Santander

CONSUMER BANK

Financial statements at 31 December 2014

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

This is an English translation of the Italian original "Bilancio al 31 dicembre 2014" and has been prepared solely for the convenience of the international readers.
The Italian version takes precedence.

General information

General information

Head Office

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Shareholder structure

Santander Consumer Finance S.A.

(Santander Group) 100%

Directors and officers

Board of directors	
Chairman	Ettore Gotti Tedeschi
Deputy Chairman	Ines Serrano Gonzalez
Chief Executive Officer	Vito Volpe
Directors	Francisco Javier Anton San Pablo
	Carlo Callieri
	Francisco Javier Gamarra Anton (from 27/01/2015)
	David Turiel Lopez
	Aldo Olcese Santonja
Board of Statutory Auditors	
Chairman	Walter Bruno
Acting Auditors	Maurizio Giorgi
	Stefano Caselli
Substitute Auditors	Luisa Girotto
	Marta Montalbano
General Manager	Vito Volpe
Independent Auditors	Deloitte & Touche S.p.A.

History and Ownership

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

Some key moments in the Company's history:

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

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Corporate Governance

Corporate Governance

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

The system was established to strengthen the minimum standards of corporate governance and organisation and ensure the Group's "sound and prudent management" (art. 56 of Consolidated Banking Act), as last defined by the Bank of Italy in its update of Circular 285 of 17 December 2013, with the inclusion of Chapter 1 "Corporate Governance" in Part One, Title IV of the Circular. By including this chapter, the Supervisory Authority outlined a regulatory framework that gives the organisation a central role in defining corporate strategies and policies for the management and control of the risks that are typical of banking activities.

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

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

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

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

The Board of Directors

The Board of Directors is appointed by the Shareholders' Meeting for a maximum of three years.
It elects a Chairman, and possibly a Deputy Chairman, from among its members. It can also appoint a Chief Executive Officer, establishing his powers; if appointed, the Chief Executive Officer also holds the position of General Manager.

The Board can also appoint a General Manager and one or more Deputy General Managers.
The current Board of Directors, which was appointed for the period 2012-2014, is made up as follows:

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

Vito Volpe also holds the position of General Manager.

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

At least one of the directors appointed by the Shareholders' Meeting has to satisfy the independence requirements laid down in art. 13[2] of the articles of association. If the Board of Directors consists of more than seven members, at least two of them must qualify as independent. The Independent Directors ensure a high level of debate within the Board and makes a significant contribution to the formation of Board decisions.

[1] co-opted by the Board of directors' meeting of 27.01.2015, pursuant to art. 2386 of the Italian Civil Code.
[2] This article is currently being revised to ensure, also from a formal point of view, full compliance with Circular 285 of 17 December 2013, which states that, with respect to membership of the Board of Directors, a proportion of 1/4 of independent directors over the total board members is compulsory. The presence of two independent members out of a total of eight members of the Board of Directors of the Bank ensures full compliance with the above regulations.

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

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

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

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

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

During 2014, the Board met ten times with a participation rate of 97%.

The Chairman of the Board of Directors

The Chairman promotes the effective functioning of the system of corporate governance, ensuring a balance of power with respect to the Chief Executive Officer, if appointed, and to the executive directors and acts as the interlocutor for the internal control bodies.
The Chairman also ensures the effectiveness of Board discussions and makes sure that the decisions reached by the Board are the result of adequate debate and contribution by its members.

The Chief Executive Officer

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

General Management

The duties and powers of General Management are governed by internal regulations, which give it a key role in the management of the Group, as well as acting as the link between the Board of Directors and the operational functions, and between the Bank and its subsidiaries.

As of 31 December 2014, General Management consisted of the Chief Executive Officer and General Manager Vito Volpe, Deputy General Manager Guido Pelissero (Head of Technology and Operations), Pier Marco Alciati (Head of Sales and Marketing), Fernando Maria Janez Ramos (Head of Collection), Giulio Guida (Head of Risk), Pedro Miguel Aguero Cagigas (Head of Administration and Control), Savino Casamassima (Head of Institutional Relations, Legal and Compliance) and Michele Di Rauso (Head of Finance).

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

General Management has the following functions, among other things:

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

The Shareholders' Meeting

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

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

I. remuneration of bodies appointed by it;
II. remuneration and incentive policies for members of the Board of Directors, employees or external collaborators (who are not linked to the Company with a contract of employment);
III. share-based compensation plans (such as stock options) in favour of members of the Board of Directors, employees or external collaborators who are not linked to the Company with a contract of employment, and members of the Board of Directors, employees or external collaborators of companies forming part of the Santander Consumer Bank Banking Group.
IV. the criteria for the determination of the compensation payable in the event of early termination of the employment relationship or early termination of office.

The Board of Statutory Auditors

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

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

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

In particular, their main activities include:

- monitoring compliance with laws and the articles of association in accordance with sound management principles and that proper strategic, management control has been carried out by the Bank over the Banking Group companies;
- verifying the adequacy of the organisational structure, paying special attention to the internal control system, ensuring that it functions properly;
- examining important problems and critical aspects that emerge from internal audit activities, monitoring the action taken to resolve them.

The Board of Statutory Auditors can attend meetings of the Board of Directors; it meets as often as required for the performance of the functions attributed to it and, in any case, at least once a quarter, as laid down by law.

It is not responsible for the auditing the accounts for legal purposes, which is up to the Independent Auditors. The Independent Auditors are required to verify, during the year, that the accounts are kept correctly and that all transactions and other operational events are reflected correctly in the accounting records. They also check that the figures shown in the separate and consolidated financial statements agree with the accounting records and the checks performed, and that the accounting documents comply with the rules governing them.

The Internal Standing Committees

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

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

The Management Committee

This Committee is mainly entrusted with control functions to ensure proper execution of the decisions taken by the Strategic Oversight Body, as well as their adoption by the business's operations in general, as well as by individual departments and Group companies; the Committee is also responsible for continuous monitoring of the Santander Consumer Bank Group and for providing relevant information to the management bodies.

It is essentially an advisory and consulting body that provides supports to the Administrative Body In particular, the Committee assists the Chief Executive Officer and the General Manager in implementing the Company's strategy and development plan and in decisions that may affect the Company's balance sheet and income statement; it also monitors projects for the development of new products and services and business plans managed by the Human Resources Unit.

The Committee consists of the Chief Executive Officer and General Manager, the Head of Technology and Operations, the Head of Risk Management, the Head of Sales and Marketing, the Head of Administration and Control, the Head of Collection, the Head of Finance, the Head of Institutional Relations, Legal and Compliance, the Head of Internal Audit and the Head of Human Resources.

The Committee meets regularly, on a weekly basis.

The Money Laundering Analysis Committee

The Money Laundering Analysis Committee represents within the Santander Consumer Bank Group, the main point of reference in the prevention of money laundering and financing of terrorism.

The Committee consists of the Chief Executive Officer and General Manager, the Head of Technology and Operations, the Head of Sales and Marketing, the Head of Administration and Control, the Head of Institutional Relations, Legal and Compliance, the Head of Internal Audit, the Head of Compliance and AML, the Head of Legal and Corporate Affairs and the Head of Risk Control.

The Committee's main functions are as follows:

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

The Committee meets on a quarterly basis.

Senior Risk Committee

This is a consulting and advisory body required to promote the Santander Group's risk philosophy at a local level, as well as its strategy, risk appetite and tolerance level, to the extent that this is compatible with the mission and objectives of the various business areas. It is also required to monitor the credit quality of the customer portfolio.

It is made up of the Chief Executive Officer/General Manager, the Head of Risk Management, the Head of Sales and Marketing, the Head of Technology and Operations, the Head of Institutional Relations, Legal and Compliance, the Head of Collection, the Head of Administration and Control, the Head of Finance, the Head of the Risk Control Unit, the Head of Credit Policies and Credit Decision System, the Head of Wholesale Analysis, the Head of Retail Analysis and the Head of Planning and Control.

It meets every two months.

Risk Management Committee

This is the body that has the power for the daily management of risk within the limit of the powers granted by the Board of Directors.

It is made up of the Chief Executive Officer/General Manager, the Head of Risk Management, the Head of Sales and Marketing, the Head of Credit Policies and Credit Decision System, the Head of Wholesale Analysis, and the Head of Retail Analysis.

Meetings are also attended by a representative of the Risk Control Unit as a permanent invitee, but without the right to approve transactions and risk limits.

If transactions are to be approved, meetings are also attended by a representative of the Technology and Operations Department, a representative of the Sales and Marketing Department and a representative of the Collection Unit.

The Committee meets twice a month.

The Security and Emergency Management Committee

The Committee checks that the policies issued by the Santander Group have been adopted locally, including the annual assessment of security risks; it also checks that corresponding countermeasures to reduce risks to an acceptable level have been adopted and are operational and effective; it promotes the awareness and training of all employees on IT security issues and examines any security incidents to ensure that the correct countermeasures have been taken.

The Security and Emergency Management Committee, consisting of the Chief Executive Officer/General Manager, the Head of Technology and Operations, the Head of Technology and Operations of the Parent Company Santander Consumer Finance S.A., the Planning Coordinator, the IT Planning Coordinator, the Head of the Risk Control Unit, the Heads of Isban and Produban, the Santander Group companies that manage the Group's IT structure, and the Head of Isban - Italian Branch.

The Committee meets on a quarterly basis.

The Financial Risk Management Committee (ALCO)

This is an advisory body the objective pf which is to support management bodies in monitoring financial assets In particular, it supports management in deciding which measures are necessary to ensure the correct balance between profitability and risk and analyses the evolution and macro-economic trend of the target market with a particular focus on interest rates; it also plans and monitors the steps needed to maintain the capital adequacy of Group companies

It is made up of the Chief Executive Officer/General Manager, the Head of Finance, the Head of Administration and Control, the Head of Risk Management, the Head of Planning and Control, the Head of the Treasury, the Head of the Risk Control Unit and the Head of Finance of Santander Consumer S.A.

It normally meets on a monthly basis.

The Internal Audit Committee

It monitors and evaluates on an ongoing basis the adequacy, efficiency and effectiveness of internal controls and identifies any steps that ought to be taken to improve the overall functioning of the control system. It analyses any critical aspects that have been identified for their economic impact and/or risk profile.

It reports directly to the Board of Directors, which is ultimately responsible for the internal control system.

It is made up of the Chief Executive Officer/General Manager, the Head of Risk Management, the Head of Institutional Relations, Legal and Compliance, the Head of Administration and Control, the Head of Risk Management, the Head of Internal Audit, the Head of Compliance and AML and the Head of the Risk Control Unit.

The Statutory Auditors and Management may also be invited to attend meetings, depending on the topics being discussed, as well as outside specialists (outsourcers, consultants).

It normally met on a monthly basis. With effect from 1 January 2015, it will meet on a quarterly basis.

The Legal and Compliance Committee

The Legal & Compliance Committee is delegated the monitoring and analysis of the relationship between the Bank and its customers; within this ambit, it examines the performance of the areas dedicated to customer care, as well as any complaints received from customers, proposing suitable solutions.

The Committee is also assigned the task of ensuring that the Group activities are compliant with current regulations, evaluating the adequacy of internal policies as well as the existence of potential legal/reputational risk.

The results of its activity are summarised in a report that is submitted quarterly to the Board of Directors; it is also sent to the pertinent structures of the parent company Santander Consumer Finance S.A.

The Committee is composed of the Chief Executive Officer/General Manager, the Head of Sales and Marketing, the Head of Legal and Institutional Relations, the Head of Collection, the Head of Administration and Control, the Head of Car and Special-Purpose Loans, the Head of Insurance, the Head of Legal and Corporate Affairs, the Head of Compliance and AML, the Head of Risk Control and the Head of After-Sales Service.

It meets every two months.

Internal Control Coordination Committee (formerly Internal Control Committee)

This body was set up to monitor and control the effectiveness of second-level operating and accounting controls and correct application of the SOX controls requested by the Spanish Parent Company.
As part of the process of ensuring compliance with Bank of Italy Circular 263/2006, its composition and mission were revised with the aim of ensuring, primarily, the coordination of internal control system project initiatives and to align, from an operational and methodological point of view, the approaches used in the execution of second/third-level controls, avoiding overlaps, gaps or duplications of activities.

The Committee consists of the Chief Executive Officer/General Manager, the Head of SOX, the Head of Internal Audit, the Head of the Risk Control Unit, the Head of Technology and Operations, the Head of Risk Management, the Head of Administration and Control, the Head of Planning and Control, the Head of Institutional Relations, Legal and Compliance and the Head of Compliance and AML.

The Committee met on a quarterly basis. Starting from 1 January 2015 it will meet every two months.

PIF and Cost Monitoring Committee

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

The Committee consists of the Chief Executive Officer/General Manager, the Head of Technology and Operations, the Head of Administration and Control and the Head of Planning and Control. The specific account managers and/or heads of the other departments can be invited to attend, depending on the need.

It normally meets on a monthly basis.

Collection Committee

The Committee's role is to monitor the Bank's debt collection activities. It analyses the evolution of collection measures at the various stages, coordinates the action taken by the Collection Business Unit (CBU) with other areas dedicated to loan recovery, defines improvement strategies.

The Committee consists of the Chief Executive Officer/General Manager, the Head of Collection, the Head of Risk Management and the Head of Technology and Operations.

Meetings are also attended by a representative of the Risk Control Unit as a permanent invitee, but without the right to approve transactions.

It normally meets on a monthly basis.

Operational and Technological Risk Committee

This is a body which is responsible for monitoring all the aspects related to operational and technological risk.

It defines and approves policies and the model of operational and technological risk management, evaluates the measures that may be considered relevant to strengthen this risk preventive measures, monitors management tools, improvement initiatives, the development of projects and any other activity relating to operational and technological risk control. It also reviews the efficiency and effectiveness of action plans to prevent the recurrence of events that caused operating losses, as well as strengthening internal controls.

The Committee consists of the Chief Executive Officer/General Manager, the Head of Technology and Operations, the Head of Risk Management, the Head of Collection, the Head of Administration and Control, the Head of Sales and Marketing, the Head of Institutional Relations, Legal and Compliance, the Head of the Risk Control Unit and a representative of the Operational and Technological Risk Function. It normally meets on a monthly basis.

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

The Supervisory Board is responsible for ensuring constant and independent surveillance of the Group's operations and processes in order to prevent or detect abnormal and risky behaviour or situations. The same body is entrusted with the task of updating the Model of Organisation, Management and Control in the event there is a need to adapt to new regulations or changed conditions in the business. With regard to the latter, and in order to ensure effective and efficient implementation of the Model, the Supervisory Board is assisted by the Heads of Department of each area of activity in which there have been found possible risks of the crimes identified by law, who are required to make periodic checks of the adequacy of the Model, as well as to communicate any change in management processes in order to update the Model on a timely basis.

The Supervisory Board is appointed by the Board of Directors. The functions of the Supervisory Board are defined in special regulations.

The Board currently in office - up to the Shareholders' Meeting that will be convened to approve the financial statements at 31 December 2014 - is composed of the Chairman of the Board of Statutory Auditors of Santander Consumer Bank S.p.A., an external member and the Head of Internal Audit.
The Chairman of the Board of Statutory Auditors also acts as the Chairman of the Supervisory Board.

The Supervisory Board meets on a quarterly basis.

Report on corporate governance and the ownership structure

The foregoing is deemed appropriate for the purpose of compliance with art. 123-bis of Legislative Decree 58 of 24 February 1998, which requires the disclosure of information, as detailed by paragraph 2 b) of the aforementioned article, regarding "the main features of risk management and internal control systems in place for the financial reporting process, inclusive of at consolidation level, where applicable", that issuers of securities admitted to trading on regulated markets must provide the market.

Santander
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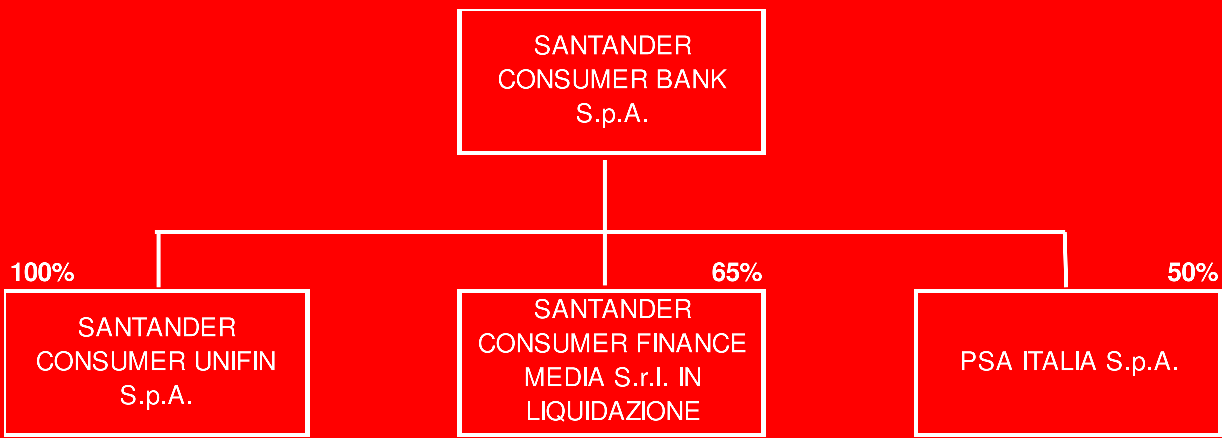
Consolidated financial statements of the Santander Consumer Bank Group



Report on operations

Report on operations

The macro-economic scenario

In 2014, international economic activity[1], after a sharp deceleration at the start of the year, returned to grow, despite the fact that trade only partially recovered from the decline in the first quarter and that the US economy has grown more than expected, the outlook for the global economy, however, remains uncertain due to the persistent weakness of the Eurozone and Japan, the prolonged slowdown in China and the sharp downturn in Russia (whose economy has been penalised by the sanctions imposed by the West, the sharp fall in crude oil prices and the collapse of the rouble). Under these circumstances, the OECD has again revised downwards its forecasts for global growth in 2015, lowering them to 3.7%.

In the Eurozone[2] growth remains modest: in the first quarter of 2014 GDP grew by 0.2% over the previous period, but remained more or less stable in the second quarter, with the trend having been confirmed in the third quarter, with growth recorded of 0.2%, primarily sustained by a rise in consumer spending; preliminary figures for the fourth quarter suggest there will again be low growth that will differ from country to country: in December, the €-coin indicator released by the Bank of Italy, which is a real time indicator of the euro area's GDP, reached a level consistent with a modest increase in economic activity. Throughout 2014, inflation remained very low (0.5% in June) and turned negative in December (-0.2%), impacted, in particular, by changes in energy prices. It is expected to rise slowly in 2015 to around 0.6% and to remain well below the level of price stability.

In order to intervene and sustain the economy of the Eurozone and price stability, various measures were implemented by the European Central Bank, such as, programmes for purchases of securities issued in connection with securitisations of bank loans granted to businesses and households (Asset-Backed Securities Purchase Programme) and a Covered Bond Purchase Programme, as well as TLTROs – Targeted Long Term Refinancing Operations.

In Italy[3], the slow recovery in consumer spending continues: in the first quarter of the year, Italy's GDP fell by 0.1% compared to the previous period, a trend that was confirmed over the summer months: economic activity felt the impact, in particular, of a fall in capital investment, in both construction and capital goods, only partly offset by a rise in consumer spending by households, while foreign trade continued to sustain the GDP despite fluctuations in global demand (with a contribution of 0.1 percentage points); based on preliminary figures, GDP has fallen marginally in the final quarter of 2014.

In the third quarter of 2014 the number of people in employment increased slightly (0.2% up on the previous quarter), but this was not met with a fall in the unemployment rate that reached 12.8% (from 12.6% in the previous quarter), due to an increase in labour supply. A further increase in the unemployment rate in October and November (13.4% in November) was, in fact, a reflection of a fall in employment.

In the final months of 2014 inflation remained close to zero; in December, the change in the harmonised consumer price index, compared to the same period of 2013, was negative (-0.1%), with this trend having been attributable to the negative change in the energy component and the persistent moderation of the underlying components.

Forecasts for 2015 and 2016 are for a gradual return to economic growth in 2015 and more robust growth in 2016; recovery, however, will be influenced by a continuing weak trend in capital investment with elements of fragility linked to modest growth prospects in the Eurozone and in some emerging economies. In a nutshell, the scenario outlined by the latest projections is the following:

- **Monetary policy.** Adoption of expansionary monetary and fiscal policies induced by the measures outlined by the ECB's Governing Council;
- **GDP.** Overall, it has been estimated that Italy's GDP fell by 0.4% in 2014. Economic activity is expected to return to moderate growth at the beginning of the year and to slightly stronger growth in subsequent quarters: 0.4% growth is expected for 2015 and 1.6% for 2016;
- **Labour market.** The employment rate, which remained more or less unchanged in 2014, is expected to grow by less than 1% over the two year period 2015-16 (approximately one third of the increase is expected to arise from the reduction of the tax wedge foreseen by the Stability Law), while the unemployment rate is expected to remain more or less unchanged (12.8%) as a consequence of a simultaneous increase in the labour supply;
- **Inflation**, which fell to 0.2% in the middle of 2014, is expected to be negative in 2015 (-0.2%) reflecting a sharp drop in oil prices; in 2016 it is expected to increase to just under 1%, reflecting the influence of widespread underutilisation of production capacity.

[1] Bank of Italy, Economic Bulletin, Issue 1/2015 January 2015
[2] ibidem
[3] ibidem

Industry trends

December 2014 figures show growth in the consumer credit market (+2.5%) compared to the same period of the previous year, with new loans growing of[4] about Euro 46.6 billion. The negative trend that began in 2009 and that continued to the end of 2013 seems to have ended.
Car loans have increased (+7.7%)[5] thanks mainly to the trend in new car registrations, which rose in 2014 by 4.5%, representing 1,370,952 cars, driven, above all, by car rentals[6]. There has also been a positive trend in new vehicle registrations that reached 156,046 units (+1.4%)[7] and in changes of ownership of vehicles excluding transfers to dealers (+2.0%)[8].
As far as car loans are concerned, note that, as seen in prior years, a significant proportion relates to captive companies, which in 2014 reached a weighting of 58% of new vehicle production.
As regards the car leasing market, as of December 2014, there had been a significant increase with respect to prior year (+10.4%), with Euro 5.3 billion of new loans[9]. The increase was mainly driven by segments in which the Bank operates, namely, cars (+16.5%) and commercial vehicles (+13.9%)[10].

Products aimed at purchases of household appliances and furniture decreased (-3.2%), followed by salary assignment (-0.7%) and direct loans (-0.6%)[11]. Lastly, there was a positive trend in credit cards compared to prior year (+5.3%)[12].
During 2014, credit risk[13] remained largely unchanged, thanks to selectivity in granting credit and prudence shown by households in purchase/investment decisions: as regards the consumer credit market, in September 2014 the default rate (i.e. an indicator of credit risk that measures new non-performing loans and delays of six or more instalments in the last year of data collection) indicated a level of risk that was largely unchanged from the previous year.
The outlook for the two year period 2015-2016 is a scenario characterised by:

- modest recovery in lending; as a consequence of the feeble macroeconomic scenario and a still cautious approach to credit by households;
- relative riskiness of the sector; a low level of economic recovery will not in fact completely absorb the effects of the lengthy crisis on the job market and on household income.

Strategic guidelines

By maintaining the strategic guidelines of previous years, Group management has continued to raise the quality of the managed portfolio and operational effectiveness and to upgrade risk management systems.

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

So in 2015 the Group's activity will focus particularly on the following areas:

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

The strategic guidelines are, as is the custom, updated from time to time and agreed with our direct shareholder Santander Consumer Finance S.A., as well as with Banco Santander, with the purpose of integrating and developing the Group's best practices.

[4] Assofin data at 31/12/2014
[5] Ibidem.
[6] UNRAE data at 31/12/2014
[7] ANCMA data at 31/12/2014 su veicoli oltre 50 cc.
[8] ACI data at 31/12/2014
[9] ASSILEA data at 31/12/2014
[10] Ibidem.
[11] Assofin data at 31/12/2014
[12] Ibidem.
[13] Observatory on retail credit – Prometeia (‘https://www.prometeia.it/it-it/media/comunicati-stampa/trentaseiesima-edizione-dellersquo-strong-osservatorio-sul-credito-al-dettaglio-strong-.aspx?idC=63337&idO=31649&LN=it-IT

The Commercial Network

2014 marked a trend reversal in the business of consumer credit, with volume growth compared with the previous year. 2014 closed with positive volumes of 2.5% compared to 2013, and the number of transactions managed a positive result (+5.6%). The Parent Company posted an increase in volume (+15%) thanks mainly to the contribution made by the car and salary assignment business lines.

Direct products ended the year with a lower performance than that achieved the previous year (-15.8%) due to a strategy implemented at the end of 2013 aimed at increasing control over the profitability of this line of business, which entailed significant changes in the distribution channels and in the characteristics of the product.

In the automotive segment, the Parent Company reported a more positive trend than that of the market with an increase of 22.5%, compared with +7.7% by the market, which increased its market share from 6.51% to 7.42%. In this context, excellent performances have been achieved by the brands involved in captive agreements, which reflect the efforts made by the Group to strengthen such partnerships.

As regards the credit card product, the Parent Company is maintaining its attention on managing the portfolio, focusing on profitability rather than on volumes. This strategy has led to a decrease on 2013 in terms of volumes financed (-38.0%). The credit card market has risen slightly compared with the previous year, posting an increase in volumes of +5.3%.

In the area of special-purpose loans (other than cars), the Parent Company closed 2014 with a 14.9% shortfall on 2013, in a market that, according to Assofin, closed with a 3.2% decline in disbursements compared with the previous year, following the decision to limit the marketing of this product to just a few distribution channels.

In 2014, sales of the salary assignment product through Santander Consumer Unifin recorded strong growth compared with the previous year (+28.01%), whereas the market generally fell by 0.7%.

Marketing

In 2014, particular attention was given to direct communication. Various champion challengers were introduced to test a number of product offerings in order to identify the best strategies to pursue and develop.

New Customer Relationship Management (CRM) processes were released to supplement those already existing to propose personal loans and car and motorcycle loans. At the same time, communication strategies were consolidated for insurance products and deposit accounts.

Furthermore, efforts continued to enrich the information on individual customers, with an expansion of the channels through which a voluntary interview could be offered to customers (e.g. within a reserved area of the website).

This year saw a stable trend in the placement of insurance services combined with loans being granted, whereas there was a slight increase in their placement through remote channels.

Generally speaking, the traditional "Point of Sale" channel saw a stabilisation in performance by Creditor Protection Insurance (CPI) products, whereas there was an increase (in terms of market share) in the distribution of property insurance policies, such as "Fire and Theft".

The trend in "alternative" channels has been very positive, rising as a proportion of overall insurance sales from 14% in 2013 to 25.5% in 2014: the campaign for "stand alone" products (i.e. not linked to loans) through the telemarketing channel closed with excellent results, as did the "recall" channel (with the CPI, GAP and Billing Protection product range).

Profits in absolute terms are 14.8% short of budget, mainly due to an increase in commissions being refunded, attributable to a phenomenon of early repayments and a worsening of results produced by portfolios generated in prior years that generate a negative impact in terms of profit share.

Nationwide Agreements Area

During the year, efforts were again focused on growth of the existing captive automotive agreements, as well as on seeking new business opportunities.

This focus followed two main guidelines: strengthening of partnerships and an increase in retail sales penetration, by means of intensive efforts to develop new financial products and to provide continuous support to the dealer networks.

Despite operating in a still difficult market and basically without growth in the "Individuals" sector, the increasing integration of proposals of financial products as a strategic sales and marketing tool by the manufacturers has made it possible to achieve the key KPIs of the Group and of the commercial partners, which, in most cases, have exceeded their sales targets. Volumes financed grew by more than 40% for almost all the agreements.

Retail sales penetration increased for all partnerships, achieving, in some cases, levels very close to 40%, which are typical of the major captive companies.

The work on captive agreements was handled as usual in coordination with the Spanish Parent Company Santander Consumer Finance under framework agreements, following the guidelines and strategic approach suggested by the Spanish Parent Company.

As for the motorcycle industry, 2014 saw a further slight decline in the volumes being financed under the agreements (-4% compared to 2013), largely due to the loss of certain partnerships, partially offset by good returns achieved from agreements in this sector.

Credit Cards

The salient elements that characterised Santander Consumer Bank payment cards in 2014 were the decrease in the number of the cards issued, in line with the rationalisation of the portfolio that was implemented in prior years, as well as a physiological reduction in volumes in this sector. The Group has basically implemented a strategy based on the maintenance of the existing portfolio and has delegated the handling of the product offering to the branch network.
The managed portfolio, which consists essentially of revolving credit cards, has also remained stable as far as the total value transacted is concerned.

Personal Loans

The recession, which negatively impacted the personal loans market in Italy in recent years, also partially impacted it in 2014.
Santander Consumer Bank continued with its strategy focused on improving the qualitative aspects pertaining to this line of business and, from a commercial point of view, has initiated a series of activities aimed at recovering market share. Among the initiatives of note, is the implementation of on line product distribution via the web.
The distribution model adopted by the Group is one of the most complete in the market and is adequate to meet the current needs of customers, who may request a personal loan through various channels, ranging from classic direct and indirect channels to remote channels.
Towards the year end there was slight growth in volumes granted compared to the same period of the previous year.

Deposit accounts

Deposit accounts are still one of the most successful financial products in Italy, with a wide variety available on the market offered by various banking institutions.
What the market offers essentially comes down to deposit accounts with or without a time constraint and an interest rate linked to this constraint.
Since 2005, the Parent Company has offered its customers a deposit account without a time constraint and, since 2007, a time deposit, a deposit account with a time constraint.
In order to improve customer loyalty, the product range was expanded by offering a new 36 month time deposit offering a yield in line with the middle range of the market.
A dynamic approach aimed at customer satisfaction through a significant improvement in home banking services and IT security relating thereto characterised our commitment during the year.
From a commercial point of view, there was a reduction in the customer time deposits portfolio in line with the Group's funding policy.
The following table summarises the quantitative aspects of 2014 more closely:

- "Time Deposit" funding amounted to 86 million (-48.7%);
- "Conto Deposito" funding amounted to 101 million (+5.6%);
- "Conto D+" funding amounted to 19 million (-3.2%).

Credit Analysis and Loan Resolution

2014 saw the consolidation of this Unit in its "historical" role of coordination and assistance to dealers and agents in the admission process and the inclusion therein of the Fraud Governance Office.
The Unit's main activity consists of the coordination of lending activities through the application of company procedures for the assessment of customers' solvency and creditworthiness, providing assistance in the approval and post-approval stage to dealers and the branch operators, granting credit through the execution of the settlement activities and monitoring all of the Unit's activities that have been outsourced.
The most important changes during 2014 were:

- revision of the admission process for the car business;
- creation of a dedicated team to provide support to the main dealers in the captive network;
- the reopening of a web channel for personal loans;
- the inclusion in the Unit of a dedicated team, composed of back office analysts and local staff, dedicated to the prevention of external fraud (identity theft and documentation being altered at the credit acceptance stage) and dealer fraud.

Loan disbursement and quality of the portfolio

As regards how portfolio quality is evolving, the three main lines of action that have gradually been implemented over the last years are:

- periodic sales of the non-performing loan portfolio to third parties;
- monitoring the policies for writing down and provisioning the non-performing loan portfolio;
- defining more selective criteria for granting loans in order to improve the proportion of new loans that turn insolvent.

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

Customer Service

The Customer Service Unit focuses on qualitative and reputational aspects relating to the handling of internal (Complaints Office) and external (Staff Office) issues by combining operational and structural optimisation and cost control and containment.
The main activities of the Staff Office are:

- monitoring of key performance indicators (KPI) and telephone and back office performances of outsourced activities;
- monitoring of and qualitative improvements to work performed by means of various tools, such as sample checks on the B.O, remote listening and operational testing, plus, since 2014:
    - a) a control that certifies the operational closure of all the elements handled by the back office with escalation to higher-level management;
    - b) coordination of call escalation, no longer by automatic forwarding, but by the redirection of calls handled by a group of highly experienced resources;
    - c) introduction of new preventive outbound quality based on: customer satisfaction, complaints, dedicated IVR key and, above all, the observation of operational redundancies (i.e. count of excess inputs to our channels available to customers over a short timeframe);
- coordination of the outsourcer and of the various providers, according to the related commercial agreements;
- increased efficiency and process reviews, by means of the reallocation of processes among outsourcing providers;
- support in new commercial projects in collaboration with specialised companies;
- handling of dealer survey campaigns;
- management of projects for customer retention and acquisition of new contacts (personal loans campaigns);
- development of technological solutions for operational tools and contact methods.

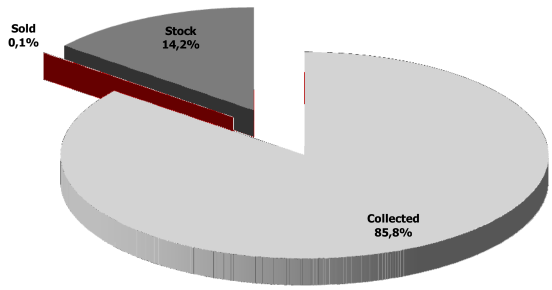
The activities carried out by the Complaints Office are:

- handling customer complaints, assessment of all aspects relating thereto and the proposal of the most appropriate solution for the resolution thereof. In this phase, the utmost attention is paid to any financial or reputational implications and to the guidelines issued by the Banking and Financial Arbitrator.
- handling of the initial complaints analysis, as well as the correspondence with the technical secretariats of the Banking and Financial Arbitrator;
- periodic sharing of data and preventive strategies with the Compliance office;
- it manages activities related to the verification and eventual resolution of the customer positions reported in databases;
- increased efficiency and development of tools for the census and handling of complaints.

Debt Collection

Over the last five years, there have been two recessions in Italy that have caused a decrease in the purchasing power of households and a rise in the unemployment rate. 2014 was again characterised by negative signals, represented by indicators that show a substantial economic stagnation.
The handling of debt collection activities tends to clash with the increasing difficulty that households are experiencing in keeping up with their payment obligations.
From the point of view of the debt collection process, all activities, both judicial and non-judicial, are headed up by the Collection Business Unit (CBU), in line with the model foreseen by the Santander Group. The unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies that make it possible to prioritise the collection depending on the customer's risk profile and the ageing of their balances; this efficiency is also achieved by launching specific campaigns and using appropriate tools.

In 2014, the sum of flows handled monthly consisted of 509,013 contracts, for a total of Euro 3.9 billion, -17.7% than the previous year in terms of the number of contracts and -16.1% in terms of amount.
To ensure the effectiveness of debt collection activities, we distinguish between the various types based on the age of the defaults, the type of product, and the dossier risk, deciding on collective action or personalised management addressed to the individual customer; depending on the stage the dossier has reached, this may be outsourced to specialist debt collection agencies, or handled internally at a local level. Every month we study specific campaigns for targeted groups of contracts selected on the basis of detailed analysis of the collection portfolio, aimed at defining more appropriate solutions to offer to customers, based on the household's financial resources, in order to meet the customers' needs and help lower the percentage of the Group's receivables that are in dispute. Control activities and daily reports are used to promptly monitor the progress and effectiveness of the collection process.
As can be seen in the chart below, the result of the collection activity in terms of value was positive for 85.8% of the volumes handled in 2014, with a residual stock still being handled at 31 December 2014 of 14.2%.
The amount of receivables sold to third parties during the year corresponds to 0.1% of risk assets under management.



As for salary assignment as a product, recovery activities - again following the Group model - are headed up by the Collection Business Unit which focuses on recovering any amounts not paid by the third-party administrations involved in the assignment, applying priorities according to the level of risk and age of the positions. In this context, relations with the distribution network are strengthened with a view to reducing and preventing the state of insolvency.
In 2014, the managed collection portfolio consisted of 567 million.
Of fundamental importance was an improvement in the management of insurance claims with a view to reducing the stock and optimising the process in order to reduce the time needed to deal with them; this process started in 2013. The stock of claims was significantly reduced in 2014, passing from 4,605 (Euro 58.2 million) to 4,493 positions (Euro 54.9 million), or -5.7% in percentage terms. In 2014, 4,349 new claims were opened of which 599 life claims and 3,750 occupational accidents.

Financial Management

In 2014, the European Central Bank (ECB) again pursued a monetary policy aimed at containing, as far as possible, the effects of the financial crisis and favouring recovery by maintaining high levels of liquidity, with a reference rate for refinancing operations that decreased in June to 0.15% and in September to 0.05%. In September, further extraordinary measures were announced, consisting of the launch of targeted long term refinancing operations (TLTROs), aimed at favouring the recovery of the provision of credit to customers, and purchases of asset backed securities (ABS).

Against this background, interest rates have remained at even lower levels than the previous year. Furthermore, spreads have been lower than last year, enabling the Group to reduce its funding costs.

At the year end, the net amount of financial transactions came to Euro 4,796 million (-15.5% compared to 2013).

As instructed by the Parent Company, recourse was made by the Group to external funding sources, including transactions with the ECB and with counterparties outside the Group, in order to increase the degree of financial independence with respect to the Parent Company.

As at 31 December 2014, the total sourced from participation in ECB auctions amounts to Euro 1,488 million, originating from LTRO auctions, weekly auctions and TLTRO auctions. The Group's current liabilities mainly consist of loans of variable durations of up to six months provided primarily by the Spanish Parent Company.

Intercompany medium- to long-term liabilities include medium-term loans again with the Parent Company and subordinated loans provided by Consumer Group companies and by Banco Santander. Another source of funding consists of retail customer deposits, for which further details will be provided in the "Deposit accounts" section. In a nutshell, the products offered by the Parent Company consist of restricted deposits, time deposits, demand deposits and Santander and Faro accounts.

The second issue of securities underlying the Euro Medium Term Notes EMTN programme was completed in January. The securities, which were issued with a nominal value of Euro 35.4 million, were subscribed by an institutional investor. In May 2014 a programme for the issue of medium-to-long term EMTN bonds was renewed for a maximum of Euro 5 billion. The programme is guaranteed by Santander Consumer Finance S.A. and has obtained a rating equal to that of the Parent Company (P2/Baa1 by Moody's, A2/BBB by S&P).

One new loan securitisation (GB 2014-1) was concluded during the year, with the issue, on 11 June 2014, of securities by the SPE Golden Bar amounting to Euro 752,000,000. The securities consist of Class A, with floating-rate coupons linked to the 3 month Euribor plus a spread; Class B with a fixed coupon rate of 1.30%; Class C that offer an excess spread. The legal maturity of the transaction is scheduled for 2030 with a two year revolving period. The transaction has an underlying portfolio of consumer loans granted for the purchase of new and second-hand cars. The Class A securities, which have been given a double rating, are suitable for refinancing operations with the European Central Bank.

During the year, Golden Bar made two other purchases of performing loans totalling Euro 178,179,595.

The table below summarises ABS issues completed in 2014:

Name	Class	CCY	Nominal Amount	Issue Rating	Issue Date	Maturity Date
Golden Bar 2014-1	A	Eur	646.800.000,00	A2 Moody's / AH DBRS	11/06/2014	20/12/2030
Golden Bar 2014-1	B	Eur	75.100.000,00	Baa2 Moody's / AL DBRS	11/06/2014	20/12/2030
Golden Bar 2014-1	C	Eur	30.100.000,00	Unrated	11/06/2014	20/12/2030
Golden Bar 2014-2 CQS	A	Eur	266.650.000,00	A3 Moody's / A DBRS	25/06/2014	20/10/2027
Golden Bar 2014-2 CQS	B	Eur	100.000,00	Baa3 Moody's / BB DBRS	25/06/2014	20/10/2027
Golden Bar 2014-2 CQS	C	Eur	100.000,00	Unrated	25/06/2014	20/10/2027

Planning and Management Accounting

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

The main functions assigned to this Unit are:

- coordination of the planning and budgeting process and formalisation of the related documents for each company, which are then consolidated for the Parent Company (shareholder bank);
- preparation, analysis, development and maintenance of periodic reporting on corporate performance and their distribution to Management, the Corporate Bodies and the pertinent offices of the Parent Company (shareholder bank);
- current and prospective valuation of regulatory capital, capital ratios and preparation of the ICAAP;
- periodic monitoring of credit risk associated with the portfolio of outstanding contracts, by means of Loan Loss Reserve (LLR) techniques;
- verification of the effectiveness of hedging derivatives by means of retrospective and prospective tests;
- functional coordination with the corresponding functions of the Parent Company.

IT - Systems

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

Isban has operated within the guidelines communicated by the Group, ensuring that all areas of the business receive proper maintenance of computer facilities and the implementation of applications, so as to provide products and services that are compliant with the specifications received and in line with corporate standards.

Major projects during the year in the commercial operational area included a revision of acquisition processes aimed at improving the service and the achievement of increased efficiency in analysis and decision making.

In the area of operational procedures, of particular importance was the review and automation of recovery processes managed by the Group with the release of new tools aimed at supporting the return to performing of past due customer balances, operational consolidation and the development of new features and products for the management of new marketing campaigns, involving all areas of the company involved in the process. Moreover, during the year, work continued on the consolidation of the infrastructure for Data WareHouse (DWH) for the management of corporate data.

With regard to the management of infrastructure, hardware and networks, ISBAN has worked to ensure service in line with the service level agreements (SLAs), also making use of centralised corporate structures. Particular attention has been given to service continuity and physical and logical security of the Group's information assets, by updating and managing business continuity and recovery plans, penetration testing and ethical hacking, for which tests have been carried out and reported to the corporate control functions. The update of the business continuity and recovery plan has also been submitted to the Board of Directors for approval.

Routine reporting with the measurement of service levels has been regularly produced, presented and discussed with members of the Technology Committee.

