In the area of operational risk, the exposure is measured according to the criteria laid down in the rules of internal governance. The main tools of supervision include: segregation of duties, identification of possible risk indicators (alert signals that can be quantified, totalised and compared with the Group benchmark), self-assessment questionnaires (local, based on the Parent Company's guidelines).

A database are also used to store the losses generated by inadequate processes and information systems, and by fraud, as well as reports of events that could be a source of operational risk and potential losses.

Legal risk includes various types of regulatory violations, illegal behaviour and non-compliant business methods that could result in financial losses for the intermediary. These include, for example, losses resulting from:

- violations of laws or regulations;
- fines and penalties resulting from measures taken by the Supervisory Authority;
- transactions carried out as part of non-traditional activities with non-residents, which the counterparty is banned from entering into by law or regulations;
- use of unacceptable business methods.

Also falling within the definition of legal risk are losses from retroactive changes in the regulatory framework, as well as those resulting from settlements.

The risk of litigation has been the subject of specific and careful analysis by the Bank. In the presence of legal obligations, for which it is probable that there will be an outflow of economic resources for their fulfilment, and for which it is possible to make a reliable estimate of the amount involved, the Bank decided to set up provisions for risks and charges, distinguishing between situations according to the most appropriate Basel II category (i.e. Provision for Legal Risks, categories IV/VII).

These two Basel categories of legal-type risk include the following:

- Category IV: practices connected with customers, products and activities such as breach of the fiduciary relationship, abuse of confidential information.
- Category VII: executive and procedural compliance such as incorrect data entry, incomplete legal documentation, breach of contract by non-customer counterparties, legal disputes with suppliers.

The provisions for legal risks in place at 31 December 2013 amount to Euro 4,305 thousand, with a provision for the year of Euro 627 thousand for category IV and Euro 1,421 thousand for category VII.

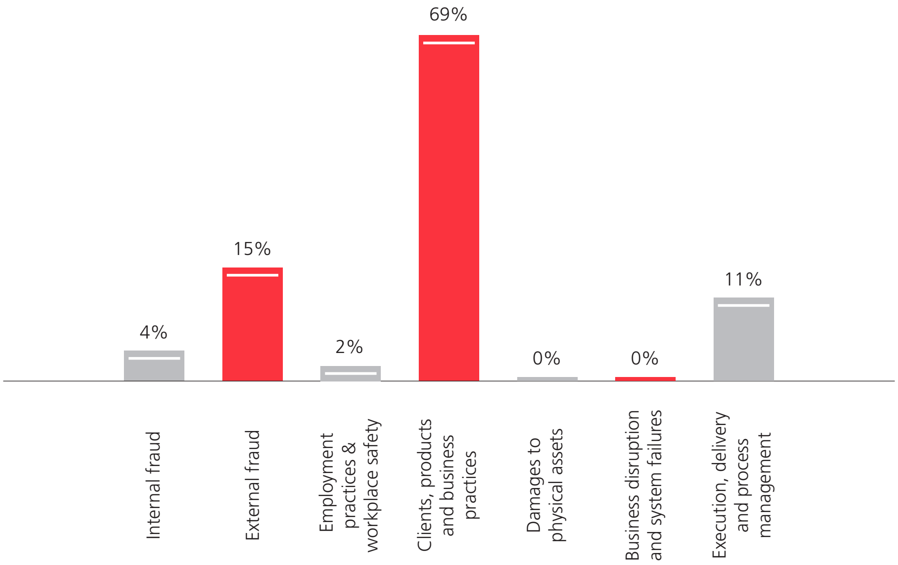
Quantitative information

The risk exposure of each unit is identified by the corporate risk matrix. The model used for the self-assessment questionnaires consists of three phases:

I. Measurement of inherent risk: risk associated with an activity/process regardless of the level of control. The level of risk is given by the combination of probability/frequency of realisation of the asset/process and the potential impact generated by the event. The size of the impact is assessed using different criteria depending on the type of risk being considered.
II. Verification of the presence of appropriate control tools: control systems must be evaluated according to effectiveness (0%-100%), suitability and possible future developments for the year.
III. Measurement of residual risk determined by the combination of inherent risk and evaluation of control systems and measured in terms of probability/frequency of realisation of the asset/process and the potential impact generated by the event.

