

ANNUAL REPORT  
2011

Santander Consumer Bank Nordics  
(Group)

Santander Consumer Bank AS  
(Organization number 983 521 592)

# INDEX

<b>Index</b>	2
Vision & Values	3
Report of the board of directors 2011	4
<b>Annual accounts</b>	8
Profit and loss account	8
Balance sheets – Assets	9
Balance sheets – Liabilities and equity	10
Accounting principles	11
Notes Santander Consumer Bank Group	16
Cashflow statement	27
Notes Santander Consumer Bank AS	28
Cashflow statement	40
Auditor's report	41
Statement of the control committee	43
<b>Organization</b>	45
Organization chart	45

# VISION & VALUES

## OUR VISION

**To be one of the leading Nordic companies within car, leisure and consumer finance.**

## OUR VALUES

### **Leadership**

We strive to be leaders in all the markets where we are present, by having the best teams and constantly focusing on our customers and results.

### **Innovation**

An ongoing search for products and services that meet our customers' needs and allow us to outperform our competitors.

### **Dynamism**

We take the initiative and are always alert, moving in on new business opportunities before our competitors. We also have the flexibility to move with market changes.

### **Strength**

Our solid balance sheet and careful risk management are the best guarantees of our capacity to grow and create long-term value for our shareholders.

### **Sales focus**

The customer is the focal point of our strategy. We strive to improve the way we engage and satisfy our customers continually, as well as earning their loyalty by providing a wide range of products and services, and offering the best quality service.

### **Professional ethics**

Beyond merely complying with legal requirements, Codes of Conduct and internal rules, we expect all Santander employees do their job with the utmost honesty and transparency, always putting the Group's interests before personal considerations.

# REPORT OF THE BOARD OF DIRECTORS 2010

**2011 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 973 M in 2010 to NOK 1.128 M in 2011. PBT represents a Return on Net Earning Assets (ROA) of 2,15 %. Total assets of the Nordic group amounted to NOK 57,2 MM year-end against NOK 51,0 MM in 2010. 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 2011, 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 countries there has been a growth of 7-8 % in car sales on average.

The credit card (Norway) business has grown 16 % which is well above market growth. Consumer loans (Finland and Norway) has again rebounded in new business volumes after suffering from advance market conditions the last years.

## **Norway**

The market for sale of new and used cars increased by 7 %. The business unit has performed well in 2011 concluding 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 26.800 M

### Sweden

The Swedish economy performed strongly in the 1st half of 2011, thereafter levelling out. New car sales increased by 5%. Net outstanding at year end amounted to NOK 9.900M a growth of 13 % compared to the preceeding year. Despite strong competition, the market share has declined slightly to a level of 15%. SCB is among the 3 largest within the area of car financing. PPI was launched on the Swedish market on 2011 with great success.

### Denmark

The Business Unit started up as a branch in 2007 and has expanded strongly since then, partly through organic growth and an acquisition. The main activity in SCB is car financing and leasing, The car market in Denmark in 2011 was the biggest ever, and for SCB a number of new dealer agreements were concluded. SCB is market leader with a market share of 20 %. Total net outstanding at year end amounted to NOK 6.700 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 2011 increased by 13% with particular strong growth for new car registrations. SCB at year end had a market share of 22 % positioning it as no. 2 in the Car finance market. In the Consumer Loan business new business volumes has increased after declining volumes since the GE Money acquisition. Net outstanding amounted to NOK 10.000 M at year end.

### Credit cards

The credit card business operates only in Norway. The business has 260.000 cards and has experienced a robust growth of 16 % in its lending portfolio during 2011, which is well above the average for the last years. 2011 has been characterized by many different activities to increase the efficiency of the business introducing electronical identification, self-services on my page and tuning of the application processes. The Credit Card business has also launched customized PIN and Health Insurance. The market share has increased to 6 % in 2011.

### 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 has taken steps to diversify its funding sources, and has in 2011 securitized parts of the car loan portfolio. The bank completed in 2011 two large securitization transactions in Norway. The introduction of securitization is in line with the Santander Group strategy of gaining access to alternative sources of funding. The interest rate risk is covered on an outgoing basis by balancing the interest terms for assets and liabilities. The bank is planning to continue to securitize parts of the portfolio 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 or 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 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 hampered by the turmoil, and 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 5,481 M as of 31.12.2011, which gives a capital ratio of 10.85 %. Core capital was NOK 4,862 M, which gives a core capital ratio of 9.63 %. The net equity and subordinated capital for Santander Consumer Bank AS amounted to NOK 5,631 M, which gives a capital ratio of 13.34 %. Core capital amounted to NOK 5,011 M, which gives a core capital ratio of 11.87 %.

The ICAAP (internal capital adequacy assessment process) is integrated in the bank'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 1.128 M against NOK 973 M in 2010 representing a growth of 15,9 %.

Net interest income and credit commissions has grown moderately due to the increase in liquidity spreads and increased competition. Net commissions and other commission income however has had a robust growth as a result of increasing insurance commissions (PPI) and a higher activity level.

The increase in salaries and administrative expenses comes mostly from external fees and expenses related to the two securitization projects in 2011 as well as strengthening the organisational infrastructure of the bank. The Costs to Income factor for the Group was 39,8 % which is well below the average level of most other Nordic Banks.

Total loan loss provisioning has decreased considerably as a result of improved credit and collection processes as well as better pricing of sale of collection portfolios. Net loan losses is equivalent to 0,54 % of the net average loan portfolio.

Gross defaulted- and exposed engagements at year end stood at NOK 1.026.8M which represents 1.92% of net loan portfolio. Individual- and group write downs amount to NOK 923.1M which leaves net non-performing loans at NOK 103.8M equivalent to 0.19% of net loan portfolio.

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 57.192 M compared to NOK 50.968 M the year before. The asset growth has been particularly strong in Denmark and Sweden.

In the opinion of the Board, the annual accounts provide a true and fair view of the company's result for 2011 and its financial position as at 31.12.11. Profit after tax for SCB AS in 2011 was NOK 600 M, and for the Group NOK 816 M.

Under § 8-1 of the Companies Act. As of December 31st 2011 the company has distributable equity of NOK 571,6 M for 2011. It is proposed to transfer the profit for the year to other equity.

In 2011 net cash flow from operations amounted to NOK -3 665 M in SCB and NOK -2 482 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 Boards 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 score cards were introduced in December 2010, which have contributed to a reduction in credit losses.

In 2011 credit losses at Nordic group level came to NOK 281 M and for SCB NOK 325 M. At group level this corresponds to 0,52 % of average gross loan amounts, compared to 1,03 % in 2010. The decrease in credit losses is mainly driven by the implementation of new internally developed scorecards late 2010, improved collection processes in all business units, together with a strong focus on active portfolio management. A specific contributor to the good result was also the execution of bad debt sale transactions across the Nordic region.

Good performance on repossession and remarketing of assets together with improvements at early collection processes contributed to a decrease of gross non-performing loans from 2,14 % in 2010 to 1,83 % in 2011 at group level and from 2,25 % to 1,95 % for SCB.

The level of write-downs decreased to NOK 923 M. Finland's write downs decrease is driven by portfolio development, while the increase of write-downs in Norway, Sweden and Denmark is driven by rise in new business volumes and a consequent increase in loan amounts. 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 545 employees (exclusive temporary employees), of which 76 worked in Sweden, 63 in Denmark, 111 in Finland and 295 in Norway. In 2011 the sick leave rate was 4,57 %. The Board is not aware of any personal injuries in the workplace in 2011.

The working environment in the company is considered to be good, and is assessed yearly through an employee opinion survey that had 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 2011 year end 55 % of employees were women.

2011 has been characterised as a challenging 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 2011.

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

At the end of March 2012, Erik Kongelf – CEO – will retire after 40 years with the company. Michael Hvidsten – CRO – will succeed in the position as CEO.

## Outlook for 2011

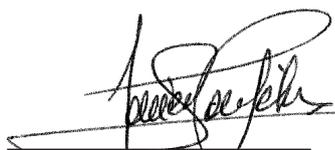
Countries within the Nordics have manouvered fairly well through the financial crisis, though with differences from country to country. Overall, key macro indicators such as unemployment have stabilised or decreased, inflation at low levels, real estate prices are robust in most countries and consumer confidence is satisfactory.

Car sales are expected to drop between 2-5% across the cluster in 2012, much due to 2011 being a record year in terms of number of units. Cards & Consumer Loans are expected to follow the trend of previous years, with an estimated 5% increase.

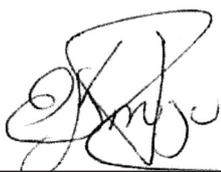
During the last years funding and liquidity markets have undergone great changes with increased focus on more stable funding with longer durations. As a consequence credit spreads have gone up sharply. With new international liquidity regulations gradually being implemented, we expect that cost of money will stabilise at high levels. SCB will continue the path towards an increased level of self funding over the next years with emphasize on asset backed funding and commercial paper programs.

For 2012 there will be strong focus on control of pricing and margins, and risk management. Santander Nordic plans for another year of strong growth in volumes and net earnings.

