Santander

CONSUMER BANK

Financial statements at 31 December 2012

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 2012" 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 structure:	Santander Consumer Finance S.A. (Santander Group) 100%

DIRECTORS AND OFFICERS

Board of directors

Chairman	Ettore Gotti Tedeschi
Deputy Chairman	Ines Serrano Gonzalez
Chief Executive Officer	Vito Volpe (from 18/12/2012) Pedro Cesar Pereira Alves Saraiva (until 17/12/2012)
Directors	Francisco Javier Anton San Pablo Carlo Callieri Ernesto Zulueta Benito David Turiel Lopez

Board of Statutory Auditors

Chairman	Walter Bruno
Acting Auditors	Maurizio Giorgi Stefano Caselli
Substitute Auditors	Luisa Girotto Marta Montalbano

General Manager	Vito Volpe (from 18/12/2012) Pedro Cesar Pereira Alves Saraiva (until 17/12/2012)
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 FcFactor 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.

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 by the Shareholders' Meeting of 24.04.2012 for the period 2012-2014, is made up as follows:

- Ettore Gotti Tedeschi (Chairman)
- Ines Serrano Gonzalez (Deputy Chairman)
- Vito Volpe (Chief Executive Officer)*
- Benito Ernesto Zulueta (Director)
- Francisco Javier Anton San Pablo (Director)
- Carlo Callieri (Independent Director)
- David Turiel Lopez (Director)

* *Co-opted by the Board of Directors on 18.12.2012 under art. 2386 of the Civil Code to replace Pedro Cesar Pereira Alves Saraiva, who resigned.*

Vito Volpe also holds the position of General Manager.

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. The Independent Director ensures 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.. 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 2012, the Board met thirteen times with a participation rate of 91%.

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 board meeting held on 18.12.2012 appointed Vito Volpe as Chief Executive Officer and General Manager of the Bank to replace Pedro Cesar Pereira Alves Saraiva, who resigned, previously reappointed as Chief Executive Officer and General Manager of the Bank by resolution of 24.04.2012.

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 subsidiary Santander Consumer Finance Media S.r.l..

As of 31 December 2012, 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 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);
(ii) share-based compensation plans (such as stock options).

THE BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors, which was appointed by the Shareholders' Meeting of 24.04.2012 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.

As part of the review of the Bank's system of corporate governance currently underway, on 30.11.2012 the Board of Directors approved the adoption of a new model that from 2013 provides for a reduction in the number of Internal Standing Committees by merging some of their functions with those of the Management

Committee, the Senior Risk Committee and the Risk Management Committee, as specified below.

THE MANAGEMENT COMMITTEE

This Committee is mainly entrusted with control functions to ensure proper execution of the decisions taken by the Administrative Bodies, 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 Bodies. Its purpose is also to provide mutual, constant and complete information among the various business units to ensure greater integration and coordination on the part of the Santander Consumer Bank Group. In addition, the Committee assists the Chief Executive Officer in formulating the Company's strategy and development plan and in decisions that may affect the Company's balance sheet and income statement.

From 2013, the Management Committee will absorb the functions of the Human Resources Committee and the Pricing Committee.

The Committee consists of the Chief Executive Officer, 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.

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, and four members (the Head of Technology and Operations, the Head of Sales and Marketing, the Head of Institutional Relations, Legal and Compliance and the Head of Internal Auditing).

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 to analyse in advance the procedures and policies to be submitted for approval by the Board of Directors;
- to supervise all aspects of AML, in order to take appropriate preventive measures;
- to decide which suspicious transactions have to be reported to the Authorities;
- to determine which sensitive transactions need to be analysed and reviewed.

The Committee meets regularly, at least four times a year and/or at the request of its members.

SENIOR RISK COMMITTEE

This is a consulting and advisory body required to integrate and adopt 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.

Starting in 2013, the Senior Risk Committee will absorb the functions of the Risk Control Committee.

It consists of the Chief Executive Officer/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 Committee normally meets on a monthly basis and/or at the request of its members.

RISK MANAGEMENT COMMITTEE

This is a consulting and advisory body which has all the powers for day-to-day management of risk.

From 2013, the Management Committee will absorb the functions of the Risk Management Committee and the Non-Standardized Risk Management Committee.

It consists of 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 normally meets on a weekly basis and/or at the request of its members.

RISK CONTROL COMMITTEE

This is a consulting and advisory body which is responsible for monitoring the creditworthiness of customers and portfolios, based on the available corporate reports and tools.

From 2013 its functions will be absorbed by the Senior Risk Committee.

It consists of the Head of Risk, 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, the Head of Administration and Control and the Head of Planning and Control.

The Committee normally meets on a monthly basis and/or at the request of its members.

STANDARDIZED RISK MANAGEMENT COMMITTEE

This is a consulting and advisory body whose function is to formulate opinions and recommendations on standardized risk manuals and procedures, sending any proposals the Senior Risk Committee for approval.

From 2013 its functions will be absorbed by the Risk Management Committee.

It consists of 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 Sales and Marketing Department and a representative of the Collection Unit.

The Committee normally meets on a monthly basis and/or at the request of its members.

NON-STANDARDIZED RISK MANAGEMENT COMMITTEE

This is a consulting and advisory body whose function is to formulate opinions and recommendations on non-standardized risk manuals and procedures. From 2013 its functions will be absorbed by the Risk Management Committee.

It consists of the Head of Risk, the Head of Non-Standardized Risk Management, the Non-Standardized Risk Monitoring Analyst and the Senior Non-Standardized Risk Analyst.

The Committee normally meets on a monthly basis.

THE SECURITY AND EMERGENCY MANAGEMENT COMMITTEE

The Committee checks that the policies issued by the Spanish Parent Company have been adopted by Santander Consumer Bank, 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 IT Planning Coordinator, and the Heads of Isban and Produban, the Santander Group companies that manage the Group's IT structure.

The Committee meets regularly, at least four times a year and/or at the request of its members.

THE FINANCIAL RISK MANAGEMENT COMMITTEE (ALCO)

This is an advisory body whose objective is to support General Management in the administration of financial assets. It supports Management in defining the limits of financial risk that can be assumed (operating autonomy, financial instruments, markets and counterparties, etc.). It defines and provides for the maintenance of adequate systems and models for the measurement of risk (including financial reports). It defines what steps should be taken to ensure the right balance between risk and return.

It consists of the Chief Executive Officer, the Head of Finance, the Head of Administration and Control, the Head of Planning and Control, the Head of the Treasury and the Head of Finance of Santander Consumer S.A.

It normally meets on a monthly basis and/or at the request of its members.

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 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, the Head of Institutional Relations, Legal and Compliance and 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 and/or at the request of its members.

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 Committee consists of the Chief Executive Officer and General Manager and five members (Head of Sales and Marketing, Head of Legal and Institutional Relations, Head of Car and Special-Purpose Loans, Head of Legal Affairs and Head of After-Sales Service).

It prepares a periodic summary of the results that is submitted to the Board of Directors and sent to the competent structures of Santander Consumer Finance S.A..

It normally meets on a monthly basis and/or at the request of its members.

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, 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, the Head of Legal Affairs and the Head of Accounting Compliance.

It normally meets on a monthly basis and/or at the request of its members.
From 2013 it will meet on a quarterly basis.

HUMAN RESOURCES COMMITTEE

This is a Committee with monitoring and planning functions: it assesses the Bank's needs in terms of human resources and plans the appropriate size, lays down guidelines for relations with the Trade Unions, approves the roles and responsibilities of the functions that make up the organisational structure of the Bank.

From 2013 its responsibilities will be absorbed by the Management Committee.

The committee consists of the Chief Executive Officer/General Manager, the Head of Human Resources and three Heads of Department and/or Function in rotation.

It normally meets on a quarterly basis and/or at the request of its members.

PIF AND COST MONITORING COMMITTEE

The Committee has the task of monitoring overheads to keep them in line with budget.

The Committee consists of the Chief Executive Officer/General Manager, Head of Technology and Operations, the Head of Risk, the Head of Administration and Control and the Cost Controller. 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 and/or at the request of its members.

PRICING COMMITTEE

The Committee's role is to monitor the prices of products and/or services offered to customers; it is also responsible for analysing and managing interest rates and fees/commissions, as well as the performance of after-sales services in order to establish the most suitable pricing policies. From 2013 its responsibilities will be absorbed by the Management Committee.

The committee consists of the Chief Executive Officer/General Manager, the Head of Risk, the Head of Sales and Marketing, the Head of Technology and Operations and the Head of Administration and Control.

The Committee meets on a monthly basis and/or at the request of its members.

COLLECTION COMMITTEE - CBU

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, making improvements where necessary.

The committee consists of the Chief Executive Officer/General Manager, the Head of Collection, the Head of Risk, the Head of Sales and Marketing and the Head of Technology and Operations.

The Committee meets on a monthly basis and/or at the request of its members.

OPERATIONAL RISK COMMITTEE

This is a consulting and advisory body which is responsible for monitoring operational risk.

It defines and approves policies and the model of operational risk management, evaluates the measures that may be considered relevant to strengthen operational risk preventive measures, monitors management tools, improvement initiatives, the development of projects and any other activity relating to operational 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, who becomes the Chairman, the Head of Technology and Operations, the Head of Risk, the Head of Collection, the Head of Sales and Marketing, the Head of Institutional Relations, Legal and Compliance, the Head of Operating Controls and the Head of Internal Auditing.

The Committee meets on a monthly basis and/or at the request of its members.

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 consists of the Head of the Legal Department, who acts as Chairman, an external member, previously a member of the Board of Statutory Auditors, the Head of Internal Auditing and the Head of Human Resources.

It meets at least every six months.

CONSOLIDATED FINANCIAL STATEMENTS OF THE SANTANDER CONSUMER BANK GROUP

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OWNERSHIP STRUCTURE

SANTANDER CONSUMER BANK S.p.A.

65%

SANTANDER CONSUMER FINANCE MEDIA S.r.l.

The macro-economic scenario and the banking system

The macro-economic scenario

The world economic growth[1] in 2012 remained weak. In the first quarter of 2012, global economic activity grew at a slowish pace, held back by stagnation in Europe and the slowdown in the U.S.A. and emerging economies. In the second quarter, global economic activity and international trade began to decelerate, a trend that continued in the second half of 2012.
Economic activity in the Eurozone[2] remained weak throughout the year, though trends differed from country to country: in the first quarter of the year, there was a slight increase in gross domestic product (GDP) in Germany (+0.5%), whereas it was more or less flat in France and contracting in Spain (-0.3%) and Italy (-0.8%); in the second quarter of the year, there was an overall decline, mainly due to the weakness of domestic demand. An important factor that helped reduce tensions in the economic and financial scenario, lowering the pressure above all on sovereign debt, was the declaration by the European Central Bank (ECB) that it would do everything that was required to defend the euro by means of so-called "Outright Monetary Transactions" (OMT) and new bank surveillance mechanisms.
The prospects for world growth[3] remain uncertain, even if certain emerging economies showed signs of improvement in the latter part of 2012. Key factors include how the Eurozone crisis will evolve and how the budgetary imbalances in the U.S.A. are handled. Most analysts are convinced that the recovery will remain weak in 2013, with considerable differences between regions and countries, and no improvement expected before 2014.

Italy's GDP[4] in 2012 showed an overall decline of 2.2% on the previous year. In fourth quarter 2012 it fell by 0.9% q/q and by 2.7% compared with fourth quarter 2011. The economic downturn is the result of a general contraction involving all sectors of the economy: agriculture, industry and services. This is the sixth consecutive quarter of recession for the Italian economy, which continues to turn in worse performances than the European average.
Average inflation[5] in 2012 came to 3.0%, an increase of two-tenths of a percentage point from 2.8% in 2011. In a situation characterised by a rapid weakening of domestic demand by end-consumers of goods and services, the trend in consumer prices was affected primarily by pressure on the prices of imported raw materials, especially for energy, which only eased towards the end of the year.
Unemployment[6] hit 11.2%, an increase of 0.1 of a percentage point compared with November and 1.8 points over the last twelve months. In December, there were 2,875,000 people unemployed. Year on year, unemployment has gone up by 19.7% (+474,000 people), an increase that has involved both men and women.

Industry trends

There was yet another slowdown in the consumer credit market in 2012. The negative trend that began in 2009 got stronger during 2010 and 2011, and continued in 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 2011, 2.2% down on the same period of 2010, 2012 also marks a setback in new loans, which came to just over Euro 48 billion, 11.7% down on the same period of 2011. Signs of weakness are a feature not only of the Italian market, but also of all other major European countries: according to Eurofinas, the European market closed the first half of 2012 at -6.3% on the same period of 2011.

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 and falling compared with 2011 (from 91.6 in December 2011 to 85.7 in December 2012), the use of savings or alternative sources of funding is rising and consumption is

[1] Bank of Italy, Economic Bulletins
[2] Bank of Italy, Economic Bulletins
[3] Bank of Italy, Economic Bulletins
[4] ISTAT, Preliminary Estimate of GDP - Fourth Quarter 2012
[5] ISTAT, Consumer Prices - December 2012 (final data)
[6] ISTAT, Employed and Unemployed - December 2012 (provisional data)

down on the same period last year.

With the exception of the revolving credit card market, which is in substantial equilibrium (disbursements +0.7%), all consumer credit segments showed a negative trend during 2012.

In particular, loans for the purchase of cars and motorcycles are showing an 18% fall in disbursements compared with last year; the market for new vehicle registrations is also well down on last year (-20%).

Unlike the previous year, 2012 marked a decrease in proportion of direct loans in favour of special-purpose loans; in this context, personal loans have seen disbursements fall by 15.4% compared with 2011, whereas special-purpose loans for other assets posted a more modest decline of 2.5%.

The salary assignment market also saw a further decline (-20.7%) compared with last year, confirming the negative trend that began in 2010.

Value of transactions financed in 2012			
Type of loan	Value of transactions financed (in millions of €)		
	Jan-Dec 2012	Distribution	Change
- Direct loans	17,131	35.6%	-15.4%
- Cars and motorcycles	8,874	18.5%	-18.0%
- Business vehicles	1,060	2.2%	-23.7%
- Other assets	3,878	8.1%	-2.5%
- Credit cards	13,064	27.2%	0.7%
- Salary assignment	4,067	8.5%	-20.7%
Total Consumer Credit	**48,075**	**100.0%**	**-11.7%**

Source: Osservatorio Assofin 31 December 2012

Strategic guidelines

Continuing the same strategic approach as the previous year, in 2012 the Parent Company gave priority to quality over quantity. Our policy was to consolidate the economic results of individual products, also by adjusting the offer and distribution channels with a view to improving the quality of the portfolio under management at a time when the market was in a state of rapid deterioration, but this inevitably conditioned the commercial results that we achieved in 2012, with a 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.

During the course of 2012, we carried out a further rationalisation of our distribution channels, which led to the closure of several agencies that used to work with the Parent Company in both consumer credit and personal loans.

The admission criteria for personal loans were revised at the moment of disbursement to reduce the occurrence of risk situations.
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 Parent Company, 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.

In 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 Parent Company 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 Parent Company, distinguished itself in 2012 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 2013 the Parent Company'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;
- 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 briefly 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, through a constant and proficuous relationship that aims to integrate and develop the best operating techniques that emerge from the various working groups within the Santander Group.

The Commercial Network

2012 also marked a fairly significant contraction in volumes in the business of consumer credit compared with previous years. 2012 closed with negative volumes of 11.7% compared to 2011, whereas the number of transactions managed a slightly positive result (+3.0%). The Parent Company has contracted both in terms of volumes (-29.2%) and in terms of transactions (-17.4%), due to the decline in special-purpose loans and in personal loans.

Direct products ended the year with a significant reduction on the performances achieved the previous year (-30.2%). According to figures published by Assofin, the market for personal loans posted a decrease of 15.4%.

In the automotive segment, the Parent Company reported a more negative trend than that of the market with a decline of 26.3%, compared with -18.7% by the market, which reduced its market share from 7.7% to 7.25%. This result was affected by a policy applied throughout 2012 of maintaining the same prices at a time of falling interest rates.

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 compared with 2011, in terms of both volumes financed (-14.5%) and the number of transactions (-11.8%). The credit card market is in line with the previous year, with a change in volume of 0.7%.

In the area of special-purpose loans, the Parent Company closed 2012 with a 28.6% shortfall compared with 2011, in a market that, according to Assofin, closed with a 2.5% decline in disbursements compared with 2011.

During 2012, the salary assignment business carried on through Unifin Spa slowed down after the positive trend of recent years. In particular, the Parent Company reported a contraction on the previous year (-35.9%), versus a smaller reduction in the overall market (-20.7%).

Marketing

In 2012, we strengthened the process of optimising and reviewing the rationales and tools used in direct communication, which was begun in 2011 together with the Customer Relationship Management (CRM) Unit. The constant monitoring of the results in terms of volumes generated by direct marketing, mainly devoted to offering personal loans to customers of the Parent Company, was accompanied by a process of minimisation of the cost per customer contact by achieving economies of scale in the procurement of the printed materials used in mailings.
As regards the online channel, promotional campaigns offering personal loans continued on the main search engines; activities aimed at promoting the Santander Consumer Bank brand also continued.

The excellent results achieved in the placement of insurance services together with loans have continued this year, especially Personal Loans, whereas there has been a slight decrease in penetration in the Car & Motorcycles channel.
Generally speaking, in the traditional "point of sale" channel there has been a decrease in the results of Creditor Protection Insurance (CPI), whereas there has been an increase in the distribution (in terms of penetration) of various types of insurance policy, such as Fire & Theft, All In One (updated and divided into three versions: Home, Family and Health) and Stop & Go roadside assistance.
The trend in the "alternative" channels has been very positive, rising as a proportion of overall insurance sales from 7% in 2011 to 14% in 2012: the campaign for "stand-alone" products (i.e. not linked to a loan) through the telemarketing channel ended the year well over budget, as did the recall channel (which widens the range of CPI and GAP products on offer, adding the new Billing Protection, via telemarketing, for customers with Personal Loans).

Despite these good performances, the result in terms of profitability was 12.4% under budget, mainly due to the decrease in volumes issued, especially in the last four months of the year through the Personal Loans channel.

Credit Cards

The Parent Company offers revolving credit cards or charge cards for the principal international circuits.
In 2012, up to the last four months, the product was offered through two channels: branch offices of the Parent Company and leading insurance companies with which the Parent Company has, over the years, set up specific commercial agreements for the distribution of co-branded credit cards.

Following the introduction of Legislative Decree 169 of 19 September 2012, which restricted the distribution of financial products to agents registered on the new list of Financial Agents, during the last four months of 2012 we terminated these agreements, in consultation with the insurance companies, thereby limiting distribution to the branch offices of the Parent Company.

Significant steps were also taken in 2012 to rationalise the existing portfolio, which will involve a drastic reduction in the number of credit cards in use, and to streamline operating processes, all as part of an ongoing strategy to optimise costs and to keep profitability and risks under control.

Personal Loans

The general downward trend in volumes already seen in 2011 was again confirmed in 2012, during which the personal loans granted by the Parent Company fell by 30% compared with the volumes financed in 2011.

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 boost 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, interventions took place on the distribution channels during the year to improve both qualitative and quantitative aspects.

Banking Products

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 types, depending on whether there is or is not a time constraint in order to earn the contractual interest rate.
Santander Consumer Bank decided back in 2005 to offer a single type of deposit account without any restriction; subsequently, in 2007 it added a time deposit account to the catalogue.

The commercial strategy in 2012 was again to consolidate existing customers.
The desire to improve customer loyalty was achieved 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 raised deposit accounts to the top of the product list at the end of 2012, especially for long-term time deposits.

The following table summarises the quantitative aspects more closely:

- "Time Deposit" funding at 31/12/2012 amounted to € 53 million, +25% on 2011;
- "Conto Santander" funding at 31/12/2012 amounted to € 105 million, -54% on 2011;
- "Conto Faro" funding at 31/12/2012 amounted to € 20 million, +6% on 2011.

Loan Approval

2012 saw this Unit boosted in its "historical" role of coordination and assistance to dealers and agents as part of the new admission process, as well as the consolidation of activities and resources coming from other departments to fulfil its disclosure obligations to public authorities and to manage the process of analysing doubtful loans.

The Unit's main activity continues to be 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 2012 were:

- centralisation of approval of personal loans granted by the branches to comply with the corporate policy of segregation of duties;
- the start of the new contract admission process which has further increased the percentage of automatic decision-making in parallel with more focused controls for the management of operational risk.

As mentioned previously, as part of the process of reorganisation and strengthening of the controls over doubtful loans, during 2012 the Investigations and Relations with the Authorities Office was delegated the management, through a dedicated team, of customer analysis for reporting any doubtful loans to the Bank of Italy's Central Risk File.
This activity was also boosted by introducing IT tools that speed up the collection of the information needed by the operators for the correct evaluation of the various credit positions.

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 two years or more are:

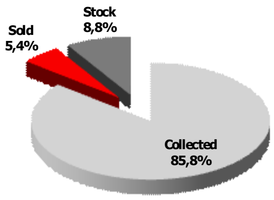
- periodic sales of the non-performing portfolio to third parties;
- monitoring the impairment and provisioning policy of the non-performing portfolio;
- raising of severity of lending criteria in order to have a positive effect on the performance of new loans.

On this last point, the Parent Company has undertaken various initiatives to make the disbursement of new loans more selective, including in particular the work carried out in the field of captive agreements.
For these is envisaged a process of analysis and acceptance of the dealers for "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).

Debt Collection

During 2012 there was a further slowdown in the Italian economy, followed by a deterioration in the labour market, with unemployment reaching its highest level for many years. This situation has had a particularly negative impact on financial markets, creating difficulties in managing debt collection activities; Italian households are finding it more and more difficult to meet their commitments.
According to the Group's model, the responsibility for collection activities lies with the Collection Business Unit (CBU), which handles all debt recovery activities, both in and out of court. 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 achieved thanks to the introduction of valid strategies, the launch of specific campaigns and the use of appropriate tools.
In 2012, the managed collection portfolio consisted of 785,799 contracts, for a total of € 5.4 million, 1.4% more than the previous year in terms of the number of contracts and 14.2% more 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 evaluate specific campaigns for targeted groups of contracts selected on the basis of detailed analysis of the collection portfolio, aimed at defining any specific 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 have the purpose of providing timely information on 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 85.8% of the volumes handled in 2012, with a residual stock still being handled at 31 December 2012 of 8.8%.
During the year, the value of contracts with negative recovery as a percentage of the total value of contracts in the Parent Company's overall portfolio came to 5.5%.



The amount of receivables sold to third parties during the year corresponds to 5.4% of risk assets under management.

Customer Service

During the year 2012, the Customer Service Unit continued developing the activities that it commenced in 2011, again with a view to operational and structural optimisation and cost containment.
The unit consists of two separate offices: staff and complaints.
The main activities of the staff office were:

- monitoring key performance indicators (KPI) of telephone and back office performances (authorising the related invoices) and other outsourced activities, carrying out constant checks on the quality of the work done;
- coordination of the outsourcer and of the various providers, according to the related commercial agreements;
- increased efficiency and process reviews;
- support in the launch of new commercial projects in collaboration with specialised companies, periodic checks on dealers, new Deposit projects and Mazda campaigns, new credit card activation procedure
- projects for customer retention and acquisition of new contacts (personal loans campaigns);
- development of technological solutions for operational tools and contact methods (answering machine, fax server, text messages and web tools);
- coordination of AUI activities, related to the analysis and resolution of anti-money laundering observations.

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

MANAGED 2012	
Inbound calls with operator	**391,254**
Outbound calls	**31,081**
Back office	**303,909**
Customer managed in office	**1,955**
TOTAL	**728,199**

Text messages 2012	
inbound	outbound
43,249	**179,516**

Incoming calls that are transferred to an operator are around 30% of the total number of calls received, which reflects the high level of automation achieved.

The volumes of back office work and telephone calls are on the rise compared with 2011, mainly because of the new assets under management by the Parent Company for salary assignment loans.

The main activities carried out during the year by the Complaints Office were as follows:

- it performed the function of complaints collector for the Group, in terms of managing the complaint made by the customer, evaluating all aspects and proposing the most suitable solution to the dispute, considering the possible economic and reputational implications and any guidance provided by past decisions of the Banking and Financial Arbitrator. It handled the initial complaints analysis (about 70 in 2012), as well as the correspondence with the technical secretariats of the Banking and Financial Arbitrator.
- it managed activities related to the verification and eventual resolution of the customer positions reported in databases;
- it handles and prepares Irregularity Notes, initiating the process of receiving customers' complaints up to issuance of these Notes, with all the intermediate stages.

The operating figures are as follows:

<table>
<tr><th>2012</th><th>Managed</th><th>Effective</th></tr>
<tr><td>Complaints</td><td rowspan="2">37,501</td><td>1,869</td></tr>
<tr><td>Irregularities</td><td>1,780</td></tr>
<tr><td>SIC</td><td>1,364</td><td>922</td></tr>
<tr><td>TOTAL</td><td>38,865</td><td>4,571</td></tr>
</table>

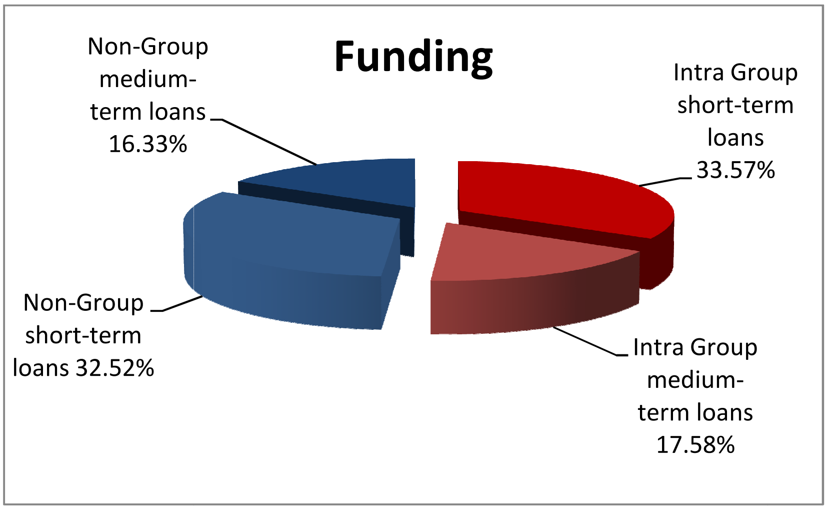
Financial Management

In 2012, the European Central Bank continued its monetary policy designed to limit, as far as possible, the effects of the financial crisis by maintaining high levels of liquidity, with a reference rate of interest that was reduced in July to 0.75%.
At year end, the total amount of debt reached 6,264 million euro (-10% compared with 2011), net of the liquidity generated by the securitisations, which was invested.

Following the directives of the Spanish Parent Company, during the year the Group has increased its recourse to external sources of financing, including transactions with the European Central Bank, in order to increase its degree of financial independence from the Parent Company.

The ratio between external sources of financing and total debt at 31 December 2012 came to 49%, an increase of 14% over the previous year.

The following chart shows the breakdown of short- and medium-term debt by duration and counterparty:



Intercompany short-term liabilities mainly include liabilities to the Parent Company Santander Consumer Finance SA and commercial paper issued by other Group companies.

Intercompany long-term liabilities include medium-term loans again with the Parent Company (€ 400 million repaid during the year with a balance of € 845 million at 31 December 2012) and subordinated loans with Group companies. Subordinated loans decreased by € 16.5 million to reach € 268 million at the year end. These loans have the features that enable them to be included in the calculation of the Bank's capital for supervisory purposes.

Short-term liabilities with third parties include customers' demand deposits and amounts due to the European Central Bank. The Bank 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 2012, the total amount deriving from taking part in ECB auctions amounted to € 1,875 million. Of this, the portion relating to LTRO auctions (with a three-year maturity) amounted to € 1,225 million.

The proportion of customer deposit accounts to total funding came to 3.45% at the end of the year.

Lastly, long-term liabilities outside of the Group include securities deriving from the securitisations purchased directly by external investors, time deposits and other forms of funding from third parties.

The main features of the securitisations during the year were as follows:
repayment of the securities of the first securitisation programme (2004) continued during the year and the only ones that remained at 31 December 2012 were the Junior Series 3 (issued in February 2006) and Series 4 (issued in January 2007).
Overall, the amount of principal repaid during the year came to € 187,808 thousand (of which € 11,170 thousand for the Series 2, € 46,855 thousand for the Series 3 and € 129,781 thousand for the Series 4).
Repayment of the class A securities of the Golden Bear 2011-1 securitisation began in 2012. The total amount of the reimbursement was € 63,301 thousand.

Two new securitisations were concluded during the year (in July and October respectively). The details are as follows:

Name	Class	CCY	Nominal Amount	Issue Rating		Issue Date	Maturity Date
				Moody's	DBRS		
Golden Bar 2012-1	A	Eur	527,200,000.00	A2	A	23/07/2012	22/07/2024
Golden Bar 2012-1	B	Eur	56,500,000.00	Baa3	BBB	23/07/2012	22/07/2024
Golden Bar 2012-1	C	Eur	169,400,000.00	unrated	unrated	23/07/2012	22/07/2024
Golden Bar 2012-2 CQS	A	Eur	955,360,000.00	A3	A	31/10/2012	21/10/2030
Golden Bar 2012-2 CQS	B	Eur	72,559,000.00	Ba1	BB	31/10/2012	21/10/2030
Golden Bar 2012-2 CQS	C	Eur	181,398,000.00	unrated	unrated	31/10/2012	21/10/2030

Both were issued with 6-monthly coupons at a fixed rate of 1.5%.

The underlying assets of the 2012-1 securitisation were personal and specific-purpose loans, whereas for the 2012-2 securitisation they were salary-assignment receivables. The full amount of both securitisations was subscribed by Santander Consumer Bank.

Planning and Business Management

The formulation of plans and budget forecasts for the business units, together with classification of the Group risk areas, continue to be the cornerstones of corporate management. Risk map, dedicated functional areas, segregation of roles and updating of risk policies/framework, are the main characteristics of internal governance. In particular, the advance definition of objectives and the monitoring of results and the causes of variances, with suggestions for corrective action, form part of the Bank's long-standing internal practices.

Targets and actual figures are detailed with various levels of analysis/size: product/channel, total/specific portfolio (e.g. monthly disbursement); more detailed analyses allow a thorough understanding of the business models and the identification of the key levers to optimise profitability.
Benchmarking and the identification of best practices at the level of the Spanish Parent Company integrate periodic analyses.

The Spanish Parent Company indicates policies and objectives, communicating them to the Board of Directors: during this stage, the functional areas and the risk-taking units are given powers and activities consistent with the pursuit of their risk/return profile. These policies are also applied in line with the standards issued by the Basel Committee.

Procedures, tools, metrics and developmental control of management are also shared regularly with the shareholder (including consolidated report).

IT - Systems

Management of the Bank's applications and IT infrastructure is guaranteed by the Italian secondary branch of Ingenieria de Software Bancario ("Isban"), a company belonging to the Santander Consumer Bank Group.

As part of its activities, Isban has operated in accordance with the strategic plans communicated by the Bank and with the aim of ensuring that all areas of the business obtain proper maintenance of their IT systems, as well as the implementation of applications that allows it to offer products and services that are up to corporate standards.

Important projects during the year for the credit and loans area were the development and consolidation of automated procedures for the management of credit assessment according to the new corporate risk policy (known as "New Admission Flow"), the process of automated evaluation of new dealer agreements, as well as the complete overhaul of the front-end applications and contract forms in accordance with the regulatory guidance received.

In the second half of the year, we developed the securitisation procedure for salary assignment, the procedure for the transfer of "non-performing" receivables to third parties and the procedure for the re-engineering and automation of the corporate reporting system.

Throughout 2012, the Group continued the work commenced in 2011 for the verification and improvement of the technological infrastructure used for the generation of reports intended for the Bank of Italy.
In particular, during the second half of the year, attention was focused on the optimisation of programs regarding supervisory reports.

As regards the management of infrastructure, hardware and networks, Isban operated to ensure the highest level of service, also through the use of centralised corporate structures, together with a maximum attention being given to continuity of service and security, both physical and logical, of the Group's IT assets. During the year, we successfully completed the process of migration to the new infrastructure operated by British Telecom in accordance with corporate standards. The day-to-day reports that it produces and the measurement of service levels regularly presented to the members of the Security and Emergency Management Committee are in line with the agreed standards.

Legal Department

The Legal Department intervened in the following matters which affected Group operations.

Transparency of transactions and of banking and financial services - consumer credit agreements

As an extension of the review carried out in June 2011 to implement the provisions of Legislative Decree 141 of 13 August 2011 on consumer credit agreements, in July 2012 the Legal Department again updated the contractual documentation in view of the inspections being performed by the Bank of Italy at major operators in the field of consumer credit.

Banking and Financial Arbitrator
The Legal Department provides support and legal advice in the preparation of disputes that customers take to the Banking and Financial Arbitrator (BFA), which are otherwise handled by the Complaints Office. As part of this work, the Legal Department updates the departments involved on any new guidelines issued by the BFA in areas of interest to the Group and, in light of the requests made by the Bank of Italy, recommends improvements in critical areas that emerged from the complaints and from the appeals presented by customers to the BFA.

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 2012 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;
- 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).

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 2013.

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.

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 2013 budget and the 2012 closing as regards operating expenses. It has implemented the corporate procedures for the evaluation and approval of expenses, which include sending appropriate documentation to the technical committees of the Spanish Parent Company, the so-called Global Sourcing Forum.

Lastly, as part of a corporate project, the Organisation Unit coordinates the working group dedicated to the introduction of the operating procedures required by future FATCA (Foreign Account Tax Compliance Act) legislation; this project mainly involves the activities related to the opening and management of deposit accounts and involves various people in the company, including the Compliance, Legal and Isban Units as regards the development of the necessary software 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

The Group's workforce consists of 637 employees (including 4 managers, 150 supervisors and 483 employees). Employees include 12 new placement contracts. At the end of the year, there are 26 employees on post-graduate internships.

Resources are allocated 48% in the commercial area, the rest in various functions of General Management.
The average age is 38 years, while the percentage of female workers is 42% of total employees.
Personnel costs amounted to € 41.4 million.

In-house training has maintained a key role in the development of technical and management skills; over 22,000 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 ISVAP professional refresher courses for a total of over 4,000 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 6th year in a row more than 70% 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 85% 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.

Great success for the new edition of the "Settimana Santander" (Santander Week), launched in the second week of June at all business units of the Group; once again, the sense of belonging to the Group was the driving force of the week, which involved about 70% of the staff on issues related to sports, solidarity, family and sustainable development.

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 Group headquarters and at the Dutch division of Santander Consumer Bank; as part of the corporate "European Internship Programme", three resources from Spain were hosted for an internship, an opportunity to live an intense period of on-the-job training in the main head office units.

Collaboration with major Italian universities, especially local ones, has been strengthened with excellent results, hosting 35 undergraduates and recent graduates in internships and hiring the most deserving ones. 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.

There have been further developments in the new corporate evaluation system, built on the expertise and conduct of all employees in line with Group policies. This tool allows the Group to implement training and development policies that are more and more in line with the real needs of its employees.

Dialogue with our trade union representatives continued with a view to maintaining transparency and respect for each other's roles in a general economic context of considerable complexity, also for the banking industry.
Relations between the parties consist of exchanges of information, discussions and negotiations with the intention of involving the various unions in the most constructive way possible by providing them with opportunities for dialogue on issues that accompany the development of the business, such as: safety, new company policies, welfare and training.
As regards the latter, joint action again made it possible in 2012 to obtain FBA financing to cover part of the annual training cost.
The negotiating table for second-level bargaining, which began halfway through the year, was postponed to 2013.
In addition to regular meetings of this kind, in the second half of the year the parties had ample discussions regarding the closure of certain units of the Collection Department, which ended with the reorganisation agreement signed on 23 November 2012.

Sarbanes – Oxley

The Sarbanes - Oxley Act of 2002, also 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.
To do this, in 2006 the Spanish Parent Company Banco Santander 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.
The various units of the Santander Group operating in Italy have became the target of this legislation in 2008, on the indication of the Parent Company. The Internal Control Office, a unit dedicated to operational activities, 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 act as an intermediary between the central unit of the Group and the local organisational areas delegated to monitor business processes within the scope of SOX;
- to manage the special software operating within the Group's intranet to host the documentation certifying processes, risks and 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.

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.
During 2012, the Internal Control Office updated the documentation of the procedures and risks/controls currently in place. During the course of their analyses, they identified and described 461 controls, 188 sub-processes and 78 corporate processes.
The certification of controls, sub-processes, processes and areas of operations, and the subsequent certification of the Internal Control Model by the CEO and the Administration & Controls Manager was completed in February 2013.

Taxation

During 2012, the Taxation Unit acted in accordance with its objectives in order to ensure, on the one hand, that all transactions comply with current tax law; and, on the other, to ensure an adequate flow of information to management and the control bodies.

There now follows a discussion of the main events in the tax area and of disputes in progress.

From a direct taxation point of view, it seems appropriate to point out the new art. 101 para. 5 of the Income Tax Code, which, introduced by Law 82/2012 (the so-called "Growth Decree") as part of a gradual consolidation of the principle of "reinforced derivation" as per art. 83 of the Income Tax Code, made it possible during the year, and will presumably make it possible in the immediate future, to take decisions regarding the cancellation of receivables in a context of greater legal certainty. ("Reinforced derivation" means that, by law, the Tax Authorities will, in most cases, accept IAS-compliant accounting treatments on the assumption that they favour substance over form.)
At the balance sheet date there were no disputes in progress regarding direct taxes. On the other hand, the company is taking steps, as permitted by law, to ask for a refund of the higher IRES paid in previous years on personnel costs not deducted for IRAP purposes by filing a specific rebate request.

The only argument that, at present, is worthy of mention in the field of indirect taxation is the conflict of powers between the State and the Regions in terms of the annual road tax on leased cars. At the date of this report, tax payment notices have been received for a total of Euro 2.5 million.
We are currently waiting for the first court pronouncement on the numerous appeal proceedings initiated at sector level, but we are confident that this matter will be settled in our favour.