The following table shows the results in terms of the weight of each category of risk (Basel II model) on total maximum potential losses:

Total Annual Residual Expected Loss by BIS II Risk Category (Local Currency) - 2013



The residual risk assessment showed that the category with the greatest potential impact is the fourth (customers, products and business practices), with particular attention to relationships with customers, agents or dealers for potential lawsuits or claims.

Part F – Information on shareholders' equity

Section 1 – Shareholders' equity

A. Qualitative information

Equity management concerns all strategies designed to identify and maintain shareholders' equity at the proper size, as well as an optimal combination of the various different methods of capitalisation, in order to ensure, from time to time for Santander Consumer Bank, full compliance with the regulatory requirements and consistency with the risk profiles assumed.

B. Quantitative information

B.1 Shareholders' equity: breakdown

The following table explains analytically the items in the shareholders' equity of the Bank.

Shareholders' equity items	31/12/2013	31/12/2012
1. Share capital	573,000	512,000
2. Share premium reserve	633	-
3. Reserves	626	11,370
- retained earnings		
a) legal reserve	-	-
b) statutory reserve		
c) reserve for treasury shares		
d) other	(40,743)	-
- other	41,369	11,370
4. Equity instruments		
5. (Treasury shares)		
6. Valuation reserves	(5,593)	(10,958)
- Financial assets available for sale		
- Property and equipment		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges	(5,176)	(10,400)
- Exchange differences		
- Non-current assets held for sale		
- Actuarial gains (losses) on defined-benefit pension plans	(417)	(558)
- Portion of the valuation reserves for investments		
- Special revaluation laws		
7. Net profit (loss) for the period	(42,873)	(40,743)
Total	**525,793**	**471,669**

B.2 Valuation reserves for financial assets for sale: breakdown

Not applicable.

B.3 Valuation reserves for financial assets available for sale: change in year

Not applicable.

B.4 Valuation reserves related to defined-benefit pension plans: change in the year

Not applicable.

Section 2 - Capital and capital adequacy ratios

2.1 Capital for supervisory purposes

A. Qualitative information

Santander Consumer Bank is subject to capital adequacy requirements set by the Basel Committee, as incorporated into the current regulations of the Bank of Italy. Under these rules, the ratio between capital and risk-weighted assets at a consolidated level must be at least 8%; compliance with this requirement is checked by the Supervisory Board every three months. Compliance with the capital requirements is verified from two different perspectives.
A forward-looking perspective, at the same time that the Three-Year Plans and Annual Budget are agreed, to identify the main impacts, which are typically the expected growth in loans and quantification of the different elements of risk (credit, market, operational). Based on quantitative information, a capitalisation plan is prepared in consultation with the Shareholder and on a monthly basis, any new capital requirements and the instruments to be used are identified (typically securitisation operations, increases in capital, subordinated "Tier II" deposits). A backward-looking perspective, to assess on a quarterly basis during the year any significant variances with respect to the capitalisation plan and, where appropriate, to identify suitable corrective measures to ensure compliance with the capital requirements. Even in the case of extraordinary operations, such as acquisitions or the start-up of new business initiatives, a capitalisation plan is prepared which then becomes an integral part of the overall business plan.

1. Tier 1 capital

Tier 1 capital includes paid-up capital, reserves and net profit for the period, net of intangible assets.

2. Tier 2 capital

The contracts for hybrid capital instruments are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:
- the right of the issuer to use the money coming from such liabilities continue the activity in the event of losses that result in a reduction of the paid-up capital below the minimum level of capital required for the authorisation to operate as a bank;
- the faculty not to pay past due interest if in the previous 12 months the Bank has not approved and/or distributed any dividend or, based on the interim report, it is not possible to distribute an interim dividend;
- in the event of liquidation of the Bank, repayment of the debt only after all the other creditors have been satisfied;
- the faculty to repay the hybrid instruments only after receiving authorisation from the Bank of Italy.

Similarly, the contracts relating to the subordinated liabilities are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:
- in the event of liquidation of the Bank, repayment of the debt only after all the other creditors not equally subordinated have been satisfied;
- early repayment, if foreseen, only at the initiative of the Bank and after receiving authorisation from the Bank of Italy.