Lysaker, March 28<sup>th</sup> 2012



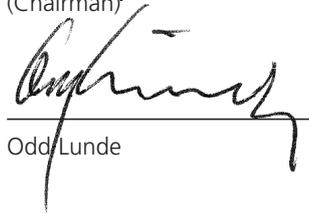
Javier San Felix Garcia  
(Chairman)



Eduardo Garcia Arroyo  
(Deputy Chairman)



Javier Anton San Pablo



Odd Lunde



Bjørn Elvestad



Vibeke Hamre Krey  
(Employee Representative)



Erik Kongelf  
(Chief Executive Officer)

# PROFIT AND LOSS ACCOUNT

Group		Santander Consumer Bank AS			
2011	2010	All amounts in thousands of NOK	Note	2011	2010
		Interest income and similar income			
8 045	9 311	Interest and similar income on loans to and receivables from credit institutions		315 433	7 785
3 908 000	3 406 400	Interest and similar income on loans to and receivables from customers		3 105 061	2 595 602
0	0	Interest and similar income on comm. paper, bonds and other securities		66 845	0
<b>3 916 045</b>	<b>3 415 711</b>	<b>Total interest income and similar income</b>		<b>3 487 339</b>	<b>2 603 387</b>
		<b>Interest expenses and similar expenses</b>			
1 237 988	1 084 127	Interest and similar expenses on debt to credit institutions	18	1 636 928	843 628
8 392	8 210	Interest and similar expenses on deposits from and debt to customers	18	8 392	8 210
269 612	12 175	Interest and similar expenses on issued commercial papers and bonds	18	43 634	12 175
32 251	29 952	Interest on subordinated loan capital	15	32 251	29 952
12 992	24 236	Other interest expenses and similar expenses		2 119	23 938
<b>1 561 235</b>	<b>1 158 700</b>	<b>Total interest expenses and similar expenses</b>		<b>1 723 324</b>	<b>917 903</b>
<b>2 354 810</b>	<b>2 257 011</b>	<b>Net interest and credit commission income</b>		<b>1 764 015</b>	<b>1 685 484</b>
		<b>Commission income</b>			
3 473	2 035	Guarantee commissions		1 464	1 053
229 053	139 883	Other commissions and fees		201 296	135 096
<b>232 526</b>	<b>141 918</b>	<b>Total commission income and income from banking services</b>		<b>202 760</b>	<b>136 148</b>
		<b>Commission expenses</b>			
122 599	127 470	Other fees and commission expenses		91 079	122 185
<b>122 599</b>	<b>127 470</b>	<b>Total commission expenses and expenses from banking services</b>		<b>91 079</b>	<b>122 185</b>
		<b>Net value change and gain/loss on foreign exchange and securities</b>			
-1 865	-2 247	Net value change and gain/loss on foreign exchange and securities		1 734	3 178
<b>-1 865</b>	<b>-2 247</b>	<b>Total value change and gain/loss on foreign exchange and securities</b>		<b>1 734</b>	<b>3 178</b>
		<b>Other operating income</b>			
27 720	28 604	Other operating income		25 460	20 188
<b>27 720</b>	<b>28 604</b>	<b>Total other operating income</b>		<b>25 460</b>	<b>20 188</b>
		<b>Salaries and administration expenses</b>			
529 121	434 732	Salaries, fees and other personnel expenses		384 934	334 791
405 774	334 010	Of which: – Salaries	1	272 827	251 715
68 242	51 814	– Pensions	13	60 294	43 841
55 105	48 908	– Social costs		51 812	39 235
303 983	254 824	Administration expenses		250 172	202 396
<b>833 104</b>	<b>689 556</b>	<b>Total salaries and administration expenses</b>		<b>635 106</b>	<b>537 187</b>
		<b>Ordinary depreciation</b>			
56 034	46 106	Ordinary depreciation	7	50 571	41 864
112 527	103 636	Ordinary depreciation operational leasing		0	0
<b>168 561</b>	<b>149 742</b>	<b>Sum ordinary depreciation</b>		<b>50 571</b>	<b>41 864</b>
<b>79 799</b>	<b>84 334</b>	<b>Other operating expenses</b>		<b>56 816</b>	<b>48 054</b>
		<b>Losses on loans, guarantees etc</b>			
281 429	400 936	Loan losses	2	324 619	324 652
<b>281 429</b>	<b>400 936</b>	<b>Total losses on loans, guarantees etc</b>		<b>324 619</b>	<b>324 652</b>
<b>1 127 698</b>	<b>973 248</b>	<b>Operating result</b>		<b>835 780</b>	<b>771 057</b>
311 347	270 719	Taxes charge	6	235 343	217 815
<b>816 351</b>	<b>702 529</b>	<b>Profit after tax</b>		<b>600 436</b>	<b>553 242</b>
		Allocation of profit after tax			
<b>816 351</b>	<b>702 529</b>	<b>Transferred to other earned equity</b>	14	<b>600 436</b>	<b>553 242</b>
<b>816 351</b>	<b>702 529</b>	<b>Total allocations</b>		<b>600 436</b>	<b>553 242</b>

## STATEMENT OF COMPREHENSIVE INCOME

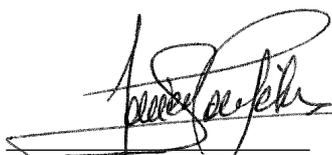
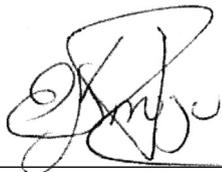
Group		Santander Consumer Bank AS			
2011	2010	All amounts in thousands of NOK	Note	2011	2010
2 315	5 491	Net exchange differences on translating foreign operations		456	-575
816 341	702 529	Profit after tax for the period		600 436	553 242
<b>818 656</b>	<b>708 020</b>	<b>Total comprehensive income for the period</b>		<b>599 980</b>	<b>552 667</b>

## BALANCE SHEET – ASSETS

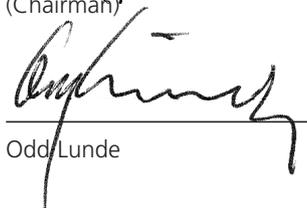
Group		Santander Consumer Bank AS			
31.12.11	31.12.10	All amounts in thousands of NOK	Note	31.12.11	31.12.10
		Cash and receivables on central banks			
0	0	Cash and receivables on central banks		0	0
<b>0</b>	<b>0</b>	<b>Total cash and receivables on central banks</b>		<b>0</b>	<b>0</b>
		<b>Deposits with and receivables on financial institutions</b>			
896 992	88 433	Deposits with and receivables on financial institutions		592 585	85 429
<b>896 992</b>	<b>88 433</b>	<b>Total deposits with and receivables on financial institutions</b>		<b>592 585</b>	<b>85 429</b>
		<b>Loans to customers</b>			
1 894 581	1 647 403	Credit cards		1 894 581	1 647 403
42 797 325	39 196 694	Installment loans		34 109 784	29 981 090
9 729 300	8 970 074	Financial leasing	7	9 282 009	8 455 394
<b>54 421 206</b>	<b>49 814 171</b>	<b>Total loans before individual and group write-downs</b>		<b>45 286 375</b>	<b>40 083 887</b>
102 781	96 286	-Individual write-downs	2,3,5	64 206	44 845
820 266	861 899	-Group write-downs	2,3,5	543 390	487 591
<b>53 498 159</b>	<b>48 855 986</b>	<b>Net loans</b>		<b>44 678 779</b>	<b>39 551 451</b>
<b>39 435</b>	<b>33 865</b>	<b>Repossessed assets</b>	4	<b>19 013</b>	<b>13 268</b>
		Commercial papers, bonds and other fixed-income securities			
0	0	Commercial papers and bonds	22	3 017 020	0
<b>0</b>	<b>0</b>	<b>Total commercial papers, bonds and other fixed-income securities</b>		<b>3 017 020</b>	<b>0</b>
		<b>Ownership interests in group companies</b>			
0	0	Ownership interest in credit institutions	20	1 014 665	1 223 501
<b>0</b>	<b>0</b>	<b>Sum ownership interest in group companies</b>		<b>1 014 665</b>	<b>1 223 501</b>
		<b>Intangible assets</b>			
442 718	443 153	Goodwill	7	105 988	106 343
106 965	158 523	Deferred tax assets	6	0	0
204 653	177 296	Other intangible assets	7	190 688	161 923
<b>754 337</b>	<b>778 972</b>	<b>Total intangible assets</b>		<b>296 676</b>	<b>268 266</b>
		<b>Fixed assets</b>			
28 230	26 934	Machinery, fittings and vehicles	7	21 164	22 353
410 661	395 877	Operational leasing		0	0
<b>438 891</b>	<b>422 811</b>	<b>Total fixed assets</b>		<b>21 164</b>	<b>22 353</b>
		<b>Other assets</b>			
1 279 939	581 159	Consignment		730 269	278 421
156 089	125 939	Other assets		78 873	88 302
<b>1 436 028</b>	<b>707 098</b>	<b>Total other assets</b>		<b>809 143</b>	<b>366 723</b>
		<b>Prepayments and earned income</b>			
128 378	80 674	Earned income not received and prepaid expenses not incurred		77 525	81 663
<b>128 378</b>	<b>80 674</b>	<b>Total prepayments and earned income</b>		<b>77 525</b>	<b>81 663</b>
<b>57 192 220</b>	<b>50 967 840</b>	<b>Total assets</b>		<b>50 526 570</b>	<b>41 612 654</b>

## BALANCE SHEET – LIABILITIES AND EQUITY

Group		Santander Consumer Bank AS			
31.12.11	31.12.10	(All amounts in thousands)	Note	31.12.11	31.12.10
		Debt to credit institutions			
38 395 657	42 725 355	Loans and deposits from credit institutions with an agreed term	1,15,18	42 112 120	33 750 584
38 395 657	42 725 355	<b>Total loans and deposits from financial institutions</b>		<b>42 112 120</b>	<b>33 750 584</b>
		<b>Deposits from and debt to customers</b>			
258 827	284 968	Deposits from and debt to customers repayable on notice	18	258 827	284 968
258 827	284 968	<b>Total deposits from customers</b>		<b>258 827</b>	<b>284 968</b>
		<b>Debt established by issuing securities</b>			
0	504 833	Certificates and other short term loan raising	22	0	504 833
10 490 328	776 910	Bonds and other long term loan raising	22	854 415	776 910
10 490 328	1 281 743	<b>Total debt established by issuing securities</b>		<b>854 415</b>	<b>1 281 743</b>
		<b>Other debt</b>			
547 939	438 778	Other debt	6	419 394	374 319
547 939	438 778	<b>Total other debt</b>		<b>419 394</b>	<b>374 319</b>
		<b>Allocations for expenses incurred and liabilities</b>			
710 258	626 864	Expenses incurred and earned income not received		401 103	405 414
98 575	71 080	Pension liabilities	13	98 575	71 080
418 915	405 658	Deferred tax	6	418 915	400 966
1 227 749	1 103 602	<b>Total allocations for liabilities</b>		<b>918 594</b>	<b>877 460</b>
		<b>Subordinated loan capital</b>			
655 183	655 183	Other subordinated loan capital	15	655 183	655 183
655 183	655 183	<b>Total subordinated loan capital</b>		<b>655 183</b>	<b>655 183</b>
51 575 683	46 489 630	<b>Total liabilities</b>		<b>45 218 533</b>	<b>37 224 258</b>
		<b>Equity</b>			
		<b>Paid-in equity</b>			
2 982 469	2 662 469	Share capital	16	2 982 469	2 662 469
891 314	891 314	Share premium capital		891 314	891 314
566 008	0	Paid in, not registered share capital		566 008	0
4 439 791	3 553 783	<b>Total paid-in equity</b>		<b>4 439 791</b>	<b>3 553 783</b>
		<b>Earned equity</b>			
1 176 746	924 427	Other equity		868 246	834 613
1 176 746	924 427	<b>Total earned equity</b>		<b>868 246</b>	<b>834 613</b>
5 616 537	4 478 210	<b>Total equity</b>	14	<b>5 308 037</b>	<b>4 388 396</b>
57 192 220	50 967 840	<b>Total liabilities and equity</b>		<b>50 526 570</b>	<b>41 612 654</b>
		<b>Conditional liabilities</b>			
132 018	124 726	Guarantee liabilities	19	132 018	124 726