On 18 December 2012, the Guardia di Finanza began a general inspection on 2010 and 2012, which at the date these financial statements were approved, is still in progress. As regards this inspection, at the time this report was being prepared, no significant subsequent events had emerged that might require the adoption of prudential measures likely to affect the result for the year.

Note that starting from fiscal year 2007, the Group opted to file for tax on a group basis, the so-called "national fiscal consolidation", under art. 117 of Decree 917/86. This means that the consolidating parent company, Santander Consumer Bank S.p.A., calculated the group's taxable income for IRES purposes by adding together the taxable results of the companies taking part in the consolidation.

Other facts worth mentioning

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, resulted in the Group recording losses on disposal of Euro 142,277 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 of art. 2428-bis 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 2012.

Given the nature of its activity, the Group has not caused any environmental damage nor is it likely to ever cause environmental damage.

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 2012 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 2012.

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 31.12.2012
Parent Company Balances as at 31.12.2012	**471,668,475**	**(40,743,390)**
Effect of consolidation of controlled subsidiaries	1,069,401	6,098
Minority interests	2,697,992	3,284
Other changes	(608,845)	(608,845)
Consolidated balances as at 31.12.2012	**474,827,023**	**(41,342,853)**

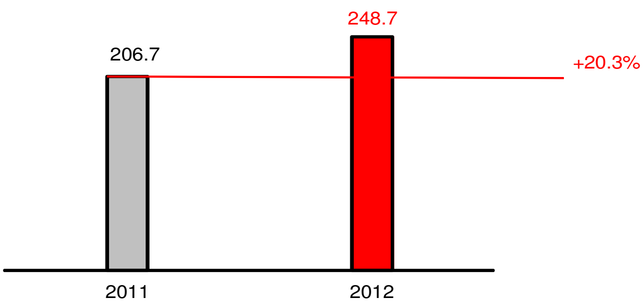
Comments on the results and key figures in the consolidated financial statements

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 (ATA).

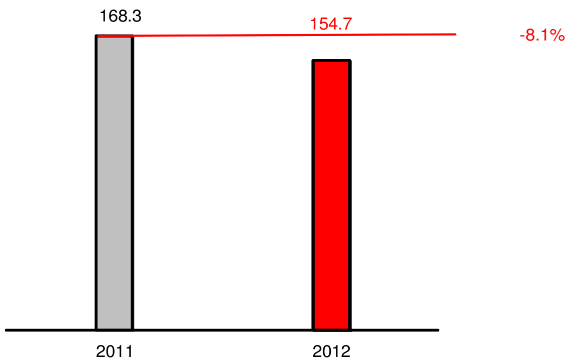
	2012	% ATA [1]	2011	% ATA [1]	Change Amounts	(%)
Net interest income	**248.7**	**3.1**	**206.7**	**2.5**	**42.0**	**20.3**
Net commission income	50.3	0.6	65.4	0.8	(15.1)	(23.1)
Trading gains	**299.0**	**3.7**	**272.1**	**3.3**	**26.9**	**9.9**
Net trading income and net hedging gains (losses)	(2.2)	(0.0)	0.4	0.0	(2.6)	(659.6)
Net result on disposal of financial assets	(142.1)	(1.8)	(104.2)	(1.3)	(37.9)	(36.4)
Net interest and other banking income	**154.7**	**1.9**	**168.3**	**2.0**	**(13.6)**	**(8.1)**
Other income (expenses)	13.8	0.2	24.0	0.3	(10.2)	(42.6)
Administrative expense	(99.1)	(1.2)	(113.8)	(1.4)	14.7	12.9
payroll costs	(41.4)	(0.5)	(44.3)	(0.5)	2.8	6.4
other administrative expense	(57.7)	(0.7)	(69.6)	(0.8)	11.9	17.1
Depreciation and amortisation	(7.5)	(0.1)	(6.0)	(0.1)	(1.5)	(24.9)
Net operating income	**61.8**	**0.8**	**72.5**	**0.9**	**(10.6)**	**(14.7)**
Net impairment adjustments to loans	(112.4)	(1.4)	(93.0)	(1.1)	(19.4)	(20.9)
Other provisions	(0.9)	(0.0)	(1.0)	(0.0)	0.0	2.4
Profit before tax	**(51.5)**	**(0.6)**	**(21.5)**	**(0.3)**	**(30.1)**	**(140.1)**
Income tax	10.2	0.1	(0.1)	(0.0)	10.3	13,931.9
Net profit	(41.3)	(0.5)	(21.5)	(0.3)	(19.8)	(92.0)
Consolidated profit (loss)	**(41.3)**	**(0.5)**	**(21.5)**	**(0.3)**	**(19.8)**	**(92.0)**
Result of the parent company	**(41.3)**	**(0.5)**	**(21.9)**	**(0.3)**	**(19.5)**	**(88.9)**

[1] ATA = Average Total Assets

Net interest income



Net interest and other banking income



Compared with the previous year, in 2012 there was a 20.3% increase in net interest income, resulting from a combination of higher interest income and lower interest expense. In particular, interest income increased by 4.5%, thanks to careful pricing, whereas interest expense went down by 9.6%, thanks the reduction in market interest rates and the lower volume of assets being financed.

Commission income has gone down by 22.9%, mainly because of the decline in new loan disbursements (-29%).

In addition to these effects, net interest and other banking income decreased due to the loss on disposal of the non-performing portfolio, with an impact that was greater than in the prior year.

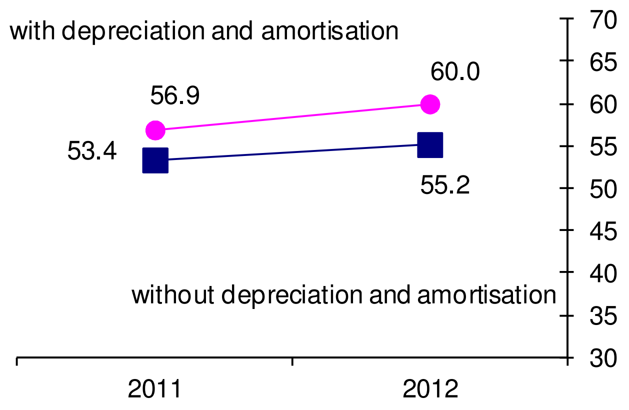
The decrease in other net operating income depends on the reduction of the impact of the results related to leasing transactions, in line with the contraction in new loans (-58%) and in loans outstanding (Euro 192 million at the end of 2012 compared with Euro 340 million at the end of 2011).

Administrative costs have fallen by 13%, mainly thanks to a careful policy of cost containment.

Impairment losses on loans are up by 20.9% because of the deterioration of the loan portfolio.

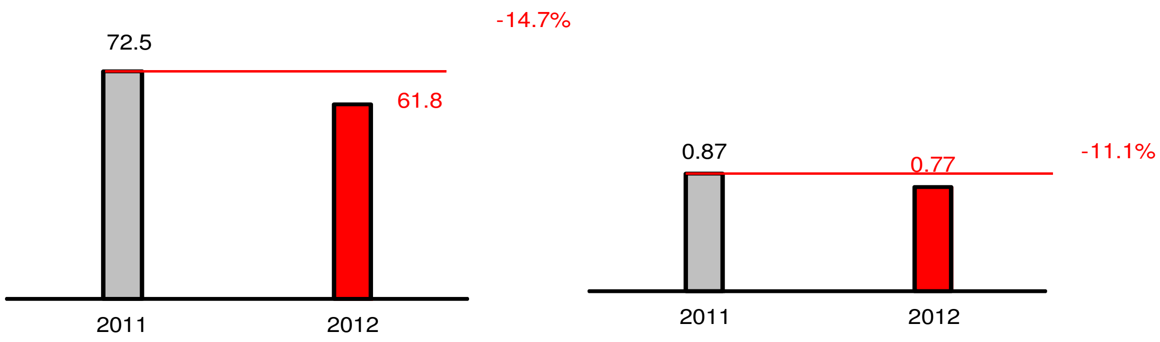
Net provisions for risks and charges are substantially in line with those of the previous year.

Efficiency ratio



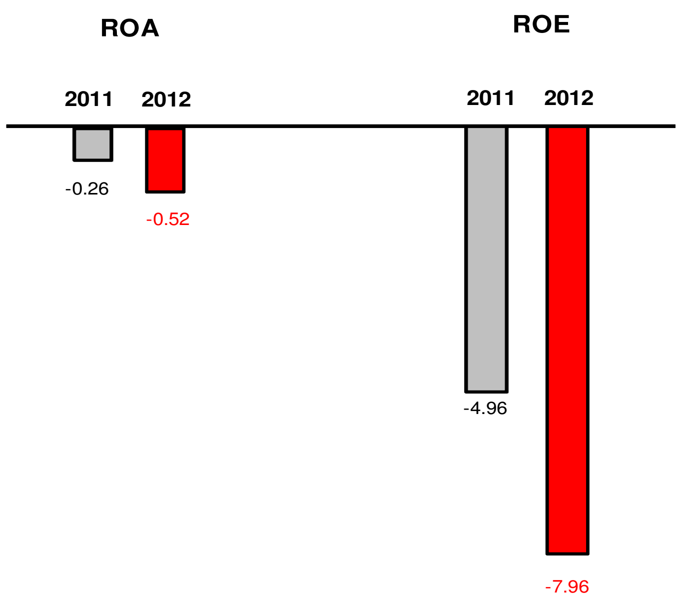
The efficiency ratio, which is the ratio between the sum of administrative expenses and other operating income (with and without depreciation and amortisation) and net interest and other banking income, has been affected by the latter's reduction as it includes the higher losses on the sale of the non-performing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

Net operating income



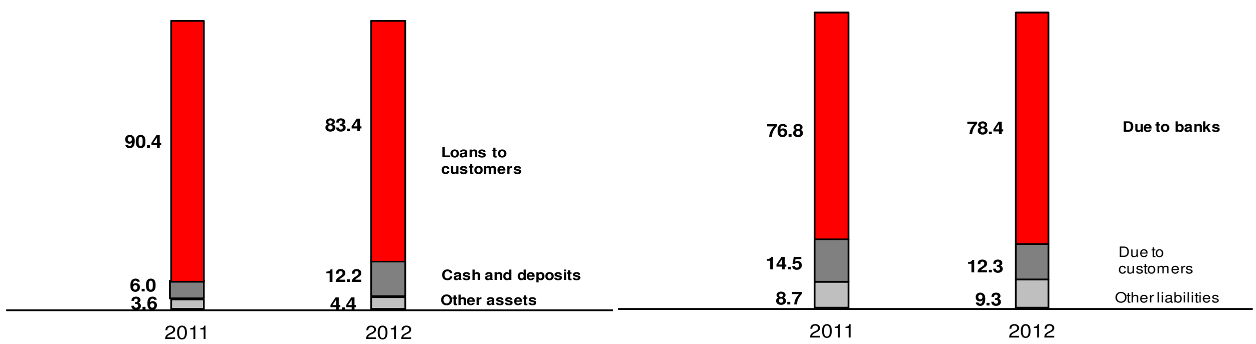
Net operating income (EBIT), calculated as the sum of net interest and other banking income, other income and expenses, administrative costs and depreciation and amortisation, has fallen by 14.7%. It has also fallen (from 0.87% to 0.77%) as a proportion of total average assets (TAA).

Profitability ratios



As a result of these trends, the ROA (Return on Assets) has decreased by 26 bp and ROE (Return On Equity) has decreased by 302 basis points.

Structure of assets and liabilities

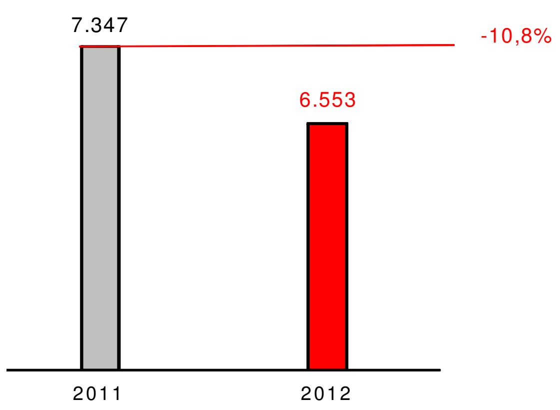


The asset mix is more or less the same as last year, with a slight decline in loans to customers offset by higher amounts due from banks. In the structure of sources of funds, on the other hand, there continues to be a decline in amounts due to customers (mainly represented by demand and time deposit accounts), which over time have been replaced by amounts due to banks.

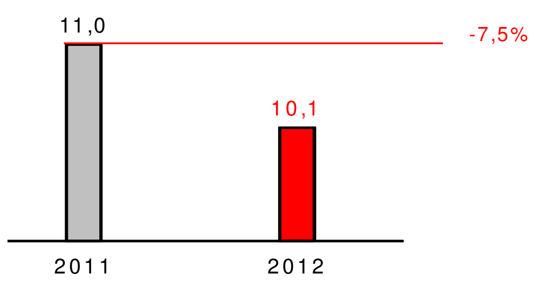
Amounts in millions of Euro			Change	
	2012	2011	Amounts	%
Car loan	2,264	2,821	(557)	(19.7)
Special-purpose loan	182	249	(67)	(26.9)
Personnel loan	2,286	2,387	(101)	(4.2)
Cards	102	127	(25)	(19.7)
Leasing	193	341	(148)	(43.4)
Salary assignment	1,490	1,418	72	5.1
Stock financing	98	96	2	2.1
Other loans to customers	24	20	4	20.0
Other components of amortised cost	77	110	(33)	(30.0)
Gross loans to customers	**6,716**	**7,569**	**(853)**	**(11.3)**
Provision for loan losses	(163)	(222)	59	26.6
Net loans to customers	**6,553**	**7,347**	**(794)**	**(10.8)**

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, one can see a general reduction in the Group's lines of business, though salary assignment is going against the trend and stock financing is more or less stable.
As regards salary assignment, effective synergies with Unifin S.p.A. continue. Unifin is a subsidiary of the Spanish Parent Company Santander Consumer Finance.
The average duration of the loans issued in 2012 is 68 months: for cars loans it comes to 53 months, while for personal loans the average duration is 83 months.
"Other components of amortised cost" mainly refer to transaction costs (commissions and rappels paid to dealers who broker the Group's products) and any commission income related to financing contracts (interest-free contributions paid by affiliates and preliminary investigation fees).

Net loans to customers



Gross loans per employee



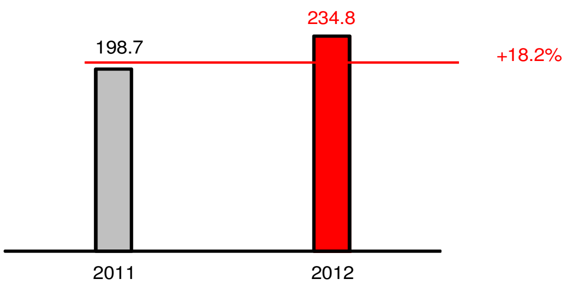
Comments on the results and key figures in the separate financial statements

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

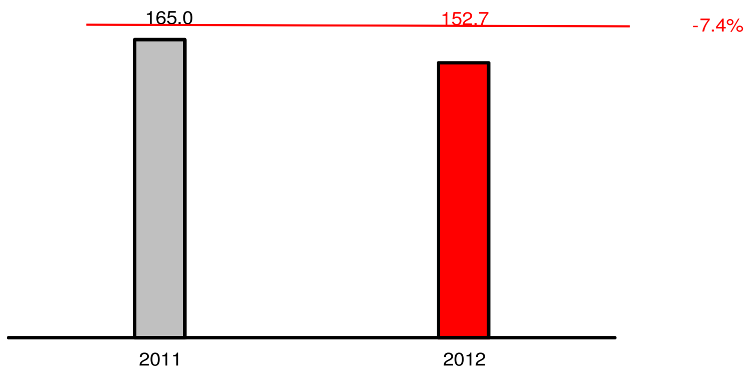
Amounts in millions of Euro	2012	% TAA *	2011	% TAA	Change Amounts	Change (%)
Net interest income	**234.8**	**3.1**	**198.7**	**2.5**	**36.1**	**18.2**
Net commission income	39.1	0.5	56.2	0.7	(17.0)	(30.4)
Trading gains	**273.9**	**3.6**	**254.8**	**3.2**	**19.1**	**7.5**
Net trading income and net hedging gains (losses)	(1.6)	(0.0)	1.1	0.0	(2.7)	(241.8)
Net result on disposal of financial assets	(119.6)	(1.6)	(91.0)	(1.1)	(28.6)	(31.4)
Net interest and other banking income	**152.7**	**2.0**	**165.0**	**2.1**	**(12.3)**	**(7.4)**
Other income (expenses)	13.6	0.2	23.9	0.3	(10.3)	(43.0)
Administrative expense	(98.2)	(1.3)	(112.5)	(1.4)	14.3	12.7
payroll costs	(41.4)	(0.5)	(44.2)	(0.6)	2.8	6.4
other administrative expense	(56.8)	(0.7)	(68.3)	(0.9)	11.5	16.8
Depreciation and amortisation	(7.5)	(0.1)	(6.0)	(0.1)	(1.5)	(24.9)
Net operating income	**60.7**	**0.8**	**70.4**	**0.9**	**(9.7)**	**(13.8)**
Net impairment adjustments to loans	(110.8)	(1.4)	(91.7)	(1.1)	(19.1)	(20.8)
Other provisions	(0.9)	(0.0)	(1.0)	(0.0)	0.0	2.4
Profit (loss) from equity investments	0.0	0.0	0.0	0.0	0.0	---
Profit before tax	**(51.0)**	**(0.7)**	**(22.2)**	**(0.3)**	**(28.8)**	**(129.4)**
Income tax	10.2	0.1	0.4	0.0	9.8	2,277.4
Net profit	**(40.7)**	**(0.5)**	**(21.8)**	**(0.3)**	**(18.9)**	**(86.9)**
Net profit of the Group	**(40.7)**	**(0.5)**	**(21.8)**	**(0.3)**	**(18.9)**	**(86.9)**

* TAA Total Average Assets

Net interest income



Net interest and other banking income



Compared with the previous year, in 2012 there was a 18.2% increase in net interest income, resulting from a combination of higher interest income and lower interest expense. In particular, interest income increased by 5.7%, thanks to careful pricing, whereas interest expense went down by 5%, thanks the reduction in market interest rates and the lower volume of assets being financed.

Commission income has gone down by 30%, mainly because of the decline in new loan disbursements (-29%).

In addition to these effects, net interest and other banking income decreased due to the loss on disposal of the non-performing portfolio, with an impact that was greater than in the prior year.

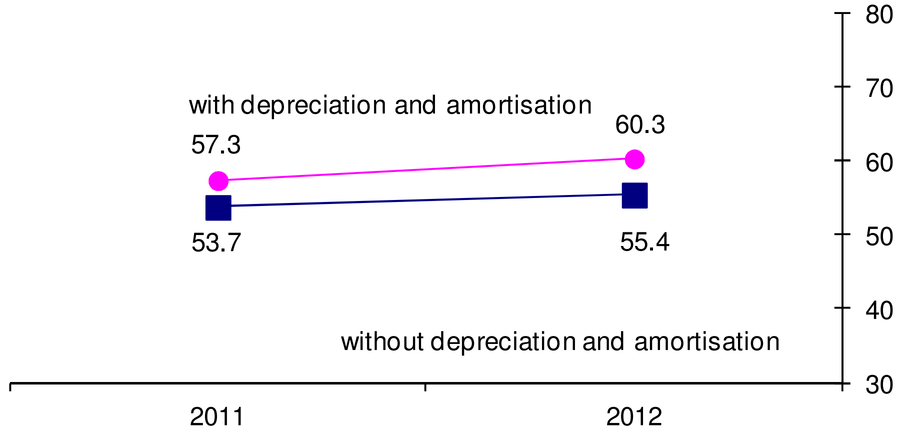
The decrease in other net operating income depends on the reduction of the impact of the results related to leasing transactions, in line with the contraction in new loans (-58%) and in loans outstanding (Euro 192 million at the end of 2012 compared with Euro 340 million at the end of 2011).

Administrative costs have fallen by 12.7%, mainly thanks to a careful policy of cost containment.

Impairment losses on loans are up by 20.8% because of the deterioration of the loan portfolio.

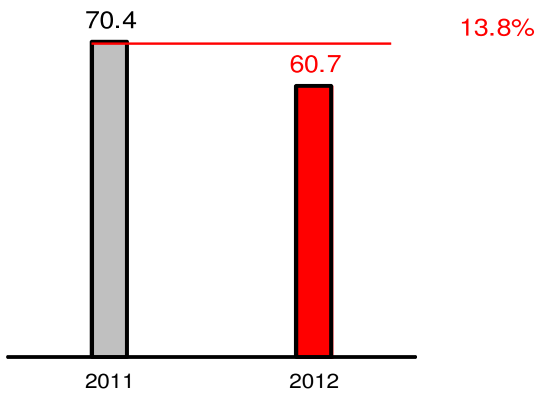
Net provisions for risks and charges are substantially in line with those of the previous year.

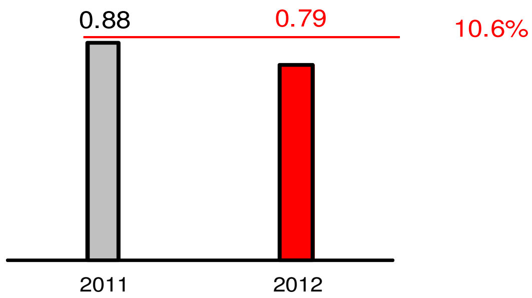
Efficiency ratio



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 reduction as it includes the higher losses on the sale of the non-performing portfolio.

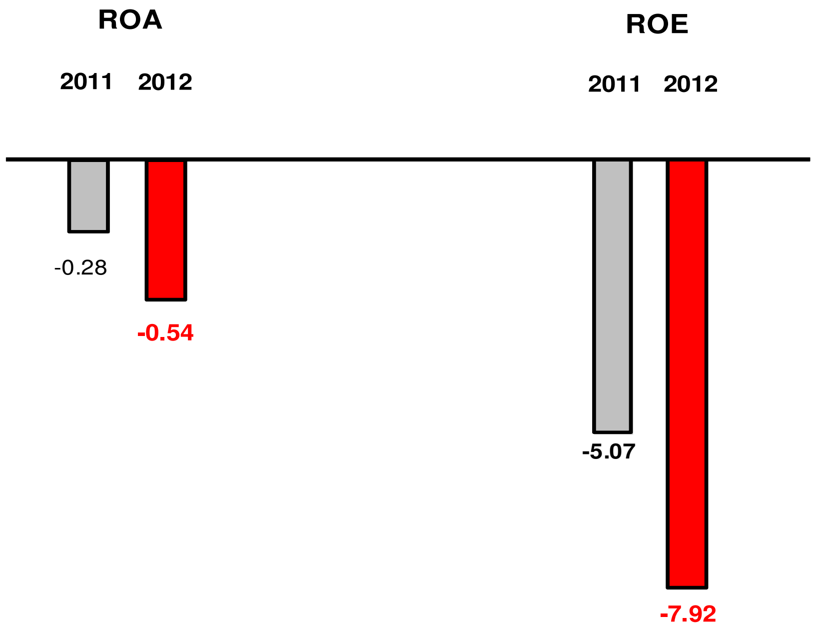
Net operating income





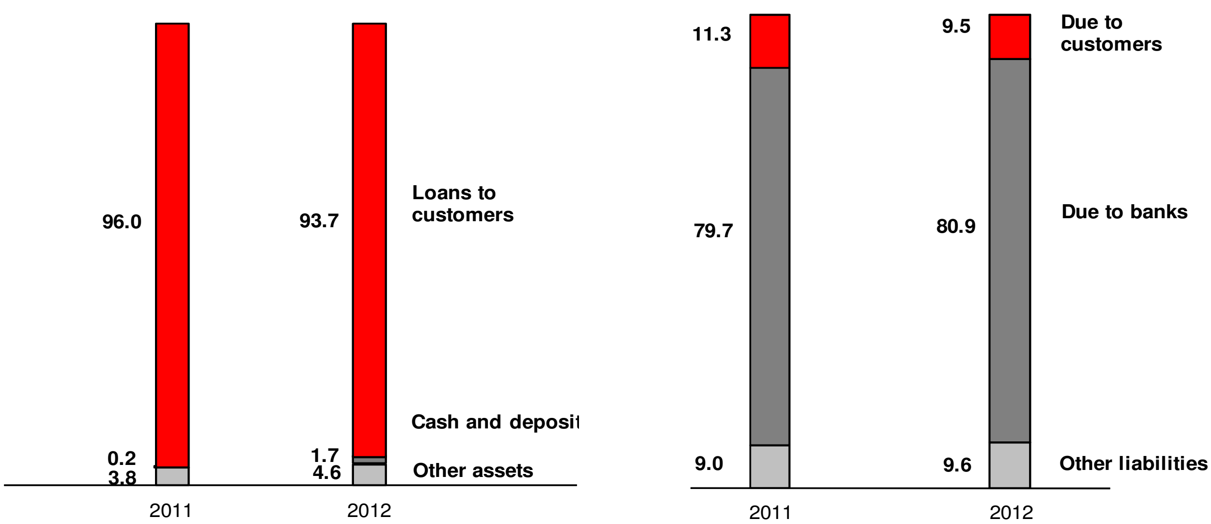
Net operating income (EBIT), calculated as the sum of net interest and other banking income, other income and expenses, administrative costs and depreciation and amortisation, has fallen by 13.8%. It has also fallen (from 0.88% to 0.79%) as a proportion of total average assets (TAA).

Profitability ratios



As a result of these trends, the ROA (Return on Assets) has decreased by 26 bp and ROE (Return On Equity) has decreased by 285 basis points.

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, on the other hand, there continues to be a decline in amounts due to customers (mainly represented by demand and time deposit accounts), which over time have been replaced by amounts due to banks.

Amounts in millions of Euro			**Change**	
	2012	**2011**	**Amounts**	**(%)**
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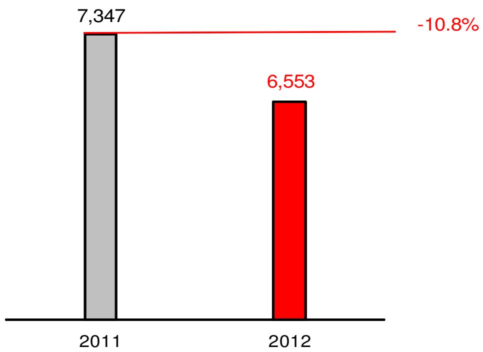
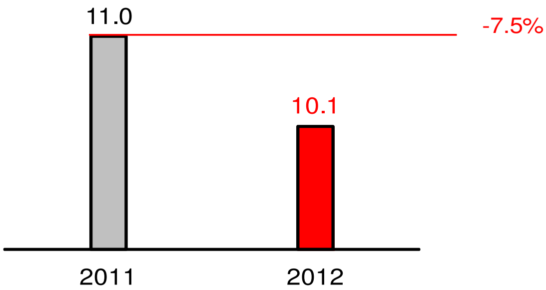
Personnel loan	2,286	2,387	(101)	(4.2)
Cards	60	72	(12)	(16.7)
Leasing	193	341	(148)	(43.4)
Salary assignment	1,490	1,418	72	5.1
Stock financing	98	96	2	2.1
Other loans to customers	587	234	353	150.9
Other components of amortised cost	80	116	(36)	(31.0)
Gross loans to customers	**7,240**	**7,734**	**(494)**	**(6.4)**
Provision for loan losses	(161)	(220)	59	(26.8)
Net loans to customers	**7,079**	**7,514**	**(435)**	**(5.8)**

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, one can see a general reduction in the Bank's lines of business, though salary assignment is going against the trend and stock financing is more or less stable.
As regards salary assignment, effective synergies with Unifin S.p.A. continue. Unifin is a subsidiary of the Spanish Parent Company Santander Consumer Finance.
Other loans to customers are mainly the receivables due from the SPE for car loan securitisations.
"Other components of amortised cost" mainly refer to transaction costs (commissions and rappels paid to dealers who broker the Group's products) and any commission income related to financing contracts (interest-free contributions paid by affiliates and preliminary investigation fees).

Net loans to customers



Gross loans per employee



SANTANDER CONSUMER FINANCE MEDIA S.R.L.

Sales and marketing activity during the year was characterised, as in recent years, by the trade agreements in place with Utet S.p.A. and Federico Motta Editore S.p.A. and our financing of the instalment sales made by their commercial networks. Operational activities, on the other hand, are provided by the Parent Company Santander Consumer Bank S.p.A. through a specific service agreement.

Operations are done through a "private" credit card (i.e. which cannot be used on banking circuits), containing the credit line granted to customers when they make their first purchase of a publication, thereby permitting immediate use of the credit line.

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. If granted, 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.

Once again, sales by the commercial networks have come in about 40% below budget (originally estimated in line with the volumes achieved in 2011). The breakdown of volumes is about 68% through Utet (including reuse of publications from the former De Agostini Diffusione del Libro) and 32% through the Motta Editore channel.

During the year, around 3600 requests for funding were evaluated (-40% on 2011), of which around 3,100 were accepted. The amount of loans disbursed came to a total of around Euro 15.2 million, of which approximately Euro 9 million came from reuse. At year-end, loans to customers (gross of contributions due and the related adjustments) amounted to Euro 39 million; during the year contributions were charged to counterparties for a total of Euro 1.2 million.

Commission expenses, including the cost of the services provided by the Parent Company, amounted to Euro 861 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. 2012 closed with a profit before tax of Euro 61 thousand, which after income tax for the year of Euro 52 thousand came close to break-even.

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 7.9%, whereas the default index, calculated as the ratio of loan losses plus adjustments to average loans, stood at 2.8%.

In the interests of full disclosure, the following events of note took place after the end of the year and up to the date of this report:

- 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., as follows:
  - 80% to FMR Art'è S.p.A., a publisher of works of art and high quality editions and in the promotion of cultural activities,
  - and the other 19.54% to the Company's current Chief Executive Officer.

  This decision by De Agostini Editore has been dictated by a business strategy designed to focus on the Group's core activities, identifying in FMR Art'è, founded in 1992 and one of the largest European publishers of prestige books and magazines, the best guarantee of continuity and development of Utet's business. Operations with Utet are continuing normally, while the contractual arrangements are being revised with the new shareholders.
- The commercial agreement with Federico Motta Editore, signed on 12 February 2010 with a duration of two years, expired on 11 February 2013 and was not renewed in accordance with the changing business strategies of both SCFM's shareholders.

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, 2013 is likely to see a drastic fall in volumes, partially offset by stable financial spreads in the first half of the year, 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, and of the company's organisation chart, at a cost that is in line with market standards. In the current year, the company paid the Parent Company Euro 802 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.

Key figures in the financial statements at 31 December 2012:

	Balance sheet Key figures	**Amounts**	**% on total assets/ liabilities**
60	Due from banks	38,975,254	93%
10	Due to banks	32,312,514	77%
	Total assets and liabilities	**41,960,427**	

	Income Statement Key figures	**Amounts**
	Net interest income	2,515,498
	Net commission income	-830,645
	Net interest and other banking income	1,684,853
	Operating activity result	60,993
	Net profit (loss)	**9,382**

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
Fax: +39 011 544756
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 consolidated financial statements of Santander Consumer Bank S.p.A. and its subsidiary (the "Santander Consumer Bank Group"), which comprise the balance sheet as of December 31, 2012, 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 6, 2012.

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, 2012, 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, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 12, 2013

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

	Assets	31/12/2012	31/12/2011	amounts	%
10	Cash and cash equivalents	6,411	3,916	2,495	63.7%
60	Due from banks	957,249,281	492,772,654	464,476,627	94.3%
70	Loans to customers	6,552,646,176	7,346,664,812	(794,018,636)	-10.8%
90	Fair value change of financial assets in hedged portfolios (+/-)	102,541,931	70,018,507	32,523,424	46.4%
120	Property and equipment	4,953,053	5,028,206	(75,153)	-1.5%
130	Intangible assets	10,460,521	9,119,695	1,340,826	14.7%
140	Tax assets	185,098,626	156,121,134	28,977,492	18.6%
	a) current	*31,089,218*	*29,767,176*	*1,322,042*	*4.4%*
	b) deferred	*154,009,408*	*126,353,958*	*27,655,450*	*21.9%*
	of which:				
	- convertible into tax credit (Law 214/2011)	144,556,694	111,328,643	*33,228,051*	*29.8%*
150	Non-current assets held for sale and discontinued operations	290,301		290,301	
160	Other assets	42,530,778	55,325,890	(12,795,112)	-23.1%
	Total assets	**7,855,777,078**	**8,135,054,814**	**(279,277,736)**	**-3.4%**

	Liabilities and shareholders' equity	31/12/2012	31/12/2011	amounts	%
10	Due to banks	6,160,895,075	6,247,361,411	(86,466,336)	-1.4%
20	Due to customers	339,279,625	342,068,505	(2,788,880)	-0.8%
30	Debt securities issued	626,419,238	833,891,359	(207,472,121)	-24.9%
60	Hedging derivatives	125,573,140	108,432,740	17,140,400	15.8%
80	Tax liabilities	26,232,355	20,863,040	5,369,315	25.7%
	a) current	*26,232,355*	*20,855,103*	*5,377,252*	*25.8%*
	b) deferred		*7,937*	*(7,937)*	*-100.0%*
100	Other liabilities	84,366,499	93,153,529	(8,787,030)	-9.4%
110	Provision for employee termination indemnities	4,492,538	4,356,890	135,648	3.1%
120	Provisions for risks and charges	13,691,585	14,923,315	(1,231,730)	-8.3%
	b) other provisions	*13,691,585*	*14,923,315*	*(1,231,730)*	*-8.3%*
140	Valuation reserves	(10,957,829)	(17,451,520)	6,493,691	-37.2%
170	Reserves	12,432,997	(5,684,188)	18,117,185	318.7%
190	Share capital	512,000,000	512,000,000	-	0.0%
210	Minority interests (+/-)	2,697,992	3,022,548	(324,556)	-10.7%
220	Net profit (loss)	(41,346,137)	(21,882,815)	(19,463,322)	88.9%
	Total liabilities and shareholders' equity	**7,855,777,078**	**8,135,054,814**	**(279,277,736)**	**-3.4%**

Consolidated income statement

	Items	31/12/2012	31/12/2011	amounts	%
10	Interest and similar income	459,590,543	439,875,123	19,715,420	4.5%
20	Interest and similar expense	(210,911,862)	(233,211,877)	22,300,015	9.6%
30	**Net interest income**	**248,678,681**	**206,663,246**	**42,015,435**	**20.3%**
40	Commission income	67,932,905	82,485,798	(14,552,893)	-17.6%
50	Commission expense	(17,655,018)	(17,074,041)	(580,977)	-3.4%
60	**Net commission income**	**50,277,887**	**65,411,757**	**(15,133,870)**	**-23.1%**
70	Dividends and similar income		152	(152)	
80	Net trading income	(1,129)	33	(1,162)	-3521.2%
90	Net fair value hedging gains (losses)	(2,196,924)	392,619	(2,589,543)	-659.6%
100	Gains (losses) on disposal or repurchase of:	(142,094,743)	(104,175,838)	(37,918,905)	-36.4%
	a) loans	*(142,277,222)*	*(104,175,838)*	*(38,101,384)*	*-36.6%*
	b) financial assets available for sale	*182,479*		*182,479*	
120	**Net interest and other banking income**	**154,663,772**	**168,291,969**	**(13,628,197)**	**-8.1%**
130	Net losses/recoveries on impairment of:	(112,446,011)	(92,998,607)	(19,447,404)	-20.9%
	a) loans	*(112,446,011)*	*(92,998,607)*	*(19,447,404)*	*-20.9%*
140	**Net profit from banking activities**	**42,217,761**	**75,293,362**	**(33,075,601)**	**-43.9%**
170	**Net profit from banking and insurance activities**	**42,217,761**	**75,293,362**	**(33,075,601)**	**-43.9%**
180	Administrative expense:	(99,130,046)	(113,827,925)	14,697,879	12.9%
	a) payroll costs	*(41,432,842)*	*(44,257,403)*	*2,824,561*	*6.4%*
	b) other administrative expense	*(57,697,204)*	*(69,570,522)*	*11,873,318*	*17.1%*
190	Net provisions for risks and charges	(927,764)	(950,738)	22,974	2.4%
200	Net adjustments to/recoveries on property and equipment	(2,035,949)	(752,115)	(1,283,834)	-170.7%
210	Net adjustments to intangible assets	(5,426,976)	(5,223,579)	(203,397)	-3.9%
220	Other operating expenses/income	13,777,345	23,996,892	(10,219,547)	-42.6%
230	**Operating expenses**	**(93,743,390)**	**(96,757,465)**	**3,014,075**	**3.1%**
280	**Profit (loss) from continuing operations before tax**	**(51,525,629)**	**(21,464,103)**	**(30,061,526)**	**-140.1%**
290	Income taxes on current operations	10,182,776	(73,618)	10,256,394	13931.9%
300	**Profit (loss) from continuing operations after tax**	**(41,342,853)**	**(21,537,721)**	**(19,805,132)**	**-92.0%**
320	**Net profit (loss) for the period**	**(41,342,853)**	**(21,537,721)**	**(19,805,132)**	**-92.0%**
330	Net profit (loss) pertaining to minority interests	3,284	345,094	(341,810)	-99.0%
340	**Net profit (loss) pertaining to the Parent Company**	**(41,346,137)**	**(21,882,815)**	**(19,463,322)**	**-88.9%**

Statement of consolidated comprehensive income

	Items	31/12/2012	31/12/2011
10	**Net profit (loss) for the period**	**(41,342,853)**	**(21,537,721)**
	Other elements of income, net of income taxes		
60	Cash flow hedges	7,067,714	25,582,348
90	Actuarial gains (losses) on defined-benefit pension plans	(574,022)	57,348
110	Total other elements of income (net of income taxes)	**6,493,692**	**25,639,696**
120	**Total comprehensive income (Items 10+110)**	**(34,849,161)**	**4,101,975**
130	Total comprehensive income pertaining to minority interests	3,284	345,094
140	**Total consolidated comprehensive income pertaining to Parent Company**	**(34,852,445)**	**3,756,881**

Statement of changes in consolidated shareholders' equity

2012

				Allocation of prior year results		Changes during the year									
							Transactions on shareholders' equity								
	Balances 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**

2011

				Allocation of prior year results		Changes during the year									
							Transactions on shareholders' equity								
	Balances at 31.12.2010	Changes in opening balances	Balance at 1.1.2011	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 2011	**Group shareholders' equity at 31.12.2011**	**Minority interests at 31.12.2011**
Share capital:															
a) ordinary shares	299,450,000		299,450,000				215,000,000							**512,000,000**	**2,450,000**
b) other shares			-											**-**	
Share premium reserve			-											**-**	
Reserves:			-											**-**	
a) retained earnings	57,915,126		57,915,126	(62,102,732)										**(4,415,060)**	**227,454**
b) other	878,376		878,376	(2,147,504)										**(1,269,128)**	
Valuation reserves	(43,049,932)	(41,285)	(43,091,217)										25,639,697	**(17,451,520)**	
Equity instruments			-											**-**	
Treasury shares			-											**-**	
Net profit (loss) for the period	(63,858,079)		(63,858,079)	64,250,236	(392,157)								(21,537,721)	**(21,882,815)**	**345,094**
Shareholders' equity	251,335,491	(41,285)	251,294,206	-	(392,157)	-	215,000,000	-	-	-	-	-	4,101,976	**466,981,477**	**3,022,548**

Note that the opening balance of "valuation reserves" has been adjusted because of changes in shareholders' equity in 2011 and is consistent with the comparative figure shown in the Balance Sheet. This change is a result of adopting the revised version of IAS 19 - Employee Benefits. For further information, see Part A - Accounting Policies in the Notes.

