

Second quarter report

2012

Santander Consumer Bank AS



Report of the Board of Directors – 2nd quarter 2012

Introduction

The accounts of Santander Consumer Bank AS show the activities of the company in Norway, Sweden and Denmark. In the group section, the Finnish subsidiary is included. All figures and notes were prepared on the assumption that the business is a going concern.

Business areas

Division Norway

Auto: New Business Volume (NBV) in June was NOK 1.382 M, which was all-time high, and YTD NBV is up 7 % vs. 2011. As the combined car sales, new and used, are up 3.3 % we are outperforming the market with a growth in financed units of 5.8 %. Profit before tax (PBT) is above budget, and Return on Assets (ROA) is YTD at 2.15 %. Key drivers for the positive development are good margin management and opex control.

Consumer Loans: NBV YTD is back in line with budget, due to very good development in the agent channel over the last three months, as well as TV commercials and good response rates on direct mail. PBT is well above budget and ROA YTD of 6.63 %. Gross margin is somewhat lower than budget but more than offset by lower opex and credit losses.

Sweden

NBV is YTD 8.6 % lower than budget and 5.2 % below 2011. New car registrations are down 9 % vs. 2011. PBT is above budget and ROA at a low 0.94 %, highly influenced by the added opex related to securitization of the portfolio. Credit losses are above budget and mitigating actions are implemented to reduce these.

Finland

NBV is YTD below budget for both Auto and Consumer Loans. Auto is highly influenced by an overall reduction in car sales due to revised car taxation, based on CO2 emissions, as well as reduced interest rates among competitors. PBT is above budget and ROA of 1.68 %, driven by good margin management.

Denmark

NBV is YTD 25 % above budget and 2011, with car sales only showing a marginal increase, consequently clearly outperforming the market. PBT is significantly above budget and ROA at 2.15 %, driven by asset growth and margin management. Opex is above budget, but purely driven by the increased sales activity.

Cards

Continued good sales with 16.860 new cards issued YTD vs. budget of 12.600. Key drivers are results from the first ever TV commercial for Cards in Q2, contributing significantly to the internet channel. PBT is well above budget and ROA YTD of 9.74 %, both driven by good margin management.

Total assets for the Nordic business as per June 30th 2012 amounted to NOK 60.450 M which is an increase of 12.1 % compared to the same period last year.

Financial Results

For the Nordic Group the financial result before taxes amounted to NOK 559 M against NOK 590 M the same period last year. The result represents a ROA of 1.71 % of average assets. The operating result is hence down NOK 31 M from second quarter 2011. This is partly due to an increase in losses that amounts to NOK 104 M. The net interest and credit commission income increased with NOK 99 M (8.6 %). Net commission income increased with NOK 10 M (18 %).

For the parent company (SCB) the operating result totalled NOK 480 M compared to NOK 413 M for second quarter 2011.

Risk

In the first six months of 2012 the amount of non-performing loans (NPL) is still on a moderate level and the NPL ratio at the end of the quarter equalled 1.90 % for the Nordic Group vs. 2.43 % as of Q2 2011. The positive evolution is driven by continued focus and investments in collection processes, as well as improved and internally developed credit score models with a higher predictive power in terms of customer segmentation and monitoring.

Total loan losses for the first six months of the year for the Group amounted to NOK 221.8 M against NOK 117.4 M in second quarter 2011. This represents an increase of close to 90 % compared to second quarter 2011. This increase in both actual losses and provisions for losses relates mainly to the activities in Norway and Finland, where the timing of bad debt sales also has an impact on the loss level. In 2011 e.g. Finland had higher bad debt sales transactions during the first half of the year, carrying a positive impact on losses. The loan loss ratio came to 0.79 % against 0.45 % in the same period last year. Total loan loss reserves (in balance) at the end of Q2 totalled NOK 938.7 M which represents coverage of 87 % compared to NPL.

Capital ratio

Santander Consumer Bank applies the standard approach in Basel II, and the core capital ratio according to this methodology was at the 2nd quarter of 2012 9.69 %, compared to 9.07 % at the same time last year.

