

ANNUAL REPORT

# 2012

Santander Consumer Bank Nordics (Group)  
Santander Consumer Bank AS  
(Organization number 983 521 592)

# IN SHORT

**SANTANDER CONSUMER BANK** is a wholly-owned subsidiary of Santander Consumer Finance S.A. which is part of Grupo Santander, one of the world's leading banking groups. At the end of 2012, Santander Consumer Bank had branches in Sweden and Denmark, as well as a subsidiary in Finland. Santander Consumer Bank's head office is in Lysaker, Norway. SCB is organised as a Nordic cluster with central staff functions and 5 business units i.e.

- › Norway
- › Sweden
- › Credit Cards
- › Denmark
- › Finland

PROFIT BEFORE TAX (MNOK)

# 1.136

TOTAL ASSETS (MNOK)

# 64.605



CREDIT CARDS

# 15%

The Credit Card business operates only in Norway, and has experienced a robust growth of 15% in its lending portfolio.



CAR SALES

# 9%

In the area of Auto finance Santander is the market leader in the Nordic countries. For all the Nordic cluster there has been a growth of 9% in car sales on average.

## VISION

We are the customer's preferred financial specialist and exceed their expectations.

We deliver fantastic customer experience through innovative and creative solutions.

Our partners, customers and shareholders can expect more from us.

### We are:

Driven To Deliver More

## MISSION STATEMENT

Santander Consumer Bank shall be the preferred and leading financing company for partners and customers in the Nordic region and adjacent markets.

Our core business is to deliver car financing, credit cards, loans and deposits for the consumer market. We also deliver financial services that are closely linked to our core products.

We provide innovative, proactive products and services through our strategic partners and our own sales channels.

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FEMALE EMPLOYEES

54%

MALE EMPLOYEES

46%



SWEDEN  
84

DENMARK  
78

FINLAND  
114

NORWAY  
312

## EUROMONEY AWARDS



**Santander is the best bank in the world, according to Euromoney Magazine**

Chairman Emilio Botin congratulates the 190,000 professionals in the Group, for their contribution to making Santander a better bank. This is the third time that the Bank obtains the award as Best Bank in the World.

Euromoney has named Banco Santander Best Bank in the World in 2012, the third time in seven years that the magazine has chosen Santander for this award. The publication highlighted Santander capacity to generate recurrent profits, even in economically difficult moments, and the soundness of Santander's balance sheet. The magazine attributes this to "two main reasons:" its international diversification and its efficiency ratio, "the best in international banking."

## BEST GLOBAL GREEN BRAND 2012



**Santander, the "greenest bank in the world" and the only Spanish company in the international ranking of the most ecological brands.**

In "The Best Global Green Brands 2012", the consultants Interbrand and Deloitte analyse and evaluate every year hundreds of leading corporate brands from around the world based on dozens of different parameters relating to environmental commitment and energy efficiency. In this report, not only is Santander the bank that has best integrated environmental strategies within its business policies, it is the only Spanish brand included in the 50 most ecological brands.

Each year the specialist magazine "Bloomberg Markets" studies the level of development of each major international bank in this field and Santander was once again voted "the greenest bank in the world" in 2012, having won the title in 2011 too.

## KEY FIGURES

### SANTANDER CONSUMER BANK AS

All amounts in thousands of NOK

	2012
<b>Balance sheet total</b>	<b>64.605</b>
Profit before tax	1.136
Net loans to customers	58.552
Deposits from customers	282
<b>Total Equity</b>	<b>6.160</b>

CEO



# ANOTHER SUCCESSFUL YEAR



2012 was another successful year for Santander Consumer Bank where we further secured our position as the leading Nordic auto finance player.

We also expanded our geographical footprint in the unsecured lending segment with the launch of consumer loans in Sweden, entered into our first affinity partnership for the Card division, and continued executing on securitisation transactions across the Nordic cluster.

Santander Consumer Bank increased total assets in 2012 to MNOK 64,605 at year end. Profit before tax amounted to MNOK 1.136. The story behind these numbers are a stable funding cost, tight control and optimisation of operational expenses as well as a robust risk management setup.

The key driving force behind our success in 2012 is the continued support from customers and partners, the outstanding effort put in every day by our loyal and talented employees as well as our pan-Nordic business model. In 2013 we envision further growth in both assets and profitability, as well as a range of new opportunities to tap into.

A handwritten signature in black ink, which appears to read "Michael Hvidsten". The signature is written in a cursive, flowing style.

**Michael Hvidsten**  
CEO

# ANNUAL REPORT 2012



# REPORT OF THE BOARD OF DIRECTORS

**2012 has been a very good year for Santander Consumer Bank (SCB). Despite adverse financial and economic developments during most of the year, ordinary profit before taxes (PBT) for the group increased from NOK 1.128 M in 2011 to NOK 1.136 M in 2012. PBT represents a Return on Net Earning Assets (ROA) of 1,92%.**

Total assets of the Nordic group amounted to MNOK 65,2 year-end against NOK 57,2 MM in 2011.

In the area of Auto finance Santander is the market leader in the Nordic countries.

## Company situation

Santander Consumer Bank is a wholly-owned subsidiary of Santander Consumer Finance S.A. which is part of Grupo Santander, one of the world's leading banking groups. At the end of 2012, Santander Consumer Bank had branches in Sweden and Denmark, as well as a wholly-owned subsidiary in Finland. Santander Consumer Bank's head office is in Lysaker, Norway. SCB is organised as a Nordic cluster with central staff functions and 5 Business units i.e.

- › Norway
- › Sweden
- › Denmark
- › Finland
- › Credit Cards

## Business

Santander Consumer Finance S.A. is one of the leading companies in Europe within auto and consumer finance. The goal of Santander Consumer Bank is to realise the group's vision in the Nordic market. This means that the business gradually will be expanded with new products. The company's main products are auto and leisure finance, as well as credit cards and consumer loans.

The international financial turmoil and the following worsening in the economic climate during the last years have had a strong impact on the company, in particular in the area of liquidity and funding spread which has increased strongly. For all the Nordic cluster there has been a growth of 9% in car sales on average.

Consumer loans (Finland and Norway) have again rebounded in new business volumes after been challenged with adverse market conditions during the last years.

## Norway

SCB is the market leader in the Auto Market in Norway. The market for new and used cars are at the same level as in 2011. The business unit has performed well in 2012 concluding on new vendor agreements. SCB is market leader in car financing with a market share of 28%.

For Consumer Loans new business volume and portfolio development have been satisfactory both with regards to underlying performance and portfolio growth. The product area is delivering robust key figures and is growing strongly.

Total net outstanding loans/leasing for Norway is NOK 32.300 M.

## Sweden

The Swedish economy grew at a relatively fast pace during the first three quarters of 2012. The rate of growth declined during the fourth quarter. New car sales decreased by 8,36%. Net outstanding at year end amounted to NOK 9.800 M a growth of 5,06% compared to the preceding year.

Despite strong competition, the market share has increased to a level of 11,3%. Compared to 2011 Q4 when the market share was 10,4%. SCB is among the 3 largest within the area of car financing.

Consumer loans was launched on the Swedish market in June 2012.

## Denmark

The Business Unit started up as a branch in 2007 and has expanded strongly since then, partly through organic growth and an acquisition in 2007. The main activity in SCB is car financing and leasing. The car

market in Denmark in 2012 was the biggest ever, and for SCB a number of new dealer agreements were concluded. SCB is market leader with a market share of 22%. Total net outstanding at year end amounted to NOK 8.400 M.

### Finland

The Business Unit started up early 2007 as a fully owned subsidiary. In January 2009 GE Money Oy was acquired and thereby strongly increasing Santanders market presence in car finance and adding a large new business area through consumer loans.

The car market in 2012 decreased 16% SCF Oy is nr 1 on the market with a market share of 25% followed by OP-Pohjola with 24% market-share.

In the Consumer Loan business new business volume has increased 20% during 2012 compared with 2011.

Net outstanding amounted to NOK 8.100 and the PBT increase with 12%.

### Credit cards

The credit card business operates only in Norway. The business has 270.000 cards and has experienced a robust growth of 15% in its lending portfolio during 2012.

The year has been characterized by many different activities to increase the efficiency of the business introducing asynchronous Bank ID, and encouraging the customer to use self-services on my page.

We have also prepared for Cobranding agreements and launched our first partnership with Manchester United football club.

We estimate our market share to approximately 6%.

### Funding

The bank is to a large extent financed through loans and drawing rights from the parent company and companies within Grupo Santander. These loans are priced at market prices. The bank is taking significant steps to diversify its funding sources, and has further developed its securitization capabilities in 2012 and securitized parts of the Norwegian, Swedish as well as the Finnish car loan portfolio. The bank is planning to continue to securitize parts of the portfolios in order to secure long term funding at attractive levels. The securitization is strictly a financing operation, and is not intended to give any change in risk exposure nor give any capital relief for the bank. The bank has also established itself as an issuer of senior bond debt in the Norwegian market and has established a Euro Medium Term Note program. The bank plans to continue using the capital markets in the countries it operates as a source of financing going forward.

The turmoil in the financial markets over the last years has had considerable impact on credit spreads. Credit spreads are currently at levels well above what was normal before the financial crisis. The cost increases have to a large extent been forwarded to the loan customers. The access to liquidity has not been hindered by the turmoil, but liquidity risk is receiving full attention by the bank.

The board of Directors considers the liquidity and funding needs to have been adequately met throughout the year.

### Solvency

At group level, the net equity and subordinated capital amounted to NOK 5,886 M as of 31.12.2012, which gives a capital ratio of 10.75%. Core capital was NOK 5,328 M, which gives a core capital ratio of 9.73%.

The net equity and subordinated capital for Santander Consumer Bank amounted to NOK 5,917 M, which gives a capital ratio of 12.39%. Core capital amounted to NOK 5,359 M, which gives a core capital ratio of 11.22%.

The ICAAP (internal capital adequacy assessment process) is integrated in the company's planning and budgeting processes as well as the risk assessment processes under the internal control regulations. In addition to Credit risk, Market risk and Operational risk the ICAAP also covers business risk and other risks not covered in other solvency reporting. A report based on the ICAAP is annually prepared and presented to the FSA.

### Annual accounts

For SCB Nordic Group profit before taxes reached NOK 1.136 M against NOK 1.128 M in 2011 representing a growth of 0,7%.

Total net loans to customers has increased by 9,4% which reflects a high activity level in all the Nordic countries. Total assets at year end amounted to NOK 65.204 M compared to NOK 57.192 M the year before. The asset growth has been particularly strong in Denmark and Norway.

Net interest income and credit commissions have grown mainly due to net loans to customers. Net commissions and other commission income however have had a robust growth as a result of increasing insurance commissions.

The increase in salaries and administrative expenses comes mostly from external fees and expenses related to the securitization projects and business growth. However the Cost to Income factor for the Group has improved.

Total loan loss provisioning has increased, driven by higher write downs and lower principal amount involved in bad debt sale. Net loan losses is equivalent to 0,88% of the net average loan portfolio.

In the opinion of the Board the annual accounts provide a true and fair view of the company's result for 2012 and its financial position as at 31.12.12. Profit after tax for SCB AS in 2012 was NOK 689 M, and for the Group NOK 827 M.

It is proposed to transfer the profit for the year to other equity.

In 2012 net cash flow from operations amounted to NOK -6 067 M in SCB and NOK -1 659 M in the Nordic group.

In accordance with § 3-3a of the Accounting Act we confirm that the accounts have been prepared under the going concern assumption and this also corresponds with the Board's opinion.



## Risk Management

SCB AS uses a credit score system as the basis for its credit decisions where credit models are adapted to the different products and continuously monitored. New internally developed scorecards were introduced in December 2010, which have contributed to a reduction in credit losses.

Improving underlying credit quality of new business, stable portfolio performance and continuous improvement of collection processes, together with macroeconomic environment results on a further decrease of gross non-performing loans from 1,83% in 2011 to 1,76% in 2012 at group level and from 1,95% to 1,83% for SCB.

The level of write-downs increased to NOK 1 023 M driven by additional provisioning in connection with portfolio growth in specific business units and individual exposures.

In 2012 credit losses at Nordic group level came to NOK 514 M and for SCB NOK 403 M. At group level this corresponds to 0,86% of average gross loan amounts, compared to 0,52% in 2011.

The increase in losses was driven by an increase in write downs and lower principal amount involved in bad debt sale completed during 2012.

The board considers the risk situation and the provisions to be satisfactory for the risk profile of the portfolio. Internal controls are considered to be satisfactory.

## Organisation

At year end, the company had 588 employees (exclusive temporary hired employees), of which 84 worked in Sweden, 78 in Denmark, 114 in Finland and 312 in Norway. In 2012 the sick leave rate was around 3.9 per cent. The Board is not aware of any personal injuries in the workplace in 2012.

The working environment in the company is considered to be good, and is assessed yearly through an employee opinion survey, Santander Spirit Survey, that had a response rate of over 90 per cent.

The company has a Working environment committee and Liaison committee. Statutory meetings are held and the co-operation between the management and employee representatives is good.

SCB is proactive in ensuring that employees perceive a policy of gender equality, and no discrimination has been reported. The company has participated in Grupo Santander's worldwide Gender Diversity Policy. At 2012 year end 54% of employees were women.

2012 has been characterised as a year with a high level of activity in all parts of the company. The Board wishes to thank all employees for a good effort and good results in 2012.

Santander Consumer Bank's business does not pollute the external environment.

Michael Hvidsten took over as CEO March 28th 2012.

## Outlook for 2013

The Nordic countries have maneuvered fairly well through the financial crisis, though with country-wise differences. Overall, key macro indicators such as unemployment have stabilised further, inflation continuously low, real estate prices are robust in most countries and consumer confidence is satisfactory.

Car sales are expected to increase between 2-3% across the cluster in 2013. Cards & Consumer Loans are expected to follow the trend of previous years, with an estimated 5% increase. Santander Nordic plans to increase its geographical footprint in unsecured lending within the cluster.

The focus on funding and liquidity will remain, where markets are still undergoing changes and where volatility is present. Overall, spreads shows signs of stabilising at high levels. To secure more stable funding with longer durations, the bank will continue the path towards an increased level of self funding over the next years with emphasize on asset backed funding, deposits and commercial paper programs.

For 2013 there will be continued strong focus on control of pricing, margins and risk management. Santander Nordic plans for another year of sustainable growth in volumes and net earnings.