Consolidated cash flow statement (indirect method)

A. OPERATING ACTIVITIES	Amounts 31/12/2012	Amounts 31/12/2011
1. Cash flow from operations	**15,164,262**	**90,433,921**
- net profit for the year (+/-)	(41,342,853)	(21,537,721)
- 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 (+/-)	2,196,924	(392,619)
- net losses/recoveries for impairment (+/-)	112,500,801	92,783,509
- impairment/recoveries to property and equipment and intangible assets (+/-)	7,462,925	7,346,318
- net provisions for risks and charges and other costs/income (+/-)	(1,231,730)	3,284,102
- net premiums not collected (-)		
- other income insurance income/expense not collected (-/+)		
- unsettled taxes (+)	31,481,707	27,313,009
- impairment/recoveries to disposal groups, net of tax effect (-/+)		
- other adjustments (+/-)	(95,903,512)	(18,362,677)
2. Cash used in financial assets	**265,524,908**	**297,251,805**
- financial assets held for trading		
- financial assets designated at fair value trough profit and loss		
- financial assets available for sale		691,850,000
- due from banks: on demand	(48,021,202)	12,140,425
- due from banks: other receivables	(414,278,872)	83,472,811
- loans to customers	710,393,667	(497,431,625)
- other assets	17,431,315	7,220,194
3. Cash flow used in financial liabilities	**(311,630,238)**	**(593,832,653)**
- due to banks: on demand		
- due to banks: other	(93,199,419)	163,798,000
- due to customers	(4,153,666)	(160,773,438)
- debt securities issued	(205,888,561)	(602,559,255)
- financial liabilities held for trading		
- financial assets designated at fair value trough profit and loss		
- other liabilities	(8,388,592)	5,702,040
Net cash flow used in operating activities	**(30,941,068)**	**(206,146,927)**
B. INVESTING ACTIVITIES		
1. Cash flow from	**238,168**	**133,583**
- sale of equity investments		
- dividends collected on equity investments		
- sale of financial assets held to maturity		
- sale of property and equipment	238,168	133,583
- sale of intangible assets		
- sale of lines of business		
2. Cash used in	**(8,966,766)**	**(8,606,966)**
- purchase of equity investments		
- purchase of financial assets held to maturity		
- purchase of property and equipment	(2,198,963)	(2,165,569)
- purchase of intangible assets	(6,767,802)	(6,441,397)
- purchase of lines of business		
Net cash flow from investing activities	**(8,728,598)**	**(8,473,383)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		215,000,000
- issue/purchase of equity instruments		
- dividends distributed and other allocations	39,672,161	(392,157)
Net cash flow from financing activities	**39,672,161**	**214,607,843**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**2,495**	**(12,467)**

Reconciliation	**Amounts**	**Amounts**
	31/12/2012	**31/12/2011**
Cash and cash equivalents at beginning of year	**3,916**	**16,383**
Net increase (decrease) in cash and cash equivalents	**2,495**	**(12,467)**
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	**6,411**	**3,916**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Part A - Accounting policies

A.1 - General information

Section 1 - Declaration of compliance with International Financial Reporting Standards

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 2012 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 1st update of 18 November 2009. 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 2012 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 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 set out by 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 2011, 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 (1st update of 18 November 2009), 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.

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 recognised on 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 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

Company name	Head office	Type of relationship (a)	Nature of holding		% of votes (b)
			Parent company	% held	
A. Companies					
A.1 Companies consolidated line by line					
1. Santander Consumer Finance Media S.r.l.	Turin	1	Santander Consumer Bank S.p.A.	65%	

(a) Type of relationship
1 = majority of voting rights at ordinary shareholders' meeting

(b) Voting rights at ordinary shareholders' meeting. 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 company 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., a special purpose entity (SPE) whose junior securities were subscribed by the Parent Company.
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 bank a 65% controlling interest), as well as the segregated funds belonging to Golden Bar (Securitisation) S.r.l.
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

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 2012 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 22 March 2013.

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 that came into force in 2012***
  - Amendments to IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

- ***International Accounting Standards applicable subsequent to 31 December 2012, but adopted early***
  - Amendment to IAS 19 - Employee Benefits

- ***International Accounting Standards applicable subsequent to 31 December 2012***
  - Amendment to IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (1 January 2013)
  - Amendment to IAS 12 Deferred tax: Recovery of Underlying Assets (1 January 2013)
  - Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (1 January 2013)

- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (1 January 2013)
- IFRS 13 Fair Value Measurement (1 January 2013)
- IFRS 10 Consolidated Financial Statements (1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (1 January 2014)
- IAS 27 Separate Financial Statements (1 January 2014).

With Regulation no. 475/2012, the European Commission endorsed, among others, the new version of IAS 19, which aims to promote the understanding and comparability of financial statements, especially with respect to defined benefit plans. The most important innovation is the elimination of the "corridor method", with immediate recognition in the statement of comprehensive income of any changes in the value of the plan obligations and any assets servicing the plan. Elimination of this method had an impact on the net assets of the Group at the date of first-time application of the standard, as actuarial gain previously not recognised in accordance with the "corridor method" has now been recognised.
Note that the comparative figures have been changed on the basis of actuarial recalculation carried out to determine the cumulative effect (Euro 16,000 net of tax). Overall, the net effect recognised in equity at year-end amounted to Euro 558,000.

On the basis of IAS 8, we would also inform you that, in order to allow a comparison on a consistent basis, certain figures for 2011 have been reclassified. The following are the changes that involved significant amounts:

Financial Statements items	31/12/2011	Reclass	31/12/2011
	Official		New exposure
70. Loans to customers	7,437,927	(91,222)	7,346,705
100. Other liabilities	(184,375)	91,222	(93,154)

Complete copies of the last financial statements with the reports on operations of the companies that at 31 December 2012 were subsidiaries or associates, and that their respective Boards of Directors will submit for approval of their shareholders' meeting by 30 April 2012, 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 subsidiary in 2012 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 items in the financial statements

This section explains the accounting policies followed to prepare the 2012 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. Financial assets available for sale

Recognition
Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while loans are recognised on the payout date.
Upon initial recognition, financial assets are measured at fair value, including transaction costs and income directly attributable to the instrument. If, when permitted by the accounting standards, recognition occurs as a result of reclassification from "Assets held to maturity", the carrying amount is the fair value at the time of the transfer.

Classification
This category includes financial assets that are not otherwise classified as "Loans", "Assets held for trading" or "Assets held to maturity".
In particular, this item comprises the securities issued by the SPV for securitisation.

Measurement and recognition of components affecting the income statement
Subsequent to initial recognition, "Financial assets available for sale" are measured at fair value, with recognition in the income statement of the corresponding value at amortised cost, while gains or losses arising from changes in fair value are recorded in a specific equity reserve until the financial asset is derecognised or an impairment loss is recognised. At the time of disposal or recognition of an impairment loss, the accumulated gains or losses are reversed, in whole or in part, to the income statement.
"Financial assets available for sale" are subject to impairment testing to determine whether there is objective evidence of impairment.
In the event of impairment, the amount of the loss is measured as the difference between the book value of the assets and the present value of the estimated recoverable cash flows, discounted using the original effective interest rate.
If the reasons for impairment cease to exist due to an event occurring after recognition of the impairment, recoveries are made through the income statement in the case of loans or debt securities, and through shareholders' equity in the case of equity securities.
The amount of the reversal shall not in any case exceed the amortized cost that the instrument would have had in the absence of previous adjustments.

Derecognition
Financial assets are only derecognised if the sale involves the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised, even if legally ownership of the assets has effectively been transferred.
Even if the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflect the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.
Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the cash flows, with a simultaneous obligation to pay such cash flows, and only them, to third parties.

2. 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, as well as in accordance with IAS 27 and SIC 12, its interpretative document 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/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. 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 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.

3. 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 Parent Company 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 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 items' 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 thefair 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.

4. 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.

5. 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 made through 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.

6. 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.

7. 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 1st update).
Derecognition
The derecognition of non-current assets held for sale takes place when the asset is sold.

8. Current and deferred tax

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.

9. 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.

10. 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.

11. 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
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.

Note that in the implementation of Decree Law no. 201/2011 (Article 2, paragraph 1) subsequently supplemented by Decree Law 16/2012, which allows taxpayers to file for a refund of IRES, recalculated for the deductibility of labour cost for the tax period 2007-2011, the corresponding out-of-period income has been posted to income statement item 290 "Income taxes on continuing operations".

Fair value measurements
The fair value is the amount at which an asset (or liability) can be exchanged in an arm's-length transaction between independent parties that have a reasonable knowledge of market conditions and of the relevant facts about the object being negotiated. The definition of fair value is an assumption that an entity is fully operational and does not need to liquidate or materially curtail its activity, nor to carry out transactions on adverse terms. The fair value reflects the credit quality of the instrument as it incorporates counterparty risk.
For financial instruments, the fair value is determined through the use of prices obtained from financial markets, in the case of instruments quoted on active markets, or through the use of internal valuation models for other financial instruments.
For loans and receivables designated as available for sale and for debit and credit balances measured at cost or amortised cost, fair value for the purpose of the financial statements or to be disclosed in the notes is determined in the following way:
- for medium and long-term fixed rate assets and liabilities, the valuation is carried out mainly by discounting the future cash flows. The latter is defined based on a risk-neutral approach, i.e. using a risk-free rate and correcting the future contractual cash flows to reflect the counterparty's credit risk, as represented by the parameters PD (Probability of Default) and LGD (Loss Given Default);
- for floating rate assets and liabilities, on demand or maturing in the short term, the carrying amount, net of collective or analytical impairment, is a good approximation of fair value.

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 affiliates 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 affiliates 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 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. 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 FAIR VALUE

A.3.1. Transfers between portfolios

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

A.3.2 Fair value hierarchy

A.3.2.1 Banking books: allocation by fair value level

Table B.7.4

	31/12/2012			31/12/2011		
Financial assets/liabilities designated at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
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						
Total						
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value through profit and loss						
3. Hedging derivatives		125,573			108,433	
Total		**125,573**			**108,433**	

A.3.2.2 Changes in financial assets at fair value (level 3)

The Company does not hold any financial assets measured at fair value.

A.3.2.3 Changes in financial liabilities at fair value (Level 3)

The Company does not hold any financial liabilities designated at fair value through profit and loss.

A.3.3 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 6 thousand (Euro 4 thousand at 31 December 2011) and includes the liquidity held at the head office and at branches throughout the country in the form of cash:

Table B.8.3

	31/12/2012	31/12/2011
a) Cash	6	4
b) On demand deposits with central banks		
Total	**6**	**4**

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.

4.4 Financial assets available for sale: change in period

Table B.8.12

	Debt securities	Equity instruments	UCITS units	Loans	**Total**
A. Opening balance					
B. Increases	**902,511**				**902,511**
B1. Purchases	902,511				902,511
B2. Positive changes in fair value					
B3. Recoveries					
- posted to income statement		X			
- posted to shareholders' equity					
B4. Transfers from other portfolios					
- Financial assets held for trading					
- Financial assets held to maturity					
B5. Other increases					
C. Decreases	**902,511**				**902,511**
C1. Sales	124,016				124,016
C2. Redemptions	778,495				778,495
C3. Negative changes in fair value					
C4. Impairment losses					
- posted to income statement					
- posted to shareholders' equity					
C5. Transfers to other portfolios					
C6. Other decreases					
D. Closing balance					

The increases and decreases in assets available for sale represent the purchase and sale of Spanish government bonds (Letras del Tesoro) during the year. There were no securities in portfolio at the year end.

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 957,249 thousand (Euro 492,773 thousand at 31 December 2011) and are made up as follows:

Table B.8.15

Type of transaction/Amounts	31/12/2012	31/12/2011
A. Due from central banks		
1. Time deposits		
2. Compulsory reserve	3,473	9,089
3. Repurchase agreements		
4. Other		
B. Due from banks		
1 Current accounts and demand deposits	77,019	22,874
2. Time deposits		
3. Other loans:		
3.1 Repurchase agreements		
3.2 Finance leases		
3.3 Other	876,757	460,810
4. Debt securities		
4.1 Structured		
4.2 Other debt		
Total (book value)	**957,249**	**492,773**
Total (fair value)	***957,249***	***492,773***

Amounts due from central banks are represented by receivables from the Bank of Italy with a balance of Euro 3,473 thousand (Euro 9,089 thousand at 31 December 2011).

Amounts due from banks refer to:
- Credit balances on bank current accounts for Euro 77,019 thousand (Euro 22,874 thousand at 31 December 2011), consisting of cash deposits belonging to the segregated funds of the securitisations (Euro 61,129 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 766,492 thousand (in 2011, the commercial paper issued by the Spanish Parent Company Santander Consumer Finance amounted to Euro 456,472 thousand) and Euro 103,500 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 2012, 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 6,552,646 thousand (Euro 7,346,665 thousand at 31 December 2011) and are made up as follows:

Table B.8.16

Type of transaction/Amounts	31/12/2012			31/12/2011		
	Performing loans	Impaired loans		Performing loans	Impaired loans	
		Purchased	Other		Purchased	Other
1. Current accounts	8,065		394	11,575		168
2. Repurchase agreements						
3. Mortgage loans						
4. Credit cards, personal loans and salary assignment	3,702,334		97,896	3,828,622		36,030
5. Finance leases	166,953		4,169	298,202		12,250
6. Factoring	76,582			57,197		
7. Other loans	2,465,500		30,753	3,086,748		15,873
8. Debt securities						
8.1 Structured						
8.2 Other debt						
Total (book value)	**6,419,434**		**133,212**	**7,282,344**		**64,321**
Total (fair value)	**6,834,141**		**133,042**	**7,002,704**		**64,321**

In particular, loans to customers include:

- Euro 8,459 thousand (of which, Euro 394 thousand non-performing loans) for credit balances on current accounts with customers and post office current accounts;
- Euro 3,800,230 thousand (of which, Euro 97,896 thousand non-performing loans) for loans to customers arising from financing personal loan transactions, credit cards and loans guaranteed by salary assignment;
- Euro 171,122 thousand (of which, Euro 4,169 thousand non-performing loans) for loans to customers for finance leases, recorded at amortised cost;
- Euro 76,582 of receivables relating to factoring transactions with automotive companies;
- Euro 2,496,253 thousand (of which, Euro 30,753 thousand non-performing loans) for loans to customers resulting from stock financing 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 of Unifin (Euro 13,000 thousand) of the Spanish Santander Consumer Finance Group.

The total of assets assigned and not derecognised (Euro 4,727,631 thousand, of which Euro 63,463 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 5 - Other Aspects of the Accounting Policies in the Notes.

7.2 Loans to customers: breakdown by borrower/issuer

Table B.8.17

Type of transaction/Amounts	31/12/2012			31/12/2011		
	Performing loans	Impaired loans		Performing loans	Impaired loans	
		Purchased	Other		Purchased	Other
1. Current accounts	8,065		394	11,575		168
2. Repurchase agreements						
3. Mortgage loans						
4. Credit cards, personal loans and salary assignment	3,702,334		97,896	3,828,622		36,030
5. Finance leases	166,953		4,169	298,202		12,250
6. Factoring	76,582			57,197		
7. Other loans	2,465,500		30,753	3,086,748		15,873
8. Debt securities						
8.1 Structured						
8.2 Other debt securities						
Total (book value)	**6,419,434**		**133,212**	**7,282,344**		**64,321**
Total (fair value)	**6,834,141**		**133,042**	**7,002,704**		**64,321**

7.3 Loans to customers with specific hedges

There are no loans to customers with specific hedges.

7.4 Finance leases

Table B.8.17C

INFORMAZIONI DA PARTE DEL LOCATORE	Consistenze al 31/12/2012	
	Pagamenti minimi	Valore attuale pagamenti minimi
Crediti per locazione finanziaria		
Fino a 12 mesi	69.826	64.824
Da 1 a 5 anni	87.598	81.323
Oltre 5 anni	27.923	25.923
Totale	**185.347**	**172.069**
di cui:		
Valori residui non garantiti spettanti al locatore		
Meno: utili finanziari differiti	13.278	X
Valore attuale dei crediti per pagamenti minimi	**172.069**	**172.069**

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

At 31 December 2012, all of the derivatives traded for the purpose of hedging the interest rate risk on the cash flows of floating-rate liabilities for the financing of fixed-rate assets, as well as the derivatives traded with the objective of hedging changes in the fair value of the underlying fixed-rate assets, have a negative fair value.

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

The Group has not recorded any positive fair values on the portfolio of hedging derivatives.

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

9.1 Remeasurement of hedged assets: breakdown by hedged portfolio

Table B.8.20

Remeasurement of hedged assets/Amounts	31/12/2012	31/12/2011
1. Positive adjustment		
1.1 specific portfolios		
a) loans	102,542	70,019
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	**102,542**	**70,019**

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

Table B.8.20B

Hedged assets	31/12/2012	31/12/2011
1. Loans	102,542	70,019
2. Financial assets available for sale		
3. Portfolio		
Total	**102,542**	**70,019**

Section 10 - Equity investments - item 100

After line-by-line consolidation of the subsidiary Santander Consumer Finance Media S.r.l., there are no other 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: breakdown of assets measured at cost

Property and equipment amount to Euro 4,953 thousand (Euro 5,028 thousand at 31 December 2011) and are made up as follows:

Table B.8.24

Assets/Amounts	31/12/2012	31/12/2011
A. Assets used in business		
1.1 owned		
a) land		
b) property		
c) furniture	300	355
d) electronic systems	1,029	1,010
e) other	3,624	3,663
1.2 purchased under finance leases		
a) land		
b) property		
c) furniture		
d) electronic systems		
e) other		
Total A	**4,953**	**5,028**
B. Investment property		
2.1 owned		
a) land		
b) property		
2.2 purchased under finance leases		
a) land		
b) property		
Total B		
Total (A+B)	**4,953**	**5,028**

"Other" mainly includes vehicles used by employees to perform their work (Euro 2,546 thousand), deferred charges made up of leasehold improvements (Euro 749 thousand) and telephone systems, equipment and facilities provided (Euro 328 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 AMORTISED	6

12.2 Property and equipment: breakdown of assets measured at fair value or revalued

There are no fixed assets measured at fair value or revalued.

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

Table B.8.26

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross amount			**4,480**	**9,164**	**16,459**	**30,103**
A.1 Total net adjustments			(4,125)	(8,154)	(12,796)	**(25,075)**
A.2 Opening net amount			**355**	**1,010**	**3,663**	**5,028**
B. Increases						
B.1 Purchases			29	463	1,652	**2,144**
B.2 Capitalised improvement costs					55	**55**
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						
C.1 Sales			(8)		(230)	**(238)**
C.2 Depreciation			(76)	(444)	(1,516)	**(2,036)**
C.3 Impairment losses recognised to:						
a) shareholders' equity						
b) income statement						
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			**300**	**1,029**	**3,624**	**4,953**
D.1 Total net adjustments			(4,185)	(8,597)	(12,972)	**(25,754)**
D.2 **Closing gross amount**			**4,485**	**9,626**	**16,596**	**30,707**
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.

12.4 Investment property: changes in the period

There are no fixed assets held for investment purposes.

12.5 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 10,461 thousand (Euro 9,120 thousand at 31 December 2011).

Table B.8.28

Assets/Amounts	31/12/2012		31/12/2011	
	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	10,461		9,120	
A.2.2 Measured at fair value				
a) Internally-generated intangible assets				
b) Other assets				
Total	**10,461**		**9,120**	

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

13.2 Intangible assets: change in the period

Table B.8.29

	Goodwill	Other intangible assets internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Opening balance				**48,891**		**48,891**
A.1 Total net adjustments				(39,771)		**(39,771)**
A.2 **Opening net amount**				**9,120**		**9,120**
B. Increases						
B.1 Purchases				6,768		**6,768**
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						
C.1 Sales						
C.2 Adjustments						
- Amortisation	X			(5,427)		**(5,427)**
- Writedowns						
+ posted to shareholders' equity	X					
+ posted to income statement						
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				**10,461**		**10,461**
D.1 Total net adjustments				(45,198)		**(45,198)**
E. Closing gross amount				**55,659**		**55,659**
F. Measurement 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.
The additions relate to the capitalisation of costs incurred for the implementation of EDP application packages and the development of new computer Programmes.

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

Table B.8.30

	31/12/2012	31/12/2011
Deferred tax assets recognised in the income statement	148,595	117,723
Deferred tax assets recognised to shareholders' equity	5,414	8,631
Total	**154,009**	**126,354**

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 154,009 thousand (Euro 126,354 thousand at 31 December 2011) refers for Euro 148,595 thousand mainly to temporary differences determined by the deferred deductibility of adjustments to loans for IRES purposes, while the other Euro 5,414 thousand refer to deferred tax assets recognised to shareholders' equity, related to hedging derivatives with a negative fair value (Cash Flow Hedging Model).

14.2 Deferred tax liabilities: breakdown

The Group has not recognised any deferred tax liabilities at 31 December 2012, 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 14.5 "Change in deferred tax assets (recognised in equity)."
The balance of Euro 8,000 at 31 December 2011, on the other hand, concerns the tax effect arising from the application of IAS 19 on a retrospective basis, which resulted in a restatement of the comparative figures.

Table B.8.30B

	31/12/2012	31/12/2011
Deferred tax liabilities recognised to shareholders' equity		8
Total		**8**

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

Table B.8.30C

	31/12/2012	31/12/2011
Opening balance	**117,723**	**115,800**
Increases	**40,704**	**36,381**
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	34,657	36,250
2.2 New taxes or increases in tax rates		131
2.3 Other increases		
Decreases	**9,832**	**34,458**
3.1 Deferred tax assets cancelled during the year		
a) reversals	5,098	7,851
b) write-offs		
c) due to changes in accounting policies		
d) other		138
3.2 Reduction in tax rates		
3.3 Other decreases		
a) conversion into tax credits	4,734	26,469
as per Law 214/2011		
b) other		
Closing balance	**148,595**	**117,723**

The increase in "Deferred tax assets recognised during the year – prior years" reflects the corrections made during the year on prior year taxes (Euro 6,047 thousand), whereas the "Deferred tax assets recognised during the year – other" come primarily from temporary differences determined by the deductibility for IRES purposes of impairment losses on loans deferred over eighteen years (Euro 32,276 thousand), as well as from the creation of deferred tax assets mainly relating to the provisions set up for probable insurance reimbursements (Euro 2,381 thousand).

"Reversals", on the other hand, derive from the reversal of the brought-forward eighteenths relating to temporary differences generated in previous years (Euro 2,503 thousand) and the use of provisions set up for potential liabilities, principally insurance reimbursements (Euro 2,595 thousand).
"Other decreases" show the effect of the conversions into tax credits, as per Law 214/2011 (Euro 4,734 thousand).

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

Table B.8.30D

	31/12/2012	31/12/2011
1. Opening balance	**111,329**	**111,996**
2. **Increases**	**38,062**	**25,885**
3. Decreases	**4,834**	**26,552**
3.1 Reversals	100	83
3.2 Conversion into tax credits		
a) from tax losses	4,734	26,469
b) other		
4. **Closing balance**	**144,557**	**111,329**

The "reversals" represent the elimination of deferred tax assets that have not been converted into tax credits as they do not meet the requirements.

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

The Group has not recognised deferred taxes in the income statement.

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

Table B.8.31B

	31/12/2012	31/12/2011
1. Opening balance	**8,631**	**21,595**
2. Increases	**2,832**	**119**
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	119
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**6,049**	**13,083**
3.1 Deferred tax assets cancelled during the year		
a) reversals	6,049	11,928
b) write-offs		
c) due to changes in accounting policies		
d) other		1,155
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**5,414**	**8,631**

The deferred tax assets recognised by the Group 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 5,139 thousand, as well as the tax effect related to the actuarial valuation of employee termination indemnities for Euro 275 thousand.

The decrease of the year is due to the release of deferred tax assets of derivatives that expired during the year.

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

	31/12/2012	31/12/2011
1. Opening balance	**8**	
2. Increases		**8**
2.1 Deferred tax liabilities recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		8
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		**8**

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 for the year was positive.

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

Table B.8.33

	31/12/2012	31/12/2011
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property and equipment	290	
A.4 Intangible assets		
A.5 Other non-current assets		
Total A	**290**	
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		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
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 290 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 42,531 thousand (Euro 55,326 thousand at 31 December 2011), is made up as follows:

Table B.8.34

	31/12/2012	31/12/2011
Advances to suppliers	37	49
VAT receivables	2,610	20,019
Other amounts due from tax authorities	11,081	9,391
Other items	28,373	25,867
Due from Unifin S.p.A.	430	
Total	**42,531**	**55,326**

The "Other amounts due from tax authorities" mainly include payments on account of stamp duty on loans to customers (Euro 2,016 thousand), tax credits for withholding taxes (Euro 2,302 thousand), withholding tax paid on interest on current accounts with customers (Euro 1,470 thousand), flat-rate substitute tax on medium/long-term loans (Euro 2,499 thousand) and receivables for stamp duty (Euro 376 thousand). They also include Euro 1,628 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.
The item "VAT receivables" has been reduced considerably following the reimbursement of VAT for previous years (Euro 19,781 thousand) which was received during 2012.

"Other items" mainly include receivables from affiliates for contributions on loans contracted with a "zero interest rate" (Euro 1,903 thousand), other charges deferred to the future on an accrual basis (Euro 1,557 thousand), receivables for insurance commissions (Euro 10,695 thousand), bank transfers still to be allocated (Euro 12,802 thousand) and receivables from affiliates for the reversal of commissions and contributions (Euro 148 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 6,160,895 thousand (Euro 6,247,361 thousand at 31 December 2011) and are made up as follows:

Table B.8.35

Type	31/12/2012	31/12/2011
1. Due to central banks	**1,884,872**	**400,111**
2. Due to banks	**4,276,023**	**5,847,250**
2.1 Current accounts and deposits	42,431	
2.2 Time deposits	268,806	285,417
2.3 Loans		
2.3.1 repurchase agreements		501,958
2.3.2 other	3,957,547	5,055,005
2.4 Payables for commitments to repurchase own equity instruments		
2.5 Other payables	7,239	4,870
Total	**6,160,895**	**6,247,361**
Fair value	***6,160,895***	***6,247,361***

The table includes, in particular, repurchase agreements with the European Central Bank (Euro 1,884,872 thousand), subordinated loans paid by companies of the Santander Group (Euro 268,806 thousand) including accrued interest, the loans granted by Group companies as part of ordinary funding operations (Euro 3,763,922 thousand) and by third-party companies (Euro 193,715 thousand).
"Current accounts and deposits" refer to the liquidity paid by Banco Santander to the segregated funds by way of guarantee for the securitisations (Euro 41,920 thousand) and to the current accounts that show a negative balance at the end of the year (Euro 511 thousand).

"Other payables" mainly refer to the accrued expenses on the derivatives taken out in connection wit the securitisations traded with Banco Santander still to be settled at the year end (Euro 6,807 thousand).

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

This item, totalling Euro 268,500 thousand (285,000 thousand at 31 December 2011), includes both subordinated liabilities (Euro 121,000 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:

Table B.8.35B

Type	31/12/2012	31/12/2011
UPPER TIER II subordinated debt to Openbank S.A. - maturity in 2018	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturity in 2018	32,500	32,500
UPPER TIER II subordinated debt to Open Bank S.A. - maturity in 2016	32,500	32,500
LOWER TIER II subordinated debt to Open Bank S.A. - maturity in 2016	26,000	32,500
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2015	30,000	40,000
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2015	50,000	50,000
UPPER TIER II subordinated debt to Banco Madesant S.A. - maturity in 2019	12,500	12,500
LOWER TIER II subordinated debt to Banco Madesant S.A. - maturity in 2019	12,500	12,500
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2019	20,000	20,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2019	20,000	20,000
Total	**268,500**	**285,000**

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 339,280 thousand (Euro 342,069 thousand at 31 December 2011) and are made up as follows:

Table B.8.36

Type	31/12/2012	31/12/2011
1. Current accounts and deposits	248,646	282,544
2. Time deposits	90,338	43,612
3. Loans		
3.1 repurchase agreements		
3.2 other		15,060
4. Payables for commitments to repurchase own equity instruments		
5. Other payables	296	853
Total	**339,280**	**342,069**
Fair value	***339,280***	***342,069***

"Current accounts and deposits" include demand deposits from customers, in particular the funds deposited on "Conto Santander" deposit accounts (Euro 105,592 thousand), ordinary current accounts (Euro 10,030 thousand) and savings deposit books held by employees (Euro 20,476 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.

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

Table B.8.37

Type	31/12/2012				31/12/2011			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds								
1.1 structured								
1.2 other	626,419		626,419		833,891		833,891	
2. Other securities								
2.1 structured								
2.2 other								
Total	**626,419**		**626,419**		**833,891**		**833,891**	

The balance of Euro 626,419 thousand refers to the "Asset Backed Floating Rate Notes" issued by the SPE Golden Bar S.r.l. which appear in the consolidated financial statements of the Santander Consumer Bank Group as a result of the line-by-line consolidation of the securitised portfolios for which there are not the conditions for derecognition, in accordance with international accounting standards. This item also includes the accrued interest and transaction costs related to the issue.

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

Table B.8.42

	Fair value 31/12/2012			Notional value	Fair value 31/12/2011			Notional value
	Level 1	Level 2	Level 3	31/12/2012	Level 1	Level 2	Level 3	31/12/2011
A. Financial derivatives								
1) Fair value		109,189		4,211,300		70,399		4,989,750
2) Cash flows		16,384		700,000		38,034		1,680,000
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**125,573**		**4,911,300**		**108,433**		**6,669,750**

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 fair value measurement of these derivatives is carried out by the Spanish Parent Company Banco Santander for the derivatives entered into with it and by Santander Consumer Finance for the derivative entered into with it.

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 10,400 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 2012 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
150,000,000	21/09/2011	23/09/2013	Banco Santander	1,149,731
30,000,000	24/11/2009	27/05/2013	Banco Santander	184,016
80,000,000	11/12/2009	25/09/2013	Banco Santander	1,244,426
100,000,000	11/12/2009	24/12/2013	Banco Santander	2,189,928
50,000,000	11/12/2009	30/01/2014	Banco Santander	1,386,692
100,000,000	11/12/2009	13/05/2013	Banco Santander	1,299,896
60,000,000	11/12/2009	11/02/2013	Banco Santander	284,141
40,000,000	14/12/2009	16/09/2013	Banco Santander	296,098
130,000,000	18/12/2009	22/03/2016	Banco Santander	4,634,749
115,000,000	19/01/2010	21/01/2016	Banco Santander	4,108,611
97,500,000	05/02/2010	09/08/2016	Banco Santander	3,620,906
80,000,000	12/02/2010	16/11/2015	Banco Santander	2,607,641
320,000,000	27/08/2010	30/09/2016	Banco Santander	5,743,009
275,000,000	26/08/2010	30/08/2016	Banco Santander	6,207,881
382,500,000	27/09/2010	29/03/2017	Banco Santander	11,045,779
34,100,000	21/10/2010	25/07/2017	Banco Santander	1,118,246
34,700,000	25/10/2010	27/07/2017	Banco Santander	1,135,685
44,750,000	15/11/2010	17/11/2017	Banco Santander	1,584,463
44,750,000	23/11/2010	27/11/2017	Banco Santander	1,536,549
133,000,000	23/12/2010	27/04/2018	Banco Santander	4,992,501
88,000,000	05/01/2011	07/07/2017	Banco Santander	2,286,696
114,500,000	10/02/2011	14/03/2019	Banco Santander	6,372,761
150,000,000	13/05/2011	17/02/2015	Banco Santander	7,684,549
101,000,000	17/06/2011	21/03/2018	Banco Santander	6,729,550
150,000,000	10/08/2011	12/08/2014	Banco Santander	3,168,409
155,000,000	10/08/2011	12/08/2019	Banco Santander	4,819,319
224,000,000	12/07/2011	14/01/2019	Banco Santander	9,926,907
96,000,000	04/07/2012	08/10/2018	Banco Santander	964,642
85,000,000	10/07/2012	12/10/2018	Banco Santander	684,494
90,000,000	22/01/2010	26/10/2015	Banco Santander	2,861,699
250,000,000	31/07/2012	02/11/2018	Banco Santander	1,787,532
169,000,000	25/05/2011	27/02/2018	Banco Santander	9,321,359
50,000,000	11/12/2009	18/01/2013	Banco Santander	218,624
270,000,000	21/09/2012	25/03/2019	Banco Santander	1,080,357
225,000,000	07/11/2012	10/06/2019	Banco Santander	983,845
142,500,000	15/03/2011	18/09/2017	Banco Santander	5,930,376
250,000,000	31/05/2012	31/05/2016	Santander Consumer Finance	4,381,069
4,911,300,000				**125,573,140**

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

Table B.8.43

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks				
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	109,189	X		X
5. Other transactions	X	X	X	X	X	X		X	
Total assets						**109,189**			
1. Financial liabilities						X		X	X
2. Portfolio	X	X	X	X	X		X	16,384	X
Total liabilities								**16,384**	
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	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 macro-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 and discontinued operations - 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 84,366 thousand (Euro 93,154 thousand at the end of 2011) and consist of:

Table B.8.47

	31/12/2012	31/12/2011
Invoices to be received	24,842	29,851
Payables to employees	4,570	4,512
Due to social security institutions	1,379	1,377
Due to tax authorities	4,083	4,563
Other payables	47,850	51,063
Due to Unifin S.p.A.	1,642	1,363
Due to Isban		425
Total	**84,366**	**93,154**

"Other payables" mainly include:

- the amount due to suppliers (Euro 3,156 thousand);
- payables to insurance companies (Euro 2,961 thousand);
- bank transfers and post office payslips waiting to be credited (Euro 25,890 thousand);
- temporary balances due to customers for early repayments or temporary credit balances for instalments collected in advance of the contractual expiry date (Euro 12,639 thousand).

Section 11 - Provision for employee termination indemnities - item 110

11.1 Provision for employee termination indemnities: change in the year

Table B.8.48

	31/12/2012	31/12/2011
A. Opening balance	**4,357**	**4,415**
B. Increases	**1,035**	**624**
B.1 Provisions for the year	177	220
B.2 Other increases	858	404
C. Decreases	**899**	**682**
C.1 Payments made	876	658
C.2 Other decreases	23	24
D. Closing balance	**4,493**	**4,357**
Total	**4,493**	**4,357**

The provision for employee termination indemnities amounts to Euro 4,493 thousand (Euro 4,357 thousand at 31 December 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. The accruals therefore refer only to the interest cost.
In addition, in line with the amendment to IAS 19, actuarial gains and losses accrued at the balance sheet date have been recognised under "other changes".
The changes have also been made on a retrospective basis, restating the balance on the first day of the earliest year presented for comparison purposes (the overall effect amounts to € -24 thousand).

Section 12 - Provisions for risks and charges - item 120

12.1 Provisions for risks and charges: breakdown

Table B.8.49

Items/Amounts	31/12/2012	31/12/2011
1. Post employment benefits		
2. Other provisions for risks and charges		
2.1 legal disputes	3,437	2,843
2.2 personnel charges	511	1,400
2.3 other	9,744	10,680
Total	**13,692**	**14,923**

With reference to the items in the table, see the next section.

12.2 Provisions for risks and charges: change in the year

Table B.8.49B

	31/12/2012	31/12/2011
A. Opening balance	**14,923**	**11,638**
B. Increases	**7,509**	**9,031**
B.1 Provisions for the year	1,889	2,473
B.2 Time value change		
B.3 Changes due to variations in the discount rate		
B.4 Other changes	5,620	6,558
C. Decreases	**8,740**	**5,746**
C.1 Utilisations during the year	1,849	122
C.2 Changes due to variations in the discount rate		
C.3 Other changes	6,891	5,624
D. Closing balance	**13,692**	**14,923**

"Provisions of the year" include Euro 965 thousand to cover legal disputes and Euro 511 thousand relating to costs to be incurred for a restructuring plan implemented by the company. The provisions made on the basis of an estimate of the insurance premiums to be reimbursed to customers in the event of early termination have been recorded as a direct reduction of commission income for Euro 5,620 thousand.

As regards the "Decreases", on the other hand, Euro 6,888 thousand refer to utilisations of the provisions set up on dossiers from prior to 2010 due to the refund of insurance premiums to customers in the event of early cancellation, while the other Euro 1,849 thousand relate to the use of provisions made in the previous year for lawsuits and corporate restructuring.