Institutional Relations, Legal and Compliance Department

Institutional Relations and Legal and Compliance cover the following areas:

- Transparency of banking and financial transactions and services - consumer credit agreements: in the field of consumer credit agreements, the Legal and Corporate Affairs Unit has implemented a process for the periodic review of contractual documentation in order to comply with current regulations and ensure compliance with their criteria of clarity and transparency.
- Banking and Financial Arbitrator: The Legal Affairs Unit assists the Complaints Office in disputes referred by customers to the Banking and Financial Arbitrator, preparing the defence case for the Group. As part of this work, the Unit updates the departments involved on any new guidelines issued by the BFA in areas of interest to the Group and recommends improvements in critical areas that emerged from the complaints and from the appeals presented by customers to the BFA.
- Captive agreements: in coordination with the Sales and Marketing Department and the Parent Company's Legal Affairs Unit, support is provided for the management of captive agreements.
- Anti-money laundering (AML) regulations: The various obligations prescribed by the law on the prevention of money laundering and financing of terrorism are monitored by the Compliance and Anti-Money Laundering Unit;

in this function, periodic monitoring is carried out on the Single Computer Archive and any signs of anomalies associated with transactions and relationships;

With respect to Compliance and AML:

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

Organisation

The Organisation Unit coordinates the implementation and monitoring of the main projects developed by the Company's other units.

This concerns, in particular:

- digital storage and consultation of documents by means of a specific application;
- coordination of the application of new regulatory requirements within the Group;
- classification of internal sources and supervision of the publication of documentation;
- analysis of costs and investment;
- certification of the Company's suppliers;
- monitoring and evaluation of costs by means of monthly meetings of the PIF Costs Committee and procedures for analysing operating expenses for variances from budget and the identification of key KPIs to be agreed with the departments involved;
- coordination of the working group dedicated to the operating procedures required by Fatca (Foreign Account Tax Compliance Act) legislation;

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

Furthermore, the Unit coordinates, from a logistics point of view, corporate restructuring, the handling of the vacation of premises and the simultaneous organisation of peripheral units to enable a redistribution of the resources involved.

Human Resources

Santander Group's workforce at 31 December 2014 consists of 562 persons (including 11 managers, 145 middle managers and 406 office workers). The office workers include four fixed-period contracts including two replacements for employees on maternity leave. At the end of the year, there are 12 employees on post-graduate internships.

The average age is 39 years, while female workers represent 44% of total employees.

Resources are allocated 39% in the commercial area, the rest in the various functions of General Management.

Personnel costs for the year amount to Euro 35.4 million.

Following the completion of the corporate restructuring that took place in 2013, management, led by the Spanish Parent Company, agreed to take part in the first analysis of the corporate environment of Santander Group in May 2014 that involved over 180,000 employees around the world.

In Italy, participation in the survey was decidedly positive at 92%, which was higher than the average for Santander Group.

Once the results of the survey were available, management actively involved all the personnel in sharing the results and in identifying actions and initiatives to address the key issues that arose.

In 2015 there will be a renewed commitment to continue the listening, analysis and change process in order to constantly improve the satisfaction levels of customers and personnel.

In-house training has maintained a key role in the development of technical and management skills; over 16000 hours of training were provided by internal trainers both on technical, product and process issues, and on behavioural and management skills with the collaboration of prestigious industry partners.

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

All colleagues involved in the sale of insurance products, through both the direct channel and the CBU, have taken IVASS professional refresher courses totalling more than 2000 hours, while branch managers have taken the basic course of 60 hours in view of the revamp of the sales channel, following a route that is becoming more and more specific, interactive and effective, with the help of prestigious collaborations with leading companies in the legal and insurance sectors.

We would emphasis an important result in the management of training expenditure, in that, for the eighth year in a row, more than 60% of training was provided by external partners and lecturers financed by the joint inter-professional fund and the Banking and Insurance Fund, through a corporate training plan that involved about 80% of staff through a broad range of training courses based on the development of those technical and management skills that most need updating and developing following the corporate reorganisation.
The international exchanges related to the "Mundo Santander" project continued to great effect, during which a number of colleagues had the opportunity to meet and work together at other Santander Group locations in Europe.
There has been renewed collaboration with the major Italian universities, including internationally renowned business schools, resulting in the participation of more than 30 undergraduates and recent graduates in curricular and extra-curricular training programmes in the course of the year. In order to develop an important policy of attracting high fliers to the Company, Santander Consumer Bank attended the work orientation days organised by major Italian universities.
The restructuring plan that was implemented in 2013 and that had an impact on employment, was completed in the middle of February 2014. This led to the closure of 35 branches, combining expertise in the remaining 21 branches, mainly by reducing the number of employees working in the direct channel, as well as head office commercial staff.
The Company successfully completed the restructuring plan without compromising its values, continuity and image.
The Chief Executive Officer has made himself available for quarterly meetings with union representatives to illustrate the Group's business performance.
Moreover, as from January 2014, the Company has arranged meetings to be held every two months with union representatives based on communication and information in order to explain the developments and decisions affecting the business so that the decisions are correctly interpreted internally and externally.
Industrial relations are characterised by continuity of relationships and transparency and based on a mutual exchange of information, studies and analyses in full recognition of each other's roles.
This exchange has been fruitful, dynamic and flexible.

Internal controls / Sarbanes – Oxley

Santander Consumer Bank has an Internal Control Model based on guidelines provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Framework 2013), aligned with Santander Group's global methodology. This is a conceptual framework that has the following objectives:

- to describe the activities regarding the generation of financial information and the processes that could be impacted by operational risk, potential losses, errors, fraud and non-compliance with legislative requirements;
- to enable an objective assessment to be performed of the control environment;
- to strengthen the management of the internal control system, which is understood to be a set of rules, procedures and organisational structures aimed at permitting, by means of an adequate identification process, the measurement, management and monitoring of the main risks and of the sound and proper conduct of the business, in a manner consistent with agreed objectives.

The Internal Control Model meets regulatory and corporate requirements, applies to all Santander Group companies and sets out a common methodology for the documentation and assessment of processes and controls that mitigate the Group's risks, in line with best practices demanded by the market, by supervisory bodies and by the auditors. Internal control activities are performed by all employees at all staff levels and control is integrated into operational management.
The Internal Control Model is based on four pillars:

- methodology: consists of a common framework for the documentation of processes, risks and controls that are updated and validated at least every six months and also consists of a homogeneous scorecard with indicators of control that objectively assess the main processes;
- system: consists of a corporate internal control portal used for the dissemination of regulatory requirements and as a centralised archive of continuous, dynamic information and also consists of a local internal control portal used to store evidence of the controls;
- global scope: involves the entire organisational control structure through a scheme that assigns individual responsibilities. The Internal Control Model applies to all the Group's geographical locations and related businesses;
- structure: this consists of three main players; a corporate team for coordination, control and supervision, a local team for management, control and supervision, and control functions directly implemented at all levels of the organisation.

The coverage of business processes is based, internally, on 4 levels:

- activities: represent the highest level of the structure and describe macro-activities;
- processes: describe the procedures that cover all the areas of the company;
- sub-processes: consist of a description of internal procedures within an office that form part of a business process;
- controls: form the basis for the model and consist of a description of the controls performed by staff and supervisors.

The methodology is certified once a year by a pyramid structure of rising responsibility that culminates with the final certification by the CEO and the CFO.
In order to coordinate, manage and monitor the activities relating to Internal Control Model, there is a specific organisational unit dedicated to these issues, which has the following main objectives:

- to identify the risks of major business processes and verify the related mitigating controls;
- to develop and maintain the Internal Control Model, based on changes in relevant legislation and the organisational structure of the Company;

- to inform and support the Internal Control Committee in its monitoring and evaluation of the Internal Control Model;
- to monitor the implementation of the internal control indicators as required by the Spanish Parent Company;
- to identify and resolve weaknesses in cooperation with the Internal Audit Department;
- to monitor implementation of the recommendations issued by internal and external auditors;
- to act as an intermediary between the central unit of the Group and the local organisational areas delegated to monitor business processes within the internal controls;
- to monitor compliance with the deadlines and formalities laid down by Group directives;
- to monitor the resolution of any anomalies found during certification.

Taxation

As previously disclosed in the 2013 financial statements, the tax inspection performed by the Italian Tax Police on the Parent Company Santander Consumer Bank for the tax years 2008-2012 was completed on 16 December 2013.
The minutes of findings issued in 2013 reported exceptions concerning the following: (i) the absence of definite and precise elements in relation to intercompany transfers of loans carried out from 2008 to 2010 (ii) breach of the rules on transfer pricing in 2009 and 2010, and (iii) formal error in applying the rules relating to withholding taxes on dividends paid to the shareholder in 2009.
During 2014, the Taxation Unit, with the help of external consultants, continued its discussions with the Regional Tax Office that it started in 2013. The hearing that followed resulted in the tax authorities dropping their claims concerning transfer pricing and withholding taxes and in a settlement agreement being entered into in July 2014 on the intercompany transfers. This agreement, which was reached after a process involving an assessment with acceptance and an invitation to a hearing, led to the application of penalties and interest of Euro 4.3 million to components deemed by the Tax Authorities to have been non-deductible in the three year period 2008-2010, as well as the payment of additional taxation of Euro 13.5 million, of which Euro 12.9 million will be recoverable via refund claims or as tax credits. The remainder of Euro 0.6 million will be recovered under the form of prepaid tax over 18 years. As pointed out in the briefs attached to the acceptance report, it is worth noting that the Bank decided to accept the Tax Authorities' proposal of an amicable settlement purely for reasons of economic expediency, even though the Bank does not agree with the arguments that the other party relied on to justify the add-backs.
Again with reference to the Parent Company Santander Consumer Bank, mention was made in the 2013 financial statements of the conflict of powers between the State and Regions on the question of the annual tax on leased motor vehicles. In fact, following the amendments introduced by Law 99/2009, as from 15 August 2009, only the user, and not the leasing company, is responsible for paying the tax.
Although a similar interpretation was strongly backed by Assilea, in line with the Ministerial Note of 2012 on the subject and the Supreme Court judgements of 2011 and 2012, certain regions have continued to hold that they do not need to comply therewith based on regional rules that, however, conflict with Italian law in respect of both prescription and identification of the taxable person.
Negotiations held with Piedmont region in 2014 resulted in official recognition being given (in response to a request for a private ruling) of the legislative interpretation sustained by the Group, which, on paying what was amicably requested by the region for periods prior to 15 August 2009, was able to obtain the annulment of all exposures to the region for subsequent years.
As regards the remaining regions, which are of the opinion that the interpretation of Piedmont region is a local issue that does not impact the autonomous decision-making powers of the individual regions, to date, there are still ongoing negotiations or appeals pending. We wish to point out that the exposure to these regions (some Euro 0.5 million) is covered by the provisions for risks.
With reference to the subsidiary Santander Consumer Unifin, the inspection by the Italian Tax Police that commenced on 22 September 2014 concerning the tax years from 2010 to 2013 was completed on 5 December 2014 with the issue of minutes of findings. Due to the immateriality of the exceptions raised concerning the deductibility of writedowns of loans to customers and the fact it would be possible to recover the additional income tax (Euro 0.2 million) over the five subsequent years, on 18 December 2014 the Board of Directors passed a motion in favour of accepting the minutes of findings.
There are no further inspections or disputes currently underway involving other Group companies.

Other facts worth mentioning

As part of a framework agreement entered into by the Parent Company Santander Consumer Finance S.A. with Banque PSA Finance, a Peugeot Group company, on 30 October 2014 the Parent Company Santander Consumer Bank and Banque PSA Finance set up PSA Italy and each subscribed 50% of its capital.
The newly set up company has been included in the scope of consolidation of Santander Group. Disclosure of the assessment process to establish the existence of control has been provided in Part A - Accounting policies.
As regards the main risks and uncertainties to which the Group is exposed, in accordance with the provisions of art. 2428 of the Civil Code, the economic situation and financial position are influenced by various factors that determine the macro-economic situation and the trend in financial markets. In particular, the recession that has continued to affect both the economic and the financial sector, resulting in a lack of liquidity and falling confidence on the part of operators and

consumers, is one of the biggest risks to growth in the capacity to generate income and to consolidate the capital and financial structure of the Company and of the Group.
With regard to the information required by the Italian Civil Code on the Group's objectives and policies in financial risk management, as per paragraph 6-bis of art. 2428 of the Civil Code, as well as in relation to the use of financial instruments, for a detailed analysis reference should be made to Part E of the notes to the separate and consolidated financial statements.
Group companies operate in full managerial autonomy in accordance with the strategic and operational guidelines issued by the Parent Company Santander Consumer Finance S.A., which exercises direction and coordination pursuant to art. 2497 bis of Civil Code and art. 23 of Legislative Decree 385 of 1 September 1993.
The direction and coordination activity generally produces positive effects on the business and its results, as it permits economies of scale by using professional skills and specialized services with continuous improvements in quality, allowing the Bank to focus its resources on managing the core business.
The notes are supplemented by an appendix that summarises the key figures from the latest approved financial statements of the entity that exercises direction and coordination (Santander Consumer Finance S.A.); the Parent Company does not own any treasury shares either directly or through trust companies or nominees.
No research and development was carried out during 2014.
Given the nature of its activity, the Group has not caused any environmental damage nor is it likely to ever cause environmental damage. In order to further reduce this impact, note that these financial statements will only be available in an electronic format, with the exception of copies that have been filed in accordance with the law.
Related party disclosures are provided in the notes accompanying the main balance sheet and income statement items that are affected, as well as in section H which is specifically on related-party transactions. This information is considered exhaustive with respect to the requirements of art. 2428 C.C. and IAS 24.
All transactions with related parties are carried out at arm's length, taking into account the quality and type of services rendered.
Lastly, note that no transactions have been carried out with related parties, or with persons other than related parties, that could be considered atypical or unusual, outside the normal course of business or that would significantly impact on the economic and financial position of Santander Consumer Bank or its Group.
With regard to the going-concern assumption, note that in accordance with the instructions provided in Document no. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and Isvap, regarding "Information to be provided in financial reports on impairment tests, on debt covenants, on debt restructuring and on the fair value hierarchy", which makes reference to the corresponding document no. 2, again issued jointly by these three Authorities on 6 February 2009, the Group has a reasonable expectation that it will remain in operation for the foreseeable future and has therefore prepared its financial statements on a going-concern basis.
Since the end of the year and up to the date of approval of the draft financial statements by the Board of Directors, there have been no events or transactions that could have a significant impact on the results explained in this report. The draft financial statements therefore reflect all events that affected the Group's operations in 2014.

Significant subsequent events

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

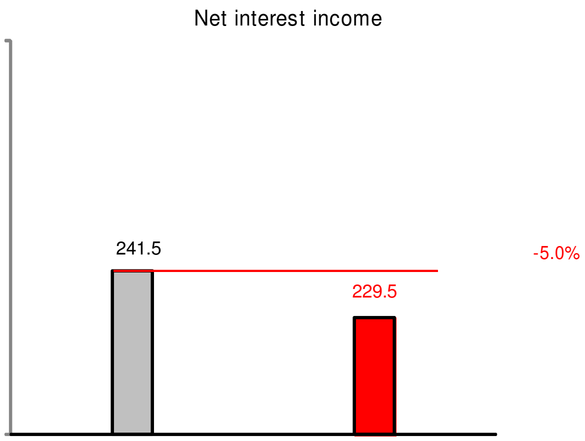
Reconciliation of the Parent Company's shareholders' equity and net income (loss) with the consolidated shareholder's equity and net income (loss)

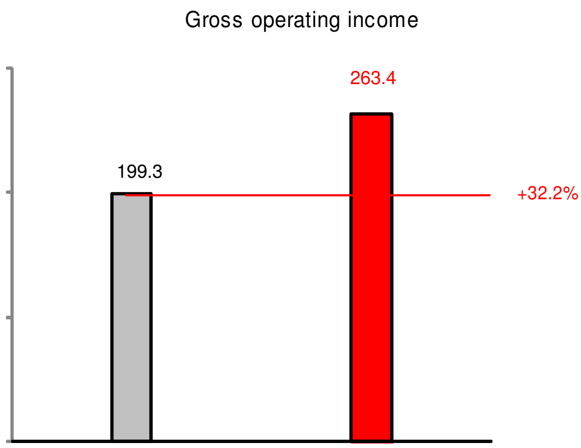
	Shareholders' equity	of which: Result at 31.12.2014
Balances of the Parent Company at 31.12.2014	**536,175,154**	**8,484,524**
Effect of consolidation of subsidiaries	(5,867,213)	(7,469,974)
Minority interests	7,644,175	(28,412)
Adjustments for GAAP consistency	(4,021,590)	1,669,370
Consolidated balances at 31.12.2014	**533,930,525**	**2,655,507**

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

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

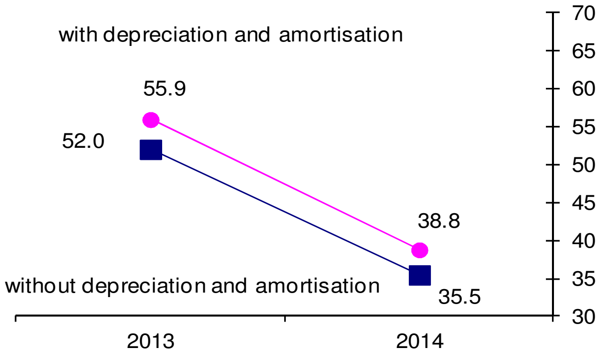
	2014	% TAA	2013	% TAA	Change Amounts	(%)
Net interest income	**229.5**	**3.5**	**241.5**	**3.3**	**(12.0)**	**(5.0)**
Net cfees and commissions	34.7	0.5	35.0	0.5	(0.3)	(0.9)
Trading gains	**264.2**	**4.1**	**276.5**	**3.8**	**(12.3)**	**(4.4)**
Net trading income and net hedging gains (losses)	(0.3)	(0.0)	(0.9)	(0.0)	0.6	66.7
Net result on disposal of financial assets	(0.5)	(0.0)	(76.3)	(1.0)	75.8	99.3
Net interest and other banking income	**263.4**	**4.1**	**199.3**	**2.7**	**64.1**	**32.2**
Other income (expenses)	4.8	0.1	6.3	0.1	(1.5)	(23.8)
Administrative expense	(98.2)	(1.5)	(109.9)	(1.5)	11.7	10.6
payroll costs	(35.4)	(0.5)	(49.5)	(0.7)	14.1	28.5
other administrative expense	(62.8)	(1.0)	(60.4)	(0.8)	(2.4)	(4.0)
Depreciation and amortisation	(8.7)	(0.1)	(7.8)	(0.1)	(0.9)	(11.5)
Net operating income	**161.3**	**2.5**	**87.9**	**1.2**	**73.4**	**83.5**
Net impairment adjustments to loans	(155.7)	(2.4)	(144.3)	(2.0)	(11.4)	(7.9)
Other provisions	(3.5)	(0.1)	(4.2)	(0.1)	0.7	16.7
Profit before tax	**2.1**	**0.0**	**(60.6)**	**(0.8)**	**62.7**	**103.5**
Income tax	0.6	0.0	18.5	0.3	(17.9)	(96.8)
Net profit	2.7	0.0	(42.1)	(0.6)	44.8	106.4
Consolidated profit (loss)	**2.7**	**0.0**	**(42.1)**	**(0.6)**	**44.8**	**106.4**
Result of the parent company	**2.7**	**0.0**	**(42.0)**	**(0.6)**	**44.7**	**106.4**





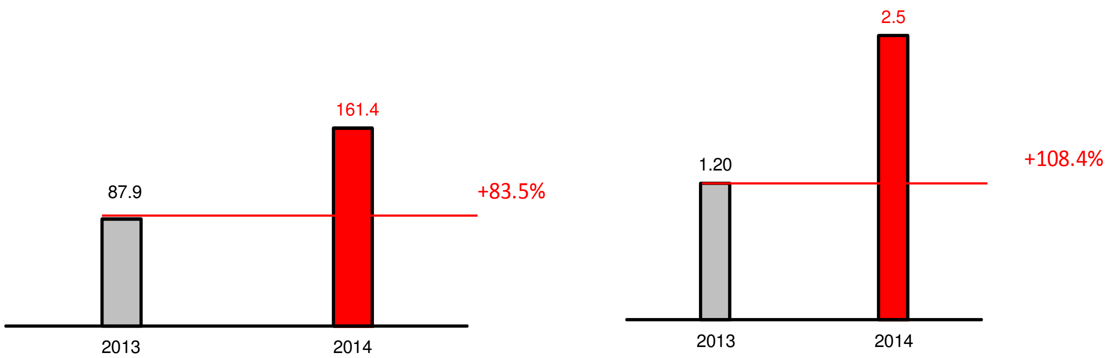
Note that Santander Consumer Unifin S.p.A. was included in the 2013 consolidated income statement only in the second half of the year.
Compared with the previous year, there has been a decrease in net interest income: this change is due to a decrease in interest income (-12.9%) attributable to a decrease in the customer portfolio, not fully offset by a significant reduction in interest expense (25.3%) driven mainly by a fall in market interest rates and spreads.
Net fee and commission income is at a similar level to last year's.
In addition to the above effects, net interest and other banking income positively reflects a reduction in losses from a transfer of the non-performing loan portfolio, since no extraordinary disposals took place in the year.

Loan adjustments rose by 8% as a result of having further increased the coverage.
Administrative expenses fell in the year (-10.7%) mainly due to a decrease in personnel costs (-28.5%) that were impacted by the Parent Company restructuring, which was completed at the end of 2013.
2014 closed with a consolidated net profit of Euro 2.7 million.



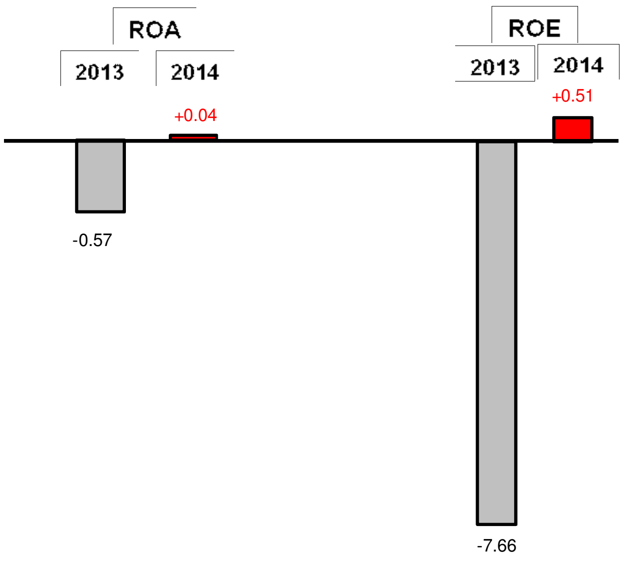
The efficiency ratio, which is the ratio between the sum of administrative expenses and other operating income (with and without depreciation and amortisation) and net interest and other banking income, has been affected by the latter's growth, as it includes the lower losses on the sale of the above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

Net operating income



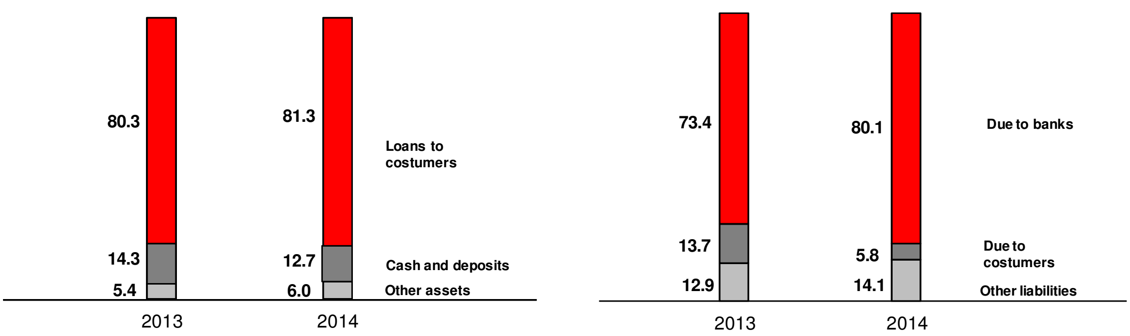
Net operating income (EBIT), calculated as the sum of net interest and other banking income, other income and expenses, administrative costs and depreciation and amortisation, has risen by 83.8%. It has also risen (from 1.19% to 2.49%) as a proportion of average total assets.

Profitability indeces



As a result of these trends, the ROA (Return on Assets) has increased by 61 basis points and ROE (Return On Equity) has increased by 817 basis points.

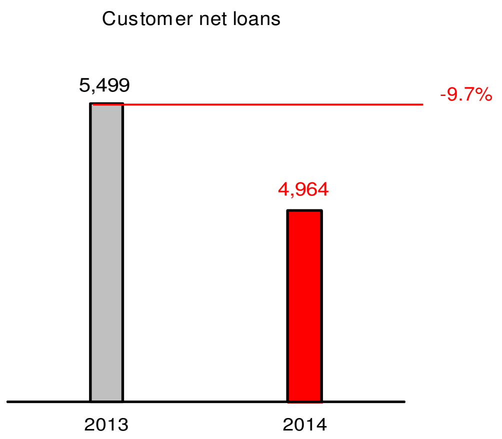
Balance sheet structure: assets and liabilities

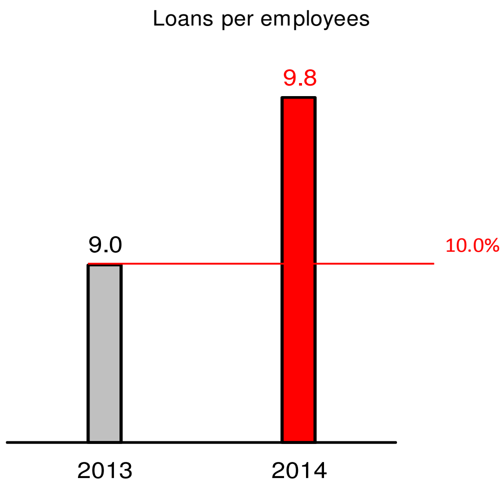


The asset mix has remained largely unchanged, with a slight increase in loans to customers in comparison to amounts due from banks. In the structure of sources of funds, on the other hand, there was an increase in amounts due to banks compared with amounts due to customers (mainly represented by demand and time deposit accounts).

Amounts in millions of Euro			Change	
	2014	**2013**	**Amounts**	**%**
Car loan	1,806	1,891	-85	(4.5)
Special-purpose loan	57	96	-39	(40.6)
Personnel loan	1,627	1,898	-271	(14.3)
Cards	36	53	-17	(32.1)
Leasing	48	88	-40	(45.5)
Salary assignment	1,566	1,507	59	3.9
Stock financing	143	143	0	0.0
Other loans to customers	90	80	10	12.5
Other components of amortised cost	41	45	-4	(8.9)
Gross loans to customers	**5,414**	**5,801**	**-387**	**(6.7)**
Provision for loan losses	-450	-302	-148	(49.0)
Net loans to customers	**4,964**	**5,499**	**-535**	**(9.7)**

As regards the change in loans to customers, these decreased by 6.7%, but this was lower than the decreases recorded in recent years.
Analysing the details, there has been a general contraction in all managed products, with the exception of salary assignment. The contraction in car loans was less pronounced due to a favourable trend in the year in new loans; the decreases in Credit cards and leasing, however, were significant.
"Other components of amortised cost" mainly relate to net amounts of contributions and commissions that are paid when a loan is granted but for which the income statement effect thereof is deferred over the expected residual life of the loan.
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.



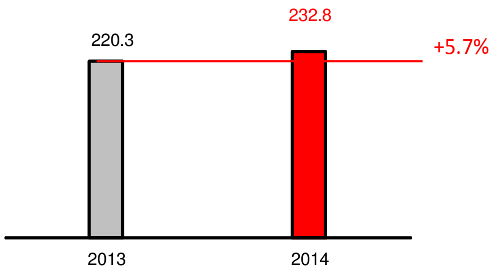


Comments on the results and key figures in the separate financial statements

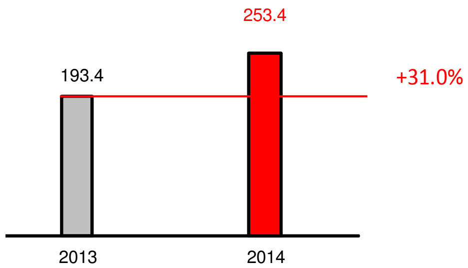
The table shows the key economic and operating figures for the year, with comparative figures from the previous year (in millions of euro).

Amounts in millions of Euro	2014	% TAA *	2013	% TAA	Change Amounts	(%)
Net interest income	**232.8**	**3.7**	**220.3**	**3.1**	**12.5**	**5.7**
Net commission income	23.4	0.4	21.9	0.3	1.5	7,2
Trading gains	**256.2**	**4.0**	**242.2**	**3.4**	**14.0**	**5.8**
Net trading income and net hedging gains (losses)	(2.3)	(0.0)	(9.8)	(0.1)	7.5	76.5
Net result on disposal of financial assets	(0.5)	(0.0)	(39.0)	(0.6)	38.5	98.7
Net interest and other banking income	**253.4**	**4.0**	**193.4**	**2.7**	**60.0**	**31.0**
Other income (expenses)	6.9	0.1	7.4	0.1	(0.5)	(6.8)
Administrative expense	(90.6)	(1.4)	(106.2)	(1.5)	15.6	14.7
payroll costs	(32.9)	(0.5)	(48.4)	(0.7)	15.5	32.0
other administrative expense	(57.7)	(0.9)	(57.8)	(0.8)	0.1	0.2
Depreciation and amortisation	(8.2)	(0.1)	(7.4)	(0.1)	(0.8)	(10.8)
Net operating income	**161.5**	**2.5**	**87.2**	**1.2**	**74.3**	**85.2**
Net impairment adjustments to loans	(148.4)	(2.3)	(144.8)	(2.0)	(3.6)	(2.5)
Other provisions	(2.0)	(0.0)	(4.3)	(0.1)	2.3	53.5
Profit (loss) on equity investments	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	**11.1**	**0.2**	**(61.9)**	**(0.9)**	**73.0**	**117.9**
Income tax	(2.6)	(0.0)	19.0	0.3	(21.6)	(113.7)
Net profit	**8.5**	**0.1**	**(42.9)**	**(0.6)**	**51.4**	**119.8**

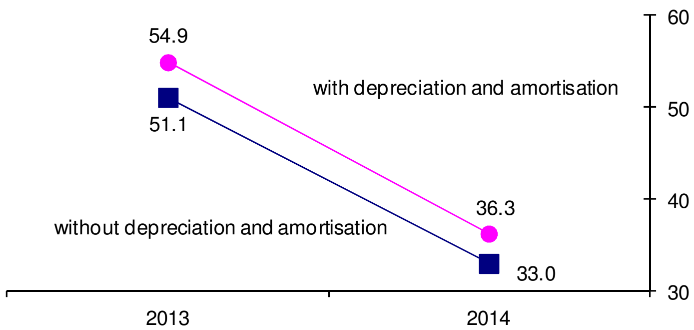
Net interest income



Gross operating income

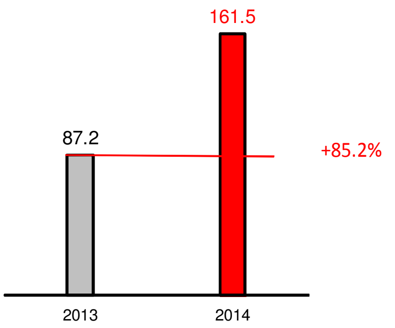


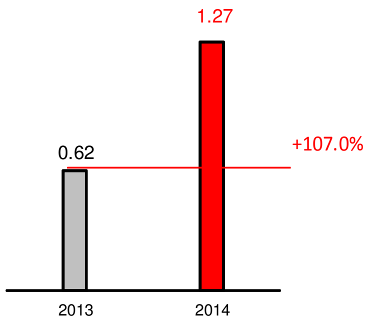
Net interest income, net of the impact attributable to derivative financial assets held for trading, has increased by some Euro 12.5 million (+5.7%) due to a sharp fall in borrowing costs that largely offsets the fall in interest income (-11%).
Net fee and commission income has increased by 7.2% thanks to a favourable trend in new loans granted.
In addition to the above effects, net interest and other banking income positively reflects a reduction in losses from a transfer of the non-performing loan portfolio, since no extraordinary disposals took place in the year.
Loan adjustments show a rise of 2.5%, as a result of increasing the coverage for loan losses.
Administrative expenses fell in the year (-14.7%) mainly due to a decrease in personnel costs (-32.0%) that were impacted by the restructuring, which was completed at the end of 2013.



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

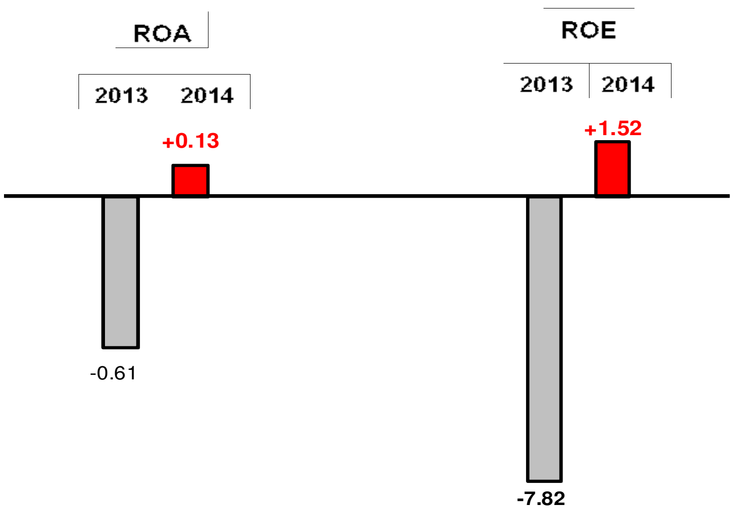
Net operating income





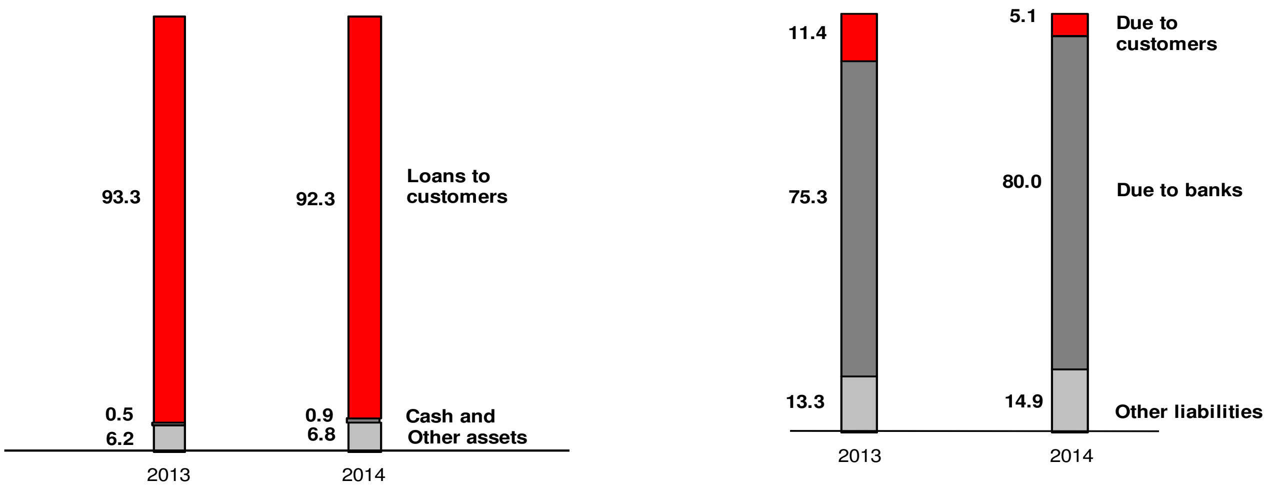
Net operating income (EBIT), calculated as the sum of net interest and other banking income, other income and expenses, administrative costs and depreciation and amortisation, has risen by 85.2%. It has also risen (from 0.6% to 1.3%) as a proportion of average total assets.

Profitability indeces



As a result of these trends, the ROA (Return on Assets) has increased by 74 basis points and ROE (Return On Equity) has increased by 934 basis points.

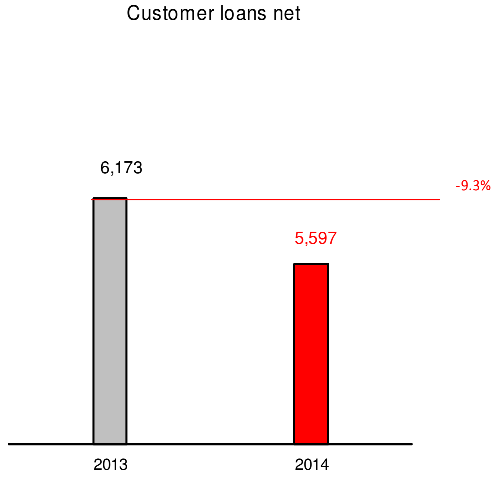
Balance sheet structure: assets and liabilities

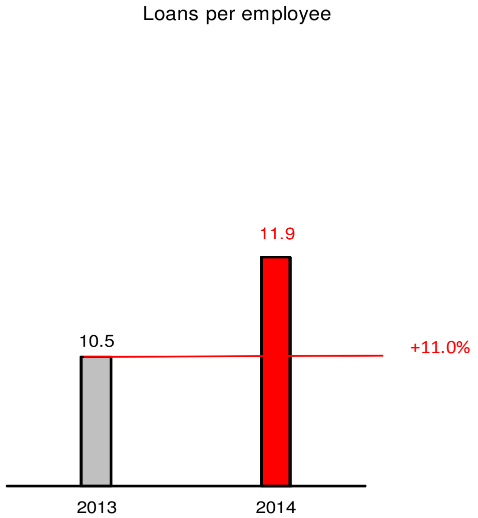


The asset mix has remained largely unchanged. The composition of funding sources shows a decrease in amounts due to customers (consisting mainly of demand and time deposit accounts).

Amounts in millions of Euro			Change	
	2014	**2013**	**Amounts**	**(%)**
Car loan	1,805	1,890	-85	(4.5)
Special-purpose loan	57	96	-39	(40.6)
Personnel loan	1,626	1,898	-272	(14.3)
Cards	16	23	-7	(30.4)
Leasing	48	88	-40	(45.5)
Salary assignment	1,580	1,512	68	4.5
Stock financing	143	143	0	0.0
Other loans to customers	671	732	-61	(8.3)
Other components of amortised cost	64	60	4	6.7
Gross loans to customers	**6,010**	**6,442**	**-432**	**(6.7)**
Provision for loan losses	-413	-269	-144	53.5
Net loans to customers	**5,597**	**6,173**	**-576**	**(9.3)**

As regards the change in loans to customers, these decreased by 6.7%, but this was lower than the decreases recorded in recent years.
Analysing the details, there has been a general contraction in all managed products, with the exception of salary assignment. The contraction in car loans was less pronounced due to a favourable trend in the year in new loans; the decreases in Credit cards and leasing, however, were significant.
"Other components of amortised cost" mainly relate to net amounts of contributions and commissions that are paid when a loan is granted but for which the income statement effect thereof is deferred over the expected residual life of the loan. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.





Santander Consumer Unifin S.p.A.

The company acts as an intermediary between the transferor (the customer being financed) and the transferee bank (the Parent Company Santander Consumer Bank S.p.A.), operating in the field of lending operations in exchange for "salary/pension assignment" or "delegation of payment".
The Company grants the parent company an "uncollected for collected" guarantee in the normal conduct of its business; there is therefore an endorsement credit outstanding in favour of Santander Consumer Bank S.p.A. of Euro 1,569,820 thousand at 31 December 2014.
Santander Consumer Unifin S.p.A. was set up in December 1971 in Bologna with the name of Fin Universo S.p.A. and in 1979 became Unifin S.p.A.; in 2006 Santander Consumer Finance S.A., Grupo Santander, acquired 72.05% of the company; in June 2009 Unifin became a wholly owned subsidiary of Santander Consumer Finance S.A.
In June 2013 Unifin entered the Santander Consumer Bank Banking Group after an increase in capital decided by Santander Consumer Bank S.p.A. which was subscribed by the sole shareholder Santander Consumer Finance S.A. by contributing its investment in Unifin S.p.A. In August 2013 Unifin S.p.A. changed its name to Santander Consumer Unifin S.p.A.
In 2014 the expected growth was not achieved, but, on the contrary, there was a new credit contraction: based on the Assofin figure for December 2014, the salary and pension assignment market decreased by -0.7%.
In this market environment which is still uncertain, the Company has worked to achieve a reasonable balance between profit margins and volumes, posting new loans in 2014 (in terms of the amount financed) of Euro 424 million, compared to the previous year's figure of Euro 332 million (+ 27.7%).
The increase in volumes, which was driven by commercial initiatives aimed at promoting less risky products and the constant expansion of the sole agents' network, has resulted in the Company having been ranked fourth in its target market, having thus achieved its commercial objective. As a result of this achievement, the Company's market share has gone from 7.8% in 2013 to 10.05% in 2014, coming back into line with the market share held in the two year period 2010-11.
In 2014, the provision of loans to public sector employees and pensioners accounted for 72% of total volumes (77% in 2013), while loans granted to private sector employees increased to 20% in 2014, from 14% in 2013. Lastly, loans granted to the parapublic sector decreased to 8% of the total.
As regards the income statement, net interest and other banking income have increased from Euro 8,999 thousand in 2013 to Euro 15,347 thousand in 2014 (+70.5%). This is a direct consequence of higher volumes that have led to an improvement in net commission income, which has increased by Euro 4,484 thousand mainly due to lower commission expense. "Net adjustments for impairment" amount to Euro 5,739 thousand.
Administrative expense went from Euro 6,574 thousand to Euro 7,087 thousand: +7.8% on the previous year. These include overheads and costs of third party credit collection companies.
Provisions for risks and charges include a provision made to cover potential future liabilities relating to customer disputes.
As a consequence, the loss before tax comes to Euro -1,384 thousand and the net loss comes to Euro -725 thousand.
In December 2011 and in March 2012 the parent company Santander Consumer Bank S.p.A. granted subordinated loans to the company consisting of "Upper Tier II" (of Euro 6,500 thousand) and "Lower Tier II" (of a further Euro 6,500 thousand). These loans are all shown as hybrid instruments in support of the Company's capital base for regulatory purposes.
Other payables due to banks consist mainly of amounts due to the Parent Company and are linked to positions being processed for overdue instalments and early repayments.