Lysaker, 20th March 2013



**Erik Kongelf**  
Chairman



**Bruno Montalvo Wilmot**  
Deputy Chairman



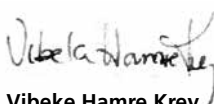
**Eduardo Garcia Arroyo**



**Henning Strøm**



**Bjørn Elvestad**



**Vibeke Hamre Krey**  
Employee Representative

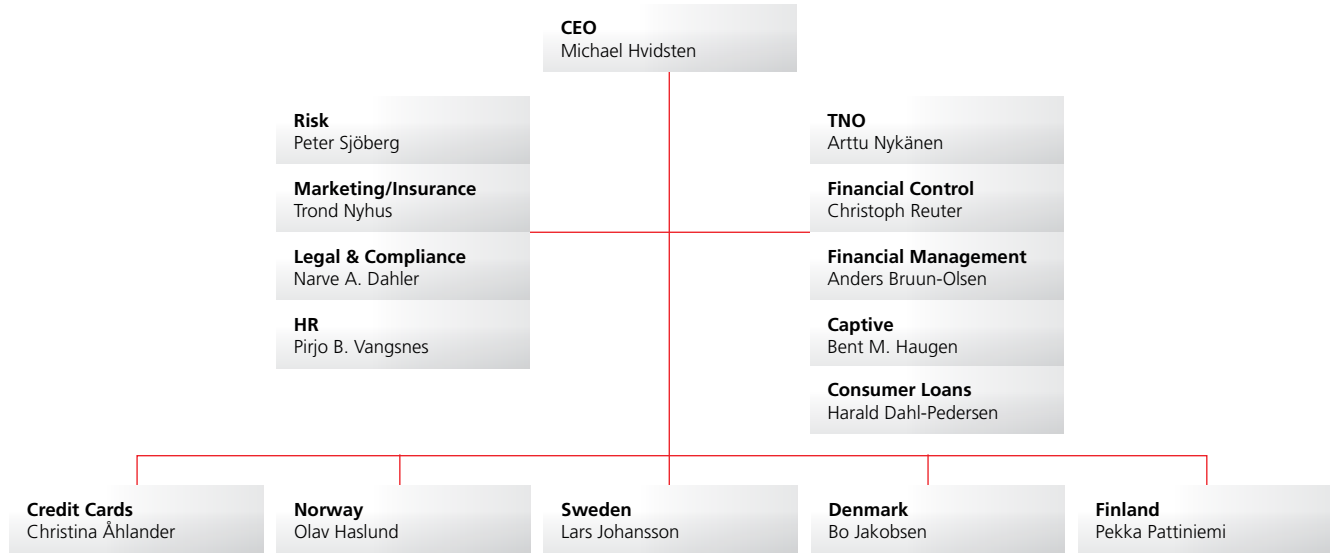


**Francisco Javier Anton San Pablo**

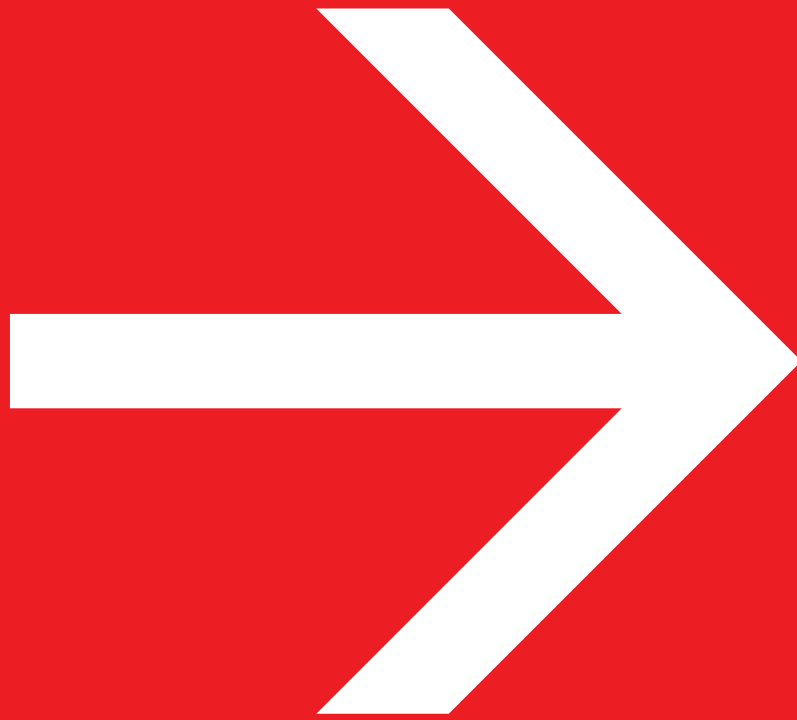


**Michael Hvidsten**  
Chief Executive Officer

# SANTANDER NORDIC



# ACCOUNTS



# ACCOUNTS

## SANTANDER CONSUMER BANK NORDICS (GROUP)

## SANTANDER CONSUMER BANK AS

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# PROFIT AND LOSS ACCOUNT

GROUP		SANTANDER CONSUMER BANK AS			
2012	2011	All amounts in thousands of NOK	NOTE	2012	2011
<b>Interest income and similar income</b>					
165 224	8 045	Interest and similar income on loans to and receivables from credit institutions		185 039	315 433
4 086 377	3 908 000	Interest and similar income on loans to and receivables from customers		2 652 129	3 105 061
0	0	Interest and similar income on comm. paper, bonds and other securities		340 560	66 845
<b>4 251 602</b>	<b>3 916 045</b>	<b>Total interest income and similar income</b>		<b>3 177 729</b>	<b>3 487 339</b>
<b>Interest expenses and similar expenses</b>					
1 252 775	1 237 988	Interest and similar expenses on debt to credit institutions	18	1 080 961	1 636 928
8 209	8 392	Interest and similar expenses on deposits from and debt to customers	18	8 209	8 392
290 599	269 612	Interest and similar expenses on issued commercial papers and bonds	18	23 781	43 634
47 953	32 251	Interest on subordinated loan capital	15	30 394	32 251
3 645	12 992	Other interest expenses and similar expenses		3 549	2 119
<b>1 604 181</b>	<b>1 561 235</b>	<b>Total interest expenses and similar expenses</b>		<b>1 146 894</b>	<b>1 723 324</b>
<b>2 647 420</b>	<b>2 354 810</b>	<b>Net interest and credit commission income</b>		<b>2 030 835</b>	<b>1 764 015</b>
<b>Commission income</b>					
2 319	3 473	Guarantee commissions		1 815	1 464
253 413	229 053	Other commissions and fees		302 369	201 296
<b>255 731</b>	<b>232 526</b>	<b>Total commission income and income from banking services</b>		<b>304 184</b>	<b>202 760</b>
<b>Commission expenses</b>					
130 049	122 599	Other fees and commission expenses		161 072	91 079
<b>130 049</b>	<b>122 599</b>	<b>Total commission expenses and expenses from banking services</b>		<b>161 072</b>	<b>91 079</b>
<b>Net value change and gain/loss on foreign exchange and securities</b>					
-20 420	-1 865	Net value change and gain/loss on foreign exchange and securities		-2 396	1 734
<b>-20 420</b>	<b>-1 865</b>	<b>Total value change and gain/loss on foreign exchange and securities</b>		<b>-2 396</b>	<b>1 734</b>
<b>Other operating income</b>					
41 892	27 720	Other operating income		32 766	25 460
<b>41 892</b>	<b>27 720</b>	<b>Total other operating income</b>		<b>32 766</b>	<b>25 460</b>
<b>Salaries and administration expenses</b>					
552 758	529 121	Salaries, fees and other personnel expenses		441 737	384 934
400 883	405 774	Of which: - Salaries	1	306 913	272 827
68 514	68 242	- Pensions	1,13	59 195	60 294
83 362	55 105	- Social costs		75 629	51 812
324 200	303 983	Administration expenses		265 188	250 172
<b>876 958</b>	<b>833 104</b>	<b>Total salaries and administration expenses</b>		<b>706 925</b>	<b>635 106</b>
<b>Ordinary depreciation</b>					
75 819	56 034	Ordinary depreciation	7	70 484	50 571
108 798	112 527	Ordinary depreciation operational leasing		0	0
<b>184 616</b>	<b>168 561</b>	<b>Sum ordinary depreciation</b>		<b>70 484</b>	<b>50 571</b>
<b>82 969</b>	<b>79 799</b>	<b>Other operating expenses</b>		<b>65 229</b>	<b>56 816</b>
<b>Losses on loans, guarantees etc</b>					
514 359	281 429	Loan losses	2	402 554	324 619
<b>514 359</b>	<b>281 429</b>	<b>Total losses on loans, guarantees etc</b>		<b>402 554</b>	<b>324 619</b>
<b>1 135 673</b>	<b>1 127 698</b>	<b>Operating result</b>		<b>959 125</b>	<b>835 780</b>
308 683	311 347	Taxes charge	6	270 604	235 343
<b>826 989</b>	<b>816 351</b>	<b>Profit after tax</b>		<b>688 522</b>	<b>600 436</b>
<b>Allocation of profit after tax</b>					
826 989	816 351	Transferred to other earned equity		688 522	600 436
<b>826 989</b>	<b>816 351</b>	<b>Total allocations</b>		<b>688 522</b>	<b>600 436</b>

## STATEMENT OF COMPREHENSIVE INCOME

GROUP		SANTANDER CONSUMER BANK AS			
2012	2011	All amounts in thousands of NOK	NOTE	2012	2011
12 118	2 315	Net exchange differences on translating foreign operations		-4 040	-456
826 989	816 341	Profit after tax for the period		688 522	600 436
<b>839 107</b>	<b>818 656</b>	<b>Total comprehensive income for the period</b>		<b>684 482</b>	<b>599 980</b>

## BALANCE SHEET – ASSETS

GROUP		SANTANDER CONSUMER BANK AS			
31.12.12	31.12.11		NOTE	31.12.12	31.12.11
All amounts in thousands of NOK					
<b>Cash and receivables on central banks</b>					
0	0	Cash and receivables on central banks		0	0
<b>0</b>	<b>0</b>	<b>Total cash and receivables on central banks</b>		<b>0</b>	<b>0</b>
<b>Deposits with and receivables on financial institutions</b>					
3 028 126	896 992	Deposits with and receivables on financial institutions	8, 9, 21	1 574 650	592 585
<b>3 028 126</b>	<b>896 992</b>	<b>Total deposits with and receivables on financial institutions</b>		<b>1 574 650</b>	<b>592 585</b>
<b>Loans to customers</b>					
2 173 483	1 894 591	Credit cards		2 173 483	1 894 581
3 439 098	0	Unsecured loans		1 722 365	0
43 529 244	42 797 325	Installment loans		37 417 193	34 109 784
10 433 222	9 729 300	Financial leasing	7, 14	9 979 257	9 282 009
<b>59 575 046</b>	<b>54 421 206</b>	<b>Total loans before individual and group write-downs</b>	11, 12	<b>51 292 298</b>	<b>45 286 375</b>
110 802	102 781	-Individual write-downs	2,3,5,11	74 784	64 206
912 643	820 266	-Group write-downs	2,3,5	659 449	543 390
<b>58 551 601</b>	<b>53 498 159</b>	<b>Net loans</b>	8, 9, 21	<b>50 558 066</b>	<b>44 678 779</b>
<b>28 434</b>	<b>39 435</b>	<b>Repossessed assets</b>	4	<b>16 096</b>	<b>19 013</b>
<b>Commercial papers, bonds and other fixed-income securities</b>					
0	0	Commercial papers and bonds		4 585 388	3 017 020
<b>0</b>	<b>0</b>	<b>Total commercial papers, bonds and other fixed-income securities</b>		<b>4 585 388</b>	<b>3 017 020</b>
<b>Financial derivatives</b>					
183 414	0	Financial derivatives	8, 21	142 735	0
<b>183 414</b>	<b>0</b>	<b>Sum financial derivatives</b>		<b>142 735</b>	<b>0</b>
<b>Ownership interests in group companies</b>					
0	0	Ownership interest in credit institutions	20, 22, 25	953 971	1 014 665
<b>0</b>	<b>0</b>	<b>Sum ownership interest in group companies</b>		<b>953 971</b>	<b>1 014 665</b>
<b>Intangible assets</b>					
423 907	442 718	Goodwill	7	100 084	105 988
133 542	106 965	Deferred tax assets	6	0	0
267 180	204 653	Other intangible assets	7	255 313	190 688
<b>824 629</b>	<b>754 337</b>	<b>Total intangible assets</b>		<b>355 396</b>	<b>296 676</b>
<b>Fixed assets</b>					
32 641	28 230	Machinery, fittings and vehicles	7	28 136	21 164
394 617	410 661	Operational leasing		0	0
<b>427 258</b>	<b>438 891</b>	<b>Total fixed assets</b>		<b>28 136</b>	<b>21 164</b>
<b>Other assets</b>					
1 231 159	1 279 939	Consignment		565 072	730 269
190 316	156 089	Other assets		93 190	78 873
<b>1 421 476</b>	<b>1 436 028</b>	<b>Total other assets</b>		<b>658 262</b>	<b>809 143</b>
<b>Prepayments and earned income</b>					
140 263	128 378	Earned income not received and prepaid expenses not incurred		99 969	77 525
<b>140 263</b>	<b>128 378</b>	<b>Total prepayments and earned income</b>		<b>99 969</b>	<b>77 525</b>
<b>64 605 200</b>	<b>57 192 220</b>	<b>Total assets</b>		<b>58 972 669</b>	<b>50 526 570</b>

## BALANCE SHEET – LIABILITIES AND EQUITY

GROUP		SANTANDER CONSUMER BANK AS			
31.12.12	31.12.11	All amounts in thousands	Note	31.12.12	31.12.11
<b>Debt to credit institutions</b>					
39 993 959	38 395 657	Loans and deposits from credit institutions with an agreed term	1, 15, 18, 21	50 838 563	42 112 120
<b>39 993 959</b>	<b>38 395 657</b>	<b>Total loans and deposits from financial institutions</b>		<b>50 838 563</b>	<b>42 112 120</b>
<b>Deposits from and debt to customers</b>					
282 299	258 827	Deposits from and debt to customers repayable on notice	18, 21	282 299	258 827
<b>282 299</b>	<b>258 827</b>	<b>Total deposits from customers</b>		<b>282 299</b>	<b>258 827</b>
<b>Financial derivatives</b>					
195 963	0	Financial derivatives	21	0	0
<b>195 963</b>	<b>0</b>	<b>Total financial derivatives</b>		<b>0</b>	<b>0</b>
<b>Debt established by issuing securities</b>					
15 423 115	10 490 328	Bonds and other long term loan raising	21, 22	249 854	854 415
<b>15 423 115</b>	<b>10 490 328</b>	<b>Total debt established by issuing securities</b>		<b>249 854</b>	<b>854 415</b>
<b>Other debt</b>					
645 893	547 939	Other debt	6	257 662	419 394
<b>645 893</b>	<b>547 939</b>	<b>Total other debt</b>		<b>257 662</b>	<b>419 394</b>
<b>Allocations for expenses incurred and liabilities</b>					
716 253	710 258	Expenses incurred and earned income not received		435 464	401 103
114 606	98 575	Pension liabilities	13	114 606	98 575
417 528	418 915	Deferred tax	6	417 528	418 915
<b>1 248 387</b>	<b>1 227 749</b>	<b>Total allocations for liabilities</b>		<b>967 597</b>	<b>918 594</b>
<b>Subordinated loan capital</b>					
655 183	655 183	Other subordinated loan capital	15, 21	655 183	655 183
<b>655 183</b>	<b>655 183</b>	<b>Total subordinated loan capital</b>		<b>655 183</b>	<b>655 183</b>
<b>58 444 799</b>	<b>51 575 683</b>	<b>Total liabilities</b>		<b>53 251 158</b>	<b>45 218 533</b>
<b>Equity</b>					
<b>Paid-in equity</b>					
3 648 469	2 982 469	Share capital	16	3 648 469	2 982 469
891 314	891 314	Share premium capital		891 314	891 314
200 000	566 008	Paid in, not registered share capital		200 000	566 008
<b>4 739 783</b>	<b>4 439 791</b>	<b>Total paid-in equity</b>		<b>4 739 783</b>	<b>4 439 791</b>
<b>Earned equity</b>					
1 420 618	1 176 746	Other equity		981 728	868 246
<b>1 420 618</b>	<b>1 176 746</b>	<b>Total earned equity</b>		<b>981 728</b>	<b>868 246</b>
<b>6 160 401</b>	<b>5 616 537</b>	<b>Total equity</b>		<b>5 721 511</b>	<b>5 308 037</b>
<b>64 605 200</b>	<b>57 192 220</b>	<b>Total liabilities and equity</b>		<b>58 972 669</b>	<b>50 526 570</b>
<b>Conditional liabilities</b>					
146 312	132 018	Guarantee liabilities	19	145 830	132 018

Lysaker, 20th March 2013

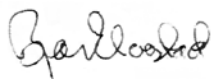

Erik Kongelf  
Chairman

Bruno Montalvo Wilmot  
Deputy Chairman

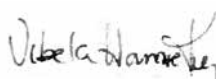

Eduardo Garcia Arroyo



Henning Strøm



Bjørn Elvestad


Vibeke Hamre Krey  
Employee Representative

Francisco Javier Anton  
San Pablo

Michael Hvidsten  
Chief Executive Officer

# CASHFLOW STATEMENT (GROUP)

All amounts in thousands of NOK	2012	2011
<b>Cash flow from operations</b>		
Receipts of interest	5 552 915	4 538 570
Net disbursement/payments on customer loans	-5 732 904	-5 546 467
Net receipts/payments from banking customers	23 472	-26 141
Payments of operating costs	-862 618	-935 343
Recovered on previously recognised losses	77 144	101 647
Taxes paid	-209 475	-214 434
Increase/ reduction in prepayments	-16 503	-239 124
Net receipts/payments on other operating activities	-540 307	537 617
Net receipts/payments from consignment	48 779	-698 779
<b>Net cashflow from operating activities</b>	<b>-1 659 497</b>	<b>-2 482 453</b>
<b>Cash flow from investment activities</b>		
Net payments on purchase/sale of fixed assets etc.	-80 230	-57 331
Net payments from subsidiaries	6 161	0
<b>Net cashflow from investment activities</b>	<b>-74 069</b>	<b>-57 331</b>
<b>Cash flow from financing activities</b>		
Increase in equity	240 918	887 466
Payments of interest	-2 386 762	-1 686 437
Increase/ (reduction) in loans from credit institutions	2 247 867	4 713 614
Increase/reduction in bonds	4 932 788	0
Payments - dividends	-571 000	-566 300
<b>Net cashflow from long-term financing activities</b>	<b>4 463 811</b>	<b>3 348 344</b>
<b>Net cashflow for the period</b>	<b>2 730 245</b>	<b>808 559</b>
<b>Net change in cash and cash equivalents</b>		
Holding of cash and cash equivalents at start of period	896 992	88 433
<b>Holding of cash and cash equivalents at end of period</b>	<b>3 627 237</b>	<b>896 992</b>



# CASHFLOW STATEMENT (SANTANDER CONSUMER BANK AS)

All amounts in thousands of NOK	2012	2011
<b>Cash flow from operations</b>		
Receipts of interest	3 882 975	3 738 968
Net disbursement/payments on customer loans	-9 168 402	-5 973 027
Net receipts/payments from banking customers	23 472	-26 141
Payments of operating costs	-717 462	-664 760
Recovered on previously recognised losses	66 601	73 592
Taxes paid	-194 281	-163 981
Increase/ reduction in prepayments	-354 149	-213 543
Net receipts/payments on other operating activities	229 264	14 647
Net receipts/payments from consignment	165 197	-450 660
<b>Net cashflow from operating activities</b>	<b>-6 066 783</b>	<b>-3 664 905</b>
<b>Cash flow from investment activities</b>		
Net payments on purchase/sale of fixed assets etc.	-77 455	-50 571
Net payments from subsidiaries	6 161	201 734
<b>Net cashflow from investment activities</b>	<b>-71 295</b>	<b>151 163</b>
<b>Cash flow from financing activities</b>		
Increase in equity	296 969	887 466
Payments of interest	-1 347 783	-1 427 030
Increase/ (reduction) in loans from credit institutions	10 914 886	5 126 761
Increase/reduction in bonds	-2 172 929	0
Payments - repayments subordinated loans	0	0
Payments - dividends	-571 000	-566 300
<b>Net cashflow from long-term financing activities</b>	<b>7 120 143</b>	<b>4 020 897</b>
<b>Net cashflow for the period</b>	<b>982 065</b>	<b>507 156</b>
<b>Net change in cash and cash equivalents</b>		
Holding of cash and cash equivalents at start of period	592 585	85 429
<b>Holding of cash and cash equivalents at end of period</b>	<b>1 574 650</b>	<b>592 585</b>

## STATEMENT OF CHANGES IN EQUITY (GROUP)

All amounts in thousands of NOK	Share Capital <sup>1)</sup>	Share premium reserve	Translation of foreign operations	Retained earnings	Total equity <sup>2)</sup>
<b>Balance at 1 January 2012</b>	3 548 477	891 314	2 315	1 174 431	5 616 537
Net profit for the year				826 989	826 989
Currency translation differences during the year			-12 118		-12 118
Other (fx-difference capital increase 2011)	-8				-8
<b>Other comprehensive income, net of tax</b>	<b>-8</b>	<b>-</b>	<b>-12 118</b>	<b>-</b>	<b>-12 125</b>
<b>Total comprehensive income</b>	<b>-8</b>	<b>-</b>	<b>-12 118</b>	<b>826 989</b>	<b>814 864</b>
Share dividend				-571 000	-571 000
Capital increase	100 000				100 000
Other changes (Paid in, not registered share capital)	200 000				200 000
<b>Balance at 31 December 2012</b>	<b>3 848 469</b>	<b>891 314</b>	<b>-9 803</b>	<b>1 430 420</b>	<b>6 160 401</b>

All amounts in thousands of NOK	Share Capital <sup>1)</sup>	Share capital premium	Translation of foreign operations	Retained earnings	Total equity <sup>2)</sup>
<b>Balance at 1 January 2011</b>	2 662 469	891 314		924 427	4 478 210
Net profit for the year				816 351	816 351
Currency translation differences during the year			2 315		2 315
Other (describe)					-
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>2 315</b>	<b>-</b>	<b>2 315</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2 315</b>	<b>816 351</b>	<b>818 666</b>
Share dividend				-566 347	-566 347
Capital increase	886 008				886 008
Other changes (describe if applicable)					-
<b>Balance at 31 December 2011</b>	<b>3 548 477</b>	<b>891 314</b>	<b>2 315</b>	<b>1 174 431</b>	<b>5 616 537</b>

<sup>1)</sup> Total shares registered were 364,85 million.