Hybrid capital instruments	Issue date	Amount (Euro)	Interest rate	Duration
UPPER TIER II subordinated debt to Santander Benelux S.A.	22/04/2005	32,500,000	6 month Euribor + 1.3%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/06/2005	17,500,000	6 month Euribor + 1.3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	22/06/2006	32,500,000	6 month Euribor + 1.3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	30/06/2008	16,250,000	6 month Euribor + 2.8%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	31/10/2008	16,250,000	6 month Euribor + 2.8%	10 years
UPPER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	6 month Euribor + 4.0%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	6 month Euribor + 2.2%	10 years

Subordinated liabilities	Issue date	Amount (Euro)	Interest rate	Duration
LOWER TIER II subordinated debt to Santander Benelux S.A.	22/04/2005	13,000,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2005	7,000,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	22/06/2006	19,500,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	30/06/2008	16,250,000	6 month Euribor + 1.8%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	31/10/2008	16,250,000	6 month Euribor + 1.8%	10 years
LOWER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	6 month Euribor + 4.0%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	6 month Euribor + 2.2%	10 years

3. Tier 3 capital

The Bank does not hold any instruments that fall into Tier 3 capital.

B. Quantitative information

	31/12/2013	31/12/2012
A. Core capital (Tier 1 capital before the application of prudential filters)	**521,800**	**472,168**
B. Prudential filters of tier 1 capital:		(6,500)
B.1 Positive IFRS prudential filters (+)		
B.2 Negative IFRS prudential filters (-)		(6,500)
C. Tier 1 capital gross of items to be deducted (A+B)	**521,800**	**465,668**
D. Items to be deducted from Tier 1 capital		
E. Total Tier 1 capital (C-D)	**521,800**	**465,668**
F. Supplementary capital (Tier 2 capital before the application of prudential filters)	**164,000**	**252,000**
G. Prudential filters for Tier 2 capital:		(6,500)
G.1 Positive IFRS prudential filters (+)		
G.2 Negative IFRS prudential filters (-)		(6,500)
H. Tier 2 capital gross of items to be deducted (F+G)	**164,000**	**245,500**
I. Items to be deducted from tier 2 capital		
L. Total Tier 2 capital (H-J)	**164,000**	**245,500**
M. Items to be deducted from Tier 1 and Tier 2 capital		
N. Capital for supervisory purposes (E+L-M)	**685,800**	**711,168**
O. Tier 3 capital		
P. Capital for supervisory purposes including Tier 3 (N+O)	**685,800**	**711,168**

The table shows the amount of capital for supervisory purposes and its fundamental components which correspond to those indicated in supervisory reports.

2.2 Capital adequacy

A. Qualitative information

Please refer to paragraph A - qualitative information.

B. Quantitative information

Description/Amounts	Unweighted amounts		Weighted amounts/ Requirements	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standardized methodology	7,496,600	8,069,813	3,835,772	5,260,604
2. Methodology based on internal ratings				
2.1 Basic				
2.1 Advanced				
3. Securitisations		144,345		2,585
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			306,862	421,055
B.2 Market risk				
1. Standardized methodology				
2. Internal models				
3. Concentration risk				
B.3 Operational risk				
1. Basic method				
2. Standardized methodology			31,335	28,142
3. Advanced method				
B.4 Other precautionary requirements				
B.5 Other elements for the calculation 1)			(84,549)	(112,299)
B.6 Total precautionary requirements			253,648	336,898
C. RI**SK ASSETS AND CAPITAL RATIOS**				
C.1 Risk-weighted assets			3,170,595	4,211,223
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			16.46%	11.06%
C.3 Capital for supervisory purposes including Tier 3/Risk-weighted assets (Total capital ratio)			21.63%	16.89%

The table shows the amount of risk assets and capital requirements that is the same as shown in supervisory reports.

Part G – Business combinations

Section 1 - Transactions carried out during the year

During the year there were no business combinations, as regulated by IFRS 3, which resulted in the acquisition of control of business or legal entities.

Section 2 - Transactions subsequent to the year end

The Bank has not carried out any business combination after the balance sheet date.

Section 3 - Retrospective adjustments

The Bank has not carried out any business combination after the balance sheet date.

Part H – Related-party transactions

1. Information on the remuneration of directors, auditors and managers

The following table shows the amounts of compensation paid in 2013 to members of the management and control bodies and to managers with strategic responsibilities that fall within the definition of "related party".