Lysaker, 25 July 2012

The Board of Directors

Erik Kongelf
(Chairman)

Bruno Montalvo Wilmot
(Deputy Chairman)

Eduardo Garcia Arroyo

Javier Anton

Bjørn Elvestad

Vibeke Hamre Krey
(Employee Representative)

Michael Hvidsten
(Chief Executive Officer)

Profit and loss account

Group			Santander Consumer Bank AS					
30.06.12	30.06.11	2011	All amounts in thousands of NOK	Note	30.06.12	30.06.11	2011	
			Interest income and similar income					
4 006	3 569	8 045	Interest and similar income on loans to and receivables from credit institutions		213 259	3 471	315 433	
1 990 904	1 867 837	3 908 000	Interest and similar income on loans to and receivables from customers		1 690 951	1 471 182	3 105 061	
69 162	0	0	Interest and similar income on comm. paper, bonds and other securities		51 055	0	66 845	
2 064 072	1 871 406	3 916 045	Total interest income and similar income		1 955 265	1 474 653	3 487 339	
			Interest expenses and similar expenses					
635 733	582 583	1 237 988	Interest and similar expenses on debt to credit institutions	5	957 320	468 584	1 636 928	
3 910	4 076	8 392	Interest and similar expenses on deposits from and debt to customers		3 910	4 076	8 392	
156 342	110 515	269 612	Interest and similar expenses on issued commercial papers and bonds	7	17 406	110 515	43 634	
15 827	15 637	32 251	Interest on subordinated loan capital	5	15 827	15 637	32 251	
1 718	7 012	12 992	Other interest expenses and similar expenses		41	6 903	2 119	
813 529	719 823	1 561 235	Total interest expenses and similar expenses		994 504	605 716	1 723 324	
1 250 542	1 151 582	2 354 810	Net interest and credit commission income		960 761	868 938	1 764 015	
			Commission income					
1 417	1 726	3 473	Guarantee commissions		907	679	1 464	
137 271	108 529	229 053	Other commissions and fees		121 579	100 150	201 296	
138 687	110 255	232 526	Total commission income and income from banking services		122 486	100 829	202 760	
			Commission expenses					
73 439	55 151	122 599	Other fees and commission expenses		48 803	58 505	91 079	
73 439	55 151	122 599	Total commission expenses and expenses from banking services		48 803	58 505	91 079	
			Net value change and gain/loss on foreign exchange and securities					
1 817	- 5 684	-1 865	Net value change and gain/loss on foreign exchange and securities		4 901	-2 268	1 734	
1 817	- 5 684	-1 865	Total value change and gain/loss on foreign exchange and securities		4 901	-2 268	1 734	
			Other operating income					
16 507	13 424	27 720	Other operating income		13 961	12 099	25 460	
16 507	13 424	27 720	Total other operating income		13 961	12 099	25 460	
			Salaries and administration expenses					
264 043	243 472	529 121	Salaries, fees and other personnel expenses		209 663	180 452	384 934	
191 959	188 522	405 774	<i>Of which: - Salaries</i>		146 431	132 731	272 827	
31 192	25 668	68 242	<i>- Pensions</i>		26 013	21 572	60 294	
40 892	29 282	55 105	<i>- Social costs</i>		37 220	26 149	51 812	
162 591	134 400	303 983	Administration expenses		123 840	112 309	250 172	
426 634	377 871	833 104	Total salaries and administration expenses		333 503	292 762	635 106	
			Ordinary depreciation					
32 843	27 634	56 034	Ordinary depreciation		30 350	25 559	50 571	
55 342	56 567	112 527	Ordinary depreciation operational leasing		0	0	0	
88 185	84 201	168 561	Sum ordinary depreciation		30 350	25 559	50 571	
38 905	45 173	79 799	Other operating expenses		26 345	30 457	56 816	
			Losses on loans, guarantees etc					
221 778	117 421	281 429	Loan losses	2	183 074	158 927	324 619	
221 778	117 421	281 429	Total losses on loans, guarantees etc		183 074	158 927	324 619	
558 612	589 760	1 127 698	Operating result		480 036	413 388	835 780	
156 770	161 000	311 347	Taxes charge		137 431	117 756	235 343	
401 842	428 760	816 351	Profit after tax		342 606	295 632	600 436	
			Allocation of profit after tax					
401 842	428 760	816 351	Transferred to other earned equity		342 606	295 632	600 436	
401 842	428 760	816 351	Total allocations		342 606	295 632	600 436	

Statement of comprehensive income

Group			Santander Consumer Bank AS					
30.06.12	30.06.11	2011	All amounts in thousands of NOK	Note	30.06.12	30.06.11	2011	
-8 305	12 310	2 315	Net exchange differences on translating foreign operations		-2 916	5 219	-456	
401 842	428 760	816 341	Profit after tax for the period		342 606	295 632	600 436	
393 537	441 070	818 656	Total comprehensive income for the period		339 690	300 851	599 980	