<sup>2)</sup> Restricted capital was NOK 4 739 ,8 million, unrestricted capital was NOK 1420,6 million.

# STATEMENT OF CHANGES IN EQUITY (SANTANDER CONSUMER BANK AS)

All amounts in thousands of NOK	Share Capital <sup>1)</sup>	Share premium reserve	Translation of foreign operations	Retained earnings	Total equity <sup>2)</sup>
<b>Balance at 1 January 2012</b>	3 548 477	891 314	-456	868 702	5 308 037
Net profit for the year				688 522	688 522
Currency translation differences during the year			-4 040		-4 040
Other (fx-difference capital increase 2011)	-8				-8
<b>Other comprehensive income, net of tax</b>	<b>-8</b>	<b>-</b>	<b>-4 040</b>	<b>-</b>	<b>-8</b>
<b>Total comprehensive income</b>	<b>-8</b>	<b>-</b>	<b>-4 040</b>	<b>688 522</b>	<b>688 514</b>
Share dividend				-571 000	-571 000
Capital increase	100 000				100 000
Other changes (Paid in, not registered share capital)	200 000				200 000
<b>Balance at 31 December 2012</b>	<b>3 848 469</b>	<b>891 314</b>	<b>-4 496</b>	<b>986 224</b>	<b>5 721 511</b>

All amounts in thousands of NOK	Share Capital <sup>1)</sup>	Share premium reserve	Translation of foreign operations	Retained earnings	Total equity <sup>2)</sup>
<b>Balance at 1 January 2011</b>	2 662 469	891 314		834 613	4 388 396
Net profit for the year				600 436	600 436
Currency translation differences during the year			-456		-456
Other (describe)					-
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-456</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-456</b>	<b>600 436</b>	<b>600 436</b>
Share dividend				-566 347	-566 347
Capital increase	886 008				886 008
Other changes (describe if applicable)					-
<b>Balance at 31 December 2011</b>	<b>3 548 477</b>	<b>891 314</b>	<b>-456</b>	<b>868 702</b>	<b>5 308 037</b>

# ACCOUNTING PRINCIPLES

## General information

Santander Consumer Bank AS (the Company) is a limited liability company incorporated in Norway. The Company is a wholly-owned subsidiary of Santander Consumer Finance S.A. which is part of Grupo Santander. The Company's principal offices are located at Lysaker, Norway. The financial statements show the activities of the Company in Norway, Sweden and Denmark. In the group note section, the Finnish subsidiary and the special purpose vehicles Bilkreditt 1 Ltd, Bilkreditt 2 Ltd, Bilkreditt 3 Ltd, SCG Ajoneuro-hallinto Ltd, SCF Rahoitus-palvelut Ltd and Svensk Autofinans 1 Ltd related to the securitized portfolios are included. The principal activities of the Company and its subsidiaries (the Group) are described in note 11.

The 2012 consolidated financial statements of the Group and the 2012 financial statements of the Company were approved by the Board of Directors on 20. March 2013, and are subject to approval by the Annual General Meeting on 20. March 2013.

Key figures from Santander Group are available at [www.santander.com](http://www.santander.com).

## Statement of compliance

Santander Consumer Bank Nordics' consolidated financial statements and the company financial statements for Santander Consumer Bank AS have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations of such standards as issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly IFRIC), as endorsed by the EU.

Prior to adopting IFRS as its reporting language, Santander Consumer Bank Nordics prepared its financial statements under "simplified IFRS" as described in the Norwegian Accounting Act paragraph 3-9 and accounting regulations issued by the Financial Supervisory Authority in Norway (Finanstilsynet).

The date of transition to IFRS is 1 January 2011. The requirements of IFRS 1 have been adopted. Please refer to note 26 for further details.

The disclosures required in the standards, recommendations and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the financial statements.

## Basis of preparation and consolidation

The consolidated and Company financial statements have been prepared on the historical cost basis, except for financial derivatives which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements have been prepared on a going concern basis.

Intra group transactions, balances and unrealized internal gains are eliminated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting principles in line with those used by the Group.

## Business combinations

The acquisition method is used when consolidating subsidiaries. The consideration transferred when acquisitioning a business is measured at fair value, which is calculated as the sum of the fair value of the assets transferred, equity interests issued and liabilities incurred in exchange for control. Assets, incurred liabilities and contingent liabilities are measured at fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred over the net identifiable assets acquired and liabilities assumed as at the acquisition date. If the net identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately as gain.

## Use of estimates in the preparation of the financial statements

When submitting annual accounts in accordance with IFRS, it is necessary that management uses estimates in individual cases. The estimates used in the financial statements are based on historical experiences and data. The estimates affect assets, liabilities, income, expenses and note information. The estimates are continuously evaluated against the background of historical experience and factors relating to future events. Actual figures can deviate from the estimates used in the accounts and the most important estimated items are therefore discussed below:

- Intangible assets
- Amortisation of loans
- Write-down of loans
- Actuarial calculation of pension liabilities

## Intangible assets

Goodwill is subject to regular impairment tests. The impairment test is done on a cash generating unit that represents the lowest level that is monitored for internal management purposes, and not larger than an operating segment as defined in IFRS 8. Capitalised software is classified as intangible assets, if the balance sheet criteria are fulfilled and are depreciated in a straight line after an estimated lifetime of 3-10 years. The cost of maintaining the economic value of IT systems is charged directly to expenses.

## Amortisation of loans

Loans are valued and measured at amortised cost according to the effective interest method. The company undertakes regular assessments of the conditions forming the basis or amortisation, including the expected term of the portfolio. If the estimate changes, the adjustment is included as income or expense in the accounts.

## Write-down/impairment of loans

If there is objective evidence that a loan or group of loans has been subject to a fall in value, a write-down will be calculated for the fall in value that is equal to the difference between capitalised value and the net present value of estimated future cash flows, discounted by the financial asset's original effective interest (i.e. the effective interest calculated at initial rates). In estimating the future cash flows of debt instruments the following factors are taken into account:

- All the amounts that are expected to be obtained over the remaining life of the instrument; including, where appropriate, those which may result from the collateral provided for the instrument (less the costs

for obtaining and subsequently selling the collateral). The impairment loss takes into account the likelihood of collecting accrued past-due interest receivable.

- The various types of risk to which each instrument is subject; and
- The circumstances in which collections will foreseeably be made.

SCB Nordic classifies transactions on the basis of the nature of the obligors, transaction status, type of guarantee or collateral and age of past-due amounts. For each risk group it establishes the minimum impairment losses ("identified losses") that must be recognised.

Objective evidence that a loan has fallen in value includes significant problems for the debtor, non-payment or other significant breach of contract, and if it is considered likely that a debtor will enter debt negotiations or if other concrete events have occurred. The company follows Grupo Santander's 12 month expected losses write-down model including write downs on incurred but not recognised (IBNR) exposures, taking into account the historical experience of impairment and other circumstances known at the time of assessment. For these purposes, inherent losses are losses incurred at the reporting date, calculated using statistical methods that have not yet been allocated to specific transactions.

#### Retirement benefit plans

The Norwegian company has both defined contribution and defined benefit schemes, whilst the branches and subsidiary have only defined contribution schemes. Pension calculations are carried out by an actuary and are based on conditions that can change in the future. Actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees.

#### Actuarial calculations of pension liabilities and plan assets related to employees

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions about salary increases and inflation are based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 13.

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 13.

#### Recognition of income and expenses

The most significant criteria used by the Group to recognise its income and expenses are summarised as follows:

##### i. Interest income, interest expenses and similar items

Interest income, interest expenses and similar items are generally recognised on an accrual basis using the effective interest method. Dividends received from other companies are recognised as income when the right to receive them arises.

##### ii. Commissions, fees and similar items

Fee and commission income and expenses are recognised in the profit and loss accounts using criteria that vary according to their nature. The main criteria are as follows:

- Fee and commission income and expenses relating to financial assets and financial liabilities measured at fair value through profit or loss are recognised over the term.
- Those arising from transactions or services that are performed over a period of time are recognised over the life of these transactions or services.
- Those relating to services provided in a single act are recognised when the single act is carried out.

##### iii. Non-finance income and expenses

These are recognised for accounting purposes on an accrual basis.

##### iv. Deferred collections and payments

These are recognised for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

##### v. Loan arrangement fees

Loan arrangement fees, mainly loan origination and application fees, are accrued and credited to income over the term of the loan. The related direct costs incurred in the loan arrangement can be deducted from this amount.

#### Cash and cash equivalents

Bank deposits include cash, bank deposits and short term investments that will fall due within 3 months. Bank overdraft is presented as loans and deposits from credit institutions.

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### Financial leasing

Financial leasing is classified as lease financing and is accounted for as lending. Contracts with residual value are depreciated to agreed residual value, distributed over the lease term. The interest part of the leasing fee is entered as interest income in the profit and loss account according to the principles described under the point for loans, whereas the repayment of the principal reduces the balance sheet value. In taxation terms, the leasing objects depreciate according to the diminishing balance method. Sales profits from leasing are entered under other operating profits.

#### Operating leasing

Contracts in which Santander Consumer Bank AS guarantees residual value are classified as operating leasing. Income from leasing fees consists of interest and repayment of principal and is classified under the item interest income in the profit and loss account. Operating lease income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging the lease that are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Operating equipment is included under the item fixed assets in the balance sheet.

#### Operating equipment used by the company

The company's fixed assets consist of machines, inventory, IT-systems

and cars. The Company's fixed assets are entered at acquisition cost less straight-line depreciation and possible write-downs.

The following straight-line depreciations apply:

Inventory	5-10 years
EDB equipment	3 years
Cars and vehicles	5-7 years

### **Presentation currency and the conversion of foreign companies and assets and liabilities in foreign currency**

The Company's and the Nordic Group's presentation currency is Norwegian kroner, which is also the Company's functional currency. Assets and liabilities in foreign currencies are classified as financial items and valued at exchange rates on balance day. When converting currency exchange rates, the average rate on 31.12 for all balance sheet items is applied. Income and costs are converted using the average transaction exchange rate. Branches are valued according to currently applicable rules and any conversion differences are included in the profit and loss accounts.

### **Branches and subsidiaries**

Separate accounts are prepared for the branches in Sweden and Denmark and for the subsidiary in Finland. The branches' accounts are included in the company's accounts and notes.

Santander Consumer Bank AS retains most of the rewards and the risks after the securitisations and therefore consolidates the special purpose vehicles Bilkreditt 1 Ltd, Bilkreditt 2 Ltd, Bilkreditt 3 Ltd, SCG Ajoneuro-hallinto Ltd, SCF Rahoitus-palvelut Ltd and Svensk Autofinans 1 Ltd all registered in Ireland. Key figures from Santander Group is available at [www.santander.com](http://www.santander.com).

When investing in foreign companies hedges are established. This is done in the same currency and the same amount as the issued shares. The ownership of the shares is then booked at historical cost adjusted for the effect of the hedges.

### **Income tax**

The annual tax costs include tax payable for the income year and changes in deferred tax liabilities and assets. Any changes in deferred tax and deferred tax assets are shown as the year's tax costs in the profit/loss statement together with tax payable for the income year.

Deferred tax is calculated using the nominal tax rate on the basis of temporary differences between accounting and tax values at the end of the financial year. Deferred tax assets are entered as assets on the balance sheet when it is probable that the tax-reducing elements will be realised.

### **Consignment stock**

Consignment stock is stock held for resale. Consignment stock is measured at lowest of acquisition cost and net selling price. Net selling price is estimated selling price deducted for estimated expenses concerning preparation of stock, marketing and distribution.

### **Financial assets and liabilities**

Financial assets and liabilities are recognized when a group company becomes a party to the contractual provision of the instrument. Financial assets and liabilities are initially recognised at fair value which, in the absence of evidence to the contrary, is deemed to be the transaction

price. Financial instruments not measured at fair value through profit or loss, are adjusted by the transaction costs.

SCB's financial assets and liabilities are grouped into the classes disclosed in note 21.

SCB's financial assets (except derivatives) are classified into the category "Loans and receivables". This category includes financing granted to third parties, based on the nature thereof, irrespective of the type of borrower and the form of financing, including finance lease transactions in which the consolidated entities act as the lessors.

The consolidated entities generally intend to hold the loans and credits granted by them until their final maturity and, therefore, they are presented in the consolidated balance sheet at their amortised cost (which includes any write-downs required to reflect the estimated losses on their recovery).

SCB's financial liabilities (except derivatives) are classified into the category "Financial liabilities at amortised cost".

Financial assets and liabilities in the categories "Loans and receivables" and "Financial liabilities at amortised cost" are subsequently measured at amortised cost using the effective interest method. Amortised cost is understood to be the acquisition cost of a financial asset or liability plus or minus the principal repayments and the cumulative amortisation (taken to the consolidated profit and loss accounts) of the difference between the initial cost and the maturity amount. In the case of financial assets, amortised cost furthermore includes any reductions for impairment or uncollectibility.

Financial derivatives that do not qualify for hedge accounting are treated for accounting purposes as trading derivatives as part of the categories financial assets or financial liabilities "at fair value through profit or loss", respectively. Financial assets and liabilities in these categories are subsequently measured at fair value, with any gains or losses arising on remeasurement recognised in the profit or loss account.

The Group applies hedge accounting for net investments in foreign operations. Gains or losses on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of "translation of foreign operations" reserve. In the Company financial statements, in order to reduce the foreign exchange exposure of investments in foreign operations, the investments are hedged by establishing foreign currency loans. The hedge is accounted for as a fair value hedge. Changes in the fair value of the investment are recognised in profit or loss immediately, together with the changes in the fair value of the loan that is attributable to the hedged risk.

### **Issued bonds and notes**

Issued bonds and notes related to our commercial paper program are measured at amortised cost. The corresponding interest expense is charged to profit and loss using the effective interest method. The effective interest method includes set-up charges.

### **Transfer of financial assets**

If SCB retains substantially all the risks and rewards associated with the transferred financial asset – sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest,

a securities lending agreement in which the borrower undertakes to return the same or similar assets, and other similar cases-, the transferred financial asset is not derecognised and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognised:

- An associated financial liability, for an amount equal to the consideration received; this liability is subsequently measured at amortised cost.
- The income from the transferred financial asset not derecognised and any expense incurred on the new financial liability.

SCB habitually performs financial asset securitization transactions in which it retains substantially all the risks and rewards of ownership of the assets.

#### **Offsetting of financial instruments**

Financial asset and liability balances are offset, i.e. reported in the consolidated balance sheet at their net amount, only if the consolidated entities currently have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES  
SANTANDER CONSUMER  
BANK GROUP



**NOTE 1 INFORMATION ON CONNECTED PARTIES**

	Salary	Bonus	Pension	Remuneration	Total 2012	Total 2011
CEO → 31.03.2012	508	540	142	51	1 241	4 424
CEO 31.03.2012 →	1 556	-	892	235	2 683	-

**Boards of Directors**

		Fees 2012	Fees 2011
Erik Kongelf from 22.05	Chairman	-	-
Javier San Felix Garcia to 21.05	Chairman	-	-
Javier San Felix Garcia from 22.05	Deputy Chairman	-	-
Bruno Montalvo Wilmot	Deputy Chairman	-	-
Javier Anton San Pablo	Member	-	-
Bjørn Elvestad	Member	200 000	200 000
Odd Lunde	Member	200 000	200 000
Eduardo Garcia Arroyo	Member	-	-
Vibeke Hamre Krey	Employee representative	200 000	200 000
Nina Lind to 21.05	Deputy Employee representative	100 000	100 000
Stine Camilla Rygh from 22.05	Deputy Employee representative	-	-

**Supervisory Board**

	Fees 2012	Fees 2011
Total	27 500	45 000

**Control committee**

		Fees 2012	Fees 2011
Finn Myhre	Chairman	65 000	65 000
Egil Dalviken	Deputy Chairman	20 000	20 000
Tone Bjørnhov	Member	20 000	20 000
Terje Sommer	Deputy Member	0	25 000

**Audit services and advisory services without VAT**

All amounts in thousands of NOK	2012	2011	2010	2009
Audit services	1 123	992	1 146	1 330
Other certification services	284	560	-	-
Tax advice	73	347	80	42
Other non-audit services	190	1 225	435	13

**Staff**

	2012		2011	
	Norway	Abroad	Norway	Abroad
Number of employees as of 31.12	312	276	295	250
Man-labour year as of 31.12	285	254	268	238

## NOTE 2 LOSSES AND WRITE-DOWNS

All amounts in thousands of NOK

	2012	2011
<b>Loan losses expenses</b>		
Write-downs 31.12	1 023 444	923 047
+/- Rate adjustment opening balance	20 105	1 952
Adjustment purchase of portfolio/correction		-
- Write-downs 01.01.	923 047	958 185
+ Total recognised losses	516 968	528 121
- Recoveries on recognised losses	123 109	213 507
<b>= Loan losses</b>	<b>514 359</b>	<b>281 429</b>
<b>Individual- and group write-downs</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Individual write-downs 01.01.	102 782	96 286
+/- Rate adjustment opening balance	-9 763	1 122
Reclassification between individual to group loan loss reserves		18 560
- Recognised losses covered by earlier write-downs	-	-
- Reversal of earlier individual write-downs	-	-
+ Individual write-downs for the period	17 782	-13 186
<b>= Individual write-downs 31.12</b>	<b>110 802</b>	<b>102 781</b>
<b>Group write-downs</b>		
Group write-downs 01.01	820 266	861 899
+/- Rate adjustment opening balance	-10 342	-3 074
Reclassification between individual to group loan loss reserves		-18 560
+/- Write-downs for the year	102 718	-20 001
<b>= Group write-downs 31.12</b>	<b>912 643</b>	<b>820 266</b>

Write-downs calculated separately for each business unit, using internal parameters.