Lysaker, March 28<sup>th</sup> 2012

Javier San Felix Garcia  
(Chairman)

Eduardo Garcia Arroyo  
(Deputy Chairman)


Javier Anton San Pablo



Odd Lunde



Bjørn Elvestad


Vibeke Hamre Krey  
(Employee Representative)

Erik Kongelf  
(Chief Executive Officer)

# ACCOUNTING PRINCIPLES

**The annual accounts for Santander Consumer Bank AS were drawn up in accordance with the rules of the Norwegian Accounting Act, the regulations of the Financial Supervisory Authority of Norway and generally accepted accounting practice. The accounts 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 and Bilkreditt 2 ltd. related to the securitized portfolios are included. All figures and notes were prepared on the assumption that the business is a going concern. The consolidated accounts 2011 for Santander Consumer Bank AS were approved by the board of directors 28 March 2012.**

## **Basic principles**

The accounts were prepared in accordance with simplified IFRS as described the Norwegian accounting act § 3-9 and the accounting regulations issued by Finanstilsynet (the Financial Supervisory Authority of Norway). This means that all items in the profit and loss statement and balance sheet follow EU-approved accounting rules, International Financial Reporting Standards (IFRS), whilst the requirements of the Norwegian Accounting Act form the basis of the layout and note information, with the exception of IFRS 7 on financial instruments.

The company has undertaken individual reclassifications in the comparable figures for 2010, in accordance with the changes undertaken in 2011. No changes in principles took place in 2011.

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.

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.

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

## **Use of estimates in the preparation of the annual accounts**

When submitting annual accounts in accordance with IFRS, it is necessary that management uses estimates in individual cases. The estimates used in the annual accounts 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 cashgenerating unit that represent 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 EDB 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.

### 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 when paid.

- 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.

## Financial leasing

Financial leasing is classified as lease financing and is accounted for as lending. Contracts with residual value are written down to agreed residual value, distributed over the term. The interest part of the leasing fee is entered as interest income 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 balance method. Sales profits from leasing are entered under other operating profits.

## Operational leasing

Contracts in which Santander Consumer Bank AS guarantees residual value are classified as operational leasing. Income from leasing fees consists of interest and repayment of principal and is classified under the item interest income. Operating equipment is included under the item fixed assets.

## Operating equipment used by the company

The company's fixed assets consist of machines, inventory, EDB systems and cars. The company's fixed assets are entered at acquisition cost less straight-line depreciation and possible write-downs.

The following linear 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 presentation and functional currency are Norwegian kroner. 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 and Bilkreditt 2 Ltd., both 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 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 are classified into the category "Financial liabilities at amortised cost". Financial liabilities, irrespective of their instrumentation and maturity, which are not considered to be held-for-trading financial liabilities and arise from the ordinary borrowing activities carried on by financial institutions.

Financial assets and liabilities are 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.

### **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

### Salaries and fees to officers and Chief Executive Officer

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.

All amounts in thousands of NOK	Salary	Bonus	Pension	Other remuneration	Total 2011	Total 2010
Chief Executive Officer	1 822	1 069	602	932	4 424	3 646

### Board of directors

All amounts in NOK		Fees 2011	Fees 2010
Javier San Felix Garcia	Chairman	-	-
Eduardo Garcia Arroyo	Deputy chairman	-	-
Javier Anton San Pablo	Member	-	-
Bjørn Elvestad	Member	200 000	125 000
Odd Lunde	Member	200 000	125 000
Vibeke Hamre Krey	Employee representative	200 000	125 000
Nina Lind	Deputy employee representative	100 000	62 500

### Supervisory Board

All amounts in NOK	Fees 2011	Fees 2010
Total	45 000	45 000

Torkel Ernø, the chairman of the supervisory board, has received 25 000 both in 2010 and 2011. Other representatives has received 2 500 each per meeting. This rate has been unchanged in 2010.

### Control committee

All amounts in NOK		Fees 2011	Fees 2010
Finn Myhre	Chairman	65 000	125 000
Egil Dalviken	Deputy chairman	20 000	20 000
Tone Bjørnov	Member	20 000	20 000
Terje Sommer	Deputy member	25 000	65 000

### Audit fees and advisory services without VAT

All amounts in thousands of NOK	2011	2010
Audit services	2 011	1 707
Other certification services	564	195
Tax advice	473	387
Other non-audit services	1 265	534

### Staff

	2011		2010	
	Norway	Abroad	Norway	Abroad
Number of employees' as of 31.12.	295	250	255	286
Man-labour year as of 31.12.	268	238	221	240

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 2 – Losses and write-downs

### Loan losses expenses

All amounts in thousands of NOK	2011	2010
Write-downs 31.12.	923 047	958 185
+/- Rate adjustment opening balance	1 952	18 167
Adjustment purchase of portfolio/correction	-	-245 489
- Write-downs 01.01.	958 185	787 435
+ Total recognised losses	528 121	579 502
- Recoveries on recognised losses	213 507	121 994
<b>= Loan losses</b>	<b>281 429</b>	<b>400 936</b>

### Individual- and group write-downs

All amounts in thousands of NOK	31.12.11	31.12.10
Individual write-downs 01.01.	96 286	141 329
+/- Rate adjustment opening balance	1 122	-5 046
Reclassification between individual to group write-downs	18 560	-24 589
- Recognised losses covered by earlier write-downs	-	-
- Reversal of earlier individual write-downs	-	-
+ Individual write-downs for the period	-13 186	-15 409
<b>= Individual write-downs 31.12.</b>	<b>102 781</b>	<b>96 286</b>

	2011	2010
Group write-downs 01.01.	861 899	891 595
+/- Rate adjustment opening balance	-3 074	-13 120
Reclassification between individual to group write-downs	-18 560	24 589
+/- Write-downs for the year	-20 001	-41 165
<b>= Group write-downs 31.12.</b>	<b>820 266</b>	<b>861 899</b>

## Note 3 – Non-performing- and loss exposed loans

All amounts in thousands of NOK	31.12.11	31.12.10	31.12.09	31.12.08	31.12.07
Gross non-performing- and other loss exposed loans	1 026 820	1 087 731	1 009 714	533 955	324 677
Individual write-downs	102 781	96 286	141 329	27 847	28 055
Group write-downs	820 266	861 899	891 595	223 627	167 116
<b>Net non performing- and other loss exposed loans</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	31.12.11	31.12.10
Car Leasing	39 435	33 865
Other leasing subjects	-	-
<b>Net</b>	<b>39 435</b>	<b>33 865</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. Differences 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.

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 5 – Risk classification

31.12.2011		Very good	Good	Medium	Less good	Default	Total
All amounts in thousands of NOK							
Gross loans		48 732 459	3 529 179	883 113	249 635	1 026 820	54 421 206
Write downs		346 895	39 577	42 047	51 491	443 037	923 047
Net 31.12.11		48 385 564	3 489 602	841 066	198 144	583 783	53 498 159
31.12.2010							
All amounts in thousands of NOK							
Gross loans		46 061 356	3 522 143	929 216	224 639	1 087 731	49 814 171
Write downs		128 713	61 201	69 973	40 830	412 011	958 185
Net 31.12.10		45 932 643	3 460 942	859 243	183 809	675 720	48 855 986

The company makes use of a risk classification system, which is based on objective valuation when granting/amending loans. Amounts in "Default" decreased during 2011, while the other risk groups had a stable development from last year. The development of the portfolio is under continuous surveillance.

## Note 6 – Tax

### Tax payable

All amounts in thousands of NOK	2011
Profit before taxes in parent company	835 779
Profit in subsidiary	294 886
Fx loss in group profit	-2 967
Profit before taxes in group	1 127 698
Profit before taxes in parent company	835 779
Permanent differences	9 316
Change in temporary differences	-64 104
<b>Net tax basis for the year</b>	<b>780 992</b>

### Deferred tax receivable

All amounts in thousands of NOK	31.12.11	31.12.10
Property, plant and equipment	1 590 918	1 485 988
Pension liabilities	-98 064	-71 081
Other temporary differences	3 270	33 871
Basis for deferred tax	1 496 125	1 448 778
Deferred tax	418 915	405 658
Net other tax reduction temporary differences	411 404	609 70
Basis for deferred tax receivables	411 404	609 704
Deferred tax receivable	106 965	158 523

For calculation of deferred tax / deferred tax benefit a 28% rate has been used for the company and 26% for the Finnish entity.

### Tax expenses

All amounts in thousands of NOK	2011
Tax payable	239 089
Change in deferred tax	64 815
Tax charge	303 904
Prior year adjustments	6 612
Tax effect on fx loss in group profit	831
<b>Total tax expenses</b>	<b>311 347</b>

A loss in the subsidiary will not have any effect on the tax calculation in the parent company, except the loss on foreign exchange rate between booked values on the shares and paid in equity.