Profit and loss account - quarterly

Group			Santander Consumer Bank AS		
Q2 2012	Q2 2011	All amounts in thousands of NOK	Note	Q2 2012	Q2 2011
		Interest income and similar income			
2 447	-1 762	Interest and similar income on loans to and receivables from credit institutions		111 294	-1 823
995 692	912 608	Interest and similar income on loans to and receivables from customers		847 001	747 490
35 464	34 248	Interest and similar income on comm. paper, bonds and other securities		24 394	0
1 033 603	945 094	Total interest income and similar income		982 690	745 667
		Interest expenses and similar expenses			
310 814	286 128	Interest and similar expenses on debt to credit institutions	5	463 796	225 515
1 905	2 032	Interest and similar expenses on deposits from and debt to customers		1 905	2 032
70 508	81 049	Interest and similar expenses on issued commercial papers and bonds	7	8 708	81 049
7 649	7 184	Interest on subordinated loan capital	5	7 649	7 184
1 624	-5 375	Other interest expenses and similar expenses		-22	-5 412
392 499	371 017	Total interest expenses and similar expenses		482 036	310 368
641 103	574 077	Net interest and credit commission income		500 654	435 299
		Commission income			
386	1 397	Guarantee commissions		308	350
72 323	66 024	Other commissions and fees		64 447	61 398
72 708	67 420	Total commission income and income from banking services		64 755	61 748
		Commission expenses			
37 971	25 204	Other fees and commission expenses		29 630	30 389
37 971	25 204	Total commission expenses and expenses from banking services		29 630	30 389
		Net value change and gain/loss on foreign exchange and securities			
343	-2 044	Net value change and gain/loss on foreign exchange and securities		680	-2 414
343	-2 044	Total value change and gain/loss on foreign exchange and securities		680	-2 414
		Other operating income			
6 589	5 217	Other operating income		6 240	5 048
6 589	5 217	Total other operating income		6 240	5 048
		Salaries and administration expenses			
136 701	125 708	Salaries, fees and other personnel expenses		106 664	89 406
104 104	102 302	Of which: - Salaries		78 457	69 677
13 650	11 052	- Pensions		11 195	9 074
18 947	12 354	- Social costs		17 012	10 655
74 817	67 573	Administration expenses		61 884	57 090
211 517	193 281	Total salaries and administration expenses		168 548	146 496
		Ordinary depreciation			
16 148	13 955	Ordinary depreciation		14 879	12 908
27 797	28 641	Ordinary depreciation operational leasing		0	0
43 945	42 596	Sum ordinary depreciation		14 879	12 908
19 466	24 158	Other operating expenses		13 536	16 953
		Losses on loans, guarantees etc			
84 369	72 591	Loan losses	2	79 610	77 416
84 369	72 591	Total losses on loans, guarantees etc		79 610	77 416
323 475	286 841	Operating result		266 125	215 520
89 710	78 446	Taxes charge		75 500	62 419
233 765	208 395	Profit after tax		190 625	153 100
		Allocation of profit after tax			
233 765	208 395	Transferred to other earned equity		190 625	153 100
233 765	208 395	Total allocations		190 625	153 100

Statement of comprehensive income

Group			Santander Consumer Bank AS		
Q2 2012	Q2 2011	All amounts in thousands of NOK	Note	Q2 2012	Q2 2011
-5 197	19 593	Net exchange differences on translating foreign operations		-159	496
233 765	208 395	Profit after tax for the period		190 625	153 100
228 568	227 988	Total comprehensive income for the period		190 466	153 596