## NOTE 3 NON-PERFORMING- AND LOSS EXPOSED LOANS

All amounts in thousands of NOK	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Gross non-performing- and other loss exposed loans	1 078 384	1 026 820	1 087 731	1 009 714	533 955	324 677
Individual write-downs	110 802	102 781	96 286	141 329	27 847	28 055
Group write-downs	912 643	820 266	861 899	891 595	223 627	167 116
<b>Net non-performing- and other loss exposed loans</b>	<b>54 941</b>	<b>103 773</b>	<b>129 546</b>	<b>-23 210</b>	<b>282 481</b>	<b>129 506</b>

## NOTE 4 REPOSSESSED ASSETS

All amounts in thousands of NOK	31.12.2012	31.12.2011
Car Leasing	28 434	39 435
<b>Net</b>	<b>28 434</b>	<b>39 435</b>

The company classifies vehicles as repossessed assets where it is a court ruling or consent regarding transfer of property of the object. Repossessed assets are booked at fair value. Difference between booked value and fair value are recognized in profit and loss when the object is made ready for sale. At realization the difference between assumed fair value and selling price is recognized against profit and loss.

## NOTE 5 RISK CLASSIFICATION

Ageing of past due and impaired on portfolio level	Balance		Write Downs	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
1 - 29 days	3 891 418	3 529 179	41 182	39 577
30 - 59 days	940 453	883 113	41 063	42 047
60 - 89 days	282 084	249 635	49 719	51 491
<b>Total loans due but not impaired</b>	<b>5 113 955</b>	<b>4 661 927</b>	<b>131 965</b>	<b>133 115</b>
Current	53 382 707	48 732 459	443 562	346 893
Total impaired loans	1 078 384	1 026 820	447 922	443 037
<b>Total loans</b>	<b>59 575 046</b>	<b>54 421 206</b>	<b>1 023 448</b>	<b>923 045</b>

Ageing of impaired loans	31.12.2012	31.12.2011	31.12.2012	31.12.2011
90 - 119 days	158 417	132 710	38 286	43 859
120 - 149 days	97 484	87 423	23 721	27 622
150 - 179 days	74 620	68 296	37 196	36 898
180 + days	612 515	629 717	280 241	275 798
Economic Doubtful	135 348	108 674	68 478	58 862
<b>Total impaired loans</b>	<b>1 078 384</b>	<b>1 026 820</b>	<b>447 922</b>	<b>443 037</b>

SCB portfolio consist 9% of Auto Finance and 9% Unsecured finance (credit card and consumer loan); where for auto finance, generally objects serve as collateral.

On Auto Finance, collateral is held as security. Carrying amount in relationship with object value and financed amount is influenced by specific mileage, use and maintenance among others, which varies from object to object. These variables are embedded into Write Downs calculation as part of Loss Given Default.

## NOTE 6 TAX

All amounts in thousands of NOK

Tax payable	31.12.2012	31.12.2011
Profit before taxes in parent company	959 125	835 779
Profit in subsidiary	178 895	294 886
Fx loss in group profit	-2 347	-2 967
<b>Profit before taxes in group</b>	<b>1 135 673</b>	<b>1 127 698</b>
Profit before taxes	959 125	835 779
Permanent differences	7 294	9 316
Change in temporary differences	14 609	-64 104
<b>Net tax basis for the year</b>	<b>981 028</b>	<b>780 992</b>
<b>Temporary differences</b>		
Property, plant and equipment	1 568 028	1 590 918
Pension liabilities	-114 000	-98 064
Other temporary differences	37 143	3 270
Basis for deferred tax receivable	1 491 170	1 496 125
<b>Deferred tax (+) / deferred tax receivable (-)</b>	<b>417 528</b>	<b>418 915</b>
Net other tax reduction temporary differences	545 070	411 404
Basis for deferred tax receivables	545 070	411 404
<b>Deferred tax receivable</b>	<b>133 542</b>	<b>106 965</b>
<b>Tax expenses</b>		
Tax payable	317 942	239 089
Change in deferred tax	-1 387	64 815
Difference in fx-rate	-483	0
Tax charge	316 072	303 904
Prior year adjustments	-8 046	6 612
Tax effect on fx loss in group profit	657	831
<b>Total tax expenses</b>	<b>308 683</b>	<b>311 347</b>
<b>Reconciliation of taxes versus profit before taxes</b>		
Profit before taxes	1 135 672	1 127 698
Expected tax on income at nominal rate	311 809	301 295
Tax effect of permanent differences	2 042	2 609
Tax expense from this years operations	313 852	303 904
Prior year adjustments	-5 826	6 612
Tax effect on fx loss in group profit	657	831
<b>Total tax expenses</b>	<b>308 683</b>	<b>311 347</b>

## NOTE 7 FIXED ASSETS, INTANGIBLE ASSETS AND LEASE FINANCING

All amounts in thousands of NOK	Machines, fittings, vehicles	Intangible assets	Goodwill	Lease financing: – operating assets
Acquisition cost 1.1	72 578	350 975	442 718	14 554 227
Rate difference opening balance	-1 466	-3 904	-18 811	-151 680
Acquisition cost 1.1 rate 31.12	71 112	347 071	423 907	14 402 547
Additions during the year	19 832	139 550	0	6 068 032
Disposals during the year	-20 346	-27 863	0	-4 424 296
<b>Acquisition cost 31.12</b>	<b>70 599</b>	<b>458 758</b>	<b>423 907</b>	<b>16 046 283</b>
Acc. ordinary depreciation 1.1	-44 349	-146 321	0	-4 178 211
Rate difference 01.01	605	995	0	-631 654
Acc. ordinary depreciation 1.1 rate 31.12	-43 744	-145 326	0	-4 809 865
Year's ordinary depreciation	-10 335	-65 692	0	-2 132 008
Write-downs	0	0	0	0
Rate difference year's depreciation average rate	0	104	0	0
Reversed depreciation sold	16 121	19 336	0	1 723 429
Acc. depreciation 31.12	-37 957	-191 578	0	-5 218 444
<b>Book value in the balance sheet 31.12</b>	<b>32 641</b>	<b>267 180</b>	<b>423 907</b>	<b>10 827 839</b>
	ok	ok		
Method on measurement	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	Linear	Linear	-	Linear
Plan of depreciation and useful life	3 – 7 years	3 – 7 years	-	4 – 5 years

Intangible assets include software. The useful life is evaluated annually. Goodwill is related to the purchase of the portfolio from Eik Sparebank in 2007 and purchase of GE Money Oy in 2009.

## NOTE 8 LIQUIDITY AND CREDIT RISK/REMAINING TERM ON BALANCE SHEET ITEMS

All amounts in thousands of NOK	≤< 1 mo	1 - 3 mos	3 - 12 mos	1 - 5 years	5 years	No maturity	Total
Loans/rec. on banks	3 627 237	0	0	0	0	0	3 627 237
- Of which foreign currency	874 454	0	0	0	0	0	874 454
Loans to customers	5 554 518	4 062 876	18 089 975	28 105 954	2 738 277	0	58 551 601
- Of which foreign currency	2 123 181	2 111 677	8 024 978	13 044 694	973 485	0	26 278 015
Financial derivatives	0	0	0	0	0	183 414	183 414
<b>Total financial assets</b>	<b>9 181 755</b>	<b>4 062 876</b>	<b>18 089 975</b>	<b>28 105 954</b>	<b>2 738 277</b>	<b>183 414</b>	<b>62 362 252</b>
Debt to banks	10 072 707	15 230 653	7 146 293	7 544 306	0	0	39 993 959
- Of which foreign currency	7 612 066	8 101 968	3 268 030	4 499 073	0	0	23 481 138
Deposits from customers	282 299	0	0	0	0	0	282 299
- Of which foreign currency	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	195 963	195 963
Issued notes and bonds	733 614	1 458 235	5 373 294	7 301 631	556 341	0	15 423 115
- Of which foreign currency	310 982	587 877	2 067 687	1 763 355	0	0	4 729 902
Other debt	0	0	0	0	0	1 894 280	1 894 280
- Of which foreign currency	0	0	0	0	0	942 195	942 195
Subordinated loan capital	0	0	0	655 183	0	0	655 183
- Of which foreign currency	0	0	0	106 247	0	0	106 247
Equity	0	0	0	0	0	6 160 401	6 160 401
- Of which foreign currency	0	0	0	0	0	1 292 081	1 292 081
<b>Total liabilities and equity</b>	<b>11 088 620</b>	<b>16 688 888</b>	<b>12 519 587</b>	<b>15 501 120</b>	<b>556 341</b>	<b>8 230 457</b>	<b>64 605 200</b>

**NOTE 9 INTEREST RISK AND INTEREST ADJUSTMENTS**

All amounts in million NOK	=< 1	>1<= 3	>3 <=12	>1< 5	> 5 years	No	Total	Interest
	month	months	months	years	maturity	sensitivity		
Loans/receivables on banks	3 627	0	0	0	0	0	3 627	2
Loans to customers	22 589	24 035	4 737	4 765	158	2 267	58 552	179
Other assets	0	0	0	0	0	183	183	0
							0	0
<b>Total assets</b>	<b>26 216</b>	<b>24 035</b>	<b>4 737</b>	<b>4 765</b>	<b>158</b>	<b>5 293</b>	<b>62 362</b>	<b>181</b>
Debt to banks	15 495	12 272	1 488	1 454	0	9 285	39 994	66
Deposits from customers	282	0	0	0	0	0	282	0
Financial derivatives							196	0
Issued notes and bonds	15 173	250	0	0	0	0	15 423	7
Other debt	0	0	0	0	0	1 894	1 894	0
Subordinated loan capital	80	260	315	0	0	0	655	3
Equity	0	0	0	0	0	6 161	6 161	0
<b>Total liabilities and equity</b>	<b>31 030</b>	<b>12 782</b>	<b>1 803</b>	<b>1 454</b>	<b>0</b>	<b>18 135</b>	<b>64 605</b>	<b>76</b>
Interest rate exposure on balance sheet items	-4 814	11 253	2 934	3 311	158	-12 842	0	105
Interest rate exposure on financial derivatives (BK 1 Ltd), Basis	3 324	-799	-2 525				0	-18
Interest rate exposure on financial derivatives (BK 1 Lt) B2B	-3 324	799	2 525				0	18
Interest rate exposure on financial derivatives (BK 2 Ltd), Basis	3 316	-365	-1 369	-1 582			0	-21
Interest rate exposure on financial derivatives (BK 2 Ltd), B2B	-3 316	365	1 369	1 582			0	21
Interest rate exposure on financial derivatives (BK 3 Ltd)	-5 306						-5 306	-2
Interest rate exposure on financial derivatives (SCF Rahoituspalvelut Ltd), Basis	2 197	-244	-853	-1 100			0	-14
Interest rate exposure on financial derivatives (SCF Rahoituspalvelut Ltd), B2B	-2 197	244	853	1 100			0	14
Interest rate exposure on financial derivatives IRS Swap, Finland	1 487	-223	-782	-482			0	-9
<b>Net interest rate exposure</b>	<b>-4 814</b>	<b>11 253</b>	<b>2 934</b>	<b>3 311</b>	<b>158</b>	<b>-12 842</b>	<b>0</b>	<b>55</b>

Interest rate sensitivity states the value as the present value of the financial consequence of an interest rate increase of 1% point per 31.12.

**Financial instruments measured at fair value**

All amounts in million NOK	Quoted market price Level 1	Using observable inputs Level 2	Total
<b>Financial assets</b>			
Bilkreditt 1 Limited, B2B swap		79 862	79 862
Bilkreditt 2 Limited, B2B swap		62 873	62 873
SCF Rahoituspalvelut limited, B2B swap		40 679	40 679
Bilkreditt 3 limited, Currency Swap		15 183	15 183
<b>Total</b>	<b>-</b>	<b>198 597</b>	<b>198 597</b>
<b>Financial liabilities</b>			
Bilkreditt 1 Limited, Basis Swap		80 832	80 832
Bilkreditt 2 Limited, Basis Swap		64 023	64 023
SCF Rahoituspalvelut limited, Basis Swap		41 222	41 222
IRS swap		4 581	4 581
Bilkreditt 3 limited, Swap		20 489	20 489
<b>Total</b>		<b>211 147</b>	<b>211 147</b>

**NOTE 10 NET FOREIGN CURRENCY POSITION**

All amounts in thousands of NOK	Balance		Net positions	
	Asset	Debt	in currency	in NOK
SEK	6 946 405	6 828 355	137 869	118 050
DKK	8 651 451	8 573 637	79 008	77 814
EUR	9 781 000	9 755 980	3 405	25 020
<b>Total 2012</b>	<b>25 378 856</b>	<b>25 157 972</b>		<b>220 884</b>
Total 2011	27 337 467	27 047 471		289 996

## NOTE 11 LOANS AND LOSSES BY MAIN SECTORS

All amount in thousands of NOK	Loans	Write-down	Loans	Write-down
	31.12.2012	31.12.2012	31.12.2011	31.12.2011
Public sector	259 522	-40	247 221	-43
Agriculture and forestry	141 399	-26	145 404	-98
Industry	388 982	-64	365 948	-147
Building and construction	1 286 109	-244	1 365 216	-594
Trade in goods	3 360 433	-336	2 811 320	-2 744
Proprietary management	288 528	-52	276 959	-222
Various	2 953 842	-524	2 640 606	-1 849
Transportation	1 759 087	-331	1 717 552	-1 455
Private individuals	22 816 535	-38 053	19 725 590	-27 089
Foreign	26 320 609	-71 132	25 125 390	-68 540
<b>SUM</b>	<b>59 575 046</b>	<b>-110 802</b>	<b>54 421 206</b>	<b>-102 781</b>

Only individual write-downs on loans are listed. Loans originating from the foreign branches are included in sector Foreign.

## NOTE 12 LOANS BY GEOGRAPHIC REGION

All amount in thousands of NOK	Loan	Guarantees	Loan	Guarantees
	31.12.2012	31.12.2012	31.12.2011	31.12.2011
Eastern Norway	17 306 471	88 640	15 152 618	77 335
Western Norway	4 546 409	7 273	3 932 916	6 983
Southern Norway	5 597 857	13 781	5 343 134	15 091
Mid Norway	3 459 077	12 356	3 122 641	12 130
Northern Noraw	1 967 336	6 475	1 744 507	6 130
Foreign	26 697 896	-	25 125 390	-
<b>SUM</b>	<b>59 575 046</b>	<b>128 526</b>	<b>54 421 206</b>	<b>117 670</b>

The distribution is undertaken on the basis of the customers' registered addresses.

## NOTE 13 PENSION EXPENSES

Santander Consumer Bank has a service pension scheme under the Act of Occupational Pension through Vital. In addition employees can take an early retirement pension at the age of 62. This scheme only applies to employees in Norway and forms part of a group agreement. The scheme gives the right to defined future benefits, which are mainly dependent on number of years worked, salary level at time of retirement and the amount of payment from national insurance fund. The agreement also includes a disability pension, a spouse's pension and a child pension. In addition there are pension commitments to certain employees additional to the ordinary collective agreement. This applies to employees with a lower pension age, employees with salary above 12 G and supplementary pensions. Pension costs from defined contribution schemes amounts to TNOK 32 361 incl payroll tax.

Pension expenses	2012	2011
Present value of year's pension earnings	19 081	18 293
Interest cost on accrued liability	10 303	10 746
Return on pension funds	-8 496	-8 602
Administration costs	1 181	1 387
Amortization of actuarial (gain) /loss	8 961	14 828
Accrual payroll tax	3 185	3 070
<b>Net Pension expenses</b>	<b>34 215</b>	<b>39 721</b>

Pension liabilities in balance sheet	31.12.2012	31.12.2011
Pension funds at market value	187 705	175 072
Estimated pension liability	318 473	352 431
<b>Net pension liability</b>	<b>130 768</b>	<b>177 359</b>
Difference not posted to P&L	-16 162	-78 784
<b>Capitalised net pension liability</b>	<b>114 606</b>	<b>98 575</b>
Payroll tax included with	14 089	19 858

The following assumptions have been used calculating future pensions.