"Other liabilities" mainly include an estimate of commissions to be reimbursed to customers in the event of early repayment (Euro 29,966 thousand), advance receipts of customers' termination indemnities on loans reported as "claims" by insurance companies (Euro 25,728 thousand) and provisions for adjustments to guarantees issued to banks for salary assignment loans intermediated by the company (Euro 13,979 thousand).
Loans, which at year-end amount to Euro 169,280 thousand, include amounts due from banks, relating mainly to the Parent Company, of Euro 100,147 thousand.
Loans to customers include loans granted to customers and not yet finalised of Euro 2,830 thousand, instalments already paid, relating mainly to the Parent Company, waiting to be settled by the competent administrations or companies of Euro 59,043 thousand and receivables from the Italian Post Office of Euro 4,123 thousand. Loans are written down overall by Euro 21,532 thousand. because of the "uncollected for collected" guarantee, the Company is obliged to pay to transferee banks overdue instalments of loans, whether or not they have actually been collected. Provisions pertaining to the guarantee are recognised as "other liabilities" and amount to Euro 13,979 thousand.
The Company belongs to Grupo Santander and, starting from June 2013, is subject to the direction and coordination of Santander Consumer Bank S.p.A., which holds all of its share capital. Direction and coordination is ensured, among other things, by the presence of four members of its management on the Board of Directors of the company, including the Chief Executive Officer/General Manager of the parent company Santander Consumer Bank S.p.A.
Santander Consumer Bank S.p.A. exercises direction and coordination pursuant to art. 2497 bis of Civil Code.

Santander Consumer Finance Media S.r.l. in liquidation

The company, which was set up to finance publishing works through "privative" credit cards (which cannot be used on banking circuits) for the purchase of publications, ceased its financing operations in the first half of 2014, on the termination of the commercial agreement with Utet Grandi Opere S.p.A.
Currently, business is focused on the management of the existing portfolio until it comes to a natural end.
Accordingly, on 4 November 2014, the Board of Directors proposed the early winding-up and liquidation of the Company.
The proposal was approved by the shareholders, Santander Consumer Bank S.p.A. and De Agostini Editore, at the Extraordinary Shareholders' Meeting held on 1 December 2014 at the same time as the appointment of the liquidator, Mr. Guido Pelissero (former Chief Executive Officer).
Another significant event in the year was that the request filed by Federico Motta Editore S.p.A. for a pre-bankruptcy arrangement with creditors as a going concern was not accepted with the subsequent declaration of the company's bankruptcy on 6 June 2014.
There is still an ongoing business arrangement with Federico Motta under a business lease agreement and the Company's receivable of some Euro 640 thousand is covered by a specific provision.
As previously stated, on 30 June 2014 the commercial agreement with Utet Grandi Opere S.p.A. (which took over from Utet S.p.A.) was terminated, the commercial network of which had acted as an intermediary for the entire business.
During the year, around 650 requests for funding were evaluated (-70% on 2013), of which around 479 were accepted. The amount of loans disbursed came to a total of around Euro 6 million, of which approximately Euro 5.1 million came from reuse.
Outstanding loans to customers (gross of contributions due and the related adjustments) amount to Euro 17.5 million at 31 December 2014; during the year contributions were charged to counterparties for a total of Euro 0.4 million, with an amount attributable to the year of Euro 1.2 million.
Commission expenses, including the cost of the services provided by the Parent Company, amounted to Euro 444 thousand, whereas there were no losses on the sale of loans during the year as they related to receivables that had already been written down to zero.
2014 closed with a loss of Euro 148 thousand before tax and of Euro 81 thousand after tax for the year.
A brief financial analysis of the items in the financial statements shows that the rate of return on loans, calculated as the ratio between interest income (represented almost entirely by the contributions of the year) and average loans, came to 5.2%.
As mentioned previously, the company has delegated all corporate functions to the Parent Company Santander Consumer Bank; the Parent Company provides the services requested on the basis of the said servicing agreement at a cost that is in line with market standards. In the current year, the company paid the Parent Company approximately Euro 433 thousand for the services received. Given this situation, the company does not have any employees of its own.
Note that the company joined the national tax consolidation from 2007, which allows it to consolidate its income tax balances with those of the Parent Company Santander Consumer Bank S.p.A.
As regards the accounting policies adopted in preparing the Company's financial statements, note that, as a result of the Company having been put into liquidation, the financial statements have not been prepared on a going concern basis. Due to the foregoing, the measurement criteria and the accounting policies adopted take account of the costs likely to arise from the liquidation process.
The analysis performed to measure the company's net worth and to assess the costs likely to arise from the liquidation process did not reveal the existence of any further expected costs and the need to make any further provision.
All transactions with the Parent Company form part of the core business and are not extraordinary in nature.
Note that all transactions with related parties are carried out at arm's length, taking into account the quality and type of services rendered.

Santander
CONSUMER BANK

Independent Auditors' Report on the consolidated financial statements at 31 December 2014

Independent Auditors' Report on the consolidated financial statements at 31 December 2014

Deloitte.

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AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
(Translation from the Original Issued in Italian)

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

1. We have audited the consolidated financial statements of Santander Consumer Bank S.p.A. and its subsidiaries (the "Santander Consumer Bank Group"), which comprise the balance sheet as of December 31, 2014, and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005 are the responsibility of Santander Consumer Bank S.p.A.'s Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

   The consolidated financial statements present for comparative purposes prior year data. As explained in the notes to the consolidated financial statements, the Directors have reclassified certain comparative data related to the prior year's consolidated financial statements with respect to the data previously reported and audited by us, on which we issued our auditors' report dated April 11, 2014. These reclassifications of comparative data and related disclosures included in the notes to the consolidated financial statements have been audited by us for the purpose of expressing an opinion on the consolidated financial statements as of December 31, 2014.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Santander Consumer Bank Group as of December 31, 2014, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005.

4. The Directors of Santander Consumer Bank S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with paragraph 2, letter b) of article 123-bis of Italian Legislative Decree no. 58/98, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information reported in compliance with paragraph 2, letter b) of art. 123-bis of Legislative Decree no. 58/98 included in the specific section on corporate governance are consistent with the consolidated financial statements of Santander Consumer Bank S.p.A. as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 10, 2015

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

Santander
CONSUMER BANK

Consolidated financial statements

Consolidated balance sheet

In euro

	Assets	31/12/2014	31/12/2013	amounts	%
10	Cash and cash equivalents	10,216	11,862	(1,646)	-13.9%
20	Held for trading financial assets	19,668,861	42,533,511	(22,864,650)	-53.8%
60	Due from banks	772,661,128	981,389,728	(208,728,600)	-21.3%
70	Loans to customers	4,964,004,230	5,498,730,314	(534,726,084)	-9.7%
80	Hedging derivatives	1,008,513	1,110,988	(102,475)	-9.2%
90	Fair value change of financial assets in hedged portfolios (+/-)	43,653,521	47,434,112	(3,780,591)	-8.0%
120	Property and equipment	3,860,419	4,295,612	(435,193)	-10.1%
130	Intangible assets	8,164,995	10,207,412	(2,042,417)	-20.0%
140	Tax assets	249,358,436	226,980,065	22,378,371	9.9%
	a) current	*27,093,709*	*33,176,342*	(6,082,633)	-18.3%
	b) deferred	*222,264,727*	*193,803,723*	28,461,004	14.7%
	of which:				
	- convertible into tax credits (Law 214/2011)	202,984,018	175,091,448	27,892,570	15.9%
150	Non-current assets held for sale and discontinued operations	16,007	21,792	(5,785)	-26.5%
160	Other assets	39,405,823	34,425,121	4,980,702	14.5%
	Total assets	**6,101,812,149**	**6,847,140,517**	**(745,328,368)**	**-10.9%**

	Liabilities and shareholders' equity	31/12/2014	31/12/2013	amounts	%
10	Due to banks	4,890,787,593	5,023,840,248	(133,052,655)	-2.6%
20	Due to customers	214,174,232	290,033,770	(75,859,538)	-26.2%
30	Debt securities issued	136,926,194	649,585,107	(512,658,913)	-78.9%
40	Held for trading financial liabilities	20,668,610	42,923,767	(22,255,157)	-51.8%
60	Hedging derivatives	51,646,139	61,936,216	(10,290,077)	-16.6%
80	Tax liabilities	47,406,139	30,458,372	16,947,767	55.6%
	a) current	*47,390,971*	*30,443,204*	16,947,767	55.7%
	b) deferred	*15,168*	*15,168*		0.0%
100	Other liabilities	192,671,101	209,837,135	(17,166,034)	-8.2%
110	Provision for employee termination indemnities	4,222,966	4,753,585	(530,619)	-11.2%
120	Provisions for risks and charges	9,378,650	9,353,110	25,540	0.3%
	b) other provisions	*9,378,650*	*9,353,110*	25,540	0.3%
140	Valuation reserves	(3,700,855)	(5,556,666)	1,855,811	-33.4%
170	Reserves	(46,329,300)	(4,288,181)	(42,041,119)	980.4%
180	Share premium reserve	632,586	632,586		0.0%
190	Share capital	573,000,000	573,000,000		0.0%
210	Minority interests (+/-)	7,644,175	2,672,587	4,971,588	186.0%
220	Net profit (loss) for the period (+/-)	2,683,919	(42,041,119)	44,725,038	106.4%
	Total liabilities and shareholders' equity	**6,101,812,149**	**6,847,140,517**	**(745,328,368)**	**-10.9%**

Consolidated income statement

In euro

	Items	31/12/2014	31/12/2013	amounts	%
10	Interest and similar income	343,965,203	394,781,809	(50,816,606)	-12.9%
20	Interest and similar expense	(114,449,553)	(153,298,658)	38,849,105	25.3%
30	**Net interest income**	**229,515,650**	**241,483,151**	**(11,967,501)**	**-5.0%**
40	Commission income	95,914,145	65,428,477	30,485,668	46.6%
50	Commission expense	(61,234,991)	(30,455,991)	(30,779,000)	-101.1%
60	**Net commission income**	**34,679,154**	**34,972,486**	**(293,332)**	**-0.8%**
80	Net trading income	(988,220)	(796,225)	(191,995)	-24.1%
90	Net hedging gains (losses)	666,007	(111,501)	777,508	697.3%
100	Gains (losses) on disposal or repurchase of:	(514,450)	(76,334,869)	75,820,419	99.3%
	a) loans	*(380,117)*	*(74,954,834)*	*74,574,717*	*99.5%*
	d) financial liabilities	*(134,333)*	*(1,380,035)*	*1,245,702*	*90.3%*
120	**Net interest and other banking income**	**263,358,141**	**199,213,042**	**64,145,099**	**32.2%**
130	Net losses/recoveries on impairment of:	(155,746,489)	(144,252,635)	(11,493,854)	-8.0%
	a) loans	(155,801,831)	(144,252,635)	(11,549,196)	-8.0%
	d) other financial liabilities	*55,342*		*55,342*	*100.0%*
140	**Net income from financial activities**	**107,611,652**	**54,960,407**	**52,651,245**	**95.8%**
170	**Net profit from banking and insurance activities**	**107,611,652**	**54,960,407**	**52,651,245**	**95.8%**
180	Administrative expense:	(98,124,779)	(109,856,635)	11,731,856	10.7%
	a) payroll costs	*(35,380,730)*	*(49,478,458)*	*14,097,728*	*28.5%*
	b) other administrative expense	*(62,744,049)*	*(60,378,177)*	*(2,365,872)*	*-3.9%*
190	Net provisions for risks and charges	(3,503,431)	(4,234,794)	731,363	17.3%
200	Net adjustments to/recoveries on property and equipment	(1,836,584)	(2,051,876)	215,292	10.5%
210	Net adjustments to intangible assets	(6,877,345)	(5,725,625)	(1,151,720)	-20.1%
220	Other operating expenses/income	4,803,140	6,338,737	(1,535,597)	-24.2%
230	**Operating expenses**	**(105,538,999)**	**(115,530,193)**	**9,991,194**	**8.6%**
280	**Profit (loss) from continuing operations before tax**	**2,072,653**	**(60,569,786)**	**62,642,439**	**103.4%**
290	Income taxes on continuing operations	582,854	18,503,262	(17,920,408)	-96.8%
300	**Profit (loss) from continuing operations after tax**	**2,655,507**	**(42,066,524)**	**44,722,031**	**106.3%**
320	**Net profit (loss) for the period**	**2,655,507**	**(42,066,524)**	**44,722,031**	**106.3%**
330	Net profit (loss) pertaining to minority interests	(28,412)	(25,405)	(3,007)	-11.8%
340	**Net profit (loss) pertaining to the Parent Company**	**2,683,919**	**(42,041,119)**	**44,725,038**	**106.4%**

Statement of consolidated comprehensive income

In euro

	Items	31/12/2014	31/12/2013
10	**Net profit (loss) for the period**	**2,655,507**	**(42,066,524)**
	Other comprehensive income not reclassified to profit or loss		
40	Actuarial gains (losses) on defined-benefit pension plans	(214,986)	176,946
	Other comprehensive income after tax that may be reclassified to profit or loss:		
90	Cash flow hedges	2,070,797	5,224,217
130	**Total Other Comprehensive Income after tax**	**1,855,811**	**5,401,163**
140	**Total comprehensive income (Items 10+130)**	**4,511,318**	**(36,665,361)**
150	Total comprehensive income pertaining to minority interests	(28,412)	(25,405)
160	**Total consolidated comprehensive income pertaining to Parent Company**	**4,539,730**	**(36,639,956)**

Statement of changes in consolidated shareholders' equity

2014

In Euro

						Allocation of prior year results		Changes during the year										
									Transactions on shareholders' equity									
	Group shareholders' equity at 31.12.12	Minority interests at 31.12.12	Balance at 31.12.2013	Changes in opening balances	Balance at 1.1.2014	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes of ownership interesrs	Comprehensive income for 2014	**Group shareholders' equity at 31.12.2014**	**Minority interests at 31.12.2014**
Share capital:						-												
a) ordinary shares	573,000,000	2,450,000	575,450,000		575,450,000	-									5,000,000		**573,000,000**	**7,450,000**
b) other shares						-												
Share premium reserve	632,586		632,586		632,586	-											**632,586**	
Reserves:						-												
a) retained earnings	(45,657,875)	247,992	(45,409,883)		(45,409,883)	(42,066,524)											**(87,698,994)**	**222,587**
b) other	41,369,694		41,369,694		41,369,694	-											**41,369,694**	
Valuation reserves	(5,556,666)		(5,556,666)		(5,556,666)	-										1,855,811	**(3,700,855)**	
Equity instruments					-	-											**-**	
Treasury shares					-	-											**-**	
Net profit (loss) for the period	(42,041,119)	(25,405)	(42,066,524)		(42,066,524)	42,066,524	-									2,655,507	**2,683,919**	**(28,412)**
Shareholders' equity			521,746,620		521,746,620											4,539,730	**526,286,350**	
Minorities interests			2,672,587	-	2,672,587		-								5,000,000	(28,412)		**7,644,175**

2013

In Euro

				Allocation of prior year results		Changes during the year										
							Transactions on shareholders' equity									
	Balance at 31.12.2012	Changes in opening balances	Balance at 1.1.2013	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares		Stock options	Comprehensive income for 2013	**Group shareholders' equity at 31.12.2013**	**Minority interests at 31.12.2013**
Share capital:				-												
a) ordinary shares	514,450,000		514,450,000	-			61,000,000								**573,000,000**	**2,450,000**
b) other shares				-												
Share premium reserve				-			632,586								**632,586**	
Reserves:				-												
a) retained earnings	1,308,011		1,308,011	(41,342,853)		5,375,041									**(45,657,874)**	**247,992**
b) other	11,369,693		11,369,693	-		30,000,000									**41,369,693**	
Valuation reserves	(10,957,829)		(10,957,829)	-										5,401,163	**(5,556,666)**	
Equity instruments			-	-											**-**	
Treasury shares			-	-											**-**	
Net profit (loss) for the period	(41,342,853)		(41,342,853)	41,342,853	-									(42,066,524)	**(42,041,119)**	**(25,405)**
Shareholders' equity	474,827,022	-	474,827,022	-	-	24,624,959	61,632,586	-	-	-	-		-	(36,665,361)	**521,746,620**	**2,672,587**

Reserves relating to 2013 have been restated in order to show on the *Other* line the capital contribution paid in by the Parent Company.

Consolidated cash flow statement (indirect method)

In Euro

A. OPERATING ACTIVITIES	Amount 31/12/2014	Amount 31/12/2013
1. Cash generated from operations	**194,921,396**	**207,747,564**
- net profit for the year (+/-)	2,655,507	(42,066,524)
- net gains/losses on financial assets held for trading and financial assets/liabilities designated at fair value through profit and loss (+/-)	610,170	374,375
- gains (losses) from hedging activities (+/-)	(666,007)	111,501
- net adjustments for impairment (+/-)	154,557,406	147,121,514
- impairment/recoveries to property and equipment and intangible assets (+/-)	8,823,740	8,686,470
- net provisions for risks and charges and other costs/income (+/-)	(1,763,401)	3,587,254
- net premiums not collected (-)		
- other income insurance income/expense not collected (-/+)		
- unsettled taxes (+)	44,463,319	25,488,433
- impairment/recoveries to disposal groups, net of tax effect (-/+)	4,672	14,820
- other adjustments (+/-)	(13,764,011)	64,429,721
2. Cash generated/absorbed by financial assets	**558,502,379**	**894,827,453**
- financial assets held for trading		
- financial assets designated at fair value through profit and loss		
- financial assets available for sale		
- due from banks: on demand	479,817,422	(676,400,770)
- due from banks: other receivables	(265,447,274)	645,942,226
- loans to customers	354,430,912	929,127,647
- other assets	(10,298,681)	(3,841,650)
3. Cash generated/absorbed by financial liabilities	**(752,079,290)**	**(1,125,766,790)**
- due to banks: on demand		
- due to banks: other debts	(133,145,978)	(1,140,187,894)
- due to customers	(76,242,680)	(52,521,934)
- debt securities issued	(549,357,487)	22,901,472
- financial liabilities held for trading		
- financial liabilities designated at fair value through profit and loss		
- other liabilities	6,666,855	44,041,566
Net cash generated/absorbed by operating activities	**1,344,485**	**(23,191,773)**
B. INVESTING ACTIVITIES		
1. Cash generated by	**159,704**	**161,363**
- sale of equity investments		
- dividends collected on equity investments		
- sale of financial assets held to maturity		
- sale of property and equipment	159,704	161,363
- sale of intangible assets		
- sale of lines of business		
2. Cash absorbed by	**(1,505,834)**	**(6,964,138)**
- purchase of equity investments		
- purchase of financial assets held to maturity		
- purchase of property and equipment	(1,556,423)	(1,537,122)
- purchase of intangible assets	(4,949,412)	(5,427,016)
- purchase of lines of business	5,000,000	
Net cash generated/absorbed by investing activities	**(1,346,131)**	**(6,802,776)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- dividends distributed and other allocations		30,000,000
Net cash generated/absorbed by financing activities		**30,000,000**
NET CASH GENERATED/ABSORBED IN THE YEAR	**(1,646)**	**5,451**

Items	Amount	Amount
	31/12/2014	31/12/2013
Cash and cash equivalents at beginning of year	**11,862**	**6,411**
Net increase (decrease) in cash and cash equivalents	**(1,646)**	**5,451**
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	**10,216**	**11,862**

Notes to the Consolidated Financial Statements

Part A - Accounting policies

A.1 - General information

Section 1 - Declaration of compliance with International Financial Reporting

Pursuant to Legislative Decree 38 of 28 February 2005, the consolidated financial statements of the Santander Consumer Bank Group have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission, as established by Regulation no. 1606 of 19 July 2002.
The consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with Circular 262/05 as subsequently amended by the 3rd update of 22 December 2014 "Guidelines for the preparation of the financial statements and the consolidated financial statements of banks and finance companies of banking groups" issued by the Bank of Italy, in the exercise of the powers established by art. 9 of Legislative Decree no. 38/2005 and with the Regulation of 22 December 2005. These Instructions establish binding rules governing the financial statements and how they are to be prepared, including the contents of the notes.
In preparing the financial statements the IAS/IFRS in force at 31 December 2014 have been applied (including the SIC and IFRIC interpretations), as endorsed by the European Commission.

Section 2 - Basis of preparation

The consolidated financial statements consist of the balance sheet, income statement, statement of changes in shareholders' equity, statement of comprehensive income, cash flow statement and the notes to the consolidated financial statements and are also accompanied by the directors' report on the operations, results and financial position of the Santander Consumer Bank Group.
In accordance with the provisions of art. 5 of Legislative Law 38/2005, the financial statements have been prepared using the euro as the functional currency.
The amounts in the financial statements are expressed in euro, whereas unless otherwise specified, those in the notes and the report on operations are expressed in thousands of euro.
The financial statements are prepared in accordance with the general principles laid down in IAS 1 and the specific accounting standards endorsed by the European Commission, as described in Part A.2 of these notes. In particular, these financial statements have been prepared on a going concern basis (IAS 1 para. 25 and para. 26), in accordance with the principle of accrual accounting (IAS 1 para. 27 and para. 28) and in compliance with the consistency of presentation and classification of items in the financial statements (IAS 1 para. 29). The assets and liabilities, income and expenses have not been offset unless required or permitted by a standard or interpretation (IAS 1 para. 32).
No exceptions have been made to the application of IAS/IFRS.
In addition to the figures for the reporting period, the financial statements and notes also provide comparative figures at 31 December 2013, reclassified to ensure a better comparison with the current year. The individual tables in the notes are identified on the basis of the numbers assigned by the Bank of Italy, as well as by indicating the page number of Circular 262/2005 (3rd update of 22 January 2014), which we have followed in preparing the tables.
The report on operations and the notes provide the information required by International Accounting Standards, by Italian law and by the Bank of Italy, as well as other non-mandatory information considered necessary to give a true and fair view of the Group's situation.
The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities reported in the financial statements. The development of such estimates involves the use of available information and the adoption of subjective judgments based on past experience, which are used to formulate reasonable assumptions for recording corporate events. By their nature, the estimates and assumptions used can vary from year to year, which means that it cannot be excluded that in future years the figures in the financial statements may differ significantly due to changes in the subjective judgments used.
The main situations in which management has to make subjective judgments include the following:

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

Contents of the consolidated financial statements

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

Statement of comprehensive income
The statement of changes in comprehensive income is presented in the manner prescribed by the Bank of Italy, based on the information required by IAS 1.
"Net profit (loss)" is the same amount shown in item 320 of the income statement.
The "other elements of income, net of taxes" include changes in the value of assets recorded during the year with contra-entry to the valuation reserves (net of tax).

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

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

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

Section 3 - Scope of consolidation and consolidation method

1. Investments in subsidiaries

Table B.7.3

Company name	Head office	Type of relationship (1)	Nature of holding		% of votes (2)
			Parent company	% held	
A. Companies					
Parent Company					
Santander Consumer Bank S.p.A.	Turin				
A.1 Companies consolidated line by line					
1. Santander Consumer Finance Media S.r.l.	Turin	1	Santander Consumer Bank S.p.A.	65%	
2. Santander Consumer Unifin S.p.A.	Castel Maggiore (BO)	1	Santander Consumer Bank S.p.A.	100%	
3. PSA Italia S.p.A.	Milano	3	Santander Consumer Bank S.p.A.	50%	

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

2. Main considerations and assumptions for the determination of the scope of consolidation

The consolidated financial statements include Santander Consumer Bank and the companies controlled thereby, in accordance with the concept of control envisaged by IFRS 10.
The scope of consolidation includes Santander Consumer Finance Media S.r.l. in liquidation, Santander Consumer Unifin S.p.A., PSA Italy S.p.A. and the segregated funds pertaining to the SPE Golden Bar S.r.l. (Securitisation).
According to IFRS 10, an entity controls an investee if and only if all of the following requirements are met:
1) The entity has the power to direct the relevant activities, i.e. the activities that significantly affect the investee's returns;
2) The entity is exposed, or has rights, to variable returns from its involvement with the investee;
3) The entity has the ability to use its power over the investee to affect the amount of the investor's returns.
The analysis performed on the existence of control over the companies included in the scope of consolidation took account of the factors set out below.

Santander Consumer Bank holds an equity interest of 65% in Santander Consumer Finance Media S.r.l. in liquidation and an equity interest of 100% in Santander Consumer Unifin S.p.A. In the absence of further elements (contractual arrangements) that could be taken into account in determining whether control exists, it is believed that the control assessment requirements of IFRS 10 have been met.
As regards the entry into the scope of consolidation of PSA Italia S.p.A., set up on 30 October 2014 by the Parent Company Santander Consumer Bank and Banque PSA Finance, by means of the subscription by each company of an equity interest of 50%, the existence of control was determined based on the following assumptions.
The company was set up under a framework agreement entered into between Santander Consumer Finance Group and Peugeot Group, through its subsidiary Banque PSA Finance.
The new company offers a wide range of consumer financial services focused on the automotive sector.
As previously stated, based on IFRS 10, a company controls an investee if it has the ability, by means of a legal or substantial right, to significantly impact management decisions that affect the amount of the investor's returns and where it is exposed to variable returns.
In assessing the existence of control, identification was made of the relevant activities, that is, the activities that significantly affect the investee's returns, and the manner in which decisions are made in relation to these activities.
Activities identified as relevant, in a company that operates in the investee's sector, are financing activities, inclusive of ALM, risk management and commercial management.
Under the framework agreement executed by both Groups, by means of a casting vote, Santander Consumer Bank has the power to direct two of the three strategic areas; financing activities and risk management.
The above factors have led the two shareholders to conclude that Santander Consumer Bank exercises control over PSA Italia S.p.A. and that Banque PSA Finance exercises a significant influence thereover.
As regards the analysis performed of the impact of IFRS10 on the securitisations, on account of the contractual structure thereof and of the Parent Company's role as originator and servicer, the latter has the power, under the related contracts, to direct the relevant activities that impact the results of the securitised portfolio and, as subscriber of the Junior securities, is exposed to the returns on the portfolio, it has been concluded that there is still a requirement for the consolidation of the portfolios.
It has been deemed that there is no such requirement for the SPE, given that it is not subject, neither from an equity interest nor from a contractual point of view, to control by the Group.
The following is a list of the owners of the segregated funds included in the consolidation:

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

3. Investments in subsidiaries with significant minority interests

3.1 Minority interests, minority voting rights and dividends distributed to holders of minority interests

B.7.4

Company name	Minorities interests %	Minorities votes availability % (1)	Dividends paid to minorities
Santander Consumer Finance Media S.r.l. in liquidazione	35%	35%	35%
PSA Italia S.p.A.	50%	50%	50%

(1) Available votes during the ordinary meeting

3.2 Investments with significant minority interests: accounting information

B.7.4B

Company name	Total assets	Cash and cash equivalents	Financial assets	Tangible and intangible assets	Financial liabilities	Equity	Interest margin	Net interest and other banking income	Operating expenses	Profit (loss) from continuing operations before tax	Profit (loss) from continuing operations after tax	Profit (loss) from dismissing assets activity after tax	Prof (loss) for the period (1)	Other income elements after tax (2)	Consolidated comprehensive income (3) = (1) + (2)
Santander Consumer Finance Media S.r.l. in liquidazione	20,337	1	18,115		12,425	7,555	858	429	(349)	(148)	(81)		(81)		(81)
PSA Italia S.p.A.	10,000		10,000			10,000									

4. Significant restrictions

With reference to the requirements of IFRS 12, there are no legal, contractual or regulatory restrictions on the ownership structure that significantly limit the ability of the Parent Company to access or use assets and settle liabilities of the Group.

5. Other information

Note that the first financial year of the new company, PSA Italia S.p.A., will end on 31 December 2015, given that it has not yet commenced operations.

Consolidation method

Full consolidation method
The consolidated financial statements are prepared under the full consolidation method, which involves line-by-line inclusion of the subsidiary's balance sheet and income statement aggregates. After showing separately the minority interests' share of equity and the result for the year, the value of the investment is eliminated against the residual value of the subsidiary's net equity.
Any differences arising from this operation are recognised in equity as a consolidation reserve.
All intercompany assets, liabilities, income and expenses are eliminated.

Section 4 - Subsequent events

In the period between the end of 2014 and the date of approval of these financial statements, there have been no events which could have an appreciable impact on the operations and results of the Group.
Pursuant to IAS 10, these financial statements were authorized for publication on 26 March 2015.

Section 5 - Other aspects

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

- **International accounting standards endorsed at 31 December 2014 and which enter in force in 2014**
- IFRS 10 Consolidated Financial Statements, which partly replaces IAS 27 - Consolidated and Separate Financial Statements and SIC 12 SPE;
- IFRS 11 – Joint arrangements, which replaces IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly controlled entities – Non-monetary contributions by venturers;
- IFRS 12 Disclosure of Interests in Other Entities;
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 Impairment of assets;
- Amendments to IAS 39 Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting.

The main changes introduced by the IASB relate to the consolidation requirements laid down by IFRS 10, IFRS 11 and IFRS 12.
IFRS 10 defines control of an entity as the ability, by means of a legal or substantial right, to significantly impact management decisions that affect the amount of the investor's returns where the latter is exposed to variable returns.
IFRS 11 establishes principles for financial reporting by entities that are party to joint control arrangements, being contractually agreed sharing of control and arrangements subject to joint control. The contractually agreed sharing of control of an arrangement requires the unanimous consent of the parties sharing control. Joint control arrangements may take the form of a joint venture (entity for which the parties have rights to the net assets of the arrangement) or of arrangements whereby the parties have rights to the assets and obligations for the liabilities (joint operation).
L'IFRS 12 sets out the disclosure requirements for the consolidated financial statements for all types of investments in order to illustrate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. Included in the scope of IFRS 12 are interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
Set out below are new international accounting standards or amendments to existing standards for which mandatory application runs from 1 January 2015.

- **International accounting standards endorsed at 31 December 2014 and which enter in force in 2015**
- IFRIC Interpretation 21: Levies;
- Amendments to IFRS 3 Business combinations;

- Amendments to IFRS 13 Fair value measurement;
- Amendments to IAS 40 Investment property;

It should also be noted that certain figures for 2013 have been reclassified to be presented on a consistent basis.
The following are the changes that involved significant amounts, expressed in thousands of Euro, and relate to: derivatives traded in connection with self-securitisations, reclassified within the trading portfolio (Euro 42,534 thousand and Euro -42,924 thousand), derecognition of certain components of "Other assets" (Euro 1,253 thousand) and the related income statement impact (Euro 1,856 thousand) previously included in provisions for risks and charges, amortised cost component of the salary assignment portfolio pertaining to the subsidiary Santander Consumer Unifin (Euro 13,008 thousand) and related commissions income statement components (Euro 20,674 thousand and Euro -14,959 thousand) classified in interest and similar income.

Items	31/12/2013 Published	Reclassifications	31/12/2013 Restated
20. Held for trading financial assets	-	42,534	42,534
80. Hedging derivatives	43,644	(42,534)	1,111
160. Other assets	35,678	(1,253)	34,425
120b) Provisions for risks and charges	(10,606)	1,253	(9,353)
70 Loans to customers	5,511,738	(13,008)	5,498,730
40 Passività finanziarie di negoziazione	-	(42,924)	(42,924)
60 Hedging derivates	(104,860)	42,924	(61,936)
100 Other liabilities	(222,845)	13,008	(209,837)
10 Interest and similar income	400,498	(5,716)	394,782
20 Interessi and similar expense	(153,720)	421	(153,299)
40 Commission income	44,754	20,674	65,428
50 Commission expense	(15,497)	(14,959)	(30,456)
80 Net trading income	(0)	(796)	(796)
90 Net hedging income	(486)	374	(112)
190 Net provisions for risks and charges	(6,090)	1,856	(4,235)
220 Other operating expenses/income	8,194	(1,856)	6,339

Complete copies of the last financial statements with the reports on operations of the companies that at 31 December 2014 were subsidiaries or associates, and that their respective Boards of Directors will submit for approval of their shareholders' meetings by 30 April 2015, will be deposited at head office.
The related reports of the Board of Statutory Auditors and Independent Auditors will also be deposited. The prior year financial statements of these companies will be deposited as well.
Information on the activities and results achieved by the subsidiaries in 2014 are included in the report accompanying the consolidated financial statements.
The consolidated financial statements are audited by Deloitte & Touche S.p.A., pursuant to the Resolution of the Shareholders' Meeting of 27 April 2010, which appointed this firm to perform the audit for the nine years from 2010 to 2018.

A.2 - Main captions in the financial statements

This section explains the accounting policies followed to prepare the 2014 financial statements. The Group's accounting policies are explained with reference to the classification, recognition, measurement and derecognition of assets and liabilities. A description of the economic effects is given for each of these stages, where relevant.

1. Financial assets held for trading

Recognition
Financial assets held for trading are initially recognised on the subscription date. They are recognised at fair value without considering transaction costs or income directly attributable to the instrument concerned.

Classification
Derivatives traded in connection with securitisations are classified within this category by the Parent Company. Derivatives are recognised as an asset if the fair value is positive and as a liability if the fair value is negative. These contracts are not subject to net settlement by either counterparty.
Reclassifications to other categories of financial assets are not allowed unless rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

Measurement and recognition of components affecting the income statement
Subsequent to initial recognition, assets available for sale are measured at fair value. The effects of the application of this criterion are recognised in the income statement. For the determination of fair value, estimates and valuation models are used based on prices quoted on an active market.

Derecognition
Financial assets are only derecognised if the sale involves the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised, even if ownership of the assets has been transferred.

2. Receivables

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

Classification
Loans include loans to customers and to banks, whether granted directly or acquired from third parties, with fixed or determinable payments, that are not quoted in an active market and which were not originally classified as "Financial assets available for sale". Loans also include lease receivables, salary assignment and delegation of payment, as well as loans sold in connection with securitisations that do not satisfy the conditions laid down by IFRS 10.

Measurement and recognition of components affecting the income statement
After initial recognition, loans are measured at their amortised cost, corresponding to the initial cost less/plus principal repayments, net adjustments/recoveries and amortisation - calculated using the effective interest method - of the difference between the amount paid out and the amount repayable on maturity, which is generally attributable to the costs/income directly allocated to the individual loans. The effective interest rate is the rate that equates the present value of future cash flows of loans, for principal and interest, to the amount granted, including costs/income attributable to the loan. This accounting method, using a financial logic, allows distribution of the economic effect of costs/income over the estimated residual life of the loan.
Loans are assessed at the end of each accounting period to identify any objective evidence, arising from events subsequent to initial recognition, that their value may be impaired. This includes positions classified as doubtful, watchlist, restructured or past due loans in compliance with current Bank of Italy regulations. These non-performing loans are collectively assessed and the adjustment made for the loans equates to the difference between their carrying amount at the time of measurement (amortised cost) and the present value of expected cash flows, discounted using the original effective interest rate. The adjustments are recorded in the income statement The original value of loans is reinstated in subsequent periods, to the extent that the reasons for the adjustments made cease to apply, on condition that this assessment is objectively linked with events that took place subsequent such adjustments. The writeback is recorded in the income statement Loans for which there is no objective evidence of impairment, i.e. those usually classified as performing loans, are periodically assessed and adjusted if they are deemed to be impaired. This assessment takes place by homogeneous loan categories in terms of their credit risk and the relative loss percentages are estimated taking into account past experience, based on observable elements at the measurement date, which make it possible to estimate the value of the loss for each category of loans. Adjustments that are calculated on a collective basis are charged to the income statement.

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

3. Hedging derivatives

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

Measurement
Hedging derivatives are measured at their fair value. Changes in the fair value of a cash flow hedge (CFH) are recognised directly in equity to the extent of the portion that is determined to be an effective hedge and are recognised in the income statement only when, with reference to the hedged item, the hedging instrument fails to provide an effective hedge. In the case of fair value hedges (FVH), any change in the fair value of the hedging instrument is recognised in the income statement, as are changes in the fair value of the hedged item, with a net effect to reflect the partial ineffectiveness of the hedge.
Hedging transactions are formally documented and subject to regular testing by:

- prospective tests that justify the application of hedge accounting, by demonstrating the expected effectiveness of the hedge;
- retrospective tests that show the effectiveness of the hedge during the period under review.

The tests described here are designed to determine the extent to which the actual results differ from the perfect hedge. If the tests do not confirm the hedge's effectiveness, hedge accounting is interrupted for the ineffective portion and it is reclassified to financial instruments held for trading.

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

4. Equity investments

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

5. Property and equipment

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

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

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

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

6. Intangible assets

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

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

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

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

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

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

Measurement
Assets that meet the criteria to be classified in this category are valued at the lower of their carrying value and fair value, net of costs to sell. The related adjustment is recorded under impairment losses on property and equipment, as required by the instructions for preparation of the financial statements of banks issued by the Bank of Italy (Circular 262/2005 3rd update).

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

8. Tax assets and liabilities

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

9. Financial liabilities held for trading

Recognition
Financial liabilities held for trading include derivatives traded in connection with securitisations originated by the Parent Company. They are recognised on the subscription date at fair value, without considering transaction costs or income directly attributable to the instrument concerned.

Measurement
All liabilities held for trading are measured at fair value with fair value changes recognised in the income statement.

Derecognition
These liabilities are derecognised when the contractual rights to the cash flows cease or when a liability is sold and substantially all of the risks and benefits associated with it are transferred.

10. Provisions for risks and charges

Classification and recognition
The provisions for risks and charges cover liabilities whose timing and extent are uncertain, when all the following conditions are met:

- a current obligation exists at the balance sheet date, deriving from a past event;
- the origin of the obligation must either be legal (deriving from a contract, regulation or the provisions of law) or implicit (arising when the business causes third parties to expect that commitments will be met, even if these do not fall into the category of legal obligations);
- a financial outflow is likely;
- the extent of the obligation can be estimated reliably.

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

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

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

11. Debts and debt securities issued

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

Classification
Amounts due to banks, amounts due to customers, debt securities issued and financial liabilities held for trading represent the various forms of interbank and customer funding.

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

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

12. Other information

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

Provision for employee termination indemnities
The provision for employee termination indemnities is recognised on the basis of its actuarial value. For the purposes of discounting, the projected unit credit method is used, which involves the projection of future payments based on historical statistical analyses and the demographic curve, and the discounting of these flows on the basis of a market interest rate. The contributions paid in each year are considered as separate units, recorded and evaluated individually in order to determine the final obligation.

Following implementation of the changes to IAS 19 - Employee Benefits, the accounting treatment of the various components are as follows: personnel charges include interest costs (which correspond to the change in the current value of the actuarial estimate at the previous year-end, merely due to the fact that the estimated date of disbursement is getting closer) and service costs (which correspond to the higher cost due mainly to the increase in salaries and in the workforce). Actuarial gains and losses (reflecting any variation in the present value caused by changes in the macroeconomic scenario or in interest rate estimates) have been posted to shareholders' equity.

Provisions for commitments and guarantees given
Recognition has been made in the financial statements of the Interbank Deposit Protection Fund.

Share-based payments
Not applicable.

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

Fair value measurements
Fair value may be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As required by IFRS 13, fair value measurement has been adopted for each specific asset or liability. Accordingly, the characteristics of the asset or liability being measured have been taken into account. The characteristics include the following:

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

Fair value measurement assumes that the sale or transfer of the asset or liability takes place:

- in the principal market for the asset or liability;
- or in the absence of a principal market, the most advantageous market for the asset or liability.

For the criteria used for the determination of the fair value of financial assets and liabilities, please see Part A Accounting policies – A.4 Information on fair value.

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

Method of determining the impairment of financial assets

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

Intercompany transactions

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

Securitisations

IFRS 10 replaces IAS 27, Consolidated and separate financial statements, and SIC 12 Consolidation – Special purpose entities, and introduces a single control model to be applied to all entities, comprising those previously considered to be special purpose entities under SIC 12. Based on the new definition of control, an investor controls an investee when the investor has power over relevant activities, it is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Segregated funds pertaining to special purpose entities, consisting of assets sold but not derecognised and which were previously consolidated under SIC12, with the introduction of IFRS 10, continue to be consolidated without any significant changes.
With reference to the Financial Stability Forum's recommendations on transparency and in accordance with the Supervisory Authority's instructions regarding the disclosure requirements relating to exposures to certain financial instruments, such as asset-backed securities (ABS), please refer to Part E, paragraph C. "Securitisation and assignment of assets".

A.3 – INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

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

There are no reclassified financial assets.

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

There are no reclassified financial assets.

A.3.3 Transfer of financial assets held for trading

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

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

There are no reclassified financial assets.

A.4 - INFORMATION ON FAIR VALUE

Qualitative information

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

The valuation techniques used have been adapted to the specific characteristics of the assets and liabilities being measured. In choosing the inputs used in valuation techniques, the highest priority is given to observable market data and the lowest priority to internal estimates.
The valuation techniques used by the Group are:

- Market approach. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets.
- Income approach. This method converts future amounts (cash flows or income and expenses) to a single current (discounted) amount. When this approach is used, fair value measurement reflects current market expectations about those future amounts. This technique involves the use of a net present value calculation.

As regards the impact of the Credit Value Adjustment and the Debit Value Adjustment on the determination of fair value, as far as the consumer credit portfolio is concerned, the counterparty risk is included in the impairment of the portfolio, while, for the measurement of derivatives, the risk is neutralised by means of the weekly settlement of positions.