# NOTES SANTANDER CONSUMER BANK GROUP

## Reconciliation of taxes versus profit before taxes

All amounts in thousands of NOK	2011
Profit before taxes	1 127 698
Expected tax on income at nominal rate	301 295
Tax effect of permanent differences	2 609
Tax expense from this years operations	303 904
Prior year adjustments	6 612
Tax effect on fx loss in group profit	831
Total tax expenses	311 347

## 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 01.01.	64 387	283 164	443 153	13 475 868
Rate difference opening balance	-73	-226	-435	-2 646
Additions during the year	13 187	78 139	-	5 667 824
Disposals during the year	-4 871	-10 102	-	-4 586 818
Acquisition cost 31.12	72 578	350 975	442 718	14 554 227
Acc. ordinary depreciation 01.01.	-37 453	-105 867	-	-3 956 585
Rate difference 01.01.	21	30	-	-843
Year's ordinary depreciation	-10 266	-46 100	-	-2 092 508
Write-downs				
Rate difference year's depreciation average rate				
Reversed depreciation sold	3 350	5 616	-	1 871 725
Accumulated depreciation 31.12.	-44 349	-146 321	-	-4 178 211
<b>Book value in the balance sheet 31.12.2011</b>	<b>28 230</b>	<b>204 653</b>	<b>442 718</b>	<b>10 376 016</b>
Method on measurement	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	Linear	Linear		Linear
Plan of depreciation and useful life	3 – 10 years	3 – 10 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. Rent for non-recognized rentagreements amounts to TNOK 27 225.

## Note 8 – Liquidity risk/remaining term on balance sheet items 31.12.11

All amounts in million NOK	=< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	5 years	No maturity	Total
Loans / rec. on banks	593	0	0	0	0	0	593
– Of which foreign currency	120	0	0	0	0	0	120
Loans to customers	3 188	3 926	17 668	24 975	3 742	0	53 498
– Of which foreign currency	1 632	1 996	7 795	11 774	1 516	0	24 712
Other assets						3 101	3 101
– Of which foreign currency						2 572	2 572
<b>Total assets</b>	<b>3 781</b>	<b>3 925</b>	<b>17 668</b>	<b>24 975</b>	<b>3 742</b>	<b>3 101</b>	<b>57 192</b>
Debt to banks	9 137	6 555	10 254	11 606	844	0	38 396
– Of which foreign currency	7 282	3 942	6 241	7 629	0	0	27 095
Deposits from customers	259	0	0	0	0	0	259
– Of which foreign currency	0	0	0	0	0	0	0
Issued notes and bonds	0	0	4 129	6 361	0	0	10 490
– Of which foreign currency	0	0	0	0	0	0	0
Other debt	0	0	0	0	0	1 776	1 776
– Of which foreign currency	0	0	0	0	0	599	599
Subordinated loan capital	0	0	0	180	475	0	655
– Of which foreign currency	0	0	0	0	104	0	104
Equity	0	0	0	0	0	5 617	5 617
– Of which foreign currency	0	0	0	0	0	557	557
<b>Total liabilities and equity</b>	<b>9 396</b>	<b>6 555</b>	<b>14 383</b>	<b>18 147</b>	<b>1 319</b>	<b>7 392</b>	<b>57 192</b>

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 9 – Interest risk and interest adjustments periods 31.12.11

All amounts in million NOK	=< 1 month	>1<=3 months	>3<12 months	>1 year <5 year	>5 year	No maturity	Total	Interest sensitivity
Loans / rec, on banks	897	-	-	-	-	-	894	-
Loans to customers	19 919	22 251	4 900	5 096	274	1 059	53 498	188
Other assets	-	-	-	-	-	2 797	2 797	-
<b>Total assets</b>	<b>20 816</b>	<b>22 251</b>	<b>4 900</b>	<b>5 096</b>	<b>271</b>	<b>3 856</b>	<b>57 192</b>	<b>188</b>
Debt to banks	16 053	13 562	3 657	5 123	-	-	38 396	155
Deposits from customers	259	-	-	-	-	-	259	-
Issued notes and bonds	9 766	725	-	-	-	-	10 491	1
Other debt	-	-	-	-	-	1 775	1 775	-
Subordinated loan capital	80	260	315	-	-	-	655	3
Equity	-	-	-	-	-	5 617	5 617	-
<b>Total liabilities and equity</b>	<b>26 158</b>	<b>14 547</b>	<b>3 972</b>	<b>5 123</b>	<b>-</b>	<b>7 392</b>	<b>57 192</b>	<b>159</b>
Interest rate exposure on balance sheet items	-5 342	7 703	928	-27	274	-3 536	-	29
Interest rate exposure on financial derivatives	-	-	-	-	-	-	-	-
<b>Net interest rate exposure</b>	<b>-5 342</b>	<b>7 703</b>	<b>928</b>	<b>-27</b>	<b>274</b>	<b>-3 536</b>	<b>-</b>	<b>29</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.

## Note 10 – Net foreign currency position

All amounts in thousands of NOK	Balance		Net positions	
	Asset	Debt	in currency	in NOK
SEK	10 051 790	9 955 189	111 027	96 601
DKK	6 902 521	6 804 908	93 587	97 613
EUR	10 383 156	10 287 374	12 353	95 782
<b>Total 2011</b>	<b>27 337 467</b>	<b>27 047 471</b>		<b>289 996</b>
<b>Total 2010</b>	<b>25 312 487</b>	<b>25 208 561</b>		<b>108 021</b>

## Note 11 – Loans and losses by main sectors

All amounts in thousands of NOK	Loans		Write-down	
	31.12.11	31.12.11	31.12.10	31.12.10
Public sector	247 221	-43	230 927	-56
Agriculture and forestry	145 404	-98	163 301	-100
Industry	365 948	-147	337 203	-154
Building and construction	1 365 216	-594	1 387 277	-680
Trade in goods	2 811 320	-2 744	2 051 101	-2 237
Proprietary management	276 959	-222	234 560	-177
Various	2 640 606	-1 849	2 473 920	-1 623
Transportation	1 717 552	-1 455	1 604 837	-1 286
Private individuals	19 725 590	-27 089	18 436 412	-5 327
Foreign	25 125 390	-68 540	22 894 634	-84 646
<b>Sum</b>	<b>54 421 206</b>	<b>-102 781</b>	<b>49 814 171</b>	<b>-96 286</b>

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

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 12 – Loans by geographic region

All amounts in thousands of NOK	Loan	Guarantees	Loan	Guarantees
	31.12.11	31.12.11	31.12.10	31.12.10
Eastern Norway	15 152 618	77 335	14 110 288	73 282
Western Norway	3 932 916	6 983	4 889 707	10 804
Southern Norway	5 343 134	15 091	3 519 711	12 131
Mid Norway	3 122 641	12 130	2 830 216	6 766
Northern Norway	1 744 507	6 130	1 571 339	6 310
Foreign	25 125 390	-	22 892 911	-
<b>Total</b>	<b>54 421 206</b>	<b>117 670</b>	<b>49 814 171</b>	<b>109 293</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 Pensions 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 the 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 a salary above 12 G and supplementary pensions. Pension costs from defined contribution schemes amounts to tnok 26 465 incl payroll tax.

### Pension expenses

All amounts in thousands of NOK	2011	2010
Present value of year's pension earnings	18 293	15 728
Interest cost on accrued liability	10 746	11 383
Return on pension funds	-8 602	-9 253
Administration costs	1 387	1 130
Amortization of actuarial (gain) /loss	14 828	5 691
Accrual payroll tax	3 070	2 702
<b>Net pension expenses</b>	<b>39 721</b>	<b>27 382</b>
<b>Pension liabilities in balance sheet</b>	<b>31.12.11</b>	<b>31.12.10</b>
Pension funds at market value	175 072	168 535
Estimated pension liability	352 431	338 230
Net pension funds	177 359	169 695
Difference not posted to P&L	-78 784	-98 614
Capitalised net pension liability	98 575	71 080
<b>Payroll tax</b>	<b>19 858</b>	<b>18 900</b>

The following assumptions have been used in calculating future pensions:

	31.12.11	31.12.10
Discount rate	3,30 %	3,60 %
Expected return	4,80 %	5,00 %
Salary growth	4,00 %	4,00 %
G-adjustment	3,75 %	3,75 %
Increase in pensions being paid	3,75 %	3,75 %

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 14 – Changes in equity

All amounts in thousands of NOK	Share capital	Share capital premium	Other equity	Total
Equity as at 31.12.2010	2 662 469	891 314	924 427	4 478 210
Capital increase	886 008			886 008
Share dividend			-566 347	-566 347
Conversion differences foreign currencies (branches)			2 315	2 315
Profit for the year			816 351	816 351
<b>Equity as at 31.12.2011</b>	<b>3 548 477</b>	<b>891 314</b>	<b>1 176 746</b>	<b>5 616 537</b>

## Note 15 – Receivables and liabilities to companies in the same group

All amounts in thousands of NOK	31.12.11	Interest 2011	31.12.10
<b>Santander Consumer Group</b>			
<b>Loans from credit institutions</b>	<b>38 395 657</b>	<b>1 236 565</b>	<b>42 725 355</b>
<i>Of which:</i>			
<i>Santander Benelux</i>	<i>28 010 753</i>		<i>29 471 090</i>
<i>Santander Consumer Finance S.A.</i>	<i>10 384 904</i>		<i>13 254 265</i>
Accrued interest / other debt	218 905		259 403
<b>Subordinated loan capital</b>	<b>655 183</b>	<b>32 250</b>	<b>655 183</b>
<i>Of which:</i>			
<i>Banco Santander</i>	<i>180 000</i>		<i>180 000</i>
<i>Santander Benelux</i>	<i>210 000</i>		<i>210 000</i>
<i>Santander Consumer Finance S.A.</i>	<i>265 183</i>		<i>265 183</i>
Accrued interest / other debt	805		722
<b>Subordinated loan capital</b>		<b>2011</b>	<b>2010</b>
MNOK 180, maturity September 2016, 3 month NIBOR + 0,55 %		180 000	180 000
MNOK 80, maturity October 2017, 3 month NIBOR + 1,00 %		80 000	80 000
MNOK 80, maturity September 2018, 3 month NIBOR + 2,41 %		80 000	80 000
MNOK 210, maturity June 2019, 6 month NIBOR + 3,43 %		210 000	210 000
MNOK 105, maturity December 2020, 12 month 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

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).