	31/12/2013
Short-term benefits	2,898
Post-employment benefits	94
Other long-term benefits	-
Termination indemnities	-
Share-based payments	-
Total	**2,992**

2. Related party disclosures

All transactions with related parties were concluded at arm's-length conditions. Details are shown below (amounts in thousands of Euro):

	Receivables	Payables	Guarantees and/or commitments	Derivatives	Expenses	Income
Banco Santander	61,344	97,052	n.a.	7,079,701	149,655	187,515
Santander Consumer Finance	-	2,224,607	n.a.	250,000	49,447	1
Santander Consumer Finance Media	21,537	1,751	n.a.	n.a.	-	1,307
Santander Consumer Unifin	17,679	85,976	1,513,959	n.a.	494	1,395
Other Santander Group companies	4,161	462,579	n.a.	n.a.	19,411	19,798

In particular:

Versus the Spanish Parent Company Banco Santander:

- receivables relate to the valuation of derivatives and related accruals for a total of Euro 43,644, whereas the remainder relates to sums paid by way of a guarantee deposit corresponding to the negative fair value of derivative contracts entered into with the Spanish counterparty;
- The payables relate to the measurement of cash flow hedging derivatives (Euro 90,522 thousand), accruals on derivatives (Euro 6,460 thousand) and incentive plans still to be paid (Euro 70 thousand);
- The derivatives refer to the interest risk hedging transactions as mentioned in Part E, Section 2. The amount shown in the table is the sum of the notionals;
- The costs refers to differentials on hedging derivatives (Euro 149,438 thousand);
- The income refers to differentials on hedging derivatives.

Versus the direct Parent Company Santander Consumer Finance:
- the payables all refer to loans and related interest accruals received from the Parent Company as part of normal funding activities (Euro 2,224,462 thousand), as well as the measurement of the hedging derivative entered into with it during the year and the related accruals (Euro 145 thousand);
- The derivative refers to the notional amount of interest risk hedging transactions as mentioned in Part E, Section 2;
- the charges relate to interest expenses on loans received (Euro 47,794 thousand) and to negative differentials on the hedging result (Euro 1,654 thousand);
- the income refers to short-term financing transactions entered into by the Parent Company with Santander Consumer Bank;

Versus the direct subsidiary Santander Consumer Finance Media:

- the receivables mainly relate to medium-term loans and related accrued interest still to be paid (Euro 21,400 thousand).
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 1,751 thousand;
- the income refers to interest income on loans of Euro 704 thousand and commissions for the servicing contract for Euro 585 thousand.

Versus the direct subsidiary Santander Consumer Unifin:

- the receivables are for the subordinated loans and related accruals of Euro 13,067 thousand, as well as deferred income from commissions recognised in the special agreement signed by the two companies (Euro 4,073 thousand).
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 85,398 thousand;
- the charges relate to interest expense on the correspondent current account (Euro 173 thousand) and to commissions recognised in the special agreement signed by the two companies (Euro 321 thousand);
- income derives from the outsourcing of services (Euro 335 thousand) and interest income on the subordinated loans stipulated (1,060 thousand), as well as other residual items.

Relationships are also maintained with other companies of the Santander Group. The largest amounts due are determined by short-term financing transactions (Euro 209,394 thousand), subordinated and hybrid capital instruments (Euro 252,293 thousand), whereas the charges are primarily related to interest expense on borrowings. The income consists of fees for the brokerage of insurance products of other Group companies (Euro 19,741 thousand).

Other information

As required by Art. 2427, paragraph 16 bis) of the Civil Code, the following table shows the total amount of fees due to the independent auditors for the audit of the annual accounts, including audit activities during the year on the regularity of the bookkeeping, correct recognition of transactions in the accounting records and verification of the result included in the capital for supervisory purposes at 30 June. These amounts are shown net of expenses, calculated on a forfeit basis, the supervisory contribution and VAT.

Type of services	Supplier	Recipient	Description	Fees (euro)
Audit	Deloitte & Touche S.p.A.	Santander Consumer Bank	"Audit services (annual report interim report, accounting checks) "	141,000
Certification services	Deloitte & Touche S.p.A.	Santander Consumer Bank	Performance of agreed-upon procedures related to the servicing activity report on securitisations and pool audits; preparation of a comfort letter relating to a bond issue (EMTN)	83,000
	Deloitte, S.L.	Santander Consumer Bank	Preparation of comfort letter relating to a bond issue (EMTN)	60,000
Other services	Deloitte ERS Enterprise Risk Services S.r.l.	Santander Consumer Bank	Advice on the verification of possible impacts of the new regulation issued by the Bank of Italy	27,650
Total				**311,650**

Part I – Share-based payments

The Bank has not entered into any payment agreements based on its own equity instruments.