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 472,129 thousand (Euro 466,981 thousand at 31 December 2011) broken down as follows:

Table B.8.52

Items/Amounts	31/12/2012	31/12/2011
1. Share capital	512,000	512,000
2. Share premium reserve		
3. Reserves	12,433	(5,684)
4. (Treasury shares)		
a) Parent Company		
b) subsidiaries		
5. Valuation reserves	(10,958)	(17,452)
6. Equity instruments		
7. Profit (loss) of the year pertaining to the Group	(41,346)	(21,883)
Total	**472,129**	**466,981**

Income reserves are described later in this section, whereas valuation reserves were described in section 6 of liabilities and shareholders' equity as regards hedging derivatives and in section 11 as regards employee termination indemnities.

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

Table B.8.52B

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		
B.1 New share issues		
- for consideration:		
- on business combinations		
- on conversion of bonds		
- exercise of warrants		
- other		
- 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	**512,000**	
D.1 Treasury shares (+)		
D.2 Outstanding shares at the end of the year		
- fully paid-in	512,000	
- not fully paid-in		

15.3 Share capital: other information

At 31 December 2012, the share capital of Santander Consumer Bank S.p.A. amounts to Euro 512 million, consisting of 512,000 ordinary shares with a nominal value of Euro 1,000 each, all owned by Santander Consumer Finance S.A. (Santander Group).

15.4 Retained earnings: other information

The retained earnings of the Group at 31 December 2012 (totalling Euro 12,433 thousand) are made up as follows:
• a residual amount resulting from the capital contribution made during the year by the Parent Company Santander Consumer Finance SA (Euro 11,370 thousand) and partially used to cover prior-year losses;
• Consolidation reserve of Euro 1,063 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:

Table B.8.53

Items/Amount	31/12/2012	31/12/2011
1. Share capital	2,450	2,450
2. Share premium reserve		
3. Reserves	245	228
4. (Treasury shares)		
5. Valuation reserves		
6. Equity instruments		
7. Net profit (loss) pertaining to m	3	345
Total	**2,698**	**3,023**

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

Table B.8.54

Transactions	31/12/2012	31/12/2011
1) Financial guarantees given		
a) Banks	584	1,236
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	**584**	**1,236**

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.

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 459,591 thousand (Euro 439,875 thousand at 31 December 2011) and is made up of:

Table B.9.3

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2012	31/12/2011
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			**2,074**	**6,646**
4. Financial assets held to maturity					
5. Due from banks		2,355	30	**2,385**	**5,753**
6. Loans to customers		454,707		**454,707**	**427,476**
7. Hedging derivatives	X	X			
8. Other assets	X	X	425	**425**	
Total	**2,074**	**457,062**	**455**	**459,591**	**439,875**

Interest income on financial assets available for sale are represented by the income earned on the Spanish government bonds (Letras del Tesoro) held during the year and then sold, so no longer present at the balance sheet date.
Interest income on amounts due from banks consists of interest on bank deposits (Euro 126 thousand), the repurchase agreement with the Spanish Parent Company Banco Santander (Euro 156 thousand), commercial paper subscribed by the securitisation SPE (Euro 2,068 thousand) and residual categories for the other Euro 5 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 accrued on non-performing loans during the year amounted to Euro 2,517 thousand.

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 2012 amount to Euro 11,788 thousand (Euro 16,537 thousand in 2011).

1.4 Interest and similar expense: breakdown

Table B.9.4

Items/Technical forms	Debts	Securities	Other transactions	31/12/2012	31/12/2011
1. Due to central banks	9,906			**9,906**	**1,111**
2. Due to banks	105,278	X		**105,278**	**128,897**
3. Due to customers	6,606	X		**6,606**	**9,044**
4. Debt securities issued	X	15,211		**15,211**	**19,285**
5. Financial liabilities held for trading					
6. Financial liabilities designated at fair value trough profit and loss					
7. Other liabilities and provisions	X	X	46	**46**	**1,893**
8. Hedging derivatives	X	X	73,865	**73,865**	**72,982**
Total	**121,790**	**15,211**	**73,911**	**210,912**	**233,212**

Interest expense to banks is on loans granted by companies of the Santander Group.
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.
For the interest expense on hedging derivatives, please refer to the following table.

1.5 Interest and similar expense: differentials on hedging transactions

Table B.9.4B

Items/Sectors	31/12/2012	31/12/2011
A. Positive differentials on hedging transactions	163	984
B. Negative differentials on hedging transactions	(74,028)	(73,966)
C. Balance (A-B)	**(73,865)**	**(72,982)**

The reduction in market interest rates during the year resulted in a net negative differentials on hedging transactions for Euro 73,865 thousand.

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 67,933 thousand (Euro 82,486 thousand at 31 December 2011) and is broken down as follows:

Table B.9.5

Type of service/Segments	31/12/2012	31/12/2011
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	47,445	58,314
9.3. other products		
d) collection and payment services	17,480	18,037
e) servicing related to securitisation		2,022
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	3,008	4,113
Total	**67,933**	**82,486**

This item includes commission income for insurance products placed with customers financed for Euro 47,445 thousand and commissions generated during the year for collection and payment services provided of Euro 17,480 thousand.
Commissions classified as other services are primarily attributable to income recognised in respect of damages and penalties for late payment (Euro 1,704 thousand), fees and commission income for the management of credit cards (Euro 966 thousand), commission income on stock financing (Euro 254 thousand).

2.2 Commission expense: breakdown

Commissions expense amount to Euro 17,655 thousand (Euro 17,074 thousand at 31 December 2011) and are broken down as follows:

Table B.9.6

Services/Segments	31/12/2012	31/12/2011
a) guarantees received	1,459	977
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	105	50
5. placement of financial instruments		
6. offer of securities, financial products and services through financial promoters	11,699	11,035
d) collection and payment services	3,567	3,584
e) other services	825	1,428
Total	**17,655**	**17,074**

The fees paid in respect of guarantees received, item a), refer to guarantees given in favour of the Group by major banks for Euro 208 thousand, by the direct Parent Company Santander Consumer Finance for Euro 977 thousand and by the ultimate Parent Company Banco Santander for Euro 274 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.
Point 6 of item c) of the table refers to commissions paid on the sale of insurance products (Euro 9,256 thousand) and contributions and termination indemnities accrued by the network of agents based on targets for the placement of loans with customers (Euro 2,443 thousand).
Item e) includes fees incurred for the structuring of securitisations.

Section 3 – Dividends and similar income – item 70

3.1 Dividends and similar income: breakdown

The amount recognised during the year 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 charge generated by the valuation carried out by the Spanish Parent Company Banco Santander of the derivatives hedging the fair value of financial assets and the corresponding income resulting from the valuation of the hedged assets.

Table B.9.9

Items/Sectors	31/12/2012	31/12/2011
A. Income relating to:		
A.1 Fair value hedge		
A.2 Hedged financial assets (fair value)	32,523	66,131
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)	**32,523**	**66,131**
B. Expenses relating to:		
B.1 Fair value hedge	(34,720)	(65,738)
B.2 Hedged financial assets (fair value)		
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)	**(34,720)**	**(65,738)**
C. Net hedging gains (losses) (A-B)	**(2,197)**	**393**

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

6.1 Gains (losses) on disposal or repurchase: breakdown

Table B.9.10

Item/Income items	31/12/2012			31/12/2011		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Due from banks						
2. Loans to customers		(142,277)	(142,277)		(104,176)	(104,176)
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	**182**	**(142,277)**	**(142,095)**		**(104,176)**	**(104,176)**
Financial liabilities						
1. Due to banks						
2. Due to customers						
3. Debt securities issued						
Total liabilities						

The gains (losses) on sale/repurchase of loans to customers is represented by the receivables sold without recourse to third parties during the year, net of the release of provisions set aside in previous years.

The gains (losses) on disposal/repurchase of debt securities represent the capital gains realised on the sale of Letras del Tesoro held during the year.

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 impairment adjustments to loans and receivables: breakdown

Table B.9.12

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2012 (3) = (1) - (2)	31/12/2011 (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	1,376	96,009	21,710		(6,649)			112,446	92,999
Non-performing loans purchased									
- Loans			X				X		
- Debt securities			X				X		
- Other receivables									
- Loans									
- Debt securities									
C. Total	**1,376**	**96,009**	**21,710**		**(6,649)**			**112,446**	**92,999**

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 losses to other financial transactions: breakdown

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

Section 9 - Net insurance premiums - item 150

The Group does not include any insurance companies.

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

The Group does not include any insurance companies.

Section 11 - Administrative expenses - item 180

11.1 Payroll: breakdown

Payroll costs amount to Euro 41,433 thousand (Euro 44,257 thousand at 31 December 2011) and are split as follows:

Table B.9.17

Type of expense/Amounts	31/12/2012	31/12/2011
1) Employees		
a) wages and salaries	28,397	27,876
b) social security charges	6,995	7,348
c) termination indemnities	7	12
d) pension expenses (supplementary benefits)		
e) provision for employee termination indemnities	177	220
f) provision for post-retirement benefits and similar benefits:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution	1,788	2,028
- defined benefit		
h) share-based payments		
i) other personnel benefits	2,145	1,965
2) Other personnel	954	1,184
3) Directors and statutory auditors	470	387
4) Retired personnel	500	3,237
5) Recovery of cost of employees seconded to other companies		
6) Reimbursement of cost of third-party employees seconded to the Bank		
Total	**41,433**	**44,257**

"Social security charges" also include pension costs incurred by the Group in 2012.
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, 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 charges incurred for retired personnel relate to the corporate reorganisation plan.

11.2 Average number of employees, by categories

Table B.9.17B

	31/12/2012	31/12/2011
Employees:		
a) managers	4	5
b) total middle managers	153	151
of which 3rd and 4th level	*58*	*57*
c) other employees	506	535
Total	**663**	**691**
Other personnel	**24**	**29**

11.3 Post-retirement defined benefit plans: total costs

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

11.4 Other personnel benefits

Table B.9.17D

	31/12/2012	31/12/2011
Ancillary staff expenses (contributions to rent and health insurance, luncheon vouchers, other minor benefits and training costs)	1,785	1,523
Incentive plan reserved for managers	360	442
Total	**2,145**	**1,965**

11.5 Other administrative expenses: breakdown

Other administrative expenses amount to Euro 57,697 thousand at 31 December 2012 (Euro 69,571 thousand at 31 December 2011) and are made up as follows:

Table B.9.17E

	31/12/2012	31/12/2011
Indirect taxes and duties	2,152	11,856
Telephone, broadcasting and postal	4,890	6,485
Maintenance, cleaning and waste disposal	1,536	1,261
Property lease, removals and condominium expenses	4,987	4,440
Professional fees and corporate expenses	6,613	5,438
Travel and accommodation	1,816	1,474
Stamp duty and flat-rate substitute tax	4,702	6,660
Insurance charges	387	386
Forms, stationery and consumables	317	320
Supplies, licences, EDP consulting and maintenance	6,407	4,407
Debt recovery charges	12,793	13,730
Other expenses	3,268	3,176
Legal fees	1,852	2,705
Legal expenses	1,141	1,933
Advertising, promotion and representation	1,693	2,442
Commercial information and searches	2,590	2,481
Lighting and heating	553	377
Total	**57,697**	**69,571**

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

12.1 Net provisions for risks and charges: breakdown

Table B.9.18

Item	31/12/2012	31/12/2011
Provisions for legal risks	928	951
Total	**928**	**951**

This item mainly includes 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.

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 2,036 thousand to the depreciation of the Group's fixed assets.

Table B.9.19

Assets/Income items	Amortisation (a)	Impairment losses (b)	Recoveries (c)	**Net result (a + b – c)**
A. Property and equipment				
A.1 Owned				
- For business purposes	2,036			**2,036**
- For investment purposes				
A.2 Held under finance leases				
- For business purposes				
- For investment purposes				
B. Non-current assets held for sale				
Total	**2,036**			**2,036**

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 5,427 thousand and relate to the amortisation of the year, as shown in the following table:

Table B.9.20

Assets/Income items	Amortisation (a)	Impairment losses (b)	Recoveries (c)	**Net result (a + b – c)**
A. Intangible assets				
A.1 Owned				
- Internally generated				
- Other	5,427			**5,427**
A.2 Held under finance leases				
Total	**5,427**			**5,427**

Section 15 - Other operating expenses/income - item 220

15.1 Other operating expenses: breakdown

Other operating expenses amount to Euro 10,343 thousand (Euro 17,228 thousand at 31 December 2011) and are divided as follows:

Table B.9.21

	31/12/2012	31/12/2011
Rebates and discounts given	176	231
Losses on disposal	90	18
Expenses related to leasing transactions	8,334	12,453
Other	736	563
Miscellaneous expenses	1,007	3,963
Total	**10,343**	**17,228**

The "expenses related to leasing transactions" mainly include full-leasing service expenses (Euro 2,342 thousand), administrative expenses related to the leasing business (Euro 4,651 thousand) and losses on leased assets (Euro 780 thousand).
"Other" mainly relates to out-of-period expenses (Euro 601 thousand).

15.2 Other operating income: breakdown

Other operating income amounts to Euro 24,120 thousand (Euro 41,225 thousand at 31 December 2011) and can be broken down as follows:

Table B.9.21B

	31/12/2012	31/12/2011
Recovery of taxes	6,150	8,824
Recovery of lease instalments	73	67
Recovery of other expenses	1,231	1,466
Recovery of preliminary expenses	5,557	6,792
Rebates and discounts received	59	74
Insurance reimbursements	170	132
Gains on disposal	1,663	238
Income related to leasing transactions	8,683	19,272
Other income	534	4,360
Total	**24,120**	**41,225**

"Income related to leasing transactions" includes, among other things, the recovery of full-leasing expenses for Euro 1,596 thousand, recovery of car lease expenses charged to customers for Euro 2,126 thousand, recovery of provincial transcription tax (IPT) for Euro 2,402 thousand and damages received for Euro 245 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 – Goodwill impairment - 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 10,183 thousand (Euro -74 thousand at 31 December 2011) and represents the provision made during the year in accordance with current tax law. It is made up as follows:

Table B.9.26

Items/Segments	31/12/2012	31/12/2011
1. Current taxation (-)	(27,051)	(27,430)
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 as per Law 214/2011 (+)	4,734	26,469
4. Change in deferred tax assets (+/-)	30,872	887
5. Change in deferred tax liabilities (+/-)		
6. Income tax for the year on current operations (-) (-1+/-2+3+/-4+/-5)	**10,183**	**(74)**

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.
Moreover, the "Changes in current taxes of previous years" include an amount of Euro 1,628 thousand resulting from the claim for a tax rebate for the higher IRES paid in previous years on personnel costs not deducted for IRAP purposes, as already mentioned in the section on "Taxation" in the report on operations.
"Reduction in current taxes for tax credits as per Law 214/2011" shows the deferred tax assets that were converted into tax credits during the year.

20.2 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 charge.

Table B.9.26B

	31/12/2012	31/12/2011
Profit (loss) from continuing operations before tax	(51,526)	(21,464)
Profit before tax on discontinuing operations		
Theoretical taxable income	**(51,526)**	**(21,464)**
Income tax - Theoretical tax charge	14,002	5,702
- effect of income and expenses that do not contribute to the tax base	1,258	1,318
- effect of expenses that are wholly or partially non-deductible	(4,932)	(7,162)
IRES - Effective tax burden	**10,328**	**(142)**
IRAP - Theoretical tax charge	2,836	1,155
- portion of non-deductible administrative expenses, depreciation and amortisation	(2,668)	(2,883)
- portion of non-deductible interest expense	(489)	(515)
- effect of income and expenses that do not contribute to the tax base	(5,454)	612
- effect of expenses that are wholly or partially non-deductible	5,630	1,699
IRAP - Effective tax burden	**(145)**	**68**
Effective tax burden as shown in the financial statements	**10,183**	**(74)**

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"

Table B.9.28

Company	31/12/2012	31/12/2011
De Agostini Editore S.p.A.	3	345
Total	**3**	**345**

The net profit attributable to minority interests amounts to Euro 3 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.

22.2 Analysis of item 330 "Loss pertaining to minority interests"

The net profit for the year attributable to minority interests is positive, as it was in 2011.

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)

Table B.9.30

	Number	Days	Weighted number
Opening balance	512,000	366	513,403
Total			**513,403**

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

Table B.9.30B

Net profit (loss) for the year	-41,343
Basic earnings per share	**-0.08**

Profit (loss) for the period pertaining to the Parent Company	-41,346
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	(41,343)
	Other comprehensive income			
20.	Financial assets available for sale:			
	a) changes in fair value			
	b) reversal to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
30.	Property and equipment			
40.	Intangible assets			
50.	Foreign investment hedges:			
	a) changes in fair value			
	b) reversal to the income statement			
	c) other changes			
60.	Cash-flow hedges:			
	a) changes in fair value	10,560	(3,492)	7,068
	b) reversal to the income statement			
	c) other changes			
70.	Exchange differences			
	a) change in value			
	b) reversal to the income statement			
	c) other changes			
80.	Non-current assets held for sale and discontinued operations			
	a) changes in fair value			
	b) reversal to the income statement			
	c) other changes			
90.	Actuarial gains (losses) on defined-benefit pension plans	(858)	284	(574)
100.	Portion of the measurement reserves of the equity investments measured at equity			
	a) changes in fair value			
	b) reversal to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
110.	**Total other elements of income**	**9,702**	**(3,208)**	**6,494**
120.	**Total comprehensive income (Items 10+110)**	**9,702**	**(3,208)**	**(34,849)**
130.	Total comprehensive income pertaining to minority interests	4	(1)	3
140.	**Total consolidated comprehensive income pertaining to Parent Compa**	**9,698**	**(3,207)**	**(34,852)**

Part E - Information on risks and related hedging policies

Section 1 - Risks faced by the banking Group

1.1 – Credit risk

Qualitative information

1. General aspects

Credit risk is obviously the main type of risk to which the Group 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 Group's operations in Italy are almost entirely focused on retail customers, where the risk in question is highly differentiated and "pulverised". In fact, overall, the Group's assets are characterised by a very high average number of customers, with 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 Group'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.

The various types of risk are taken by the Group as a whole; then, thanks to a system of delegation and control, it defines which units/functions are delegated to monitor the individual aspect, or to manage one or more classes of risk and the various control processes.

In general, with regard to the risk classes that have been identified, the units designated to manage the associated risk are those units/functions that play a supervisory, direction and 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 Chief Executive Officer).

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

The risk management map is as follows:

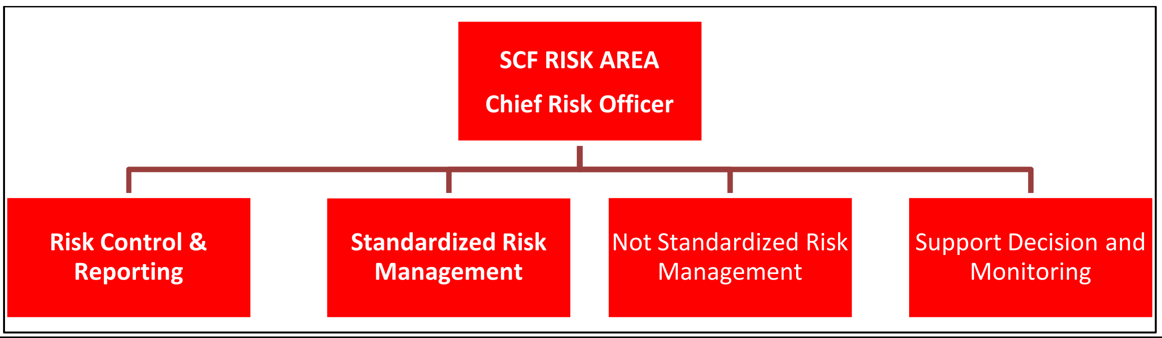
Type of risk	**Risk Taking Unit**	**Control**
Credit risk	Standardized/Non-Standardized Risk Unit	Risk Control Unit
Operational risk	The various functional areas involved in the operational process	Operational Development Department
Financial risks	Finance Department	Administration and Control Department
Market risk	Finance Department	Risk Control Unit
Reputational risk	Operational Development Department/Legal Affairs and Institutional Relations Department	Legal and Compliance Committee
Strategic risk	Board of Directors/Top Management	Board of Directors/Executive Committee
Residual risk	General Management/Legal and Institutional Relations Department	Legal Affairs and Institutional Relations Department

In addition to the areas mentioned above, the control activity is completed and assessed by the Internal Auditing and Operating Controls Department.

As part of the implementation of Risk General Management, the functions of the Risk Management Area of Santander Consumer Bank are as follows:

- to adapt corporate risk management models defined by the Intelligence Area to the actual situation and risk characteristics of the Santander Consumer Finance Division
- to manage priorities/speed of implementation in each country/unit according to the effective needs of each country
- to monitor and ensure proper execution/implementation of the models both at corporate level (Santander Consumer Finance) and at local level for each unit.

The following chart shows the organisational structure of the Santander Consumer Bank Division.



To fulfil its mission, the Risk Management Area of Santander Consumer Bank has the following functions:

- adaptation of the corporate model of credit, market and methodology management, including corporate policies, as well as of the risk map and the segmentation criteria applied to the specifics of Santander Consumer Bank
- supervision of the implementation of the corporate model of management, both of credit and of market and structural risk within the Group
- implementation of risk projects defined globally for matters that concern the Group
- support for the Units controlled by the Group in the implementation of local decision models and the management model
- participation in the acceptance, monitoring and recovery process with the units controlled by the Group in coordination with the Banking Risk Management Area
- implementation of control over credit risk with customers in the defined axes, levels and metrics. The axes of control are defined in a manner consistent with the needs and requirements of local

operations. The local heads of control in the various units will be used to implement the control system

- implementation of the processes of aggregation and consolidation of the various meanings of risk and preparation of the corresponding reports.

In addition, the essential functions of Standardized Risk Management at Santander Consumer Bank are:

- to define the risk policies, strategies and procedures for the management of "standardized" products
- to analyse, help create and manage (in terms of updating and configuration) automatic applications for decision-making and support in setting up dossiers
- to monitor the riskiness of products, companies, Affiliates and agents, 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 provide support for the Operating and Management Units for matters under its jurisdiction
- to ensure constant updating of the parameters for assessing counterparties
- 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 define the training required for staff
- to handle, together with the other departments involved, implementation of the input procedures, also looking after the organisation of corporate training and refresher courses.
- periodically check the level of training of operating personnel, especially in the event of role changes or the assignment of higher approval levels
- 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 procedures for products in the "non-standardized" segment
- 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* - signature powers in particular monitoring situations).

The Risk Control Unit's mission is to identify areas of risk, control objectives and suitable techniques to achieve them.

The main functions assigned to this unit are:

- definition of risk models in line with corporate policy

- decision-making support through simulations and analyses of profitability, volumes and litigiousness according to the necessary interpretations
- 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
- to ensure analytical control and supervision of the adoption of Basel II.

The essential functions of the Decision-Making Support and Monitoring Unit are:

- monitoring proper implementation of the policies and procedures for standardized risk-taking
- assessing and formulating recommendations, also binding recommendations, to decision-making bodies, on compliance with risk policies, in response to particular loan proposals involving standardized risks

The following fall within its scope of competence:

- personal loans, levels 10-60 rating BB
- car loans and special-purpose loans aimed at companies, levels 10-60 rating BB
- leasing, levels 10-60 rating BB
- credit cards, levels 10-60 rating BB
- personal loans, car loans, special-purpose loans and credit cards for individuals/companies, all levels and ratings with risk exceptions
- levels 70-99 all products and ratings
- override all levels above and below the cut-off
- CBU renewal/refinancing, all levels
- appendices

2.2 Systems for managing, measuring and monitoring risk

The process of risk management consists of identifying, quantifying, analysing, controlling, negotiating and deciding, where possible, the risks incurred by the Group. During the process, the areas that take risks and top management are both involved in the risk function.

This process is defined by the approval of policies for the identification, measurement, control and management, where applicable, of the risks at the highest level of the organisation.

The Risk Function carries out the process of identification, study, approval, measurement, control, monitoring and management of the risk and 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 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.

The lending process differs according to whether it is dealing with standardized risk or non-standardized risk.

For Standardized Risk, the process is split into the following phases:

1. Origination
2. Monitoring & Reporting
3. Impairment

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 system (AS 400) 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 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 a scoring system. In the case of leasing & renting, the dossier is examined by the operator. 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 a judgmental 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.

The Origination phase may foresee, on conclusion, the use of **risk mitigation techniques and collateral management** with a second signature and/or guarantees. In the case of car loans and renting, there may also be a mandate to register a mortgage on the car, at the approver's discretion.

The **Monitoring** phase is the responsibility of the Standardized Risk and Risk Control Functions.

During the **Impairment** phase, balances in dispute are handled by the Collection Business Unit (CBU). This area carries out a series of reminders/recovery actions up to the sixth instalment that is not paid. It also performs what is known as "Late Collection - After the Final Deadline". During this stage, it handles those contracts that are officially considered past due after non-payment of a number of instalments. The Bank makes use of external collection agencies (which carry out Home Calling and Phone Calling), with a view to recovering the full amount outstanding, and external law firms to send borrowers injunctions and later payment requests or summons.

Salary assignment differs from the above procedure. The Origination phase provides for a commercial agreement for distribution of the product through Unifin, a subsidiary of the Santander Consumer Finance Group, 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". In this case, the credit analysis, assessment and approval phases are carried out by Unifin with the support of Santander Consumer Bank under a services outsourcing contract. Monitoring is based primarily on income data. Litigation is handled by Santander Consumer Bank, again under this contract.

As regards **Standardized Risk**, in addition to the product and acquisition channel, which are used to segment all consumer credit transactions, the Group also uses variables such as nationality, residence, age, occupation, average income, etc. (in the event that the customer is a private individual), to determine the customer profile for the purpose of segmentation.
In the case of individual companies, we use variables such as: geographical location, start date of the business, legal issues, etc. In the case of corporate customers, with respect to the previous case, additional variables are used, such as: powers of signature, type of company, etc.

On the other hand, as regards **Non-Standardized Risk**, 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
   - Portfolio
   - Controls
   - Check on production volumes
6. Collection.

All customers have to be assigned to a risk analyst for the acceptance and monitoring of the related risks.
Each analyst therefore handles a portfolio of between 100 and 150 companies. The Santander Group's standard criterion is to assign a risk analyst to companies with risk of more than Euro 500 thousand.
As regards the characteristics of the portfolio, other segmentation criteria can be applied, such as: the economic group that it belongs to, the geographical area, type of activity (new or second-hand vehicles), make of vehicles, etc.

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, 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

In view of the types of products/services placed, the use of risk mitigation instruments is limited to just a few techniques. In particular, they can be considered ways of mitigating credit risk: a second signature (which can affect approval of the dossier), guarantees, mandate to register a mortgage (for car loans).

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.
"Massive collection" is a long-standing activity and now there is also "late collection" organisation, located throughout the country. The Group also makes use of external collection entities that are carefully selected and monitored on an ongoing basis.

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.
Impaired exposures are classified according to the number of overdue instalments. The adequacy of the impairment adjustments is assessed on the basis of the Loan Loss Reserve model (LLR), which includes the concepts of impairment (amount by which the carrying amount of an asset exceeds its realisable value) and

incurred loss (the loss concept only takes into account the loss that is visible or effectively quantifiable following a loan impairment event).

For regulatory purposes loans are divided into:

- Loans for which there appears to be an "incurred but not reported loss", these are the dossiers that at the observation date have a behavioural deterioration that is not apparent in the number of unpaid instalments (the impairment test aims at identifying dossiers that have had a significant change for the worse, despite not showing objective signs of deterioration at the observation date).
- Watchlist loans, doubtful loans, restructured loans and past due loans The entire amount (on- and off-balance sheet) of exposures to borrowers in temporary situations of objective difficulty, which are likely to be resolved within a reasonable period of time, has to be classified as anomalous under "watchlist loans". This irrespective of any collateral (secured or unsecured) backing the exposures and of any loss forecasts that have been made.

  The entire amount (on- and off-balance sheet) of exposures to borrowers in a state of insolvency (even if not legally recognised), or in substantially similar situations, have to be classified as "doubtful loans", irrespective of any collateral (secured or unsecured) backing the exposures and of any loss forecasts that have been made. Notification of doubtful loans to the Central Risk File must be based on a negative assessment of a financial situation that is considered in serious (and not temporary) economic difficulties, without necessarily having to mention insolvency, understood as a situation of insufficient funds, or of the amount being definitively unrecoverable.
  Restructured loans are those for which the Group agrees to modify the original contractual terms, due to a deterioration in the borrower's economic condition.
  These are loans that are past due or over the limit for more than 90 days, unlike those classified as doubtful, watchlist or restructured.

Quantitative information

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)

Table B.11.4

Portfolio/Quality	Banking Group					Other entities		Total
	Doubtful loans	Watchlist loans	Restructured loans	Past due loans	Other assets	Impaired loans	Other	
1. Financial assets held for trading								
2. Financial assets available for sale								
3. Financial assets held to maturity								
4. Due from banks					957,249			**957,249**
5. Loans to customers	6,769	40,241	6,370	79,832	6,419,434			**6,552,646**
6. Financial assets designated at fair value through profit and loss								
7. Financial assets under disposal					290			**290**
8. Hedging derivatives								
31/12/2012	**6,769**	**40,241**	**6,370**	**79,832**	**7,376,973**			**7,510,185**
31/12/2011	**23,936**	**20,650**	**1,601**	**18,134**	**7,775,117**			**7,839,438**

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 (book values)

Table B.11.5

Portfolio/Quality	Non performing assets			Performing loans			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	General portfolio adjustments	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				957,249		957,249	**957,249**
5. Loans to customers	252,621	(119,409)	133,212	6,463,453	(44,019)	6,419,434	**6,552,646**
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal							
8. Hedging derivatives				X	X		
Total A	**252,621**	**(119,409)**	**133,212**	**7,420,702**	**(44,019)**	**7,376,683**	**7,509,895**
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 31/12/2012	**252,621**	**(119,409)**	**133,212**	**7,420,702**	**(44,019)**	**7,376,683**	**7,509,895**
Total 31/12/2011	**298,431**	**(234,110)**	**64,321**	**7,925,646**	**(59,267)**	**7,775,117**	**7,839,438**

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

Table B.11.6

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. ON BALANCE EXPOSURES				
a) Doubtful loans				
b) Watchlist loans				
c) Restructured loans				
d) Past due loans				
e) Other assets	957,249			957,249
Total A	**957,249**			**957,249**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other		X		
TOTAL B				
TOTAL A+B	**957,249**			**957,249**

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 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

Table B.11.8B

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. ON BALANCE EXPOSURES				
a) Doubtful loans	25,610	(18,841)	X	6,769
b) Watchlist loans	97,418	(57,177)	X	40,241
c) Restructured loans	9,453	(3,083)	X	6,370
d) Past due loans	120,140	(40,308)	X	79,832
e) Other assets	6,463,453	X	(44,019)	6,419,434
TOTAL A	**6,716,074**	**(119,409)**	**(44,019)**	**6,552,646**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing				
b) Other		X		
TOTAL B				
TOTAL A+B	**6,716,074**	**(119,409)**	**(44,019)**	**6,552,646**

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

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

Table B.11.9

Types	Doubtful loans	Watchlist loans	Restructured loans	Past due loans
A. Opening gross exposure	**184,450**	**84,622**	**2,281**	**27,079**
- of which: sold but not derecognised	450	4,207	7	2,065
B. Increases				
B.1 transfers from performing loans	13,350	115,355	8,325	213,782
B.2 transfers from other categories of non-performing categories	12,266	26,578	1,553	15,910
B.3 other increases	7,307	5,396	250	2,492
C. Decreases				
C.1 transfers to performing loans	(399)	(2,972)		(13,452)
C.2 write-offs	(123,452)	(85,480)	(16)	(60,571)
C.3 repayments	(2,476)	(5,999)	(609)	(7,756)
C.4 proceeds from disposals	(3,589)	(5,663)	(637)	(18,247)
C.5 transfers to other categories of non-performing exposures	(2,539)	(23,570)	(1,115)	(29,084)
C.6 other decreases	(59,309)	(10,850)	(580)	(10,013)
D. Closing gross exposure	**25,610**	**97,417**	**9,453**	**120,141**
- of which: sold but not derecognised	5,443	39,198	2,129	59,664

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

Table B.11.10

Types	Doubtful loans	Watchlist loans	Restructured loans	Past due loans
A. Total opening adjustments	**104,872**	**53,019**	**677**	**8,824**
- of which: sold but not derecognised	217	1,409		731
B. Increases				
B.1 adjustments	7,048	47,937	2,239	38,786
B.1.bis losses on disposal	15,029	17,066	58	7,647
B.2 transfers from other categories of impaired categories	1,344	1,459	538	412
B.3 other increases				
C. Decreases				
C.1 recoveries on valuation	(966)	(1,114)		(352)
C.2 recoveries due to collections	(1,630)	(1,375)	(214)	(997)
C.2.bis gains on disposal				
C.3 write-offs	(105,819)	(58,111)	(87)	(13,127)
C.4 transfers to other categories of impaired categories	(1,036)	(1,704)	(127)	(887)
C.5 other decreases				
D. Total closing adjustments	**18,841**	**57,177**	**3,083**	**40,308**
- of which: sold but not derecognised	2,146	21,383	656	18,786

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

In the following table cash exposures are represented by loans to banks for Euro 957,249 thousand.

Table B.11.11

Exposures	Extrnal rating classes						No rating	Total
	1	2	3	4	5	6		
A. On balance exposures		827,622	126,154				3,473	**957,249**
B. Derivatives								
B.1 Financial derivatives								
B.2 Credit derivatives								
C. Guarantees given								
D. Commitments to issued loans								
E. Other								
Total		**827,622**	**126,154**				**3,473**	**957,249**

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 has been made to the worst.
The following shows the relationships between the risk classes and ratings used by the rating agencies surveyed:

Rating class	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 cash and off-balance sheet exposures by internal rating classes

The following table shows the distribution of the loan portfolio on the basis of internal ratings determined on the basis of the main behavioural parameters found in the contractual relationship with customers. In determining these indicators, reference was made to discriminating elements such as: type of employment, age, marital status, personal data. Exposures to customers are split into six classes, where "6" is the highest level of creditworthiness and "1" is for loans with a considerable probability of default.
Note that internal ratings are not used when calculating capital requirements.

Table B.11.11B

Exposures	Internal rating classes						Total
	6	5	4	3	2	1	
A. On balance exposures	2,928,879	501,284	1,399,503	794,508	696,349	232,123	**6,552,646**
B. Derivatives							
B.1 Financial derivatives							
B.2 Credit derivatives							
C. Guarantees given							
D. Commitments to issued loans							
Total	**2,928,879**	**501,284**	**1,399,503**	**794,508**	**696,349**	**232,123**	**6,552,646**

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

Table B.11.13

	Amount of 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	1,483,865												1,483,865	1,483,865
- of which: impaired	13,402												13,402	13,402
1.2 partially guaranteed														
- of which: impaired														
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)

Table B.11.14

Exposures/Counterparties	Governments			Other public entities			Financial businesses			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. On balance exposures																		
A.1 Doubtful loans			X			X			X			X	1,197	(14,788)	X	5,572	(4,053)	X
A.2 Watchlist loans			X			X			X			X	3,517	(11,038)	X	36,724	(46,139)	X
A.3 Restructured loans			X			X			X			X	72	(41)	X	6,298	(3,042)	X
A.4 Past due loans			X	5	(3)	X	2	(1)	X			X	8,160	(6,090)	X	71,665	(34,214)	X
A.5 Other exposures		X		509	X	(2)	13,664	X	(14)		X		630,454	X	(5,020)	5,774,807	X	(38,983)
TOTAL				**514**	**(3)**	**(2)**	**13,666**	**(1)**	**(14)**				**643,400**	**(31,957)**	**(5,020)**	**5,895,066**	**(87,448)**	**(38,983)**
B. Off-balance sheet exposures																		
B.1 Doubtful loans			X			X			X			X			X			X
B.2 Watchlist 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																		
31/12/2012				**514**	**(3)**	**(2)**	**13,666**	**(1)**	**(14)**				**643,400**	**(31,957)**	**(5,020)**	**5,895,066**	**(87,448)**	**(38,983)**
31/12/2011				**924**	**(16)**	**(3)**	**10,000**						**903,476**	**(67,802)**	**(9,686)**	**6,432,265**	**(166,292)**	**(49,578)**

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 cash and off-balance sheet exposures to customers (book values)

Table B.11.15

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. On balance exposures										
A.1 Doubtful loans	1,356	(5,105)	659	(1,395)	1,190	(5,847)	2,052	(4,777)	1,512	(1,717)
A.2 Watchlist loans	8,100	(12,291)	3,328	(5,128)	8,738	(12,709)	12,814	(17,891)	7,261	(9,158)
A.3 Restructured loans	1,640	(755)	450	(235)	1,351	(670)	1,577	(759)	1,352	(664)
A.4 Past due loans	17,806	(9,366)	6,206	(3,183)	16,056	(8,385)	25,512	(12,411)	14,252	(6,963)
A.5 Other exposures	1,667,574	(10,130)	668,906	(3,927)	1,385,549	(10,698)	1,723,441	(12,074)	973,964	(7,190)
TOTAL	**1,696,476**	**(37,647)**	**679,549**	**(13,868)**	**1,412,884**	**(38,309)**	**1,765,396**	**(47,912)**	**998,341**	**(25,692)**
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Watchlist loans										
B.3 Other non-performing loans										
B.4 Other exposures										
TOTAL										
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)**
TOTAL 31/12/2011	**2,019,092**	**(64,720)**	**768,786**	**(26,298)**	**1,522,727**	**(66,298)**	**1,904,363**	**(85,068)**	**1,131,697**	**(50,993)**

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 cash and off-balance sheet exposures to banks (book value)

Table B.11.16

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. On balance exposures										
A.1 Doubtful loans										
A.2 Watchlist loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	80,492		876,757							
TOTAL	**80,492**		**876,757**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Watchlist loans										
B.3 Other non-performing loans										
B.4 Other exposures										
TOTAL										
TOTAL 31/12/2012	**80,492**		**876,757**							
TOTAL 31/12/2011	**31,963**		**460,810**							

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

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 2012, the Parent Company has seven securitisations of performing loans, of which six consumer credit and one assignment of salary, carried out in accordance with Law 130/99 through the Golden Bar (Securitisation) Srl (an SPE which has no participatory connection with the Parent Company).