A.4.2 Valuation processes and sensitivity

The process used for the determination of the fair value of individual financial statement components is illustrated below.
With respect to balance sheet assets:

- Cash, bank accounts, demand loans and current amounts due from banks. For these items, it is assumed that their fair value corresponds to their carrying amount.
- Hedging derivatives. Fair value is determined by means of daily measurement based on expected cash flows.
- Loans to customers:
  - Demand loans. It is assumed that their fair value corresponds to their carrying amount.
  - Other assets. The fair value of the portfolio is calculated by discounting expected cash flows, net of impairment adjustments, using the average interest rate on loans granted in the month on which the valuation is based for each type of product.

With respect to balance sheet liabilities:

- Due to banks: on demand. It is assumed that their fair value corresponds to their carrying amount.
- Medium-to-long term amounts due to banks and debt securities issued. The fair value is calculated by discounting expected cash flows based on an interest rate curve observed directly in the market plus the

intercompany spread applicable at the measurement date. For floating rate transactions, expected cash flows do not take account of the variable component that is not capable of being determined at the measurement date.

- Due to customers:
  - Deposit accounts. Fair value is determined by discounting expected cash flows using the interest rate actually applied to the customer at the measurement date for the same maturities.
  - Current accounts and deposits. For these items, it is assumed that their fair value corresponds to their carrying amount.
- Hedging derivatives. Please see the assumptions given for hedging derivatives under balance sheet assets.

A.4.3 Fair value hierarchy

To increase consistency and comparability in fair value measurements, IFRS 13 establishes a hierarchy based on inputs used for the various valuation techniques.
The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. More in detail, the inputs used to measure fair value are categorised as follows:

- Level 1. Fair value is directly observable in active markets that the entity can access at the date of fair value measurement of identical or similar assets or liabilities.
- Level 2. Fair value is determined internally based on directly observable market inputs.
- Level 3. Fair value is determined internally based on unobservable inputs. The company makes use of assumptions determined internally.

A.4.4 Other information

There is no further qualitative information to be disclosed in addition to that provided in the foregoing paragraphs.

Quantitative information

A.4.5 Fair value hierarchy

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

Table B.7.5

	31/12/2014			**31/12/2013**		
Financial assets/liabilities designated at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading		19,669			42,534	
2. Financial assets designated at fair value through profit and loss						
3. Financial assets available for sale						
4. Hedging derivatives		1,009			1,111	
5. Property and equipment						
6. Intangible assets						
Total		**20,678**			**43,645**	
1. Financial liabilities held for trading		20,669			42,924	
2. Financial liabilities designated at fair value through profit and loss						
3. Hedging derivatives		51,646			61,936	
Total		**72,315**			**104,860**	

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

As at the reporting date, there were no transfers of assets and liabilities between level 1 and level 2 to be disclosed.
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to *Section 5 - Other Aspects*.

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

The Company does not have any assets measured at fair value on a recurring basis.

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

The Company does not have any liabilities measured at fair value on a recurring basis.

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

Table B.7.8

Assets/liabilities not valued at fair value or valued at fair value on non-recurring basis	31/12/2014				31/12/2013			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets held to maturity								
2. Due from banks	772,661			772,661	981,390			981,390
3. Loans to customers	4,964,004			4,922,132	5,498,730			5,800,714
4. Investment property								
5. Non-current assets held for sale and discontinued operations					22		22	
Total	**5,736,665**			**5,694,793**	**6,480,142**		**22**	**6,782,104**
1. Due to banks	4,890,788			4,894,273	5,023,840			5,050,134
2. Due to customers	214,174			213,602	290,034			292,401
3. Debt securities issued	136,926			137,142	649,585			649,243
3. Liabilities associated with non-current assets held for sale								
Total	**5,241,888**			**5,245,017**	**5,963,459**			**5,991,778**

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

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

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

Part B - Information on the consolidated balance sheet

ASSETS

Section 1 - Cash and cash equivalents - item 10

1.1 Cash and cash equivalents: breakdown

This item shows a balance of Euro 10 thousand (Euro 12 thousand at 31 December 2013) and includes the liquidity held at the head office and at branches throughout the country in the form of cash:

Table B.8.3

	31/12/2014	31/12/2013
a) Cash	10	12
b) Demand deposits with central banks		
Total	**10**	**12**

Section 2 - Financial assets held for trading - item 20

2.1 Financial assets held for trading: breakdown

These amount to Euro 19,669 thousand (Euro 42,534 thousand at 31 December 2013) and include the fair value of derivatives entered into in connection with securitisations with the Parent Company Banco Santander SA.

Table B.8.4

Voci/Valori	31/12/2014			31/12/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities						
1.1 Structured						
1.2 Other debt securities						
2. Capital securities						
3. O.I.C.R. shares						
4. Loans						
4.1 Repurchase agreements						
4.2 Other						
Total A						
B. Derivates						
1. Financial derivates						
1.1 held for trading		19,669			42,534	
1.2 related to fair value option						
1.3 other						
2. Credit derivates						
2.1 held for trading						
2.2 related to fair value option						
2.3 other						
Total B		**19,669**			**42,534**	
Total (A+B)		**19,669**			**42,534**	

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

2.2 Financial assets held for trading: breakdown by borrower/issuer

Table B.8.5

Items / Amounts	31/12/2014	31/12/2013
A. Cash assets		
1. Debt securities		
a) Government and central banks		
b) Other public entities		
c) Banks		
d) other issuers		
2. Capital securities		
a) Banks		
b) Other issuers		
- insurance companies		
- financial companies		
- not financial companies		
- other		
3. O.I.C.R. shares		
4. Loans		
a) Government and central banks		
b) Other public entities		
c) Banks		
d) other		
Total A		
Derivates		
a) Banks		
- fair value	19,669	42,534
b) Customers		
- fair value		
Total B	**19,669**	**42,534**
Total (A+B)	**19,669**	**42,534**

2.3 Financial assets held for trading: change in the year

The Group does not have any cash assets held for trading.

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

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

Section 4 - Financial assets available for sale - item 40

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

Section 5 - Financial assets held to maturity - item 50

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

Section 6 – Due from banks – item 60

6.1 Due from banks: breakdown

Amounts due from banks come to Euro 772,661 thousand (Euro 981,390 thousand at 31 December 2013) and are made up as follows:

Table B.8.15

Type of transaction/Amounts	31/12/2014				31/12/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Due from central banks	**4,442**			**4,442**	**11,454**			**11,454**
1. Time deposits		X	X	X		X	X	X
2. Compulsory reserve	4,442	X	X	X	11,454	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Due from banks	**768,219**			**768,219**	**969,936**			**969,936**
1. Loans	**768,219**			**768,219**	**969,936**			**969,936**
1.1 Current accounts and deposits	275,733	X	X	X	745,750	X	X	X
1.2 Time deposits		X	X	X		X	X	X
1.3 Other loans:		X	X	X		X	X	X
- Repurchase agreements		X	X	X		X	X	X
- Finance leases		X	X	X		X	X	X
- Other	492,486	X	X	X	224,186	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total (book value)	**772,661**			**772,661**	**981,390**			**981,390**

Key:
FV = Fair Value
BV = Book Value

Amounts due from central banks of Euro 4,442 thousand (Euro 11,454 thousand at 31 December 2013) consist of receivables due from the Bank of Italy relating to the compulsory reserve of the Parent Company.
Amounts due from banks refer to:

- credit balances on bank current accounts for Euro 275,733 thousand (Euro 745,750 thousand at 31 December 2013), consisting of cash deposits belonging to the segregated funds of the securitisations (Euro 247,351 thousand);
- other loans, which mainly include the commercial paper issued by companies of the Santander Consumer Finance Group and Abbey National Treasury Services, and subscribed by the SPE Golden Bar for Euro 370,950 thousand and Euro 85,428 thousand, and Euro 33,100 thousand relating to the amounts paid as a guarantee deposit to the other party, Banco Santander, corresponding to the negative fair value of the derivative contracts entered into with it.

For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

6.2 Due from banks with specific hedges

There are no amounts due from banks with specific hedges.

6.3 Finance leases

At 31 December 2014, there are no receivables under financial leases with banks.

Section 7 – Loans to customers – item 70

7.1 Loans to customers: breakdown

Loans to customers amount to Euro 4,964,004 thousand (Euro 5,498,730 thousand at 31 December 2013) and are made up as follows:

Table B.8.16

Type of transaction/Amounts	31/12/2014						31/12/2013					
	Book value			Fair value			Book value			Fair value		
	Performing loans	Non-performing loans		L1	L2	L3	Performing loans	Non-performing loans		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans	**4,801,876**		**162,128**			**4,922,132**	**5,362,871**		**135,859**			**5,800,714**
1. Current accounts	15,154		159	X	X	X	8,542		597	X	X	X
2. Repurchase agreements				X	X	X				X	X	X
3. Mortgage loans				X	X	X				X	X	X
4. Credit cards, personal loans and salary assignment	2,842,251		141,206	X	X	X	3,222,945		102,887	X	X	X
5. Finance leases	37,778		264	X	X	X	72,669		1,392	X	X	X
6. Factoring	115,532		259	X	X	X	122,930			X	X	X
7. Other loans	1,791,161		20,240	X	X	X	1,935,785		30,983	X	X	X
Debt securities												
8. Structured				X	X	X				X	X	X
9. Other debt securities				X	X	X				X	X	X
Total	**4,801,876**		**162,128**			**4,922,132**	**5,362,871**		**135,859**			**5,800,714**

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

In particular, loans to customers include:

- Euro 15,313 thousand (of which, Euro 159 thousand non-performing loans) for current accounts balances to customers and postal current accounts;
- Euro 2,983,457 thousand (of which, Euro 141,206 thousand non-performing loans) for loans to customers arising from financing personal loan transactions, credit cards and loans guaranteed by salary assignment;
- Euro 38,042 thousand (of which, Euro 264 thousand non-performing loans) for loans to customers for finance leases, recorded at amortised cost;
- Euro 115,791 (of which Euro 259 thousand relates to non-performing loans) of loans relating to factoring transactions with automotive companies;
- Euro 1,811,401 thousand (of which, Euro 20,240 thousand non-performing loans) for loans to customers resulting from financing for car loans and other special-purpose loans.

Item 4) includes amortised cost components relating to loans collateralised by salary assignment.
The total of assets assigned and not derecognised, which, net of impairment adjustments, amounts to Euro 3,489,900 thousand, of which Euro 71,068 thousand is non-performing, was allocated to the various forms of financing, as required by the instructions for preparation of the financial statements.
For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

7.2 Loans to customers: breakdown by borrower/issuer

Table B.8.17

Type of transaction/Amounts	31/12/2014			31/12/2013		
	Performing loans	Non-performing loans		Performing loans	Non-performing loans	
		Purchased	Other		Purchased	Other
1. Debt securities						
a) Governments						
b) Other public entities						
c) Other issuers						
- non-financial institutions						
- financial institutions						
- insurance companies						
- other						
2. Loans to:						
a) Governments						
b) Other public entities	82			241		
c) Other parties						
- non-financial institutions	393,007		5,555	468,806		12,780
- financial institutions	493		19	891		6
- insurance companies				17		
- other	4,408,294		156,554	4,892,916		123,073
Total	**4,801,876**		**162,128**	**5,362,871**		**135,859**

7.3 Loans to customers with specific hedges

There are no loans to customers with specific hedges.

7.4 Finance leases

Table B.8.17C

	Amounts at 31/12/2014	
INFORMATION BY LESSOR	**Minimum lease payments**	**Present value of minimum lease payments**
Finance lease instalments due		
Up to 12 months	13,807	12,902
1 to 5 years	21,928	20,491
Beyond 5 years	5,764	5,386
Total	**41,499**	**38,780**
of which:		
Unguaranteed residual values accruing to the lessor		
Less: unearned finance income	2,719	X
Present value of minimum lease payments	**38,780**	**38,780**

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

Section 8 – Hedging derivatives – item 80

8.1 Hedging derivatives: breakdown by type of hedge and level

Hedging derivatives amount to Euro 1,009 thousand (Euro 1,111 thousand at 31 December 2013) and are made up as follows:

Table B.8.18

	FV 31/12/2014			NV	FV 31/12/2013			NV
	L1	L2	L3	31/12/2013	L1	L2	L3	31/12/2012
A) Financial derivatives								
1) Fair value		1,009		499,000		1,111		829,000
2) Cash flows								
3) Foreign investments								
B) Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**1,009**		**499,000**		**1,111**		**829,000**

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

This line item includes micro fair value hedging instruments entered into with the Spanish Parent Company Santander, with the objective of hedging changes in the fair value of fixed rate loans payable. The prior year figures have been reclassified to be presented on a consistent basis and relate to macro fair value hedging transactions. For further details, please refer to *Section 5 - Other Aspects* of the Accounting Policies in the Notes.
As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 1.2 - Market risk, Subsection 1.2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table provides details of positive micro fair value hedging instruments at 31 December 2014 (in euro):

NOTIONAL (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
100,000,000	18/08/2014	28/09/2015	Banco Santander	202,107
100,000,000	18/08/2014	28/09/2015	Banco Santander	202,107
54,000,000	18/08/2014	28/09/2015	Banco Santander	109,138
100,000,000	18/08/2014	28/09/2015	Banco Santander	202,107
105,000,000	18/08/2014	28/09/2015	Banco Santander	212,212
40,000,000	18/08/2014	28/09/2015	Banco Santander	80,843
499,000,000				**1,008,513**

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

Table B.8.19

Operation/Type of hedge	Fair value						Cash		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other transactions						X		X	
Total assets									
1. Financial liabilities	1,009			X		X		X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities	1,009								
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 8.1.

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

9.1 Remeasurement of hedged assets: breakdown by hedged portfolio

Table B.8.20

Remeasurement of hedged assets/Amounts	31/12/2014	31/12/2013
1. Positive adjustment		
1.1 specific portfolios		
a) loans	43,654	47,434
b) financial assets available for sale		
1.2 general adjustment		
2. Negative adjustment		
2.1 specific portfolios		
a) loans		
b) financial assets available for sale		
2.2 general adjustment		
Total	**43,654**	**47,434**

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

9.2 Assets subject to general hedging of interest rate risk

Table B.8.20B

Hedged assets	31/12/2014	31/12/2013
1. Loans	2,256,845	3,439,070
Total	**2,256,845**	**3,439,070**

Section 10 - Equity investments - item 100

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

Section 11 - Technical reserves carried by reinsurers - item 110

No Group company carries on insurance business.

Section 12 – Property and equipment – item 120

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

Property and equipment amount to Euro 3,860 thousand (Euro 4,296 thousand at 31 December 2013) and are made up as follows:

Table B.8.26

Assets/Amounts	31/12/2014	31/12/2013
1. Own assets		
a) land		
b) property		
c) furniture	205	242
d) electronic systems	1,179	1,099
e) other	2,476	2,955
2. Assets purchased under finance leases		
a) land		
b) property		
c) furniture		
d) electronic systems		
e) other		
Total	**3,860**	**4,296**

"Other" mainly includes vehicles used by employees to perform their work (Euro 2,003 thousand), data processing machines (Euro 1,178 thousand), deferred charges made up of leasehold improvements (Euro 184 thousand) and telephone systems, equipment and facilities provided (Euro 223 thousand).

The Group's fixed assets have been given the following useful lives for the purpose of calculating the annual depreciation charge:

Category of assets	Useful life (years)
OFFICE FURNITURE AND FURNISHINGS	9
ORDINARY OFFICE MACHINES	9
DATA PROCESSING MACHINES	5
TELEPHONE SYSTEMS	4
VEHICLES	4
MISCELLANEOUS EQUIPMENT	4
DEFERRED CHARGES TO BE AMORTIZED	6

12.2 Investment property: breakdown of assets measured at cost

There are no Investment property measured at cost.

12.3 Property and equipment for business purposes: breakdown revalued assets

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

12.4 Investment property: breakdown of assets measured at fair value

There are no investment property measured at fair value.

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

Table B.8.28

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross amount			**4,487**	**9,889**	**15,825**	**30,201**
A.1 Total net adjustments			(4,245)	(8,790)	(12,870)	**(25,905)**
A.2 Opening net amount			**242**	**1,099**	**2,955**	**4,296**
B. Increases			**19**	**515**	**1,022**	**1,556**
B.1 Purchases			19	515	1,022	**1,556**
B.2 Capitalised improvement costs						
B.3 Recoveries						
B.4 Positive changes in fair value posted to:						
a) shareholders' equity						
b) income statement						
B.5 Positive exchange rate adjustments						
B.6 Transfers from investment property						
B.7 Other changes						
C. Decreases			**56**	**435**	**1,501**	**1,992**
C.1 Sales			1	3	156	**160**
C.2 Depreciation			55	432	1,345	**1,832**
C.3 Impairment losses recognised to:						
a) shareholders' equity						
b) income statement						**-**
C.4 Negative changes in fair value recognised to:						
a) shareholders' equity						
b) income statement						
C.5 Negative exchange rate adjustments						
C.6 Transfers to:						
a) investment property						
b) non-current assets held for sale						
C.7 Other changes						
D. Closing net amount			**205**	**1,179**	**2,476**	**3,860**
D.1 Total net adjustments			(3,347)	(8,914)	(10,340)	**(22,601)**
D.2 Closing gross amount			**3,552**	**10,093**	**12,816**	**26,461**
E. Measurement at cost						

Each class of assets is measured at cost. Sub-item E (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for tangible assets that are carried in the balance sheet at fair value.
The main increases during the year concerned upgrading of hardware and the purchase of cars used by employees in performing their work.

12.6 Investment property: changes in the period

There are no fixed assets held for investment purposes.

12.7 Commitments to purchase property and equipment

There are no commitments to repurchase property and equipment.

Section 13 – Intangible assets – item 130

13.1 Intangible assets: breakdown by type

Intangible assets amount to Euro 8,165 thousand (Euro 10,207 thousand at 31 December 2013).

Table B.8.30

Assets/Amounts	31/12/2014		31/12/2013	
	Finite useful life	**Indefinite useful life**	**Finite useful life**	**Indefinite useful life**
A.1 Goodwill	X		X	
A.1.1 attributable to the Group	X		X	
A.1.2 attributable to minority interests	X		X	
A.2 Other intangible assets				
A.2.1 Measured at cost:				
a) Internally-generated intangible assets				
b) Other assets	8,165		10,207	
A.2.2 Carried at fair value				
a) Internally-generated intangible assets				
b) Other assets				
Total	**8,165**		**10,207**	

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

13.2 Intangible assets: change in the period

Table B.8.31

	Goodwill	Other internally-generated intangible assets		Other intangible assets: other		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance				**62,178**		**62,178**
A.1 Total net adjustments				(51,971)		**(51,971)**
A.2 Opening net amount				**10,207**		**10,207**
B. Increases				**4,949**		**4,949**
B.1 Purchases				4,949		**4,949**
B.2 Increases in internally-generated intangibl	X					
B.3 Recoveries	X					
B.4 Positive changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
B.5 Exchange gains						
B.6 Other changes						
C. Decreases				**6,991**		**6,991**
C.1 Sales						
C.2 Adjustments						
- Amortisation	X			4,791		**4,791**
- Writedowns						
+ posted to shareholders' equity	X					
+ posted to income statement				2,086		**2,086**
C.3 Negative changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
C.4 Transfers to non-current assets held for sale						
C.5 Exchange losses						
C.6 Other changes				114		**114**
D. Closing net amount				**8,165**		**8,165**
D.1 Total net adjustments				(58,679)		**(58,679)**
E. Closing gross amount				**66,844**		**66,844**
F. Measurement at cost						

Sub-item F (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for intangible assets that are carried in the balance sheet at fair value.
The increases in item B.1 relate to the capitalisation of costs incurred in implementing EDP application packages and developing new computer programs, whereas the write-downs shown in item C.2 refer to assets that are no longer of any use to the Company.
The other decreases include software disposed of in the year.

13.3 Other information

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

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

Current tax assets recognised in asset line item 140 amount to Euro 27,094 thousand (Euro 33,176 thousand in 2013), while current liabilities recognised in liability line item 80 amount to Euro 47,391 thousand (Euro 30,443 thousand in 2013).

14.1 Deferred tax assets: breakdown

Table B.8.32

	31/12/2014	31/12/2013
Deferred tax assets balancing the income statement	220,376	186,949
Deferred tax assets balancing net equity	1,889	6,855
Total	**222,265**	**193,804**

Deferred tax assets are accounted for with reference to deductible temporary differences, based on the probability that the Company will be able to generate sufficient taxable income in the future for the deferred tax asset to meet the criteria for accounting recognition, as required by IAS 12.
The balance of Euro 222,265 thousand (Euro 193,804 thousand at 31 December 2013) consists of deferred tax assets through the income statement of Euro 220,376 thousand, mainly attributable to temporary differences arising from the deferred deductibility for IRES and IRAP purposes of loan adjustments and from adjustments required for reasons of consistency with the accounting policies for the salary assignment loan portfolio, and deferred tax assets through shareholders' equity of Euro 1,889 thousand attributable to the tax effect of actuarial gains and losses pertaining to termination indemnities and the tax effect of hedging derivatives with a negative fair value (Cash Flow Hedging Model).

14.2 Deferred tax liabilities: breakdown

The Group has recognised deferred tax liabilities of Euro 15 thousand at 31 December 2014.

Table B.8.32B

	31/12/2014	31/12/2013
Deferred tax liabilities recognised to the income statement	15	15
Total	**15**	**15**

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

Table B.8.32C

	31/12/2014	31/12/2013
1. Opening balance	**186,949**	**148,595**
2. Increases	**53,201**	**55,266**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) recoveries		
d) other	49,153	45,417
2.2 New taxes or increases in tax rates		
2.3 Other increases	4,048	9,849
3. Decreases	**19,774**	**16,912**
3.1 Deferred tax assets cancelled during the year		
a) reversals	5,943	4,735
b) write-offs		
c) due to changes in accounting policies		
d) other	814	828
3.2 Reduction in tax rates		
3.3 Other decreases		
a) conversion into tax credits	12,771	11,349
as per Law 214/2011		
b) other	246	
Closing balance	**220,376**	**186,949**

The increase in deferred tax assets included in "Deferred tax assets recognised during the year - other" mainly reflects the temporary differences caused by the deductibility for IRES and IRAP purposes of impairment losses on loans deductible on a straight-line basis in 2014 and in the subsequent four years (Euro 42,169 thousand) as per Law 147 of 27 December 2013, as well as the recognition of deferred tax assets related to provisions for risks and charges made in the year. "Other increases" (Euro 4,048 thousand) include increases relating to the first time consolidation of the subsidiary Santander Consumer Unifin, whereas the portion relating to the first half of the year was recognised in shareholders' equity.
The decreases of Euro 814 thousand also include amounts relating to the first time consolidation of Santander Consumer Unifinsi.

The "reversals" relate to the reversal of the brought-forward eighteenths relating to temporary differences generated in prior years (Euro 1,492 thousand) and from the utilisation of provisions for risks and charges.

"Other decreases" shows the effect of the conversion of deferred tax assets into tax credits, as required by law 214/2011, for Euro 12,771 thousand.

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

Table B.8.33

	31/12/2014	31/12/2013
1. Opening balance	**175,091**	**144,557**
2. Increases	**42,690**	**43,160**
3. Decreases	**14,796**	**12,626**
3.1 Reversals	2,025	118
3.2 Conversion into tax credits		
a) due to losses arising from P&L	12,771	11,349
b) arising from tax losses		
3,3 Other decreases		1159
4. Closing balance	**202,984**	**175,091**

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

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

Table B.8.34

	31/12/2014	31/12/2013
1. Opening balance	**15**	**15**
2. Increases		
2.1 Deferred tax liabilities recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases		
3.1 Deferred tax liabilities cancelled during the year		
a) reversals		
b) due to changes in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**15**	**15**

The amount of Euro 15 thousand relates to deferred tax liabilities through the income statement of the subsidiary Santander Consumer Unifin and there has been no change in the year related thereto.

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

Table B.8.34B

	31/12/2014	31/12/2013
1. Opening balance	**6,855**	**5,414**
2. Increases	**106**	**4,109**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other	106	
2.2 New taxes or increases in tax rates		
2.3 Other increases		4109
3. Decreases	**5,072**	**2,668**
3.1 Deferred tax assets cancelled during the year		
a) reversals	1,024	2,582
b) write-offs		
c) due to changes in accounting policies		
d) other		86
3.2 Reduction in tax rates		
3.3 Other decreases	4,048	
4. Closing balance	**1,889**	**6,855**

The increase in deferred tax assets through shareholders' equity recognised by the Group relates to the actuarial valuation of the provision for employee termination indemnities.

The decrease in the year classified as "Reversals" is due to the reversal of deferred tax assets arising from the change in fair value of cash flow hedging instruments (Cash Flow Hedging Model), whereas, for details of "Other decreases" please see the comment below table 14.3 Changes in deferred tax assets (through the income statement) at point 2.3 "Other increases".

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

There were no changes in the year in deferred tax liabilities through shareholders' equity.

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

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

Table B.8.36

	31/12/2014	31/12/2013
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property and equipment	16	22
A.4 Intangible assets		
A.5 Other non-current assets		
Total A	**16**	**22**
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2	**16**	**22**
of which: designated at fair value level 3		
B. Groups of assets (discontinued operations)		
B.1 Financial assets held for trading		
B.2 Financial assets designated at fair value through profit and loss		
B.3 Financial assets available for sale		
B.4 Financial assets held to maturity		
B.5 Due from banks		
B.6 Loans to customers		
B.7 Equity investments		
B.8 Property and equipment		
B.9 Intangible assets		
B.10 Other assets		
Total B		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
D. Liabilities associated with groups of assets held for sale		
D.1 Due to banks		
D.2 Due to customers		
D.3 Debt securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities designated at fair value through profit and loss		
D.6 Provisions		
D.7 Other liabilities		
Total D		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		

The balance of Euro 16 thousand includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract, without exercising the purchase option.

15.2 Other information

Not applicable as a result of the foregoing.

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

Not applicable.

Section 16 – Other assets – item 160

16.1 Other assets: breakdown

The balance of "Other assets", amounting to Euro 39,406 thousand (Euro 34,425 thousand at 31 December 2013), is made up as follows:

Table B.8.38

	31/12/2014	31/12/2013
Advances to suppliers	1,271	600
VAT receivables	733	1,943
Other amounts due from tax authorities	17,894	5,810
Other items	19,508	26,072
Total	**39,406**	**34,425**

The most significant component (Euro 12,855 thousand) of "Other amounts due from tax authorities" relates to receivables due from the tax authorities for which the Bank has submitted an application for a refund in connection with a settlement agreement entered into with the Regional Tax Office concerning intercompany transfers in the three year period 2008-2010.
The other main components include advance payments of stamp duty on loans granted to customers (Euro 1,791 thousand), flat-rate substitute tax credits relating to medium-to-long term loans (Euro 1,128 thousand) and amounts due for advance payments of withholding tax on interest payable on customers' current accounts (Euro 201 thousand).
They also include Euro 1,759 thousand, relating to a claim for a tax rebate for the higher IRES paid in previous years on personnel costs not deducted for IRAP purposes for Group companies.
"Other items" mainly include items in transit relating to instalment collection (Euro 5,610 thousand), receivables for insurance commissions (Euro 9,811 thousand), receivables from affiliates for contributions for loans contracted with a "zero interest rate" (Euro 1,940 thousand), receivables from affiliates for the reversal of commissions and contributions (Euro 532 thousand) and other charges deferred to the future on an accrual basis (Euro 185 thousand).

Section 1 – Due to banks – item 10

1.1 Due to banks: breakdown by type

Amounts due to banks amount to Euro 4,890,788 thousand (Euro 5,023,840 thousand at 31 December 2013) and are made up as follows:

Table B.8.39

Type	31/12/2014	31/12/2013
1. Due to central banks	**1,500,017**	**1,521,616**
2. Due to banks	**3,390,771**	**3,502,224**
2.1 Current accounts and deposits	115,858	128,230
2.2 Time deposits	685,800	1,250,514
2.3 Loans		
2.3.1 repurchase agreements	796,567	867,872
2.3.2 other	1,792,349	1,255,349
2.4 Payables for commitments to repurchase own equity instruments		
2.5 Other payables	197	259
Total	**4,890,788**	**5,023,840**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	**4,894,273**	**5,050,134**
Total (fair value)	***4,894,273***	***5,050,134***

"Due to central banks" includes loans received from the Bank of Italy in connection with LTRO and TLTRO operations with the European Central Bank (Euro 1,500,017 thousand).
"Due to banks" consist of:

- current accounts with a debit balance at the end of the year (Euro 2,073 thousand), overnight lending operations (Euro 75,001 thousand) and cash paid by Banco Santander into separate accounts by way of collateral for securitisations (Euro 38,784 thousand);
- short-term loans granted by Santander Group companies (Euro 685,800 thousand);
- repurchase agreement transactions entered into with Group companies (Euro 270,745 thousand) and with other banks (Euro 525,822 thousand);
- subordinated loans including accrued interest (Euro 229,281 thousand) and loans granted by Santander Group companies as part of ordinary funding operations (Euro 1,563,068 thousand);
- other payables, which mainly consist of amounts due to agent banks for early repayments and instalments to be deducted (Euro 41 thousand) and accrued amounts due to banks (Euro 156 thousand).

For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

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

This item, totalling Euro 229,000 thousand (252,000 thousand at 31 December 2013), includes both subordinated liabilities (Euro 81,500 thousand) and hybrid capital instruments (Euro 147,500 thousand).
These loans, which aim to strengthen the capital base of the Group, have been granted by companies belonging to the Santander Group and are made up as follows:

Table B.8.39B

Type	31/12/2014	31/12/2013
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2018	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2018	26,000	32,500
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2016	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2016	13,000	19,500
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	10,000	20,000
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	50,000	50,000
UPPER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
LOWER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
Total	**229,000**	**252,000**

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

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

The Group has no structured debts.

1.4 Due to banks with specific hedges

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

1.5 Finance lease payables

The Group does not have any finance lease obligations.

Section 2 – Due to customers – item 20

2.1 Due to customers: breakdown

Due to customers amount to Euro 214,174 thousand (Euro 290,034 thousand at 31 December 2013) and are made up as follows:

Table B.8.40

Type	31/12/2014	31/12/2013
1. Current accounts and deposits	122,196	116,788
2. Time deposits	91,826	173,147
3. Loans		
3.1 repurchase agreements		
3.2 other		
4. Payables for commitments to repurchase own equity instruments		
5. Other payables	152	99
Total	**214,174**	**290,034**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	**213,602**	**292,401**
Total (fair value)	***213,602***	***292,401***

"Current accounts and deposits" include demand deposits from customers, in particular the funds deposited on "Conto Santander" deposit accounts (Euro 100,574 thousand), ordinary current accounts (Euro 2,837 thousand) and savings deposit books held by employees (Euro 18,784 thousand); the "time deposits" refer to "Santander Time Deposits", including accrued interest. "Other payables" refer to items to be refunded to customers as part of credit card operations and consumer financing.
For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

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

The Group does not have any subordinated debts with customers.

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

The Group does not have any structured debts with customers.

2.4 Due to customers with specific hedges

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

2.5 Finance lease payables

The Group does not have any finance lease obligations.

Section 3 – Debt securities issued – item 30

3.1 Debt securities issued: breakdown

Table B.8.41

Type of security/Members of the group	31/12/201				31/12/201			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**136,926**			**137,142**	**649,585**			**649,243**
1. Bonds	136,926			137,142	649,585			649,243
1.1 structured								
1.2 other	136,926			137,142	649,585			649,243
2. Other securities								
2.1 structured								
2.2 other								
Total	**136,926**			**137,142**	**649,585**			**649,243**

The "Debt securities issued" balance relates to a programme for the issuance of medium-to-long term bonds, for which the first issue of securities of Euro 100,000 thousand was completed in 2013 and the second issue of Euro 35,400 thousand was completed in January 2014. This item also includes prepaid expenses for the discount on the issue and accrued expenses for interest.
The change in the balance in the year was also affected by the repurchase of securities in connection with securitisations that were placed with third parties, the value of which amounted to Euro 548,974 thousand at 31 December 2013.
For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

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

The Group has not issued any subordinated securities.

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

The Group has not issued any securities with specific hedges.

Section 4 – Financial liabilities held for trading – item 40

4.1 Financial liabilities held for trading: breakdown

Table B.8.42

Type of security / Group components	31/12/2014					31/12/2013				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks										
2. Due to customer										
3. Debt securities										
3.1 Bonds										
3.1.1 Structured					X					X
3.1.2 Other					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Other					X					X
Total A										
B. Derivates										
1. Financial derivates			20,669					42,924		
1.1 Held for trading	X		20,669		X	X		42,924		X
1.2 Related to fair value option	X				X	X				X
1.3 Other	X				X	X				X
2. Credit derivates			-					-		
2.1 Held for trading	X				X	X				X
2.2 Related to fair value option	X				X	X				X
2.3 Other	X				X	X				X
Total B	**X**		**20,669**		**X**	**X**		**42,924**		**X**
Total (A + B)	**X**		**20,669**		**X**	**X**		**42,924**		**X**

Key:
FV = Fair Value
FV* = Fair Value calculated by excluding changes due to issuer's craditwothness variation from the issuance date
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

These consist of derivatives with a negative fair value intended to hedge self-securitisations and not to speculate on future changes in financial liabilities held for trading.
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to *Section 5 - Other Aspects* of the Accounting Policies in the Notes.

4.2 Details of item 40 "Financial liabilities held for trading": subordinated liabilities

The Group has not issued any subordinated securities.

4.3 Details of item 40 "Financial liabilities held for trading": structured debts

The Group has no structured debts.

4.4 Trading cash financial liabilities (excluding short positions): changes during the year

There were no cash financial liabilities at the year end and neither were there any during the course of 2014.

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

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

Section 6 – Hedging derivatives – item 60

6.1 Hedging derivatives: breakdown by type of hedge and level

Table B.8.46

	FV 31/12/2014			NV	FV 31/12/2013			NV
	L1	L2	L3	31/12/2014		L2	L3	31/12/2013
A. Financial derivatives								
1) Fair value		46,205		2,228,387		53,287		2,578,837
2) Cash flows		5,441		640,000		8,649		790,000
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**51,646**		**2,868,387**		**61,936**		**3,368,837**

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

The amount shown in the above table refers to the negative fair value of interest rate swaps entered into with the Spanish Parent Company Banco Santander and with the direct Parent Company Santander Consumer Finance.
The derivatives portfolio consists of contracts taken out to hedge changes in the fair value of fixed-rate underlying assets, and contracts taken out to hedge the interest rate risk on the cash flows of floating-rate liabilities for the financing of fixed-rate assets. The change in their fair value, net of tax and accrued differentials for the year, is recorded with a contra-entry to the valuation reserves in equity, which at year end show a negative balance of Euro 3,105 thousand.
As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 1.2 - Market risk, Subsection 1.2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to *Section 5 - Other Aspects* of the Accounting Policies in the Notes.

The following table gives details of hedging derivatives with negative fair values at 31 December 2014 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
50,000,000	18/12/2009	22/03/2016	Banco Santander	750,222
40,000,000	19/01/2010	21/01/2016	Banco Santander	515,444
30,000,000	22/01/2010	26/10/2015	Banco Santander	395,323
37,500,000	05/02/2010	09/08/2016	Banco Santander	738,715
20,000,000	12/02/2010	16/11/2015	Banco Santander	268,687
115,000,000	26/08/2010	30/08/2016	Banco Santander	1,535,545
105,000,000	27/08/2010	30/09/2016	Banco Santander	1,277,840
197,500,000	27/09/2010	29/03/2017	Banco Santander	4,672,985
20,500,000	21/10/2010	25/07/2017	Banco Santander	595,373
20,700,000	25/10/2010	27/07/2017	Banco Santander	602,767
24,000,000	15/11/2010	17/11/2017	Banco Santander	783,233
24,000,000	23/11/2010	27/11/2017	Banco Santander	764,553
65,187,000	23/12/2010	27/04/2018	Banco Santander	2,328,231
28,000,000	05/01/2011	07/07/2017	Banco Santander	626,596
62,000,000	10/02/2011	14/03/2019	Banco Santander	3,263,167
62,500,000	15/03/2011	18/09/2017	Banco Santander	1,972,593
150,000,000	13/05/2011	17/02/2015	Banco Santander	923,698
87,000,000	25/05/2011	27/02/2018	Banco Santander	4,473,313
73,500,000	17/06/2011	21/03/2018	Banco Santander	3,649,415
100,000,000	12/07/2011	14/01/2019	Banco Santander	4,258,643
73,500,000	10/08/2011	12/08/2019	Banco Santander	2,274,915
41,000,000	04/07/2012	08/10/2018	Banco Santander	696,080
45,000,000	10/07/2012	12/10/2018	Banco Santander	436,058
160,000,000	31/07/2012	02/11/2018	Banco Santander	1,776,512
153,000,000	21/09/2012	25/03/2019	Banco Santander	1,327,626
162,500,000	07/11/2012	10/06/2019	Banco Santander	1,658,034
166,000,000	06/06/2013	10/04/2018	Banco Santander	1,174,442
126,000,000	19/06/2013	21/03/2019	Banco Santander	1,644,829
139,000,000	27/06/2013	01/02/2019	Banco Santander	1,743,815
75,000,000	17/07/2013	19/07/2016	Banco Santander	620,327
75,000,000	18/07/2013	22/07/2016	Banco Santander	575,803
90,000,000	27/08/2013	31/08/2015	Banco Santander	290,076
250,000,000	31/05/2012	31/05/2016	Santander Consumer Finance	3,031,280
2,868,387,000				**51,646,139**

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

Table B.8.47

Operation/Type of hedge	Fair value						Cash		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X	46,205	X		X
5. Other transactions						X		X	
Total assets						**46,205**			
1. Financial liabilities				X		X		X	X
2. Portfolio	X	X	X	X	X		X	5,441	X
Total liabilities								**5,441**	
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 6.1

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

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

Section 8 – Tax liabilities – item 80

Please refer to Section 14 of the Assets.

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

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

Section 10 – Other liabilities – item 100

10.1 Other liabilities: breakdown

Other liabilities amount to Euro 192,671 thousand (Euro 209,837 thousand at the end of 2013) and consist of:

Table B.8.51

	31/12/2014	31/12/2013
Due to suppliers and invoices to be received	33,937	26,524
Payables to employees	4,645	15,089
Due to social security institutions	1,700	1,716
Due to tax authorities	2,141	4,522
Other payables	79,217	77,799
Other amounts due to customers	32,853	33,636
Items in transit	28,420	40,217
Other liabilities for commissions	9,718	9,368
Provision for endorsement credits	19	74
Due to Isban	21	892
Total	**192,671**	**209,837**

"Other payables" mainly include:

- payables to insurance companies (Euro 9,136 thousand);
- payables to car manufacturers for the factoring business (Euro 62,712 thousand).

"Other amounts due to customers" include temporary credit balances with customers for early repayments and the temporary credit balances for instalment payments received in advance of the contractual expiry date, as well as advance receipts of customers' termination indemnities on loans reported as "claims" to insurance companies.

"Items in transit" mainly include items in transit relating to instalment collection and customer refunds, as well as the settlement of loans.

The "Provision for endorsement credits" (Euro 19 thousand) includes provisions for adjustments to guarantees issued by other banks with salary assignment loans intermediated by the company.

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

Section 11 - Provision for employee termination indemnities - item 110

11.1 Provision for employee termination indemnities: change in the year

Table B.8.52

	31/12/2014	31/12/2013
A. Opening balance	**4,754**	**4,493**
B. Increases	**455**	**804**
B.1 Provisions for the year	133	100
B.2 Other changes	322	704
C. Decreases	**986**	**543**
C.1 Payments made	986	279
C.2 Other changes		264
D. Closing balance	**4,223**	**4,754**
Total	**4,223**	**4,754**

The provision for employee termination indemnities amounts to Euro 4,223 thousand (Euro 4,754 thousand at 31 December 2013) and, as required by IAS 19, this coincides with its actuarial valuation (Defined Benefit Obligation – DBO).
The actuarial assumptions adopted for the valuation of the provision at the reporting date are the following:

- discount rate: 1.50%;
- expected inflation rate: 2%;
- annual rate of increase in provision for employee termination indemnities: 2%;
- frequency of advances: 6.5%;
- expected rate of salary increases: 2%, applicable only to Santander Consumer Unifin.

The following demographic assumptions were used:

- death: ISTAT 2012 mortality tables;
- disability: INPS tables broken down by age and gender;
- retirement: in accordance with law 214/2011.

With the introduction of the reform envisaged by Law 296/2006 (Finance Law 2007) on supplementary pensions, the Parent Company's provision for employee termination indemnities is represented exclusively by the portion accrued up to the date that the reform came into effect and provisions for the year only refer to interest cost.
For Santander Consumer Unifin, provisions refer to the service cost (i.e. the higher cost mainly resulting from higher salaries and a possible increase in the workforce) and interest cost (i.e. interest on the amount set aside at the beginning of the period and on movements during the period). In addition, in line with the amendment to IAS 19 regarding the recognition of actuarial gains and losses accrued at the balance sheet date, they have been recognised with the OCI method as decreases or increases under item "other changes" (Euro 322 thousand at 31 December 2014). Excluding the components relating to actuarial gains and losses, the provision amounts to Euro 3,334 thousand.

Section 12 - Provisions for risks and charges - item 120

12.1 Provisions for risks and charges: breakdown

Table B.8.53

Items/Amounts	31/12/2014	31/12/2013
1. Post employment benefits		
2. Other provisions for risks and charges	**9,379**	**9,353**
2.1 legal disputes	5,355	4,450
2.2 personnel charges		505
2.3 other	4,024	4,398
Total	**9,379**	**9,353**

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

12.2 Provisions for risks and charges: change in the year

Table B.8.53B

	31/12/2014	
	Post-retirement plans	Other provisions
A. Opening balance		**9,353**
B. Increases		**4,983**
B.1 Provisions for the year		4,983
B.2 Time value change		
B.3 Changes due to variations in the discount rate		
B.4 Other changes		
C. Decreases		**4,957**
C.1 Utilisations during the year		1,478
C.2 Changes due to variations in the discount rate		
C.3 Other changes		3,479
D. Closing balance		**9,379**

The main increases in item "B.1 - Provisions for the year" are to cover legal disputes with customers and operational risks.
The "Decreases" of Euro 1,478 thousand relate to reversals of provisions through line item 190 of the income statement, whereas the amount of Euro 3,479 thousand shown as "Other changes" relates to utilisations of provisions set up in prior years to cover disbursements made.