	31.12.2012	31.12.2011
Discount rate	3.80%	3.30%
Expected return	4.00%	4.80%
Salary growth	3.50%	4.00%
G-adjustments	3.25%	3.75%
Increase in pensions beeing paid	3.25%	3.75%

The history of experience adjustments is as follows:

	2012	2011	2010
Present value of defined benefit obligation	318 473	352 431	338 230
Fair value of plan assets	-187 705	-175 072	-168 535
<b>Deficit</b>	<b>130 768</b>	<b>177 359</b>	<b>169 695</b>
<b>Experience adjustments on plan liabilities</b>			
<b>Experience adjustments on plan assets</b>			

*Experience adjustments: The effects of differences between the previous actuarial assumptions and what has actually occurred.*

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2012	2011
Opening defined benefit obligation	315 821	302 577
Current service cost	19 081	18 239
Interest cost	10 303	10 746
Contributions from plan participants	-7 212	-6 959
Actuarial (gains)/losses	-50 363	-8 783
Post service cost		
Losses/(gains) on curtailments		
Liabilities extinguished on settlements		
Liabilities assumed in business combination		
Exchange differences on foreign plans		
Benefits paid		
Others	14 680	
<b>Closing defined benefit obligation</b>	<b>302 310</b>	<b>315 821</b>

Movements in the present value of the plan assets in the current year were as follows:

	2012	2011
Opening fair value of plan assets	175 072	168 535
Expected return on plan assets	8 496	8 602
Actuarial gains/(losses)	-3 408	-4 388
Exchange differences on foreign plans		
Contributions from the employer	14 026	8 053
Contributions from plan participants	-6 482	-5 731
Benefits paid		
Assets acquired in business combination		
Assets distributed on settlements		
Others (Describe)		
<b>Closing fair value of plan assets</b>	<b>187 705</b>	<b>175 072</b>

## NOTE 14 FINANCE LEASES

### Finance leases

Santander Consumer Bank AS owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Financial leasing" in the balance sheet at an amount equal to the net investment in the lease. The leased assets mainly comprise cars.

Reconciliation of gross investments and present value of future minimum lease payments:

All amounts in thousands of NOK	31 December	
	2012	2011
<b>Gross investment</b>		
Due in less than 1 year	4 317 641	4 234 688
Due in 1 - 5 years	1 750 391	1 598 506
Due later than 5 years		
<b>Total gross investment</b>	<b>6 068 032</b>	<b>5 833 194</b>
<b>Present value of future minimum lease payments receivable</b>		
Due in less than 1 year	4 121 719	4 152 797
Due in 1 - 5 years	1 660 039	1 452 304
Due later than 5 years		
<b>Total present value of future minimum lease payments receivable</b>	<b>5 781 758</b>	<b>5 605 101</b>
Unearned finance income		
Unguaranteed residual values accruing to the benefit of the lessor		
Accumulated allowance for uncollectible minimum lease payments receivable	2 192	9 858
Contingent rents recognised as income in the period		

### Operating leases

Assets subject to operating leases mainly comprise cars.

In the balance sheet they are reported as fixed assets.

Carrying amount of leased assets, in thousands of NOK	2012	2011
Acquisition value	566 216	534 529
Accumulated depreciations	-171 600	-123 868
Accumulated impairment charges		
<b>Carrying amount at end of year</b>	<b>394 617</b>	<b>410 661</b>
- of which repossessed leased property, carrying amount	19 354	20 476

## NOTE 15 RECEIVABLES AND LIABILITIES TO COMPANIES IN THE SAME GROUP

Amounts in thousands of NOK	31.12.12	Interest 2012	31.12.11
<b>Loans</b>			
Loans from creditinstitutions	39 699 811	1 081 246	38 395 657
Of which			
<i>Santander Benelux</i>	31 856 960		28 010 753
<i>SantanderConsumer Finance S.A.</i>	8 057 088		10 384 904
Accrued interest /other debt	122 235		218 905
Subordinated Loan Capital	655 183	30 394	655 183
Of which			
<i>Banco Santander</i>	180 000		180 000
<i>Santander Benelux</i>	210 000		210 000
<i>SantanderConsumer Finance S.A.</i>	265 183		265 183
Accrued interest /other debt	617		805
<b>Subordinated Loan Capital</b>		<b>2012</b>	<b>2011</b>
MNOK 180, maturity September 2016, 3 months NIBOR +0.55%		180 000	180 000
MNOK 80, maturity October 2017, 3 months NIBOR +1.00%		80 000	80 000
MNOK 80, maturity September 2018, 3 months NIBOR +2.41%		80 000	80 000
MNOK 210, maturity June 2019, 6 months NIBOR +3.43%		210 000	210 000
MNOK 105 maturity December 2020 12 months EURIBOR +3,20%		105 183	105 183
<b>Total subordinated loan capital</b>		<b>655 183</b>	<b>655 183</b>

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no)



**NOTE 16 OWNERSHIP**

All shares are owned by Santander Consumer Finance S.A. The annual consolidated accounts and the address of Santander Consumer S.A. in which Santander Consumer Bank AS is included, is published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

**NOTE 17 CAPITAL ADEQUACY**

All amounts in thousands of NOK	31.12.2012	31.12.2011
Core capital	5 328 444	4 862 200
Eligible supplementary capital	557 804	619 183
<b>Total primary capital</b>	<b>5 886 247</b>	<b>5 481 383</b>
<b>Minimum capital requirement (pillar I)</b>		
Credit risk	4 058 083	3 727 177
Market risk	17 671	23 220
Operational risk	379 136	354 960
Deductions in capital requirement	-73 011	-65 621
<b>Total minimum capital requirement (pillar I)</b>	<b>4 381 879</b>	<b>4 039 736</b>
Capital ratio	10,75%	10,85%
Core capital ratio	9,73%	9,63%

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). Information according to Pillar 3 will be published at [www.santander.no](http://www.santander.no).

**NOTE 18 INTEREST EXPENSES**

The table show average interest rate as of 31.12.2012. Average interest is calculated as actual interest cost through the year in percent of average balance.

All amounts in thousands of NOK	2012	2011
<b>To credit institutions</b>		
Interest expenses	1 252 775	1 237 988
Average loan	40 360 774	39 247 893
<b>Average nominal interest rate</b>	<b>3,06%</b>	<b>3,11%</b>
<b>To customers</b>		
Interest expenses	8 209	8 392
Average deposit	249 302	270 866
<b>Average nominal interest rate</b>	<b>3,24%</b>	<b>3,06%</b>
<b>To bondholders</b>		
Interest expenses	290 599	269 612
Average issued notes and bonds	10 804 205	7 027 565
<b>Average nominal interest rate</b>	<b>2,67%</b>	<b>3,77%</b>

**NOTE 19 GUARANTEE LIABILITIES**

Santander Consumer Bank has as at 31.12.2012 a guarantee liability of 146,3 MNOK. This is mainly payment guarantees.

**NOTE 20 OWNERSHIP INTERESTS IN GROUP COMPANIES**

Santander Consumer Bank AS owns 100% of the stocks in Santander Consumer Finance OY. Santander Consumer Bank AS retains most of the risk and rewards of the sale of loans to the securitization-vehicles Bilkreditt 1 Ltd, Bilkreditt 2 Ltd, Bilkreditt 3 Ltd, SCF Ajoneuro-hallinto Ltd., SCF Rahoitus-palvelut Ltd. and Svensk Autofinans 1 Ltd., all registered in Ireland, and therefore consolidates these into the group accounts.

To reduce the risk related to changes in foreign exchange values it is established a hedge loan of MEUR 138. The ownership in Santander Consumer Finance OY is booked at historical cost adjusted for the effect of the hedge, according to IAS 39.

## NOTE 21 CLASSIFICATION OF FINANCIAL INSTRUMENTS

All amounts in thousands of NOK					
Classification of financial assets as of 31 December 2012	Financial assets at fair value through Profit or Loss – Held for trading	Held to maturity investments	Loans and receivables	Booked value	Fair value
<b>Deposits with and receivables on financial institutions</b>					
Deposits with Norwegian financial institutions			3 627 237	3 627 237	3 627 237
<b>Total deposits with and loans to financial institutions</b>	-	-	<b>3 627 237</b>	<b>3 627 237</b>	<b>3 627 237</b>
<b>Loans to customers</b>					
Credit cards			2 173 483	2 173 483	2 173 483
Unsecured loans			3 439 098	3 439 098	3 439 098
Instalment loans			43 529 244	43 529 244	43 529 244
Financial leasing			10 433 222	10 433 222	10 433 222
<b>Total loans before individual and group write-downs</b>	-	-	<b>59 575 046</b>	<b>59 575 047</b>	<b>59 575 047</b>
- Individual write-downs			110 802	110 802	110 802
- Group write-downs			912 643	912 643	912 643
<b>Net loans</b>	-	-	<b>58 551 601</b>	<b>58 551 602</b>	<b>58 551 602</b>
<b>Comm papers, bonds and other fixed-income securities</b>					
Commercial papers and bonds				-	-
<b>Total comm. papers, bonds and other fixed-income securities</b>	-	-	-	-	-
<b>Financial derivatives</b>					
Financial derivatives	183 414			183 414	183 414
<b>Sum financial derivatives</b>	<b>183 414</b>	-	-	<b>183 414</b>	<b>183 414</b>
<b>Ownership interests in group companies</b>					
Ownership interest in credit institutions				-	-
<b>Sum ownership interest in group companies</b>	-	-	-	-	-
<b>Other assets</b>					
Operational leasing				-	-
Other assets				-	-
<b>Sum other assets</b>	-	-	-	-	-
<b>Total financial assets</b>	<b>183 414</b>	-	<b>62 178 839</b>	<b>62 362 253</b>	<b>62 362 253</b>

All amounts in thousands of NOK					
Classification of financial liabilities as of 31 December 2012	Financial liabilities at fair value through Profit or Loss – Held for trading	Financial liabilities measured at a mortised cost	Booked value	Fair value	
<b>Debt to credit institutions</b>					
Loans and deposits from credit institutions			39 993 959	39 993 959	39 993 959
<b>Total loans and deposits from financial institutions</b>	-		<b>39 993 959</b>	<b>39 993 959</b>	<b>39 993 959</b>
<b>Deposits from and debt to customers</b>					
Deposits from and debt to customers repayable on notice			282 299	282 299	282 299
<b>Total deposits from customers</b>	-		<b>282 299</b>	<b>282 299</b>	<b>282 299</b>
<b>Financial derivatives</b>					
Financial derivatives	195 963		195 963	195 963	195 963
<b>Total financial derivatives</b>	<b>195 963</b>		<b>195 963</b>	<b>195 963</b>	<b>195 963</b>
<b>Debt established by issuing securities</b>					
Certificates and other short term loan raising				-	-
Bonds and other long term loan raising			15 423 115	15 423 115	15 423 115
<b>Total debt established by issuing securities</b>	-		<b>15 423 115</b>	<b>15 423 115</b>	<b>15 423 115</b>
<b>Other debt</b>					
<b>Subordinated loan capital</b>					
Other subordinated loan capital			655 183	655 183	655 183
<b>Total subordinated loan capital</b>	-		<b>655 183</b>	<b>655 183</b>	<b>655 183</b>
<b>Total financial liabilities</b>	<b>195 963</b>	<b>56 354 556</b>	<b>56 550 519</b>	<b>56 550 519</b>	<b>56 550 519</b>

All amounts in thousands of NOK					
Classification of financial assets as of 31 December 2011	Financial assets at fair value through Profit or Loss – Held for trading	Held to maturity investments	Loans and receivables	Booked value	Fair value
<b>Deposits with and receivables on financial institutions</b>					
Deposits with Norwegian financial institutions			896 992	896 992	896 992
<b>Total deposits with and loans to financial institutions</b>	-	-	<b>896 992</b>	<b>896 992</b>	<b>896 992</b>
<b>Loans to customers</b>					
Credit cards			1 894 591	1 894 591	1 894 591
Installment loans			42 797 325	42 797 325	42 797 325
Financial leasing			9 729 300	9 729 300	9 729 300
<b>Total loans before individual and group write-downs</b>	-	-	<b>54 421 206</b>	<b>54 421 206</b>	<b>54 421 216</b>
-Individual write-downs			102 781	102 781	102 781
-Group write-downs			820 266	820 266	820 266
<b>Net loans</b>	-	-	<b>53 498 159</b>	<b>53 498 159</b>	<b>53 498 169</b>
<b>Comm. papers, bonds and other fixed-income securities</b>					
Commercial papers and bonds			-	-	-
<b>Total comm. papers, bonds and other fixed-income securities</b>	-	-	-	-	-
<b>Ownership interests in group companies</b>					
Ownership interest in credit institutions			-	-	-
<b>Sum ownership interest in group companies</b>	-	-	-	-	-
<b>Other assets</b>					
Operational leasing	-		410 661	410 661	410 661
Other assets	-		-	-	-
<b>Sum other assets</b>	-	-	<b>410 661</b>	<b>410 661</b>	<b>410 661</b>
<b>Total financial assets</b>	-	-	<b>54 805 812</b>	<b>54 805 812</b>	<b>54 805 822</b>

All amounts in thousands of NOK					
Classification of financial liabilities as of 31 December 2011	Financial liabilities at fair value through Profit or Loss – Held for trading	Financial liabilities measured at amortised cost	Booked value	Fair value	
<b>Debt to credit institutions</b>					
Loans and deposits from credit institutions		38 395 657	38 395 657	38 395 657	
<b>Total loans and deposits from financial institutions</b>	-	<b>38 395 657</b>	<b>38 395 657</b>	<b>38 395 657</b>	
<b>Deposits from and debt to customers</b>					
Deposits from and debt to customers repayable on notice		258 827	258 827	258 827	
<b>Total deposits from customers</b>	-	<b>258 827</b>	<b>258 827</b>	<b>258 827</b>	
<b>Debt established by issuing securities</b>					
Certificates and other short term loan raising	-	-	-	-	
Bonds and other long term loan raising		10 490 328	10 490 328	10 490 328	
<b>Total debt established by issuing securities</b>	-	<b>10 490 328</b>	<b>10 490 328</b>	<b>10 490 328</b>	
<b>Other debt</b>	-	-	-	-	
<b>Subordinated loan capital</b>					
Other subordinated loan capital		655 183	655 183	655 183	
<b>Total subordinated loan capital</b>	-	<b>655 183</b>	<b>655 183</b>	<b>655 183</b>	
<b>Total financial liabilities</b>	-	<b>49 799 995</b>	<b>49 799 995</b>	<b>49 799 995</b>	

## NOTE 22 ISSUED SECURITIES

All amounts in thousands NOK	<b>2012</b>	<b>2011</b>
Issued bonds	15 423 115	10 490 328
<b>Total liability issued securities</b>	<b>15 423 115</b>	<b>10 490 328</b>

### Changes in liability issued securities

All amounts in thousands NOK	<b>Book value 31.12.11</b>	<b>New issues/ repurchase</b>	<b>Payments</b>	<b>Amortisation</b>	<b>Book value 31.12.12</b>
Issued bonds	10 490 328	12 530 584	-7 598 362	566	15 423 115
<b>Total liability issued securities</b>	<b>10 490 328</b>	<b>12 530 584</b>	<b>-7 598 362</b>	<b>566</b>	<b>15 423 115</b>

### Specification of issued securities

#### Bonds

All amounts in thousands of NOK						<b>Book value NOK</b>
<b>ISIN number</b>	<b>Issuer</b>	<b>Net nominal value</b>	<b>Currency</b>	<b>Interest</b>	<b>Call date</b>	<b>31.12.12</b>
NO0010588080	Santander Consumer Bank AS	250 000		Floating	24.09.2013	249 400
XS0595990978	Bilkreditt 1 ltd	3 965 000	NOK	Floating	25.06.2025	841 714
XS0595991273	Bilkreditt 1 ltd	4 677 000	NOK	Floating	25.06.2025	992 862
n/a	Bilkreditt 1 ltd	2 013 440	NOK	Floating	25.06.2025	2 013 440
XS0706720496	Bilkreditt 2 ltd	2 740 933	NOK	Floating	25.04.2026	2 589 323
n/a	Bilkreditt 2 ltd	1 003 580	NOK	Floating	25.04.2026	1 003 580
XS0808637218	Bilkreditt 3 ltd	670 000	EUR	Floating	25.04.2027	4 923 361
A2 (n/a)	Bilkreditt 3 ltd	1 096 100	NOK	Floating	25.04.2027	1 096 100
n/a	Bilkreditt 3 ltd	1 061 345	NOK	Floating	25.04.2027	1 061 345
XS0846727690	Svensk Autofinans 1	3 963 045	SEK	Floating	30.08.2029	2 987 985
n/a	Svensk Autofinans 1	592 178	SEK	Floating	30.08.2029	507 023
SCFKIMICLASA	Rahoituspalvelut Ltd.	402 435	EUR	Floating	25.01.2020	1 741 915
n/a	Rahoituspalvelut Ltd.	79 524	EUR	Floating	25.01.2020	584 366
Amortisation						454
Totals issued bonds						20 592 869
<b>Repurchase</b>						
Repurchased own issued bonds						5 169 754
Total repurchased own securities						5 169 754
<b>Total issued securities</b>						<b>15 423 115</b>

**NOTE 23 RISK MANAGEMENT****Credit risk/counterparty risk**

Counterparty credit risk is considered to be the most significant risk for the bank. Credit risk is to be kept at a level that over time corresponds to the average of companies within the Santander Consumer Finance group, taken into account differences among the companies with regard to collection and product mix. The company has established credit policies that ensure a good diversification among the customers with regard to geography, occupation, or age among others. Single large credit exposures are to be reported to the Board.

Credit process and policies describe the guiding principles for the type of customer that Santander wants. Processes are divided into "Standardised" and "Non-Standardised"; where Standardised credit follows a standard, very much automated credit approval process and Non-Standardised (Credits which do not meet the score requirements, larger credit and credit limits, as well as stock finance) are handled individually. Such credits are granted according to delegated credit authorities in accordance with current credit policy.

The assessment of customers or transactions using rating or scoring systems constitutes a judgment of their credit quality, which is quantified through the probability of default (PD), in accordance with Basel II terminology. In addition to customer assessment, the quantification of credit risk requires the estimation of other parameters, such as exposure at default (EAD) and the percentage of EAD that will not be recovered (loss given default or LGD). Therefore, other relevant factors are taken into account in estimating the risk involved in transactions, such as the quantification of off-balance-sheet exposures, which depends on the type of product, or the analysis of expected recoveries, which is related to existing guarantees and other characteristics of the transaction: type of product, term, etc. These factors are the main credit risk parameters. Their combination facilitates calculation of the probable loss or expected loss (EL). This loss is considered to be an additional cost of the activity which is reflected in the risk premium and must be charged in the transaction price.