Of these, the Parent Company subscribed on issuance all of the securities issued for the Golden Bar Programme IV, Golden Bar Stand Alone 2011-2, Golden Bar Stand Alone 2012-1 and Golden Bar Stand Alone 2012-2 operations. For greater clarity, details of all of these operations are provided below.

The Parent Company has two operations underway through the 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 "stand-alone" operations characterised by a single initial transfer.
Every so often, the SPE replenishes the portfolio by means of a revolving purchase of additional loans with available payments of principal.

Under the Programme launched in December 2003, called "2,500,000,000 Euro Medium Term Asset-Backed Notes Programme", the SPE created four series of issues for a total of Euro 2,100,000,000. On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 58,450,000, which has been fully repaid as of the balance sheet date.
The SPE did not make any further revolving acquisitions of performing loans during the year.

Repayment of all of the Series 2 notes issued in 2004 was completed on 21 May 2012. Repayment of the Series 3 Class B, C and D notes began during 2012 and repayment of the Series 4 Class A, B, C and D notes continued. During the year, notes were repaid in the following amounts: Euro 11,170,000 for Series 2, Euro 46,855,957 for Series 3 and Euro 129,781,679 for Series 4. The Class D Series 3 and 4 securities still have to be repaid at the balance sheet date for a total of Euro 4,478,318.

In the fourth Programme launched with the purchase of an initial portfolio of performing 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 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 365,856,947.

As mentioned previously, the five 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 2011-1 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 a third-party company.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 81,000,000.
During the year, the SPE made further revolving acquisitions of performing loans for a total of Euro 182,374,635.

Repayment of Class A notes began on 20 November 2012. On that date, notes were repaid for Euro 63,301,143.

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 of Euro 23,750,000, 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 333,079,455.

As part of Operation Golden Bar Stand-Alone 2011-3 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.
During the year, the SPE made further revolving acquisitions of performing loans for a total of Euro 340,388,200.

As part of Operation Golden Bar Stand-Alone 2012-1 the company purchased a portfolio of performing loans (specific-purpose 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, in order to guarantee the presence of the cash reserve of Euro 18,750 thousand and the liquidity reserve of Euro 15 million provided for under the contract.
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 (salary assignment loans) 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, in order to guarantee the presence of the cash reserve of Euro 30,233 thousand and the liquidity reserve of Euro 24,186 thousand provided for under the contract.
The SPE did not make any further revolving acquisitions of performing loans during the year.

During the year, the various Programmes and operations were monitored by Moody's Investors Services and Standard & Poor's with reference to the first Programme and the fourth Programme, by Moody's Investors Services and Fitch Ratings Ltd with reference to the first stand-alone operation, and by Moody's Investors Services and DBRS with reference to the second, fourth and fifth stand-alone operations. A rating was not assigned to the securities of the third stand-alone operation as they were subscribed privately.

Santander Consumer Bank, as the servicer, sends a quarterly "servicing report" to the Calculation Agent, represented by Deutsche Bank S.p.A. for the two securitisation Programmes and for the first stand-alone operation, and by Bank of New York Mellon for the second, third, fourth and fifth stand-alone operations. 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 2012, the Parent Company's income statement showed servicing fee income of Euro 416 thousand (Euro 2,241 thousand in 2011), for the first Programme and Euro 4,010 thousand (Euro 3,993 thousand in 2011) for the fourth Programme, and Euro 2,992 thousand (Euro 2,611 thousand in 2011) for the first stand-alone operation, Euro 4,857 thousand (Euro 1,344 thousand in 2011) for the second stand-alone operation, Euro 3,375 thousand (Euro 296 thousand in 2011) for the third stand-alone operation, Euro 833 thousand for the fourth stand-alone operation and Euro 533 thousand for the fifth stand-alone operation.

With reference to the type of exposure to the securitisations at 31 December 2012, the Parent Company holds the Junior Securities of the first Programme and the third stand-alone operation, and has subscribed all of the securities in the fourth Programme, of the second, fourth and fifth stand-alone operation, as well as part of the class A securities and all of the class B and C securities of the first stand-alone operation. The Parent Company also provides liquidity facilities known as the "cash reserve".

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 liquidity reserves of the Golden Bar Stand Alone 2011-1 and Golden Bar Stand Alone 2011-2 operations include the liquidity paid in by Banco Santander by way of guarantee, for Euro 21,920 thousand and Euro 20 million respectively.

	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 I	5,285	-	4,478	17,600		n.a.	n.a.	n.a.	n.a.
Golden Bar Programme IV	816,248	772,000	28,000	44,100		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-1	503,467	349,801	60,000	89,640		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-2	936,920	627,000	323,000	61,760	6,552,646	n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-3	681,760	-	210,058	60,089		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-1	643,056	583,700	169,400	79,704		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-2	1,140,895	1,027,919	181,398	69,815		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 in the first and the fourth Programmes, as well as the five stand-alone operations, 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 Junior securities issued by the SPE for each of other two series placed under the first Programme for an amount of Euro 4,478 thousand, as well as the entire issue of securities that took place under the fourth Programme for an amount of Euro 800 thousand, the Class B notes, Junior securities and part of the Class A notes relating to the first stand-alone operation 2011-1 for Euro 409,801 thousand, as well as the entire issue of securities that took place under the second stand-alone operation 2011-2 for Euro 950 thousand, the Junior security of the third stand-alone operation 2011-3 for Euro 210,058 thousand, as well as the entire issue of securities that took place under the fourth stand-alone operation 2012-1 for Euro 753,100 thousand and the entire issue of securities that took place under the fifth stand-alone operation 2012-2 for Euro 1,209,317 thousand.

During the year, the Junior Securities generated income of Euro 1,919 thousand (Euro 9,717 thousand in 2011) for the first Programme, Euro 25,277 thousand (Euro 24,461 thousand in 2011) for the fourth Programme and Euro 11,072 thousand (Euro 23,512 thousand in 2011) for the stand-alone operation 2011-1, Euro 47,646 thousand (Euro 31,025 thousand in 2011) for the stand-alone operation 2011-2, Euro 47,646 thousand for the stand-alone operation 2011-3, Euro 45,954 thousand for the stand-alone operation 2012-1 and Euro 15,396 for the stand-alone operation 2012-2.

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 respective income statement items in 2012 and 2011.

As shown in the following tables, the Company has two new securitisations compared with 2011, respectively Golden Bar Stand-Alone 2012-1 and Golden Bar Stand-Alone 2012-2.

2012

Breakdown of the excess spread accrued during the year	31/12/2012						
	Golden Bar Programme	Golden Bar Programme IV	Golden Bar Stand Alone 2011-1	Golden Bar Stand Alone 2011-2	Golden Bar Stand Alone 2011-3	Golden Bar Stand Alone 2012-1	Golden Bar Stand Alone 2012-2
Interest expense on securities issued	(962)	(11,278)	(9,984)	(14,359)	(11,087)	(3,940)	(2,655)
Commissions and fees on the operation	-	-	-	-	-	-	-
- for servicing	(416)	(4,010)	(2,992)	(4,857)	(3,375)	(833)	(533)
- for other services	(33)	(81)	(233)	(140)	(16)	(15)	(10)
Other charges	(1,423)	(21,835)	(17,839)	(21,871)	(12,985)	(569)	(331)
Interest generated by the securitised assets	3,348	58,545	39,653	86,245	47,037	50,416	18,920
Other revenues	1,405	3,936	2,467	2,628	3,326	895	5
Total interest income	**1,919**	**25,277**	**11,072**	**47,646**	**22,900**	**45,954**	**15,396**

2011

Breakdown of the excess spread accrued during the year	31/12/2011						
	Golden Bar Programme	Golden Bar Programme II	Golden Bar Programme III	Golden Bar Programme IV	Golden Bar Stand Alone 2011-1	Golden Bar Stand Alone 2011-2	Golden Bar Stand Alone 2011-3
Interest expense on securities issued	(6,340)	(7,130)	(7,628)	(16,192)	(10,337)	(4,176)	(1,666)
Commissions and fees on the operation	-	-		-	-	-	-
- for servicing	(2,241)	(1,867)	(2,022)	(3,993)	(2,611)	(1,344)	(296)
- for other services	(121)	(59)	(55)	(75)	(97)	(4)	(1)
Other charges	(10,998)	(8,520)	(10,396)	(17,763)	(5,974)	(354)	(739)
Interest generated by the securitised assets	23,861	25,194	27,167	59,053	39,383	35,726	12,516
Other revenues	5,556	1,935	1,690	3,431	3,148	1,177	661
Total interest income	**9,717**	**9,553**	**8,756**	**24,461**	**23,512**	**31,025**	**10,475**

Quantitative information

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

At 31 December 2012 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

Table B.11.18

Type of underlying assets/Exposures	On-balance 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	Gross exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries	Net exposure	Adjustments/recoveries
A.1 Derecognised in full																		
A.1 Golden Bar III Securitisation Programme																		
- Senior Notes																		
B. Derecognised in part																		
C. Not derecognised																		
C.1 Golden Bar Securitisation Programme																		
- Consumer credit	-		-		5,285													
C.2 Golden Bar IV Securitisation Programme																		
- Consumer credit	661,161		126,518		28,569													
C.3 Golden Bar Stand Alone 2011-1																		
- Consumer credit	326,170		121,012		56,285													
C.4 Golden Bar IV Stand Alone 2011-2																		
- Consumer credit	524,676		93,692		318,553													
C.5 Golden Bar Stand Alone 2011-3																		
- Consumer credit	480,073		-		201,686													
C.6 Golden Bar Stand Alone 2012-1																		
- Consumer credit	450,165		48,244		144,647													
C.7 Golden Bar Stand Alone 2012-2																		
- Consumer credit	901,306		68,454		171,135													

The table shows the value of the securitised loans. For each operation, 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.

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 2012 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

Table B.11.20

Assets/Amounts	Traditional securisations	Synthetic securisations
A. Own underlying assets:		
A.1 Derecognised in full		
1. Doubtful loans		X
2. Watchlist 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. Watchlist loans		X
3. Restructured loans		X
4. Past due loans		X
5. Other assets		X
A.3 Not derecognised		
1. Doubtful loans	3,298	
2. Watchlist loans	17,815	
3. Restructured loans	1,473	
4. Past due loans	40,877	
5. Other assets	4,664,168	
B. Underlying assets of third parties		
B.1 Doubtful loans		
B.2 Watchlist 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

Table B.11.21

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 Securitisation Programme)	2,039	5,285	1,562	140,817		100%		100%		57%
Golden Bar S.r.l. (Golden Bar IV Securitisation Programme)	12,651	816,248	411	419,734						
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-1)	4,986	503,467	316	276,057		15%				
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-2)	16,349	936,920	1,542	399,924						
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-3)	3,222	681,760	590	372,416						
Golden Bar S.r.l. (Golden Bar Stand Alone 2012-1)	14,568	643,056		164,120						
Golden Bar S.r.l. (Golden Bar Stand Alone 2012-2)	9,647	1,140,895		87,505						

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

Table B.11.22

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	**31/12/2012**	**31/12/2011**
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																4,727,631			**4,727,631**	**3,096,357**
B. Derivatives				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
31/12/2012																**4,727,631**			**4,727,631**	
of which: impaired																***63,463***			***63,463***	
31/12/2011																**3,096,357**				**3,096,357**
of which: impaired																***4,267***				***4,267***

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

Table B.11.23

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						(626,419)	**(626,419)**
b) for assets recorded in part							
Total 31/12/2012						**(626,419)**	**(626,419)**
Total 31/12/2011						**(833,891)**	**(833,891)**

"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 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											598,912		**598,912**	**792,844**
B. Derivatives			X	X	X	X	X	X	X	X	X	X		
Total assets											**598,912**		**598,912**	**792,844**
C. Associated liabilities													**X**	**X**
1. Due to customers											626,897		**X**	**X**
2. Due to banks													**X**	**X**
Total liabilities											**626,897**		**626,897**	**832,786**
Net amount (T)											**(27,985)**		**(27,985)**	**X**
Net amount (T-1)											**(39,942)**		**X**	**(39,942)**

The table excludes the self-securitisations as there are no liabilities booked against the assets sold under this type of operation.
The loans shown here represent the value of the loans being securitised parameterised to the residual value at 31 December 2012 of the securities issued and subscribed by third parties, as shown in "Due to customers", gross of the liquidations generated by the portfolio.

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

Qualitative information

Not applicable.

Quantitative information

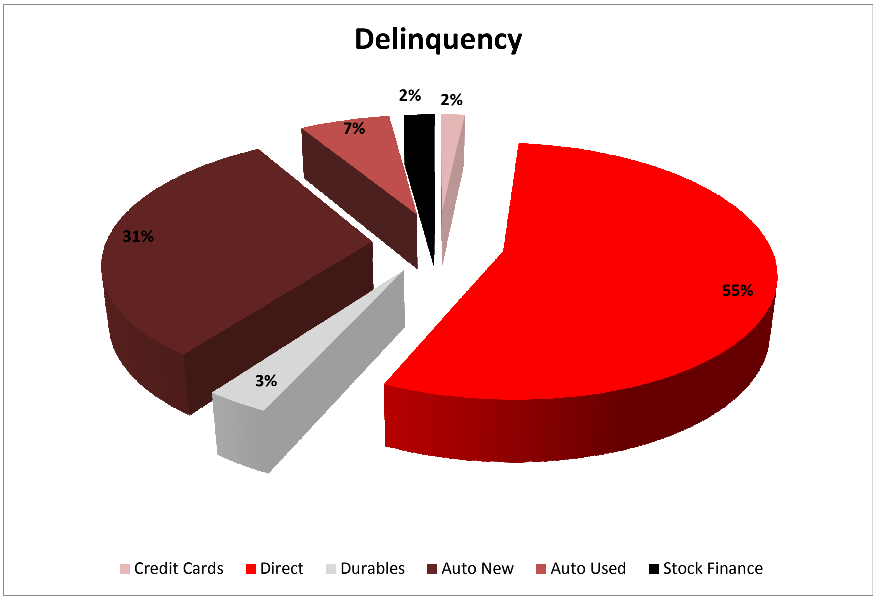
Not applicable.

C.3 Banking Group - Covered bond transactions

Not applicable.

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

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 VMS (*Variación de Mora Gestionada* - change in managed arrears).



As you can see from the above graph, the distribution of this aggregate by product follows the characteristics of SCB's business. In particular, the largest amount is represented by *New Cars* (44%) and *Direct* (25%).

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 Head Office, 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, thereby creating a database to be analysed according to the needs of different projects;
  - to reduce the impact of riskier products on the portfolio.

1.2 Market risks

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

Not applicable.

1.2.2 Interest rate risk and price risk - Banking book

Qualitative information

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

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. The funding, on the other hand, is prevalently floating-rate and the bank is financed primarily by its Spanish Parent Company.

Monitoring interest rate risk is the responsibility of the Asset/Liability Committee (ALCO) and of the Planning and Controls Department. Monitoring involves comparing the results of stress tests performed on sensitive assets and liabilities with the limits established by the Bank of Italy.
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.

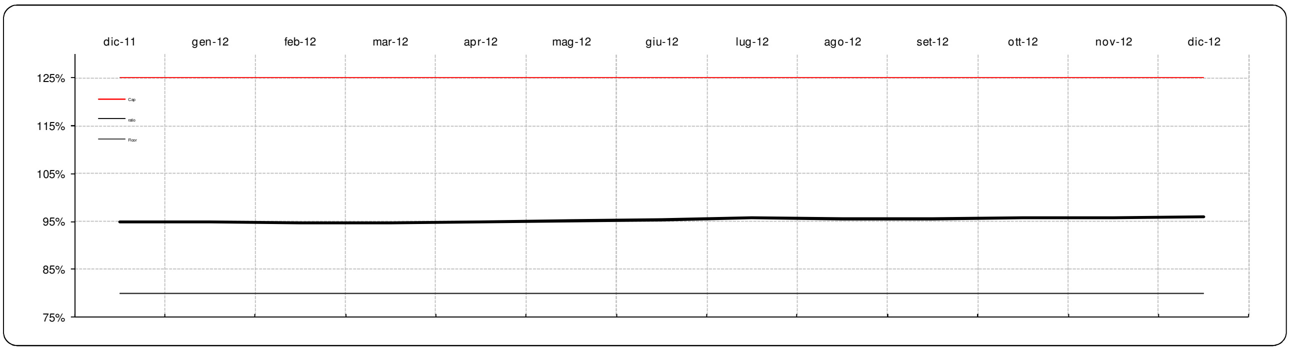
The metrics are defined/maintained in accordance with the Parent Company's instructions.

C. Cash flow hedges

As regards cash flow hedges, up to August 2009 the Parent Company 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

For the purposes of determining the internal capital for interest rate risk, assets and liabilities are classified in accordance with Circular 115 "Instructions for preparing consolidated supervisory reports for banks, as well as the sixth update of 28 December 2010 of the Bank of Italy's Circular 263/06, Title III, Chapter 1, Annex C and any subsequent updates.
The criteria mentioned in these Circulars have been applied to all accounting entries, except for non-performing loans for which, on the basis of the indications of the Supervisory Authority (ABI document of 28 December 2010 "Pillar 2: minutes of the meeting held with representatives of the Bank of Italy concerning the requests for clarification or comments about the Bank of Italy's document entitled "ICAAP Reports"), the Bank decided as follows:

- Doubtful loans: 5-7 years;
- Watchlist loans: 2-3 years;
- Past due loans: 18-24 months.

The following table shows the results of applying the above model at 31 December 2012. These results show the Group's exposure to interest rate risk and is proof that the regulatory requirements are complied with.

RESIDUAL LIFE OF TRANSACTIONS AT THE DATE OF THE PERFORMANCE REVIEW	TOTAL ASSETS	WEIGHTED ASSETS	TOTAL LIABILITIES	WEIGHTED LIABILITIES	Weighting factor 200 bps	Weighted Mismatch
On demand and revocation	165,525,542	0	370,436,485	0	0.00%	0
1 to 7 days	463,822,585	0	176,305,086	0	0.00%	0
7 days to 1 month	1,560,182,196	1,248,146	3,147,837,083	2,518,270	0.08%	-1,270,124
1 to 3 months	4,210,212,588	13,472,680	2,332,299,367	7,463,358	0.32%	6,009,322
3 to 6 months	466,193,767	3,356,595	1,205,924,483	8,682,656	0.72%	-5,326,061
6 to 12 months	825,234,210	11,800,849	946,927,798	13,541,068	1.43%	-1,740,218
1 to 2 years	1,376,240,939	38,121,874	1,660,265,680	45,989,359	2.77%	-7,867,485
2 to 3 years	1,022,401,741	45,905,838	867,000,000	38,928,300	4.49%	6,977,538
3 to 4 years	721,538,166	44,302,443	757,500,000	46,510,500	6.14%	-2,208,057
4 to 5 years	543,280,577	41,886,932	349,600,000	26,954,160	7.71%	14,932,772
5 to 7 years	721,262,570	73,208,151	223,287,000	22,663,631	10.15%	50,544,520
7 to 10 years	343,600,238	45,561,392	0	0	13.26%	45,561,392
10 to 15 years	1,687,204	300,997	0	0	17.84%	300,997
15 to 20 years	13,131	2,945	0	0	22.43%	2,945
beyond 20 years	0	0	0	0	26.03%	0
	12,421,195,454	**319,168,843**	**12,037,382,982**	**213,251,301**		**105,917,542**

1.2.3 Exchange risk

The Group is not exposed to exchange risk.

1.2.4 Derivative products

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

Table B.11.31

Underlying assets/Type of derivative	31/12/2012		31/12/2011	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
1. Debt securities and interest rates				
a) Options				
b) Swaps	4,911,300		6,669,750	
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	**4,911,300**		**6,669,750**	
Average	**5,790,525**		**3,334,875**	

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

There are financial derivatives with a positive fair value.

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

Table B.11.33

Portfolio/Types	Negative fair value			
	31/12/2012		31/12/2011	
	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	125,573		108,433	
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	**125,573**		**108,433**	

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

Table B.11.37

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			4,911,300				
- positive fair value							
- negative fair value			125,573				
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

Table B.11.38

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	510,000	2,578,800	1,822,500	**4,911,300**
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				
31/12/2012	**510,000**	**2,578,800**	**1,822,500**	**4,911,300**
31/12/2011	**1,495,000**	**2,720,000**	**2,454,750**	**6,669,750**

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

Table B.11.44

	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							
- negative fair value			125,573				
- future exposure			40,232				
- net counterparty risk							
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 to repay the capital 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 Santander Italia 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:

$$\text{Liquidity Limit} \geq \frac{\text{Total Sentitive Assets} < \text{X months}}{\text{Total Sentitive Liabilities} < \text{X months}}$$

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 risk governance model, which includes liquidity risk, is entrusted to the General Management and governed by the Board of Directors. The management process that regulates this process within the Bank includes a series of internal powers and macro-attributions. The risk-taking unit is the Finance Department.
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.
The Parent Company subscribed on issue all of the securities issued for the Golden Bar Programme IV, Golden Bar Stand Alone 2011-2, Golden Bar Stand Alone 2012-1 and Golden Bar Stand Alone 2012-2 securitisations. For details of the self-securitisations, see Section C. Securitisation and assignment of assets.

Quantitative information

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

Table B.11.45B

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			175,000	326,000	265,500					
A.3 UCITS units										
A.4 Loans										
- Banks	80,499	103,500		5,863	9,554	15,358	31,149			
- Customers	96,906	1,318	77,868	37,606	397,434	554,502	1,001,361	3,617,135	1,093,742	
2. Cash liabilities										
B.1 Deposits and current accounts										
- Banks	42,431	223,344	1,662	1,489,590	1,554,648	830,049	108,824	1,842,500	84,500	
- Customers	248,942	1,027	898	1,329	14,119	13,638	47,535	12,816		
B.2 Debt securities					23,809	22,549	42,679	549,766		
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		103	168	261	1,837	2,230	4,057			
- short positions		609	1,455	2,619	15,529	18,302	31,883			
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										

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
- Back-end activities

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

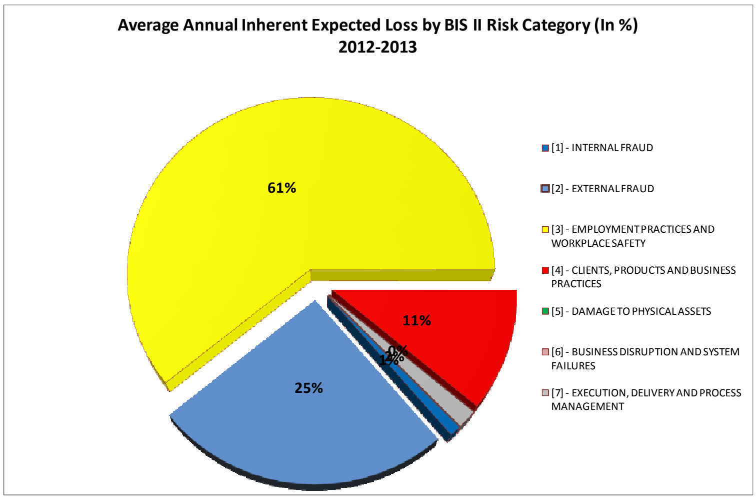
- Administrative processes
- Information Systems

In the area of operational risk, the exposure is measured 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).

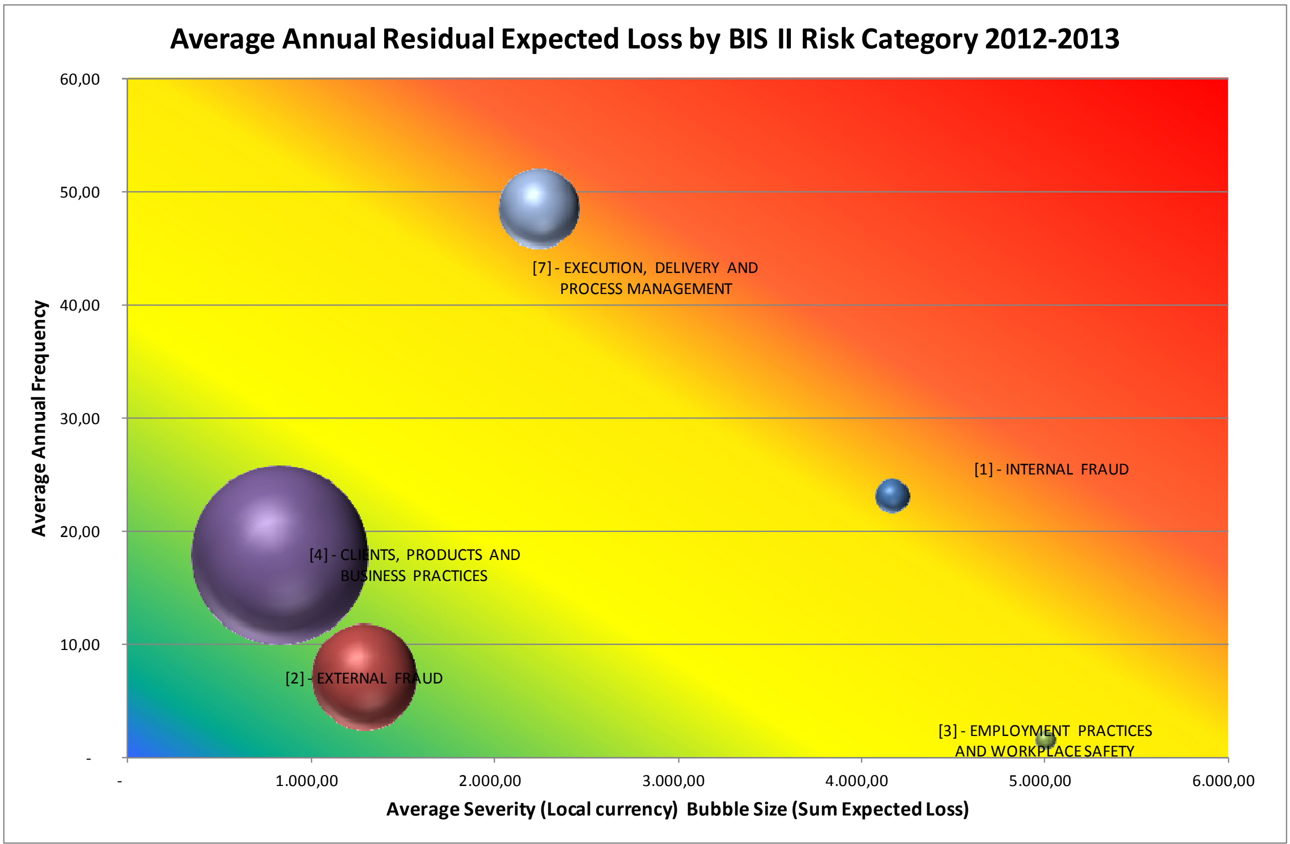
A database is also used to store the losses generated by inadequate processes and information systems, and by fraud, as well as reports of events that could be a source of operational risk and potential losses.

Quantitative information

The risk exposure of each unit is identified by the corporate risk matrix and the summarised result of the self-assessment questionnaires is as follows:



The assessment of the average inherent risk showed that the category (according to Basel 2) most exposed to potential operating losses, regardless of the existence of control procedures, is relationships with employees and safety in the workplace, confirming last year's result, as well as the inherent unpredictability of this type of risk.



The assessment of the residual risk of potential losses, compared with the control procedures in place, confirmed that the category with the greatest severity (albeit with less frequency) is category 3, according to the criteria laid down in Basel II. On the other hand, in terms of net loss (severity and frequency of occurrence of the risk), the greatest impact could be had in category 4, relationships with customers, with particular attention to possible lawsuits against the Bank or complaints from customers.

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.

Table B.12.3B

Shareholders' equity	Banking Group	Insurance companies	Other entities	Consolidation adjustments and eliminations	Total
Share capital	512,000				512,000
Share premium reserve					
Reserves	12,433				12,433
Equity instruments					
(Treasury shares)					
Valuation reserves	(10,958)				(10,958)
- Financial assets available for sale					
- Property and equipment					
- Intangible assets					
- Foreign investment hedges					
- Cash flow hedges	*(10,400)*				*(10,400)*
- Exchange differences					
- Non-current assets held for sale					
- Actuarial gains (losses) on defined-benefit pension plans	*(558)*				*(558)*
- 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	(41,343)				(41,343)
Total	472,132			-	472,132

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.

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	19,500,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2005	10,500,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	22/06/2006	26,000,000	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

Tier III capital is made up of the surplus subordinated debt compared with Tier I capital.

B. Quantitative information

Table B.12.5E

	31/12/2012	**31/12/2011**
A. Core capital (Tier 1 capital before the application of prudential filters)	**475,324**	**478,335**
B. Prudential filters of tier 1 capital:	**(6,500)**	**(5,000)**
B.1 Positive IFRS prudential filters (+)		
B.2 Negative IFRS prudential filters (-)	(6,500)	(5,000)
C. Tier 1 capital gross of items to be deducted (A+B)	**468,824**	**473,335**
D. Items to be deducted from Tier 1 capital		
E. Total Tier 1 capital (C-D)	**468,824**	**473,335**
F. Supplementary capital (Tier 2 capital before the application of prudential filters)	**252,000**	**268,500**
G. Prudential filters for Tier 2 capital:	**(6,500)**	**(5,000)**
G.1 Positive IFRS prudential filters (+)		
G.2 Negative IFRS prudential filters (-)	(6,500)	(5,000)
H. Tier 2 capital gross of items to be deducted (F+G)	**245,500**	**263,500**
I. Items to be deducted from tier 2 capital		
L. Total Tier 2 capital (H-J)	**245,500**	**263,500**
M. Items to be deducted from Tier 1 and Tier 2 capital		
N. Capital for supervisory purposes (E+L-M)	**714,324**	**736,835**
O. Tier 3 capital		
P. Capital for supervisory purposes including Tier 3 (N+O)	**714,324**	**736,835**

The table shows the amount of capital for supervisory purposes and its fundamental components which correspond to those indicated in supervisory reports.

Capital adequacy

A. Qualitative information

Please refer to paragraph A - qualitative information.

B. Quantitative information

Table B.12.6B

Description/Amounts	Unweighted amounts		Weighted amounts/Requirements	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standardized methodology	9,895,587	8,086,251	5,052,307	4,987,255
2. Methodology based on internal ratings				
2.1 Basic				
2.1 Advanced				
3. Securitisations	144,345	397,857	2,585	397,857
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			404,391	430,809
B.2 Market risk				
1. Standardized methodology				
2. Internal models				
3. Concentration risk				
B.3 Operational risk				
1. Basic method				
2. Standardized methodology			32,804	35,653
3. Advanced method				
B.4 Other precautionary requirements				
B.5 Other elements for the calculation				
B.6 Total precautionary requirements			437,195	466,462
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			5,464,942	5,830,775
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			8.58%	8.12%
C.3 Capital for supervisory purposes including Tier 3/Risk-weighted assets (Total capital ratio)			13.07%	12.64%

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

Not applicable

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".

	31/12/2012
Short-term benefits	2,824
Post-employment benefits	864
Other long-term benefits	-
Termination indemnities	-
Share-based payments	23
Total	**3,711**

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	110,265	121,344	n.a.	4,661,300	179,958	67,968
Santander Consumer Finance		3,591,728	n.a.	250,000	80,547	4
Gruppo DeAgostini Editore	98		7,011	n.a.		3,151
Unifin	13,503	114,189	1,483,865	n.a.	754	1,381
Other Santander Group companies	2	445,380	n.a.	n.a.	22,469	35,079

Versus the Spanish Parent Company Banco Santander:

- receivables relate to the valuation of derivatives and accruals on derivatives related to securitisations for a total of Euro 6,765,000, 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, accruals on derivatives (Euro 121,193 thousand) and incentive plans still to be paid (Euro 151 thousand);
- The derivatives refer to the notional amount of interest risk hedging transactions as mentioned in Part E, Section 2;
- the charges refer to negative differentials on hedging results and the result of hedging for Euro 179,958 thousand;
- the income refers to differentials on hedging derivatives and the result of hedging for Euro 67,968 thousand;

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 3,587,347 thousand), as well as the measurement of the hedging derivative entered into with it during the year and the related accruals (Euro 4,381 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 79,914 thousand) and to negative differentials on the hedging result (Euro 633 thousand);
- the income refers to short-term financing transactions entered into by the Parent Company with Santander Consumer Bank;

Versus Unifin, which belongs to the Santander Group:

- the receivables are for the subordinated loans and related accruals of Euro 13,074 thousand, as well as other receivables, the most important of which is the servicing fee (Euro 299 thousand);
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 112,083 thousand;
- the charges relate to interest expense on the correspondent current account (Euro 754 thousand);
- the income derives from the outsourcing of services (Euro 229 thousand) and interest income on the subordinated loans stipulated (1,121 thousand), as well as other residual items.

With regard to the minority shareholder of the subsidiary Santander Consumer Finance Media, De Agostini Editore, the Group has receivables for contributions and fees still to be collected of Euro 74 thousand, as well as receivables on sales of non-performing dossiers of Euro 24 thousand. Income is represented by the contributions on the lending dossiers of the year of Euro 3,114 thousand and penalties and expense recoveries of Euro 37 thousand. The guarantees provided by the De Agostini Group for Euro 7,011 thousand relate to commitments to repurchase non-performing dossiers according to the agreed terms and conditions.

Relationships are also maintained with other companies of the Santander Group. The largest amounts due are determined by short-term financing transactions (Euro 170,055 thousand), subordinated and hybrid capital instruments (Euro 268,500 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 35,784 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 statutory 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.

Type of services	Supplier	Recipient	Fees (euro)
Auditing	Deloitte & Touche S.p.A.	Santander Consumer Bank	152,300
Auditing	Deloitte & Touche S.p.A.	Golden Bar	22,770
Auditing	Deloitte & Touche S.p.A.	Santander Consumer Finance Media	25,000
Pool Audit	Deloitte & Touche S.p.A.	Santander Consumer Bank	38,000
Support for professional services rendered with reference to the Corporate Requirements	Deloitte S.L.	Santander Consumer Bank	31,000
		Total	**269,070**

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.

SEPARATE FINANCIAL STATEMENTS OF SANTANDER CONSUMER BANK

1 Report of the Board of Statutory Auditors

2 Report of the Independent Auditors

3 Balance sheet

4 Income statement

5 Statement of comprehensive income

6 Statement of changes in shareholders' equity

7 Cash flow statement

8 Explanatory notes

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT DCEMEBER 31st 2012

SANTANDER CONSUMER BANK SPA
Headquarters in Turin, via Nizza 262/26
Share capital Euro 512,000,000
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 DECEMBER 31st 2012 PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

The financial statements at December 31st 2012, presented for your approval by the Board of Directors, closes with a loss of Euro € 40,743,390.

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 all the disclosures required by law, by the Bank of Italy and by the International Accounting Standards.

The Board of Statutory Auditors has been appointed by the Shareholders' Meeting on April 24th 2012 and, during the year, it carried out all the duties required by law and regulations, taking into account the standards of conduct for Statutory Auditors as recommended by the Italian Chartered Accountants Association (i.e., "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili").

Both the controls carried out during the year and the attendance in the Board of Directors Meetings and in the Shareholders Meetings have always shown substantial compliance of the Bank's corporate governance and management with the Articles of Association and current laws and regulations, also with reference to specific provisions relating to the Bank's activity.

During all the meetings we have run, we have acquired information from the executive directors about the general performance of the business and its prospects, and on the more important transactions - for their size or nature - carried out by the Company and its subsidiaries. Based on the information that we have acquired, there are no specific matters to highlight and 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 meetings with auditors to exchange data and information that may be of use in the performance of our respective duties. The above mentioned meetings did not reveal anything negative about the Company, as it can be seen from the 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 we have verified, to the extent of our responsibility, the adequacy and the functioning of the Company's organisational structure, also by gathering information from departmental heads. We have no matters to highlight and to report in this regard.

We have acquired knowledge and we have verified, to the extent of our responsibility, the adequacy and the 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 highlight and to report in this regard.

Moreover, we completed all of our duties as required by law, ensuring compliance with the regulations and Articles of Association, as well as respect for the principles of fair 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 December 31st 2012 were prepared according to the instructions issued by the Bank of Italy with Circular no. 262/2005, as updated on November 18th 2009, with the application of the IAS/IFRS in force at December 31st 2012.

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 software programs.

The Directors confirm in the explanatory notes that any transactions with related parties have been made at arm's length.

In relation to all we mentioned above, we express a favourable opinion to the approval of the financial statements at December 31st 2012.

Turin, April 12th 2013

The Board of Statutory Auditors

(Walter Bruno)

(Stefano Caselli)

(Maurizio Giorgi)

NOTICE OF CALLING OF THE SHAREHOLDERS' MEETING

Shareholders are hereby convened to the Ordinary Shareholders' Meeting at the head office in Via Nizza 262, Turin, on 29 April 2013 at 9:30 am at first calling and, if necessary, at second calling on 30 April 2012, same place and hour, to discuss and vote on the following:

AGENDA

- Report on operations and financial statements at 31.12.2012. Report of the Board of Statutory Auditors and Report of the Independent Auditors. Related resolutions;
- Proposal for a confirmation of a director co-opted under art. 2386 of the Civil Code;
- Information on the 2012 remuneration and bonus system and approval of the 2013 edition of the remuneration and bonus policies (Bank of Italy Rules dated 30.03.2011 and Communication dated 2.03.2012 and 14.3.2013);
- Information on the internal control policies adopted by the Bank (new rules on capital requirements for banks).

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 mentioned previously, 2012 closed with a net loss of	Euro	(40,743,390.31)
We propose carrying forward this loss of	Euro	(40,743,390.31)

Turin, 22 March 2013 THE BOARD OF DIRECTORS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Deloitte.

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

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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, 2012, 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 6, 2012.

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, 2012, 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.