12.3 Defined-benefit pension plans

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

12.4 Provisions for risks and charges - other provisions

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

Section 13 - Technical reserves - item 130

The Group does not have any technical reserves.

Section 14 - Redeemable shares - item 150

The Group has not approved any share redemption plans.

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

The Group Shareholders' Equity amounts to Euro 526,287 thousand (Euro 521,747 thousand at 31 December 2013) broken down as follows:

Table B.8.56

Items/Amounts	31/12/2014	31/12/2013
1. Share capital	573,000	573,000
2. Share premium reserve	633	633
3. Reserves	(46,329)	(4,288)
4. (Treasury shares)		
a) Parent Company		
b) subsidiaries		
5. Valuation reserves	(3,701)	(5,557)
6. Equity instruments		
7. Profit (loss) of the year pertaining to the Group	2,684	(42,041)
Total	**526,287**	**521,747**

Revenue reserves are described later in this section, whereas valuation reserves were described in section 6 of liabilities and shareholders' equity, and hedging derivatives and provision for termination indemnities are illustrated in section 11.

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

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

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

Table B.8.56B

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

15.3 Share capital: other information

At 31 December 2014, the share capital of Santander Consumer Bank S.p.A. amounts to Euro 573 million, consisting of 573,000 ordinary shares with a nominal value of Euro 1,000 each, all owned by Santander Consumer Finance S.A. (Santander Group).

15.4 Retained earnings: other information

The retained earnings of the Group at 31 December 2014 consist of the accumulated losses of the parent company of Euro -83,616 thousand, of the accumulated losses of the subsidiary Santander Consumer Finance Media S.r.l. in liquidation of Euro -72 thousand and income earned by the latter in 2012 of Euro 6 thousand and, lastly, income earned in the second half of 2013 of the subsidiary Santander Consumer Unifin of Euro 1,079 thousand.

15.5 Other information

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

Section 16 - Minority interests - item 210

16.1 Details of item 210 "minority interests"

Minority interests are made up as follows:

Table B.8.57

Items/Amount	31/12/2014	31/12/2013
1. Share capital	7,450	2,450
2. Share premium reserve		
3. Reserves	222	248
4. (Treasury shares)		
5. Valuation reserves		
6. Equity instruments		
7. Net profit (loss) pertaining to minority interests	(28)	(25)
Total	**7,644**	**2,673**

These amounts relate to the portion of shareholders' equity attributable to De Agostini Group in relation to its 35% equity interest in Santander Consumer Finance Media s.r.l. in liquidation and to Banque PSA in relation to its 50% equity interest in PSA Italy S.p.A. .

16.2 Equity instruments: breakdown and change during the period

There are no equity instruments attributable to minority interests.

OTHER INFORMATION

1. Guarantees given and commitments

Table B.8.58

Transactions	31/12/2014	31/12/2013
1) Financial guarantees given		
a) Banks	551	855
b) Customers		
2) Commercial guarantees given		
a) Banks		
b) Customers		
3) Irrevocable commitments to issue loans		
a) Banks		
i) certain to be called		
ii) not certain to be called		
b) Customers		
i) certain to be called	94,871	72,189
ii) not certain to be called		
4) Commitments underlying credit derivatives: sales of protection		
5) Assets pledged as collateral for third-party commitments		
6) Other commitments		
Total	**95,422**	**73,044**

The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.

2. Assets used to guarantee own liabilities and commitments

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

3. Information on operating leases

No Group company has taken out operating leases.

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

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

5. Administration and trading on behalf of third parties

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

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

B.8.60

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities reported in the balance sheet (c = ab)	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2014 (f=c-d-e)	Net amount 31/12/2013
				Financial instruments (d)	Cash deposits posted as collateral (e)		
1. Derivatives	17,138		17,138		16,464	674	245
2. Repurchase agreements							
3. Securities lending							
4. Other							
Total 31/12/2014	**17,138**	**-**	**17,138**	**-**	**16,464**	**674**	X
Total 31/12/2013	**43,644**	**-**	**43,644**	**-**	**43,399**	X	**245**

As required by IFRS 7, it is hereby disclosed that derivatives entered into by the Parent Company with Banco Santander, the amount of which at 31 December 2014 is shown in "column c)" of the above table, are subject to an ISDA based framework agreement and are thus subject to net settlement arrangements. There are no arrangements in place for the offsetting of derivatives, which, at the reporting date, are recognised as assets (with positive fair values), against derivatives, which are recognised as liabilities (with negative fair values). The effects of the potential offsetting of exposures for which cash collateral has been provided are shown in column e) "Cash deposits received/offered as collateral".

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

B.8.60B

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities reported in the balance sheet (c =	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2014 (f=c-d-e)	Net amount 31/12/2013
				Financial instruments (d)	Cash deposits posted as collateral (e)		
1. Derivatives	48,615		48,615		48,615	-	43,271
2. Repurchase agreements	788,363		788,363		788,363	-	-
3. Securities lending							
4. Other							
Total 31/12/2014	**836,978**		**836,978**		**836,978**		X
Total 31/12/2013	**104,860**		**104,860**		**61,589**	X	**43,271**

For the information required by IFRS 7, please see the description provided in the paragraph above.

8. Securities lending

The Group does not have any transaction in securities lending.

9. Disclosure on joint ventures

The Group does not have any joint venture.

Part C - Information on the consolidated income statement

Section 1 - Interests - items 10 and 20

1.1 Interest and similar income: breakdown

Interest and similar income amounts to Euro 343,965 thousand (Euro 394,782 thousand at 31 December 2013) and is made up of:

Table B.9.2

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2014	31/12/2013
1. Financial assets held for trading					
2. Financial assets designated at fair value through profit and loss					
3. Financial assets available for sale					
4. Financial assets held to maturity					
5. Due from banks		900	26	**926**	**317**
6. Loans to customers		343,039		**343,039**	**394,465**
7. Hedging derivatives	X	X			
8. Other assets	X	X			
Total	**0**	**343,939**	**26**	**343,965**	**394,782**

Interest income on loans to banks mainly consists of interest accrued on bank overdrafts (Euro 106 thousand), commercial papers subscribed by the SPE (Euro 765 thousand) and other categories for the remaining Euro 55 thousand.
The amount of interest on loans to customers is represented by interest and other components of amortised cost as per IAS 39, in relation to the different technical forms.
Interest on non-performing loans accrued during the year net of recoveries amount to Euro 5,829 thousand. This interest has been fully provided against.

1.2 Interest and similar income: differentials on hedging transactions

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

1.3 Interest and similar income: other information

1.3.1 Interest and similar income on foreign currency assets

The Group does not hold any financial assets in foreign currency.

1.3.2 Interest and similar income on finance lease transactions

Interest income on finance lease transactions for the year 2014 amount to Euro 2,956 thousand (Euro 5,897 thousand in 2013).

1.4 Interest and similar expense: breakdown

Table B.9.3

Items/Technical forms	Payables	Securities	Other transactions	31/12/2014	31/12/2013
1. Due to central banks	2,078	X		**2,078**	**9,264**
2. Due to banks	58,919	X		**58,919**	**62,153**
3. Due to customers	6,590	X		**6,590**	**9,795**
4. Debt securities issued	X	5,681		**5,681**	**11,453**
5. Financial liabilities held for trading					
6. Financial liabilities designated at fair value through profit and loss					
7. Other liabilities and provisions	X	X	1,804	**1,804**	**41**
8. Hedging derivatives	X	X	39,378	**39,378**	**60,593**
Total	**67,587**	**5,681**	**41,182**	**114,450**	**153,299**

Interest expense to central banks relates to repurchase agreement with the European Central Bank.
Interest expense to banks is on loans granted by companies of the Santander Group (Euro 50,111 thousand) and other banks (Euro 8,807 thousand).
Interest expense to customers is the cost of funding provided by customers through current and deposit accounts.
Interest expense on securities relates to asset-backed securities issued by the SPE in the period in which they were placed with third parties (Euro 2,689 thousand) and to bond issues (Euro 2,993 thousand).
"Other liabilities and provisions" relate to interest due on tax payable as a result of an assessment with acceptance agreed with the Regional Tax Office concerning intercompany transfers, further details of which are provided in the taxation section of the report on operations.
For the interest expense on hedging derivatives, please refer to the following table.

1.5 Interest and similar expense: differentials on hedging transactions

Table B.9.3B

Items/Sectors	31/12/2014	31/12/2013
A. Positive differentials on hedging transactions	712	
B. Negative differentials on hedging transactions	(40,090)	(60,593)
C. Balance (A-B)	**(39,378)**	**(60,593)**

1.6 Interest and similar expense: other information

1.6.1 Interest and similar expense on foreign currency liabilities

The Group has no liabilities in foreign currency.

1.6.2 Interest and similar expense on finance lease obligations

None of the companies in the Group has entered into a purchase lease.

Section 2 – Commissions – items 40 and 50

2.1 Commission income: breakdown

The commission income generated during the year amounts to Euro 95,914 thousand (Euro 65,428 thousand at 31 December 2013) and is broken down as follows:

Table B.9.4

Type of service/Segments	31/12/2014	31/12/2013
a) guarantees given		
b) credit derivatives		
c) management, brokerage and consulting services:		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 individual		
3.2 collective		
4. custody and administration of securities		
5. custodian bank		
6. placement of securities		
7. reception and transmission of orders		
8. advisory services		
8.1 on investments		
8.2 on financial structure		
9. distribution of third-party services		
9.1 asset management		
9.1.1 individual		
9.1.2 collective		
9.2 insurance products	29,769	26,518
9.3 other products	48,731	20,675
d) collection and payment services	13,174	15,149
e) servicing related to securitisation		
f) services for factoring transactions		
g) tax collection services		
h) management of multilateral trading systems		
i) maintenance and management of current accounts		
j) other services	4,240	3,086
Total	**95,914**	**65,428**

"Management, dealing and advisory services" include commission income from insurance products placed with customers financed of Euro 29,769 thousand and from salary assignment loans granted of Euro 48,731 thousand, whereas commissions generated during the year from collection and payment services provided amount to Euro 13,174 thousand.
Commissions classified as Other services are primarily attributable to income recognised in respect of damages and penalties for late payment (Euro 3,108 thousand), fees and commission income for the management of credit cards (Euro 419 thousand) and commission income on stock financing (Euro 444 thousand).
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to *Section 5 - Other Aspects* of the Accounting Policies in the Notes.

2.2 Commission expense: breakdown

Commissions expense amount to Euro 61,235 thousand (Euro 30,456 thousand at 31 December 2013) and are broken down as follows:

Table B.9.5

Services/Segments	31/12/2014	31/12/2013
a) guarantees received	372	855
b) credit derivatives		
c) management and brokerage services		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 own portfolio		
3.2 third-party portfolio		
4. custody and administration of securities	98	91
5. placement of financial instruments		1
6. offer of securities, financial products and services through financial promot	56,914	24,185
d) collection and payment services	3,432	2,889
e) other services	419	2,435
Total	**61,235**	**30,456**

Point 6 of item c) of the table relates almost entirely to commissions paid on the sale of insurance products (Euro 9,969 thousand) and salary assignment loans (Euro 37,127 thousand) and to contributions and termination indemnities accrued by the agents' network based on targets for the placement of loans with customers (Euro 748 thousand).
Item d) refers to the amount charged to the Group by the Interbank Network for the collection of loan instalments and for payments made.
The item e) mainly includes commissions incurred for the structuring of securitisation transactions (Euro 364 thousand) and commissions paid to the brokerage network that sells salary assignment loans.
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to *Section 5 - Other Aspects* of the Accounting Policies in the Notes.

Section 3 – Dividends and similar income – item 70

3.1 Dividends and similar income: breakdown

There are no dividend during the year.

Section 4 – Net trading income (loss) – item 80

4.1 Net trading income (loss): breakdown

Net trading loss amounts to Euro -988 thousand and may be broken down as follows:

Table B.9.7

Activities/Income components	Gains (A)	Gains from trading activities (B)	Losses (C)	Losses from trading activities (D)	Net income [(A + B) - (C + D)]
1. Held for trading financial assets					
1.1 Debt securities					
1.2 Capital securities					
1.3 O.I.C.R shares					
1.4 Loans					
1.5 Altre					
2. Held for trading financial liabilities					
2.1 Debt securities					
2.2 Debts					
2.3 Other					
3. Financial assets and liabilities: exchange differences	X	X	X	X	**(2)**
4. Derivates					
4.1 Financial derivates					
- related to debt securities and interest rates			986		**(986)**
- related to capital securities and stock index					
- related to currency and gold	X	X	X	X	
- other					
4.2 Credit derivates					
Total			**986**		**(988)**

This item consists almost entirely of a net trading loss arising from financial derivatives recorded as financial assets and liabilities held for trading.

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

5.1 Net hedging gains (losses): breakdown

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

Table B.9.8

Items/Sectors	31/12/2014	31/12/2013
A. Income relating to:		
A.1 Fair value hedges	15,378	55,364
A.2 Hedged financial assets (fair value)		
A.3 Hedged financial liabilities (fair value)		
A.4 Cash flow hedges		
A.5 Foreign currency assets and liabilities		
Total income from hedging activity (A)	**15,378**	**55,364**
B. Expenses relating to:		
B.1 Fair value hedges	(10,403)	(367)
B.2 Hedged financial assets (fair value)	(4,309)	(55,109)
B.3 Hedged financial liabilities (fair value)		
B.4 Cash flow hedges		
B.5 Foreign currency assets and liabilities		
Total charges from hedging activity (B)	**(14,712)**	**(55,476)**
C. Net hedging gains (losses) (A-B)	**666**	**(112)**

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

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

6.1 Gains (losses) on disposal or repurchase: breakdown

Table B.9.9

Item/Income items	31/12/2014			31/12/2013		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Due from banks						
2. Loans to customers		(380)	(380)		(74,955)	(74,955)
3. Financial assets available for sale						
3.1 Debt securities						
3.2 Equity instruments						
3.3 UCITS units						
3.4 Loans						
4. Financial assets held to maturity						
Total assets		**(380)**	**(380)**		**(74,955)**	**(74,955)**
Financial liabilities						
1. Due to banks					(1,380)	(1,380)
2. Due to customers						
3. Debt securities issued		(134)	(134)			
Total liabilities		**(134)**	**(134)**		**(1,380)**	**(1,380)**

Gains (losses) on sale/repurchase of loans to customers arose on receivables sold without recourse during the year, net of related writedowns.

Gains (losses) on the sale/repurchase of financial liabilities consist of a loss of Euro 134 thousand arising from the repurchase of asset based securities linked to ongoing securitisations at the prior year end.

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

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

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

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

Table B.9.11

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2013 (3) = (1) - (2)	31/12/2012 (3) = (1) - (2)
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		A	B	A	B		
A. Due from banks									
- Loans									
- Debt securities									
B. Loans to customers	3,558	157,107	11,442	-	(9,518)	-	(6,787)	155,802	144,253
Non-performing loans purchased									
- Loans			X			X	X		
- Debt securities			X			X	X		
- Other receivables									
- Loans	3,558	157,107	11,442		(9,518)		(6,787)	155,802	144,253
- Debt securities									
C. Total	**3,558**	**157,107**	**11,442**		**(9,518)**		**(6,787)**	**155,802**	**144,253**

Key:
A = from interests
B = other recoveries

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

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

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

The Group has no financial assets held to maturity.

8.4 Net impairment adjustments to other financial transactions: breakdown

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

Section 9 - Net premiums - item 150

Table B.9.13

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2014 (3)=(1)–(2)	31/12/2013
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		A	B	A	B		
A. Guarantees given					(55)			(55)	
B. Credit derivates									
C. Commitments to grant funds									
D. Other Transactions									
E. Total	**-**	**-**	**-**	**-**	**(55)**	**-**	**-**	**(55)**	**-**

Key:
A = From interests
B = Other recoveries

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

The Group does not include insurance companies.

Section 11 - Administrative expenses - item 180

11.1 Payroll: breakdown

Payroll costs amount to Euro 35,381 thousand (Euro 49,478 thousand at 31 December 2013) and are split as follows:

Table B.9.16

Type of expense/Amounts	31/12/2014	31/12/2013
1) Employees		
a) wages and salaries	24,629	36,935
b) social security charges	6,518	7,409
c) termination indemnities	2	2
d) pension expenses		
e) provision for employee termination indemnities	133	100
f) provision for post-retirement benefits and similar benefits:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution	1,590	1,760
- defined benefit		
h) share-based payments		
i) other personnel benefits	1,476	1,844
2) Other personnel	498	571
3) Directors and statutory auditors	535	422
4) Retired personnel		435
5) Recovery of cost of employees seconded to other companies		
6) Reimbursement of cost of third-party employees seconded to the Bank		
Total	**35,381**	**49,478**

"Social security charges" include pension costs incurred by the Group in 2014

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

11.2 Average number of employees, by categories

Table B.9.16B

	31/12/2014	31/12/2013
Employees:		
a) managers	10	8
b) total middle managers	144	156
of which 3rd and 4th level	*58*	*58*
c) other employees	396	483
Total	**550**	**648**
Other personnel	**12**	**14**

11.3 Post-retirement defined benefit plans: total costs

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

11.4 Other personnel benefits

Table B.9.16D

	31/12/2014	31/12/2013
Ancillary staff expenses (contributions to rent and health insurance, luncheon vouchers, other minor benefits and training costs)	1,402	1,623
Incentive plan reserved for managers and middle manager	74	221
Total	**1,476**	**1,844**

The "incentive plan reserved for managers and middle managers" is a deferred compensation plan that provides for the distribution of shares in the parent company Banco Santander to key persons within the Group.

11.5 Other administrative expenses: breakdown

Other administrative expenses amount to Euro 62,744 thousand (Euro 60,378 thousand at 31 December 2013) and are made up as follows:

Table B.9.16E

	31/12/2014	31/12/2013
Indirect taxes and duties	2,685	2,257
Telephone, broadcasting and postal	5,099	5,330
Maintenance, cleaning and waste disposal	1,231	1,206
Property lease, removals and condominium expenses	3,422	4,762
Professional fees and corporate expenses	7,390	5,516
Travel and accommodation	1,809	1,868
Stamp duty and flat-rate substitute tax	1,965	3,025
Insurance charges	363	377
Forms, stationery and consumables	187	204
Supplies, licences, EDP consulting and maintenance	10,547	8,413
Debt recovery charges	16,255	18,092
Other expenses	4,321	2,578
Legal fees	2,407	1,693
Legal expenses	908	816
Advertising, promotion and representation	980	1,583
Commercial information and searches	2,728	2,109
Lighting and heating	447	549
Total	**62,744**	**60,378**

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

12.1 Net provisions for risks and charges: breakdown

Table B.9.17

Item	31/12/2014	31/12/2013
Net provisions for legal risks	820	1,085
Provisions for other liabilities	2,683	3,150
Total	**3,503**	**4,235**

"Provisions for legal risks" mainly include provisions for risks and charges made during the year for litigation with customers and dealers, based on a reliable assessment of the expected financial outlay. "Provisions for other liabilities" mainly include provisions made for future claims by customers (Euro 1,545 thousand). The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 5 - Other Aspects of the Accounting Policies in the Notes.

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

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

Net adjustments to property and equipment refer for Euro 1,832 thousand to the depreciation of the Group's fixed assets and for Euro 5 thousand to adjustments to non-current assets held for sale.

Table B.9.18

Assets/Income items	Depreciation (a)	Impairment adjustments (b)	Recoveries (c)	**Net result (a + b – c)**
A. Property and equipment				
A.1 Owned				
- For business purposes	1,832			**1,832**
- For investment purposes				
A.2 Held under finance leases				
- For business purposes				
- For investment purposes				
B. Non-current assets held for sale	5			**5**
Total	**1,837**			**1,837**

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

14.1 Net adjustments to/recovery on intangible assets: breakdown

Net adjustments to intangible assets amount to Euro 6,877 thousand and relate to the amortisation of the year, as shown in the following table:

Table B.9.19

Assets/Income items	Amortisation (a)	Impairment adjustments (b)	Recoveries (c)	**Net result (a + b – c)**
A. Intangible assets				
A.1 Owned				
- Internally generated				
- Other	4,791	2,086		**6,877**
A.2 Held under finance leases				
Total	**4,791**	**2,086**		**6,877**

Section 15 - Other operating expenses/income - item 220

15.1 Other operating expenses: breakdown

Other operating expenses amount to Euro 5,968 thousand (Euro 9,741 thousand at 31 December 2013) and are divided as follows:

Table B.9.20

	31/12/2014	31/12/2013
Rebates and discounts given	154	122
Losses on disposal	54	726
Expenses related to leasing transactions	1,172	3,987
Other	3,556	1,219
Miscellaneous expenses	1,032	3,687
Total	**5,968**	**9,741**

The item "Expenses related to leasing transactions" mainly includes full-leasing service expenses (Euro 213 thousand) and administrative expenses related to the leasing business (Euro 829 thousand).
"Other" mainly relates to out-of-period expenses for legal disputes (Euro 208 thousand), miscellaneous out-of-period expenses (Euro 1,690 thousand) and compensation for customer claims. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 5 - Other Aspects of the Accounting Policies in the Notes.

15.2 Other operating income: breakdown

Other operating income amounts to Euro 10,771 thousand (Euro 16,080 thousand at 31 December 2013) and can be broken down as follows:

Table B.9.20B

	31/12/2014	31/12/2013
Recovery of taxes	3,691	4,528
Recovery of lease instalments	66	58
Recovery of other expenses	786	978
Recovery of preliminary expenses	3,621	3,459
Rebates and discounts received	59	20
Insurance reimbursements	122	122
Gains on disposal	225	1,060
Income related to leasing transactions	2,030	5,391
Other income	171	464
Total	**10,771**	**16,080**

"Income related to leasing transactions" includes the recovery of car lease expenses charged to customers of Euro 947 thousand, the recovery of provincial transcription tax (IPT) of Euro 397 thousand, compensation received for damages of Euro 471 thousand, the recovery of full-leasing service expenses of Euro 138 thousand and the recovery of car road tax of Euro 64 thousand.
"Recovery of taxes" relates to the recovery of stamp duty for Euro 3,691 thousand.

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

Not applicable.

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

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

Section 18 - Adjustments to goodwill - item 260

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

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

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

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

20.1 Income tax for the year on current operations: breakdown

The item "Income tax for the year" shows a balance of Euro 583 thousand (Euro 18,503 thousand at 31 December 2013) and represents the provision made during the year in accordance with current tax law. It is made up as follows:

Table B.9.25

Items/Segments	31/12/2014	31/12/2013
1. Taxes (-)	(41,511)	(22,523)
2. Change in prior period income taxes (+/-)	(56)	1
3. Decrease in current tax for the year (+)		
3.bis Reduction in current taxes for tax credits as per Law 214/2011 (+)	12,771	11,349
4. Change in deferred tax assets (+/-)	29,409	29,676
5. Change in deferred tax liabilities (+/-)	(30)	
6. Income tax for the year on current operations (-) (-1+/-2+3+/-4+/-5)	**583**	**18,503**

The change in deferred tax assets is due to the recognition of deferred tax assets generated by deductible temporary differences, mostly due to write-downs of loans, as well as the reversal of portions of deferred tax assets recorded in prior years and which were realised in the year, inclusive of those arising from the consolidation of the subsidiary Santander Consumer Unifin.
As regards item 3 bis "Reduction in current taxes for tax credits as per Law 214/2011", note that the impact thereof is offset by item 4 "Change in deferred tax assets".
For further details of changes in tax balances, please see section 14 – Tax assets and tax liabilities.

20.2 Reconciliation between the theoretical and effective tax burden

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

Table B.9.25B

	31/12/2014	31/12/2013
Profit (loss) from continuing operations before tax	2,073	(60,570)
Profit before tax on discontinuing operations		
Theoretical taxable income	**2,073**	**(60,570)**
Income tax - Theoretical tax charge	(563)	16,688
- effect of income and expenses that do not contribute to the tax base	4,948	3,046
- deductible 10% IRAP import paid in the current year	9	
- effect of expenses that are wholly or partially non-deductible	(1,718)	(3,346)
- change of previous years taxes	78	
- differences due to the scope of consolidation		211
IRES - Effective tax burden	**2,754**	**16,599**
IRAP - Theoretical tax charge	(115)	3,399
- portion of non-deductible administrative expenses, depreciation and amortisat	(2,368)	(3,211)
- portion of non-deductible interest expense	(230)	(400)
- effect of income and expenses that do not contribute to the tax base	586	738
- effect of expenses that are wholly or partially non-deductible	(44)	1,355
- differences due to the scope of consolidation		23
IRAP - Effective tax burden	**(2,171)**	**1,904**
Effective tax burden as shown in the financial statements	**583**	**18,503**

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

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

The Group has not recognised any gains or losses on disposal groups classified as held for sale.

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

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

There are no gains pertaining to minority interests in 2014.

Table B.9.27

Company	31/12/2014	31/12/2013
De Agostini Editore S.p.A.	(28)	(25)
Total	**(28)**	**(25)**

The loss attributable to minority interests amounts to Euro -28 thousand and refers to the portion attributable to the De Agostini Editore S.p.A. group for the 35% interest in the share capital of the subsidiary Santander Consumer Finance Media S.r.l. in liquidation.

Section 23 - Other information

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

Section 24 - Earnings per share

24.1 Average number of ordinary shares (fully diluted)

Table B.9.29

	Number	Days	Weighted number
Opening balance	573,000	365	573,000
Issue of new shares	-	-	-
Total			**573,000**

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

24.2 Other Information

Table B.9.29B

Profit (loss) for the year	2,656
Basic earnings per share	**4.64**

Profit (loss) for the period pertaining to the Parent Company	2,684
Basic earnings per share	**4.68**

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

Part D - Consolidated comprehensive income

Statement of consolidated comprehensive income

Table B.10.2

	Items	Gross amount	Income taxes	Net amount
10.	**Net profit (loss) for the period**	X	X	2,656
	Other elements of income without transfer to the income statement:			
20.	Property and equipment			
30.	Intangible assets			
40.	Defined-benefit pension plans	(321)	106	(215)
50.	Non-current assets held for sale and discontinued operations			
60.	Portion of the measurement reserves of the equity investments measured at equity			
	Other elements of income with transfer to the income statement:			
70.	**Foreign investment hedges:**			
	a) changes in fair value			
	b) relapse to the income statement			
	c) other changes			
80.	**Exchange differences:**			
	a) changes in value			
	b) relapse to the income statement			
	c) other changes			
90.	**Cash-flow hedges:**			
	a) changes in fair value	3,094	(1,023)	2,071
	b) relapse to the income statement			
	c) other changes			
100.	**Financial assets available for sale:**			
	a) changes in fair value			
	b) relapse to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
110.	**Non-current assets held for sale and discontinued operations:**			
	a) changes in fair value			
	b) relapse to the income statement			
	c) other changes			
120.	**Portion of the measurement reserves of the equity investments measured at equity:**			
	a) changes in fair value			
	b) relapse to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
130.	**Total other elements of income**	**2,773**	**(917)**	**1,856**
140.	**Total comprehensive income (Items 10+130)**			**4,512**
150.	Total comprehensive income pertaining to minority interests	(42)	14	(28)
160.	**Total consolidated comprehensive income pertaining to Parent Company**			**4,540**

Part E - Information on risks and related hedging policies

Introduction

Santander Consumer Bank Group (the Group) places great importance on the management and control of risks as a means of ensuring reliable and sustainable value creation in a context of controlled risk.
Risk management strategy focuses on a complete and consistent overview of risks. It takes account of the macro-economic scenario and the Group's risk profile, it stimulates a growing risk culture and encourages a transparent and accurate presentation of the risks associated with the Group's portfolios.
Strategies for the assumption of risks are summarised in the Risk Appetite Framework (RAF), introduced to present to the Board of directors and senior management the main risks to which a company is exposed and the level of such risks that it is willing to assume under normal and stressed conditions.

The general principles on which the Group's risk assumption strategy is based may be summarised as follows:

- Santander Consumer Bank is a Banking Group the operations of which are almost entirely focused on retail customers, where the risk in question is highly differentiated and pulverised. In fact, overall, the Bank's assets are characterised by a very high average number of customers, a low average exposure and a limited average residual duration. So in general, credit risk exists, but in a situation of high fragmentation;
- the Group's objective is to understand and manage risks in a manner which ensures an adequate return for the risks assumed and solidity and business continuity in the long term;
- Santander Consumer Bank intends to maintain tight control over the main specific risks (not necessarily related to macroeconomic shocks) to which the Group is exposed.

The Risk Appetite Framework sets out the policy for the management of the risks assumed by the Group and provides a definition of the general principles for maximum risk tolerance thresholds and the consequent controls needed to monitor:

- the overall risk profile;
- the Group's main specific risks.

Monitoring of the overall risk profile stems from the definition of the general principles and consists of a structure of limits to ensure that the Group, even under severe stressed conditions, meets minimum levels of solvency, liquidity and earnings.
Santander Consumer Bank's risk appetite is based on the following requisites and features:

- the Board of Directors is ultimately responsible for the approval and supervision of compliance with the risk appetite;
- it reflects an aggregated view and applies to all functional areas;
- it considers the main types of risk that impact business development;
- it takes a prospective view of the risk profile in certain circumstances, with the use of stress tests and scenario analysis;
- it is dynamic and adapts to the changing business environment;
- it combines quantitative and qualitative standards;
- it is concise and simple to communicate to senior management and external stakeholders;
- it enables a structured comparison of risk profile against risk appetite;
- it is linked to overall corporate strategy and to objectives concerning liquidity, funding and capital;
- it is integrated with risk management of ordinary activities, given that it was designed to take account of policies and limits.

The definition of the Risk Appetite Framework and the consequent operational limits for major specific risks, the use of risk measurement tools as part of credit management and operational risk control processes and the use of capital at risk measures to report corporate performance and the assessment of the adequacy of the Group's internal capital, are fundamental steps for the operational application of long term risk strategy along the Group's decision-making chain, down to each operating unit.

Risk culture
Utmost attention is given to the transmission and sharing of a risk culture, by means of regular updates to relevant documents (such as Tableau de Bord, ICAAP, Risk Appetite Framework, Capital Planning and Monitoring, Credit Management Programme and Internal Control System/SOX) and by initiatives implemented to address specific issues as they arise.
Moreover, the Group ensures the dissemination of risk culture by means of extensive training aimed at the correct application of internal models designed to monitor risks.
The approach to risk management is orientated towards an increasingly integrated and consistent management of risks, by taking account of the macro-economic scenario and the Group's risk profile, by stimulating a growing risk culture by means of an extensive and transparent presentation of the risks associated with portfolios.

Organisation and risk governance

The organisational standards applied within the organisation to ensure the Group has an effective risk governance system are aimed at:

- ensuring the separation of operational functions from control functions;
- ensuring the identification, measurement and monitoring of risks inherent in operational processes;
- guaranteeing that any anomalies, which result from checks performed by the control functions, are rapidly brought to the attention of the appropriate level of management and dealt with promptly.

To this end, the risk management and governance process is based on an organisational structure that ensures there is an internal control system that operates on three levels, in line with banking supervisory regulations, consisting of:

- Line controls (first-level controls): these are performed by the operating units to verify that the processes and tasks within its competence have been carried out in accordance with internal procedures. Where possible, these types of controls are automated IT procedures;
- risk management controls (second-level controls): these are performed by the Risk Control Unit to ensure the correct functioning of the risk management process by means of the measurement and assessment of the level of risks assumed as well as compliance with any restrictions assigned to operational areas;
- compliance controls (second-level controls): these are performed by Compliance and AML, which verifies compliance with internal and external regulations applicable to the Group;
- internal audit controls (third-level controls): these are carried out by Internal Audit, which has the task of verifying the correct performance of processes (management and production, business and commercial, support and functional) and their compliance with corporate standards, the substantial correctness of the conduct of operations and the suitability, from the standpoint of its framework and rules governing how it should function, of the internal control system and the adequacy and effectiveness of the monitoring systems, in relation to the various types of risk.

In detail, the structures involved in the overall process of risk management are:

- Board of Directors;
- Chief Executive Officer and General Manager;
- Administration and Control Department;
- Institutional Relations, Legal and Compliance Department;
- Technology and Operations Department;
- Finance Department;
- Sales and Marketing Department;
- Risk Management Department;
- Collection Business Unit (CBU);
- Human Resources;
- Internal Audit and Operating Controls Department (directly reports to the Board of Directors through a direct functional relationship with the Chief Executive Officer).

Scope

An overview of the risks to which Santander Consumer Bank is exposed, given the nature and characteristics of its business, is summarised in the following table:

TYPE OF RISK		RELEVANCE
Pillar I	Credit risk	☑
	Country risk[14]	☒
	Transfer risk[15]	☒
	Market risk[16]	☒
	Counterparty risk	☑
	Operational and technological risk [17]	☑

[14] This is the risk of losses caused by events that take place in a country other than Italy. The concept of country risk is broader than that of sovereign risk as it relates to all exposures regardless of the nature of the counterparties, whether they are individuals, businesses, banks or public administrations (see Circular 263/06, 15th update of 2 July 2013).
At present the Group is not exposed to country risk

[15] Transfer risk is the risk that a bank exposed to a party that takes out a loan in a currency other than the one in which it receives its main sources of income, incurs losses due to difficulties encountered by the debtor in converting its own currency into the currency of the loan (see Circular 263/06, 15th update of 2 July 2013). The Group is not exposed to transfer risk.

[16] The Group is not exposed to market risk. However, should such a risk arise, the methodological approach that would be used would be a "look through", i.e. with reference to the types of assets underlying the investment.

[17] This includes the *Legal risk and Compliance risk*

TYPE OF RISK		RELEVANCE
Pillar II	Interest rate risk	☑
	Liquidity risk	☑
	Strategic risk	☑
	Reputational risk	☑
	Concentration risk	☑
	Excessive leverage risk	☑

Key:

☑ Present
☒ Not present

The risks assumed are the same for all Group companies.

Section 1 - Risks faced by the banking group

1. Banking Group - Credit risk

Qualitative information

General aspects

Credit risk is the main type of risk to which the Group is exposed.
it is the risk associated with the probability that a borrower may be unable to meet its contractual obligations, thus exposing the Group to possible future losses. The Group's operations in Italy are mainly focused on retail customers, where the risk in question is highly differentiated and "pulverised". In fact, overall, the Group's assets are characterised by a very high average number of customers, a low average exposure and a limited average residual duration. So in general, credit risk exists, but in a situation of high fragmentation.
Credit risk arises from the existence of a contractual relationship relating to the placement of the following products:

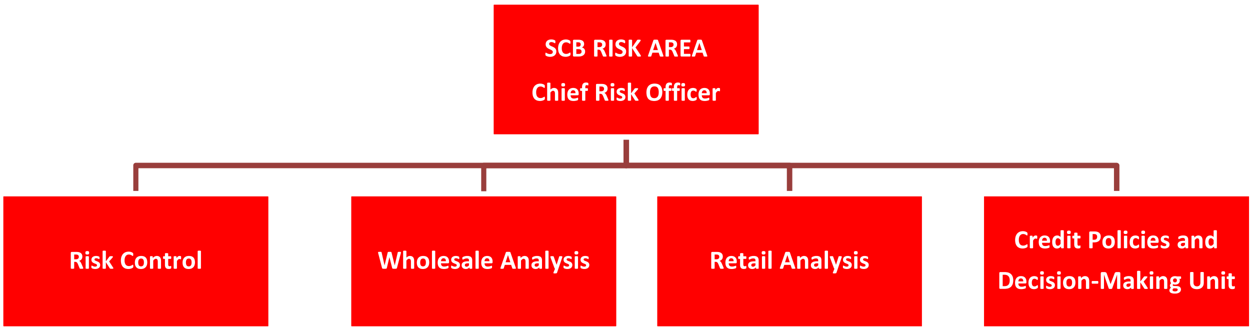
- car loans: specific-purpose loans for the purchase of vehicles, including motorcycles, to persons who apply for loans offered by dealers affiliated with the Group. The loans are granted directly by the affiliated dealers. The customer undertakes to repay the loan in accordance with a fixed rate repayment plan in equal instalments and has the possibility to take out insurance cover (such as for death, injury and disability);
- special-purpose loans: loans granted solely by the agency channel to persons for the purchase of goods other than cars and/or for the provision of services. These have the same repayment and contractual features of car loans;
- personal Loans: these have the same repayment and contractual features of car loans and special-purpose loans. In addition, they provide the possibility to take out other forms of insurance cover (such as third party liability and property damage);
- consumer car leasing: these are financing transactions offered by Santander Consumer Bank (in its capacity as lessor) for the use for an agreed period of time, upon payment of periodic lease charges, of motor vehicles, commercial vehicles and motorcycles, purchased or constructed by a third party supplier, as requested by the lessor and chosen and indicated by the customer (user with a VAT number); the latter assumes all the risks and retains the right, at the end of the contractual term, to purchase the goods for a predetermined price and to extend the use thereof under predetermined or predeterminable financial conditions. For leasing products, the typical risks of finance leases, apart from those arising from a contractual breach by the customer, are of a contractual and financial nature;
- credit cards: a line of credit for an unlimited period made available to a customer, who may make use thereof in one or more lots. The user undertakes to repay the amounts utilised and interest payable thereon, complying with the payment of monthly minimum instalments, but with the right to make larger repayments if desired. The repayment of the capital element ensures the availability once again of the full credit facility, which may be reutilised by the customer. Interest rates are generally fixed, but the Group has the right to modify the financial conditions during the relationship, in compliance with regulations in force. The loan may be guaranteed
- salary assignment: a particular type of personal loan that is settled through the assignment of a portion of salary or pension up to one fifth of the amount thereof net of withholdings. This product has a set maximum duration and a minimum duration that is not normally less than twenty four months.

As well as credit risk, there is also a counterparty risk, which, in the case of the Group's business, is linked to derivatives (interest rate swaps) entered into for hedging purposes: these mostly consist of contracts entered into with the Spanish Parent Company or with institutional counterparties.

Credit risk management policies

- Organisational aspects

Set out below are details of the organisational structure of the Risk Management Department of Santander Consumer Bank and a description of the main functions performed thereby.



The main tasks of the Credit Policies and Credit Decision System are:

- to define the risk policies, the strategies and internal procedures for the management of products and channels, the monitoring of compliance therewith, ensuring the constant updating thereof and the communication thereof to all relevant areas;
- to create (internally or with the help of external suppliers), to monitor, to implement and to update automatic applications for decision-making and support in setting up dossiers (scoring and policy rules);
- to monitor the riskiness of products and channels, highlighting abnormal situations for timely corrective action;
- to prepare an overview of the qualitative trend of corporate loans and any balances showing significant changes in riskiness that need to be analysed;
- to handle the entire credit analysis for the activation of new Affiliates;
- to handle relations with official data bases relating to its sphere of operations, especially with regard to changes in the information provided, reporting anomalies and cancellations, and monitoring their bills;
- to assign approval levels according to the level of experience of staff members and in accordance with the guidelines authorised by the Board of Directors and to organise training sessions needed to ensure that updates are provided on new policies and processes, as well as the maintenance of a high level of skills of operating personnel;
- to provide support to the operating units and other corporate functions of all Group companies;
- to prepare a budget when requested by management.

The main tasks assigned to Wholesale Analysis are:

- to prepare positions for submission to the Committees with powers of approval;
- to carry out an annual review of dealers' positions in "non-standardized" products;
- to develop together with the Collection Business Unit debt recovery strategies to be implemented with affiliates (only with respect to "non-standardized" products);
- to manage collaborations with leading automobile brands with regard to wholesale;
- to perform the periodic analysis of the F.E.V.E (Firmas en Situaciòn de Vigilancia Especial - signature powers in particular monitoring situations).

The mission of the Risk Control Unit is to measure, manage, control and monitor risk. This control must take place efficiently and is essential to facilitate the maximization of profit in a context of careful and dynamic management of risk situations.
The function has to guarantee the comprehensive and organic treatment of risks related to the Group's activities in order to facilitate their identification, measurement and analysis and measures needed to address them.
The unit has to quantify the overall exposure of the institution at risk to allow the delegated bodies to define a strategy for the management thereof and to define the desired risk profile (risk appetite).
The main functions assigned to this unit are:

- monitoring of the main risk indicators;
- assistance in deciding the provisions to cover current and future losses;
- calculation and monitoring of expected losses;
- ensure the reliability and automatic generation of reports;

- monitor financial risks periodically, with particular reference to interest rate risk and liquidity risk, using Asset & Liability Management (ALM) techniques;
- liaise with the internal and external control bodies periodically to verify the level of implementation of company policies.

The functions assigned to the unit are performed by three Offices: Risk Control and Monitoring, Risk models and scenario analysis and Risk reporting:

- Risk Control and Monitoring handles the management of second-level controls relating to: control of market risk (liquidity risk and interest rate risk, of operational risk, of credit risk, of technological risk, of concentration risk, of reputational risk, of risk mitigation (collateral) and any other marginal risks;
- Risk models and scenario analysis ensure the control and verification of the use of decision-making tools within the Group: customer acceptance models (retail and stock financing), behavioural models (fraud, collection and marketing), decision-making drivers and stress tests on future loss coverage and budgeting models (adequacy of risk coverage);
- Risk reporting collaborates with the preparation of the documentation required by the Bank of Italy as a tool for the management and control of risks, such as the Risk Appetite Framework (RAF) and the preparation of reports and Key Performance Indicators (KPIs) used by management and the business's functional areas.

Retail Analysis's mission is the assessment and approval of transactions that fall within its sphere of competence.
The main function assigned thereto is the correct application of risk assumption policies and procedures laid down by the Credit Policies and Credit Decision System with regard to particular credit proposals.