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 17 – Capital adequacy

All amounts in thousands of NOK	31.12.11	31.12.10
Core capital	4 862 200	3 699 237
Eligible supplementary capital	619 183	655 183
<b>Total primary capital</b>	<b>5 481 383</b>	<b>4 354 420</b>
<b>Minimum capital requirement (pillar I)</b>		
Credit risk	3 727 177	3 319 080
Market risk	23 220	8 642
Operational risk	354 960	294 200
Deductions in capital requirement	-65 621	-67 472
<b>Total minimum capital requirement (pillar I)</b>	<b>4 039 736</b>	<b>3 554 449</b>
Capital ratio	10,85%	9,80%
Core capital ratio	9,63%	8,33%

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	31.12.11	31.12.10
<b>To credit institutions</b>		
Interest expenses	1 237 988	1 084 127
Average loan	39 247 893	41 972 529
Average nominal interest rate	3,11 %	2,56 %
<b>To customers</b>		
Interest expenses	8 392	8 210
Average deposit	270 866	374 164
Average nominal interest rate	3,06 %	2,18 %
<b>To bondholders</b>		
Interest expenses	269 612	12 175
Average issued notes	7 027 565	386 560
Average nominal interest rate	3,77 %	3,15 %

## Note 19 – Guarantee liabilities

Santander Consumer Bank has as at 31.12.2011 a guarantee liability of 132 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 and Bilkreditt 2 ltd., both 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 133. The ownership in Santander Consumer Finance OY is booked at historical cost adjusted for the effect of the hedge, according to IAS 39.

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 21 – Classification of financial instruments

Classification of financial assets	2011		2010	
	Booked value	Fair value	Booked value	Fair value
All amounts in thousands of NOK				
<b>Deposits with and receivables on financial institutions</b>				
Deposits with Norwegian financial institutions	896 992	896 992	88 432	88 432
<b>Total deposits with and loans to financial institutions</b>	<b>896 992</b>	<b>896 992</b>	<b>88 432</b>	<b>88 432</b>
<b>Loans to customers</b>				
Credit cards	1 894 591	1 894 591	1 647 403	1 647 403
Installment loans	42 797 325	42 797 325	39 196 694	39 196 694
Financial leasing	9 729 300	9 729 300	8 970 074	8 970 074
<b>Total loans before individual and group write-downs</b>	<b>54 421 206</b>	<b>54 421 206</b>	<b>49 814 171</b>	<b>49 814 171</b>
– Individual write-downs	102 781	102 781	96 286	96 286
– Group write-downs	820 266	820 266	861 899	861 899
<b>Net loans</b>	<b>53 498 159</b>	<b>53 498 159</b>	<b>48 855 986</b>	<b>48 855 986</b>
<b>Other assets</b>				
Operational leasing	410 661	410 661	395 877	395 877
Other assets	0	0	0	0
<b>Sum other assets</b>	<b>410 661</b>	<b>410 661</b>	<b>395 877</b>	<b>395 877</b>
<b>Total financial assets</b>	<b>54 805 812</b>	<b>54 805 812</b>	<b>49 340 296</b>	<b>49 340 296</b>

The last known sales value is used as fair value.

Classification of financial liabilities	2011		2010	
	Booked value	Fair value	Booked value	Fair value
All amounts in thousands of NOK				
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions	38 395 657	38 395 657	42 725 355	42 725 355
<b>Total loans and deposits from financial institutions</b>	<b>38 395 657</b>	<b>38 395 657</b>	<b>42 725 355</b>	<b>42 725 355</b>
<b>Deposits from and debt to customers</b>				
Deposits from and debt to customers repayable on notice	258 827	258 827	284 968	284 968
<b>Total deposits from customers</b>	<b>258 827</b>	<b>258 827</b>	<b>284 968</b>	<b>284 968</b>
<b>Debt established by issuing securities</b>				
Certificates and other short term loan raising	0	0	504 833	504 833
Bonds and other long term loan raising	10 490 328	10 490 328	776 910	776 910
<b>Total debt established by issuing securities</b>	<b>10 490 328</b>	<b>10 490 328</b>	<b>1 281 743</b>	<b>1 281 743</b>
<b>Other debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subordinated loan capital</b>				
Other subordinated loan capital	655 183	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>655 183</b>
<b>Total financial liabilities</b>	<b>49 799 995</b>	<b>49 799 995</b>	<b>44 947 249</b>	<b>44 947 249</b>

# NOTES SANTANDER CONSUMER BANK GROUP

## Note 22 – Issued securities

All amounts in thousands of NOK	2011	2010
Issued commercial papers	-	504 833
Issued bonds	10 490 328	776 910
<b>Total liability issued securities</b>	<b>10 490 328</b>	<b>1 281 743</b>

## Changes in liability issued securities

All amounts in thousands of NOK	Book value 31.12.10	New issues/ repurchase	Payments	Amortisation	Book value 31.12.11
Issued commercial papers	504 833	144 924	(650 053)	296	-
Issued bonds	776 910	13 539 094	(3 826 114)	437	10 490 328
<b>Total liability issued securities</b>	<b>1 281 743</b>	<b>13 684 018</b>	<b>(4 476 167)</b>	<b>733</b>	<b>10 490 328</b>

## Specification of issued securities

All amounts in thousands of NOK

### Bonds

ISIN number	Issuer	Net nominal value	Currency	Interest	Call date	Book value 31.12.11
NO0010588098	Santander Consumer Bank AS	450 000	NOK	Floating	24.09.2012	449 280
NO0010588080	Santander Consumer Bank AS	250 000	NOK	Floating	24.09.2013	249 400
NO0010590466	Santander Consumer Bank AS	300 000	NOK	Floating	26.04.2012	299 730
NO0010588098	Santander Consumer Bank AS	50 000	NOK	Floating	24.09.2012	50 060
XS0595990978	Bil kreditt 1 Ltd.	3 965 000	NOK	Floating	25.06.2025	2 232 509
XS0595991273	Bil kreditt 1 Ltd.	4 677 000	NOK	Floating	25.06.2025	2 633 404
n/a	Bil kreditt 1 Ltd.	2 013 440	NOK	Floating	25.06.2025	2 013 440
XS0706720496	Bil kreditt 2 Ltd.	4 770 000	NOK	Floating	25.04.2026	4 770 000
n/a	Bil kreditt 2 Ltd.	1 003 580	NOK	Floating	25.04.2026	1 003 580
Amortisation						818
<b>Totals issued bonds</b>						<b>13 702 221</b>

### Repurchase

Repurchased own issued bonds	3 211 893
<b>Total repurchased own securities</b>	<b>3 211 893</b>

<b>Total issued securities</b>	<b>10 490 328</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, age and so on. 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 manually. 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 judgement 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.

# NOTES SANTANDER CONSUMER BANK GROUP

## 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 minimised as far as possible through asset and debt items being in the same currency, as far as possible. Net currency positions are shown in the attached Treasury Report. As a result of the modest size of the positions, a more detailed assessment of sensitivities is not considered to be necessary.

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. During autumn 2010 SCB started to issue bonds and commercial papers in the Norwegian debt capital market. 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 constitute 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 securitized a significant part of its Norwegian car loan portfolio in March and November this year and is currently in a new process of securitizing a portion of its Finnish 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 risks, 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	2011	2010
Derecognized	-	-
Retained in the balance sheet	12 024 712	-
<b>Total</b>	<b>12 024 712</b>	<b>-</b>

The securitized assets relate basically to vehicle financing.

# NOTES SANTANDER CONSUMER BANK GROUP

## CASH FLOW STATEMENT

All amounts in thousands of NOK	2011	2010
<b>Cash flow from operations</b>		
Receipts of interest	4 538 570	3 809 673
Net disbursement/payments on customer loans	-5 546 467	-6 647 452
Net receipts/payments from banking customers	-26 141	-161 520
Payment of operating costs	-935 343	-757 989
Recovered on previously recognized losses	101 647	65 288
Taxes paid	-214 434	-123 874
Increase/reduction in prepayments	-239 124	-407 532
Net receipts/payments on other operating activities	537 617	-313 134
Net receipts/payments from consignment	-698 779	-114 682
<b>Net cash flow from operations</b>	<b>-2 482 453</b>	<b>-4 651 222</b>
<b>Cash flow from investment activities</b>		
Net payments on purchase/sale of fixed assets etc.	-57 331	-51 622
<b>Net cash flow from investment activities</b>	<b>-57 331</b>	<b>-51 622</b>
<b>Cash flow from financing activities</b>		
Increase/ reduction in equity	887 466	1 150 575
Payment of interests	-1 686 437	-1 158 431
Increase/reduction in loans from credit institutions	4 713 614	5923 472
Payments – repayments subordinated loans	0	-94 817
Payments – dividends	-566 300	-1 200 000
<b>Net cash flow from financing activities</b>	<b>3 348 344</b>	<b>4 620 799</b>
<b>Net cash flow for the period</b>	<b>808 559</b>	<b>-82 045</b>
<b>Net change in cash and cash equivalents</b>		
Holding of cash and cash equivalents at start of period	88 433	170 478
<b>Holding of cash and cash equivalents at end of period</b>	<b>896 992</b>	<b>88 433</b>

# NOTES SANTANDER CONSUMER BANK AS

## Note 1 – Information on connected parties

### Salaries and fees to officers and Chief Executive Officer

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.

All amounts in thousands of NOK	Salary	Bonus	Pension	Other remuneration	Total 2011	Total 2010
Chief Executive Officer	1 822	1 069	602	932	4 424	3 646

### Board of directors

All amounts in NOK		Fees 2011	Fees 2010
Javier San Felix Garcia	Chairman	-	-
Eduardo Garcia Arroyo	Deputy chairman	-	-
Javier Anton San Pablo	Member	-	-
Bjørn Elvestad	Member	200 000	125 000
Odd Lunde	Member	200 000	125 000
Vibeke Hamre Krey	Employee representative	200 000	125 000
Nina Lind	Deputy employee representative	100 000	62 500

### Supervisory Board

All amounts in NOK	Fees 2011	Fees 2010
Total	45 000	45 000

Torkel Ernø, the chairman of the supervisory board, has received 25 000 both in 2010 and 2011. Other representatives has received 2 500 each per meeting. This rate has been unchanged in 2011.