**Market risk**

Santander Consumer Bank AS' strategy is to not take on market risk in excess of what follows directly from the operation of the company. Market risk for the company is connected to currency positions as a result of operations in Sweden, Finland, and Denmark. Treasury policy limits possible exposure for each currency and the same limit applies to the total net currency position. Treasury policy further specifies that currency risk should be minimized as far as possible through asset and debt items being in the same currency.

Santander Consumer Bank AS does not have a trading portfolio or positions in securities, commodities etc. Risk that follows from the company's net currency position is considered low in relation to the company's size, and is considered to involve an increased capital requirement in excess of the Pillar 1 requirement with 10% of maximum allowed net position from currency in treasury policy; currently this corresponds to 10 mill NOK, particularly as unused credit card limits are not included in the Pillar I capital requirement.

**Liquidity risk**

Santander Consumer Bank AS's liquidity situation is monitored continuously. Treasury Policy lays down minimum levels for available liquidity and trigger levels for obtaining new liquidity. SCB has a goal of establishing more financing from outside the Santander group. Reducing Santander Group dependencies and establishing SCB as an issuer in the Nordic and International debt capital markets gives the bank on a standalone basis a better position to cope with a short to medium term liquidity crisis. The short dated nature of the bank's assets also constitutes a significant liquidity risk reducing factor. This gives a possibility to generate liquidity by reducing new business should the need arise.

**Operational risk**

For operational risk, the basis method is used. In the company's risk assessments, no areas of operational risk have been identified that involve a loss potential in excess of that covered under Pillar 1. The company's review of the risk situation is timed so that it can coincide as far as possible with the company's plan and budget processes, so that any conclusions and risk-reducing measures can be taken into consideration in the company's plans.

The company has satisfactory monitoring and follow-up of operational risks. This is based both on the checks that were carried out in the company's own internal audit (contracted out to a third party) and on the checks carried out by the group's internal Audit function. The company's own risk assessments carried out in connection with the annual internal checking process were also used as a basis for evaluation. The bank has securitized a significant part of its Norwegian, Swedish and Finnish car loan portfolios and is currently in a new process of securitizing a portion of its Danish car loan portfolio. The securitization has not and will not affect front or back systems in any significant way. All systems remain the same but there are some additional information extracted for management and reporting purposes. The quality of the institution's risk management process is otherwise considered to be good and under development as a result of Basel II IRB project.

## NOTE 24 SECURITIZATION

The balance of "Loans to customers - Installment loans" in the balance sheets includes, inter alia, the securitized loans transferred to third parties on which the Group has retained risk, albeit partially, and which therefore, in accordance with current accounting standards, cannot be derecognized. The breakdown of the securitized loans, classified on the basis of whether the requirements stipulated for derecognition were met, is as follows:

All amounts in thousands of NOK	2012	2011
Derecognized	0	0
Retained in the balance sheet	19 587 536	12 024 712
<b>Total</b>	<b>19 587 536</b>	<b>12 024 712</b>

The securitized assets relate basically to vehicle financing.

## NOTE 25 FAIR VALUE HEDGING OF NET INVESTMENT IN FOREIGN OPERATIONS

There are no fair value hedging of net investment in foreign operations in the Group.

## NOTE 26 OPENING BALANCE 01.01.2011

The transition to IFRS have not lead to any change in accounting principals for Santander Consumer Bank.

### Balance sheet - Assets 01.01.2011

All amounts in thousands of NOK	Note	ScB Group
Cash and receivables on central banks		0
<b>Total cash and receivables on central banks</b>		<b>0</b>
<b>Deposits with and receivables on financial institutions</b>		
Deposits with and receivables on financial institutions		88 433
<b>Total deposits with and loans to financial institutions</b>		<b>88 433</b>
<b>Loans to customers</b>		
Credit Card		1 647 403
Unsecured loans		0
Installment loans		39 196 694
Financial leasing	7	8 970 074
<b>Total loans before individual -and groupwise write-downs</b>		<b>49 814 171</b>
- Individual write-downs	2,3,5	96 286
- Groupwise write-downs	2,3,5	861 899
<b>Net loans</b>		<b>48 855 986</b>
<b>Repossessed assets</b>		
	4	33 865
Commercial papers, bonds and other fixed-income securities		
Commercial papers and bonds	22	0
<b>Total commercial papers, bonds and other fixed-income securities</b>		<b>0</b>
Financial derivatives		
<b>Total financial derivatives</b>		<b>0</b>
<b>Ownership interests in group companies</b>		
Ownership interest in credit institutions	20,25	0
<b>Sum ownership interests in group companies</b>		<b>0</b>
<b>Intangible assets</b>		
Goodwill	7	443 153
Deferred tax assets	6	158 523
Other intangible assets	7	177 296
<b>Total intangible assets</b>		<b>778 972</b>

**Balance sheet - Assets 01.01.2011**

All amounts in thousands of NOK	Note	ScB Group
<b>Fixed assets</b>		
Machinery, fittings and vehicles	7	26 934
Operational leasing		395 877
<b>Total fixed assets</b>		<b>422 811</b>
<b>Other assets</b>		
Consignment		581 159
Other assets		125 939
<b>Total other assets</b>		<b>707 098</b>
<b>Prepayments and earned income</b>		
Earned income not received and prepaid expenses not incurred		80 674
<b>Total prepayments and earned income</b>		<b>80 674</b>
<b>Total assets</b>		<b>50 967 840</b>

**Balance sheet - Liabilities and equity 01.01.2011**

All amounts in thousands of NOK	Note	ScB Group
<b>Debt to credit institutions</b>		
Loans and deposits from credit institutions with an agreed term	1,15,18,25	42 725 355
<b>Total loans and deposits from financial institutions</b>		<b>42 725 355</b>
<b>Deposits from and debt to customers</b>		
Deposits from and debt to customers repayable on notice	18	284 968
<b>Total deposits from customers</b>		<b>284 968</b>
<b>Financial derivatives</b>		
Financial derivatives		0
<b>Total financial derivatives</b>		<b>0</b>
<b>Debt established by issuing securities</b>		
Certificates and other short term loan raising	22	504 833
Bonds and other long term loan raising	22	776 910
<b>Total debt established by issuing securities</b>		<b>1 281 743</b>
<b>Other debt</b>		
Other debt	6	438 778
<b>Total other debt</b>		<b>438 778</b>
<b>Allocations for expenses incurred and liabilities</b>		
Expenses incurred and earned income not received		626 864
Pension liabilities	13	71 080
Deferred tax	6	405 658
<b>Total allocations for liabilities</b>		<b>1 103 602</b>
<b>Subordinated loan capital</b>		
Other subordinated loan capital	15	655 183
<b>Total subordinated loan capital</b>		<b>655 183</b>
<b>Total liabilities</b>		<b>46 489 629</b>
<b>Paid-in equity</b>		
Share capital	16	2 662 469
Share capital premium		891 314
Paid-in, not registered share capital		0
<b>Total paid-in equity</b>		<b>3 553 783</b>
<b>Earned equity</b>		
Other equity		924 427
<b>Total earned equity</b>		<b>924 427</b>
<b>Total equity</b>		<b>4 478 210</b>
<b>Total liabilities and equity</b>		<b>50 967 840</b>
<b>Conditional liabilities</b>		
Guarantee liabilities	19	124 726

NOTES  
SANTANDER CONSUMER  
BANK AS



**NOTE 1 INFORMATION ON CONNECTED PARTIES**

The company is 100% owned by Santander Consumer Finance S.A. The chairman and the deputy chairman of the board have central positions in Madrid and are, together with the Chief Executive Officer, considered to be central management in the company. The management team has been evaluated towards the Norwegian accounting act § 7-31b and is not considered to be central management according to this paragraph.

	Salary	Bonus	Pension	Remuneration	Total 2012	Total 2011
CEO → 31.03.2012	508	540	142	51	1 241	4 424
CEO 31.03.2012 →	1 556	-	892	235	2 683	-

**Boards of Directors**

		Fees 2012	Fees 2011
Erik Kongelf from 22.05	Chairman		
Javier San Felix Garcia to 21.05	Chairman	-	-
Javier San Felix Garcia from 22.05	Deputy Chairman	-	-
Bruno Montalvo Wilmot	Deputy Chairman	-	-
Javier Anton San Pablo	Member	-	-
Bjørn Elvestad	Member	200 000	200 000
Odd Lunde	Member	200 000	200 000
Eduardo Garcia Arroyo	Member	-	-
Vibeke Hamre Krey	Employee representative	200 000	200 000
Nina Lind to 21.05	Deputy Employee representative	100 000	100 000
Stine Camilla Rygh from 22.05	Deputy Employee representative		

**Supervisory Board**

	Fees 2012	Fees 2011
Total	27 500	45 000

**Control committee**

		Fees 2012	Fees 2011
Finn Myhre	Chairman	65 000	65 000
Egil Dalviken	Deputy Chairman	20 000	20 000
Tone Bjørnhov	Member	20 000	20 000
Terje Sommer	Deputy Member	0	25 000

**Audit services and advisory services without VAT**

All amounts in thousands of NOK	2012	2011	2010	2009
Audit services	820	992	1 146	1 330
Other certification services	284	560	-	-
Tax advice	73	347	80	42
Other non-audit services	190	1 225	435	13

**Staff**

	2012		2011	
	Norway	Abroad	Norway	Abroad
Number of employees as of 31.12	312	162	295	139
Man-labour year as of 31.12	285	155	268	137

## NOTE 2 LOSSES AND WRITE-DOW

All amounts in thousands of NOK

	2012	2011
<b>Loan losses expenses</b>		
Write-downs 31.12	734 232	607 595
+/- Rate adjustment opening balance	3 761	95
Adjustment purchase of portfolio/correction		
- Write-downs 01.01.	607 594	532 436
+ Total recognised losses	339 971	327 977
- Recoveries on recognised losses	67 817	78 612
<b>= Loan losses</b>	<b>402 554</b>	<b>324 619</b>
<b>Individual- and group write-downs</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Individual write-downs 01.01.	64 206	44 845
+/- Rate adjustment opening balance		
	-462	-8
Reclassification between individual to group loan loss reserves		18 560
- Recognised losses covered by earlier write-downs		
- Reversal of earlier individual write-downs		
+ Individual write-downs for the period	11 039	809
<b>= Individual write-downs 31.12</b>	<b>74 784</b>	<b>64 206</b>
<b>Group write-downs</b>		
Group write-downs 01.01		
	543 388	487 591
+/- Rate adjustment opening balance	-3 299	-87
Reclassification between individual to group loan loss reserves		-18 560
+/- Write-downs for the year	119 360	74 444
<b>= Group write-downs 31.12</b>	<b>659 449</b>	<b>543 388</b>

Write-downs calculated separately for each business unit, using internal parameters.

– Individual write-downs calculated by arrears following portfolio ageing and specific assessment of the exposure.

– Group write-downs calculated by arrears, including incurred but not reported impaired loans following portfolio ageing.

Write-downs held in balance fully cover 12 months of expected losses arising from impaired loans and incurred but not reported.

## NOTE 3 NON-PERFORMING- AND LOSS EXPOSED LOANS

All amounts in thousands of NOK

	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Gross non-performing- and other loss exposed loans	947 972	899 447	908 742	826 673	533 508
Individual write-downs	74 783	64 206	44 845	141 329	27 847
Group write-downs	659 449	543 390	487 591	309 435	204 411
<b>Net non-performing- and other loss exposed loans</b>	<b>213 740</b>	<b>291 851</b>	<b>376 306</b>	<b>375 909</b>	<b>301 250</b>

## NOTE 4 REPOSSESSED ASSETS

All amounts in thousands of NOK

	31.12.2012	31.12.2011
Car Leasing	16 096	19 013
Other leasing subjects		
<b>Net</b>	<b>16 096</b>	<b>19 013</b>

The company classifies vehicles as repossessed assets where it is a court ruling or consent regarding transfer of property of the object. Repossessed assets are booked at fair value.

Difference between booked value and fair value are recognized in profit and loss when the object is made ready for sale. At realization the difference between assumed fair value and selling price is recognized against profit and loss.

**NOTE 5 RISK CLASSIFICATION**

Ageing of past due and impaired on portfolio level	Balance		Write Downs	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
1 - 29 days	2 959 224	2 553 342	26 744	22 923
30 - 59 days	696 573	554 428	27 729	21 418
60 - 89 days	221 744	161 658	39 945	33 390
<b>Total loans due but not impaired</b>	<b>3 877 541</b>	<b>3 269 428</b>	<b>94 418</b>	<b>77 730</b>
Current	46 466 785	41 117 499	266 496	166 456
Total impaired loans	947 972	899 447	373 321	363 409
<b>Total loans</b>	<b>51 292 298</b>	<b>45 286 374</b>	<b>734 235</b>	<b>607 595</b>
<b>Ageing of impaired loans</b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
90 - 119 days	110 956	89 612	19 042	19 001
120 - 149 days	80 790	63 338	15 404	14 249
150 - 179 days	61 197	52 667	29 312	27 738
180 + days	606 861	620 514	279 867	277 390
Economic Doubtful	88 169	73 317	29 696	25 032
<b>Total impaired loans</b>	<b>947 972</b>	<b>899 447</b>	<b>373 321</b>	<b>363 409</b>

SCB portfolio consist 91% of Auto Finance and 9% Unsecured finance (credit card and consumer loan); where for auto finance, generally objects serve as collateral.

On Auto Finance, collateral is held as security. Carrying amount in relationship with object value and financed amount is influenced by specific mileage, use and maintenance among others, which varies from object to object. These variables are embedded into Write Downs calculation as part of Loss Given Default.

**NOTE 6 TAX**

All amounts in thousands of NOK			
Tax payable		31.12.2012	31.12.2011
Profit before taxes		959 125	835 779
Permanent differences		7 294	9 316
Change in temporary differences		14 609	-64 104
<b>Net tax basis for the year</b>		<b>981 028</b>	<b>780 992</b>
<b>Temporary differences</b>			
All amounts in thousands of NOK			
Property, plant and equipment		1 568 028	1 590 919
Pension liabilities		-114 000	-98 064
Other temporary differences		37 143	3 270
Basis for deferred tax receivable		1 491 170	1 496 125
<b>Deferred tax (+) / deferred tax receivable (-)</b>		<b>417 528</b>	<b>418 915</b>
<b>Tax expenses</b>			
All amounts in thousands of NOK			
Tax payable		274 688	218 678
Change in deferred tax		-1 387	17 949
Tax charge		273 300	236 627
Prior year adjustments		-2 697	-1 284
<b>Total tax expenses</b>		<b>270 604</b>	<b>235 343</b>
<b>Reconciliation of taxes versus profit before taxes</b>			
All amounts in thousands of NOK			
Profit before taxes		959 125	835 779
Expected tax on income at nominal rate		268 557	234 018
Tax effect of permanent differences		2 046	2 609
Tax expense from this years operations		270 604	236 627
Prior year adjustments		0	-1 284
<b>Total tax expenses</b>		<b>270 604</b>	<b>235 343</b>

## NOTE 7 FIXED ASSETS, INTANGIBLE ASSETS AND LEASE FINANCING

All amounts in thousands of NOK	Machines, fittings, vehicles	Intangible assets	Goodwill	Lease financing: - operating assets
Acquisition cost 1.1	61 404	328 594	105 988	13 600 997
Rate difference opening balance	-879	-2 733	-5 904	-123 305
Acquisition cost 1.1 rate 31.12	60 525	325 862	100 084	13 477 692
Additions during the year	18 612	137 548	0	5 494 305
Disposals during the year	-17 142	-26 803	0	-4 424 296
<b>Acquisition cost 31.12</b>	<b>61 996</b>	<b>436 607</b>	<b>100 084</b>	<b>14 547 701</b>
Acc. ordinary depreciation 1.1	-40 240	-137 907	0	-4 053 330
Rate difference 01.01	387	555	0	38 956
Acc. ordinary depreciation 1.1 rate 31.12	-39 852	-137 351	0	-4 014 374
Year's ordinary depreciation	-8 431	-62 159	0	-2 076 874
Write-downs	0	0	0	0
Rate difference year's depreciation average rate	0	0	0	0
Reversed depreciation sold	14 424	18 217	0	1 723 429
Acc. depreciation 31.12	-33 860	-181 294	0	-4 367 819
<b>Book value in the balance sheet 31.12</b>	<b>28 136</b>	<b>255 313</b>	<b>100 084</b>	<b>10 179 882</b>
Method on measurement	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	Linear	Linear	-	Linear
Plan of depreciation and useful life	3 – 7 years	3 – 7 years	-	4 – 5 years

Intangible assets include software. The useful life is evaluated annually. Goodwill is related to purchase of the portfolio from Eik Sparebank in 2007.