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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, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 12, 2013

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

FINANCIAL STATEMENTS

Balance sheet

	ASSETS	31/12/2012	31/12/2011	Changes	
				amounts	%
10	Cash and cash equivalents	6,271	1,826	4,445	243.4%
60	Due from banks	129,623,591	19,321,092	110,302,499	570.9%
70	Loans to customers	7,078,848,106	7,513,613,638	(434,765,532)	-5.8%
90	Fair value change of financial assets in hedged portfolios (+/-)	102,541,931	70,018,507	32,523,424	46.4%
100	Equity investments	4,550,000	4,550,000	-	0.0%
110	Property and equipment	4,953,053	5,028,206	(75,153)	-1.5%
120	Intangible assets	10,458,327	9,112,692	1,345,635	14.8%
130	Tax assets	182,532,906	153,427,239	29,105,667	19.0%
	a) current	*30,349,809*	*28,687,686*	*1,662,123*	*5.8%*
	b) deferred	*152,183,097*	*124,739,553*	*27,443,544*	*22.0%*
	of which:				
	- convertible into tax credit (Law 214/2011)	*142,730,382*	*109,714,238*	*33,016,144*	*30.1%*
140	Non-current assets held for sale and discontinued operations	290,301		290,301	---
150	Other assets	41,195,709	54,006,798	(12,811,089)	-23.7%
	TOTAL ASSETS	**7,555,000,195**	**7,829,079,998**	**(274,079,803)**	**-3.5%**

	LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2012	31/12/2011	Changes	
				amounts	%
10	Due to banks	6,112,060,361	6,242,918,559	(130,858,198)	-2.1%
20	Due to customers	718,998,108	881,711,784	(162,713,676)	-18.5%
60	Hedging derivatives	125,573,140	108,432,740	17,140,400	15.8%
80	Tax liabilities	25,969,157	20,120,392	5,848,765	29.1%
	a) current	*25,969,157*	*20,112,455*	*5,856,702*	*29.1%*
	b) deferred		*7,937*	*(7,937)*	*-100.0%*
100	Other liabilities	82,546,831	90,698,144	(8,151,313)	-9.0%
110	Provision for employee termination indemnities	4,492,538	4,356,890	135,648	3.1%
120	Provisions for risks and charges	13,691,585	14,923,315	(1,231,730)	-8.3%
	b) other provisions	*13,691,585*	*14,923,315*	*(1,231,730)*	*-8.3%*
130	Valuation reserves	(10,957,829)	(17,451,520)	6,493,691	-37.2%
160	Reserves	11,369,694	(6,834,894)	18,204,588	266.3%
180	Share capital	512,000,000	512,000,000	-	0.0%
200	Net profit (loss)	(40,743,390)	(21,795,412)	(18,947,978)	86.9%
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,555,000,195**	**7,829,079,998**	**(274,079,803)**	**-3.5%**

Income statement

	ITEMS	31/12/2012	31/12/2011	Changes	
				amounts	%
10	Interest and similar income	452,974,843	428,359,963	24,614,880	5.7%
20	Interest and similar expense	(218,207,452)	(229,691,256)	11,483,804	5.0%
30	**Net interest income**	**234,767,391**	**198,668,707**	**36,098,684**	**18.2%**
40	Commission income	56,211,809	72,842,434	(16,630,625)	-22.8%
50	Commission expense	(17,101,513)	(16,685,173)	(416,340)	-2.5%
60	**Net commission income**	**39,110,296**	**56,157,261**	**(17,046,965)**	**-30.4%**
70	Dividends and similar income	608,845	728,444	(119,599)	-16.4%
80	Net trading income	(1,129)	33	(1,162)	-3521.2%
90	Net fair value hedging gains (losses)	(2,196,924)	392,619	(2,589,543)	-659.6%
100	Gains (losses) on disposal or repurchase of:	(119,550,475)	(90,958,175)	(28,592,300)	-31.4%
	a) loans	*(119,732,954)*	*(90,958,175)*	*(28,774,779)*	*-31.6%*
	b) financial assets available for sale	*182,479*		*182,479*	---
120	**Net interest and other banking income**	**152,738,004**	**164,988,889**	**(12,250,885)**	**-7.4%**
130	Net losses/recoveries on impairment of:	(110,762,295)	(91,684,524)	(19,077,771)	-20.8%
	a) loans	*(110,762,295)*	*(91,684,524)*	*(19,077,771)*	*-20.8%*
140	**Net profit from banking activities**	**41,975,709**	**73,304,365**	**(31,328,656)**	**-42.7%**
150	Administrative expense:	(98,182,895)	(112,491,964)	14,309,069	12.7%
	a) payroll costs	*(41,397,713)*	*(44,231,947)*	*2,834,234*	*6.4%*
	b) other administrative expense	*(56,785,182)*	*(68,260,017)*	*11,474,835*	*16.8%*
160	Net provisions for risks and charges	(927,764)	(950,738)	22,974	2.4%
170	Net adjustments to/recoveries on property and equipment	(2,035,949)	(752,115)	(1,283,834)	-170.7%
180	Net adjustments to recoveries intangible assets	(5,422,167)	(5,218,784)	(203,383)	-3.9%
190	Other operating expenses/income	13,615,289	23,883,330	(10,268,041)	-43.0%
200	**Operating expenses**	**(92,953,486)**	**(95,530,271)**	**2,576,785**	**2.7%**
250	**Profit (loss) from continuing operations before tax**	**(50,977,777)**	**(22,225,906)**	**(28,751,871)**	**-129.4%**
260	Income taxes on continuing operations	10,234,387	430,494	9,803,893	2277.4%
270	**Profit (loss) from continuing operations after tax**	**(40,743,390)**	**(21,795,412)**	**(18,947,978)**	**-86.9%**
290	**Net profit (loss) for the period**	**(40,743,390)**	**(21,795,412)**	**(18,947,978)**	**-86.9%**

Statement of comprehensive income

	Items	31/12/2012	31/12/2011
10	**Net profit (loss) for the period**	**(40,743,390)**	**(21,795,412)**
	Other elements of income, net of income taxes		
60	Cash flow hedges	7,067,714	25,582,348
90	Actuarial gains (losses) on defined-benefit pension plans	(574,022)	57,348
110	**Total other elements of income (net of income taxes)**	**6,493,692**	**25,639,696**
120	**Total comprehensive income (Items 10+110)**	**(34,249,698)**	**3,844,284**

Statement of changes in shareholders' equity

2012

	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	Transactions on shareholders' equity: Issue of new shares	Transactions on shareholders' equity: Purchase of treasury shares	Transactions on shareholders' equity: Extraordinary distribution of dividends	Transactions on shareholders' equity: Changes in equity instruments	Transactions on shareholders' equity: Derivatives on treasury shares	Transactions on shareholders' equity: Stock options	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 perio	(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

2011

	Balance at 31.12.2010	Changes in opening balances	Balance at 1.1.2011	Allocation of prior year results: Reserves	Allocation of prior year results: Dividends and other allocations	Changes during the year: Changes in reserves	Transactions on shareholders' equity: Issue of new shares	Transactions on shareholders' equity: Purchase of treasury shares	Transactions on shareholders' equity: Extraordinary distribution of dividends	Transactions on shareholders' equity: Changes in equity instruments	Transactions on shareholders' equity: Derivatives on treasury shares	Transactions on shareholders' equity: Stock options	Comprehensive income for 2011	**Shareholders' equity at 31.12.2011**
Share capital:														
a) ordinary shares	297,000,000		297,000,000				215,000,000							512,000,000
b) other shares			-											-
Share premium reserve			-											-
Reserves:			-											-
a) retained earnings	57,708,312		57,708,312	(62,123,372)										(4,415,060)
b) other	-		-			(2,419,834)								(2,419,834)
Valuation reserves	(43,049,932)	(41,285)	(43,091,217)										25,639,697	(17,451,520)
Equity instruments			-											-
Treasury shares			-											-
Net profit (loss) for the period	(62,123,372)		(62,123,372)	62,123,372									(21,795,412)	(21,795,412)
Shareholders' equity	249,535,008	(41,285)	249,493,723	-	-	(2,419,834)	215,000,000	-	-	-	-	-	3,844,285	465,918,174

Note that the opening balance of "valuation reserves" has been adjusted because of changes in shareholders' equity in 2011 and is consistent with the comparative figure shown in the Balance Sheet. This change is a result of adopting the revised version of IAS 19 - Employee Benefits.
For further information, see Part A - Accounting Policies in the Notes.

Cash flow statement (indirect method)

A. OPERATING ACTIVITIES	Amount 31/12/2012	Amount 31/12/2011
1. Cash flow from operations	**14,717,636**	**65,768,753**
- net profit for the year (+/-)	(40,743,390)	(21,795,412)
- 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 (+/-)	2,196,924	(392,619)
- net losses/recoveries for impairment (+/-)	110,817,085	91,469,426
- impairment/recoveries to property and equipment and intangible assets (+/-)	7,458,116	7,341,523
- net provisions for risks and charges and other costs/income (+/-)	(1,231,730)	3,448,521
- unsettled taxes (+)	31,218,169	26,518,758
- impairment/recoveries to disposal groups, net of tax effect (-/+)		
- other adjustments (+/-)	(94,997,538)	(40,821,444)
2. Cash flow used in financial assets	**261,662,505**	**138,488,206**
- financial assets held for trading		
- financial assets designated at		
- financial assets available for sale		691,850,000
- due from banks: on demand	(3,867,197)	3,603,955
- due from banks: other receivables	(103,500,000)	150,000,000
- loans to customers	350,979,093	(719,232,336)
- other assets	18,050,609	12,266,587
3. Cash flow used in financial liabilities	**(307,647,098)**	**(410,663,313)**
- due to banks: on demand		
- due to banks: other debts	(135,119,419)	163,798,000
- due to customers	(164,072,478)	(672,144,195)
- debt securities issued		
- financial liabilities held for trading		
- financial liabilities		
- other liabilities	(8,455,201)	97,682,882
Net cash flow used in operating activities	**(31,266,957)**	**(206,406,354)**
B. INVESTING ACTIVITIES		
1. Cash flow from	**238,168**	**133,583**
- sale of equity investments		
- dividends collected on equity investments		
- sale of financial assets held to maturity		
- sale of property and equipment	238,168	133,583
- sale of intangible assets		
- sale of lines of business		
2. Cash flow used in	**(8,966,766)**	**(8,733,550)**
- purchase of equity investments		
- purchase of financial assets held to maturity		
- purchase of property and equipment	(2,198,963)	(2,292,153)
- purchase of intangible assets	(6,767,802)	(6,441,397)
- sale of lines of business		
Net cash flow from investing activities	**(8,728,598)**	**(8,599,967)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		215,000,000
- issue/purchase of equity instruments		
- dividends distributed and other allocations	40,000,000	
Net cash flow from financing activities	**40,000,000**	**215,000,000**
NET CASH INCREASED/DECREASED IN CASH AND CASH EQUIVALENTS	**4,445**	**(6,321)**

Items	**Amount**	**Amount**
	31/12/2012	**31/12/2011**
Cash and cash equivalents at beginning of year	**1,826**	**8,147**
Net increase (decrease) in cash and cash equivalents	**4,445**	**(6,321)**
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	**6,271**	**1,826**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Part A - Accounting policies

A.1 - General information

Section 1 - Declaration of compliance with International Financial Reporting Standards

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 2012 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 update on 18 November 2009. 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 2012 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 with respect to Santander Consumer Bank,. A specific paragraph explains the main impact that Santander Consumer Media has 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 2011, 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 (1st update of 18 November 2009), 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 financial statements

Balance sheet and 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 recognised on 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 2012 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 22 March 2013.

Section 4 - Other aspects

On the basis of IAS 8, we would also inform you that, in order to allow a comparison on a consistent basis, certain figures for 2011 have been reclassified.
The following are the changes that involved significant amounts:

Items	31/12/2011 Published	Reclassifications	31/12/2011 Restated
70. Loans to customers	7,431,682	173,194	7,513,654
100. Other liabilities	(181,920)	91,222	(90,698)
20. Due to customers	(708,518)	(173,194)	(881,712)

Complete copies of the last financial statements with the reports on operations of the companies that at 31 December 2012 were subsidiaries or associates, and that their respective Boards of Directors will submit for approval of their shareholders' meeting by 29 April 2013, 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 subsidiary in 2012 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 items in the financial statements

This section explains the accounting policies followed to prepare the 2012 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. Financial assets available for sale

Recognition
Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while loans are recognised on the payout date.
Upon initial recognition, financial assets are measured at fair value, including transaction costs and income directly attributable to the instrument. If, when permitted by the accounting standards, recognition occurs as a result of reclassification from "Assets held to maturity", the carrying amount is the fair value at the time of the transfer.

Classification
This category includes financial assets that are not otherwise classified as "Loans", "Assets held for trading" or "Assets held to maturity".

Measurement and recognition of components affecting the income statement
Subsequent to initial recognition, "Financial assets available for sale" are measured at fair value, with recognition in the income statement of the corresponding value at amortised cost, while gains or losses arising from changes in fair value are recorded in a specific equity reserve until the financial asset is derecognised or an impairment loss is recognised. At the time of disposal or recognition of an impairment loss, the accumulated gains or losses are reversed, in whole or in part, to the income statement.
"Financial assets available for sale" are subject to impairment testing to determine whether there is objective evidence of impairment.
In the event of impairment, the amount of the loss is measured as the difference between the book value of the assets and the present value of the estimated recoverable cash flows, discounted using the original effective interest rate.

If the reasons for impairment cease to exist due to an event occurring after recognition of the impairment, recoveries are made through the income statement in the case of loans or debt securities, and through shareholders' equity in the case of equity securities.
The amount of the reversal shall not in any case exceed the amortized cost that the instrument would have had in the absence of previous adjustments.

Derecognition
Financial assets are only derecognised if the sale involves the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised, even if legally ownership of the assets has effectively been transferred.
Even if the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflect the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.
Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the cash flows, with a simultaneous obligation to pay such cash flows, and only them, to third parties.

2. 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. 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 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.

3. 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 valueof 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 items' 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 thefair 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.

4. Equity investments

Recognition and measurement
This 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.

5. 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 made through 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.

6. 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.

7. 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 1st update).

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

8. 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.

9. 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.

10. 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.

11. 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
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.

Note that in the implementation of Decree Law no. 201/2011 (Article 2, paragraph 1) subsequently supplemented by Decree Law 16/2012, which allows taxpayers to file for a refund of IRES, recalculated for the deductibility of labour cost for the tax period 2007-2011, the corresponding out-of-period income has been posted to income statement item 260 "Income taxes on continuing operations".

Fair value measurements
The fair value is the amount at which an asset (or liability) can be exchanged in an arm's-length transaction between independent parties that have a reasonable knowledge of market conditions and of the relevant facts about the object being negotiated. The definition of fair value is an assumption that an entity is fully operational and does not need to liquidate or materially curtail its activity, nor to carry out transactions on adverse terms. The fair value reflects the credit quality of the instrument as it incorporates counterparty risk.

For financial instruments, the fair value is determined through the use of prices obtained from financial markets, in the case of instruments quoted on active markets, or through the use of internal valuation models for other financial instruments.
For loans and receivables designated as available for sale and for debit and credit balances measured at cost or amortised cost, fair value for the purpose of the financial statements or to be disclosed in the notes is determined in the following way:
- for medium and long-term fixed rate assets and liabilities, the valuation is carried out mainly by discounting the future cash flows. The latter is defined based on a risk-neutral approach, i.e. using a risk-free rate and correcting the future contractual cash flows to reflect the counterparty's credit risk, as represented by the parameters PD (Probability of Default) and LGD (Loss Given Default);
- for floating rate assets and liabilities, on demand or maturing in the short term, the carrying amount, net of collective or analytical impairment, is a good approximation of fair value.

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 affiliates 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 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 by the securitised portfolio 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, in the corresponding item of the financial statements.

A.3 - INFORMATION ON FAIR VALUE

A.3.1 Transfers between portfolios

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

A.3.2 Fair value hierarchy

A.3.2.1 Banking books: allocation by fair value level

Table A.7.5

	31/12/2012			31/12/2011		
Financial assets/liabilities designated at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
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						
Total						
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value through profit and loss						
3. Hedging derivatives		125,573			108,433	
Total		**125,573**			**108,433**	

Part A.3.2.2 Changes in financial assets designated at fair value through profit and loss (Level 3)

The Company does not hold any financial assets measured at fair value (Level 3).

Part A.3.2.3 Changes in financial liabilities designated at fair value through profit and loss (Level 3)

The Company does not have any financial liabilities designated at fair value through profit and loss (Level 3).

Part A.3.3 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 6 thousand (Euro 2 thousand at 31 December 2011) and includes the liquidity held at the head office and at branches throughout the country in the form of cash:

Table A.8.3

	31/12/2012	31/12/2011
a) Cash	6	2
b) On demand deposits with central banks		
Total	**6**	**2**

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.

4.4 Financial assets available for sale: change in period

Table A.8.9b

	Debt securities	Equity instruments	UCITS units	Loans	Total
A. Opening balance					
B. Increases	**902,511**				**902,511**
B1. Purchases	902,511				902,511
B2. Positive changes in fair value					
B3. Recoveries					
- posted to income statement		X			
- posted to shareholders' equity					
B4. Transfers from other portfolios					
B5. Other increases					
C. Decreases	**902,511**				**902,511**
C1. Sales	124,016				124,016
C2. Redemptions	778,495				778,495
C3. Negative changes in fair value					
C4. Impairment losses					
- posted to income statement					
- posted to shareholders' equity					
C5. Transfers to other portfolios					
C6. Other decreases					
D. Closing balance					

The increases and decreases in assets available for sale represent the purchase and sale of Spanish government bonds (Letras del Tesoro) during the year.
There were no securities in the portfolio 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 129,624 thousand (Euro 19,321 thousand at 31 December 2011) and are made up as follows:

Table A.8.11

Type of transaction/Amounts	31/12/2012	31/12/2011
A. Due from central banks		
1. Time deposits		
2. Compulsory reserve	3,473	9,089
3. Repurchase agreements		
4. Other		
B. Due from banks		
1. Current accounts and deposits	15,885	5,894
2. Time deposits		
3. Other loans:		
3.1 Repurchase agreements		
3.2 Finance leases		
3.3 Other	110,266	4,338
4. Debt securities		
4.1 Structured		
4.2 Other debt		
Total (book value)	**129,624**	**19,321**
Total (fair value)	***129,624***	***19,321***

The compulsory reserve represents amounts due from the Bank of Italy, with a balance of Euro 3,473 thousand (Euro 9,089 thousand at 31 December 2011). Amounts due from banks for current accounts and demand deposits amount to € 15,885 thousand (€ 5,894 thousand at 31 December 2011) 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.

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 7,078,848 thousand (Euro 7,513,614 thousand at 31 December 2011) and are made up as follows:

Table A.8.12

Type of transaction/Amounts	31/12/2012			31/12/2011		
	Performing loans	Non-performing loans		Performing loans	Non-performing loans	
		Purchased	Other		Purchased	Other
1. Current accounts	7,691		394	11,024		168
2. Repurchase agreements						
3. Mortgage loans						
4. Credit cards, personal loans and salary assignment	3,665,781		97,726	3,782,216		35,738
5. Finance leases	166,953		4,169	298,202		12,250
6. Factoring	76,582			57,197		
7. Other loans	3,028,799		30,753	3,284,943		15,873
8. Debt securities						
8.1 Structured						
8.2 Other debt				16,003		
Total (book value)	**6,945,806**		**133,042**	**7,449,585**		**64,029**
Total (fair value)	**6,834,141**		**133,042**	**6,975,444**		**64,029**

In particular, loans to customers include:

- Euro 8,085 thousand (of which, Euro 394 thousand non-performing loans) for credit balances on current accounts with customers and post office current accounts;
- Euro 3,763,507 thousand (of which, Euro 97,729 thousand non-performing loans) for loans to customers arising from financing personal loan transactions, credit cards and loans guaranteed by salary assignment;
- Euro 171,122 thousand (of which, Euro 4,169 thousand non-performing loans) for loans to customers for finance leases, recorded at amortised cost;
- Euro 76,582 for factoring receivables related to operations with automotive companies;
- Euro 3,059,552 thousand (of which, Euro 30,753 thousand non-performing loans) for loans to customers resulting from stock financing 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 of Unifin (Euro 13,000 thousand) of the Spanish Santander Consumer Bank Group 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 4,727,631 thousand, of which Euro 63,463 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.

7.2 Loans to customers: breakdown by borrower/issuer

Table A.8.13

Type of transaction/Amounts	31/12/2012			31/12/2011		
	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				16,003		
- insurance companies						
- other						
2. Loans to:						
a) Governments						
b) Other public entities	509		5	917		7
c) Other parties						
- non-financial institutions	630,081		12,946	886,782		16,694
- financial institutions	576,963		2	208,195		
- insurance companies						
- other	5,738,253		120,089	6,337,688		47,328
Total	**6,945,806**		**133,042**	**7,449,585**		**64,029**

7.3 Loans to customers with specific hedges

There are no loans to customers with specific hedges.

7.4 Finance leases

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 car leasing.

Table A.8.13C

INFORMATION BY LESSOR	Amounts at 31/12/2012	
	Minimum lease payments	Present value of minimum lease payments
Finance lease instalments due		
Up to 12 months	69,826	64,824
1 to 5 years	87,598	81,323
Beyond 5 years	27,923	25,923
Total	**185,347**	**172,069**
of which:		
Unguaranteed residual values accruing to the lessor		
Less: unearned finance income	13,278	X
Present value of minimum lease payments	**172,069**	**172,069**

Section 8 – Hedging derivatives – item 80

8.1 Hedging derivatives: breakdown by type of hedge and level

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, did not include any contracts with a positive fair value at 31 December 2012.

8.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Not applicable.

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

9.1 Remeasurement of hedged assets: breakdown by hedged portfolio

Table A.8.16

Remeasurement of hedged assets/Amounts	31/12/2012	31/12/2011
1. Positive adjustment		
1.1 specific portfolios		
a) loans	102,542	70,019
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	**102,542**	**70,019**

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

Table A.8.16B

Hedged assets	31/12/2012	31/12/2011
1. Loans	102,542	70,019
Total	**102,542**	**70,019**

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 2012 are made up as follows:

Table A.8.17

Name	Head office	% holding	% of votes (a)
A. Investments in wholly-owned subsidiaries			
1. Santander Consumer Finance Media S.r.l.	Turin	65%	
B. Investments in companies under joint control			
C. Associates (subject to significant influence)			

10.2 Equity investments in subsidiaries, company under joint control and companies subject to significant influence: accounting information

Table A.8.17B

Name	Total assets	Total revenues	Net profit (loss)	Shareholders' equity	Book value	Fair value
A. Investments in wholly-owned subsidiaries						
1. Santander Consumer Finance Media S.r.l.		3,757	9	7,709	4,550	X
B. Investments in companies under joint control						X
C. Associates (subject to significant influence)						
Total		**3,757**	**9**	**7,709**	**4,550**	

As per the Bank of Italy's instructions, total revenues are the sum of positive income items before tax. The amounts shown relate to 2012.
The "Shareholders' equity" column includes the amount of the company's equity, including net profit for the year at 31 December 2012.

10.3 Equity investments: changes in the period

Equity investments in subsidiaries are recognised in the financial statements at 31 December 2012 for Euro 4,550 thousand (same as at 31 December 2011), as shown in the following table:

Table A.8.18

	31/12/2012	31/12/2011
A. Opening balance	**4,550**	**24,460**
B. Increases		
B.1 Purchases		
B.2 Recoveries		
B.3 Revaluations		
B.4 Other increases		
C. Decreases		**19,910**
C.1 Sales		
C.2 Adjustments		
C.3 Other decreases		19,910
D. Closing balance	**4,550**	**4,550**
E. Total revaluations		
F. Total adjustments		

The decrease recorded under "Other decreases" in 2011 refers to the merger of the subsidiary Santander Consumer Finanzia S.r.l.

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 1110

11.1 Property and equipment: breakdown of assets measured at cost

Property and equipment amount to Euro 4,953 thousand (Euro 5,028 thousand at 31 December 2011) and are made up as follows, net of accumulated depreciation:

Table A.8.19

Assets/Amounts	31/12/2012	31/12/2011
A. Assets used in business		
1.1 owned		
a) land		
b) property		
c) furniture	300	355
d) electronic systems	1,030	1,011
e) other	3,623	3,662
1.2 purchased under finance leases		
a) land		
b) property		
c) furniture		
d) electronic systems		
e) other		
Total A	**4,953**	**5,028**
B. Investment property		
2.1 owned		
a) land		
b) property		
2.2 purchased under finance leases		
a) land		
b) property		
Total B		
Total (A+B)	**4,953**	**5,028**

Other property and equipment include, in particular:

- Euro 2,546 thousand for vehicles owned by the Bank and used by employees to perform their work;
- Euro 749 thousand for depreciable deferred charges made up of leasehold improvements (reclassified to property and equipment in accordance with IAS 38);
- Euro 328 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 Property and equipment: breakdown of assets measured at fair value or revalued

Not applicable.

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

Table A.8.21

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross amount			**4,480**	**9,165**	**16,458**	**30,103**
A.1 Total net adjustments			(4,125)	(8,154)	(12,796)	**(25,075)**
A.2 Opening net amount			**355**	**1,011**	**3,662**	**5,028**
B. Increases			**29**	**463**	**1,707**	**2,199**
B.1 Purchases			29	463	1,652	**2,144**
B.2 Capitalised improvement costs					55	**55**
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			**84**	**444**	**1,746**	**2,274**
C.1 Sales			8		230	**238**
C.2 Depreciation			76	444	1,516	**2,036**
C.3 Impairment losses recognised to:						
a) shareholders' equity						
b) income statement						
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			**300**	**1,030**	**3,623**	**4,953**
D.1 Total net adjustments			(4,185)	(8,597)	(12,972)	**(25,754)**
D.2 **Closing gross amount**			**4,485**	**9,627**	**16,595**	**30,707**
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 concerned upgrading of hardware and the purchase of cars used by employees for work.

11.4 Investment property: changes in the period

Not applicable.

11.5 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 10,458 thousand (Euro 9,113 thousand at 31 December 2011) and are made up as follows:

Table A.8.23

Assets/Amounts	31/12/2012		31/12/2011	
	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	10,458		9,113	
A.2.2 Measured at fair value				
a) Internally-generated intangible assets				
b) Other assets				
Total	**10,458**		**9,113**	

Other intangible assets refer entirely to the Bank's software.
The amortisation of software that has entered production is calculated on the basis of a useful life of three years.

12.2 Intangible assets: change in the period

Table A.8.24

	Goodwill	Other intangible assets generated internally		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Opening balance				**48,821**		**48,821**
A.1 Total net adjustments				(39,708)		(39,708)
A.2 **Opening net amount**				**9,113**		**9,113**
B. Increases				**6,767**		**6,767**
B.1 Purchases				6,767		6,767
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				**5,422**		**5,422**
C.1 Sales						
C.2 Adjustments						
- Amortisation	X			5,422		5,422
- Writedowns						
+ posted to shareholders' equity	X					
+ posted to income statement						
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				**10,458**		**10,458**
D.1 Total net adjustments				(45,130)		(45,130)
E. Closing gross amount				**55,588**		**55,588**
F. Measurement 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 (Euro 6,767 thousand) relate to the capitalisation of costs incurred for the implementation of EDP application packages and the development of new computer programmes.

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

Table A.8.25

	31/12/2012	31/12/2011
Deferred tax assets recognised on the income statement	146,768	116,108
Deferred tax assets recognised on shareholders' equity	5,415	8,632
Total	**152,183**	**124,740**

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 152,183 thousand (Euro 124,740 thousand at 31 December 2011) refers for Euro 146,768 thousand mainly to temporary differences determined by the deferred deductibility of adjustments to loans for IRES purposes, while the other Euro 5,415 thousand refer to deferred tax assets recognised to shareholders' equity, related to hedging derivatives with a negative fair value (Cash Flow Hedging Model).

13.2 Deferred tax liabilities: breakdown

The Bank has not recognised any deferred tax liabilities at 31 December 2012, 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).
The balance of Euro 8 thousand at 31 December 2011, on the other hand, concerns the tax effect arising from the application of IAS 19 on a retrospective basis, which resulted in a restatement of the comparative figures.

Table A.8.25B

	31/12/2012	31/12/2011
Deferred tax on actuarial gains and losses on employee termination indemnities		8
Total		**8**

13.3 Changes in deferred tax assets (through on the income statement)

Table A.8.25C

	31/12/2012	31/12/2011
1. Opening balance	**116,108**	**84,210**
2. **Increases**	**40,392**	**66,155**
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	34,345	34,773
2.2 New taxes or increases in tax rates		131
2.3 Other increases		31,251
3. Decreases	**9,732**	**34,257**
3.1 Deferred tax assets cancelled during the year		
a) reversals	4,998	7,650
b) write-offs		
c) due to changes in accounting policies		
d) other		138
3.2 Reduction in tax rates		
3.3 Other decreases		
a) conversion into tax credits		
as per Law 214/2011	4,734	26,469
b) other		
4. Closing balance	**146,768**	**116,108**

The increase in "Deferred tax assets recognised during the year – prior years" reflects the corrections made during the year on prior year taxes (Euro 6,047 thousand), whereas the "Deferred tax assets recognised during the year – other" come primarily from temporary differences determined by the deductibility for IRES purposes of impairment losses on loans deferred over eighteen years (Euro 31,964 thousand), as well as from the creation of deferred tax assets mainly relating to the provisions set up for probable insurance reimbursements (Euro 2,381 thousand).

"Reversals", on the other hand, derive from the reversal of the brought-forward eighteenths relating to temporary differences generated in previous years (Euro 2,403 thousand) and the use of provisions set up for potential liabilities, principally insurance reimbursements (Euro 2,595 thousand).
"Other decreases" show the effect of the conversions into tax credits, as per Law 214/2011 (Euro 4,734 thousand).

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

Table A.8.25D

	31/12/2012	31/12/2011
1. Opening balance	**109,714**	**110,620**
2. **Increases**	**37,750**	**25,563**
3. **Decreases**	**4,734**	**26,469**
3.1 Reversals		
3.2 Conversion into tax credits		
a) from tax losses	4,734	26,469
b) arising from tax losses		
3.3 Other decreases		
1. Closing balance	**142,730**	**109,714**

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 (recorded in shareholders' equity)

Table A.8.26B

	31/12/2012	31/12/2011
1. Opening balance	**8,632**	**20,559**
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	**6,049**	**11,927**
3.1 Deferred tax assets cancelled during the year		
a) reversals	6,049	11,927
b) write-offs		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**5,415**	**8,632**

The 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 5,139 thousand, as well as the tax effect related to the actuarial valuation of employee termination indemnities for Euro 276 thousand.

The decrease of the year is due to the release of deferred tax assets of derivatives that expired during the year.

13.6 Changes in deferred tax liabilities (with recorded to shareholders' equity)

	31/12/2012	31/12/2011
1. Opening balance	**8**	
2. Increases		8
2.1 Deferred tax liabilities recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		8
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		**8**

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.

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

Table A.8.28

	31/12/2012	31/12/2011
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property and equipment	290	
A.4 Intangible assets		
A.5 Other non-current assets		
Total A	**290**	
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		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
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 290 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 41,196 thousand (Euro 54,007 thousand at 31 December 2011), is made up as follows:

Table A.8.29

	31/12/2012	31/12/2011
Advances to suppliers	37	49
VAT receivables	238	20,019
Other amounts due from tax authorities	12,454	8,328
Other items	27,803	24,735
Due from Unifin S.p.A.	430	
Due from Santander Consumer Finance Media S.r.l.	234	876
Total	**41,196**	**54,007**

The "Other amounts due from tax authorities" mainly include payments on account of stamp duty on loans to customers (Euro 2,016 thousand), tax credits for withholding taxes on current accounts (Euro 2,302 thousand), withholding tax paid on accrued interest on current accounts with customers (Euro 1,470 thousand) and flat-rate substitute tax on medium/long-term loans (Euro 2,499 thousand). They also include Euro 1,628 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.

The item "VAT receivables" has been reduced considerably following the reimbursement of VAT for previous years (Euro 19,781 thousand) which was received during 2012.

"Other items" mainly include receivables from affiliates for contributions on "interest-free" loans (Euro 1,538 thousand), other charges deferred to the future on an accrual basis (Euro 1,512 thousand), receivables and assessments for insurance premiums (Euro 10,695 thousand) and bank transfers in transit (Euro 12,802 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 6,112,060 thousand at 31 December 2012 (Euro 6,242,919 thousand at 31 December 2011) and are made up as follows:

Table A.8.30

Type	31/12/2012	31/12/2011
1. Due to central banks	**1,884,872**	**400,111**
2. Due to banks	**4,227,188**	**5,842,808**
2.1 Current accounts and deposits	511	
2.2 Time deposits	268,806	285,417
2.3 Loans		
2.3.1 Repurchase agreements		501,958
2.3.2 Other	3,957,547	5,055,005
2.4 Payables for commitments to repurchase own equity instruments		
2.5 Other payables	324	428
Total	**6,112,060**	**6,242,919**
Fair value	***6,112,060***	***6,242,919***

The table includes, in particular, repurchase agreements with the European Central Bank (Euro 1,884,872 thousand), current accounts with a debit balance at the end of the year (Euro 511 thousand), subordinated loans including accrued interest (Euro 268,806 thousand), the loans granted by Santander Group companies as part of ordinary funding operations (Euro 3,763,922 thousand) and by third-party companies (Euro 193,715 thousand), as well as accrued balances on other amounts due to banks (Euro 324 thousand).

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

This item, totalling Euro 268,500 thousand (Euro 285,000 thousand at 31 December 2011), includes both subordinated liabilities (Euro 121,000 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:

Table A.8.30B

Type of transaction	31/12/2012	31/12/2011
UPPER TIER II subordinated debt to Openbank S.A. - maturity in 2018	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturity in 2018	32,500	32,500
UPPER TIER II subordinated debt to Openbank S.A. - maturity in 2016	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturity in 2016	26,000	32,500
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2015	30,000	40,000
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2015	50,000	50,000
UPPER TIER II subordinated debt to Banco Madesant S.A. - maturity in 2019	12,500	12,500
LOWER TIER II subordinated debt to Banco Madesant S.A. - maturity in 2019	12,500	12,500
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2019	20,000	20,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturity in 2019	20,000	20,000
Total	**268,500**	**285,000**

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 718,998 thousand (Euro 881,712 thousand at 31 December 2011) and are made up as follows:

Table A.8.31

Type	31/12/2012	31/12/2011
1. Current accounts and deposits	250,159	284,644
2. Time deposits	90,338	43,612
3. Loans		
3.1 Repurchase agreements		
3.2 Other		15,060
4. Payables for commitments to repurchase own equity instruments		
5. Other payables	378,501	538,396
Total	**718,998**	**881,712**
Fair value	***718,998***	***881,712***

"Current accounts and deposits" include demand deposits from customers, in particular the funds deposited on "Conto Santander" deposit accounts (Euro 105,592 thousand); the "time deposits" refer to "Santander Time Deposits", including accrued interest. "Other payables" to customers are primarily made up of the "conventional" debt recorded in the Bank (Euro 378,282 thousand) as a result of the "reversal derecognition" of the loans sold to the special purpose entity (Golden Bar), as required by the Supervisory Authority's instructions.

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

The Bank has no debt securities issued.

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

Table A.8.36

	Fair value 31/12/2012			Notional value	Fair value 31/12/2011			Notional value
	Level 1	Level 2	Level 3	31/12/2012	Level 1	Level 2	Level 3	31/12/2011
A. Financial derivatives								
1) Fair value		109,339		4,211,300		70,399		4,989,750
2) Cash flows		16,234		700,000		38,034		1,680,000
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**125,573**		**4,911,300**		**108,433**		**6,669,750**

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 fair value measurement of these derivatives is carried out by the Spanish Parent Company Banco Santander for the derivatives entered into with it and by Santander Consumer Finance for the derivative entered into with it.
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 10,400 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 2012 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
150,000,000	21/09/2011	23/09/2013	Banco Santander	1,149,731
30,000,000	24/11/2009	27/05/2013	Banco Santander	184,016
80,000,000	11/12/2009	25/09/2013	Banco Santander	1,244,426
100,000,000	11/12/2009	24/12/2013	Banco Santander	2,189,928
50,000,000	11/12/2009	30/01/2014	Banco Santander	1,386,692
100,000,000	11/12/2009	13/05/2013	Banco Santander	1,299,896
60,000,000	11/12/2009	11/02/2013	Banco Santander	284,141
40,000,000	14/12/2009	16/09/2013	Banco Santander	296,098
130,000,000	18/12/2009	22/03/2016	Banco Santander	4,634,749
115,000,000	19/01/2010	21/01/2016	Banco Santander	4,108,611
97,500,000	05/02/2010	09/08/2016	Banco Santander	3,620,906
80,000,000	12/02/2010	16/11/2015	Banco Santander	2,607,641
320,000,000	27/08/2010	30/09/2016	Banco Santander	5,743,009
275,000,000	26/08/2010	30/08/2016	Banco Santander	6,207,881
382,500,000	27/09/2010	29/03/2017	Banco Santander	11,045,779
34,100,000	21/10/2010	25/07/2017	Banco Santander	1,118,246
34,700,000	25/10/2010	27/07/2017	Banco Santander	1,135,685
44,750,000	15/11/2010	17/11/2017	Banco Santander	1,584,463
44,750,000	23/11/2010	27/11/2017	Banco Santander	1,536,549
133,000,000	23/12/2010	27/04/2018	Banco Santander	4,992,501
88,000,000	05/01/2011	07/07/2017	Banco Santander	2,286,696
114,500,000	10/02/2011	14/03/2019	Banco Santander	6,372,761
150,000,000	13/05/2011	17/02/2015	Banco Santander	7,684,549
101,000,000	17/06/2011	21/03/2018	Banco Santander	6,729,550
150,000,000	10/08/2011	12/08/2014	Banco Santander	3,168,409
155,000,000	10/08/2011	12/08/2019	Banco Santander	4,819,319
224,000,000	12/07/2011	14/01/2019	Banco Santander	9,926,907
96,000,000	04/07/2012	08/10/2018	Banco Santander	964,642
85,000,000	10/07/2012	12/10/2018	Banco Santander	684,494
90,000,000	22/01/2010	26/10/2015	Banco Santander	2,861,699
250,000,000	31/07/2012	02/11/2018	Banco Santander	1,787,532
169,000,000	25/05/2011	27/02/2018	Banco Santander	9,321,359
50,000,000	11/12/2009	18/01/2013	Banco Santander	218,624
270,000,000	21/09/2012	25/03/2019	Banco Santander	1,080,357
225,000,000	07/11/2012	10/06/2019	Banco Santander	983,845
142,500,000	15/03/2011	18/09/2017	Banco Santander	5,930,376
250,000,000	31/05/2012	31/05/2016	Santander Consumer Finance	4,381,069
4,911,300,000				**125,573,140**

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

Table A.8.36B

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks				
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						109,339			X
5. Other transactions	X	X	X	X	X	X	X	X	
Total assets						**109,339**			
1. Financial liabilities				X		X		X	X
2. Portfolio								16,234	X
Total liabilities								**16,234**	
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	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 and discountinued operations - item 90

The Bank does not have any liabilities associated with assets held for sale and discountinued operations.