Part L – Segment reporting

Not applicable.

Balance sheet and income statement of Santander Consumer Finance, S.A.

On the basis of the provisions of Legislative Decree no. 6/2003 on the disclosures to be made with regard to direction and coordination activities to which Santander Consumer Bank S.p.A. is subject (art. 2497-bis, art. 2497 ter), a summary of the key data from the latest approved financial statements of Santander Consumer Finance S.A., which exercises direction and coordination, is given below.

SANTANDER CONSUMER FINANCE, S.A.
BALANCES AL 31 DE DICIEMBRE DE 2013 Y 2012

(Miles de Euros)

ACTIVO	2013	2012(*)
CAJA Y DEPÓSITOS EN BANCOS CENTRALES	35,519	9,050
CARTERA DE NEGOCIACIÓN:	3,866	20,349
Derivados de negociación	3,866	20,349
OTROS ACTIVOS FINANCIEROS A VALOR RAZONABLE CON CAMBIOS EN PÉRDIDAS Y GANANCIAS	-	-
ACTIVOS FINANCIEROS DISPONIBLES PARA LA VENTA:	-	-
INVERSIONES CREDITICIAS:	14,775,290	18,067,544
Depósitos en entidades de crédito	9,993,900	10,305,428
Crédito a la clientela	4,205,198	7,256,838
Valores representativos de deuda	576,192	505,278
Pro-memoria: Prestados o en garantia	1,350,000	1,350,000
CARTERA DE INVERSIÓN A VENCIMIENTO	-	-
AJUSTES A ACTIVOS FINANCIEROS POR MACRO-COBERTURAS	-	-
DERIVADOS DE COBERTURA	96,119	104,131
ACTIVOS NO CORRIENTES EN VENTA	10,510	9,984
PARTICIPACIONES:	8,190,198	4,247,343
Entidades asociadas	38,381	-
Entidades multigrupo	42,732	10,182
Entidades del Grupo	8,109,085	4,237,161
CONTRATOS DE SEGUROS VINCULADOS A PENSIONES	-	-
ACTIVO MATERIAL:	40	40
Inmovilizado material - De uso propio	40	40
ACTIVO INTANGIBLE	624	1,123
Otro activo intangible	624	1,123
ACTIVOS FISCALES:	323,201	361,759
Corrientes	614	4,026
Diferidos	322,587	357,733
RESTO DE ACTIVOS	2,559	1,991
TOTAL ACTIVO	**23,437,926**	**22,823,314**
RIESGOS CONTINGENTES	835,222	716,420
COMPROMISOS CONTINGENTES	12,152,486	9,933,939

SANTANDER CONSUMER FINANCE, S.A.
BALANCES AL 31 DE DICIEMBRE DE 2013 Y 2012

(Miles de Euros)

PASIVO Y PATRIMONIO NETO	2013	2012(*)
CARTERA DE NEGOCIACIÓN:	8,718	24,759
Derivados de negociación	8,718	24,759
OTROS PASIVOS FINANCIEROS A VALOR RAZONABLE CON CAMBIOS EN PÉRDIDAS Y GANANCIAS	-	-
PASIVOS FINANCIEROS A COSTE AMORTIZADO:	14,289,947	14,460,918
Depósitos de entidades de crédito	7,536,522	10,382,665
Depósitos de la clientela	405,272	325,967
Débitos representados por valores negociables	6,222,154	3,082,894
Pasivos subordinados	85,965	241,852
Otros pasivos financieros	40,034	427,540
AJUSTES A PASIVOS FINANCIEROS POR MACRO-COBERTURAS	-	-
DERIVADOS DE COBERTURA	32,768	50,025
PASIVOS ASOCIADOS CON ACTIVOS NO CORRIENTES EN VENTA	-	-
PROVISIONES:	52,605	63,855
Fondos para pensiones y obligaciones similares	32,241	35,210
Provisiones para impuestos y otras contingencias legales	1,600	1,404
Provisiones para riesgos y compromisos contingentes	1,769	1,568
Otras provisiones	16,995	25,673
PASIVOS FISCALES:	274,630	252,738
Corrientes	93,632	46,712
Diferidos	180,998	206,026
RESTO DE PASIVOS	17,832	21,218
TOTAL PASIVO	**14,676,500**	**14,873,513**
PATRIMONIO NETO		
FONDOS PROPIOS:	8,773,602	7,978,496
Cápital escriturado	4,963,639	4,663,639
Prima de emisión	1,139,990	1,139,990
Reservas	2,174,850	2,160,841
Resultado del ejercicio	495,123	114,030
Menos: Dividendos y retribuciones	-	(100,004)
AJUSTES POR VALORACIÓN:	(12,176)	(28,695)
Coberturas de los flujos de efectivo	(10,969)	(28,420)
Resto de ajustes por variatión	(1,207)	(275)
TOTAL PATRIMONIO NETO	**8,761,426**	**7,949,801**
TOTAL PASIVO Y PATRIMONIO NETO	**23,437,926**	**22,823,314**