- Risk managing, measuring and monitoring systems

The Risk Management Department looks after the credit risk management process, from the approval of policies, to the identification, measurement, control and management, where applicable, of risks. The Risk Control Unit collaborates with the definition and implementation of the Risk Appetite Framework and measures and monitors the various business risks. The areas that assume risks and senior management are involved in the risk management process. In addition, it relates these activities to business development by identifying new opportunities and business plans, budgets and optimisation of risk-adjusted profitability, in collaboration with those who take the risks, performing analyses and management of the loan portfolios in a way that makes it possible to adjust business development to desired risk profile and, where applicable, to mitigate the risk and handle debt collection case by case.

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

1. acceptance of a loan application;
2. monitoring and reporting;
3. credit collection.

1. The acceptance of a loan application is in turn split into <u>credit analysis, assessment and approval</u>:

- the credit analysis phase envisages the direct input by the branch operator of the data relating to the loan into the IT system used by the dealer or agent or by the customer if the request is made on-line. This applies to personal loans, special-purpose loans and credit cards. As far as leasing & renting are concerned, for the retail segment, the process is similar to that described above. For counterparties in the small business segment, opening a dossier may require more information, such as financial statements, if available, and information on the applicant's business activity;
- the assessment is automatic in the case of special-purpose loans, personal loans and credit cards. The information entered into the system during the credit analysis phase is processed through a scoring system managed by Credit Policies and Credit Decision System. Measurement of the risk associated with the dossier is, therefore, based on this system. These scoring matrices (built internally or externally according to the Santander Group's corporate models that are based on logistic regression) are used to perform a customer segmentation and define the rejection rate associated with it. In the case of leasing products (financing provided to legal entities and the granting of certain personal loans), as well as the usual evaluation done with a scoring system, there is also provision for a manual examination of the dossier by an operator. If accounting figures for the counterparty are available, further analyses are carried out and the information required depends on the type of the dossier and level of signature power required; in this case, therefore, measurement of the risk associated with the dossier is of an evaluation type.
- the resolution is delegated to various persons in the structure based on grids that show the signatory powers based on the type of customer, the amount to be lent, the type of product/service and, in certain cases, the asset to be financed.
  Once concluded, the origination of a dossier phase may provide for a process of mitigation and collateral management, where the analyst has to analyse in detail all of the items acquired by the applicant and, where necessary, foresee the inclusion of appropriate collateral (in order to minimise the credit risk inherent in lending activities), such as a second signature and/or guarantees, insurance assignment and bills of exchange;

2. the monitoring and reporting phase is handled by Credit Policies and Credit Decision System and the Risk Control Unit. Its main purpose being to identify, analyse, forecast and model the behaviour of all the variables that could potentially result in changes to the quality of credit risk assumed by the entity;

3. the credit collection phase is handled by the Collection Business Unit. The Unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies that make it possible to prioritise the collection depending on the customer's risk profile and the ageing of their balances. The objective is to collect unpaid loans with a simultaneous assessment of the customer's current position via a qualitative and quantitative analysis; the potential tools that may be used include the renegotiation of the amount of the instalment, repayment via bills of exchange and a settlement. It also carries out debt collection subsequent to the issue of a document known as "Loss of Benefit of Term" (LBT) that is intended to recover the full amount of the residual debt. At the same time and to support this activity, external law firms send borrowers injunctions and, later, where there are grounds for doing so, they initiate the most appropriate legal proceedings (injunction decree, writ of summons, bankruptcy petition or lawsuits).

Salary or pension assignment differs from the above procedure. The credit analysis phase provides for a commercial agreement for product placement through Santander Consumer Unifin. Credit analysis, assessment and approval are carried out by Santander Consumer Unifin with the assistance of Santander Consumer Bank, in accordance of an outsourcing agreement. Post-delivery monitoring is primarily based on earnings related data and is also performed by the Parent Company Risk Control Unit, which also performs credit services under the above mentioned agreement.

On the other hand, as regards Non-Standardized Risk management, the process gets split into the following phases:
1. customer analysis;
2. customer's credit rating;
3. analysis of credit transactions;
4. preparation of resolutions regarding transactions and customers:
    a. monitoring
    b. customer tracking
    c. portfolio tracking
    d. controls
    e. check on production volumes
5. collection.

- Credit risk mitigation techniques

The risk mitigation techniques used in portfolio management are closely linked to the characteristics of the products. The main types of collateral currently in use are:
- consumer credit: co-obligation, guarantee, bill of exchange, mortgage, mandate to register a mortgage, insurance assignment. Note, however, that the provision covering the portfolio is extremely limited (around 1%);
- Stock finance: Diversion & Repossession Agreement (93% of the portfolio), signed by the parent companies (captive agreements) and the Parent Company at the signing of the framework agreement;
- salary assignment: as collateral for the loan, specific life and unemployment insurance cover is provided, as well as, for private and parapublic companies, a restriction on the borrower's termination indemnity.

- Impaired financial assets

Impaired financial assets are managed by the Collection Business Unit, which coordinates debt collection activities for the entire country and for all products, in accordance with the law and the operating procedures.
The unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies to prioritise collection depending on the customer's risk profile and the ageing of their balances; this efficiency is achieved thanks to the introduction of valid strategies, the launch of campaigns and the use of appropriate tools.
Litigation management, understood as "massive collection" is carried out on dossiers that have at least one instalment past due.
This last activity operates alongside the management of positions considered special cases, which require the application of particular procedures. The Group also makes use of external collection entities that are carefully selected and monitored on an ongoing basis.

For all impaired loans, there is also an activity of monitoring and classification according to an internal model (used by all local units of the Santander Group). The main monitoring indicator is level of insolvency (based on a similar definition to that of impaired financial assets provided by the Supervisory Authority). In particular, this category includes:
- loans that are more than ninety days past due;
- loans affected by "drag" (i.e. belonging to a customer with more than 25% of its total exposure in a state of insolvency);
- loans involved in credit restructuring (refinancing, reclassifications, queueing) for which the so-called "cure period" is not yet over;
- dossiers characterised by specific events such as bankruptcy or fraud;
- contracts characterised by loss of benefits and write-off.

The state of insolvency is constantly monitored by the Risk Control Unit with respect to inflows and outflows, in its distribution by overdue periods and broken down by product categories. In particular, outflows are primarily defined on the basis of days overdue (i.e. in case they fall below the ninety-day period), as well as specific operations related to particular categories included in default (listed above). The above composition of the portfolio is also essential for the application of the impairment definition model, based on past due and product bands.

Quantitative information

A. Credit quality

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

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

Table B.11.4

Portfolio/Quality	Banking Group						Other entities		Total
	Doubtful loans	Non-performing loans	Restructured loans	Past due non-performing loans	Past due loans	Other assets	Non-performing loans	Other	
1. Financial assets held for trading						19,669			**19,669**
2. Financial assets available for sale									
3. Financial assets held to maturity									
4. Due from banks						772,661			**772,661**
5. Loans to customers	69,085	35,558	16,737	40,748	81,559	4,720,317			**4,964,004**
6. Financial assets designated at fair value through profit and loss									
7. Financial assets under disposal						16			**16**
8. Hedging derivatives						1,009			**1,009**
31/12/2014	**69,085**	**35,558**	**16,737**	**40,748**	**81,559**	**5,513,672**			**5,757,359**
1. Financial assets held for trading						42,534			**42,534**
2. Financial assets available for sale									
3. Financial assets held to maturity									
4. Due from banks						981,390			**981,390**
5. Loans to customers	58,706	25,077	14,473	37,603	131,269	5,231,602			**5,498,730**
6. Financial assets designated at fair value through profit and loss									
7. Financial assets under disposal						22			**22**
8. Hedging derivatives						1,111			**1,111**
31/12/2013	**58,706**	**25,077**	**14,473**	**37,603**	**131,269**	**6,269,666**			**6,536,794**

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

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

Table B.11.5

Portfolio/Quality	Non performing assets			Performing loans			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	General portfolio adjustments	Net exposure	
A. Banking Group							
1. Financial assets held for trading				X	X	19,669	**19,669**
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks				772,661		772,661	**772,661**
5. Loans to customers	566,920	(404,792)	162,128	4,846,787	(44,911)	4,801,876	**4,964,004**
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal							
8. Hedging derivatives				X	X	1,009	**1,009**
Total A	**566,920**	**(404,792)**	**162,128**	**5,619,448**	**(44,911)**	**5,595,215**	**5,757,343**
B. Other companies included in consolidation							
1. Financial assets held for trading				X	X		
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks							
5. Loans to customers							
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal							
8. Hedging derivatives				X	X		
Total B							
Total 31/12/2014	**566,920**	**(404,792)**	**162,128**	**5,619,448**	**(44,911)**	**5,595,215**	**5,757,343**
Total 31/12/2013	**388,129**	**(252,270)**	**135,859**	**6,394,278**	**(50,017)**	**6,387,906**	**6,523,765**

The following is an ageing analysis of performing loans to customers that are past due. The Group does not have any exposures subject to renegotiation as part of collective agreements.

Table B.11.5

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure	Amount past due
Performing exposures					
Other exposures					
Past due up to 3 months	94,077		16,963	77,114	13,364
Past due from 3 to 6 months	4,988		1,423	3,565	1,851
Past due from 6 to 12 months	72		66	6	1
Past due beyond 1 year	892		18	874	879
Total A	**100,029**		**18,470**	**81,559**	**16,095**

Note that these receivables are classified as performing, in accordance with supervisory instructions, as the total amount of the instalments due or past due is less than 5% of the total exposure.

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

Table B.11.6

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans			X	
b) Non-performing loans			X	
c) Restructured loans			X	
d) Past due loans			X	
e) Other assets	772,661	X		772,661
TOTAL A	**772,661**			**772,661**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other	459,993	X		459,993
TOTAL B	**459,993**			**459,993**
TOTAL A+B	**1,232,654**			**1,232,654**

Cash exposures to banks include the assets recognised in asset line item 60, whereas the off balance sheet exposures include the fair value of derivatives recognised in asset lines 20 and 80 net of netting arrangements for counterparty risk, the nominal value of collateral pertaining to the interbank deposit protection fund, irrevocable loan commitments at the available interest margin and counterparty risk linked to repurchase agreements. For details, please refer to the specific sections of the notes.

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

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

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

Exposures to banks are not subject to writedowns.

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

Table B.11.8B

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans	380,506	(311,421)	X	69,085
b) Non-performing loans	100,645	(65,087)	X	35,558
c) Restructured loans	19,848	(3,111)	X	16,737
d) Non-performing past due loans	65,921	(25,173)	X	40,748
e) Other assets	4,846,787	X	(44,911)	4,801,876
TOTAL A	**5,413,707**	**(404,792)**	**(44,911)**	**4,964,004**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing				
b) Other		X		
TOTAL B				
TOTAL A+ B	**5,413,707**	**(404,792)**	**(44,911)**	**4,964,004**

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

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

Table B.11.9

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
A. Opening gross exposure	**220,877**	**79,233**	**16,542**	**71,476**
- of which: sold but not derecognised	109,142	34,905	8,155	47,731
B. Increases				
B.1 transfers from performing loans	15,236	51,052	9,890	90,365
B.2 transfers from other categories of non-performing exposures	127,236	25,166	2,122	1,028
B.3 other increases	70,751	34,642	16,097	32,705
C. Decreases				
C.1 transfers to performing loans	(587)	(2,641)	(761)	(12,106)
C.2 write-offs	(4,088)	(1,134)	(14)	(136)
C.3 collections	(18,347)	(13,077)	(5,464)	(13,675)
C.4 proceeds from disposals	(44)	(81)	(1)	(18)
C.4bis losses on disposal	(683)	(1,295)	(23)	(302)
C.5 transfers to other categories of non-performing exposures	(364)	(59,284)	(6,389)	(89,531)
C.6 other decreases	(29,481)	(11,936)	(12,152)	(13,883)
D. Closing gross exposure	**380,506**	**100,645**	**19,848**	**65,922**
- of which: sold but not derecognised	188,630	42,762	3,692	40,318

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

Table B.11.10

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
A. Total opening adjustments	**162,170**	**54,157**	**2,070**	**33,873**
- of which: sold but not derecognised	76,942	23,876	190	22,704
B. Increases				
B.1 adjustments	91,179	39,705	4,054	35,770
B.1.bis losses on disposal	25	124	7	127
B.2 transfers from other categories of impaired exposure	67,248	4,749	110	123
B.3 other increases				
C. Decreases				
C.1 recoveries on valuation	(1,268)	(806)	(843)	(524)
C.2 recoveries due to collections	(3,305)	(2,587)	(225)	(1,533)
C.2.bis gains on disposal				
C.3 write-offs	(3,835)	(975)	(6)	(219)
C.4 transfers to other categories of impaired exposure	(426)	(28,070)	(2,036)	(41,698)
C.5 other decreases	(368)	(1,210)	(20)	(746)
D. Total closing adjustments	**311,421**	**65,087**	**3,111**	**25,173**
- of which: sold but not derecognised	157,639	30,377	71	16,247

Other decreases include opening adjustments attributable to assets sold.

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

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

The table below shows the net amounts of credit exposures to banks corresponding to those shown in the table at A.1.3 and the net amounts of credit exposures to customers shown in the table at A.1.6. Given the nature of the latter customers, they have not been subjected to rating.

Table B.11.11

Exposures	External rating class						Unrated	Total
	1	2	3	4	5	6		
A. Cash exposures	-	334,082	431,765	580	-	-	4,970,239	**5,736,665**
B. Derivatives								
B.1 Financial derivatives			20,678					**20,678**
B.2 Credit derivatives								
C. Guarantees given							551	551
D. Commitments to issue loans							94,871	
E. Other								
Total		**334,082**	**452,443**	**580**			**5,065,660**	**5,757,895**

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

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

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

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

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

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Banking Group - Guaranteed credit exposures to banks

The Group has no guaranteed credit exposures to banks.

A.3.2 Banking Group - Guaranteed credit exposures to customers

Table B.11.13

		Secured guarantees (1)				Unsecured guarantees (2)									Total (1)+(2)
						Credit derivatives					Endorsement credits				
							Other derivatives								
	Amount of net exposure	Property	Property - Financial leasing	Securities	Other secured guarantees	Credit Linked Notes	Governments and central banks	Other public entities	Banks	Other parties	Governments and central banks	Other public entities	Banks	Other parties	
1. Guaranteed cash exposures:															
1.1 fully guaranteed	48,581													48,581	48,581
- of which: impaired	1,532													1,532	1,532
1.2 partially guaranteed	158													158	158
- of which: impaired	47													47	47
2. Guaranteed off-balance sheet credit exposures:															
2.1 fully guaranteed															
- of which: impaired															
2.2 partially guaranteed															
- of which: impaired															

B. Distribution and concentration of credit exposures

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

Table B.11.14

Exposures/Counterparties	Governments			Other public entities			Financial institutions			Insurance companies			Non-financial institutions			Other parties		
	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments
A. Cash exposures																		
A.1 Doubtful loans			X		(2)	X	11	(115)	X			X	2,500	(38,875)	X	66,574	(272,429)	X
A.2 Non-performing loans			X			X	8	(17)	X			X	1,217	(7,016)	X	34,333	(58,054)	X
A.3 Restructured loans			X			X			X			X	333	(21)	X	16,404	(3,090)	X
A.4 Past due loans			X			X		(14)	X			X	1,505	(1,370)	X	39,243	(23,789)	X
A.5 Other exposures		X		82	X		493	X	(5)	0	X	-	393,007	X	(2,563)	4,408,294	X	(42,343)
TOTAL				**82**	**(2)**		**512**	**(146)**	**(5)**				**398,562**	**(47,282)**	**(2,563)**	**4,564,848**	**(357,362)**	**(42,343)**
B. Off-balance sheet exposures																		
B.1 Doubtful loans			X			X			X			X			X			X
B.2 Non-performing loans			X			X			X			X			X			X
B.3 Other non-performing loans			X			X			X			X			X			X
B.4 Other exposures		X			X			X			X			X			X	
TOTAL																		
31/12/2014				**82**	**(2)**		**512**	**(146)**	**(5)**				**398,562**	**(47,282)**	**(2,563)**	**4,564,848**	**(357,362)**	**(42,343)**
31/12/2013				**241**	**(5)**		**897**	**(7)**	**(2)**	**17**		**(2)**	**481,586**	**(39,198)**	**(3,297)**	**5,015,989**	**(213,060)**	**(46,718)**

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

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

Table B.11.15

Exposures/Geographical areas	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH		ISLANDS	
	Net exposure	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**
A. Cash exposures										
A.1 Doubtful loans	14,164	(56,821)	6,393	(22,166)	12,670	(64,275)	22,906	(111,918)	12,952	(56,241)
A.2 Non-performing loans	7,378	(12,697)	3,219	(4,706)	6,621	(14,660)	10,271	(20,143)	8,069	(12,881)
A.3 Restructured loans	3,796	(566)	1,913	(223)	3,620	(718)	4,310	(908)	3,098	(696)
A.4 Past due loans	7,021	(4,368)	2,864	(1,929)	7,779	(5,633)	12,795	(8,106)	10,289	(5,137)
A.5 Other exposures	1,229,879	(9,197)	525,778	(3,829)	1,035,863	(9,902)	1,351,214	(12,576)	659,142	(9,407)
TOTAL	**1,262,238**	**(83,649)**	**540,167**	**(32,853)**	**1,066,553**	**(95,188)**	**1,401,496**	**(153,651)**	**693,550**	**(84,362)**
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures										
TOTAL										
TOTAL 31/12/2014	**1,262,238**	**(83,649)**	**540,167**	**(32,853)**	**1,066,553**	**(95,188)**	**1,401,496**	**(153,651)**	**693,550**	**(84,362)**
TOTAL 31/12/2013	**1,431,579**	**(59,747)**	**571,835**	**(23,496)**	**1,171,825**	**(63,999)**	**1,511,445**	**(102,835)**	**812,047**	**(52,210)**

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

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

Table B.11.16

Exposures/Geographical areas	ITALY		OTHER EU COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. Cash exposures										
A.1 Doubtful loans										
A.2 Non-performing loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	280,177		492,484							
TOTAL	**280,177**		**492,484**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures	551		20,678							
TOTAL	**551**		**20,678**							
TOTAL 31/12/2014	**280,728**		**513,162**							
A. Cash exposures										
A.1 Doubtful loans										
A.2 Non-performing loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	757,204		224,186							
TOTAL	**757,204**		**224,186**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures	855		43,645							
TOTAL	**855**		**43,645**							
TOTAL 31/12/2013	**758,059**		**267,831**							

This table contains, for cash exposures to residents, the positive balance of current accounts with banks, while for exposures to foreigners, the balance is made up primarily of commercial paper subscribed by securitisation entities consolidated in the financial statements issued by the companies of the Abbey National Treasury Service Plc Group, which belongs to the Spanish Santander Group. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 5 - Other Aspects of the Accounting Policies in the Notes.

B.4 Large exposures

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

C. Securitisations

As regards securitisations, note that the Parent Company has subscribed the entire amount of securities issued and, thus, there is no information to be provided in this section.

D. Information on structured entities (other than special purpose entities created for securitisations)

Not applicable.

E. Disposal of financial assets

A. Financial assets sold but not fully derecognised

Qualitative information

This section is not applicable given that the Group is involved solely in self-securitisations.

E.1 Banking Group - Financial assets sold but not derecognised: book value and full value

Not applicable.

E.2 Banking Group - Financial liabilities for financial assets sold but not derecognised: book value

Not applicable.

E.3 Banking Group - Transfers with liabilities that have recourse only against the assets sold: fair value

Not applicable.

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

Qualitative information

Not applicable.

Quantitative information

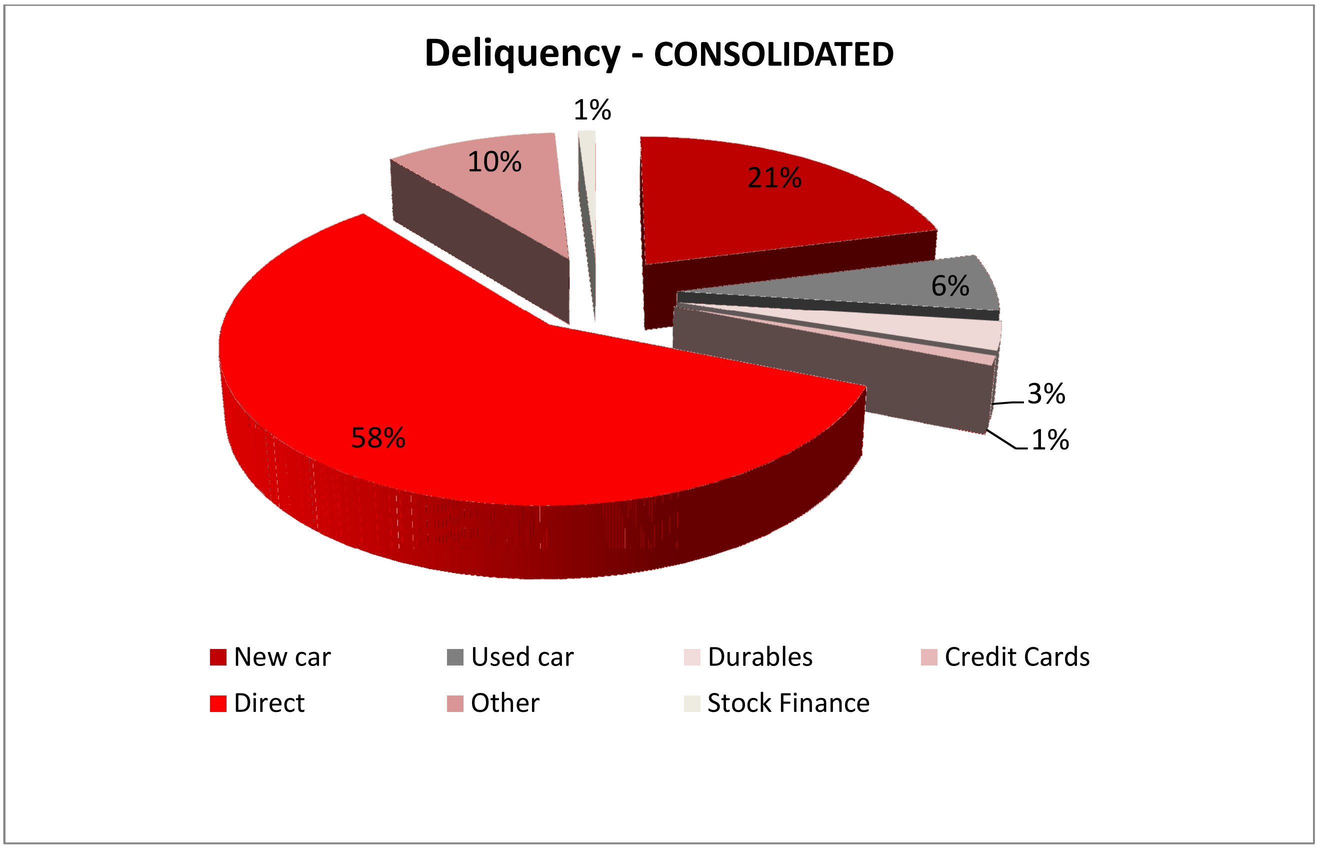
Not applicable.

E.4 Banking Group - Covered bond transactions

Not applicable.

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

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



The chart (December 2014) shows how the breakdown of the figure by product reflects the features of the Group's business. The main products are *new cars* (21%), *direct loans* (58%) and *salary assignment* (10%).

Credit risk is assessed, among other things, by:

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

2. Banking Group - Market risks

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

This is not applicable to the Group.

2.2 Interest rate risk and price risk - Banking book

Qualitative information

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

The Parent Company is exposed to fair value interest rate risk (risk that the value of assets and liabilities issued at fixed rates changes as a consequence of a fluctuation in the interest rate curve) and cash flow risk (risk that interest-related cash flow changes as a consequence of a fluctuation in the interest rate curve).

The sources of interest rate risk for the Group are mainly related to loans to customers, which are generated by the placement of consumer credit products and services (asset items) and their means of funding (liability items). In fact, the sector in which the Group operates is characterised by the asset mix, which is typically composed of loans granted mainly at fixed rates, whereas the funding sources are both fixed rate and floating rate. Accordingly, the main interest rate categories to which the Group is exposed lead to repricing risk.

Interest rate risk is managed by macro-strategies shared at Group level within well defined, formalised exposure limits.
Internal processes for the management and monitoring of interest rate risk prescribe the processing of information each month at operating level by the responsible organisational units and a critical assessment by the ALCO Committee.
Monitoring involves comparing the results of stress tests performed on sensitive assets and liabilities with the limits established by the Bank of Italy and the policies indicated by the Spanish Parent Company.
Specific ratios are formalised by the Finance Department and monitored by the Risk Management Department. Specific quantitative limits are set for the following risk metrics:

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

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

- use of derivatives (interest rate swaps);
- natural hedges, that is, recourse to fixed rate loans.

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

B. Fair value hedges

As regards fair value hedging, the Parent Company mainly enters into amortising derivatives to neutralise the exposure to changes in fair value of a portfolio of financial assets, attributable to unexpected fluctuations in interest rates.

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

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

The observation interval and effectiveness meet the requirements of IAS-IFRS.
The metrics are defined and maintained in accordance with the Spanish Parent Company's instructions.

C. Cash flow hedges

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

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

- prospective test. The prospective test also involves preparing a report that identifies the correlation between the cash flows (interest) arising from the item being hedged by the hedging instrument;
- retrospective test. The aim of the test is to verify the correlation between interest expense generated by loans granted and interest income earned from traded derivatives (floating flow).

The observation interval and effectiveness meet the requirements of IAS-IFRS.
The metrics are defined and maintained in accordance with the Spanish Parent Company's instructions.

D. Foreign investment hedges

Not applicable.

Quantitative information

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

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

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

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

Sensitivity indicator "Market Value of Equity" (MVE)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetric change in the interest rate curve under various scenarios on shareholders' equity. The scenarios on which the calculation is performed are ±25, ±50, ±75, ±100 and +250 b.p. The following paragraph shows the results obtained by applying the scenario +100 basis points on which are based the monthly analysis and the decisions on interest rate risk. The measurement of interest rate risk is then carried out by assessing the impact of changes in interest rates on the value of interest-bearing assets/liabilities inclusive of derivatives (Interest Rate Swap); the sensitivity of the market value of equity is computed as the difference between the present value of all future cash flows discounted using market interest rate curves and the present value of future cash flows discounted using stressed interest rate curves.
At 31 December 2014, the MVE calculated with a shift of +100 basis points was Euro -26.3 million; in 2014, the average figure was Euro -31.7million, with a minimum of Euro -25 million and a maximum of Euro -37 million.
At 31 December 2014, the sensitivity of the MVE (with a shift of +100 basis points) of Euro -26.3 million, would have impacted the result for the year by Euro -32.1 million and shareholders' equity (cash flow hedge reserve) by Euro +5.8 million.

Sensitivity indicator "Net Interest Margin" (NIM)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetric change in the interest rate curve under various scenarios on net interest income (the analysis period was 12 months). As regards the interest rate shift scenarios, please refer to the paragraph on MVE.
At 31 December 2014, the NIM was Euro -0.4 million (with a shift of +100 basis points).

+100 bps MM	MVE	NIM
December 14	-26.3	-0.4
Limit	-50.0	-15.0

-100 bps MM	MVE	NIM
December 14	19.1	-0.1
Limit	50.0	15.0

2.3 Exchange risk

The Group is not exposed to exchange risk.

2.4 Derivatives

A. Financial derivatives

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

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

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

A.2.1 For hedging

Table B.11.33

Underlying assets/Type of derivative	31/12/2014		31/12/2013	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
1. Debt securities and interest rates				
a) Options				
b) Swaps	5,797,676		7,309,702	
c) Forwards				
d) Futures				
e) Other				
2. Equities and stock indices				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Currency and gold				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
4. Goods				
5. Other underlyings				
Total	**5,797,676**		**7,309,702**	
Average	**6,553,689**		**6,110,501**	

For details of interest rate swaps, please see the information provided in the relevant asset and liability sections.

A.2.2 Other derivatives

Financial derivatives have been entered into to hedge interest rate risk and those relating to securitisations have been classified as trading transactions.

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

Table B.11.34

Portfolio/Types	Positive fair value			
	31/12/2014		31/12/2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	1,009		1,111	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**1,009**		**1,111**	

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

Table B.11.35

Portfolio/Types	Negative fair value			
	31/12/2014		31/12/2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	51,646		61,936	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**51,646**		**61,936**	

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

Not applicable.

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

Not applicable.

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

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

A.8 OTC financial derivatives agreements: banking portfolio - notional amounts, positive and negative gross fair value by counterparty – contracts included in netting agreements

Table B.11.39

Contracts included in netting agreements	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial institutions	Other parties
1) Debt securities and interest rates							
- notional value			5,797,676				
- positive fair value			1,009				
- negative fair value			(72,315)				
2) Equities and stock indices							
- notional value							
- positive fair value							
- negative fair value							
3) Currency and gold							
- notional value							
- positive fair value							
- negative fair value							
4) Other instruments							
- notional value							
- positive fair value							
- negative fair value							

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

Table B.11.40

Underlyings/Residual value	**Within 1 year**	**Beyond 1 year up to 5 years**	**Beyond 5 years**	**Total**
A. Trading portfolio for supervisory purposes				
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equities and stock indices				
A.3 Financial derivatives on exchange rates and gold				
A.4 Financial derivatives on other instruments				
B. Banking portfolio				
B.1 Financial derivatives on debt securities and interest rates	2,135,952	3,661,724		**5,797,676**
B.2 Financial derivatives on equities and stock indices				
B.3 Financial derivatives on exchange rates and gold				
B.4 Financial derivatives on other instruments				
31/12/2014	**2,135,952**	**3,661,724**		**5,797,676**
31/12/2013	**1,329,450**	**4,713,847**	**1,266,405**	**7,309,702**

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

The Group does not use EPE-type internal models to calculate counterparty risk and, accordingly, this table has not been completed, although tables A.3 and A.8 have been completed.
For information on the notional value of derivatives by counterparty, please see *Part B – information on the balance sheet*, Assets *Section 8* and Liabilities *Section 6*.

B. Credit derivatives

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

C. Financial and credit derivatives

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

Table B.11.46

	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial institutions	Other parties
1) Bilateral financial derivative agreements							
- positive fair value			1,009				
- negative fair value			(51,646)				
- future exposure			13,629				
- net counterparty risk			14,638				
2) Bilateral credit derivative agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							
3) Cross product agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							

3. Banking Group - Liquidity risk

Qualitative information

A. General aspects, management and measurement of liquidity risk

The Group is exposed to liquidity risk, defined as the probability that it may, at any time, not have sufficient cash reserves to meet payments arising from its obligations, or it may not be able to source sufficient liquidity in the markets to renew maturing deposits.

The Parent Company has implemented a liquidity policy that defines the principles and means for the management of a timing mismatch between maturing assets and liabilities.

The Finance Department manages liquidity risk in accordance with the liquidity policy approved by the Board of directors.

Based on the governance model adopted by the Parent Company, liquidity risk is monitored by the Risk Management Department (second-level controls), whereas internal audit performs third-level controls.

The quantification of liquidity risk is made primarily by calculating the Minimum Liquidity Ratio (MLR), the logic of which has been agreed at Santander Consumer Finance Group level. This ratio is a synthetic indicator of the liquidity situation and expresses the Group's ability to meet its commitments at the contractual maturities.

According to the Group's methodology, account is taken of inflows from the repayment of customer loans and from any securities held and used as collateral for refinancing operations with the Central Bank or with other banks as well of outflows for maturing deposits.

The MLR is updated monthly and summarises the liquidity position over 1 month, 3 months and 12 months.

The MLR ratio is computed using the following formula:

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

Along with the MLR, the Parent Company manages its liquidity by means of maturity ladder methodology that has also been agreed at Santander Consumer Finance Group level. This analysis is designed to identify and quantify the imbalances between cash inflows and outflows that occur in different timeframes.

As well as the above mentioned indicators, the Parent Company also monitors its Liquidity Coverage Ratio defined as:

$$\text{LCR} = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash flow in the subsequent 30 calendar days}}$$

Even though, at 31 December 2014, the Group did not hold any high quality liquid assets, in 2015 it plans to take the necessary steps to build a portfolio to hold for LCR regulatory purposes.

This ratio will officially come into force on 1 October 2015 and has to constantly remain above 60% throughout the year, as required by European Commission Regulation 575/2013 and by Directive 2013/36/EU, for Basel III purposes.

Each month a meeting is held of the ALCO (Asset Liability Committee) that comprises representatives from Risk Management, the Finance Department and the Parent Company Administration and Control Department, as well as colleagues from the corresponding Spanish Parent Company departments. The objective of this committee is to agree on strategies for interest rate and liquidity risk, funding policies and the cost of funding.

The Parent Company diversifies its sources of funding by recourse to financing provided by the Spanish Parent Company, bond issues, customer deposits and repurchase agreements (repos).

With respect to repos, the Parent Company is exposed to early repayment risk in the event of a downgrade of underlying securities (of Euro 266 million in the event of a three rating class downgrade of underlying securities and Euro 523 million in the event of a three rating class downgrade of the Spanish Parent Company).

The Parent Company, however, has obtained credit lines from the Spanish Parent Company to mitigate its liquidity risk. Of these, an amount of Euro 1 billion relates to committed lines.

As regards transactions which require the payment of a margin call, the Parent Company is a party to agreements for net interest margin hedging instruments entered into with Banco Santander, with Santander UK and with another counterparty with which it has entered into repurchase agreements.

Quantitative information

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

Table B.11.47

Type/Residual maturity	Demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Unspecified duration
Cash assets										
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Loans										
- Banks	308,837	203,404	205,988	49,992						4,442
- Customers	59,916	1,335	55,268	54,864	290,817	453,588	767,360	2,820,940	740,271	24,705
2. Cash liabilities										
B.1 Deposits and current accounts										
- Banks	116,037	11,854	50,117	50,126	282,815	196,218	60,403	36,505		
- Customers	216,201	264	846	4,962	23,067	43,662	17,817	1,718		
B.2 Debt securities			36,037	101,094						
B.3 Other liabilities	146	570,006		3,923	839,774	597,916	654,926	1,452,500		
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- long positions										
- short positions										
C.2 Financial derivatives without exchange of capital										
- long positions					3,865	2,781	6,355			
- short positions		205	823	1,004	11,325	10,411	16,543			
C.3 Deposits and loans to be received										
- long positions										
- short positions										
C.4 Irrevocable commitments to issue loans										
- long positions										
- short positions										
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

With respect to financial assets subject to self-securitisations, at the end of the 2014 financial year, the Parent Company was involved in eight securitisations of performing loans for which it had subscribed all of the securities issued, one of which was carried out through a Programme (the structure of which allows for further sales of loans to be financed by new issue of securities); as well as seven stand-alone transactions characterised by a sole initial issue, one of which is designated as variable funding, which is a particular structure whereby the securities issued gradually increase in value.

In the operation called *Golden Bar Securitisation Programme IV 2009-1*, launched with the purchase of an initial portfolio of performing consumer loans worth Euro 800,001,181, on 23 December 2009 the company issued the first series of notes for a total of Euro 800,000,000 divided into three classes with a decreasing order of priority which were fully subscribed by the originator. In April 2013, as part of the structuring of the operation, a further subordinated loan of Euro 50,000,000 was granted and which had been fully repaid at the reporting date.
During the year, the SPE repaid securities amounting to Euro 353,256,926.

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

As part of Operation Golden Bar Stand-Alone 2011-1, the company purchased a portfolio of performing loans granted for the purchase of new and second-hand cars of Euro 600,001,249, which was completed on 31 March 2011 with the

issuance of a single series of securities for a total of Euro 600,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 81,000,000, which at the date of the balance sheet is still outstanding for an amount of Euro 45,126,598.
On 20 November 2014, redemption was completed of the Class A securities, of which an amount of Euro 134,189,257 was redeemed in the year, and a start was made to the redemption of Class B securities of an amount of Euro 10,822,827.
The Class A securities, a portion of which had previously been held by an institutional investor, were fully repurchased by Santander Consumer Bank on 28 March 2014.

As part of Operation *Golden Bar Stand-Alone 2011-2* the company purchased a portfolio of performing loans for a total of Euro 950,000,104, which was completed on 12 October 2011 with the issuance of a single series of securities for a total of Euro 950,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On 22 December 2014, redemption was completed of the Class A securities, of which an amount of Euro 215,831,979 was redeemed in the year, and a start was made to the redemption of Class B securities of an amount of Euro 18,514,602.

As part of Operation Golden Bar Stand-Alone 2011-3 the company purchased a portfolio of performing loans totalling Euro 710,058,081, which was completed on 21 November 2011 with the issuance of a single series of securities totalling Euro 710,058,000, divided into three classes with decreasing order of priority, of which Class A was subscribed by an institutional investor and Class B was subscribed by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan for an amount of Euro 14,201,160, which has been fully repaid as of the balance sheet date.
On 20 March 2014 a start was made to the redemption of Class A securities of an amount of Euro 83,589,625 that were simultaneously purchased by Santander Consumer Bank. On 23 April 2014 the transaction was terminated ahead of schedule, with the complete redemption of the securities and the transfer to the originator of the entire portfolio of underlying loans.

As part of Operation *Golden Bar Stand-Alone 2012-1* the company purchased a portfolio of performing consumer loans (special purpose loans and personal loans) for a total of Euro 753,106,836, which was completed on 23 July 2012 with the issuance of a single series of securities for a total of Euro 753,100,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
The redemption of Class A securities continued in the year, of an amount of Euro 150,069,744.

As part of Operation *Golden Bar Stand-Alone 2012-2* the company purchased a portfolio of performing loans related to loans through salary assignment for a total of Euro 1,209,317,467, which was completed on 31 October 2012 with the issuance of a single series of securities for a total of Euro 1,209,317,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 54,418,925, so as to guarantee the cash reserve of Euro 30,232,925 and the liquidity reserve of Euro 24,186,000 required by contract. As at the reporting date, this subordinated loan had been fully repaid.
During the year, the transaction was subject to a contractual amendment that enabled a further purchase of performing loans of an amount of Euro 266,851,648 and which was completed with the issuance, on 25 June 2014, of a new series of securities denominated Golden Bar Stand Alone 2014_2 of an amount of Euro 266,850,000. These securities, which were divided into three classes with decreasing order of priority, were subscribed entirely by the originator.
During the year, an amount was redeemed of Euro 270,307,348 relating to the Class A securities of the two series issued. The redemption was made pro-rata and pari-passu.

As part of Operation *Golden Bar Stand-Alone 2013-1* the company purchased a portfolio of performing loans for a total of Euro 425,143,451, which was completed on 23 July 2013. In October 2013 an additional transfer of loans for Euro 66,447,730 was made and a single series of notes was issued for Euro 491,590,000, with a revolving period of 5 years.
During the year, the SPE made four further purchases of performing loans amounting to Euro 240,208,984. These purchases made it possible to increase, in accordance with the variable funding structure of the transaction, the total capital issued by an amount of Euro 49,433,500 relating to the portion not financed by proceeds from the loan portfolio.

As part of Operation *Golden Bar Stand Alone 2013-2* the Company purchased a portfolio of performing loans involving salary assignment loans for a total of Euro 254,826,452, which was completed on 25 July 2013. In November 2013 a single issue of notes was issued for Euro 254,820,000. The total amount of the reimbursement during 2014 was Euro 49,433,603.

As part of Operation Golden Bar Stand-Alone 2014-1 the company purchased a portfolio of performing loans granted for the purchase of new and second-hand cars of Euro 752,046,351, which was completed on 25 June 2014 with the issuance of a single series of securities for a total of Euro 752,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 18,830,000, so as to guarantee the cash reserve of Euro 18,800,000 required by contract. At the end of the year the subordinated loan has been fully repaid.
During the year, the SPE made two further revolving acquisitions of performing loans for a total of Euro 178,179,595.

During the year, the programme and the operations were monitored by Moody's Investors Services and Standard & Poor's for the programme, by Moody’s Investor Services and Fitch Ratings for the operation *Golden Bar Stand Alone 2011-1*, by Moody’s Investors Services and DBRS for the operations *Golden Bar Stand Alone 2011-2, 2012-1, 2012-2, 2014-1 e 2014-2.* No rating was assigned to the remaining stand-alone operations.

As the servicer, Santander Consumer Bank handles the management of payments from customers, the immediate crediting of the funds received to the SPE and the activation of debt collection procedures where necessary.

	Assets held by the SPE	Senior and Mezzanine Securities subscribed	Junior Securities subscribed	Cash Reserve	Assets held by the Group	Type of collateral	Distribution of collateral by geographical area	Average maturity of the collateral	Rating of the collateral
Golden Bar Programme IV	342,052	418,743	28,000	78,968	4,964,004	n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-1	179,977	118,177	60,000	123,862		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-2	460,453	76,485	323,000	118,289		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-1	395,889	220,746	169,400	104,758		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-2	895,491	782,553	181,498	53,399		n.a.	n.a.	n.a.	n.a.
Golden Bar Whole Loan Note VFN 2013-1	510,588	-	541,024	11,791		n.a.	n.a.	n.a.	n.a.
Golden Bar Whole Loan Note VFN 2013-2	196,170	-	205,386	3,004		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2014-1	729,193	676,900	75,100	27,766		n.a.	n.a.	n.a.	n.a.

In accordance with international accounting standards, specifically IFRS 10, it was decided to consolidate the portfolios securitised as there were not the requisites for derecognition of the receivables by the Parent Company, as the subscriber of the Junior Securities issued by the SPE.