### Control committee

All amounts in NOK		Fees 2011	Fees 2010
Finn Myhre	Chairman	65 000	125 000
Egil Dalviken	Deputy chairman	20 000	20 000
Tone Bjørnov	Member	20 000	20 000
Terje Sommer	Deputy member	25 000	65 000

### Audit fees and advisory services without VAT

All amounts in thousands of NOK	2011	2010
Audit services	992	1 059
Other certification services	560	195
Tax advice	347	102
Other non-audit services	1 225	534

### Staff

	2011		2010	
	Norway	Abroad	Norway	Abroad
Number of employees' as of 31.12.	295	139	255	133
Man-labour year as of 31.12.	268	137	221	120

# NOTES SANTANDER CONSUMER BANK AS

## Note 2 – Losses and write-downs

### Loan losses expenses

All amounts in thousands of NOK	2011	2010
Write-downs 31.12.	607 595	532 436
+/- Rate adjustment opening balance	95	-1 769
- Write-downs 01.01.	532 436	450 764
+ Total recognised losses	327 977	287 946
- Recoveries on recognised losses	78 612	43 197
<b>= Loan losses</b>	<b>324 619</b>	<b>324 652</b>

### Individual- and group write-downs

All amounts in thousands of NOK	31.12.11	31.12.10
Individual write-downs 01.01.	44 845	141 329
+/- Rate adjustment opening balance	-8	555
Reclassification from individual to group write-downs	18 560	-87 719
- Recognised losses covered by earlier write-downs	-	-
- Reversal of earlier individual write-downs	-	-
+ Individual write-downs for the period	809	-9 320
<b>= Individual write-downs 31.12.</b>	<b>64 206</b>	<b>44 845</b>
Group write-downs 01.01.	487 591	309 435
+/- Rate adjustment opening balance	-87	1 214
Reclassification from individual to group write-downs	-18 560	87 719
+/- Write-downs for the year	74 444	89 223
<b>= Group write-downs 31.12.</b>	<b>543 388</b>	<b>487 591</b>

## Note 3 – Non-performing- and loss exposed loans

All amounts in thousands of NOK	31.12.11	31.12.10	31.12.09	31.12.08	31.12.07
Gross non-performing- and other loss exposed loans	899 447	908 742	826 673	533 508	324 677
Individual write-downs	64 206	44 845	141 329	27 847	28 055
Group write-downs	543 390	487 591	309 435	204 411	164 738
<b>Net non performing- and other loss exposed loans</b>	<b>291 851</b>	<b>376 306</b>	<b>375 909</b>	<b>301 250</b>	<b>131 884</b>

## Note 4 – Repossessed assets

All amounts in thousands of NOK	31.12.11	31.12.10
Car Leasing	19 013	13 268
Other leasing subjects	-	-
<b>Net</b>	<b>19 013</b>	<b>13 268</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. Differences 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.

# NOTES SANTANDER CONSUMER BANK AS

## Note 5 – Risk classification

31.12.2011						
All amounts in thousands of NOK	Very good	Good	Medium	Less good	Default	Total
Gross loans	41 117 499	2 553 342	554 428	161 658	899 447	45 286 374
Write downs	166 456	22 923	21 418	33 390	363 409	607 595
<b>Net 31.12.11</b>	<b>40 951 043</b>	<b>2 530 419</b>	<b>533 010</b>	<b>128 268</b>	<b>536 038</b>	<b>44 678 779</b>

31.12.2010						
All amounts in thousands of NOK	Very good	Good	Medium	Less good	Default	Total
Gross loans	36 009 274	2 451 707	550 495	163 669	908 742	40 083 887
Write downs	107 912	40 059	44 288	20 365	319 811	532 436
<b>Net 31.12.10</b>	<b>35 901 361</b>	<b>2 411 648</b>	<b>506 207</b>	<b>143 304</b>	<b>588 931</b>	<b>39 551 451</b>

The company makes use of a risk classification system, which is based on objective valuation when granting/amending loans. The risk groups had a fairly stable development during 2011. The development of the portfolio is under continuous surveillance.

## Note 6 – Tax

### Tax payable

All amounts in thousands of NOK	2011
Profit before taxes	835 779
Permanent differences	9 316
Change in temporary differences	-64 104
<b>Net tax basis for the year</b>	<b>780 992</b>

### Deferred tax receivable

All amounts in thousands of NOK	31.12.11	31.12.10
Property, plant and equipment	1 590 919	1 498 384
Pension liabilities	-98 064	-71 081
Other temporary differences	3 270	4 717
Basis for deferred tax receivable	1 496 125	1 432 021
Deferred tax (+) / deferred tax receivable (-)	418 915	400 966

For calculation of deferred tax / deferred tax benefit a 28% rate has been used,

### Tax expenses

All amounts in thousands of NOK	2011
Tax payable	218 678
Change in deferred tax	17 949
Tax charge	236 627
Prior year adjustments	-1 284
<b>Total tax expenses</b>	<b>235 343</b>

### Reconciliation of taxes versus profit before taxes

All amounts in thousands of NOK	2011
Profit before taxes	835 779
Expected tax on income at nominal rate	234 018
Tax effect of permanent differences	2 609
Tax expense from this years operations	236 627
Prior year adjustments	-1 284
<b>Total tax expenses</b>	<b>235 343</b>

# NOTES SANTANDER CONSUMER BANK AS

## 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 01.01.	57 782	262 467	106 343	12 517 998
Rate difference opening balance	-34	-104	-355	-2 646
Additions during the year	8 375	76 334	-	5 377 701
Disposals during the year	-4 720	-10 102	-	-4 292 055
Acquisition cost 31.12.	61 404	328 594	105 988	13 600 997
Acc, ordinary depreciation 01.01.	-35 430	-100 544	-	-3 802 518
Rate difference 01.01.	10	-1	-	-843
Year's ordinary depreciation	-7 904	-42 977	-	-1 978 933
Write-downs	-	-	-	-
Rate difference year's depreciation average rate	-	-	-	-
Reversed depreciation sold	3 084	5 616	-	1 727 424
Accumulated depreciation 31.12.	-40 239	-137 906	-	-4 054 869
<b>Book value in the balance sheet 31.12.2011</b>	<b>21 164</b>	<b>190 688</b>	<b>105 988</b>	<b>9 546 129</b>
Method on measurement	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	Linear	Linear	-	Linear
Plan of depreciation and useful life	3 – 10 years	3 – 10 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. Rent for non-recognized rentagreements amounts to TNOK 24 727.

## Note 8 – Liquidity risk/remaining term on balance sheet items at 31.12.10

All amounts in million NOK	=< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	5 years	No maturity	Total
Loans / rec. on banks	593	0	0	0	0	0	593
– Of which foreign currency	116	0	0	0	0	0	116
Loans to customers	2 493	3 063	14 885	20 650	3 587	0	44 679
– Of which foreign currency	946	1 144	4 997	7 461	1 344	0	15 892
Other assets	0	0	0	0	3 017	2 238	5 255
– Of which foreign currency	0	0	0	0	0	1 987	1 987
<b>Total assets</b>	<b>3 086</b>	<b>3 063</b>	<b>14 885</b>	<b>20 650</b>	<b>6 604</b>	<b>2 238</b>	<b>50 527</b>
Debt to banks	7 640	6 824	11 222	14 215	2 211	0	42 112
– Of which foreign currency	5 101	3 877	4 859	4 495	0	0	18 332
Deposits from customers	259	0	0	0	0	0	259
– Of which foreign currency	0	0	0	0	0	0	0
Issued notes and bonds	0	0	336	518	0	0	854
– Of which foreign currency	0	0	0	0	0	0	0
Other debt	0	0	0	0	0	1 338	1 338
– Of which foreign currency	0	0	0	0	0	291	291
Subordinated loan capital	0	0	0	180	475	0	655
– Of which foreign currency	0	0	0	0	104	0	104
Equity	0	0	0	0	0	5 308	5 308
– Of which foreign currency	0	0	0	0	0	221	221
<b>Total liabilities and equity</b>	<b>7 899</b>	<b>6 824</b>	<b>11 558</b>	<b>14 913</b>	<b>2 686</b>	<b>6 646</b>	<b>50 527</b>

# NOTES SANTANDER CONSUMER BANK AS

## Note 9 – Interest risk and interest adjustments period at 31.12.11

All amounts in million NOK

	=< 1 month	>1<=3 months	>3<12 months	>1 year <5 year	>5 year	No maturity	Total	Interest sensitivity
Loans / receivables, on banks	593	-	-	-	-	-	593	1
Loans to customers	17 424	21 999	2 475	1 579	271	931	44 679	103
Other assets	3 017	-	-	-	-	2 238	5 255	-
<b>Total assets</b>	<b>21 033</b>	<b>21 999</b>	<b>2 475</b>	<b>1 579</b>	<b>271</b>	<b>3 170</b>	<b>50 527</b>	<b>104</b>
Debt to banks	24 737	13 368	1 266	2 742	-	-	42 112	89
Deposits from customers	259	-	-	-	-	-	259	-
Issued notes and bonds	129	725	-	-	-	-	854	1
Other debt	-	-	-	-	-	1 339	1 339	-
Subordinated loan capital	80	260	315	-	-	-	655	3
Equity	-	-	-	-	-	5 308	5 308	-
<b>Total liabilities and equity</b>	<b>25 204</b>	<b>14 352</b>	<b>1 581</b>	<b>2 742</b>	<b>-</b>	<b>6 647</b>	<b>50 527</b>	<b>94</b>
Interest rate exposure on balance sheet items	-4 171	7 647	894	-1 163	271	-3 477	0	10
Interest rate exposure on financial derivatives	-	-	-	-	-	-	-	-
<b>Net interest rate exposure</b>	<b>-4 171</b>	<b>7 647</b>	<b>894</b>	<b>-1 163</b>	<b>271</b>	<b>-3 477</b>	<b>0</b>	<b>10</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.