* Se presentan, única y exclusivamente, a efectos comparativos.

SANTANDER CONSUMER FINANCE, S.A.
CUENTAS DE PÉRDIDAS Y GANANCIAS CORRESPONDIENTES A LOS EJERCICIOS ANUALES TERMINADOS EL 31 DE DICIEMBRE DE 2013 Y 2012

(Miles de Euros)

	Ingresos/(Gastos)	
	Ejercicio 2013	Ejercicio 2012(*)
INTERESES Y RENDIMIENTOS ASIMILADOS	475,258	578,833
INTERESES Y CARGAS ASIMILADAS	(154,250)	(277,590)
MARGEN DE INTERESES	**321,008**	**301,243**
RENDIMIENTO DE INSTRUMENTOS DE CAPITAL	311,427	267,279
COMISIONES PERCIBIDAS	36,496	41,387
COMISIONES PAGADAS	(51,282)	(52,839)
RESULTADOS DE OPERACIONES FINANCIERAS (neto):	65,412	(432)
Cartera de negociación	(6,616)	(2,717)
Instrumentos financieros a valor razonable con cambios en pérdidas y ganancias	72,121	2,149
Otros	(93)	136
DIFERENCIAS DE CAMBIO (neto)	(2,029)	193
OTROS PRODUCTOS DE EXPLOTACIÓN	945	1,725
OTRAS CARGAS DE EXPLOTACIÓN	(3,211)	(2,423)
MARGEN BRUTO	**678,766**	**556,133**
GASTOS DE ADMINISTRACIÓN	(36,818)	(35,630)
Gastos de personal	(289)	(1,943)
Otros gastos generales de administración	(36,529)	(33,687)
AMORTIZACIÓN:	(575)	(1,044)
DOTACIONES A PROVISIONES (neto)	7,622	(8,262)
PÉRDIDAS POR DETERIORO DE ACTIVO FINANCIEROS (neto):	780	(57,289)
Inversiones crediticias	780	(57,289)
RESULTADO DE LA ACTIVIDAD DE EXPLOTACIÓN	**649,775**	**453,908**
PÉRDIDAS POR DETERIORO DEL RESTO DE ACTIVOS (neto):	(34,168)	(399,857)
Otros activos	(34,168)	(399,857)
GANANCIAS (PÉRDIDAS) EN LA BAJA DE ACTIVOS NO CLASIFICADOS COMO NO CORRIENTES EN VENTA	(34,941)	-
DIFERENCIA NEGATIVA EN COMBINACIONES DE NEGOCIOS	-	-
GANANCIAS (PÉRDIDAS) DE ACTIVOS NO CORRIENTES EN VENTA NO CLASIFICADOS COMO OPERACIONES INTERRUMPIDAS	(9,113)	(13,175)
RESULTADO ANTES DE IMPUESTOS	**571,553**	**40,876**
IMPUESTO SOBRE BENEFICIOS	(76,430)	73,154
RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS	**495,123**	**114,030**
RESULTADO DE OPERACIONES INTERRUMPIDAS (Neto)	-	-
RESULTADO DEL EJERCICIO	**495,123**	**114,030**

* Se presentan, única y exclusivamente, a efectos comparativos.

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