Balance sheet

Assets

Group			Santander Consumer Bank AS				
30.06.12	30.06.11	2011	All amounts in thousands of NOK	Note	30.06.12	30.06.11	2011
Cash and receivables on central banks							
0	0	0	Cash and receivables on central banks		0	0	0
0	0	0	Total cash and receivables on central banks		0	0	0
Deposits with and receivables on financial institutions							
1 792 542	130 489	896 992	Deposits with Norwegian financial institutions		922 854	127 928	592 585
1 792 542	130 489	896 992	Total deposits with and loans to financial institutions		922 854	127 928	592 585
Loans to customers							
1 996 951	1 782 332	1 894 581	Credit cards		1 996 951	1 782 332	1 894 581
44 564 814	41 129 724	42 797 325	Installment loans	8	36 270 852	32 089 586	34 109 784
10 209 948	9 424 513	9 729 300	Financial leasing		9 749 563	8 910 204	9 282 009
56 771 714	52 336 570	54 421 206	Total loans before individual and group write-downs		48 017 366	42 782 123	45 286 375
106 820	86 891	102 781	-Individual write-downs	2,3,4	68 796	56 189	64 206
831 838	847 508	820 266	-Group write-downs	2,3,4	589 777	510 885	543 390
55 833 056	51 402 171	53 498 159	Net loans		47 358 793	42 215 049	44 678 779
40 141	39 640	39 435	Repossessed assets		21 276	25 179	19 013
Commercial papers, bonds and other fixed-income securities							
0	0	0	Commercial papers and bonds	7	3 017 020	0	3 017 020
0	0	0	Total commercial papers, bonds and other fixed-income securities		3 017 020	0	3 017 020
Ownership interests in group companies							
0	0	0	Ownership interest in credit institutions		985 118	1 019 121	1 014 665
0	0	0	Sum ownership interest in group companies		985 118	1 019 121	1 014 665
Intangible assets							
434 895	450 533	442 718	Goodwill		102 980	106 100	105 988
108 148	109 842	106 965	Deferred tax assets		0	0	0
238 290	189 559	204 653	Other intangible assets		226 228	175 423	190 688
781 333	749 934	754 337	Total intangible assets		329 208	281 523	296 676
Fixed assets							
30 595	26 260	28 230	Machinery, fittings and vehicles		24 179	21 395	21 164
420 174	429 721	410 661	Operational leasing		0	0	0
450 769	455 981	438 891	Total fixed assets		24 179	21 395	21 164
Other assets							
1 241 967	884 601	1 279 939	Consignment		633 214	447 015	730 269
186 058	143 140	156 089	Other assets		104 795	67 978	78 873
1 428 025	1 027 741	1 436 028	Total other assets		738 009	514 992	809 143
Prepayments and earned income							
124 384	102 696	128 378	Earned income not received and prepaid expenses not incurred		86 007	107 999	77 525
124 384	102 696	128 378	Total prepayments and earned income		86 007	107 999	77 525
60 450 251	53 908 652	57 192 220	Total assets		53 482 463	44 313 186	50 526 570

Balance sheet

Liabilities and equity

Group			Santander Consumer Bank AS				
30.06.12	30.06.11	2011	(All amounts in thousands of NOK)	Note	30.06.12	30.06.11	2011
			Debt to credit institutions				
41 497 488	37 656 888	38 395 657	Loans and deposits from credit institutions with an agreed term	5	44 880 862	28 558 665	42 112 120
41 497 488	37 656 888	38 395 657	Total loans and deposits from financial institutions		44 880 862	28 558 665	42 112 120
			Deposits from and debt to customers				
231 996	270 802	258 827	Deposits from and debt to customers repayable on notice		231 996	270 802	258 827
231 996	270 802	258 827	Total deposits from customers		231 996	270 802	258 827
3 885	0	0	Financial derivatives		0	0	0
			Debt established by issuing securities				
0	524 887	0	Certificates and other short term loan raising	7	0	524 887	0
10 300 623	7 983 106	10 490 328	Bonds and other long term loan raising	7	724 717	7 983 106	854 415
10 300 623	8 507 993	10 490 328	Total debt established by issuing securities		724 717	8 507 993	854 415
			Other debt				
552 450	556 836	547 939	Other debt		406 820	493 201	419 394
552 450	556 836	547 939	Total other debt		406 820	493 201	419 394
			Allocations for expenses incurred and liabilities				
728 936	602 903	710 258	Expenses incurred and earned income not received		465 545	407 477	401 103
103 402	55 846	98 575	Pension liabilities		103 402	55 846	98 575
366 212	362 913	418 915	Deferred tax		366 212	354 763	418 915
1 198 551	1 021 662	1 227 749	Total allocations for liabilities		935 159	818 087	918 594
			Subordinated loan capital				
655 183	655 183	655 183	Other subordinated loan capital	5	655 183	655 183	655 183
655 183	655 183	655 183	Total subordinated loan capital		655 183	655 183	655 183
54 440 176	48 669 363	51 575 683	Total liabilities		47 834 736	39 303 930	45 218 533
			Equity				
			Paid-in equity				
2 982 469	2 662 469	2 982 469	Share capital		2 982 469	2 662 469	2 982 469
891 314	891 314	891 314	Share premium capital		891 314	891 314	891 314
566 008	320 008	566 008	Paid in, not registered share capital		566 008	320 008	566 008
4 439 791	3 873 791	4 439 791	Total paid-in equity		4 439 791	3 873 791	4 439 791
			Earned equity				
1 570 284	1 365 497	1 176 746	Other equity		1 207 936	1 135 464	868 246
1 570 284	1 365 497	1 176 746	Total earned equity		1 207 936	1 135 464	868 246
6 010 075	5 239 288	5 616 537	Total equity		5 647 727	5 009 255	5 308 037
60 450 251	53 908 652	57 192 220	Total liabilities and equity		53 482 463	44 313 186	50 526 570
			Conditional liabilities				
132 613	134 207	132 018	Guarantee liabilities		132 613	134 207	132 018