## Note 10 – Net foreign currency position

All amounts in thousands of NOK	Balance		Net positions	
	Asset	Debt	in currency	in NOK
SEK	10 051 790	9 955 189	111 027	96 601
DKK	6 902 521	6 804 908	93 587	97 613
EUR	995 377	1 031 282	-4 630	-35 905
<b>Total 2011</b>	<b>17 949 688</b>	<b>17 791 379</b>		<b>158 309</b>
<b>Total 2010</b>	<b>14 887 984</b>	<b>14 786 146</b>		<b>101 838</b>

## Note 11 – Loans and losses by main sectors

All amounts in thousands of NOK	Loans	Write-down	Loans	Write-down
	31.12.11	31.12.11	31.12.10	31.12.10
Public sector	247 221	-43	230 927	-56
Agriculture and forestry	145 404	-98	163 301	-100
Industry	365 948	-147	337 203	-154
Building and construction	1 365 216	-594	1 387 277	-680
Trade in goods	2 811 320	-2 744	2 051 101	-2 237
Proprietary management	276 959	-222	234 560	-177
Various	2 640 606	-1 849	2 473 920	-1 623
Transportation	1 717 552	-1 455	1 604 837	-1 286
Private individuals	19 725 590	-27 089	18 436 412	-5 326
Foreign	15 990 558	-29 965	13 164 350	-33 206
<b>Total</b>	<b>45 286 375</b>	<b>-64 206</b>	<b>40 083 887</b>	<b>-44 845</b>

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

# NOTES SANTANDER CONSUMER BANK AS

## Note 12 – Loans by geographic region

All amounts in thousands of NOK	Loan	Guarantees	Loan	Guarantees
	31.12.11	31.12.11	31.12.10	31.12.10
Eastern Norway	15 152 618	77 335	14 110 288	73 282
Western Norway	3 932 916	6 983	4 889 707	10 804
Southern Norway	5 343 134	15 091	3 519 711	12 131
Mid Norway	3 122 641	12 130	2 830 216	6 766
Northern – Norway	1 744 507	6 130	1 571 339	6 310
Foreign	15 990 558	-	13 162 627	-
<b>Total</b>	<b>45 286 375</b>	<b>117 670</b>	<b>40 083 887</b>	<b>109 293</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 Pensions 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 the 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 a salary above 12 G and supplementary pensions. Pension costs from defined contribution schemes amounts to tnok 18 517 incl payroll tax.

### Pension expenses

All amounts in thousands of NOK	2011	2010
Present value of year's pension earnings	18 293	15 728
Interest cost on accrued liability	10 746	11 383
Return on pension funds	-8 602	-9 253
Administration costs	1 387	1 130
Amortization of actuarial (gain) /loss	14 828	5 691
Accrual payroll tax	3 070	2 702
<b>Net pension expenses</b>	<b>39 721</b>	<b>27 382</b>

Pension liabilities in balance sheet	31.12.11	31.12.10
Pension funds at market value	175 072	168 535
Estimated pension liability	352 431	338 230
Net pension funds	177 359	169 695
Unrecognized gain/loss	-78 784	-98 614
Capitalised net pension liability	98 575	71 080
<b>Payroll tax</b>	<b>19 858</b>	<b>18 900</b>

The following assumptions have been used in calculating future pensions:

	31.12.11	31.12.10
Discount rate	3,30 %	3,60 %
Expected return	4,80 %	5,00 %
Salary growth	4,00 %	4,00 %
G-adjustment	3,75 %	3,75 %
Increase in pensions being paid	3,75 %	3,75 %

# NOTES SANTANDER CONSUMER BANK AS

## Note 14 – Changes in equity

All amounts in thousands of NOK	Share capital	Share capital premium	Other equity	Total
Equity as at 31.12.2010	2 662 469	891 314	834 613	4 388 396
Capital increase	886 008			886 008
Share dividend			-566 347	-566 347
Conversion differences foreign currencies (branches)			-456	-456
Profit for the year			600 436	600 436
<b>Equity as at 31.12.2011</b>	<b>3 548 477</b>	<b>891 314</b>	<b>868 246</b>	<b>5 308 037</b>

## Note 15 – Receivables and liabilities to companies in the same group

All amounts in thousands of NOK	31.12.11	Interest 2011	31.12.10
<b>Santander Consumer Group</b>			
Loans from credit institutions	29 541 049	992 912	33 750 584
<i>Of which:</i>			
<i>Santander Benelux</i>	27 732 335		29 275 097
<i>Santander Consumer Finance S.A.</i>	1 808 714		4 475 487
Accrued interest / other debt	144 647		153 206
Subordinated loan capital	655 183	32 250	655 183
<i>Of which:</i>			
<i>Banco Santander</i>	180 000		180 000
<i>Santander Benelux</i>	210 000		210 000
<i>Santander Consumer Finance S.A.</i>	265 183		265 183
Accrued interest / other debt	805		722
<b>Subordinated loan capital</b>		<b>2011</b>	<b>2010</b>
MNOK 180, maturity September 2016, 3 month NIBOR + 0,55 %		180 000	180 000
MNOK 80, maturity October 2017, 3 month NIBOR + 1,00 %		80 000	80 000
MNOK 80, maturity September 2018, 3 month NIBOR + 2,41 %		80 000	80 000
MNOK 210, maturity June 2019, 6 month NIBOR + 3,43 %		210 000	210 000
MNOK 105, maturity December 2020, 12 month 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 298 246 912 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).

# NOTES SANTANDER CONSUMER BANK AS

## Note 17 – Capital adequacy

All amounts in thousands of NOK	31.12.11	31.12.10
Core capital	5 011 377	4 120 130
Eligible supplementary capital	619 183	655 183
<b>Total primary capital</b>	<b>5 630 560</b>	<b>4 775 313</b>
<b>Minimum capital requirement (pillar I)</b>		
Credit risk	3 139 479	2 760 246
Market risk	15 558	8 235
Operational risk	264 687	229 609
Deductions in capital requirement	-43 471	-37 527
<b>Total minimum capital requirement (pillar I)</b>	<b>3 376 253</b>	<b>2 960 563</b>
Capital ratio	13,34%	12,90%
Core capital ratio	11,87%	11,13%

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	31.12.11	31.12.10
<b>To credit institutions</b>		
Interest expenses	994 023	843 628
Average loan	30 316 872	32 443 080
Average nominal interest rate	3,23 %	2,58 %
<b>To customers</b>		
Interest expenses	8 392	8 210
Average deposit	270 866	374 164
Average nominal interest rate	3,06 %	2,18 %
<b>To bondholders</b>		
Interest expenses	43 634	12 175
Average issued notes	1 247 201	386 560
Average nominal interest rate	3,44 %	3,15 %

## Note 19 – Guarantee liabilities

Santander Consumer Bank has as at 31.12.2011 a guarantee liability of 132 MNOK. This is mainly payment guarantees.

# NOTES SANTANDER CONSUMER BANK AS

## 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 133 millions. According to IAS 39 the historical cost price on the stocks is adjusted with the same amount as value change on the hedge.

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 133 million to the exchange value as of 31.12.11	NOK 150,5 millions
Historical cost price of the stocks in Santander Consumer Finance OY	NOK 1 165 millions
+ Adjusted value on the shares due to the hedge loan	NOK -150,5 millions
= Book value of the stocks in Santander Consumer Finance OY	NOK 1 014,7 millions

Company name	Share capital (1,2)	Number of shares	Book value (1)	Equity (1)	Result 2011 (1)	Result 2010 (1,3)
Santander Consumer Finance OY	842.649	600.000	1.014.665	985.588	127.220	61.222

(1) amounts in thousands of NOK  
(2) Incl share capital premium  
(3) Incl merged company SCF Rahoitus OY

# NOTES SANTANDER CONSUMER BANK AS

## Note 21 – Classification of financial instruments

Classification of financial assets	2011		2010	
	Booked value	Fair value	Booked value	Fair value
All amounts in thousands of NOK				
<b>Deposits with and receivables on financial institutions</b>				
Deposits with Norwegian financial institutions	592 585	592 585	85 429	85 429
<b>Total deposits with and loans to financial institutions</b>	<b>592 585</b>	<b>592 585</b>	<b>85 429</b>	<b>85 429</b>
<b>Loans to customers</b>				
Credit cards	1 894 581	1 894 581	1 647 403	1 647 403
Installment loans	34 109 784	34 109 784	29 981 090	29 981 090
Financial leasing	9 282 009	9 282 009	8 455 394	8 455 394
<b>Total loans before individual and group write-downs</b>	<b>45 286 375</b>	<b>45 286 375</b>	<b>40 083 887</b>	<b>40 083 887</b>
– Individual write-downs	64 206	64 206	44 845	44 845
– Group write-downs	543 390	543 390	487 591	487 591
<b>Net loans</b>	<b>44 678 779</b>	<b>44 678 779</b>	<b>39 551 451</b>	<b>39 551 451</b>
<b>Comm papers, bonds and other fixed-income securities</b>				
Commercial papers and bonds	3 017 020	3 017 020	0	0
<b>Total comm. papers, bonds and other fixed-income securities</b>	<b>3 017 020</b>	<b>3 017 020</b>	<b>0</b>	<b>0</b>
<b>Ownership interests in group companies</b>				
Ownership interest in credit institutions	1 014 665	1 014 665	1 223 501	1 223 501
<b>Sum ownership interest in group companies</b>	<b>1 014 665</b>	<b>1 014 665</b>	<b>1 223 501</b>	<b>1 223 501</b>
<b>Other assets</b>				
Operational leasing	0	0	0	0
Other assets	0	0	0	0
<b>Sum other assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total financial assets</b>	<b>49 303 049</b>	<b>49 303 049</b>	<b>40 860 381</b>	<b>40 860 381</b>

The last known sales value is used as fair value

Classification of financial liabilities	2011		2010	
	Booked value	Fair value	Booked value	Fair value
All amounts in thousands of NOK				
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions	42 112 120	42 112 120	33 750 584	33 750 584
<b>Total loans and deposits from financial institutions</b>	<b>42 112 120</b>	<b>42 112 120</b>	<b>33 750 584</b>	<b>33 750 584</b>
<b>Deposits from and debt to customers</b>				
Deposits from and debt to customers repayable on notice	258 827	258 827	284 968	284 968
<b>Total deposits from customers</b>	<b>258 827</b>	<b>258 827</b>	<b>284 968</b>	<b>284 968</b>
<b>Debt established by issuing securities</b>				
Certificates and other short term loan raising	0	0	504 833	504 833
Bonds and other long term loan raising	854 415	854 415	776 910	776 910
<b>Total debt established by issuing securities</b>	<b>854 415</b>	<b>854 415</b>	<b>1 281 743</b>	<b>1 281 743</b>
<b>Other debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subordinated loan capital</b>				
Other subordinated loan capital	655 183	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>655 183</b>
<b>Total financial liabilities</b>	<b>43 880 545</b>	<b>43 880 545</b>	<b>35 972 478</b>	<b>35 972 478</b>

# NOTES SANTANDER CONSUMER BANK AS

## Note 22 – Issued securities

	2011	2010
All amounts in thousands of NOK		
Issued commercial papers	-	504 833
Issued bonds	854 415	776 910
<b>Total liability issued securities</b>	<b>854 415</b>	<b>1 281 743</b>

## Changes in liability issued securities

All amounts in thousands of NOK	Book value 31.12.09	New issues/ repurchase	Payments	Amortisation	Book value 31.12.10
Issued commercial papers	504 833	144 924	(650 053)	296	(0)
Issued bonds	776 910	127 094	(50 027)	437	854 415
<b>Total liability issued securities</b>	<b>1 281 743</b>	<b>272 018</b>	<b>(700 080)</b>	<b>733</b>	<b>854 415</b>

## Specification of issued securities

All amounts in thousands of NOK

### Bonds

ISIN number	Issuer	Net nominal value	Currency	Interest	Call date	Book value 31.12.11
NO0010588098	Santander Consumer Bank AS	450 000	NOK	Floating	24.09.2012	449 280
NO0010588080	Santander Consumer Bank AS	250 000	NOK	Floating	24.09.2013	249 400
NO0010590466	Santander Consumer Bank AS	300 000	NOK	Floating	26.04.2012	299 730
NO0010588098	Santander Consumer Bank AS	50 000	NOK	Floating	24.09.2012	50 060
Amortisation						818
<b>Totals issued bonds</b>						<b>1 049 288</b>

### Repurchase

Repurchased own issued bonds	194 873
<b>Total repurchased own securities</b>	<b>194 873</b>

<b>Total issued securities</b>	<b>854 415</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, age and so on. 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 manually. 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 judgement 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.