Section 10 - Other liabilities - item 100

10.1 Other liabilities: breakdown

Other liabilities amount to Euro 82,547 thousand (Euro 90,698 thousand at the end of 2011) and consist of:

Table A.8.40

	31/12/2012	31/12/2011
Invoices to be received	24,769	29,756
Payables to employees	4,570	4,512
Due to social security institutions	1,379	1,377
Due to tax authorities	4,079	4,553
Other payables	46,108	48,703
Due to Santander Consumer Finance Media S.r.l.		9
Due to Unifin S.p.A.	1,642	1,363
Due to Isban		425
Total	**82,547**	**90,698**

"Other payables" mainly include:

- the amount due to suppliers (Euro 3,151 thousand);
- payables to insurance companies (Euro 2,961 thousand);
- bank transfers and post office payslips waiting to be credited (Euro 24,338 thousand);
- temporary balances due to customers for early repayments or temporary credit balances for instalments collected in advance of the contractual expiry date (Euro 12,600 thousand).

Section 11 - Provision for employee termination indemnities - item 110

11.1 Provision for employee termination indemnities: change in the year

Table A.8.41

	31/12/2012	31/12/2011
A. Opening balance	**4,357**	**4,415**
B. Increases	**1,035**	**624**
B.1 Provisions for the year	177	220
B.2 Other increases	858	404
C. Decreases	**899**	**682**
C.1 Payments made	876	658
C.2 Other decreases	23	24
D. Closing balance	**4,493**	**4,357**
Total	**4,493**	**4,357**

The provision for employee termination indemnities amounts to Euro 4,493 thousand (Euro 4,357 thousand at 31 December 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.
In addition, in line with the amendment to IAS 19, actuarial gains and losses accrued at the balance sheet date have been recognised in Other Comprehensive Income (OCI) under "other changes" (Euro 858 thousand). The changes have also been made on a retrospective basis, restating the balance on the first day of the earliest year presented for comparison purposes (the overall effect amounts to € -24 thousand).

Section 12 - Provisions for risks and charges - item 120

12.1 Provisions for risks and charges: breakdown

Table A.8.42

Items/Amounts	31/12/2012	31/12/2011
1. Post employment benefits		
2. Other provisions for risks and charges		
2.1 legal disputes	3,437	2,843
2.2 personnel charges	511	1,400
2.3 other	9,744	10,680
Total	**13,692**	**14,923**

With reference to the items in the table, see the next section.

12.2 Provisions for risks and charges: change in the year

Table A.8.42B

	31/12/2012	31/12/2011
A. Opening balance	**14,923**	**11,474**
B. Increases	**7,509**	**9,195**
B.1 Provisions for the year	1,889	2,474
B.2 Time value change		
B.3 Changes due to variations in the discount rate		
B.4 Other increases	5,620	6,721
C. Decreases	**8,740**	**5,746**
C.1 Utilisations during the year	1,849	122
C.2 Changes due to variations in the discount rate		
C.3 Other decreases	6,891	5,624
D. Closing balance	**13,692**	**14,923**

"Provisions of the year" include Euro 965 thousand to cover legal disputes and Euro 511 thousand relating to costs to be incurred for a restructuring plan implemented by the company. The provisions made on the basis of an estimate of the insurance premiums to be reimbursed to customers in the event of early termination have been recorded as a direct reduction of commission income for Euro 5,620 thousand.

As regards the "Decreases", on the other hand, Euro 6,888 thousand refer to utilisations of the provisions set up on dossiers from prior to 2010 due to the refund of insurance premiums to customers in the event of early cancellation, while the other Euro 1,849 thousand relate to the use of provisions made in the previous year for lawsuits and corporate restructuring.

12.3 post-employment defined benefit plan

The Bank has not established any company benefit plans 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 471,669 thousand (Euro 465,918 thousand at 31 December 2011) broken down as follows:

Table A.8.44

Items/Amounts	31/12/2012	31/12/2011
1. Share capital	512,000	512,000
2. Share premium reserve		
3. Reserves	11,370	(6,835)
4. (Treasury shares)		
5. Valuation reserves	(10,958)	(17,452)
6. Equity instruments		
7. Net profit (loss)	(40,743)	(21,795)
Total	**471,669**	**465,918**

Income reserves are described later in this section, whereas valuation reserves were described in sections 6 and 11 of liabilities and shareholders' equity.

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

Table A.8.44B

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		
B.1 New share issues		
- for consideration:		
- on business combinations		
- on conversion of bonds		
- exercise of warrants		
- other		
- 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	**512,000**	
D.1 Treasury shares (+)		
D.2 Outstanding shares at the end of the year		
- fully paid-in	512,000	
- not fully paid-in		

14.3 Share capital: other information

At 31 December 2012, the share capital of the Bank amounts to Euro 512 million, consisting of 512,000 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 2012 amount to € 11,370 thousand and consist of the residual amount resulting from the capital contribution made during the year by the Parent Company Santander Consumer Finance SA and partially used to cover prior-year losses.

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	**512,000**				
Reserves	**11,369**				
Legal reserve	-	A(1), B	-	*9,948*	
Extraordinary reserve	-	A, B, C	-	*50,414*	
Capital reserve	*11,369*	A, B		*28,630*	
Valuation reserves	**(10,958)**				
Valuation reserve for cash-flow hedges	*(10,400)*	(2)			
Valuation reserve for actuarial gains and losses on employee termination indemnities	*(558)*	(2)			
Net profit for the year	**(40,743)**				
Total	**471,668**				

(*) A = for increase in capital; B = to cover losses; C = for distribution to shareholders
(1) To be used to increase capital (A) for the portion exceeding one fifth of share capital
(2) The reserve is restricted pursuant to art. 6 of Legislative Decree no. 38/2005

The capital reserve was created in 2012 out of the payment of € 40 million made by the Parent Company Santander Consumer Finance, which was partially used during the year to cover prior-year losses carried forward (€ 26,210 thousand) and the reserve for changes in prior-year results (€ 2,420 thousand).
The legal reserve and the extraordinary reserve were used 100% in 2011 to cover losses incurred in 2010. These are reserves set aside by Santander Consumer Bank S.p.A. and Santander Consumer Finanzia S.r.l., the latter's having been transferred to the Bank at the time of the merger in 2011.

OTHER INFORMATION

1. Guarantees given and commitments

Table A.8.45

Transactions	31/12/2012	31/12/2011
1) Financial guarantees given		
a) Banks	584	1,236
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	**584**	**1,236**

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.

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 452,975 thousand (Euro 428,360 thousand at 31 December 2011) and is made up of:

Table A.9.3

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2012	31/12/2011
1. Financial assets held for trading					
2. Financial assets available for sale	2,074			**2,074**	**6,646**
3. Financial assets held to maturity					
4. Due from banks		197	30	**227**	**373**
5. Loans to customers		450,249		**450,249**	**421,341**
6. Financial assets designated at fair value through profit and loss					
7. Hedging derivatives	X	X			
8. Other assets	X	X	425	**425**	
Total	**2,074**	**450,446**	**455**	**452,975**	**428,360**

Interest income on financial assets available for sale are represented by the income earned on the Spanish government bonds (Letras del Tesoro) held during the year and then sold, so no longer present at the balance sheet date.
Interest income on amounts due from banks mainly consist of accrued income on current accounts (Euro 42 thousand) and the repurchase agreement entered into with Banco Santander (Euro 155 thousand). The value of interest on loans to customers is represented by the accrued interest on commercial paper issued by the subsidiary Santander Consumer Finance Media (Euro 36 thousand) and 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 accrued on non-performing loans during the year amounted to Euro 2,517 thousand.

1.2. Interest and similar income: differentials on hedging transactions

The balance of differentials on hedging interest rate swaps is negative (as in 2011).
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 2012 amount to Euro 11,788 thousand (Euro 16,573 thousand in 2011).

1.4 Interest and similar expense: breakdown

Interest and similar expense amounts to Euro 218,207 thousand at 31 December 2012 (Euro 229,691 thousand at 31 December 2011) and is made up of:

Table A.9.4

Items/Technical forms	Payables	Securities	Other transactions	31/12/2012	31/12/2011
1. Due to central banks	9,906			9,906	1,111
2. Due to banks	105,278	X		105,278	128,897
3. Due to customers	6,877	X	70,821	77,698	52,334
4. Debt securities issued	X				
5. Financial liabilities held for trading					
6. Financial liabilities					
7. Other liabilities and provisions	X	X	46	46	1,893
8. Hedging derivatives	X	X	25,279	25,279	45,456
Total	**122,061**		**96,146**	**218,207**	**229,691**

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 subsidiary Santander Consumer Finance Media (Euro 6 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

Table A.9.4B

Items/Sectors	31/12/2012	31/12/2011
A. Positive differentials on hedging transactions:	48,114	28,194
B. Negative differentials on hedging transactions:	(73,393)	(73,650)
C. Balance (A-B)	**(25,279)**	**(45,456)**

The balance of differentials on hedging transactions is calculated taking into account the differentials on derivatives with the Parent Company Banco Santander relating to the securitisation (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 56,212 thousand (Euro 72,842 thousand at 31 December 2011) and is broken down as follows:

Table A.9.5

Type of service/Segments	31/12/2012	31/12/2011
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	47,445	58,314
9.3. other products		
d) collection and payment services	5,790	8,424
e) servicing related to securitisation		2,022
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	2,977	4,082
Total	**56,212**	**72,842**

Item c) includes commission income for insurance products placed with customers financed for Euro 47,445 thousand, item d) mainly includes commissions generated during the year for collection and payment services provided to customers for Euro 4,924 thousand and servicing fees accrued during 2012 versus a subsidiary of Santander Consumer Finance Media for Euro 802 thousand.
Item j) “other services”, on the other hand, comprises:

- income recognised in respect of damages and penalties for late payment (Euro 1,704 thousand);
- fees and commission income for the management of credit cards (Euro 966 thousand);
- commission income on stock financing (Euro 254 thousand);
- commissions for other services (Euro 53 thousand).

2.2 Commission income: distribution channels for products and services

Table A.9.6

Channels/Segments	31/12/2012	31/12/2011
a) at own branches		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products	47,445	58,314
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 17,102 thousand (Euro 16,685 thousand at 31 December 2011) and is broken down as follows:

Table A.9.6B

Type of service/Amounts	31/12/2012	31/12/2011
a) guarantees received	1,185	977
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	105	49
5. placement of financial instruments		
6. offer of securities, financial products and services through financial promoters	11,699	11,035
d) collection and payment services	3,288	3,195
e) other services	825	1,429
Total	**17,102**	**16,685**

The fees paid in respect of guarantees received, item a), refer to guarantees given in favour of the bank by major banks for Euro 208 thousand and by the Parent Company Santander Consumer Finance S.A. for Euro 977 thousand. Item c) mainly refers to commissions paid on the sale of insurance products (Euro 9,256 thousand) and contributions and termination indemnities accrued by the network of agents based on targets for the placement of loans with customers (Euro 2,443 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 securitisations.

Section 3 – Dividends and similar income – item 70

3.1 Dividends and similar income: breakdown

Table A.9.7

Items/Income	31/12/2012		31/12/2011	
	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	609	X	728	X
Total	**609**		**728**	

The amount recognised during the year relates to dividends distributed by the subsidiary Santander Consumer Media for the result achieved in 2011.

Section 4 – Net trading income – item 80

4.1 Net trading income: breakdown

The amount recognised during the year 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 carried out by the Spanish Parent Company Banco Santander of the derivatives hedging the fair value of financial assets and the corresponding charge resulting from the valuation of the hedged assets.

Table A.9.9

Items/Sectors	31/12/2012	31/12/2011
A. Income relating to:		
A.1 Fair value hedges		
A.2 Hedged financial assets (fair value)	32,523	66,131
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)	**32,523**	**66,131**
B. Expenses relating to:		
B.1 Fair value hedges	(34,720)	(65,738)
B.2 Hedged financial assets (fair value)		
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)	**(34,720)**	**(65,738)**
C. Net hedging gains (losses) (A-B)	**(2,197)**	**393**

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

6.1 Gains (losses) on disposal or repurchase: breakdown

Table A.9.10

Item/Income items	31/12/2012			31/12/2011		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Due from banks						
2. Loans to customers		(119,733)	(119,733)		(90,958)	(90,958)
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	**182**	**(119,733)**	**(119,551)**		**(90,958)**	**(90,958)**
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.

The gains (losses) on disposal/repurchase of debt securities represent the capital gains realised on the sale of Letras del Tesoro held during the year.

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 impairment adjustments to loans and receivables: breakdown

Table A.9.12

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2012 (3) = (1) - (2)	31/12/2011 (3) = (1) - (2)
	Specific			Specific		Portfolio			
	Write-offs	Other	Portfolio	A	B	A	B		
A. Due from banks									
- Loans									
- Debt securities									
B. Loans to customers	943	95,640	20,828		(6,649)			110,762	
Non-performing loans purchased									
- Loans			X				X		
- Debt securities			X				X		
- Other receivables									
- Loans									91,685
- Debt securities									
C. Total	**943**	**95,640**	**20,828**		**(6,649)**			**110,762**	**91,685**

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 costs amount to Euro 41,398 thousand (Euro 44,232 thousand at 31 December 2011) and are split as follows:

Table A.9.14

Type of expense/Amounts	31/12/2012	31/12/2011
1) Employees		
a) wages and salaries	28,397	27,875
b) social security charges	6,995	7,348
c) termination indemnities	7	12
d) pension expenses (supplementary benefits)		
e) provision for employee termination indemnities	177	220
f) provision for post-retirement benefits and similar benefits:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution	1,788	2,029
- defined benefit		
h) share-based payments		
i) other personnel benefits	2,145	1,965
2) Other personnel	954	1,184
3) Directors and statutory auditors	435	362
4) Retired personnel	500	3,237
5) Recovery of cost of employees seconded to other companies		
6) Reimbursement of cost of third-party employees seconded to the Company		
Total	**41,398**	**44,232**

"Social security charges" include pension costs incurred by the Bank in 2012.

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).

Fees payable to directors amount to Euro 170 thousand, while fees relating to members of the Board of Statutory Auditors amount to Euro 265 thousand.

The expenses incurred for retired personnel relate to the restructuring plan.

9.2 Average number of employees, by categories

Table A.9.14B

	31/12/2012	31/12/2011
Employees:		
a) managers	4	5
b) middle managers	153	151
of which 3rd and 4th level	*58*	*57*
c) other employees	506	535
Total	**663**	**691**
Other personnel	**24**	**29**

9.3 Post-retirement defined benefit plans: total costs

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

9.4 Other personnel benefits

Table A.9.14D

	31/12/2012	31/12/2011
Ancillary staff expenses (contributions to rent and health insurance, luncheon vouchers and other minor benefits)	1,785	1,523
Incentive plan reserved for managers	360	442
Total	**2,145**	**1,965**

9.5 Other administrative expenses: breakdown

Other administrative expenses amount to Euro 56,785 thousand (Euro 68,260 thousand at 31 December 2011) and are made up as follows:

Table A.9.14E

	31/12/2012	31/12/2011
Indirect taxes and duties	2,098	11,619
Telephone, broadcasting and postal	4,782	6,316
Maintenance, cleaning and waste disposal	1,536	1,261
Property lease, removals and condominium expenses	4,987	4,440
Professional fees and corporate expenses	6,084	4,858
Travel and accommodation	1,816	1,474
Stamp duty and flat-rate substitute tax	4,567	6,406
Insurance charges	387	386
Forms, stationery and consumables	317	319
Supplies, licences, EDP consulting and maintenance	6,331	4,384
Debt recovery charges	12,793	13,730
Other expenses	3,263	3,139
Legal fees	1,852	2,702
Legal expenses	1,141	1,932
Advertising, promotion and representation	1,693	2,442
Commercial information and searches	2,585	2,475
Lighting and heating	553	377
Total	**56,785**	**68,260**

Section 10 – Net provisions for risks and charges - item 160

10.1 Net provisions for risks and charges: breakdown

Table A.9.15

Item	31/12/2012	31/12/2011
Provisions for legal risks	928	951
Total	**928**	**951**

"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.

Section 11 - Net adjustments to/recoveries on property and equipment - item 170

11.1. Net adjustments to/recoveries on property and equipment: breakdown

Net adjustments to property and equipment refer to the depreciation of the Bank's fixed assets.

Table A.9.16

Assets/Income items	Amortisation (a)	Impairment losses (b)	Recoveries (c)	**Net result (a + b – c)**
A. Property and equipment				
A.1 Owned				
- For business purposes	2,036			**2,036**
- For investment purposes				
A.2 Held under finance leases				
- For business purposes				
- For investment purposes				
B. Non-current assets held for sale				
Total	**2,036**			**2,036**

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 5,422 thousand and relate to the amortisation of the year, as shown in the following table:

Table A.9.17

Assets/Income items	Amortisation (a)	Impairment losses (b)	Recoveries (c)	**Net result (a + b – c)**
A. Intangible assets				
A.1 Owned				
- Internally generated				
- Other	5,422			**5,422**
A.2 Held under finance leases				
Total	**5,422**			**5,422**

Section 13 - Other operating expenses/income - item 190

13.1 Other operating expenses: breakdown

Other operating expenses amount to Euro 10,315 thousand (Euro 17,082 thousand at 31 December 2011) and are divided as follows:

Table A.9.18

	31/12/2012	31/12/2011
Rebates and discounts given	163	199
Losses on disposal	90	18
Expenses related to leasing transactions	8,334	12,453
Other	721	449
Miscellaneous expenses	1,007	3,963
Total	**10,315**	**17,082**

The "expenses related to leasing transactions" mainly include losses on leased assets (Euro 780 thousand), administrative expenses related to the leasing business (Euro 4,651 thousand) and full-leasing service expenses (Euro 2,342 thousand).
"Other" mainly relates to out-of-period expenses (Euro 587 thousand).

13.2 Other operating income: breakdown

Other operating income amounts to Euro 23,930 thousand (Euro 40,965 thousand at 31 December 2011) and can be broken down as follows:

Table A.9.18B

	31/12/2012	31/12/2011
Recovery of taxes	6,027	8,647
Recovery of lease instalments	73	67
Recovery of other expenses	1,216	1,445
Recovery of preliminary expenses	5,557	6,792
Rebates and discounts received	57	70
Insurance reimbursements	170	132
Gains on disposal	1,663	238
Income related to leasing transactions	8,683	19,272
Other income	484	4,302
Total	**23,930**	**40,965**

"Income related to leasing transactions" includes, among other things, the recovery of full-leasing expenses for Euro 1,596 thousand, recovery of lease expenses charged to customers for Euro 2,126 thousand, recovery of provincial transcription tax (IPT) for Euro 2,402 thousand and damages received for Euro 245 thousand.

Section 14 - Profit (loss) on equity investments - item 210

14.1 Profit (loss) on equity investments: breakdown

There were no profits or losses on equity investments in 2012.

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 – Goodwill impairment - item 230

16.1 Goodwill impairment: 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 continuing operations - item 260

18.1 Income taxes for the year on continuing operations: breakdown

The item "Income tax for the year " shows a balance of Euro 10,234 thousand (Euro 430 thousand at 31 December 2011) and represents the provision made during the year in accordance with current tax law. It is made up as follows:

Table A.9.23

Items/Segments	31/12/2012	31/12/2011
1. Current taxation (-)	(26,787)	(26,686)
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 as per Law 214/2011 (+)	4,734	26,469
4. Change in deferred tax assets (+/-)	30,659	647
5. Change in deferred tax liabilities (+/-)		
6. Income tax for the year on current operations (-)	**10,234**	**430**

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.
Moreover, the "Changes in current taxes of previous years" include an amount of Euro 1,628 thousand resulting from the claim for a tax rebate for the higher IRES paid in previous years on personnel costs not deducted for IRAP purposes, as already mentioned in the section on "Taxation" in the report on operations.
The "Reduction in current taxes for tax credits as per Law 214/2011" shows the deferred tax assets converted into tax credits during the year.

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. In this case the increase is related primarily to the portion of interest expense that is not deductible for IRES and IRAP purposes, as well as to loan adjustments made in the financial statements that are not deductible for IRAP purposes.

Table A.9.23B

	31/12/2012	31/12/2011
Profit (loss) from continuing operations before tax	(50,978)	(22,226)
Profit before tax on discontinuing operations		
Theoretical taxable income	**(50,978)**	**(22,226)**
IRES - Theoretical tax charge	14,019	6,112
- effect of income and expenses that do not contribute to the tax base	1,257	1,314
- effect of expenses that are wholly or partially non-deductible	(4,933)	(7,162)
- release of pre-2007 deferred tax assets for change in IRES tax rate		
IRES - Effective tax burden	**10,343**	**264**
IRAP - Theoretical tax charge	2,839	1,238
- portion of non-deductible administrative expenses, depreciation and amortis	(2,664)	(2,877)
- portion of non-deductible interest expense	(486)	(513)
- effect of income and expenses that do not contribute to the tax base	(5,454)	2,078
- effect of income and expenses that are wholly or partially non-deductible	5,656	241
IRAP - Effective tax burden	**(109)**	**166**
Effective tax burden as shown in the financial statements	**10,234**	**430**

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 discountinued operations 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)

Table A.9.26

	Number	Days	Weighted number
Opening balance	512,000	365	512,000
Total			**512,000**

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.

Net profit (loss) for the year	-40,743
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	(40,743)
	Other comprehensive income			
20.	Financial assets available for sale:			
	a) changes in fair value			
	b) reversal to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
30.	Property and equipment			
40.	Intangible assets			
50.	Foreign investment hedges:			
	a) changes in fair value			
	b) reversal to the income statement			
	c) other changes			
60.	Cash-flow hedges:			
	a) changes in fair value	10,443	(3,375)	7,068
	b) reversal to the income statement			
	c) other changes			
70.	Exchange differences			
	a) changes in value			
	b) reversal to the income statement			
	c) other changes			
80.	Non-current assets held for sale and discontinued operations			
	a) changes in fair value			
	b) reversal to the income statement			
	c) other changes			
90.	Actuarial gains (losses) on defined-benefit pension plans	(858)	284	(574)
100.	Portion of the measurement reserves of the equity investments measured at equity			
	a) changes in fair value			
	b) reversal to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
110.	**Total other comprehensive income**	**9,585**	**(3,091)**	**6,494**
120.	**Total comprehensive income (Items 10+110)**	**9,585**	**(3,091)**	**(34,250)**

Part E - Information on risks and related hedging policies

Section 1 - Credit risk

Qualitative information

1. General aspects

Credit risk is obviously 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 almost entirely 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, with 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.

The various types of risk are taken by the Bank as a whole; then, thanks to a system of delegation and control, it defines which units/functions are delegated to monitor the individual aspect, or to manage one or more classes of risk and the various control processes.

In general, with regard to the risk classes that have been identified, 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:

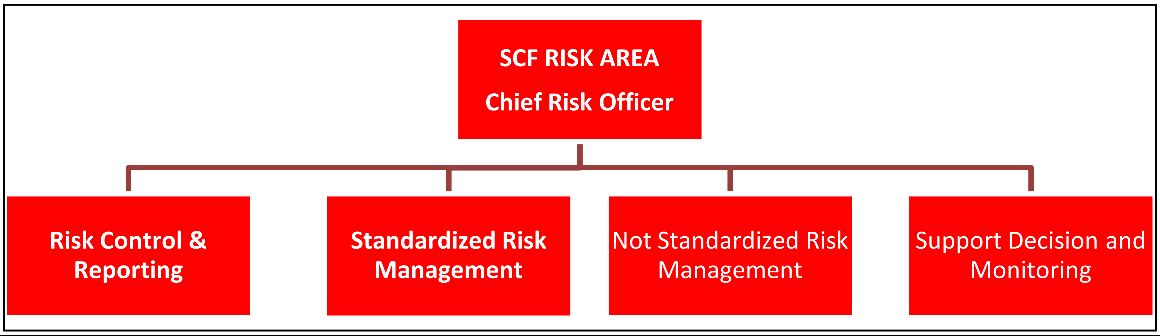
Type of risk	Risk Taking Unit	Control
Credit risk	Standardized/Non-Standardized Risk Unit	Risk Control Unit
Operational risk	The various functional areas involved in the operational process	Operational Development Department
Financial risks	Finance Department	Administration and Control Department
Market risk	Finance Department	Risk Control Unit
Reputational risk	Operational Development Department/Legal Affairs and Institutional Relations Department	Legal and Compliance Committee
Strategic risk	Board of Directors/Top Management	Board of Directors/Management Committee
Residual risk	General Management/Legal and Institutional Relations Department	Legal Affairs and Institutional Relations Department

In addition to the areas mentioned above, the control activity is completed and assessed by the Internal Auditing and Operating Controls Department.

As part of the implementation of Risk General Management, the functions of the Risk Management Area of Santander Consumer Bank are as follows:

- to adapt corporate risk management models defined by the Intelligence Area to the actual situation and risk characteristics of the Santander Consumer Finance Division.
- To manage priorities/speed of implementation in each country/unit according to the effective needs of each country.
- to monitor and ensure proper execution/implementation of the models both at corporate level (Santander Consumer Finance) and at local level for each unit.

The following chart shows the organisational structure of the Santander Consumer Bank Division.



To fulfil its mission, the Risk Management Area of Santander Consumer Bank has the following functions:

- adaptation of the corporate model of credit, market and methodology management, including corporate policies, as well as of the risk map and the segmentation criteria applied to the specifics of Santander Consumer Bank.
- supervision of the implementation of the corporate model of management, both of credit and of market and structural risk within the Group.
- implementation of risk projects defined globally for matters that concern the Group.
- support for the Units controlled by the Group in the implementation of local decision models and the management model.
- participation in the acceptance, monitoring and recovery process with the units controlled by the Group in coordination with the Banking Risk Management Area.
- implementation of control over credit risk with customers in the defined axes, levels and metrics. The axes of control are defined in a manner consistent with the needs and requirements of local

operations. The local heads of control in the various units will be used to implement the control system.

- implementation of the processes of aggregation and consolidation of the various meanings of risk and preparation of the corresponding reports.

In addition, the essential functions of Standardized Risk Management at Santander Consumer Bank are:

- to define the risk policies, strategies and procedures for the management of "standardized" products”;
- to analyse, help create and manage (in terms of updating and configuration) automatic applications for decision-making and support in setting up dossiers;
- to monitor the riskiness of products, companies, Affiliates and agents, 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 provide support for the Operating and Management Units for matters under its jurisdiction;
- to ensure constant updating of the parameters for assessing counterparties;
- 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 define the training required for staff;
- to handle, together with the other departments involved, implementation of the input procedures, also looking after the organisation of corporate training and refresher courses;
- periodically check the level of training of operating personnel, especially in the event of role changes or the assignment of higher approval levels;
- 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 procedures for products in the "non-standardized" segment”;
- 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* - signature powers in particular monitoring situations).

The Risk Control Unit's mission is to identify areas of risk, control objectives and suitable techniques to achieve them.

The main functions assigned to this unit are:

- definition of risk models in line with corporate policy;

- decision-making support through simulations and analyses of profitability, volumes and litigiousness according to the necessary interpretations;
- 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;
- to ensure analytical control and supervision of the adoption of Basel II.

The essential functions of Decision-Making Support and Monitoring Unit are:

- monitoring proper implementation of the policies and procedures for standardized risk-taking;
- assessing and formulating recommendations, also binding recommendations, to decision-making bodies, on compliance with risk policies, in response to particular loan proposals involving standardized risks

The following fall within its scope of competence:

- personal loans, levels 10-60 rating BB
- car loans and special-purpose loans aimed at companies, levels 10-60 rating BB
- leasing, levels 10-60 rating BB
- credit cards, levels 10-60 rating BB
- personal loans, car loans, special-purpose loans and credit cards for individuals/companies, all levels and ratings with risk exceptions
- levels 70-99 all products and ratings
- override all levels above and below the cut-off
- CBU renewal/refinancing, all levels
- appendices

2.2 Systems for managing, measuring and monitoring risk

The process of risk management consists of identifying, quantifying, analysing, controlling, negotiating and deciding, where possible, the risks incurred by the Bank. During the process, the areas that take risks and top management are both involved in the risk function.

This process is defined by the approval of policies for the identification, measurement, control and management, where applicable, of the risks at the highest level of the organisation.

The Risk Function carries out the process of identification, study, approval, measurement, control, monitoring and management of the risk and 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 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.

The lending process differs according to whether it is dealing with standardized risk or non-standardized risk.

For Standardized Risk, the process is split into the following phases:

1. Origination
2. Monitoring & Reporting
3. Impairment

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 system (AS 400) 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 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 a scoring system. In the case of leasing & renting, the dossier is examined by the operator. 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 a judgmental 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.

The Origination phase may foresee, on conclusion, the use of **risk mitigation techniques and collateral management** with a second signature and/or guarantees. In the case of car loans and renting, there may also be a mandate to register a mortgage on the car, at the approver's discretion.

The **Monitoring** phase is the responsibility of the Standardized Risk and Risk Control Functions.

During the **Impairment** phase, balances in dispute are handled by the Collection Business Unit (CBU). This area carries out a series of reminders/recovery actions up to the sixth instalment that is not paid. It also performs what is known as "Late Collection - After the Final Deadline". During this stage, it handles those contracts that are officially considered past due after non-payment of a number of instalments. The Bank makes use of external collection agencies (which carry out Home Calling and Phone Calling), with a view to recovering the full amount outstanding, and external law firms to 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 Unifin, a subsidiary of Santander Consumer Finance SA, 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".
The credit analysis, assessment and approval phases are carried out by Unifin with the support of Santander Consumer Bank under a service outsourcing contract. Monitoring is based primarily on income data. Litigation is handled by Santander Consumer Bank, again under this contract.

As regards **Standardized Risk**, in addition to the product and acquisition channel, which are used to segment all consumer credit transactions, the Bank also uses variables such as nationality, residence, age, occupation, average income, etc. (in the event that the customer is a private individual), to determine the customer profile for the purpose of segmentation.
In the case of individual companies, we use variables such as: geographical location, start date of the business, legal issues, etc.
In the case of corporate customers, with respect to the previous case, additional variables are used, such as: powers of signature, type of company, etc.

On the other hand, as regards **Non-Standardized Risk**, 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
   a. Customer tracking
   b. Portfolio tracking
   c. Controls
   d. Check on production volumes
6. Collection

All customers have to be assigned to a risk analyst for the acceptance and monitoring of the related risks. Each analyst therefore handles a portfolio of between 100 and 150 companies. The Santander Group's standard criterion is to assign a risk analyst to companies with risk of more than Euro 500 thousand.
As regards the characteristics of the portfolio, other segmentation criteria can be applied to the portfolio, such as: the economic group that it belongs to, the geographical area, type of activity (new or second-hand vehicles), make of vehicles, etc.

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, 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

In view of the types of products/services placed, the use of risk mitigation instruments is limited to just a few techniques. In particular, they can be considered ways of mitigating credit risk: a second signature (which can affect approval of the dossier), guarantees, mandate to register a mortgage (for car loans).

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.

"Massive collection" is a long-standing activity and now there is also "late collection" organisation, located throughout the country. The Bank also makes use of external collection entities that are carefully selected and monitored on an ongoing basis.

Impaired exposures are classified according to the number of overdue instalments. The adequacy of the impairment adjustments is assessed on the basis of the Loan Loss Reserve model (LLR), which includes the concepts of impairment (amount by which the carrying amount of an asset exceeds its realisable value) and incurred loss (the loss concept only takes into account the loss that is visible or effectively quantifiable following a loan impairment event).

For regulatory purposes loans are divided into:

- Loans for which there appears to be an "incurred but not reported loss", these are the dossiers that at the observation date have a behavioural deterioration that is not apparent in the number of unpaid instalments (the impairment test aims at identifying dossiers that have had a significant change for the worse, despite not showing objective signs of deterioration at the observation date).
- Watchlist loans, doubtful loans, restructured loans and past due loans. The entire amount (on- and off-balance sheet) of exposures to borrowers in temporary situations of objective difficulty, which are likely to be resolved within a reasonable period of time, has to be classified as anomalous under "watchlist loans". This irrespective of any collateral (secured or unsecured) backing the exposures and of any loss forecasts that have been made.

  The entire amount (on- and off-balance sheet sheet) of exposures to borrowers in a state of insolvency (even if not legally recognised), or in substantially similar situations, have to be classified as "doubtful loans", irrespective of any collateral (secured or unsecured) backing the exposures and of any loss forecasts that have been made. Notification of doubtful loans to the Central Risk File must be based on a negative assessment of a financial situation that is considered in serious (and not temporary) economic difficulties, without necessarily having to mention insolvency, understood as a situation of insufficient funds, or of the amount being definitively unrecoverable.
  Restructured loans are those for which the Bank agrees to modify the original contractual terms, due to a deterioration in the borrower's economic condition.
  These are loans that are past due or over the limit for more than 90 days, unlike those classified as doubtful, watchlist or restructured.

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)

Table A.11.4

Portfolio/Quality	Doubtful loans	Watchlist loans	Restructured 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					129,624	**129,624**
5. Loans to customers	6,769	40,178	6,370	79,725	6,945,806	**7,078,848**
6. Financial assets designated at fair value through profit and loss						
7. Financial assets under disposal					290	**290**
8. Hedging derivatives						
31/12/2012	**6,769**	**40,178**	**6,370**	**79,725**	**7,075,720**	**7,208,762**
31/12/2011	**23,936**	**20,598**	**1,601**	**17,894**	**7,468,906**	**7,532,935**

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)

Table A.11.5

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				129,624		129,624	129,624
5. Loans to customers	251,339	(118,297)	133,042	6,988,237	(42,431)	6,945,806	7,078,848
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal				290		290	290
8. Hedging derivatives				X	X		
31/12/2012	**251,339**	**(118,297)**	**133,042**	**7,118,151**	**(42,431)**	**7,075,720**	**7,208,762**
31/12/2011	**297,032**	**(233,003)**	**64,029**	**7,526,070**	**(57,164)**	**7,468,906**	**7,532,935**

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	312,782		3,559	309,223	40,161
Past due from 3 to 6 months	9,831		275	9,556	981
Past due from 6 to 12 months	1,187		31	1,156	1,546
Past due beyond 1 year	117		3	114	2,171
Total A	**323,917**		**3,868**	**320,049**	**44,859**

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 balance sheet exposures to banks: gross and net values

Table A.11.5B

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. ON BALANCE EXPOSURES				
a) Doubtful loans			X	
b) Watchlist loans			X	
c) Restructured loans			X	
d) Past due loans			X	
e) Other assets	129,624	X		129,624
TOTAL A	**129,624**			**129,624**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non performing			X	
b) Other		X		
TOTAL B				
TOTAL A+B	**129,624**			**129,624**

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 balance sheet credit exposures to customers: gross and net values

Table A.11.7

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. ON BALANCE EXPOSURES				
a) Doubtful loans	25,520	(18,751)	X	6,769
b) Watchlist loans	96,602	(56,424)	X	40,178
c) Restructured loans	9,453	(3,083)	X	6,370
d) Past due loans	119,764	(40,039)	X	79,725
e) Other assets	6,988,237	X	(42,431)	6,945,806
TOTAL A	**7,239,576**	**(118,297)**	**(42,431)**	**7,078,848**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non performing			X	
b) Other		X		
TOTAL B				

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

A.1.7 On balance cash credit exposures to customers: dynamics of gross non-performing loans

Table A.11.7B

Types	Doubtful loans	Watchlist loans	Restructured loans	Past due loans
A. Opening gross exposure	**184,320**	**83,734**	**2,281**	**26,697**
- of which: sold but not derecognised	450	4,207	7	2,065
B. Increases				
B.1 transfers from performing loans	13,350	114,931	8,325	213,030
B.2 transfers from other non-performing categories	12,266	26,493	1,553	15,895
B.3 other increases	7,293	5,343	250	2,437
C. Decreases				
C.1 transfers to performing loans	(399)	(2,952)		(13,277)
C.2 write-offs	(123,452)	(85,125)	(16)	(60,232)
C.3 collections	(2,475)	(5,916)	(609)	(7,659)
C.4 proceeds from disposals	(3,589)	(5,514)	(637)	(18,140)
C.5 transfers to other non-performing categories	(2,539)	(23,555)	(1,115)	(28,998)
C.6 other decreases	(59,256)	(10,836)	(580)	(9,988)
D. Closing gross exposure	**25,520**	**96,602**	**9,453**	**119,764**
- of which: sold but not derecognised	5,443	39,198	2,129	59,664

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

Table A.11.8

Types	Doubtful loans	Watchlist loans	Restructured loans	Past due loans
Total opening adjustments	**104,782**	**52,185**	**676**	**8,682**
- of which: sold but not derecognised	217	1,409		731
B. Increases				
B.1 adjustments	7,022	47,799	2,239	38,581
B.1.bis losses on disposal	15,029	17,066	58	7,647
B.2 transfers from other non performing categories	1,344	1,459	538	412
B.3 other increases				
C. Decreases				
C.1 recoveries on valuation	(966)	(1,114)		(352)
C.2 recoveries due to collections	(1,630)	(1,375)	(214)	(997)
C.2.bis gains on disposal				
C.3 write-offs	(105,793)	(57,891)	(87)	(13,048)
C.4 transfers to other non-performing categories	(1,036)	(1,704)	(127)	(887)
C.5 other decreases				
D. Total closing adjustments	**18,751**	**56,424**	**3,083**	**40,039**
- of which: sold but not derecognised	2,145	21,383	656	18,787

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

In the following table cash exposures are represented by loans to banks for Euro 129,624 thousand.