## NOTE 8 LIQUIDITY AND CREDIT RISK/REMAINING TERM ON BALANCE SHEET ITEMS

All amounts in thousands of NOK	=< 1 mo	1 - 3 mos	3 - 12 mos	1 - 5 år	>5 år	No maturity	Total
Loans/rec. on banks	1 574 650	0	0	0	0	0	1 574 650
- Of which foreign currency	542 204	0	0	0	0	0	542 204
Loans to customers	4 656 059	3 210 768	15 606 111	24 508 409	2 576 718	0	50 558 066
- Of which foreign currency	1 205 619	1 267 546	5 456 190	9 471 560	804 109	0	18 205 025
Financial derivatives	0	0	0	0	0	142 735	142 735
<b>Total financial assets</b>	<b>7 951 045</b>	<b>3 210 768</b>	<b>15 606 111</b>	<b>24 508 409</b>	<b>2 576 718</b>	<b>142 735</b>	<b>52 275 451</b>
Debt to banks	5 917 439	14 856 291	6 496 669	6 224 972	0	0	33 495 371
- Of which foreign currency	3 456 798	7 727 607	2 618 406	3 179 738	0	0	16 982 550
Deposits from customers	282 299	0	0	0	0	0	282 299
- Of which foreign currency	0	0	0	0	0	0	0
Issued notes and bonds	599 230	1 205 168	4 498 967	6 821 493	556 341	0	13 681 198
- Of which foreign currency	176 598	334 810	1 193 360	1 283 217	0	0	2 987 985
Other debt	0	0	0	0	0	1 691 474	1 691 474
- Of which foreign currency	0	0	0	0	0	503 010	503 010
Subordinated loan capital	0	0	0	759 249	388 798	0	1 148 046
- Of which foreign currency	0	0	0	0	95 528	0	95 528
Equity	0	0	0	0	0	5 714 235	5 714 235
- Of which foreign currency	0	0	0	0	0	223 095	223 095
<b>Total liabilities and equity</b>	<b>6 798 968</b>	<b>16 061 459</b>	<b>10 995 636</b>	<b>13 805 713</b>	<b>945 138</b>	<b>7 405 709</b>	<b>56 012 624</b>

**NOTE 9 INTEREST RISK AND INTEREST ADJUSTMENTS**

All amounts in million NOK	=< 1 month	>1<= 3 months	>3 <=12 months	>1< 5 years	> 5 years	No maturity	Total	Interest sensitivity
Loans/receivables on banks	1 575	0	0	0	0	0	1 575	1
Loans to customers	20 144	23 722	2 535	1 765	158	2 234	50 558	106
Financial derivatives	0	0	0	0	0	143	143	0
<b>Total assets</b>	<b>23 439</b>	<b>23 722</b>	<b>2 535</b>	<b>1 765</b>	<b>158</b>	<b>2 377</b>	<b>52 276</b>	<b>107</b>
Debt to banks	12 011	11 914	1 005	809	0	7 756	33 495	48
Deposits from customers	282	0	0	0	0	0	282	0
Issued notes and bonds	13 431	250	0	0	0	0	13 681	6
Other debt	0	0	0	0	0	1 691	1 691	0
Subordinated loan capital	80	260	315	0	0	493	1 148	3
Equity	0	0	0	0	0	5 714	5 714	0
<b>Total liabilities and equity</b>	<b>25 805</b>	<b>12 424</b>	<b>1 321</b>	<b>809</b>	<b>0</b>	<b>15 654</b>	<b>56 013</b>	<b>57</b>
Interest rate exposure on balance sheet items	-2 366	11 299	1 214	956	158	-11 261	0	51
Interest rate exposure on financial derivatives (BK1 ltd)	-3 750						-3 750	-2
Interest rate exposure on financial derivatives (BK1 ltd)	3 750						3 750	2
Interest rate exposure on financial derivatives (BK2 ltd)	-3 507						-3 507	-1
Interest rate exposure on financial derivatives (BK2 ltd)	3 507						3 507	1
Interest rate exposure on financial derivatives (BK3 ltd)	-5 306						-5 306	-2
<b>Net interest rate exposure</b>								<b>48</b>

Interest rate sensitivity states the value as the present value of the financial consequence of an interest rate increase of 1% point per 31.12.

**Financial instruments measured at fair value**

All amounts in million NOK	Quoted market price Level 1	Using observable inputs Level 2	Total
<b>Financial assets</b>			
Bilkkreditt 1 Limited, B2B swap		79 862	79 862
Bilkkreditt 2 Limited, B2B swap		62 873	62 873
Bilkkreditt 3 limited, Currency Swap		15 183	15 183
<b>Total</b>	<b>-</b>	<b>157 918</b>	<b>157 918</b>
<b>Financial liabilities</b>			
Bilkkreditt 1 Limited, Basis Swap		80 832	80 832
Bilkkreditt 2 Limited, Basis Swap		64 023	64 023
Bilkkreditt 3 limited, Swap		20 489	20 489
<b>Total</b>	<b>-</b>	<b>165 344</b>	<b>165 344</b>

**NOTE 10 NET FOREIGN CURRENCY POSITION**

All amounts in thousands of NOK	Balance		Net positions	
	Asset	Debt	in currency	in NOK
SEK	940 651	1 017 250	-89 459	-76 599
DKK	8 651 451	8 573 637	79 008	77 814
EUR	940 651	1 017 250	-10 424	-76 599
<b>Total 2012</b>	<b>10 532 753</b>	<b>10 608 137</b>		<b>231 013</b>
Total 2011	17 949 688	17 791 379		158 309

## NOTE 11 LOANS AND LOSSES BY MAIN SECTORS

All amount in thousands of NOK	Loans	Write-down	Loans	Write-down
	31.12.2012	31.12.2012	31.12.2011	31.12.2011
Public sector	259 522	-40	247 221	-43
Agriculture and forestry	141 399	-26	145 404	-98
Industry	388 982	-64	365 948	-147
Building and construction	1 286 109	-244	1 365 216	-594
Trade in goods	3 360 433	-336	2 811 320	-2 744
Proprietary management	288 528	-52	276 959	-222
Various	2 953 842	-524	2 640 606	-1 849
Transportation	1 759 087	-331	1 717 552	-1 455
Private individuals	23 341 498	-34 494	19 725 590	-27 089
Foreign	17 512 898	-38 673	15 990 558	-29 965
<b>SUM</b>	<b>51 292 298</b>	<b>-74 784</b>	<b>45 286 375</b>	<b>-64 206</b>

Only individual write-downs on loans are listed. Loans originating from the foreign branches are included in sector Foreign.

## NOTE 12 LOANS BY GEOGRAPHIC REGION

All amount in thousands of NOK	Loan	Guarantees	Loan	Guarantees
	31.12.2012	31.12.2012	31.12.2011	31.12.2011
Eastern Norway	17 385 925	88 640	15 152 618	77 335
Western Norway	4 546 409	7 273	3 932 916	6 983
Southern Norway	5 597 857	13 781	5 343 134	15 091
Mid Norway	3 459 077	12 356	3 122 641	12 130
Northern Norway	1 967 336	6 475	1 744 507	6 130
Foreign	18 335 693	-	15 990 558	-
<b>SUM</b>	<b>51 292 298</b>	<b>128 526</b>	<b>45 286 375</b>	<b>117 670</b>

The distribution is undertaken on the basis of the customers' registered addresses.

## NOTE 13 PENSION EXPENSES

Santander Consumer Bank has a service pension scheme under the Act of Occupational Pension through Vital. In addition employees can take an early retirement pension at the age of 62. This scheme only applies to employees in Norway and forms part of a group agreement. The scheme gives the right to defined future benefits, which are mainly dependent on number of years worked, salary level at time of retirement and the amount of payment from national insurance fund. The agreement also includes a disability pension, a spouse's pension and a child pension. In addition there are pension commitments to certain employees additional to the ordinary collective agreement. This applies to employees with a lower pension age, employees with salary above 12 G and supplementary pensions. Pension costs from defined contribution schemes amounts to TNOK 23 042 incl payroll tax.

<b>Pension expenses</b>	<b>2012</b>	<b>2011</b>
Present value of year's pension earnings	19 081	18 293
Interest cost on accrued liability	10 303	10 746
Return on pension funds	-8 496	-8 602
Administration costs	1 181	1 387
Amortization of actuarial (gain) /loss	8 961	14 828
Accrual payroll tax	3 185	3 070
<b>Net Pension expenses</b>	<b>34 215</b>	<b>39 721</b>
<b>Pension liabilities in balance sheet</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Pension funds at market value	187 705	175 072
Estimated pension liability	318 473	352 431
<b>Net pension liability</b>	<b>130 768</b>	<b>177 359</b>
Difference not posted to P&L	-16 162	-78 784
<b>Capitalised net pension liability</b>	<b>114 606</b>	<b>98 575</b>
Payroll tax included with	14 089	19 858

The following assumptions have been used calculating future pensions.

	31.12.2012	31.12.2011
Discount rate	3,80%	3,30%
Expected return	4,00%	4,80%
Salary growth	3,50%	4,00%
G-adjustments	3,25%	3,75%
Increase in pensions being paid	3,25%	3,75%

The history of experience adjustments is as follows:

	2012	2011	2010
Present value of defined benefit obligation	318 473	352 431	338 230
Fair value of plan assets	-187 705	-175 072	-168 535
<b>Deficit</b>	<b>130 768</b>	<b>177 359</b>	<b>169 695</b>
<b>Experience adjustments on plan liabilities</b>			
<b>Experience adjustments on plan assets</b>			

Experience adjustments: The effects of differences between the previous actuarial assumptions and what has actually occurred)

Movements in the present value of the defined benefit obligation in the current year were as follows

	2012	2011
Opening defined benefit obligation	315 821	302 577
Current service cost	19 081	18 239
Interest cost	10 303	10 746
Contributions from plan participants	-7 212	-6 959
Actuarial (gains)/losses	-50 363	-8 783
Post service cost		
Losses/(gains) on curtailments		
Liabilities extinguished on settlements		
Liabilities assumed in business combination		
Exchange differences on foreign plans		
Benefits paid		
Others	14 680	
<b>Closing defined benefit obligation</b>	<b>302 310</b>	<b>315 821</b>

Movements in the present value of the plan assets in the current year were as follows

	2012	2011
Opening fair value of plan assets	175 072	168 535
Expected return on plan assets	8 496	8 602
Actuarial gains/(losses)	-3 408	-4 388
Exchange differences on foreign plans		
Contributions from the employer	14 026	8 053
Contributions from plan participants	-6 482	-5 731
Benefits paid		
Assets acquired in business combination		
Assets distributed on settlements		
Others (Describe)		
<b>Closing fair value of plan assets</b>	<b>187 705</b>	<b>175 072</b>

## NOTE 14 FINANCE LEASES

### Finance leases

Santander Consumer Bank AS owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Financial leasing" in the balance sheet at an amount equal to the net investment in the lease. The leased assets mainly comprise cars.

Reconciliation of gross investments and present value of future minimum lease payments:

All amounts in thousands of NOK	31 December	
	2012	2011
<b>Gross investment</b>		
Due in less than 1 year	3 998 595	4 023 142
Due in 1 - 5 years	1 495 710	1 357 625
Due later than 5 years		
<b>Total gross investment</b>	<b>5 494 305</b>	<b>5 380 766</b>
<b>Present value of future minimum lease payments receivable</b>		
Due in less than 1 year	3 902 560	3 926 193
Due in 1 - 5 years	1 394 462	1 201 163
Due later than 5 years		
<b>Total present value of future minimum lease payments receivable</b>	<b>5 297 022</b>	<b>5 127 356</b>
Unearned finance income		

Unguaranteed residual values accruing to the benefit of the lessor.

Accumulated allowance for uncollectible minimum lease payments receivable.

Contingent rents recognised as income in the period.

## NOTE 15 RECEIVABLES AND LIABILITIES TO COMPANIES IN THE SAME GROUP

Amounts in thousands of NOK	31.12.12	Interest 2012	31.12.11
<b>Santander Consumer Group</b>			
<b>Loans:</b>			
Loans from credit institutions	33 390 429	1 081 246	29 541 049
Of which			
<i>Santander Benelux</i>	31 856 960		27 732 335
<i>SantanderConsumer Finance S.A.</i>	1 533 469		1 808 714
Accrued interest /other debt	99 847		144 647
Subordinated Loan Capital	655 183	30 394	655 183
Of which			
<i>Banco Santander</i>	180 000		180 000
<i>Santander Benelux</i>	210 000		210 000
<i>SantanderConsumer Finance S.A.</i>	265 183		265 183
Accrued interest /other debt	617		805
<b>Subordinated Loan Capital</b>		<b>2012</b>	<b>2011</b>
MNOK 180, maturity September 2016, 3 months NIBOR +0.55%		180 000	180 000
MNOK 80, maturity October 2017, 3 months NIBOR +1.00%		80 000	80 000
MNOK 80, maturity September 2018, 3 months NIBOR +2.41%		80 000	80 000
MNOK 210, maturity June 2019, 6 months NIBOR +3.43%		210 000	210 000
MNOK 105 maturity December 2020 12 months EURIBOR +3,20%		105 183	105 183
<b>Total subordinated loan capital</b>		<b>655 183</b>	<b>655 183</b>

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no)



**NOTE 16 OWNERSHIP**

The share capital is divided into 364.846.912 shares, of NOK 10,- par value. All shares are owned by Santander Consumer Finance S.A. The annual consolidated accounts and the address of Santander Consumer S.A. in which Santander Consumer Bank AS is included, is published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

**NOTE 17 CAPITAL ADEQUACY**

All amounts in thousands of NOK	31.12.2012	31.12.2011
Core capital	5 358 786	5 011 377
Eligible supplementary capital	557 804	619 183
<b>Total primary capital</b>	<b>5 916 590</b>	<b>5 630 560</b>
<b>Minimum capital requirement (pillar I)</b>		
Credit risk	3 565 889	3 139 479
Market risk	15 669	15 558
Operational risk	291 198	264 687
Deductions in capital requirement	-52 756	-43 471
<b>Total minimum capital requirement (pillar I)</b>	<b>3 820 000</b>	<b>3 376 253</b>
Capital ratio	12,39%	13,34%
Core capital ratio	11,22%	11,87%

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). Information according to Pillar 3 will be published at [www.santander.no](http://www.santander.no).

**NOTE 18 INTEREST EXPENSES**

All amounts in thousands of NOK

The table show average interest rate as of 31.12.2012. Average interest is calculated as actual interest cost through the year in percent of average balance.

To credit institutions	2012	2011
Interest expenses	1 080 961	994 023
Average loan	33 603 782	30 316 872
<b>Average nominal interest rate</b>	<b>3,17%</b>	<b>3,23%</b>
To customers	2012	2011
Interest expenses	8 209	8 392
Average deposit	249 302	270 866
<b>Average nominal interest rate</b>	<b>3,24%</b>	<b>3,06%</b>
To bondholders	2012	2011
Interest expenses	23 781	43 634
Average issued notes and bonds	618 541	1 247 201
<b>Average nominal interest rate</b>	<b>3,78%</b>	<b>3,44%</b>

**NOTE 19 GUARANTEE LIABILITIES**

Santander Consumer Bank AS has as at 31.12.2012 a guarantee liability of 145,8 MNOK. This is mainly payment guarantees.

## NOTE 20 INVESTMENTS IN SUBSIDIARIES

Santander Consumer Bank AS owns 100% of the stocks in Santander Consumer Finance OY. The address is Hermannin Rantatie 10, 00580 Helsinki, Finland.

To reduce the risk related to changes in foreign exchange values it is established a hedge loan on EUR 138 millions.

As of 31.12.2011 the following changes on the hedge loan and the owner interests in Santander Consumer Finance OY are booked:

Adjustment of the hedge loan on EUR 138 million to the exchange value as of 31.12.12:	NOK 205 millions
Historical cost price of the stocks in Santander Consumer Finance OY	NOK 1159 millions
+ Adjusted value on the shares due to the hedge loan	NOK -205 millions
= Book value of the stocks in Santander Consumer Finance OY	NOK 954 millions

Company name	Share capital (1,2)	Number of shares	Book value (1)	Equity (1)	Result 2012 (1)	Result 2011 (1,2)
Santander Consumer Finance OY	798 560	600 000	953 971	1 068 986	139 462	127 220

(1) amounts in thousands of NOK

(2) Incl share capital premium

(3) Incl merged company SCF Rahoitus OY and SCF Ajoneuro-hallinto LTD

## NOTE 21 CLASSIFICATION OF FINANCIAL INSTRUMENTS

All amounts in thousands of NOK

Classification of financial assets as of 31 December 2012	Financial assets at fair value through Profit or Loss – Held for trading	Held to maturity investments	Loans and receivables	Booked value	Fair value
Deposits with and receivables on financial institutions			1 574 650	1 574 650	1 574 650
Deposits with Norwegian financial institutions			1 574 650	1 574 650	1 574 650
<b>Total deposits with and loans to financial institutions</b>	-	-	<b>1 574 650</b>	<b>1 574 650</b>	<b>1 574 650</b>
<b>Loans to customers</b>					
Credit cards			2 173 483	2 173 483	2 173 483
Unsecured loans			1 722 365	1 722 365	1 722 365
Instalment loans			37 417 193	37 417 193	37 417 193
Financial leasing			9 979 257	9 979 257	9 979 257
<b>Total loans before individual and group write-downs</b>	-	-	<b>51 292 298</b>	<b>51 292 298</b>	<b>51 292 298</b>
-Individual write-downs			74 784	74 784	74 784
-Group write-downs			659 449	659 449	659 449
<b>Net loans</b>	-	-	<b>50 558 066</b>	<b>50 558 066</b>	<b>50 558 066</b>
<b>Comm papers, bonds and other fixed-income securities</b>					
Commercial papers and bonds			4 585 388	4 585 388	4 585 388
<b>Total comm. papers, bonds and other fixed-income securities</b>	-	-	<b>4 585 388</b>	<b>4 585 388</b>	<b>4 585 388</b>
<b>Financial derivatives</b>					
Financial derivatives	142 735			142 735	142 735
<b>Sum financial derivatives</b>	<b>142 735</b>	-	-	<b>142 735</b>	<b>142 735</b>
<b>Ownership interests in group companies</b>					
Ownership interest in credit institutions					-
<b>Sum ownership interest in group companies</b>	-	-	-	-	-
<b>Other assets</b>					
Operational leasing					-
Other assets					-
<b>Sum other assets</b>	-	-	-	-	-
<b>Total financial assets</b>	<b>142 735</b>	-	<b>56 718 103</b>	<b>56 860 838</b>	<b>56 860 838</b>

All amounts in thousands of NOK	Financial liabilities at fair value through Profit or Loss – Held for trading	Financial liabilities measured at amortised cost	Booked value	Fair value
<b>Classification of financial liabilities as of 31 December 2012</b>				
Debt to credit institutions				
Loans and deposits from credit institutions		50 838 563	50 838 563	50 838 563
<b>Total loans and deposits from financial institutions</b>	-	<b>50 838 563</b>	<b>50 838 563</b>	<b>50 838 563</b>
<b>Deposits from and debt to customers</b>				
Deposits from and debt to customers repayable on notice		282 299	282 299	282 299
<b>Total deposits from customers</b>	-	<b>282 299</b>	<b>282 299</b>	<b>282 299</b>
<b>Debt established by issuing securities</b>				
Certificates and other short term loan raising			-	
Bonds and other long term loan raising		249 854	249 854	249 854
<b>Total debt established by issuing securities</b>	-	<b>249 854</b>	<b>249 854</b>	<b>249 854</b>
<b>Other debt</b>				
			-	
<b>Subordinated loan capital</b>				
Other subordinated loan capital		655 183	655 183	655 183
<b>Total subordinated loan capital</b>	-	<b>655 183</b>	<b>655 183</b>	<b>655 183</b>
<b>Total financial liabilities</b>	-	<b>52 025 899</b>	<b>52 025 899</b>	<b>52 025 899</b>