Statements of changes in equity

Group:

All amounts in thousands of NOK	Share capital	Share capital premium	Other equity	Total
Equity as at 31.12.2011	3 548 477	891 314	1 176 746	5 616 537
Conversion differences foreign currencies (branches)			-8 305	-8 305
Profit for the period			401 842	401 842
Total comprehensive income for the period	0	0	393 538	393 538
Equity as at 30.06.2012	3 548 477	891 314	1 570 284	6 010 075

Santander Consumer Bank AS:

All amounts in thousands of NOK	Share capital	Share capital premium	Other equity	Total
Equity as at 31.12.2011	3 548 477	891 314	868 246	5 308 037
Conversion differences foreign currencies (branches)			-2 916	-2 916
Profit for the period			342 606	342 606
Total comprehensive income for the period	0	0	339 690	339 690
Equity as at 30.06.2012	3 548 477	891 314	1 207 936	5 647 727

Cash flow statement

Group			Santander Consumer Bank AS			
30.06.12	30.06.11	31.12.11	All amounts in thousands of NOK	30.06.12	30.06.11	31.12.11
Cash flow from operations						
2 535 620	2 175 238	4 538 570	Receipts of interest	2 163 103	1 770 316	3 738 968
-3 152 174	-2 922 158	-5 546 467	Net disbursement/payments on customer loans	-5 984 737	-3 006 718	- 5 973 027
-26 831	-14 166	- 26 141	Net receipts/payments from banking customers	-26 831	-14 166	- 26 141
-390 279	-446 700	- 935 343	Payments of operating costs	-313 760	-335 985	- 664 760
35 194	44 211	101 647	Recovered on previously recognised losses	31 117	28 375	73 592
-197 562	-130 343	-214 434	Taxes paid	-187 307	-126 497	-163 981
-1 275	-197 618	-239 124	Increase/reduction in prepayments	-10 341	-201 894	-213 543
37 497	55 237	537 617	Net receipts/payments on other operating activities	74 755	119 721	14 647
37 972	-303 443	-698 779	Net receipts/payments from consignment	97 055	-168 594	-450 660
-1 121 838	-1 739 741	- 2 482 453	Net cash flow from operating activities	-4 156 945	-1 935 441	- 3 664 905
Cash flow from investment activities						
-35 208	-26 960	- 57 331	Net payments on purchase/sale of fixed assets etc.	-33 364	-24 601	- 50 571
0	205 829	0	Net payments from subsidiaries	0	205 829	201 734
-35 208	178 869	- 57 331	Net cash flow from investment activities	-33 364	181 228	151 163
Cash flow from financing activities						
-31 592	115 313	887 466	Increase/reduction in equity	-2 924	319 496	887 466
-1 042 824	-803 335	- 1 686 437	Payment of interest	-902 754	-674 156	- 1 427 030
2 871 372	2 290 950	4 713 614	Increase/reduction in loans from credit institutions	5 555 954	2 151 372	5 126 761
-189 706	-	-	Increase/reduction in bonds *	-129 698	-	-
445 346	0	0	Payments - repayments subordinated loans	0	0	0
0	0	- 566 300	Payments - dividends	0	0	- 566 300
2 052 596	1 602 928	3 348 344	Net cash flow from financing activities	4 520 577	1 796 712	4 020 897
895 550	42 056	808 559	Net cash flow for the period	330 269	42 499	507 156
Net change in cash and cash equivalents						
896 992	88 433	88 433	Holding of cash and cash equivalents at start of period	592 585	85 429	85 429
1 792 542	130 489	896 992	Holding of cash and cash equivalents at end of period	922 854	127 928	592 585