Table A.11.9

Exposures	External rating class						Unrated	Total
	1	2	3	4	5	6		
A. Cash exposures			126,150				3,473	**129,624**
B. Derivatives								
B.1 Financial derivatives								
B.2 Credit derivatives								
C. Guarantees given								
D. Commitments to issue loans								
E. Other								
Total			**126,150**				**3,473**	**129,624**

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 Distribution of on- and off-balance sheet exposures by internal rating classes

The following table shows the distribution of the loan portfolio on the basis of internal ratings determined on the basis of the main behavioural parameters found in the contractual relationship with customers. In determining these indicators, reference was made to discriminating elements such as: type of employment, age, marital status, personal data. Exposures to customers are split into six classes, where "6" is the highest level of creditworthiness and "1" is for loans with a considerable probability of default.
Note that internal ratings are not used when calculating capital requirements.

Table A.11.9B

Exposures	Internal rating classes						Total
	6	5	4	3	2	1	
A. On balance exposures	3,164,080	541,539	1,511,888	858,310	752,268	250,763	**7,078,848**
B. Derivatives							
B.1 Financial derivatives							
B.2 Credit derivatives							
C. Guarantees given							
D. Commitments to issue loans							
Total	**3,164,080**	**541,539**	**1,511,888**	**858,310**	**752,268**	**250,763**	**7,078,848**

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

Table A.11.11

	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 b	Other public entities	Banks	Other parties	Governments and central banks	Other public entities	Banks	Other parties	
1. Guaranteed cash exposures:														
1.1. fully guaranteed	1,483,865												1,483,865	1,483,865
- of which: impaired	13,402												13,402	13,402
1.2. partially guaranteed														
- of which: impaired														
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 1,483,865 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 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 Distribution by sector of on- and off-balance sheet exposures to customers (book value)

Table A.11.12

Exposures/Counterparts	Governments			Other public entities			Financial businesses			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			X			X			X	1,197	(14,788)	X	5,572	(3,963)	X
A.2 Watchlist loans			X			X			X			X	3,517	(11,038)	X	36,661	(45,386)	X
A.3 Restructured loans			X			X			X			X	72	(41)	X	6,298	(3,042)	X
A.4 Past due loans			X	5	(3)	X	2	(1)	X			X	8,160	(6,090)	X	71,558	(33,945)	X
A.5 Other exposures		X		509	X	(2)	576,963	X	(14)		X		630,081	X	(5,020)	5,738,253	X	(37,395)
TOTAL A				**514**	**(3)**	**(2)**	**576,965**	**(1)**	**(14)**				**643,027**	**(31,957)**	**(5,020)**	**5,858,342**	**(86,336)**	**(37,395)**
B. Off-balance sheet exposures																		
B.1 Doubtful loans			X			X			X			X			X			X
B.2 Watchlist 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 31/12/2012				**514**	**(3)**	**(2)**	**576,965**	**(1)**	**(14)**					**(31,957)**	**(5,020)**	**5,858,342**	**(86,336)**	**(37,395)**
TOTAL 31/12/2011				**924**	**(16)**	**(3)**	**224,198**						**903,476**	**(67,802)**	**(9,686)**	**6,385,016**	**(165,185)**	**(47,475)**

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)

Table A.11.13

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	1,356	(5,082)	659	(1,389)	1,190	(5,825)	2,052	(4,749)	1,512	(1,706)
A.2 Watchlist loans	8,080	(12,115)	3,319	(4,997)	8,725	(12,538)	12,800	(17,701)	7,254	(9,073)
A.3 Restructured loans	1,640	(755)	450	(235)	1,351	(670)	1,577	(759)	1,352	(664)
A.4 Past due loans	17,775	(9,289)	6,193	(3,150)	16,030	(8,316)	25,484	(12,344)	14,243	(6,940)
A.5 Other exposures	2,220,663	(9,713)	661,902	(3,633)	1,376,457	(10,310)	1,715,944	(11,704)	970,840	(7,071)
TOTAL	**2,249,514**	**(36,954)**	**672,523**	**(13,404)**	**1,403,753**	**(37,659)**	**1,757,857**	**(47,257)**	**995,201**	**(25,454)**
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Watchlist loans										
B.3 Other assets										
B.4 Other exposures										
TOTAL										
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)**
TOTAL 31/12/2011	**2,221,066**	**(63,970)**	**759,595**	**(25,815)**	**1,511,130**	**(65,537)**	**1,894,795**	**(84,272)**	**1,127,028**	**(50,573)**

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)

Table A.11.14

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 Watchlist loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	19,359		110,265							
TOTAL	**19,359**		**110,265**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Watchlist loans										
B.3 Other non-performing loans										
B.4 Other exposures										
TOTAL										
TOTAL 31/12/2012	**19,359**		**110,265**							
TOTAL 31/12/2011	**14,983**		**4,338**							

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

At the balance sheet date, the Bank is not exposed to any large risks, as defined by the regulations of the Supervisory Authority.

C. Securitisation and assignment of assets

C.1 Securitisations

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

Table A.11.15B

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. Originated underlying assets:																		
a) Non performing	44,881		6,099		12,483													
b) Other	3,298,670		451,821		913,677													
B. With underlying assets of third parties:																		
a) Non performing																		
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

Table A.11.16

Type of underlying assets/Exposures	On balance exposures						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																		
B. Derecognised in part																		
C. Not derecognised																		
C.1 Golden Bar Securitisation Programme																		
- Consumer credit	-		-		5,285													
C.2 Golden Bar IV Securitisation Programme																		
- Consumer credit	661,161		126,518		28,569													
C.3 Golden Bar Stand Alone 2011-1																		
- Consumer credit	326,170		121,012		56,285													
C.4 Golden Bar Stand Alone 2011-2																		
- Consumer credit	524,676		93,692		318,553													
C.6 Golden Bar Stand Alone 2011-3																		
- Consumer credit	480,073		-		201,686													
C.7 Golden Bar Stand Alone 2012-1																		
- Consumer credit	450,165		48,244		144,647													
C.8 Golden Bar Stand Alone 2012-2																		
- Consumer credit	901,306		68,454		171,135													

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 2012 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

Table A.11.18

Assets/Amounts	Traditional securisations	Synthetic securisations
A. Own underlying assets:		
A.1 Derecognised in full		
1. Doubtful loans		X
2. Watchlist 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. Watchlist loans		X
3. Restructured loans		X
4. Past due loans		X
5. Other assets		X
A.3 Not derecognised		
1. Doubtful loans	3,298	
2. Watchlist loans	17,815	
3. Restructured loans	1,473	
4. Past due loans	40,877	
5. Other assets	4,664,168	
B. Underlying assets of third parties		
B.1 Doubtful loans		
B.2 Watchlist 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

Table A.11.19

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 Securitisation Programme)	2,039	3,246	1,562	140,817		100%		100%		57%
Golden Bar S.r.l. (Golden Bar IV Securitisation Programme)	12,651	803,597	411	419,734						
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-1)	4,986	498,481	316	276,057		15%				
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-2)	16,350	920,571	1,542	399,924						
Golden Bar S.r.l. (Golden Bar Stand Alone 2011-3)	3,222	678,537	590	372,416						
Golden Bar S.r.l. (Golden Bar Stand Alone 2012-1)	14,568	628,488		164,120						
Golden Bar S.r.l. (Golden Bar Stand Alone 2012-2)	9,647	1,131,248		87,505						

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

Table A.11.20

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	**31/12/2012**	**31/12/2011**
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																4,727,631			**4,727,631**	**3,096,357**
B. Derivatives				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
31/12/2012																**4,727,631**			**4,727,631**	**X**
of which: impaired																***63,463***			***63,463***	**X**
31/12/2011																**3,096,357**			**X**	**3,096,357**
of which: impaired																***4,267***			**X**	***4,267***

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

Table A.11.21

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						1,187,065	**1,187,065**
b) for assets recorded in part							
2. Due to banks							
a) for assets recorded in full							
b) for assets recorded in part							
31/12/2012						**1,187,065**	**1,187,065**
31/12/2011						**538,986**	**538,986**

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

Table A.11.22

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											598,912		**598,912**	**792,844**
B. Derivatives			X	X	X	X	X	X	X	X	X	X		
Total assets											**598,912**		**598,912**	**792,844**
C. Associated liabilities													**X**	**X**
1. Due to customers											626,897		**X**	**X**
2. Due to banks													**X**	**X**
Total liabilities											**626,897**		**626,897**	**832,786**
Net amount (T)											**(27,986)**		**(27,986)**	**X**
Net amount (T-1)											**(39,942)**		**X**	**(39,942)**

Key:
A = Financial assets sold and recognised in full
B = Financial assets sold and recognised in part

The table excludes the self-securitisations as there are no liabilities booked against the assets sold under this type of operation. The loans shown here represent the value of the loans being securitised parameterised to the residual value at 31 December 2012 of the securities issued and subscribed by third parties, as shown in "Due to customers", gross of the liquidations generated by the portfolio.

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

Qualitative information

Not applicable.

Quantitative information

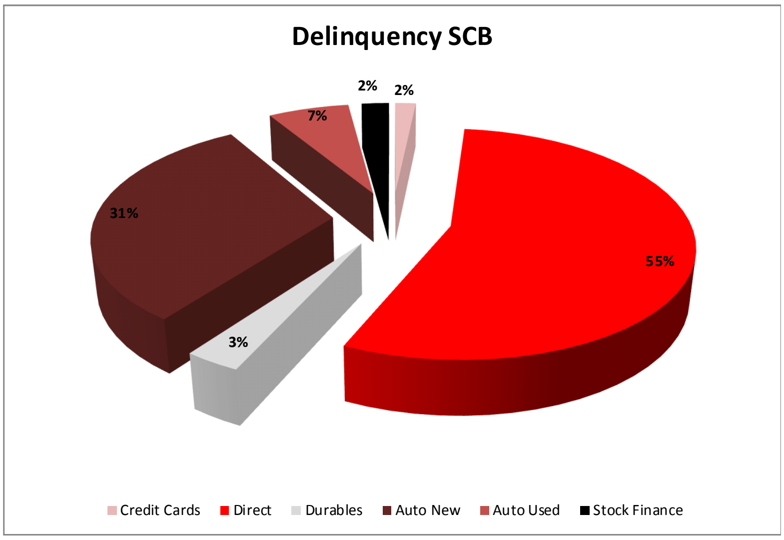
Not applicable.

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).



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.

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

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. The funding, on the other hand, is prevalently floating-rate and the bank is financed primarily by its Spanish Parent Company.

Monitoring interest rate risk is the responsibility of the Asset/Liability Committee (ALCO) and of the Planning and Controls Department. Monitoring involves comparing the results of stress tests performed on sensitive assets and liabilities with the limits established by the Bank of Italy.
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.

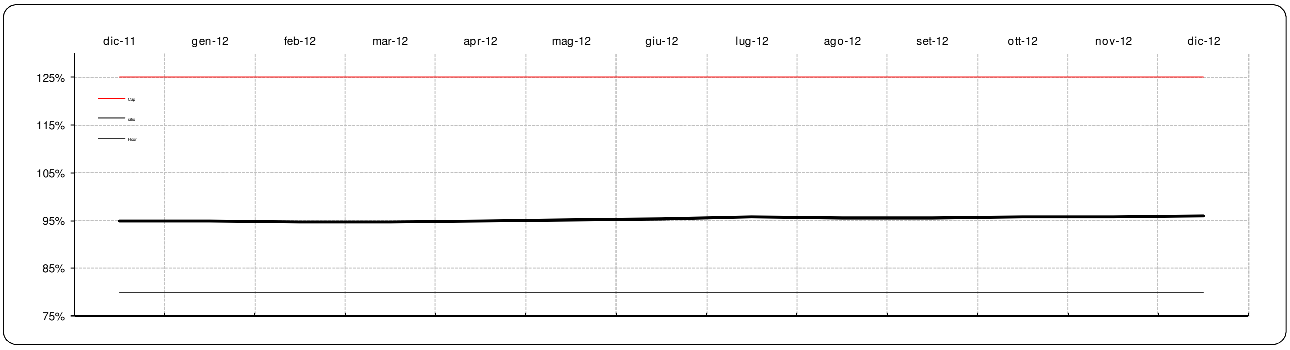
The metrics are defined/maintained in accordance with the Parent Company's instructions.

C. Cash flow hedges

As regards cash flow hedges, up to August 2009 the Parent Company 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

For the purposes of determining the internal capital for interest rate risk, assets and liabilities are classified in accordance Circular 272 "Manual for the compilation of the account matrix" and with the sixth update of 28 December 2010 of the Bank of Italy's Circular 263/06, Title III, Chapter 1, Annex C and any subsequent updates. The criteria mentioned in these Circulars have been applied to all accounting entries, except for non-performing loans for which, on the basis of the indications of the Supervisory Authority (see ABI document of 28 December 2010 "Pillar 2: minutes of the meeting held with representatives of the Bank of Italy concerning the requests for clarification or comments about the Bank of Italy's document entitled "ICAAP Reports"), the Bank decided as follows:

- Doubtful loans: 5-7 years;
- Watchlist loans: 2-3 years;
- Past due loans: 18-24 months.

The following table shows the results of applying the above model at 31 December 2012. These results show the Group's exposure to interest rate risk and is proof that the regulatory requirements are complied with.

RESIDUAL LIFE OF TRANSACTIONS AT THE DATE OF THE PERFORMANCE REVIEW	TOTAL ASSETS	WEIGHTED ASSETS	TOTAL LIABILITIES	WEIGHTED LIABILITIES	Weighting factor 200 bps	Weighted Mismatch
On demand and revocation	640,648,963	0	700,840,125	0	0.00%	0
1 to 7 days	288,825,613	0	176,305,086	0	0.00%	0
7 days to 1 month	967,043,813	773,635	3,147,837,083	2,518,270	0.08%	-1,744,635
1 to 3 months	4,238,740,142	13,563,968	1,706,360,257	5,460,353	0.32%	8,103,616
3 to 6 months	460,802,246	3,317,776	1,205,924,483	8,682,656	0.72%	-5,364,880
6 to 12 months	815,932,950	11,667,841	946,927,798	13,541,068	1.43%	-1,873,226
12 to 18 months	684,458,425	0	882,330,148	0		0
18 to 24 months	679,306,155	0	777,935,531	0		0
1 to 2 years	1,363,764,580	37,776,279	1,660,265,680	45,989,359	2.77%	-8,213,080
2 to 3 years	1,015,899,478	45,613,887	867,000,000	38,928,300	4.49%	6,685,587
3 to 4 years	720,036,405	44,210,235	757,500,000	46,510,500	6.14%	-2,300,265
4 to 5 years	542,671,691	41,839,987	349,600,000	26,954,160	7.71%	14,885,827
5 to 7 years	720,480,194	73,128,740	223,287,000	22,663,631	10.15%	50,465,109
7 to 10 years	343,227,128	45,511,917	0	0	13.26%	45,511,917
10 to 15 years	1,685,372	300,670	0	0	17.84%	300,670
15 to 20 years	13,117	2,942	0	0	22.43%	2,942
beyond 20 years	0	0	0	0	26.03%	0
						0
	12,119,771,693	**317,707,878**	**11,741,847,512**	**211,248,296**		**106,459,582**

2.3 Exchange risk

The Bank is not exposed to exchange risk.

2.4 Derivatives products

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

Table A.11.31

Underlying assets/Type of derivative	31/12/2012		31/12/2011	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
1. Debt securities and interest rates				
a) Options				
b) Swaps	4,911,300		6,669,750	
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	**4,911,300**		**6,669,750**	
Average	**5,790,525**		**6,670,924**	

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 2012 and at the end of the previous year, the Bank did not hold any financial derivatives with a positive fair value.

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

Table A.11.33

Portfolio/Types	Negative fair value			
	31/12/2012		31/12/2011	
	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	125,573		108,433	
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	**125,573**		**108,433**	

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

Table A.11.37

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			4,911,300				
- positive fair value							
- negative fair value			125,573				
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

Table A.11.38

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	510,000	2,578,800	1,822,500	**4,911,300**
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 31/12/2012	**510,000**	**2,578,800**	**1,822,500**	**4,911,300**
Total 31/12/2011	**1,495,000**	**2,720,000**	**2,454,750**	**6,669,750**

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

Table A.11.45

	Governments and central banks	Other public entities	Banks	Financial institution	Insurance companies	Non-financial institutions	Other parties
1) Bilateral financial derivative agreements							
- positive fair value							
- negative fair value			125,573				
- future exposure			40,232				
- net counterparty risk							
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 to repay the capital deposited on deposit accounts and/or and 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:

$$\text{Liquidity Limit} \geq \frac{\text{Total Sensitive Assets} < \text{X months}}{\text{Total Sensitive Liabilities} < \text{X months}}$$

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 risk governance model, which includes liquidity risk, is entrusted to the General Management and governed by the Board of Directors. The management process that regulates this process within the Bank includes a series of internal powers and macro-attributions. The risk-taking unit is the Finance Department.
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

Table A.11.48B

Items/Time period	On 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	19,359	103,500								
- Customers	624,882	1,318	77,869	35,665	393,920	549,438	1,024,446	3,596,007	1,093,735	
Cash liabilities										
B.1 Deposits										
- Banks	511	223,344	1,662	1,489,590	1,554,648	830,049	108,824	1,842,500	84,500	
- Customers	250,378	1,027	898	1,329	14,119	13,638	47,535	12,816		
B.2 Debt securities										
B.3 Other liabilities					23,809	22,549	42,679	549,766		
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		103	168	261	1,837	2,230	4,057			
- short positions		609	1,455	2,619	15,529	18,302	31,883			
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										

For details on securitised financial assets, for which the bank subscribed all of the securities issued, please refer to the Group's Consolidated Financial Statements, in the section "C1 Securitisations".
Note that, in addition to loans to customers that are due on demand, item A.4 Loans to customers also contains the net exposure arising from the securitisations subscribed entirely by the Bank.
Item B.3 Other liabilities, on the other hand, shows the payables for notes subscribed by third parties and the related accrued interest due within one year.

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:

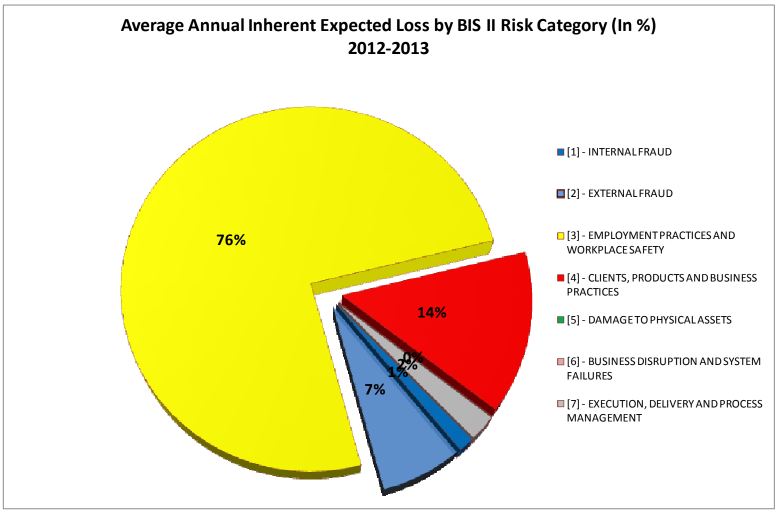
- Administrative processes
- Information Systems

In the area of operational risk, the exposure is measured 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).

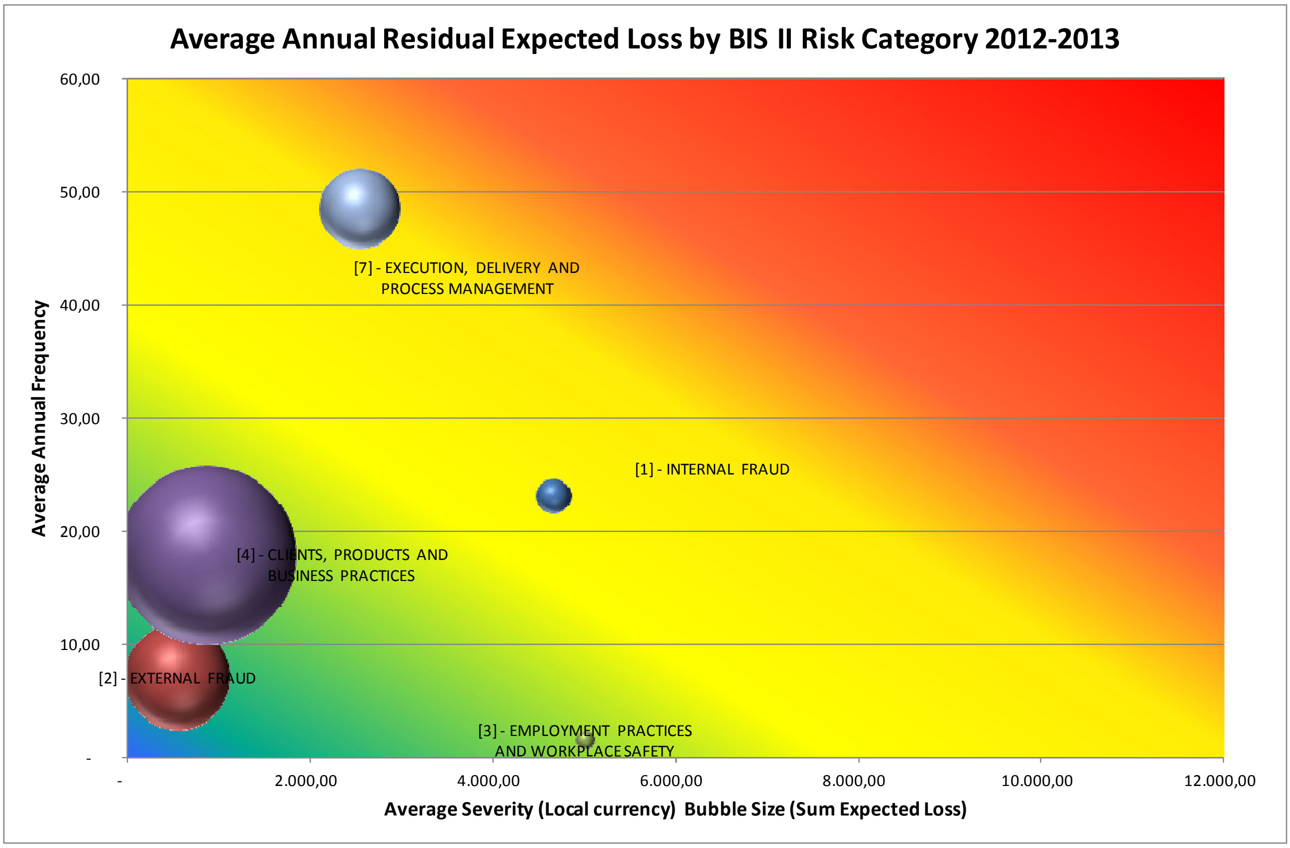
A database is also used to store the losses generated by inadequate processes and information systems, and by fraud, as well as reports of events that could be a source of operational risk and potential losses.

Quantitative information

The risk exposure of each unit is identified by the corporate risk matrix and the summarised result of the self-assessment questionnaires is as follows:



The assessment of the average inherent risk showed that the category (according to Basel 2) most exposed to potential operating losses, regardless of the existence of control procedures, is relationships with employees and safety in the workplace, confirming last year's result, as well as the inherent unpredictability of this type of risk.



The assessment of the residual risk of potential losses, compared with the control procedures in place, confirmed that the category with the greatest severity (albeit with less frequency) is category 3, according to the criteria laid down in Basel II. On the other hand, in terms of net loss (severity and frequency of occurrence of the risk), the greatest impact could be had in category 4, relationships with customers, with particular attention to possible lawsuits against the Bank or complaints from customers.

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.
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 must be at least 8% (with a reduction of 25% if the company belongs to a banking group); 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.

B. Quantitative information

B.1 Shareholders' equity: breakdown

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

Table A.12.3B

Shareholders' equity items	31/12/2012	31/12/2011
1. Share capital	**512,000**	**512,000**
2. Share premium reserve		
3. Reserves	**11,370**	**(6,835)**
- retained earnings		
a) legal reserve	-	-
b) statutory reserve		
c) reserve for treasury shares		
d) other	-	*(6,835)*
- other	*11,370*	-
4. Equity instruments		
5. (Treasury shares)		
6. Valuation reserves	**(10,958)**	**(17,452)**
- Financial assets available for sale		
- Property and equipment		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges	*(10,400)*	*(17,468)*
- Exchange differences		
- Non-current assets held for sale		
- Actuarial gains (losses) on defined-benefit pension plans	*(558)*	*16*
- Portion of the valuation reserves for investments		
- Special revaluation laws		
7. Net profit (loss) for the year	**(40,743)**	**(21,795)**
Total	**471,669**	**465,918**

(*) A = for increase in capital; B = to cover losses; C = for distribution to shareholders
(1) To be used to increase capital (A) for the portion exceeding one fifth of share capital
(2) The reserve is restricted pursuant to art. 6 of Legislative Decree no. 38/2005

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.

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	19,500,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2005	10,500,000	6 month Euribor + 0.75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	22/06/2006	26,000,000	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

Table A.12.5D

	31/12/2012	**31/12/2011**
A. Core capital (Tier 1 capital before the application of prudential filters)	**472,168**	**481,092**
B. Prudential filters of tier 1 capital:	**(6,500)**	**(5,000)**
B.1 Positive IFRS prudential filters (+)		
B.2 Negative IFRS prudential filters (-)	(6,500)	(5,000)
C. Tier 1 capital gross of items to be deducted (A+B)	**465,668**	**476,092**
D. Items to be deducted from Tier 1 capital		
E. Total Tier 1 capital (C-D)	**465,668**	**476,092**
F. Supplementary capital (Tier 2 capital before the application of prudential filters)	**252,000**	**268,500**
G. Prudential filters for Tier 2 capital:	**(6,500)**	**(5,000)**
G.1 Positive IFRS prudential filters (+)		
G.2 Negative IFRS prudential filters (-)	(6,500)	(5,000)
H. Tier 2 capital gross of items to be deducted (F+G)	**245,500**	**263,500**
I. Items to be deducted from tier 2 capital		
L. Total Tier 2 capital (H-J)	**245,500**	**263,500**
M. Items to be deducted from Tier 1 and Tier 2 capital		
N. Capital for supervisory purposes (E+L-M)	**711,168**	**739,592**
O. Tier 3 capital		
P. Capital for supervisory purposes including Tier 3 (N+O)	**711,168**	**739,592**

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

Table A.12.6B

Description/Amounts	Unweighted amounts		Weighted amounts/Requirements	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standardized methodology	9,594,813	7,612,539	5,260,604	4,857,736
2. Methodology based on internal ratings				
2.1 Basic				
2.1 Advanced				
3. Securitisations	144,345	397,857	2,585	397,857
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			421,055	420,447
B.2 Market risk				
1. Standardized methodology				
2. Internal models				
3. Concentration risk				
B.3 Operational risk				
1. Basic method				
2. Standardized methodology			28,142	26,067
3. Advanced method				
B.4 Other precautionary requirements				
B.5 Other elements for the calculation			(112,299)	(111,629)
B.6 Total precautionary requirements			336,898	334,886
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			5,614,964	5,581,425
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			8.29%	8.53%
C.3 Capital for supervisory purposes including Tier 3/Risk-weighted assets (Total capital ratio)			12.67%	13.25%

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 2012 to members of the management and control bodies and to managers with strategic responsibilities that fall within the definition of "related party".

	31/12/2012
Short-term benefits	2,789
Post-employment benefits	864
Other long-term benefits	-
Termination indemnities	-
Share-based payments	23
Total	**3,676**

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	110,265	121,344	n.a.	4,661,300	179,891	116,478
Santander Consumer Finance	-	3,591,728	n.a.	250,000	80,547	4
Santander Consumer Finance Media	32,236	1,511	n.a.	n.a.	6	1,834
Unifin	13,503	114,189	1,483,865	n.a.	754	1,381
Other Santander Group companies	2	445,380	n.a.	n.a.	22,300	35,079

In particular:

Versus the Spanish Parent Company Banco Santander:

- receivables relate to the valuation of derivatives and accruals on derivatives related to securitisations for a total of Euro 6,765,000, 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, accruals on derivatives (Euro 121,193 thousand) and incentive plans still to be paid (Euro 151 thousand);
- The derivatives refer to the notional amount of interest risk hedging transactions as mentioned in Part E, Section 2;
- the charges refer to negative differentials on hedging results and the result of hedging for Euro 179,891 thousand;
- the income refers to differentials on hedging derivatives and the result of hedging for Euro 116,478 thousand;

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 3,587,347 thousand), as well as the measurement of the hedging derivative entered into with it during the year and the related accruals (Euro 4,381 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 79,914 thousand) and to negative differentials on the hedging result (Euro 633 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:

- these receivables mainly relate to medium-term loans and related accrued interest still to be paid (€ 32,003 thousand), the servicing fee (€ 228 thousand) and other service fees receivable;
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 1,510 thousand;
- the charges relate to interest expense on the correspondent current account (Euro 6 thousand);
- the income refers mainly to interest income on loans granted (€ 955 thousand), expenses for the servicing fee (€ 802 thousand) and other residual items;

Versus Unifin, which belongs to the Santander Group:

- the receivables are for the subordinated loans and related accruals of Euro 13,074 thousand, as well as other receivables, the most important of which is the servicing fee (Euro 299 thousand);
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 112,083 thousand;
- the charges relate to interest expense on the correspondent current account (Euro 754 thousand);
- the income derives from the outsourcing of services (Euro 229 thousand) and interest income on the subordinated loans stipulated (1,121 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 170,055 thousand), subordinated and hybrid capital instruments (Euro 268,500 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 35,784 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 statutory 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.

Type of services	Supplier	Recipient	Fees (euro)
Auditing	Deloitte & Touche S.p.A.	Santander Consumer Bank	132,300
Auditing	Deloitte & Touche S.p.A.	Golden Bar	36,225
Pool Audit	Deloitte & Touche S.p.A.	Santander Consumer Bank	49,180
		Total	**217,705**

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 2011 Y 2010

(Miles de Euros)

(Miles de Euros)

ACTIVO	Nota	2011	2010 (*)
CAJA Y DEPÓSITOS EN BANCOS CENTRALES		40.936	92.015
CARTERA DE NEGOCIACIÓN:		38.758	126.027
Derivados de negociación	8	38.758	126.027
OTROS ACTIVOS FINANCIEROS A VALOR RAZONABLE CON CAMBIOS EN PÉRDIDAS Y GANANCIAS		-	-
ACTIVOS FINANCIEROS DISPONIBLES PARA LA VENTA		-	-
INVERSIONES CREDITICIAS:		21.284.936	21.921.729
Depósitos en entidades de crédito	6	14.852.128	15.740.755
Crédito a la clientela	9	5.232.221	4.572.296
Valores representativos de deuda	7	1.200.587	1.608.678
Pro- memoria: Prestados o en garantía	9, 18 y 19	*1.350.000*	*1.350.000*
CARTERA DE INVERSIÓN A VENCIMIENTO		-	-
AJUSTES A ACTIVOS FINANCIEROS POR MACRO-COBERTURAS		-	-
DERIVADOS DE COBERTURA	10	89.495	83.627
ACTIVOS NO CORRIENTES EN VENTA	11	31.050	63.369
PARTICIPACIONES:	12	4.503.998	4.214.259
Entidades multigrupo		12.160	12.160
Entidades del Grupo		4.491.838	4.202.099
CONTRATOS DE SEGUROS VINCULADOS A PENSIONES	13	22.027	23.253
ACTIVO MATERIAL:		42	42
Inmovilizado material - De uso propio	14	42	42
ACTIVO INTANGIBLE:	15	1.622	3.528
Otro activo intangible		1.622	3.528
ACTIVOS FISCALES:	23	237.739	239.990
Corrientes		1.646	873
Diferidos		236.093	239.117
RESTO DE ACTIVOS	16	1.106	1.484
TOTAL ACTIVO		**26.251.709**	**26.769.323**
RIESGOS CONTINGENTES	28	1.005.344	3.623.505
COMPROMISOS CONTINGENTES	28	7.481.336	5.729.274

PASIVO Y PATRIMONIO NETO	Nota	2011	2010 (*)
PASIVO			
CARTERA DE NEGOCIACIÓN:		40.688	92.586
Derivados de negociación	8	40.688	92.586
OTROS PASIVOS FINANCIEROS A VALOR RAZONABLE CON CAMBIOS EN PÉRDIDAS Y GANANCIAS		-	-
PASIVOS FINANCIEROS A COSTE AMORTIZADO:		17.653.126	18.943.179
Depósitos de entidades de crédito	17	13.849.781	12.399.910
Depósitos de la clientela	18	724.918	696.449
Débitos representados por valores negociables	19	2.809.482	5.165.786
Pasivos subordinados	20	241.983	654.927
Otros pasivos financieros	21	26.962	26.107
AJUSTES A PASIVOS FINANCIEROS POR MACRO-COBERTURAS		-	-
DERIVADOS DE COBERTURA	10	43.479	45.686
PASIVOS ASOCIADOS CON ACTIVOS NO CORRIENTES EN VENTA		-	-
PROVISIONES:	22	58.863	55.194
Fondo para pensiones y obligaciones similares		39.036	44.153
Provisiones para impuestos y otras contingencias Legales		621	610
Provisiones para riesgos y compromisos contingentes		1.075	357
Otras provisiones		18.131	10.074
PASIVOS FISCALES:		204.134	234.260
Corrientes		3	3.318
Diferidos	23	204.131	230.942
RESTO DE PASIVOS	16	15.349	18.102
TOTAL PASIVO		**18.015.639**	**19.389.007**
PATRIMONIO NETO			
FONDOS PROPIOS:		8.264.514	7.391.427
Capital escriturado	24	4.353.639	3.853.639
Prima de emisión	25	1.139.990	1.139.990
Reservas	26	2.397.786	2.292.940
Resultado del ejercicio		373.099	454.866
Menos: Dividendos y retribuciones		-	(350.008)
AJUSTES POR VALORACIÓN:		(28.444)	(11.111)
Coberturas de los flujos de efectivo	27	(28.444)	(11.111)
TOTAL PATRIMONIO NETO		**8.236.070**	**7.380.316**
TOTAL PASIVO Y PATRIMONIO NETO		**26.251.709**	**26.769.323**

(*) Se presentan, única y exclusivamente, a efectos comparativos.

Las Notas 1 a 42 descritas en la Memoria y los Anexos I y II, adjuntos, forman parte integrante del balance al 31 de diciembre de 2011.

SANTANDER CONSUMER FINANCE, S.A.

CUENTAS DE PÉRDIDAS Y GANANCIAS

CORRESPONDIENTES A LOS EJERCICIOS ANUALES TERMINADOS

EL 31 DE DICIEMBRE DE 2011 Y 2010

(Miles de Euros)

	Nota	Ingresos/(Gastos) Ejercicio 2011	Ejercicio 2010 (*)
INTERESES Y RENDIMIENTOS ASIMILADOS	30	565.403	496.749
INTERESES Y CARGAS ASIMILADAS	31	(419.604)	(345.840)
MARGEN DE INTERESES		**145.799**	**150.909**
RENDIMIENTO DE INSTRUMENTOS DE CAPITAL	32	360.222	408.387
COMISIONES PERCIBIDAS	33	38.916	39.528
COMISIONES PAGADAS	34	(48.300)	(54.838)
RESULTADO DE OPERACIONES FINANCIERAS (neto):	35	(33.967)	100.348
Cartera de negociación		(34.492)	100.219
Instrumentos financieros no valorados a valor razonable con cambios en pérdidas y ganancias		592	-
Otros		(67)	129
DIFERENCIAS DE CAMBIO (neto)	36	(1.935)	1.470
OTROS PRODUCTOS DE EXPLOTACIÓN	37	248	385
OTRAS CARGAS DE EXPLOTACIÓN	37	(2.922)	(2.630)
MARGEN BRUTO		**458.061**	**643.559**
GASTOS DE ADMINISTRACIÓN:		(28.739)	(29.304)
Gastos de personal	38	(1.090)	(537)
Otros gastos generales de administración	39	(27.649)	(28.767)
AMORTIZACIÓN	14 y 15	(2.492)	(5.032)
DOTACIONES A PROVISIONES (neto)	22	(8.643)	(7.383)
PÉRDIDAS POR DETERIORO DE ACTIVOS FINANCIEROS (neto):		18.524	(184.769)
Inversiones crediticias	7 y 9	18.524	(184.769)
RESULTADO DE LA ACTIVIDAD DE EXPLOTACIÓN		**436.711**	**417.071**
PÉRDIDAS POR DETERIORO DEL RESTO DE ACTIVOS (neto):			
Otros activos	12	(38.000)	(74.000)
GANANCIAS (PÉRDIDAS) EN LA BAJA DE ACTIVOS NO CLASIFICADOS COMO NO CORRIENTES EN VENTA	12	-	122.693
DIFERENCIA NEGATIVA EN COMBINACIONES DE NEGOCIOS		-	-
GANANCIAS (PÉRDIDAS) DE ACTIVOS NO CORRIENTES EN VENTA NO CLASIFICADOS COMO OPERACIONES INTERRUMPIDAS	11	(45.216)	(31.620)
RESULTADO ANTES DE IMPUESTOS		**353.495**	**434.144**
IMPUESTO SOBRE BENEFICIOS	23	19.604	19.880
RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS		**373.099**	**454.024**
RESULTADO DE OPERACIONES INTERRUMPIDAS (neto)	11 y 23	**-**	**842**
RESULTADO DEL EJERCICIO		**373.099**	**454.866**

(*) Se presentan, única y exclusivamente, a efectos comparativos.

Las Notas 1 a 42 descritas en la Memoria y los Anexos I y II, adjuntos, forman parte integrante de la cuenta de pérdidas y ganancias del ejercicio 2011.

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