All amounts in thousands of NOK	Financial assets at fair value through Profit or Loss – Held for trading	Held to maturity investments	Loans and receivables	Booked value	Fair value
<b>Classification of financial assets as of 31 December 2011</b>					
Deposits with and receivables on financial institutions					
Deposits with Norwegian financial institutions			592 585	592 585	592 585
<b>Total deposits with and loans to financial institutions</b>	-	-	<b>592 585</b>	<b>592 585</b>	<b>592 585</b>
<b>Loans to customers</b>					
Credit cards			1 894 581	1 894 581	1 894 581
Installment loans			34 109 784	34 109 784	34 109 784
Financial leasing			9 282 009	9 282 009	9 282 009
<b>Total loans before individual and group write-downs</b>	-	-	<b>45 286 375</b>	<b>45 286 375</b>	<b>45 286 375</b>
- Individual write-downs			64 206	64 206	64 206
- Group write-downs			543 390	543 390	543 390
<b>Net loans</b>	-	-	<b>44 678 779</b>	<b>44 678 779</b>	<b>44 678 779</b>
<b>Comm papers, bonds and other fixed-income securities</b>					
Commercial papers and bonds			3 017 020	3 017 020	3 017 020
<b>Total comm. papers, bonds and other fixed-income securities</b>	-	-	<b>3 017 020</b>	<b>3 017 020</b>	<b>3 017 020</b>
<b>Ownership interests in group companies</b>					
Ownership interest in credit institutions				-	-
<b>Sum ownership interest in group companies</b>	-	-	-	-	-
<b>Other assets</b>					
Operational leasing	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Sum other assets</b>	-	-	-	-	-
<b>Total financial assets</b>	-	-	<b>48 288 384</b>	<b>48 288 384</b>	<b>48 288 384</b>

All amounts in thousands of NOK	Financial liabilities at fair value through Profit or Loss – Held for trading	Financial liabilities measured at amortised cost	Booked value	Fair value
<b>Classification of financial liabilities as of 31 December 2011</b>				
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions		42 112 120	42 112 120	42 112 120
<b>Total loans and deposits from financial institutions</b>	-	<b>42 112 120</b>	<b>42 112 120</b>	<b>42 112 120</b>
Deposits from and debt to customers				
Deposits from and debt to customers repayable on notice		258 827	258 827	258 827
<b>Total deposits from customers</b>	-	<b>258 827</b>	<b>258 827</b>	<b>258 827</b>
Debt established by issuing securities				
Certificates and other short term loan raising	-	-	-	-
Bonds and other long term loan raising		854 415	854 415	854 415
<b>Total debt established by issuing securities</b>	-	<b>854 415</b>	<b>854 415</b>	<b>854 415</b>
<b>Other debt</b>	-	-	-	-
<b>Subordinated loan capital</b>				
Other subordinated loan capital		655 183	655 183	655 183
<b>Total subordinated loan capital</b>	-	<b>655 183</b>	<b>655 183</b>	<b>655 183</b>
<b>Total financial liabilities</b>	-	<b>43 880 545</b>	<b>43 880 545</b>	<b>43 880 545</b>

## NOTE 22 ISSUED SECURITIES

All amounts in thousands NOK	2012	2011
Issued commercial papers	-	-
Issued bonds	249 854	854 415
<b>Total liability issued securities</b>	<b>249 854</b>	<b>854 415</b>

### Changes in liability issued securities

All amounts in thousands NOK	Book value 31.12.11	New issues/ repurchase	Payments	Amortisation	Book value 31.12.12
Issued commercial papers					-
Issued bonds	854 415		-605 127	566	249 854
<b>Total liability issued securities</b>	<b>854 415</b>	-	<b>-605 127</b>	<b>566</b>	<b>249 854</b>

### Specification of issued securities

All amounts in thousands NOK

#### Bonds

ISIN number	Issuer	Net nominal value	Currency	Interest	Call date	Book value 31.12.12
NO0010588080	Santander Consumer Bank AS	250 000	NOK	Floating	24.09.2013	249 400
						454
Totals issued bonds						249 854
<b>Repurchase</b>						
Repurchased own issued bonds						-
Total repurchased own securities						-
<b>Total issued securities</b>						<b>249 854</b>

## NOTE 23 RISK MANAGEMENT

### Credit risk/counterparty risk

Counterparty credit risk is considered to be the most significant risk for the bank. Credit risk is to be kept at a level that over time corresponds to the average of companies within the Santander Consumer Finance group, taken into account differences among the companies with regard to collection and product mix. The company has established credit policies that ensure a good diversification among the customers with regard to geography, occupation, or age among others. Single large credit exposures are to be reported to the Board.

Credit process and policies describe the guiding principles for the type of customer that Santander wants. Processes are divided into "Standardised" and "Non-Standardised"; where Standardised credit follows a standard, very much automated credit approval process and Non-Standardised (Credits which do not meet the score requirements, larger credit and credit limits, as well as stock finance) are handled individually. Such credits are granted according to delegated credit authorities in accordance with current credit policy.

The assessment of customers or transactions using rating or scoring systems constitutes a judgment of their credit quality, which is quantified through the probability of default (PD), in accordance with Basel II terminology. In addition to customer assessment, the quantification of credit risk requires the estimation of other parameters, such as exposure at default (EAD) and the percentage of EAD that will not be recovered (loss given default or LGD). Therefore, other relevant factors are taken into account in estimating the risk involved in transactions, such as the quantification of off-balance-sheet exposures, which depends on the type of product, or the analysis of expected recoveries, which is related to existing guarantees and other characteristics of the transaction: type of product, term, etc. These factors are the main credit risk parameters. Their combination facilitates calculation of the probable loss or expected loss (EL). This loss is considered to be an additional cost of the activity which is reflected in the risk premium and must be charged in the transaction price.

### Market risk

Santander Consumer Bank AS' strategy is to not take on market risk in excess of what follows directly from the operation of the company. Market risk for the company is connected to currency positions as a result of operations in Sweden, Finland, and Denmark. Treasury policy limits possible exposure for each currency and the same limit applies to the total net currency position. Treasury policy further specifies that currency risk should be minimized as far as possible through asset and debt items being in the same currency.

Santander Consumer Bank AS does not have a trading portfolio or positions in securities, commodities etc. Risk that follows from the company's net currency position is considered low in relation to the company's size, and is considered to involve an increased capital requirement in excess of the Pillar 1 requirement with 10% of maximum allowed net position from currency in treasury policy; currently this corresponds to 10 mill NOK, particularly as unused credit card limits are not included in the Pillar I capital requirement.

### Liquidity risk

Santander Consumer Bank AS's liquidity situation is monitored continuously. Treasury Policy lays down minimum levels for available liquidity and trigger levels for obtaining new liquidity. SCB has a goal of establishing more financing from outside the Santander group. Reducing Santander Group dependencies and establishing SCB as an issuer in the Nordic and International debt capital markets gives the bank on a standalone basis a better position to cope with a short to medium term liquidity crisis. The short dated nature of the bank's assets also constitutes a significant liquidity risk reducing factor. This gives a possibility to generate liquidity by reducing new business should the need arise.

### Operational risk

For operational risk, the basis method is used. In the company's risk assessments, no areas of operational risk have been identified that involve a loss potential in excess of that covered under Pillar 1. The company's review of the risk situation is timed so that it can coincide as far as possible with the company's plan and budget processes, so that any conclusions and risk-reducing measures can be taken into consideration in the company's plans.

The company has satisfactory monitoring and follow-up of operational risks. This is based both on the checks that were carried out in the company's own internal audit (contracted out to a third party) and on the checks carried out by the group's internal Audit function. The company's own risk assessments carried out in connection with the annual internal checking process were also used as a basis for evaluation. The bank has securitized a significant part of its Norwegian, Swedish and Finnish car loan portfolios and is currently in a new process of securitizing a portion of its Danish car loan portfolio. The securitization has not and will not affect front or back systems in any significant way. All systems remain the same but there are some additional information extracted for management and reporting purposes. The quality of the institution's risk management process is otherwise considered to be good and under development as a result of Basel II IRB project.

## NOTE 24 SECURITIZATION

The balance of "Loans to customers - Installment loans" in the balance sheets includes, inter alia, the securitized loans transferred to third parties on which the Group has retained risk, albeit partially, and which therefore, in accordance with current accounting standards, cannot be derecognized. The breakdown of the securitized loans, classified on the basis of whether the requirements stipulated for derecognition were met, is as follows:

All amounts in thousands of NOK	2012	2011
Derecognized	0	0
Retained in the balance sheet	17 368 226	12 024 712
<b>Total</b>	<b>17 368 226</b>	<b>12 024 712</b>

The securitized assets relate basically to vehicle financing.

## NOTE 25 HEDGING OF NET INVESTMENT IN FOREIGN OPERATIONS

The risk that is hedged is a fx-risk regarding the fair value in Subsidiary Santander Consumer Finance OY Finland.

The instruments that are used are loans in EUR.

Amounts in thousands NOK	2012					
	Carrying amount <sup>1)</sup>		Gain/loss recognised in P & L	Gain/loss recognised in carrying amount of investment	Fair value <sup>1)</sup>	
	Assets	Liabilities			Assets	Liabilities
Hedging instrument (loan)						
NL00042 Deposit		95 528				95 528
NL00074 Deposit		36 742				36 742
NL00076 Deposit		293 932				293 932
NL00080 Deposit		110 225				110 225
NL00095 Deposit		382 112				382 112
NL00075 Subordinated loan		95 528				95 528
Fx-rate effect			53 958			
Investment (underlying object)						
Fair value in S. Consumer OY	953 971				953 971	
Fx-rate effect			- 52 669			
<b>Total</b>	<b>953 971</b>	<b>1 014 065</b>	<b>1 289</b>	<b>0</b>	<b>953 971</b>	<b>1 014 065</b>

Amounts in thousands NOK	2011					
	Carrying amount <sup>1)</sup>		Gain/loss recognised in P & L	Gain/loss recognised in carrying amount of investment	Fair value <sup>1)</sup>	
	Assets	Liabilities			Assets	Liabilities
Hedging instrument (loan)						
NL00042 Deposit		100 802				100 802
NL00074 Deposit		38 770				38 770
NL00076 Deposit		310 160				310 160
NL00080 Deposit		116 310				116 310
NL00087 Deposit		77 540				77 540
NL00088 Deposit		286 898				286 898
NL00087 Subordinated loan		100 802				100 802
Investment Fair value in S. Consumer OY	1 006 640				1 006 640	
<b>Total</b>	<b>1 006 640</b>	<b>1 031 282</b>	<b>0</b>	<b>0</b>	<b>1 006 640</b>	<b>1 031 282</b>

**NOTE 26 OPENING BALANCE 01.01.2011**

The transition to IFRS have not lead to any change in accounting principals for Santander Consumer Bank.

**Balance sheet - Assets 01.01.2011**

All amounts in thousands of NOK	Note	ScB AS
Cash and receivables on central banks		0
Cash and receivables on central banks		0
<b>Total cash and receivables on central banks</b>		<b>0</b>
<b>Deposits with and receivables on financial institutions</b>		
Deposits with and receivables on financial institutions		85 429
<b>Total deposits with and loans to financial institutions</b>		<b>85 429</b>
<b>Loans to customers</b>		
Credit Card		1 647 403
Unsecured loans		0
Installment loans		29 981 090
Financial leasing	7	8 455 394
<b>Total loans before individual -and groupwise write-downs</b>		<b>40 083 887</b>
- Individual write-downs	2,3,5	44 845
- Groupwise write-downs	2,3,5	487 591
<b>Net loans</b>		<b>39 551 451</b>
<b>Repossessed assets</b>		
	4	13 268
<b>Commercial papers, bonds and other fixed-income securities</b>		
Commercial papers, bonds and other fixed-income securities		0
Commercial papers and bonds	22	0
<b>Total commercial papers, bonds and other fixed-income securities</b>		<b>0</b>
<b>Financial derivatives</b>		
Financial derivatives		0
<b>Total financial derivatives</b>		<b>0</b>
<b>Ownership interests in group companies</b>		
Ownership interest in credit institutions	20,25	1 223 501
<b>Sum ownership interests in group companies</b>		<b>1 223 501</b>
<b>Intangible assets</b>		
Goodwill	7	106 343
Deferred tax assets	6	0
Other intangible assets	7	161 923
<b>Total intangible assets</b>		<b>268 266</b>
<b>Fixed assets</b>		
Machinery, fittings and vehicles	7	22 353
Operational leasing		0
<b>Total fixed assets</b>		<b>22 353</b>
<b>Other assets</b>		
Consignment		278 421
Other assets		88 302
<b>Total other assets</b>		<b>366 723</b>
<b>Prepayments and earned income</b>		
Earned income not received and prepaid expenses not incurred		81 663
<b>Total prepayments and earned income</b>		<b>81 663</b>
<b>Total assets</b>		<b>41 612 654</b>

### Balance sheet - Liabilities and equity 01.01.2011

All amounts in thousands of NOK	Note	ScB AS
<b>Debt to credit institutions</b>		
Loans and deposits from credit institutions with an agreed term	1,15,18,25	33 750 584
<b>Total loans and deposits from financial institutions</b>		<b>33 750 584</b>
<b>Deposits from and debt to customers</b>		
Deposits from and debt to customers repayable on notice	18	284 968
<b>Total deposits from customers</b>		<b>284 968</b>
Financial derivatives		0
<b>Total financial derivatives</b>		<b>0</b>
<b>Debt established by issuing securities</b>		
Certificates and other short term loan raising	22	504 833
Bonds and other long term loan raising	22	776 910
<b>Total debt established by issuing securities</b>		<b>1 281 743</b>
<b>Other debt</b>		
Other debt	6	377 790
<b>Total other debt</b>		<b>377 790</b>
<b>Allocations for expenses incurred and liabilities</b>		
Expenses incurred and earned income not received		405 414
Pension liabilities	13	71 080
Deferred tax	6	397 495
<b>Total allocations for liabilities</b>		<b>873 989</b>
<b>Subordinated loan capital</b>		
Other subordinated loan capital	15	655 183
<b>Total subordinated loan capital</b>		<b>655 183</b>
<b>Total liabilities</b>		<b>37 224 257</b>
<b>Paid-in equity</b>		
Share capital	16	2 662 469
Share capital premium		891 314
Paid-in, not registered share capital		0
<b>Total paid-in equity</b>		<b>3 553 783</b>
<b>Earned equity</b>		
Other equity		834 613
<b>Total earned equity</b>		<b>834 613</b>
<b>Total equity</b>		<b>4 388 396</b>
<b>Total liabilities and equity</b>		<b>41 612 654</b>
<b>Conditional liabilities</b>		
Guarantee liabilities	19	124 726





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To the Annual Shareholders' Meeting of Santander Consumer Bank AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Santander Consumer Bank AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at December 31, 2012, and profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Santander Consumer Bank AS and of the group as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.



### **Report on Other Legal and Regulatory Requirements**

#### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, March 20, 2013  
Deloitte AS

A handwritten signature in blue ink, appearing to read "Jørn Borchgrevink".

Jørn Borchgrevink  
State Authorised Public Accountant (Norway)

## Kontrollkomitéens uttalelse

### *Til Representantskapet og Generalforsamlingen i Santander Consumer Bank AS*

Kontrollkomitéen i Santander Consumer Bank AS har gjennom regnskapsåret 2012 ført tilsyn med banken i henhold til Forretningsbankloven § 13 og forskrift om instruks for kontrollkomiteer fastsatt av Finanstilsynet 18. desember 1995.

Kontrollkomitéen har gjennomgått årsregnskapet for 2012 for Santander Consumer Bank AS, styrets årsberetning for 2012 og revisors beretning for 2012.

Komiteen finner at styrets vurdering av bankens økonomiske stilling er dekkende, og anbefaler at bankens årsregnskap for 2012 fastsettes.

Lysaker, 20. mars 2013



Finn Myhre

Leder



Egil Dalviken

Nestleder



Tone Bjørnov

Medlem



Terje Sommer

Varamedlem

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*Translation from the original Norwegian version:*

### **The statement of the control committee**

To the Committee of Representatives and to the General Shareholder's meeting.

The Control Committee in Santander Consumer Bank AS has through the fiscal year 2012 kept attention with the bank according to the commercial bank law 13th § and instructions for the control committees set by the Securities Commission December 18th, 1995

The Control Committee has gone through the Annual Report for 2012 of Santander Consumer Bank AS, the Annual Report for the Group for 2012, the Board of Directors Annual Report for 2012 and the Auditors Report for 2012.

The committee finds the Board of Directors evaluation of the banks economic position is adequate and recommends that the Annual Report is determined for the bank for 2012.

## **SANTANDER CONSUMER BANK**

Santander Consumer Bank AS is a wholly-owned subsidiary of Santander Consumer Finance S.A. which is part of Grupo Santander, one of the world's leading banking groups. Santander Consumer Finance number one in the Eurozone within car and leisure finance. The company is represented in 14 countries in Europe, and the Nordic region is an area of prioritization.

Santander Consumer Bank AS's main products are auto and leisure finance, as well as consumer loans and credit cards (Gebyrfri Visa, Flexi Visa and Santander Red). The company is the Norwegian market leader in auto finance, and holds substantial operations in Sweden, Finland and Denmark.

The goal of Santander Consumer Bank AS is to be one of the leading companies in the Nordics. The company has 600 employees in Norway, Sweden, Finland and Denmark, and its total assets is NOK 65 billion.

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