# NOTES SANTANDER CONSUMER BANK AS

## 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 minimised as far as possible through asset and debt items being in the same currency, as far as possible. Net currency positions are shown in the attached Treasury Report. As a result of the modest size of the positions, a more detailed assessment of sensitivities is not considered to be necessary.

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. During autumn 2010 SCB started to issue bonds and commercial papers in the Norwegian debt capital market. 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 constitute 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 securitized a significant part of its Norwegian car loan portfolio in March and November this year and is currently in a new process of securitizing a portion of its Finnish 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 risks, 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	2011	2010
Derecognized	-	-
Retained in the balance sheet	12 024 712	-
<b>Total</b>	<b>12 024 712</b>	<b>-</b>

The securitized assets relate basically to vehicle financing.

# NOTES SANTANDER CONSUMER BANK AS

## CASH FLOW STATEMENT

All amounts in thousands of NOK	2011	2010
<b>Cash flow from operations</b>		
Receipts of interest	3 738 968	2 991 592
Net disbursement/payments on customer loans	-5 973 027	-6 395 598
Net receipts/payments from banking customers	-26 141	-161 520
Payment of operating costs	-664 760	-555 089
Recovered on previously recognized losses	73 592	41 579
Taxes paid	-163 981	-123 874
Increase/reduction in prepayments	-213 543	55 751
Net receipts/payments on other operating activities	14 647	-421 371
Net receipts/payments from consignment	-450 660	-56 248
<b>Net cash flow from operations</b>	<b>-3 664 905</b>	<b>-4 624 777</b>
<b>Cash flow from investment activities</b>		
Net payments on purchase/sale of fixed assets etc.	-50 571	-41 864
Net payments from subsidiaries	201 734	-192 972
<b>Net cash flow from investment activities</b>	<b>151 163</b>	<b>-234 836</b>
<b>Cash flow from financing activities</b>		
Increase/ reduction in equity	887 466	1 150 575
Payment of interests	-1 427 030	-860 761
Increase/reduction in loans from credit institutions	5 126 761	5 848 028
Payments – repayments subordinated loans	0	-94 817
Payments – dividends	-566 300	-1 200 000
<b>Net cash flow from financing activities</b>	<b>4 020 897</b>	<b>4 843 025</b>
<b>Net cash flow for the period</b>	<b>507 156</b>	<b>-16 589</b>
<b>Net change in cash and cash equivalents</b>		
Holding of cash and cash equivalents at start of period	85 429	102 018
<b>Holding of cash and cash equivalents at end of period</b>	<b>592 585</b>	<b>85 429</b>



Deloitte AS  
Karenslyst allé 20  
Postboks 347 Skøyen  
NO-0213 Oslo  
Norway

Tel: +47 23 27 90 00  
Fax: +47 23 27 90 01  
www.deloitte.no

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, 2011, profit and loss account, the statement of comprehensive income 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 simplified application of international accounting standards according to the Norwegian accounting act § 3-9, 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, 2011, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report and the allocation of the profit*

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 and the going concern assumption, and the proposal for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

*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 28, 2012  
Deloitte AS

A handwritten signature in blue ink, reading "May-Kirsti Enger".

May-Kirsti Enger  
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 2011 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 2011 for Santander Consumer Bank AS, styrets årsberetning for 2011 og revisors beretning for 2011.

Komitéen finner at styrets vurdering av bankens økonomiske stilling er dekkende, og anbefaler at bankens årsregnskap for 2011 fastsettes.

Lysaker, 28. mars 2012



Finn Myhre  
Leder



Egil Dalviken  
Nestleder



Tone Bjørnov  
Medlem

*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 2011 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 2011 of Santander Consumer Bank AS, the Annual Report for the Group for 2011, the Board of Directors Annual Report for 2011 and the Auditors Report for 2010.

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 2011.

**Til Generalforsamlingen i Santander Consumer Bank AS**

Representantskapet har i møte 28.03.2012 gått gjennom bankens årsoppgjør og revisjonsberetningen for 2011, samt kontrollkomitéens uttalelse. Representantskapet behandlet samtidig styrets forslag til resultatregnskap og balanse og styrets forslag til disponering av årets resultat.

Representantskapet anbefaler at styrets forslag til resultatregnskap og balanse fastsettes som bankens regnskap for 2011. Representantskapet anbefaler også at styrets forslag til disponering av årets resultat godkjennes.

Lysaker 28. mars 2012

For Representantskapet



Torkel Ernø  
Representantskapets leder

---

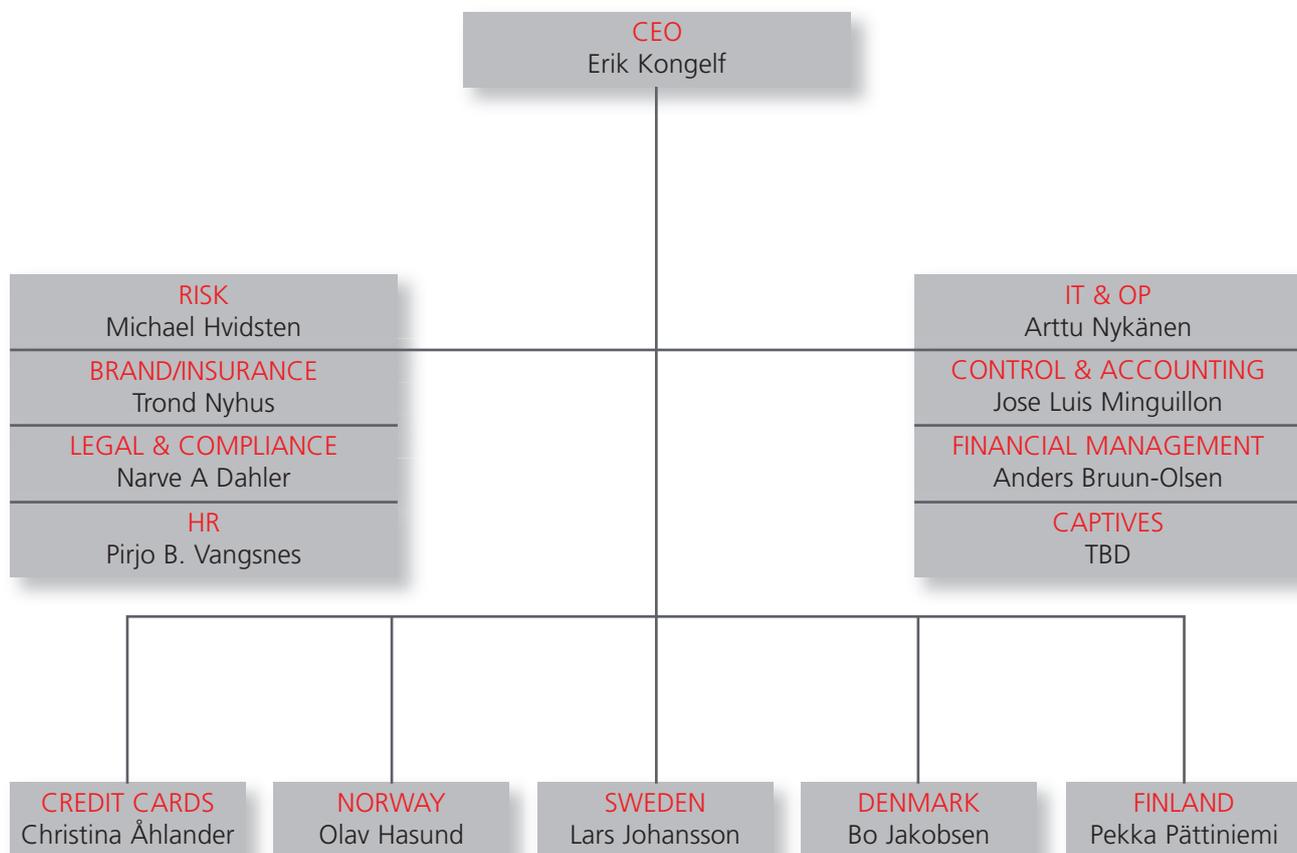
*Translation from the original Norwegian version:*

**To the General Meeting in Santander Consumer Bank AS**

*To the General Meeting in Santander Consumer Bank AS The Committee of Representatives has in the meeting 28.03.2012 reviewed the financial statements for 2011, the auditors report and the report from the Control Committee. Likewise the board of Directors' proposition for annual reports and accounts and allocation of earnings was reviewed.*

*The Committee of Representatives recommends that the board of Directors' proposition for annual report and accounts is established as the financial statements for 2011. The Committee of Representatives further recommends that the board of Directors' proposition for allocation of earnings is maintained."*

## SANTANDER CONSUMER BANK AS



Org.chart as of 28.03.12.

Michael Hvidsten was appointed as CEO from 29.03.12.



[santander.no](http://santander.no)