* In 2011 “increase/reductions in bonds” are included in the line “increase/reductions in loans from credit institutions”

Notes to the financial accounts of Santander Consumer Bank AS and the consolidated financial accounts for second quarter 2012

1. Accounting principles

The second quarter accounts for 2012 are prepared in accordance with simplified IFRS as described in the Norwegian accounting act § 3-9, IAS 34 – Interim financial reporting, and the accounting regulations issued by Finanstilsynet (the Financial Supervisory Authority of Norway).

The interim accounts do not include all the information and disclosures required for full annual accounts and should be read in conjunction with the company's annual report as of 31 December 2011. There have not been any changes of accounting principles in 2012. The annual report for 2011 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting www.santander.no.

The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose vehicles Bilkreditt 1 ltd. and Bilkreditt 2 ltd. related to the securitized portfolios are included.

The consolidated accounts for second quarter 2012 for Santander Consumer Bank AS were approved by the board of directors 25 July 2012.

2. Losses and write-downs

Group:

Loan losses expenses			
All amounts in thousands of NOK	30.06.2012	30.06.2011	2011
Write-downs at the end of the period	938 658	934 399	923 047
+/- Rate adjustment opening balance	10 742	1 966	1 952
- Write-downs at the beginning of the period	-923 047	-958 185	-958 185
+ Total recognised losses	252 730	256 715	528 121
- Recoveries on recognised losses	-57 303	-117 473	-213 507
= Loan losses	221 778	117 422	281 429

Individual- and group write-downs			
All amounts in thousands of NOK	30.06.2012	30.06.2011	31.12.2011
Individual write-downs at the beginning of the period	102 781	96 286	96 286
+/- Rate adjustment opening balance	-3 202	1 099	1 122
Reclassification from individual to group write-downs	0	17 811	18 560
- Recognised losses covered by earlier write-downs	0	0	0
- Reversal of earlier individual write-downs	0	0	0
+ Individual write-downs for the period	7 241	-28 306	-13 186
= Individual write-downs at the end of the period	106 820	86 890	102 781
	30.06.2012	30.06.2011	31.12.2011
Group write-downs at the beginning of the period	820 266	861 899	861 899
+/- Rate adjustment opening balance	-7 540	-3 065	-3 074
Reclassification from individual to group write-downs	0	-79 183	-18 560
+/- Write-downs for the period	19 112	67 857	-20 001
= Group write-downs at the end of the period	831 838	847 508	820 266

Santander Consumer Bank AS:

Loan losses expenses			
All amounts in thousands of NOK	30.06.2012	30.06.2011	2011
Write-downs at the end of the period	658 573	567 074	607 595
+/- Rate adjustment opening balance	1 887	1 464	95
- Write-downs at the beginning of the period	-607 595	-532 436	-532 436
+ Total recognised losses	161 498	152 370	327 977
- Recoveries on recognised losses	-31 288	-29 545	-78 612
= Loan losses	183 074	158 927	324 619

Individual- and group write-downs			
All amounts in thousands of NOK	30.06.2012	30.06.2011	31.12.2011
Individual write-downs at the beginning of the period	64 206	44 845	44 845
+/- Rate adjustment opening balance	-373	-123	-8
Reclassification from individual to group write-downs	0	17 811	18 560
- Recognised losses covered by earlier write-downs	0	0	0
- Reversal of earlier individual write-downs	0	0	0
+ Individual write-downs for the period	4 963	-6 344	809
= Individual write-downs at the end of the period	68 796	56 189	64 206
	30.06.2012	30.06.2011	31.12.2011
Group write-downs at the beginning of the period	543 388	487 591	487 591
+/- Rate adjustment opening balance	-1 514	-1 341	-87
Reclassification from individual to group write-downs	0	-17 811	-18 560
+/- Write-downs for the period	47 903	42 446	74 444
= Group write-downs at the end of the period	589 777	510 885	543 388

3. Non-performing and loss exposed loans

Group:

All amounts in thousands of NOK	30.06.12	30.06.11	31.12.11
Gross non-performing- and other loss exposed loans	1 079 338	1 116 297	1 026 820
Individual write-downs	106 820	86 891	102 781
Group write-downs	831 838	847 508	820 266
Net non performing- and other loss exposed loans	140 681	181 898	103 773