During the year, the Junior Securities generated income of Euro 30,535 thousand (Euro 27,921 thousand in 2013) for the Programme IV, Euro 6,167 thousand (Euro 11,816 thousand in 2013) for the stand-alone operation 2011-1, Euro 34,432 thousand (Euro 40,609 thousand in 2013) for the stand alone operation 2011-2, Euro 2,282 thousand for the Golden Bar stand-alone operation 2011-3 (Euro 23,125 thousand in 2013), Euro 35,109 thousand for the stand alone operation 2012-1 (Euro 28,248 thousand in 2013), Euro 33,450 thousand for the stand alone operation 2012-2 (Euro 31,818 thousand in 2013), Euro 43,833 thousand for the WLN 2013-1 operation (Euro 17,860 in 2013), Euro 11,104 thousand for the WLN 2013-2 operation (Euro 6,770 in 2013) and Euro 28,798 thousand for the stand alone operation 2014-1.

To enhance the transparency of disclosures, the following is a breakdown of the various components that generated the excess spread accrued on the various operations, which was booked to the income statement in 2014 and 2013.

As shown by the table below, during the year, the Company terminated the Golden Bar Programme and Operation Golden Bar Stand Alone 2011-3, whereas a new Operation Golden Bar Stand Alone 2014-1 was completed.

2014

Breakdown of the excess spread accrued during the year	**31/12/2013**								
	Golden Bar Programme IV	**Golden Bar Stand Alone 2011-1**	**Golden Bar Stand Alone 2011-2**	**Golden Bar Stand Alone 2011-3**	**Golden Bar Stand Alone 2012-1**	**Golden Bar Stand Alone 2012-2**	**Golden Bar Whole Loan Note VFN 2013-1**	**Golden Bar Whole Loan Note VFN 2013-2**	**Golden Bar Stand Alone 2014-1**
Interest expense on securities issued	(7,068)	(2,554)	(3,717)	(2,733)	(4,014)	(12,375)	-	-	(4,898)
- for servicing	(1,456)	(1,330)	(2,841)	(1,603)	(1,167)	(2,287)	(2,564)	(1,155)	(2,436)
- for other services	(36)	(117)	(119)	(7)	(28)	(28)	(37)	(21)	(13)
Other charges	(365)	(6,937)	(8,879)	(5,443)	(436)	(219)	(100)	(13)	(922)
Interest generated by the securitised assets	36,615	15,912	48,491	11,217	39,847	48,210	45,061	12,290	35,066
Other revenues	2,845	1,193	1,497	851	907	149	1,473	3	2,001
Total interest income	**30,535**	**6,167**	**34,432**	**2,282**	**35,109**	**33,450**	**43,833**	**11,104**	**28,798**

2013

Breakdown of the excess spread accrued during the year	31/12/2012								
	Golden Bar Programme	Golden Bar Programme IV	Golden Bar Stand Alone 2011-1	Golden Bar Stand Alone 2011-2	Golden Bar Stand Alone 2011-3	Golden Bar Stand Alone 2012-1	Golden Bar Stand Alone 2012-2	Golden Bar Whole Loan Note VFN 2013-1	Golden Bar Whole Loan Note VFN 2013-2
Interest expense on securities issued	-	(10,249)	(4,865)	(8,484)	(8,919)	(6,497)	(13,962)	-	-
Commissions and fees on the operation	-	-	-	-	-	-	-	-	-
- for servicing	(8)	(2,129)	(2,180)	(4,091)	(3,558)	(1,543)	(2,816)	(274)	(142)
- for other services	(9)	(32)	(112)	(121)	(20)	(19)	(20)	-	-
Other charges	(16)	(18,924)	(10,263)	(21,947)	(14,501)	(18,057)	(1,188)	(21)	(6)
Interest generated by the securitised assets	26	55,473	27,584	73,292	47,002	53,362	49,787	17,661	6,911
Other revenues	32	3,782	1,652	1,960	3,121	1,002	17	494	7
Total interest income	**25**	**27,921**	**11,816**	**40,609**	**23,125**	**28,248**	**31,818**	**17,860**	**6,770**

For a better understanding, the figures in the table have been presented differently from the figures presented in the financial statements for the year ended 31 December 2013, given that, during the year, the Parent Company repurchased the portion of securities held by third parties in connection with the Golden Bar Stand Alone 2011-1 and Golden Bar Stand Alone 2011-3 securitisations. These transactions have thus been reclassified as self-securitisations. 2. Disclosure of on-balance sheet pledged assets

2. Disclosure of on-balance sheet pledged assets

Table B.11.48

Technical forms	Committed		Not committed		31/12/2014	31/12/2013
	BV	FV	BV	FV		
1. Cash and cash equivalents		X		X		
2. Debt instruments						
3. Equity instruments						
4. Loans	3,709,812	X		X	**3,709,812**	**4,372,988**
5. Other financial assets		X		X		
6. Non financial assets		X		X		
Total 31/12/2014	**3,709,812**				**3,709,812**	**X**
Total 31/12/2013	**4,372,988**				**X**	**4,372,988**

Key:
FV = Fair Value
BV = Book Value

The above table shows securitised loans sold to the SPE but which the Parent Company has not derecognised.

3. Disclosure of off-balance sheet pledged assets

Table B.11.48B

Technical forms	Committed	Not committed	31/12/2014	31/12/2013
1. Financial assets	3,877,013	-	3,877,013	4,172,239
- Debt securities	3,877,013		**3,877,013**	**4,172,239**
- Others			**-**	
2. Non financial assets			**-**	
Total 31/12/2014	**3,877,013**	**-**	**3,877,013**	X
Total 31/12/2013	**4,172,239**		X	**4,172,239**

The above table shows securities issued by the SPE and held by the Bank.
Note that, of these, an amount of Euro 950,004 thousand is committed to financing operations with the European Central Bank, corresponding to three Class A asset-backed securities issued by the SPE Golden Bar (securitisation) S.r.l.

4. Banking Group - Operational risk

Qualitative information

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

- customer acceptance
- completion of the contract
- funding
- after-sale processes
- back office processes
- backend activities.

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

- administrative processes
- Information Systems.

In the area of operational risk, the exposure is measured by the Group according to the criteria laid down in the rules of internal governance. The main tools of supervision include: segregation of duties, identification of possible risk indicators (alert signals that can be quantified, totalised and compared with the Group benchmark), self-assessment questionnaires (local, based on the Parent Company's guidelines).
A database are also used to store the losses generated by inadequate processes and information systems, and by fraud, as well as reports of events that could be a source of operational risk and potential losses.
Legal risk includes various types of regulatory violations, illegal behaviour and non-compliant business methods that could result in financial losses for the intermediary. These include, for example, losses resulting from:

- violations of laws or regulations;
- fines and penalties resulting from measures taken by the Supervisory Authority;
- transactions carried out as part of non-traditional activities with non-residents, which the counterparty is banned from entering into by law or regulations;
- use of unacceptable business methods.

Also falling within the definition of legal risk are losses from retroactive changes in the regulatory framework, as well as those resulting from settlements.
The risk of litigation has been the subject of specific and careful analysis by the Bank. In the presence of legal obligations, for which it is probable that there will be an outflow of economic resources for their fulfillment, and for which it is possible to make a reliable estimate of the amount involved, the Bank decided to set up provisions for risks and charges, distinguishing between situations according to the most appropriate Basel II category (i.e. Provision for Legal Risks, categories IV/VII). These two Basel categories of legal-type risk include the following:

- Category IV: practices connected with customers, products and activities such as breach of the fiduciary relationship, abuse of confidential information.
- Category VII: executive and procedural compliance such as incorrect data entry, incomplete legal documentation, breach of contract by non-customer counterparties, legal disputes with suppliers.

The provisions for legal risks in place at 31 December 2014 amount to Euro 4,681 thousand, with a provision for the year of Euro 891 thousand for category IV and Euro 584 thousand for category VII.

Quantitative information

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

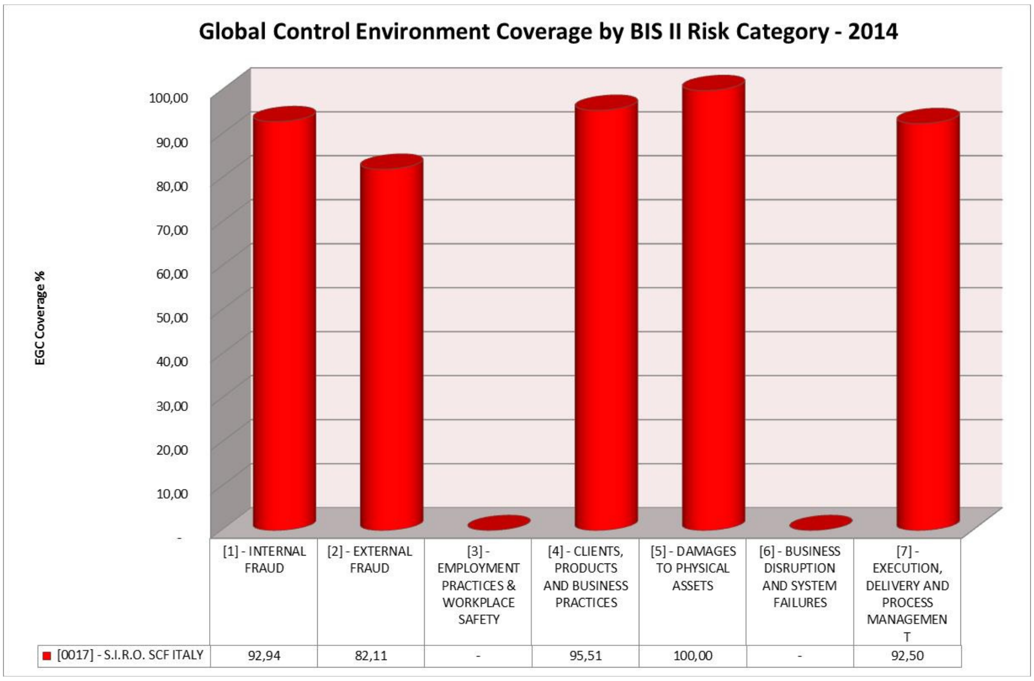
1. measurement of inherent risk: risk associated with an activity/process regardless of the level of control. The level of risk is given by the combination of probability/frequency of realisation of the asset/process and the potential impact generated by the event. The size of the impact is assessed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

3. measurement of residual risk determined by the combination of inherent risk and evaluation of control systems and measured in terms of probability/frequency of realisation of the asset/process and the potential impact generated by the event

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

Risk Category (BIS II)	Department	Processes
[1] - INTERNAL FRAUD (6%)	***Human Resources***	2
	T&O	14
	Planning and Accounting	15
	Sales	14
	Istitutional Relations and Legal Compliance	1
	Finance	3
	Risk	2
[2] - EXTERNAL FRAUD (16%)	***T&O***	10
	Sales	4
	Risk	1
	Planning and Accounting	2
	Finance	2
[4] - CLIENTS, PRODUCTS AND BUSINESS PRACTICES (31%)	***T&O***	16
	Sales	44
	Finance	11
	Planning and Accounting	7
	Istitutional Relations and Legal Compliance	10
	Risk	10
[5] - DAMAGES TO PHYSICAL ASSETS (2%)	***T&O***	5
[7] - EXECUTION, DELIVERY AND PROCESS MANAGEMENT (44%)	***Human Resources***	3
	T&O	32
	Sales	27
	Istitutional Relations and Legal Compliance	4
	Finance	18
	Planning and Accounting	43
	Risk	5
TOTAL		**305**

Details are provided below of the percentage coverage of individual risk categories.
As far as safeguards are concerned, the category that appears to have the most coverage is category V - property damage. Slightly below this is category IV - customers, products and business practices.



Section 2 - Risks of insurance companies

There are no insurance companies in the consolidation.

Section 3 - Risks of other companies

There are no other active companies in the consolidation.

Part F - Information on consolidated shareholders' equity

Section 1 - Consolidated shareholders’ equity

A. Qualitative information

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

B. Quantitative information

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

The following table analyses the various items in Group shareholders' equity.

Table B.12.3B

Shareholders' equity items	Banking Group	Insurance companies	Other entities	Consolidation adjustments and eliminations	Total
Share capital	573,000				573,000
Share premium reserve	633				633
Reserves	(46,329)				(46,329)
Equity instruments					
(Treasury shares)					
Valuation reserves	(3,701)				(3,701)
- Financial assets available for sale					
- Property and equipment					
- Intangible assets					
- Foreign investment hedges					
- Cash flow hedges	*(3,105)*				*(3,105)*
- Exchange differences					
- Non-current assets held for sale					
- Actuarial gains (losses) on defined-benefit pension plans	*(596)*				*(596)*
- Portion of measurement reserves relating to investments measured at equity					
- Special revaluation laws					
Profit (loss) of the year pertaining to the Group and minority interests	2,656				2,656
Total	526,259				526,259

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

Not applicable.

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

Not applicable.

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

During the year there was an increase in valuation reserves related to defined-benefit pension plans of Euro 215 thousand.

Section 2 - Own funds and capital adequacy ratios

2.1 Scope of application of the regulation

Own Funds and the capital adequacy ratios are calculated on the basis of the current instructions (Circular 285 and 286 and update of Circular 154 of 22 November 1991) issued by the Bank of Italy following the transposition of Directive 2013/36/EU (CRD IV) and (EU) Regulation 575/2013 (CRR) which introduce into the European Union the standards laid down by the Basel Committee on Banking Supervision.

2.2 Bank's own funds

A. Qualitative information

The Santander Consumer Bank Banking Group is subject to capital adequacy requirements set by the Basel Committee, as incorporated into the current regulations of the Bank of Italy. Under these rules, the ratio between capital and risk-weighted assets at a consolidated level must be at least 8%; compliance with this requirement is checked by the Supervisory Board every six months.

Compliance with the capital requirements is verified from two different perspectives.

A forward-looking perspective, at the same time that the Three-Year Plans and Annual Budget are agreed, to identify the main impacts, which are typically the expected growth in loans and quantification of the different elements of risk (credit, interest rate, operational). Based on quantitative information, a capitalisation plan is prepared in consultation with the Shareholder and on a monthly basis, any new capital requirements and the instruments to be used are identified (typically securitisation operations, increases in capital, subordinated "Tier II" deposits).

A backward-looking perspective, to assess on a quarterly basis during the year any significant variances with respect to the capitalisation plan and, where appropriate, to identify suitable corrective measures to ensure compliance with the capital requirements.

Even in the case of extraordinary operations, such as acquisitions or the start-up of new business initiatives, a capitalisation plan is prepared which then becomes an integral part of the overall business plan.

1. Common Equity Tier 1 – CET1

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

2. Additional Tier 1 – AT1

The contracts for hybrid capital instruments are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:

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

Similarly, the contracts relating to the subordinated liabilities are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:

- in the event of liquidation of the Bank, repayment of the debt only after all the other creditors not equally subordinated have been satisfied;
- early repayment, if foreseen, only at the initiative of the Bank and after receiving authorisation from the Bank of Italy.

Hybrid capital instruments	Issue date	Amount (Euro)	Interest rate	Duration
UPPER TIER II subordinated debt to Santander Benelux S.A.	22/06/2006	32,500,000	Euribor 6 mesi + 1,3%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	32,500,000	Euribor 6 mesi + 1,3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	30/06/2006	17,500,000	Euribor 6 mesi + 1,3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	30/06/2008	16,250,000	Euribor 6 mesi + 2,8%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	31/10/2008	16,250,000	Euribor 6 mesi + 2,8%	10 years
UPPER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	Euribor 6 mesi + 4,0%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	Euribor 6 mesi + 2,2%	10 years

Subordinated liabilities	Issue date	Amount (Euro)	Interest rate	Duration
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	6,500,000	Euribor 6 mesi + 0,75%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	3,500,000	Euribor 6 mesi + 0,75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	22/06/2006	13,000,000	Euribor 6 mesi + 0,75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	30/06/2008	13,000,000	Euribor 6 mesi + 1,8%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	31/10/2008	13,000,000	Euribor 6 mesi + 1,8%	10 years
LOWER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	Euribor 6 mesi + 4,0%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	Euribor 6 mesi + 2,2%	10 years

3. Tier 2 –T2

The Group does not hold any instruments that fall into Tier 3 capital.

B. Quantitative information

Table B.12.5E

	31/12/2014
A. Core capital (Tier 1 capital before the application of prudential filters)	**529,717**
of which temporary disposals Tier 1 items	**6,115**
B. Prudential filters of tier 1 capital:	3,105
C. Tier 1 capital gross of items to be deducted (A+/-B)	**532,822**
D. Items to be deducted from Tier 1 capital	8,165
E. Temporary regime – impact on Tier 1 (+/-)	
F. Total Tier 1 capital (C-D +/- E)	**524,657**
G. Additional class 1 capital Tier 1 – AT1 gross of items to be deducted and temporarary regime effects	
of which temporary disposal AT1 items	
H. Items to be deducted from AT1	
I. Temporary items - impact on AT1 (+/-)	
L. Total additional class 1 capital (Additional Tier 1 – AT1) (G - H +/- I)	
M. Class 2 capital (Tier 2 –T2) gross of items to be deducted and temporary regime effects	**139,515**
of which temporary disposals T2 items	
N. Items to be deducted from T2	
O. Temporary regime – Impact on T2 (+/-)	
P. Total class 2 capital (Tier 2 –T2) (M - N +/- O)	**139,515**
Q. Total own funds (F + L + P)	**664,172**

The table shows the amount of capital for supervisory purposes and its fundamental components which correspond to those indicated in supervisory reports.
For reasons of consistency and comparability, in consideration of the entry into force of the new regulatory framework denominated Basel III, as from 1 January 2014, the table relating to own funds does not present the information at 31 December 2013, since the previous calculation methodologies were different.

2.3 Capital adequacy

A. Qualitative information

Please refer to paragraph A - qualitative information.

B. Quantitative information

Table B.12.6B

Description/Amounts	Unweighted amounts		Weighted amounts/Requirement	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standardized methodology	7,247,954	7,740,903	4,423,041	4,637,000
2. Methodology based on internal ratings				
2.1 Basic				
2.1 Advanced				
3. Securitisations				
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			353,843	370,960
B.2 Rischio di aggiustamento della valutazione del credito				
B.3 Rules risk				
B.4 Market risk				
1. Standardi methodology				
2. Internal models				
3. Concentration risk				
B.3 Operational risk				
1. Basic method				
2. Standard methodology			26,849	37,786
3. Advanced method				
B.4 Other precautionary requirements				
B.5 Other elements for the calculation				
B.6 Altti elementi di calcolo				
B.7 Total precautionary requirements			380,692	408,746
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			4,758,654	5,109,325
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			11.03%	
C.3 Capital for supervisory purposes including Tier 3/Risk-weighted assets (Total capital ratio)			11.03%	
C.4 Capital for supervisory purposes including Tier 3/Risk-weighted assets (Total capital ratio)			13.96%	

The table shows the amount of risk assets and capital requirements that is the same as shown in supervisory reports. The figures relating to the 2013 financial year have been calculated in accordance with the regulatory requirements in force at the time.

Section 3 - Insurance capital and capital ratios

Not applicable.

Section 4 - The capital adequacy of the financial conglomerate

Not applicable.

Part G - Business combinations

Section 1 - Transactions carried out during the year

During the year there were no business combinations, as regulated by IFRS 3, which resulted in the acquisition of control of business or legal entities.

Section 2 - Transactions subsequent to the year end

The Group has not carried out any business combination after the balance sheet date.

Section 3 - Retrospective adjustments

The Group has not carried out any business combination after the balance sheet date.

Part H - Related-party transactions

1. Information on the remuneration of directors, auditors and managers

The following table shows the amounts of compensation paid in 2014 to members of the management and control bodies and to managers with strategic responsibilities that fall within the definition of "related party".

Table B.14.2

	31/12/2014
Short-term benefits	3,097
Post-employment benefits	106
Other long-term benefits	-
Termination indemnities	-
Share-based payments	-
Total	**3,203**

2. Related party disclosures

Shown below are the principal relationships with related parties according to the size of the year-end balance (in thousands of euro):

Table B.14.2B

	Receivables	Payables	Guarantees and/or commitments	Derivatives	Expenses	Income
Banco Santander	50,238	101,859	n.a.	4,254,076	93,418	60,525
Santander Consumer Finance	370,985	2,369,613	n.a.	250,000	40,138	239
Other Santander Group companies	90,264	458,908	n.a.	1,293,600	24,294	4,587

Versus the Spanish Parent Company Banco Santander:

- receivables relate to the valuation of derivatives and related accruals for a total of Euro 16,451, whereas the remainder relates to sums paid by way of a guarantee deposit of derivative contracts entered into with the Spanish counterpart;
- the payables mainly relate to the measurement of hedging and traded derivatives and related accruals (Euro 64,863 thousand) and cash paid to Banco Santander as segregated funds for collateral for securitisations (Euro 38,000 thousand);
- the derivatives relate to trading and interest risk hedging transactions as mentioned in Part E, Section 2. The figure shown in the table represents the sum of the notional amounts;
- the expenses mainly relate to hedging activities (Euro 48,197 thousand) and to trading (Euro 70 thousand);
- the income mainly relates to hedging activities (Euro 15,405 thousand);

Versus the direct Parent Company Santander Consumer Finance:

- the receivables entirely consist of commercial paper and related accrued interest, subscribed in connection with securitisations;
- the payables all refer to loans and related interest accruals received from the Parent Company as part of normal funding activities (Euro 2,369,429 thousand), as well as the measurement of the hedging derivative entered into with it and the related accruals (Euro 3,031 thousand);
- The derivative refers to the notional amount of interest risk hedging transactions as mentioned in Part E, Section 2;
- the charges relate to interest expenses on loans received (Euro 38,553 thousand) and to negative differentials on the hedging result (Euro 1,585 thousand);
- the income relates to commercial paper.

With respect to the minority shareholder of the subsidiary Santander Consumer Finance Media, De Agostini Editore, the receivables amount to Euro 2 thousand and the income relates to contributions towards lending dossiers of Euro 2 thousand. The guarantees provided by the De Agostini Group for Euro 1,955 thousand relate to commitments to repurchase non-performing dossiers according to the agreed terms and conditions.

Relationships are also maintained with other companies of the Santander Group. The most significant component of receivables relates to commercial paper subscribed in connection with securitisations and related accrued interest (Euro 85,494 thousand). The payables mainly consist of short-term financing transactions (Euro 225,185 thousand), subordinated and hybrid capital instruments (Euro 229,281 thousand) and traded derivatives entered into in connection with securitisations (Euro 4,422 thousand), whereas the expenses mainly consist of interest expense accrued on subordinated loans (Euro 11,609 thousand), consulting and services offered by Group companies (Euro 7,301 thousand) and trading activities (Euro 1,561 thousand). The income relates to trading activities (Euro 505 thousand) and interest income on commercial paper (Euro 477 thousand).
The derivatives relate to trading transactions entered into in connection with securitisations.

Other information

As required by Art. 2427, paragraph 16 bis) of the Civil Code, the following table shows the total amount of fees due to the independent auditors for the statutory audit of the annual accounts, including audit activities during the year on the regularity of the bookkeeping, correct recognition of transactions in the accounting records and verification of the result included in the capital for supervisory purposes at 30 June. The amounts are shown net of an expense allowance, supervisory contribution and VAT.

Table B.14.2C

Type of services	Supplier	Recipient	Description	Fees (euro)
Audit	Deloitte & Touche S.p.A.	Parent Company	Audit services (annual report, consolidated financial statements, interim report, accounting checks)	142,703
	Deloitte & Touche S.p.A.	Subsidiaries		81,860
	Deloitte & Touche S.p.A.	SPE		41,490
Certification services	Deloitte & Touche S.p.A.	Parent Company	Performance of agreed-upon procedures related to the servicing activity report on securitisations and pool audits; preparation of a comfort letter relating to a bond issue (EMTN)	57,500
	Deloitte, S.L.	Parent Company	Preparation of comfort letter relating to a bond issue (EMTN)	59,851
Other services	Deloitte ERS Enterprise Risk Services S.r.l.	Parent Company	Advice on the verification of possible impacts of the new regulation issued by the Bank of Italy	38,850
			Total	**422,255**

Part I - Share-based payments

The Group has not entered into any payment agreements based on its own equity instruments.

Part L - Segment reporting

Based on the analyses carried out to verify whether the quantitative thresholds laid down in IFRS 8 had been exceeded, the predominant operating segment of the Group is "consumer credit". It is therefore not necessary to provide separate information for the various operating segments of the Group.

Santander
CONSUMER BANK

Separate Financial Statements of Santander Consumer Bank

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Report of the Board Of Statutory Auditors on the Financial Statements at 31 December 2014

Report of the Board Of Statutory Auditors on the Financial Statements at 31 December 2014

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

SANTANDER CONSUMER BANK SPA
Head office via Nizza 262/26, Turin
Share capital Euro 573,000,000
Turin Companies Register 05634190010
Parent Company of the Santander Consumer Bank Spa Banking Group

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014 PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

Shareholders,

The financial statements at 31.12.2014, presented for your approval by the Board of Directors, closes with a net profit of Euro 8,484,524.

The directors have provided extensive information on developments in the Company's operations and on the corporate structure, the events and accounting entries, both in the report on operations, referring to the scope of consolidation, and in the explanatory notes, which give the disclosures required by law, the Bank of Italy and International Accounting Standards.

We were appointed as the current Board of Statutory Auditors by the Shareholders' Meeting on 24 April 2012 and, during the year, we carried out our supervisory duties as required by law, by current secondary regulations and by Bank of Italy recommendations; We also carried out the duties taking into account the standards of conduct for Statutory Auditors recommended by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

The checks carried out during the year and our attendance at meetings of the Board of Directors and the Shareholders have always shown substantial compliance of the Bank's corporate governance with the articles of association and current regulations, also with reference to specific provisions relating to the Bank's activity.

At meetings we acquired information from the executive directors on the general performance of the business and its prospects, and on the more important transactions in terms of their size or nature carried out by the Company and its subsidiaries. Based on the information that we acquired, there are no matters to report.

The financial statements have been audited by Deloitte & Touche Spa, the firm appointed to carry out the legal audit, and periodically we have held meetings with them to exchange data and information that may be of use in the performance of our respective duties. These meetings did not reveal anything negative about the Company, as can be seen from their audit report prepared in accordance with art. 14 of Decree no. 39/2010, in which they give their opinion without any qualifications.

We have acquired knowledge and verified, to the extent of our responsibility, the adequacy and functioning of the Company's organisational structure, also by gathering information from departmental heads. We have no matters to report in this regard.

We have acquired knowledge and verified, to the extent of our responsibility, the adequacy and functioning of the Company's administrative and accounting system, as well as its reliability in giving a true and fair view of the Company's operations, by gathering information from departmental heads and from the independent auditors. We have no matters to report in this regard.

We completed all of our duties as required by law, ensuring compliance with the regulations and articles of association, respect for the principles of good administration.

We did not receive any complaints pursuant to art. 2408 of the Italian Civil Code during the year.

We would reiterate that the financial statements at 31.12.2014 were prepared according to the instructions issued by the Bank of Italy with Circular no. 262/2005, as updated with the application of the IAS/IFRS, including the supplementary documents called SIC and IFRIC, in force at 31 December 2014.

In particular, we would point out that the intangible assets, recognised at cost, including ancillary charges, and amortised systematically over their estimated useful lives, relate mainly to software

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

We believe that the financial statements for the year ended 31 December 2014 and the report on operations, together with the proposed allocation of net profit, should be approved by the shareholders as proposed by the Board of Directors.

Turin, 10 April 2015

The Board of Statutory Auditors

(Walter Bruno)

(Stefano Caselli)

(Maurizio Giorgi)

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Notice of calling of the Shareholders' Meeting

Notice of calling of the Shareholders' Meeting

Shareholders are hereby convened to the Ordinary Shareholders' Meeting at the head office in Via Nizza 262, Turin, on 28 April 2015 at 9:30 am at first calling and, if necessary, at second calling on 29 April 2015, same place and hour, to discuss and vote on the following:

AGENDA

1. Report on operations and financial statements at 31.12.2014. Report of the Board of Statutory Auditors and Report of the Independent Auditors. Related resolutions;
2. Appointment of the Board of Directors for the period 2015-2017, after determining the number of directors to be appointed and their remuneration; related and consequent resolutions
3. Appointment of the Board of Statutory Auditors and its Chairman for the period 2015-2017 and determination of their remuneration; related and consequent resolutions;
4. Information on the 2014 remuneration and bonus scheme and 2015 remuneration and bonus policy.

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Proposals to the Shareholders' Meeting

Proposals to the Shareholders' Meeting
Proposal of allocation of the net profit

Shareholders,

As we have mentioned already, the year ended with a profit of	Euro	8,484,523.76
which we propose to carry forward for	Euro	424,226
and losses coverage for	Euro	8,060,298

Santander
CONSUMER BANK

Independent Auditors' report on the Financial Statements at 31 December 2014

Independent Auditors' Report on the financial statements at 31 December 2014

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
(Translation from the Original Issued in Italian)

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

1. We have audited the financial statements of Santander Consumer Bank S.p.A., which comprise the balance sheet as of December 31, 2014, and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005 are the responsibility of Santander Consumer Bank S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

   The financial statements present for comparative purposes prior year data. As explained in the notes to the financial statements, the Directors have reclassified certain comparative data related to the prior year's financial statements with respect to the data previously reported and audited by us, on which we issued our auditors' report dated April 11, 2014. These reclassifications of comparative data and related disclosures included in the notes to the financial statements have been audited by us for the purpose of expressing an opinion on the financial statements as of December 31, 2014.

3. In our opinion, the financial statements give a true and fair view of the financial position of Santander Consumer Bank S.p.A. as of December 31, 2014, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree No. 38/2005.

4. The Directors of Santander Consumer Bank S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with paragraph 2, letter b) of article 123-bis of Italian Legislative Decree no. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information reported in compliance with paragraph 2, letter b) of art. 123-bis of Legislative Decree no. 58/98 included in the specific section of the same report on corporate governance are consistent with the financial statements of Santander Consumer Bank S.p.A. as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco De Ponti
Partner

Milan, Italy
April 10, 2015

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

Financial statements

Balance sheet

In Euro

	ASSETS	31/12/2014	31/12/2013	amounts	%
10	Cash and cash equivalents	9,282	10,289	(1,007)	-9.8%
20	Held for trading financial assets	19,668,861	42,533,511	(22,864,650)	-53.8%
60	Due from banks	53,766,049	32,249,046	21,517,003	66.7%
70	Loans to customers	5,596,588,515	6,172,985,522	(576,397,007)	-9.3%
80	Hedging derivatives	1,008,513	1,110,988	(102,475)	-9.2%
90	Fair value change of financial assets in hedged portfolios (+/-)	43,653,521	47,434,112	(3,780,591)	-8.0%
100	Equity investments	71,182,586	66,182,586	5,000,000	7.6%
110	Property and equipment	3,578,998	3,979,685	(400,687)	-10.1%
120	Intangible assets	7,490,091	9,585,606	(2,095,515)	-21.9%
130	Tax assets	227,349,298	207,912,288	19,437,010	9.3%
	a) current	*25,034,371*	*29,740,459*	*(4,706,088)*	*-15.8%*
	b) deferred	*202,314,927*	*178,171,829*	*24,143,098*	*13.6%*
	of which:				--
	- convertible into tax credits (Law 214/2011)	*195,700,356*	*169,701,016*	*25,999,340*	*15.3%*
140	Non-current assets held for sale and discontinued operations	16,007	21,792	(5,785)	-26.5%
150	Other assets	39,477,280	33,879,386	5,597,894	16.5%
	TOTAL ASSETS	**6,063,789,001**	**6,617,884,811**	**(554,095,810)**	**-8.4%**

	LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2014	31/12/2013	amounts	%
10	Due to banks	4,851,929,200	4,985,688,430	(133,759,230)	-2.7%
20	Due to customers	308,126,145	752,900,459	(444,774,314)	-59.1%
30	Debt securities issued	136,926,194	100,777,973	36,148,221	35.9%
60	Hedging derivatives	51,646,139	61,936,216	(10,290,077)	-16.6%
80	Tax liabilities	46,351,371	28,844,544	17,506,827	60.7%
	a) current	*46,351,371*	*28,844,544*	*17,506,827*	*60.7%*
100	Other liabilities	121,871,624	149,130,523	(27,258,899)	-18.3%
110	Provision for employee termination indemnities	3,585,503	4,114,915	(529,412)	-12.9%
120	Provisions for risks and charges	7,177,671	8,698,682	(1,521,011)	-17.5%
	b) other provisions	*7,177,671*	*8,698,682*	*(1,521,011)*	*-17.5%*
130	Valuation reserves	(3,695,196)	(5,592,757)	1,897,561	-33.9%
160	Reserves	(42,246,760)	626,304	(42,873,064)	---
170	Share premium reserve	632,586	632,586	-	
180	Share capital	573,000,000	573,000,000	-	---
200	Net profit (loss) for the period (+/-)	8,484,524	(42,873,064)	51,357,588	119.8%
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,063,789,001**	**6,617,884,811**	**(554,095,810)**	**-8.4%**

Income statement

In Euro

	ITEMS	31/12/2014	31/12/2013	amounts	%
10	Interest and similar income	345,224,965	387,856,549	(42,631,584)	-11.0%
20	Interest and similar expense	(112,405,486)	(167,547,919)	55,142,433	32.9%
30	**Net interest income**	**232,819,479**	**220,308,630**	**12,510,849**	**5.7%**
40	Commission income	36,662,623	33,126,336	3,536,287	10.7%
50	Commission expense	(13,225,263)	(11,268,253)	(1,957,010)	-17.4%
60	**Net commission income**	**23,437,360**	**21,858,083**	**1,579,277**	**7.2%**
80	Net trading income	(2,981,738)	(9,696,111)	6,714,373	69.2%
90	Net hedging gains (losses)	666,007	(111,501)	777,508	---
100	Gains (losses) on disposal or repurchase of:	(519,022)	(38,960,968)	38,441,946	*98.7%*
	a) loans	*(384,689)*	*(38,960,968)*	*38,576,279*	*99.0%*
	d) other financial assets	*(134,333)*		*(134,333)*	---
120	**Net interest and other banking income**	**253,422,086**	**193,398,133**	**60,023,953**	**31.0%**
130	Net losses/recoveries on impairment of:	(148,401,518)	(144,842,573)	(3,558,945)	-2.5%
	a) loans	*(148,401,518)*	*(144,842,573)*	*(3,558,945)*	*-2.5%*
140	**Net income from financial activities**	**105,020,568**	**48,555,560**	**56,465,008**	**116.3%**
150	Administrative expense:	(90,647,327)	(106,121,846)	15,474,519	14.6%
	a) payroll costs	*(32,897,757)*	*(48,355,658)*	*15,457,901*	*32.0%*
	b) other administrative expense	*(57,749,570)*	*(57,766,188)*	*16,618*	*0.0%*
160	Net provisions for risks and charges	(1,950,251)	(4,271,832)	2,321,581	54.3%
170	Net adjustments to/recoveries on property and equipment	(1,700,767)	(1,979,809)	279,042	14.1%
180	Net adjustments to intangible assets	(6,521,229)	(5,408,733)	(1,112,496)	-20.6%
190	Other operating expenses/income	6,918,357	7,387,663	(469,306)	-6.4%
200	**Operating expenses**	**(93,901,217)**	**(110,394,557)**	**16,493,340**	**14.9%**
250	**Profit (loss) from continuing operations before tax**	**11,119,351**	**(61,838,997)**	**72,958,348**	**118.0%**
260	Income taxes on continuing operations	(2,634,827)	18,965,933	(21,600,760)	-113.9%
270	**Profit (loss) from continuing operations after tax**	**8,484,524**	**(42,873,064)**	**51,357,588**	**119.8%**
290	**Net profit (loss) for the period**	**8,484,524**	**(42,873,064)**	**51,357,588**	**119.8%**

Statement of comprehensive income

In Euro

	Items	31/12/2014	31/12/2013
10	**Net profit (loss) for the period**	**8,484,524**	**(42,873,064)**
	Other comprehensive income not reclassified to profit or loss		
40	Defined-benefit pension plans	(173,236)	140,855
	Other comprehensive income after tax that may be reclassified to profit or loss:		
90	Cash flow hedges	2,070,797	5,224,217
130	**Total Other Comprehensive Income after tax**	**1,897,561**	**5,365,072**
120	**Total comprehensive income (Items 10+130)**	**10,382,085**	**(37,507,992)**

Statement of changes in shareholders' equity

2014

In Euro

				Allocation of prior year results		Changes during the year								
							Transactions on shareholders' equity							
	Balance at 31.12.2012	Changes in opening balances	Balance at 1.1.2013	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income at 30.06.2014	**Shareholders' equity at 31.12.2014**
Share capital:														
a) ordinary shares	573,000,000		573,000,000				-							573,000,000
b) other shares														
Share premium reserve	632,586		632,586				-							632,586
Reserves:														
a) retained earnings	(40,743,390)		(40,743,390)	(42,873,064)										(83,616,454)
b) other	41,369,694		41,369,694			-								41,369,694
Valuation reserves	(5,592,757)		(5,592,757)										1,897,561	(3,695,196)
Equity instruments			-											-
Treasury shares			-											-
Net profit (loss) for the perio	(42,873,064)		(42,873,064)	42,873,064									8,484,524	8,484,524
Shareholders' equity	525,793,069	-	525,793,069	-	-	-	-	-	-	-	-	-	10,382,085	536,175,154

2013

In Euro

				Allocation of prior year results		Changes during the year								
							Transactions on shareholders' equity							
	Balance at 31.12.2012	Changes in opening balances	Balance at 1.1.2013	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income at 30.06.2013	**Shareholders' equity at 31.12.2013**
Share capital:														
a) ordinary shares	512,000,000		512,000,000				61,000,000							573,000,000
b) other shares														
Share premium reserve	-		-				632,586							632,586
Reserves:														
a) retained earnings	-		-	(40,743,390)										(40,743,390)
b) other	11,369,694		11,369,694			30,000,000								41,369,694
Valuation reserves	(10,957,829)		(10,957,829)										5,365,072	(5,592,757)
Equity instruments			-											-
Treasury shares			-											-
Net profit (loss) for the perio	(40,743,390)		(40,743,390)	40,743,390									(42,873,064)	(42,873,064)
Shareholders' equity	471,668,475	-	471,668,475	-	-	30,000,000	61,632,586	-	-	-	-	-	(37,507,992)	525,793,069

Cash flow statement (indirect method)

In Euro

A. OPERATING ACTIVITIES	Amount 31/12/2014	Amount 31/12/2013
1. Cash generated from operations	**124,459,730**	**154,947,721**
- net profit for the year (+/-)	8,484,524	(42,873,064)
- net gains/losses on financial assets held for trading and financial assets/liabilities designated at fair value through profit and loss (+/-)	22,057,582	
- gains (losses) from hedging activities (+/-)	(41,950,608)	485,876
- net adjustments for impairment (+/-)	148,754,395	146,698,206
- impairment/recoveries to property and equipment and intangible assets (+/-)	8,331,806	8,297,510
- net provisions for risks and charges and other costs/income (+/-)	(3,309,951)	2,932,826
- unsettled taxes (+)	43,380,382	23,980,972
- impairment/recoveries to disposal groups, net of tax effect (-/+)	4,672	14,820
- other adjustments (+/-)	(61,293,072)	15,410,575
2. Cash generated/absorbed by financial assets	**708,775,148**	**960,738,850**
- financial assets held for trading		
- financial assets designated at fair value through profit and loss		
- financial assets available for sale		
- due from banks: on demand	(2,024,756)	5,120,719
- due from banks: other receivables	(16,630,000)	85,800,000
- loans to customers	737,345,002	871,900,815
- other assets	(9,915,098)	(2,082,684)
3. Cash generated/absorbed by financial liabilities	**(822,400,281)**	**(1,139,231,132)**
- due to banks: on demand		
- due to banks: other debts	(135,507,284)	(1,136,320,354)
- due to customers	(707,727,571)	(100,090,972)
- debt securities issued	35,532,969	99,856,466
- financial liabilities held for trading		
- financial liabilities designated at fair value through profit and loss		
- other liabilities	(14,698,395)	(2,676,272)
Net cash generated/absorbed by operating activities	**10,834,597**	**(23,544,561)**
B. INVESTING ACTIVITIES		
1. Cash generated by	**159,704**	**158,942**
- sale of equity investments		
- dividends collected on equity investments		
- sale of financial assets held to maturity		
- sale of property and equipment	159,704	158,942
- sale of intangible assets		
- sale of lines of business		
2. Cash absorbed by	**(10,995,308)**	**(6,610,363)**
- purchase of equity investments		
- purchase of financial assets held to maturity		
- purchase of property and equipment	(1,455,112)	(1,509,349)
- purchase of intangible assets	(4,540,197)	(5,101,014)
- purchase of lines of business	(5,000,000)	
Net cash generated/absorbed by investing activities	**(10,835,605)**	**(6,451,421)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- dividends distributed and other allocations		30,000,000
Net cash generated/absorbed by financing activities		**30,000,000**
NET CASH GENERATED/ABSORBED IN THE YEAR	**(1,007)**	**4,018**

Items	**Amount 31/12/2014**	**Amount 31/12/2013**
Cash and cash equivalents at beginning of year	**10,289**	**6,271**
Net increase (decrease) in cash and cash equivalents	**(1,007)**	**4,018**
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	**9,282**	**10,289**

Santander
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Explanatory notes

Part A - Accounting policies

A.1 - General information

Section 1 - Declaration of compliance with International Financial Reporting

Pursuant to Legislative Decree 38 of 28 February 2005, the financial statements of Santander Consumer Bank have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission, as established by Regulation no. 1606 of 19 July 2002.
The separate financial statements for the year ended 31 December 2014 have been prepared in accordance with Circular 262/05 as subsequently amended by the 3rd update of 22 December 2014 "Guidelines for the preparation of the financial statements and the consolidated financial statements of banks and finance companies of banking groups" issued by the Bank of Italy, in the exercise of the powers established by art. 9 of Legislative Decree no. 38/2005 and with the Regulation of 22 December 2005. These Instructions establish binding rules governing the financial statements and how they are to be prepared, including the contents of the notes.
In preparing the financial statements the IAS/IFRS in force at 31 December 2014 have been applied (including the SIC and IFRIC interpretations), as endorsed by the European Commission.