Santander Consumer Bank AS:

All amounts in thousands of NOK	30.06.12	30.06.11	31.12.11
Gross non-performing- and other loss exposed loans	954 436	984 977	899 447
Individual write-downs	68 796	56 189	64 206
Group write-downs	589 777	510 885	543 390
Net non performing- and other loss exposed loans	295 862	417 903	291 851

4. Risk classification

Group:

31.03.2012

All amounts in thousands of NOK	Very good	Good	Medium	Less good	Default	Total
Gross loans	51 348 524	3 365 388	735 897	242 567	1 079 338	56 771 714
Write downs	372 608	37 530	36 952	47 717	443 851	938 658
Net 31.03.12	50 975 917	3 327 857	698 945	194 851	635 487	55 833 056

31.03.2011

All amounts in thousands of NOK	Very good	Good	Medium	Less good	Default	Total
Gross loans	46 818 082	3 206 558	819 508	219 720	1 272 701	52 336 570
Write downs	346 951	48 222	45 959	51 328	441 939	934 399
Net 31.03.11	46 471 132	3 158 336	773 549	168 392	830 763	51 402 171

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 first quarter 2012. The development of the portfolio is under continuous surveillance.

Santander Consumer Bank AS:

31.03.2012

All amounts in thousands of NOK	Very good	Good	Medium	Less good	Default	Total
Gross loans	43 893 296	2 451 474	548 856	169 305	954 436	48 017 366
Write downs	211 331	23 360	21 589	33 595	368 699	658 573
Net 31.03.12	43 681 965	2 428 114	527 267	135 710	585 737	47 358 793

31.03.2011

All amounts in thousands of NOK	Very good	Good	Medium	Less good	Default	Total
Gross loans	38 871 535	2 212 822	557 205	155 585	984 977	42 782 123
Write downs	105 850	29 046	29 113	33 545	369 521	567 074
Net 31.03.11	38 765 685	2 183 776	528 092	122 040	615 456	42 215 049

5. Receivables and liabilities to group companies

Group:

All amounts in thousands of NOK	Interest 30.06.12	30.06.2012	30.06.2011
Santander Consumer Group			
Loans from credit institutions	634 171	41 409 783	37 656 888
<i>Of which:</i>			
<i>Santander Benelux</i>		34 202 679	26 807 033
<i>Santander Consumer Finance S.A.</i>		7 207 104	10 849 855
Accrued interest / other debt		173 165	217 319
Subordinated loan capital	15 827	655 183	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		3 168	3 089
Subordinated loan capital		30.06.2012	30.06.2011
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
Total subordinated loan capital		655 183	655 183

Santander Consumer Bank AS:

All amounts in thousands of NOK	Interest 30.06.12	30.06.2012	30.06.2011
Santander Consumer Group			
Loans from credit institutions	532 548	35 102 988	28 506 748
<i>Of which:</i>			
<i>Santander Benelux</i>		33 829 421	26 575 446
<i>Santander Consumer Finance S.A.</i>		1 273 567	1 931 303
Accrued interest / other debt		127 931	126 193
Subordinated loan capital	15 827	655 183	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		3 168	3 089
Subordinated loan capital		30.06.2012	30.06.2011
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
Total subordinated loan capital		655 183	655 183

6. Capital adequacy

Group:

All amounts in thousands of NOK	30.06.2012	30.06.2011
Core capital	5 068 272	4 292 199
Eligible supplementary capital	619 183	655 183
Total primary capital	5 687 455	4 947 382
Minimum capital requirement (pillar I)		
Credit risk	3 871 936	3 541 943
Market risk	22 960	16 935
Operational risk	354 960	294 200
Deductions in capital requirement	-66 547	-67 801
Total minimum capital requirement (pillar I)	4 183 309	3 785 277
Capital ratio	10,88 %	10,46 %
Core capital ratio	9,69 %	9,07 %

Financial information in accordance with the capital requirement regulation is published at www.santander.no. Information according to Pillar 3 will be published at www.santander.no.

Santander Consumer Bank AS:

All amounts in thousands of NOK	30.06.2012	30.06.2011
Core capital	5 215 939	4 574 186
Eligible supplementary capital	619 183	655 183
Total primary capital	5 835 122	5 229 369
Minimum capital requirement (pillar I)		
Credit risk	3 313 990	2 960 467
Market risk	11 193	8 335
Operational risk	264 687	229 609
Deductions in capital requirement	-47 182	-40 871
Total minimum capital requirement (pillar I)	3 542 688	3 157 541
Capital ratio	13,18 %	13,25 %
Core capital ratio	11,78 %	11,59 %

7. Issued securities

Group:

Specification of issued securities

All amounts in thousands NOK

	30.06.2012	30.06.2011
Issued commercial papers	0	524 887
Issued bonds	10 300 623	7 983 106
Total liability issued securities	10 300 623	8 507 993

Changes in liability issued securities

All amounts in thousands NOK

	Book value 31.12.11	New issues/ repurchase	Payments	Amortisation	Book value 30.06.12
Issued commercial papers	0				0
Issued bonds	10 490 328	3 060 116	-3 250 209	389	10 300 623
Total liability issued securities	10 490 328	3 060 116	-3 250 209	389	10 300 623

Specification of issued securities

All amounts in thousands NOK

Bonds

<i>ISIN number</i>	<i>Issuer</i>	<i>Net nominal value</i>	<i>Currency</i>	<i>Interest</i>	<i>Call date</i>	<i>Book value 30.06.12</i>
NO0010588098	Santander Consumer Bank AS	500 000	NOK	Floating	24.09.2012	474 340
NO0010588080	Santander Consumer Bank AS	250 000	NOK	Floating	24.09.2013	249 400
XS0595990978	Bilkreditt 1 ltd.	3 965 000	NOK	Floating	25.06.2025	1 492 525
XS0595991273	Bilkreditt 1 ltd.	4 677 000	NOK	Floating	25.06.2025	1 760 540
n/a	Bilkreditt 1 ltd.	2 013 440	NOK	Floating	25.06.2025	2 013 440
XS0706720496	Bilkreditt 2 ltd.	4 770 000	NOK	Floating	25.04.2026	3 556 832
n/a	Bilkreditt 2 ltd.	1 003 580	NOK	Floating	25.04.2026	1 003 580
n/a	SCF Rahoituspalvelut LTD	3 060 116	NOK	Floating	25.01.2020	2 766 010
n/a	SCF Rahoituspalvelut LTD	604 700	NOK	Floating	25.01.2020	599 054
Amortisation						977
Totals issued bonds						13 916 698

Repurchase

Repurchased own issued bonds	3 616 074
Total repurchased own securities	3 616 074
Total issued securities	10 300 623

Santander Consumer Bank AS:

Specification of issued securities

All amounts in thousands NOK

	30.06.2012	30.06.2011
Issued commercial papers	0	524 887
Issued bonds	724 717	7 983 106
Total liability issued securities	724 717	8 507 993

Changes in liability issued securities

All amounts in thousands NOK

	Book value 31.12.11	New issues/ repurchase	Payments	Amortisation	Book value 30.06.12
Issued commercial papers	0	0	0	0	0
Issued bonds	854 415	0	-130 087	389	724 717
Total liability issued securities	854 415	0	-130 087	389	724 717

Specification of issued securities

All amounts in thousands NOK

Bonds

<i>ISIN number</i>	<i>Issuer</i>	<i>Net nominal value</i>	<i>Currency</i>	<i>Interest</i>	<i>Call date</i>	<i>Book value 30.06.12</i>
NO0010588098	Santander Consumer Bank AS	500 000	NOK	Floating	24.09.2012	474 340
NO0010588080	Santander Consumer Bank AS	250 000	NOK	Floating	24.09.2013	249 400
Amortisation						977
Totals issued bonds						724 717

Repurchase

Repurchased own issued bonds	0
Total repurchased own securities	0
Total issued securities	724 717

8. Securitization

Santander Consumer Bank AS:

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	30.06.2012	30.06.2011	31.12.2011
Derecognized	0	0	0
Retained in the balance sheet	9 418 579	8 684 224	12 024 712
Total liability issued securities	9 418 579	8 684 224	12 024 712

Statement pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the Group and the company for the period 1 January through 30 June 2012 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group over the next accounting period
- description of major transactions with related parties.

Lysaker, 25 July 2012

The Board of Directors

Erik Kongelf
(Chairman)

Bruno Montalvo Wilmot
(Deputy Chairman)

Eduardo Garcia Arroyo

Javier Anton

Bjørn Elvestad

Vibeke Hamre Krey
(Employee Representative)

Michael Hvidsten
(Chief Executive Officer)