Section 2 - Basis of preparation

The financial statements consist of the balance sheet, income statement, statement of changes in shareholders' equity, statement of comprehensive income, cash flow statement and the notes to the financial statements and are also accompanied by the directors' report on the operations, results and financial position of Santander Consumer Bank.
In accordance with the provisions of art. 5 of Legislative Law 38/2005, the financial statements have been prepared using the euro as the functional currency.
The amounts in the financial statements are expressed in euro, whereas unless otherwise specified, those in the notes and the report on operations are expressed in thousands of euro.
The financial statements are prepared in accordance with the general principles laid down in IAS 1 and the specific accounting standards endorsed by the European Commission, as described in Part A.2 of these notes. In particular, these financial statements have been prepared on a going concern basis (IAS 1 para. 25 and para. 26), in accordance with the principle of accrual accounting (IAS 1 para. 27 and para. 28) and in compliance with the consistency of presentation and classification of items in the financial statements (IAS 1 para. 29). The assets and liabilities, income and expenses have not been offset unless required or permitted by a standard or interpretation (IAS 1 para. 32).
No exceptions have been made to the application of IAS/IFRS.
In addition to the figures for the reporting period, the financial statements and notes also provide comparative figures at 31 December 2013, reclassified to ensure a better comparison with the current year. The individual tables in the notes are identified on the basis of the numbers assigned by the Bank of Italy, as well as by indicating the page number of Circular 262/2005 (3rd update of 22 January 2014), which we have followed in preparing the tables.
The report on operations and the notes provide the information required by International Accounting Standards, by Italian law and by the Bank of Italy, as well as other non-mandatory information considered necessary to give a true and fair view of the Group's situation.
The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities reported in the financial statements. The development of such estimates involves the use of available information and the adoption of subjective judgments based on past experience, which are used to formulate reasonable assumptions for recording corporate events. By their nature, the estimates and assumptions used can vary from year to year, which means that it cannot be excluded that in future years the figures in the financial statements may differ significantly due to changes in the subjective judgments used.
The main situations in which management has to make subjective judgments include the following:

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

Contents of the consolidated financial statements

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

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

"Net profit (loss)" is the same amount shown in item 320 of the income statement.
The "other elements of income, net of taxes" include changes in the value of assets recorded during the year with contra-entry to the valuation reserves (net of tax).

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

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

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

Section 3 - Subsequent events

In the period between the end of 2014 and the date of approval of these financial statements, there have been no events which could have an appreciable impact on the operations and results of the Company.
Pursuant to IAS 10, these financial statements were authorized for publication on 26 March 2015.

Section 4 - Other aspects

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

- **International accounting standards endorsed on 31 December 2014 and in force from 2014**
  - IFRS 10 Consolidated Financial Statements, which partly replaces IAS 27 - Consolidated and Separate Financial Statements and SIC 12 SPE;
  - IFRS 11 – Joint arrangements, which replaces IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly controlled entities – Non-monetary contributions by venturers;
  - IFRS 12 Disclosure of Interests in Other Entities;
  - Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities;
  - Amendments to IAS 36 Impairment of assets;
  - Amendments to IAS 39 Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting.

The main changes introduced by the IASB relate to the consolidation requirements laid down by IFRS 10, IFRS 11 and IFRS 12.
IFRS 10 defines control of an entity as the ability, by means of a legal or substantial right, to significantly impact management decisions that affect the amount of the investor's returns where the latter is exposed to variable returns.
IFRS 11 establishes principles for financial reporting by entities that are party to joint control arrangements, being contractually agreed sharing of control and arrangements subject to joint control. The contractually agreed sharing of control of an arrangement requires the unanimous consent of the parties sharing control. Joint control arrangements may take the form of a joint venture (entity for which the parties have rights to the net assets of the arrangement) or of arrangements whereby the parties have rights to the assets and obligations for the liabilities (joint operation).
Set out below are new international accounting standards or amendments to existing standards for which mandatory application runs from 1 January 2015.

- **International accounting standards endorsed on 31 December 2014 and in force from 2015**
  - IFRIC Interpretation 21: Levies;
  - Amendments to IFRS 3 Business combinations;
  - Amendments to IFRS 13 Fair value measurement;
  - Amendments to IAS 40 Investment property;

On the basis of IAS 8, we would also inform you that certain figures for 2013 have been reclassified in order to allow comparison on a consistent basis:

Items	31/12/2013 Published	Reclassifications	31/12/2013 Restated
20. Held for trading financial assets	-	42,534	42,534
80. Hedging derivatives	43,645	(42,534)	1,111
150. Other assets	35,132	(1,253)	33,879
120. Provisions for risks and charges	(9,952)	1,253	(8,699)
20. Due to customers	(709,976)	(42,924)	(752,900)
60. Derivati di copertura	(104,860)	42,924	(61,936)
20. Interest and similar expense	(176,869)	9,321	(167,549)
80. Net trading income	-	(9,696)	(9,697)
90. Net hedging gains (losses)	(487)	375	(111)
160. Net provisions for risks and charges	(6,127)	1,855	(4,272)
190. Other operating expenses/income	9,243	(1,855)	7,388

In particular, the fair value measurements of derivatives traded in connection with securitisations have been reclassified (Euro 42,534 thousand and Euro -42,924 thousand), as well as the related income statement impact (Euro -9,696 thousand). These derivatives, which were traded for the purpose of hedging interest rate risk, have been classified as traded derivatives as required by IAS 39.
Decreases in other assets have also been reclassified (Euro 1,253 thousand) as well as the related income statement impact (Euro 1,855 thousand).
Complete copies of the last financial statements with the reports on operations of the companies that at 31 December 2014 were subsidiaries or associates, and that their respective Boards of Directors will submit for approval of their shareholders' meetings by 30 April 2015, will be deposited at head office.
The related reports of the Board of Statutory Auditors and Independent Auditors will also be deposited. The prior year financial statements of these companies will be deposited as well.
Information on the activities and results achieved by the subsidiaries in 2014 are included in the report accompanying the consolidated financial statements.
The financial statements are audited by Deloitte & Touche S.p.A., pursuant to the Resolution of the Shareholders' Meeting of 27 April 2010, which appointed this firm to perform the audit for the nine years from 2010 to 2018.

A.2 - Main captions in the financial statements

This section explains the accounting policies followed to prepare the 2014 financial statements. The Company's accounting policies are explained with reference to the classification, recognition, measurement and derecognition of assets and liabilities. A description of the economic effects is given for each of these stages, where relevant.

1. Financial assets held for trading

Recognition
Financial assets held for trading are initially recognised on the subscription date. They are recognised at fair value without considering transaction costs or income directly attributable to the instrument concerned.

Classification
Derivatives traded in connection with securitisations are classified within this category. Derivatives are recognised as an asset if the fair value is positive and as a liability if the fair value is negative. These contracts are not subject to net settlement by either counterparty.
Reclassifications to other categories of financial assets are not allowed unless rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

Measurement and recognition of components affecting the income statement
Subsequent to initial recognition, assets available for sale are measured at fair value. The effects of the application of this criterion are recognised in the income statement. For the determination of fair value, estimates and valuation models are used based on prices quoted on an active market.

Derecognition
Financial assets are only derecognised if the sale involves the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised, even if ownership of the assets has been transferred.

2. Loans

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

Classification
Loans include loans to customers and to banks, whether granted directly or acquired from third parties, with fixed or determinable payments, that are not quoted in an active market and which were not originally classified as "Financial assets available for sale". Loans also include lease receivables, salary assignment and delegation of payment, as well as loans sold in connection with securitisations that do not satisfy the conditions laid down by IFRS 10.

Measurement and recognition of components affecting the income statement
After initial recognition, loans are measured at their amortised cost, corresponding to the initial cost less/plus principal repayments, net adjustments/recoveries and amortisation - calculated using the effective interest method - of the difference between the amount paid out and the amount repayable on maturity, which is generally attributable to the costs/income directly allocated to the individual loans. The effective interest rate is the rate that equates the present value of future cash flows of loans, for principal and interest, to the amount granted, including costs/income attributable to the loan. This accounting method, using a financial logic, allows distribution of the economic effect of costs/income over the estimated residual life of the loan.
Loans are assessed at the end of each accounting period to identify any objective evidence, arising from events subsequent to initial recognition, that their value may be impaired. This includes positions classified as doubtful, watchlist, restructured or past due loans in compliance with current Bank of Italy regulations. These non-performing loans are collectively assessed and the adjustment made for the loans equates to the difference between their carrying amount at the time of measurement (amortised cost) and the present value of expected cash flows, discounted using the original effective interest rate. The adjustments are recorded in the income statement The original value of loans is reinstated in subsequent periods, to the extent that the reasons for the adjustments made cease to apply, on condition that this assessment is objectively linked with events that took place subsequent such adjustments. The writeback is recorded in the income statement Loans for which there is no objective evidence of impairment, i.e. those usually classified as performing loans, are periodically assessed and adjusted if they are deemed to be impaired. This assessment takes place by homogeneous loan categories in terms of their credit risk and the relative loss percentages are estimated taking into account past experience, based on observable elements at the measurement date, which make it possible to estimate the value of the loss for each category of loans. Adjustments that are calculated on a collective basis are charged to the income statement.

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

3. Hedging derivatives

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

Measurement
Hedging derivatives are measured at their fair value. Changes in the fair value of a cash flow hedge (CFH) are recognised directly in equity to the extent of the portion that is determined to be an effective hedge and are recognised in the income statement only when, with reference to the hedged item, the hedging instrument fails to provide an effective hedge. In the case of FVH derivatives, any change in the fair value of the hedging instrument is recognised in the income statement, as are changes in the fair value of the hedged item, with a net effect to reflect the partial ineffectiveness of the hedge.
Hedging transactions are formally documented and subject to regular testing by:
- prospective tests that justify the application of hedge accounting, by demonstrating the expected effectiveness of the hedge;
- retrospective tests that show the effectiveness of the hedge during the period under review.

The tests described here are designed to determine the extent to which the actual results differ from the perfect hedge. If the tests do not confirm the hedge's effectiveness, hedge accounting is interrupted for the ineffective portion and it is reclassified to financial instruments held for trading.

Recognition of components affecting the income statement
In the case of CFH derivatives, as long as the effectiveness of the hedge remains, changes in the fair value of the hedging derivative are recorded in a specific cash flow hedging reserve with these reserves merely being released on

expiry of the derivative or the ineffective portion being transferred to the income statement on failing the effectiveness test). In the case of FVH derivatives, changes in the fair value of the hedging derivative and of the hedged item are recognised in the income statement.
Differentials on hedging derivatives, whether FVH or CFH, are recognised in the income statement on a pro-rata basis.

4. Equity investments

Recognition and measurement
This category includes investments in subsidiaries carried at cost, in accordance with IAS 27. If there is evidence that an investment may be impaired, its recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the related difference is charged to the income statement. If the reasons for impairment cease to exist due to an event occurring after recognition of the impairment, write-backs are made against the income statement.

Derecognition
Equity investments are derecognised on expiry of the contractual rights over the related cash flows or when the investment is sold with the transfer of essentially all the related risks and benefits of ownership.

5. Property and equipment

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

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

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

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

6. Intangible assets

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

Recognition and measurement

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

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

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

Recognition
In this category are recognised non-current assets whose carrying value will be recovered principally through a sale rather than through its continuing use. This case includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract. The related recognition occurs once the full availability of the asset is ascertained, for an amount equal to the lower of the carrying value and its fair value net of costs to sell,

that meets the requirements of high probability that it will be sold, as well as reduced time lag between initial recognition and subsequent disposal, usually within a year.

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

Measurement
Assets that meet the criteria to be classified in this category are valued at the lower of their carrying value and fair value, net of costs to sell. The related adjustment is recorded under impairment losses on property and equipment, as required by the instructions for preparation of the financial statements of banks issued by the Bank of Italy (Circular 262/2005 3rd update).

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

8. Current and deferred tax

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

9. Provisions for risks and charges

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

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

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

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

10. Debts and debt securities issued

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

Classification
Amounts due to banks, amounts due to customers, debt securities issued and financial liabilities held for trading represent the various forms of interbank and customer funding.

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

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

Other information

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

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

Provisions for commitments and guarantees given
The provisions entirely relate to the Interbank Deposit Protection Fund.

Share-based payments
Not applicable.

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

Fair value measurements
Fair value may be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As required by IFRS 13, fair value measurement has been adopted for each specific asset or liability. Accordingly, the characteristics of the asset or liability being measured have been taken into account. The characteristics include the following:
- the condition and location of the asset;
- any restrictions on the sale and use of the asset.

Fair value measurement assumes that the sale or transfer of the asset or liability takes place:
- in the principal market for the asset or liability;
- or in the absence of a principal market, the most advantageous market for the asset or liability.

For the criteria used for the determination of the fair value of financial assets and liabilities, please see Part A Accounting policies – A.4 Information on fair value.

Method of determining amortised cost
The amortised cost of a financial asset or liability is the amount at which it was measured on initial recognition, net of repayments of principal, plus or minus accumulated amortisation (calculated using the effective interest method) of the differences between the initial value and its value on maturity, less any impairment loss.
The effective interest rate is the rate that equates the present value of a financial asset or a liability to the contractual flow of future cash payments, either received up to the expected maturity or to the next date that the price is recalculated. To calculate the present value, the effective interest rate is applied to the future cash flows received or paid through the entire life of the financial asset or liability, or for a shorter period under certain conditions (for example, if there is a change in market rates).
After initial recognition, the amortised cost permits the allocation of revenues and costs to decrease or increase the instrument over its entire expected life through the amortisation process.
With particular reference to fixed-rate loans that arise as part of the consumer finance business, the contributions received from affiliates under special conventions as part of promotional campaigns (contracted at subsidised rates of interest) and the preliminary fees in excess of the costs incurred are classified as transaction income; reimbursements of stamp duty and legal fees, on the other hand, are excluded, as they are mere recoveries of expenses, as are penalties on cancellation of credit terms (requiring immediate repayment) and premiums on insurance policies brokered as accessories not inherent to loan agreements. Reimbursements of collection expenses are also excluded from the

calculation of the effective interest rate because of the low mark-up compared with the actual charges incurred for the collection of loan repayments.
On the cost side, commissions paid to distribution channels are attributable to the financial instrument. With regard to credit cards, the immateriality of the amounts of associated transaction costs, and the absence of a sinking fund plan known beforehand because of their floating-rate structure, means that the income and expenses associated with such an instrument tend to be excluded from the scope of amortised cost. For leases, the components of amortised cost are identified as the premiums and commissions paid to the sales network.
As mentioned in the section on valuation criteria for loans, debts and debt securities issued, the valuation of amortised cost is not applied to financial assets and liabilities whose short duration makes the economic effect of discounting insignificant nor to loans without a defined maturity.

Method of determining the impairment of financial assets

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

Intercompany transactions

Banking and commercial transactions with the shareholder, with the subsidiary Santander Consumer Finance Media S.r.l. in liquidation, Santander Consumer Unifin S.p.A. and PSA Italia S.p.A. and with other companies of the Santander Group are regulated on an arm's-length basis.

Securitisations

The provisions of IAS 39 on derecognition allow the derecognition of financial assets and liabilities only when the risks and benefits associated with the asset being sold are transferred to the buyer. Securitised loans are re-recorded in the balance sheet and measured in the same way as loans to customers, with the recognition of a corresponding payable to the SPE (classified among amounts due to customers, liability caption 20) in the case of market transactions, or of a corresponding receivable (classified in asset caption 70).
In terms of the income statement, the related income items are recorded in the financial statements as follows:

- interest expense on the payable, corresponding to the total costs recorded by the securitised portfolios, net of income other than the interest income on the portfolio;
- interest earned on the portfolio being re-recorded;
- adjustments to the securitised portfolio, under the corresponding balance sheet item.

A.3 – INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

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

There are no reclassified financial assets.

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

There are no reclassified financial assets.

A.3.3 Transfer of financial assets held for trading

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

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

There are no reclassified financial assets.

A.4 - INFORMATION ON FAIR VALUE

Qualitative information

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

The valuation techniques used have been adapted to the specific characteristics of the assets and liabilities being measured. In choosing the inputs used in valuation techniques, the highest priority is given to observable market data and the lowest priority to internal estimates.
The valuation techniques used by the Group are:

- Market approach. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets.
- Income approach. This method converts future amounts (cash flows or income and expenses) to a single current (discounted) amount. When this approach is used, fair value measurement reflects current market expectations about future amounts. This technique involves the use of a net present value calculation.

As regards the impact of the Credit Value Adjustment and the Debit Value Adjustment on the determination of fair value, as far as the consumer credit portfolio is concerned, the counterparty risk is included in the impairment of the portfolio, while, for the measurement of derivatives, the risk is neutralised by means of the weekly settlement of positions.

A.4.2 Valuation processes and sensitivity

The process used for the determination of the fair value of individual financial statement components is illustrated below.
With respect to balance sheet assets:

- Cash, bank accounts, demand loans and current amounts due from banks: for these items, it is assumed that their fair value corresponds to their carrying amount.
- Derivatives: fair value is determined by means of daily measurement based on expected cash flows.
- Loans to customers:
  - Demand loans. It is assumed that their fair value corresponds to their carrying amount.
  - Other assets. The fair value of the portfolio is calculated by discounting expected cash flows, net of impairment adjustments, using the average interest rate on loans granted in the month on which the valuation is based for each type of product.

With respect to balance sheet liabilities:

- Due to banks: on demand. It is assumed that their fair value corresponds to their carrying amount.
- Medium-to-long term amounts due to banks and debt securities issued. The fair value is calculated by discounting expected cash flows based on an interest rate curve observed directly in the market plus the intercompany spread applicable at the measurement date. For floating rate transactions, expected cash flows do not take account of the variable component that is not capable of being determined at the measurement date.

- Due to customers:
  - Deposit accounts. Fair value is determined by discounting expected cash flows using the interest rate actually applied to the customer at the measurement date for the same maturities.
  - Current accounts and deposits. For these items, it is assumed that their fair value corresponds to their carrying amount.
- Hedging derivatives. Please see the assumptions given for hedging derivatives under balance sheet assets.

A.4.3 Fair value hierarchy

To increase consistency and comparability in fair value measurements, IFRS 13 establishes a hierarchy based on inputs used for the various valuation techniques.
The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. More in detail, the inputs used to measure fair value are categorised as follows:

- Level 1. Fair value is directly observable in active markets that the entity can access at the date of fair value measurement of identical or similar assets or liabilities.
- Level 2. Fair value is determined internally based on directly observable market inputs.
- Level 3. Fair value is determined internally based on unobservable inputs. The company makes use of assumptions determined internally.

A.4.4 Other information

There is no further information that needs to be disclosed to comply with IFRS 13 paragraphs 51, 93 i) and 96.

Quantitative information

A.4.5 Fair value hierarchy

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

Table A.7.5

Financial assets/liabilities designated at fair value	31/12/2014			31/12/2013		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading		19,669			42,534	
2. Financial assets designated at fair value through profit and loss						
3. Financial assets available for sale						
4. Hedging derivatives		1,009			1,111	
5. Property and equipment						
6. Intangible assets						
Total		**20,678**			**43,645**	
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value through profit and loss						
3. Hedging derivatives		51,646			61,936	
Total		**51,646**			**61,936**	

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

As at the reporting date, there were no transfers of assets and liabilities between level 1 and level 2 to be disclosed.
The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 4 - Other Aspects.

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

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

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

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

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

Table A.7.8

Assets/liabilities not valued at fair value or valued at fair value on non-recurring basis	31/12/2014				31/12/2013			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets held to maturity								
2. Due from banks	53,766			53,766	32,249			32,249
3. Loans to customers	5,596,589			5,520,459	6,172,986			6,472,492
4. Investment property								
5. Non-current assets held for sale and discontinued operations	16		16		22		22	
Total	**5,650,371**		**16**	**5,574,225**	**6,205,257**		**22**	**6,504,741**
1. Due to banks	4,851,930			4,842,187	4,985,688			5,011,982
2. Due to customers	308,126			307,554	752,900			714,217
3. Debt securities issued	136,926			137,142				
4. Liabilities associated with non-current assets held for sale								
Total	**5,296,982**			**5,286,883**	**5,738,588**			**5,726,199**

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

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

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

Part B - Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents - item 10

1.1 Cash and cash equivalents: breakdown

This item shows a balance of Euro 9 thousand (Euro 10 thousand at 31 December 2013) and includes the liquidity held at the head office and at branches throughout the country in the form of cash:

Table A.8.2

	31/12/2014	31/12/2013
a) Cash	9	10
b) Demand deposits with central banks		
Total	**9**	**10**

Section 2 - Financial assets held for trading - item 20

2.1 Financial assets held for trading: breakdown

These amount to Euro 19,669 thousand (Euro 42,534 thousand at 31 December 2013) and include the fair value of derivatives entered into in connection with securitisations with Banco Santander Group.

Table A.8.3

Items / Amounts	31/12/2014			31/12/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities						
1.1 Structured						
1.2 Other debt securities						
2. Capital securities						
3. O.I.C.R. shares						
4. Loans						
4.1 Repurchase agreements						
4.2 Other						
Total A						
B. Derivates						
1. Financial derivates						
1.1 held for trading		19,669			42,534	
1.2 related to fair value option						
1.3 other						
2. Credit derivates						
2.1 held for trading						
2.2 related to fair value option						
2.3 other						
Total B		**19,669**			**42,534**	
Total (A+B)		**19,669**			**42,534**	

The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 4 - Other Aspects of the Accounting Policies in the Notes.

2.2 Financial assets held for trading: breakdown by borrower/issuer

Table A.8.4

Items / Amounts	31/12/2014	31/12/2013
A. Cash assets		
1. Debt securities		
a) Government and central banks		
b) Other public entities		
c) Banks		
d) other issuers		
2. Capital securities		
a) Banks		
b) Other issuers		
- insurance companies		
- financial companies		
- not financial companies		
- other		
3. O.I.C.R. shares		
4. Loans		
a) Government and central banks		
b) Other public entities		
c) Banks		
d) other		
Total A		
B. Derivates		
a) Banks	19,669	42,534
b) Costumers		
Total B	**19,669**	**42,534**
Total (A+B)	**19,669**	**42,534**

2.3 Financial assets held for trading: change in the year

The Bank does not have any cash assets held for trading.

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

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

Section 4 - Financial assets available for sale - item 40

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

Section 5 - Financial assets held to maturity - item 50

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

Section 6 – Due from banks – item 60

6.1 Due from banks: breakdown

Amounts due from banks come to Euro 53,766 thousand (Euro 32,249 thousand at 31 December 2013) and are made up as follows:

Table A.8.10

Type of transaction/Amounts	31/12/2014				31/12/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Due from central banks	**4,442**			**4,442**	**11,454**			**11,454**
1. Time deposits		X	X	X		X	X	X
2. Compulsory reserve	4,442	X	X	X	11,454	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Due from banks	**49,324**			**49,324**	**20,795**			**20,795**
1. Loans	49,324			49,324	20,795			20,795
1.1 Current accounts and deposits	13,319	X	X	X	3,095	X	X	X
1.2 Time deposits		X	X	X		X	X	X
1.3 Other loans:		X	X	X		X	X	X
- Repurchase agreements		X	X	X		X	X	X
- Finance leases		X	X	X		X	X	X
- Other	36,005	X	X	X	17,700	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total (book value)	**53,766**			**53,766**	**32,249**			**32,249**

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

Amounts due from central banks of Euro 4,442 thousand (Euro 11,454 thousand at 31 December 2013) consist of receivables due from the Bank of Italy relating to the compulsory reserve of the Parent Company. Amounts due from banks for current accounts and demand deposits amount to Euro 13,319 thousand (Euro 3,095 thousand at 31 December 2013) and refer to the temporary debit balances on current accounts.

Other loans essentially relate to the amounts paid as a guarantee deposit to the other party, Banco Santander, corresponding to the negative fair value of the derivative contracts entered into with it.
For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

6.2 Due from banks with specific-hedges

Not applicable.

6.3 Finance leases

Not applicable.

Section 7 – Loans to customers – item 70

7.1 Loans to customers: breakdown

Loans to customers amount to Euro 5,596,589 thousand (Euro 6,172,986 thousand at 31 December 2013) and are made up as follows:

Table A.8.11

Type of transaction/Amounts	31/12/2014						31/12/2013					
	Book value			Fair value			Book value			Fair value		
	Performing loans	Non-performing loans		L1	L2	L3	Performing loans	Non-performing loans		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans	**5,490,203**		**106,386**			**5,520,459**	**6,052,927**		**120,059**			**6,472,492**
1. Current accounts	10,717		159	X	X	X	8,542		597	X	X	X
2. Repurchase agreements				X	X	X				X	X	X
3. Mortgage loans				X	X	X				X	X	X
4. Credit cards, personal loans and salary assignment	2,869,735		85,464	X	X	X	3,189,437		87,087	X	X	X
5. Finance leases	37,778		264	X	X	X	72,669		1,392	X	X	X
6. Factoring	115,532		259	X	X	X	122,930			X	X	X
7. Other loans	2,456,441		20,240	X	X	X	2,659,349		30,983	X	X	X
Debt securities												
8. Structured				X	X	X				X	X	X
9. Other debt securities				X	X	X				X	X	X
Total	**5,490,203**		**106,386**			**5,520,459**	**6,052,927**		**120,059**			**6,472,492**

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

In particular, loans to customers include:

- Euro 10,876 thousand (of which, Euro 159 thousand non-performing loans) for current accounts balances to customers and postal current accounts;
- Euro 2,955,199 thousand (of which, Euro 85,464 thousand non-performing loans) for loans to customers arising from financing personal loan transactions, credit cards and loans guaranteed by salary assignment;
- Euro 38,042 thousand (of which, Euro 264 thousand non-performing loans) for loans to customers for finance leases, recorded at amortised cost;
- Euro 115,791 (of which Euro 259 thousand relates to non-performing loans) of loans relating to factoring transactions with automotive companies;
- Euro 2,476,681 thousand (of which, Euro 20,240 thousand non-performing loans) for loans to customers for car loans and other special-purpose loans, as well as receivables from the subscription of Upper and Lower Tier II subordinated loans of the subsidiary Santander Consumer Unifin (Euro 13,067 thousand) and the loan granted to the subsidiary Santander Consumer Finance Media s.r.l. in liquidation (Euro 12,400 thousand), including the related accrued interest. This caption also includes the amount due from the SPE for the proceeds arising from the portfolio involved in the self-securitisation (Euro 639,809 thousand).

The total of assets assigned and not derecognised, which, net of impairment adjustments, amounts to Euro 3,481,242 thousand, of which Euro 59,988 thousand is non-performing, was allocated to the various forms of financing, as required by the instructions for preparation of the financial statements.
For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

7.2 Loans to customers: breakdown by borrower/issuer

Table A.8.12

Type of transaction/Amounts	31/12/2014			31/12/2013		
	Performing loans	Non-performing loans		Performing loans	Non-performing loans	
		Purchased	Other		Purchased	Other
1. Debt securities						
a) Governments						
b) Other public entities						
c) Other issuers						
- non-financial institutions						
- financial institutions				21,400		
- insurance companies						
- other						
2. Loans to:						
a) Governments						
b) Other public entities	82			241		
c) Other parties						
- non-financial institutions	388,432		5,555	464,336		12,780
- financial institutions	665,772		19	703,055		6
- insurance companies				17		
- other	4,435,917		100,812	4,863,878		107,273
Total	**5,490,203**		**106,386**	**6,052,927**		**120,059**

7.3 Loans to customers with specific hedges

There are no loans to customers with specific hedges.

7.4 Finance leases

Table A.8.12C

INFORMATION BY LESSOR	Amounts at 31/12/2014	
	Minimum lease payments	Present value of minimum lease payments
Finance lease instalments due		
Up to 12 months	13,807	12,902
1 to 5 years	21,928	20,491
Beyond 5 years	5,764	5,386
Total	**41,499**	**38,780**
of which:		
Unguaranteed residual values accruing to the lessor		
Less: unearned finance income	2,719	X
Present value of minimum lease payments	**38,780**	**38,780**

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

Section 8 – Hedging derivatives – item 80

8.1 Hedging derivatives: breakdown by type of hedge and level

Hedging derivatives amount to Euro 1,009 thousand (Euro 1,111 thousand at 31 December 2013) and are made up as follows:

Table A.8.13

	FV 31/12/2014			NV	FV 31/12/2013			NV
	L1	L2	L3	31/12/2014	L1	L2	L3	31/12/2013
A) Financial derivatives								
1) Fair value		1,009		499,000		1,111		829,000
2) Cash flows								
3) Net investment in foreing entities								
B) Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**1,009**		**499,000**		**1,111**		**829,000**

Key:

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

This line item includes micro fair value hedging instruments entered into with the Spanish parent bank Santander, with the objective of hedging changes in the fair value of fixed rate loans payable. The prior year figures have been reclassified to be presented on a consistent basis and relate to macro fair value hedging transactions entered into in connection with securitisations. As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table gives details of derivatives with negative fair values at 31 December 2014 (in euro):

NOTIONAL (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
100,000,000	18/08/2014	28/09/2015	Banco Santander	202,107
100,000,000	18/08/2014	28/09/2015	Banco Santander	202,107
54,000,000	18/08/2014	28/09/2015	Banco Santander	109,138
100,000,000	18/08/2014	28/09/2015	Banco Santander	202,107
105,000,000	18/08/2014	28/09/2015	Banco Santander	212,212
40,000,000	18/08/2014	28/09/2015	Banco Santander	80,843
499,000,000				**1,008,513**

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

Table A.8.14

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other transactions						X		X	
Total assets									
1. Financial liabilities				X		X	1009	X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities							1009		
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 8.1.

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

9.1 Remeasurement of hedged assets: breakdown by hedged portfolio

Table A.8.15

Remeasurement of hedged assets/Amounts	31/12/2014	31/12/2013
1. Positive adjustment		
1.1 specific portfolios		
a) loans	43,654	47,434
b) financial assets available for sale		
1.2 general adjustment		
2. Negative adjustment		
2.1 specific portfolios		
a) loans		
b) financial assets available for sale		
2.2 general adjustment		
Total	**43,654**	**47,434**

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

9.2 Assets subject to general hedging of interest rate risk

Table A.8.15B

Hedged assets	31/12/2014	31/12/2013
1. Loans	2,256,845	3,439,070
Total	**2,256,845**	**3,439,070**

Section 10 - Equity investments - item 100

10.1 Equity investments in subsidiaries, company under joint control and companies subject to significant influence: disclosures

The Bank's equity investments at 31 December 2014 are made up as follows:

Table A.8.16

Name	Head office	% holding	% of votes	Book Value	Fair Value
A. Investments in wholly-owned subsidiaries					
1. Santander Consumer Finance Media S.r.l.	Turin	65%		4,550.00	4,550.00
2. Santander Consumer Unifin S.p.A.	Castel Maggiore (Bologna)	100%		61,633.00	61,633.00
3. PSA Italia S.p.A.	Milano			5,000.00	5,000.00
B. Investments in companies under joint control					
C. Associates (subject to significant influence)					

As regards PSA Italia S.p.A., the company was set up on 30 October 2014 by Santander Consumer Bank S.p.A. and Banque PSA Finance SA by means of the subscription by each company of an equity interest of 50%. For further information, please refer to the notes to the consolidated financial statements, Part A – Section 3 – paragraph 2 (Main considerations and assumptions for the determination of the scope of consolidation).

10.2 Significant investments: book value, fair value and dividends received

The information required for this caption has been disclosed under the same caption of the consolidated financial statements, pursuant to applicable legislation.

10.3 Significant investments: accounting information

The information required for this caption has been disclosed under the same caption of the consolidated financial statements, pursuant to applicable legislation.

10.4 Insignificant investments: accounting information

Not applicable.

10.5 Equity investments: changes in the period

Equity investments in subsidiaries are recognised in the financial statements at 31 December 2014 for Euro 71,183 thousand (Euro 66,183 thousand at 31 December 2013), as shown in the following table:

Table A.8.18

	31/12/2014	31/12/2013
A. Opening balance	**66,183**	**4,550**
B. Increases	**5,000**	**61,633**
B.1 Purchases	5,000	61,633
B.2 Write-backs		
B.3 Revaluations		
B.4 Other changes		
C. Decreases		
C.1 Sales		
C.2 Write-downs		
C.3 Other changes		
D. Closing balance	**71,183**	**66,183**
E. Total revaluations		
F. Total adjustments		

The purchases on line B.1 relate to an investment in PSA Italia S.p.A., which was set up on 30 October 2014 by Santander Consumer Bank and Banque PSA Finance, by means of the subscription by each company of an equity interest of 50%.

10.6 Commitments relating to investments in subsidiaries under joint control

Not applicable.

10.7 Commitments relating to equity investments in companies subject to significant influence

Not applicable.

10.8 Significant restrictions

Not applicable.

10.9 Other information

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

Section 11 - Property and equipment – item 1110

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

Property and equipment amount to Euro 3,579 thousand (Euro 3,980 thousand at 31 December 2013) and are made up as follows, net of accumulated depreciation:

Table A.8.20

Assets/Amounts	31/12/2014	31/12/2013
1. Own assets		
a) land		
b) property		
c) furniture	157	180
d) electronic systems	1,160	1,084
e) other	2,262	2,716
2. Assets purchased under finance leases		
a) land		
b) property		
c) furniture		
d) electronic systems		
e) other		
Total	**3,579**	**3,980**

"Other" consists of, in particular, vehicles owned by the Bank and used by employees to perform their work of Euro 1,869 thousand, deferred charges to be amortised, arising from expenditure on leasehold improvements (reclassified to property and equipment in accordance with IAS 38) of Euro 184 thousand and telephone systems, appliances and equipment of Euro 209 thousand.

Fixed assets have been given the following useful lives for the purpose of calculating the annual depreciation charge:

Category of assets	Useful life (years)
OFFICE FURNITURE AND FURNISHINGS	9
ORDINARY OFFICE MACHINES	9
DATA PROCESSING MACHINES	5
TELEPHONE SYSTEMS	4
VEHICLES	4
MISCELLANEOUS EQUIPMENT	4
DEFERRED CHARGES TO BE AMORTISED	6

11.2 Investment property: breakdown of assets measured at cost

Not applicable.

11.3 Property and equipment for business purposes: breakdown revalued assets

Not applicable.

11.4 Investment property: breakdown of assets measured at fair value

Not applicable.

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

Table A.8.22

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross amount			**4,202**	**9,532**	**15,282**	**29,016**
A.1 Total net adjustments			(4,022)	(8,448)	(12,566)	**(25,036)**
A.2 Opening net amount			**180**	**1,084**	**2,716**	**3,980**
B. Increases			**19**	**499**	**937**	**1,455**
B.1 Purchases			19	499	937	**1,455**
B.2 Capitalised improvement costs						
B.3 Recoveries						
B.4 Positive changes in fair value posted to:						
a) shareholders' equity						
b) income statement						
B.5 Positive exchange rate adjustments						
B.6 Transfers from investment property						
B.7 Other changes						
C. Decreases			**42**	**423**	**1,391**	**1,856**
C.1 Sales			1	3	156	**160**
C.2 Depreciation			41	420	1,235	**1,696**
C.3 Impairment losses recognised to:						
a) shareholders' equity						
b) income statement						
C.4 Negative changes in fair value recognised to:						
a) shareholders' equity						
b) income statement						
C.5 Negative exchange rate adjustments						
C.6 Transfers to:						
a) investment property						
b) non-current assets held for sale						
C.7 Other changes						
D. Closing net amount			**157**	**1,160**	**2,262**	**3,579**
D.1 Total net adjustments			(3,110)	(8,560)	(9,956)	**(21,626)**
D.2 Closing gross amount			**3,267**	**9,720**	**12,218**	**25,205**
E. Measurement at cost						

Sub-item E (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for tangible assets that are carried in the balance sheet at fair value.
The main increases during the year concerned upgrading of hardware (Euro 499 thousand) and the purchase of cars used by employees in performing their work (Euro 846 thousand), which are also the main components of the depreciation charge (Euro 1,012 thousand).

11.6 Investment property: changes in the period

Not applicable.

11.7 Commitments to purchase property and equipment (IAS 16/74 c)

Not applicable.

Section 12 - Intangible assets – item 120

12.1 Intangible assets: breakdown by type

Intangible assets amount to Euro 7,490 thousand (Euro 9,586 thousand at 31 December 2013) and are made up as follows:

Table A.8.24

Assets/Amounts	31/12/2014		31/12/2013	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X		X	
A.2 Other intangible assets				
A.2.1 Measured at cost:				
a) Internally-generated intangible assets				
b) Other assets	7,490		9,586	
A.2.2 Carried at fair value				
a) Internally-generated intangible assets				
b) Other assets				
Total	**7,490**		**9,586**	

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

12.2 Intangible assets: change in the period

Table A.8.25

	Goodwill	Other internally-generated intangible assets		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Opening balance				**59,935**		**59,935**
A.1 Total net adjustments				(50,349)		(50,349)
A.2 Opening net amount				**9,586**		**9,586**
B. Increases				**4,539**		**4,539**
B.1 Purchases				4,539		**4,539**
B.2 Increases in internally-generated intangible assets	X					
B.3 Recoveries	X					
B.4 Positive changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
B.5 Exchange gains						
B.6 Other changes						
C. Decreases				**6,635**		**6,635**
C.1 Sales						
C.2 Adjustments						
- Amortisation	X			4,470		**4,470**
- Writedowns						
+ posted to shareholders' equity	X					
+ posted to income statement				2,051		**2,051**
C.3 Negative changes in fair value						
- posted to shareholders' equity	X					
- posted to income statement	X					
C.4 Transfers to non-current assets held for sale						
C.5 Exchange losses						
C.6 Other changes				114		114
D. Closing net amount				**7,490**		**7,490**
D.1 Total net adjustments				(56,716)		**(56,716)**
E. Closing gross amount				**64,206**		**64,206**
F. Measurement at cost						

Intangible assets are stated at cost. Sub-item F (Measurement at cost) shows a zero balance because, in accordance with Bank of Italy instructions, it is only for tangible assets that are carried in the balance sheet at fair value.
Additions in the year relate to costs incurred by the Bank for the implementation of EDP application packages and the development of new computer programmes, whereas the writedowns shown in item C.2 relate to assets that are no longer of any use.
The other decreases include software disposed of in the year.

12.3. Other information

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

Section 13 - Tax assets and liabilities - asset item 130 and liability item 80

13.1 Deferred tax assets: breakdown

Table A.8.26

	31/12/2014	31/12/2013
Deferred tax assets balancing the income statement	200,489	175,408
Deferred tax assets balancing net equity	1,826	2,764
Total	**202,315**	**178,172**

Deferred tax assets are accounted for with reference to deductible temporary differences, based on the probability that the Company will be able to generate sufficient taxable income in the future for the deferred tax asset to meet the criteria for accounting recognition, as required by IAS 12.
Of the balance of Euro 202,315 thousand (Euro 178,172 thousand at 31 December 2013), an amount of Euro 200,489 thousand is mainly attributable to temporary differences arising from the deferred deductibility for IRES and IRAP purposes of loan adjustments, while the remainder of Euro 1,826 thousand relates to deferred tax assets through shareholders' equity attributable to the tax effect of actuarial gains and losses pertaining to termination indemnities and the tax effect of hedging derivatives with a negative fair value (Cash Flow Hedging Model).

13.2 Deferred tax liabilities: breakdown

The Bank has not recognised any deferred tax liabilities at 31 December 2014, as the entire derivatives portfolio valued according to the Cash Flow Hedging Model presents a negative fair value and the actuarial valuation of employee termination indemnities results in the recognition of deferred tax assets, for which see section 13.5 Change in deferred tax assets (recognised in equity).

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

Table A.8.26C

	31/12/2014	31/12/2013
1. Opening balance	**175,408**	**146,768**
2. Increases	**43,089**	**43,417**
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) recoveries		
d) other	43,089	42,247
2.2 New taxes or increases in tax rates		
2.3 Other increases		1,170
3. Decreases	**18,008**	**14,777**
3.1 Deferred tax assets cancelled during the year		
a) reversals	5,253	3,428
b) write-offs		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
a) conversion into tax credits as per Law 214/2011	12,755	11,349
b) other		
4. Closing balance	**200,489**	**175,408**

The increase in deferred tax assets included in "Deferred tax assets recognised during the year - other" reflects temporary differences caused by the deductibility for IRES and IRAP purposes of impairment losses on loans deductible on a straight-line basis in 2014 and in the subsequent four years (Euro 39,928 thousand) as per Law 147 of 27 December 2013, deferred tax assets (Euro 666 thousand) recognised as a result of an assessment with acceptance agreed with the Tax Authorities, as well as the recognition of deferred tax assets related to provisions for risks and charges made in the year.

The "reversals" relate to the reversal of the brought-forward eighteenths relating to temporary differences generated in prior years (Euro 1,173 thousand) and from the utilisation of provisions for risks and charges.

"Other decreases" shows the effect of the conversion of deferred tax assets into tax credits, as required by law 214/2011, for Euro 12,755 thousand.

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

Table A.8.27

	31/12/2014	31/12/2013
1. Opening balance	**169,701**	**142,730**
2. Increases	**40,449**	**38,320**
3. Decreases	**14,450**	**11,349**
3.1 Reversals		
3.2 Conversion into tax credits		
a) due to losses arising from P&L	12,755	11,349
b) arising from tax losses		
3.3 Other decreases	1,695	
4. Closing balance	**195,700**	**169,701**

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

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

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

Table A.8.28B

	31/12/2014	31/12/2013
1. Opening balance	**2,764**	**5,415**
2. Increases	**86**	
2.1 Deferred tax assets recognised during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other	86	
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	1,024	2,651
3.1 Deferred tax assets cancelled during the year		
a) reversals	1,024	2,582
b) write-offs		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		69
4. Closing balance	**1,825.60**	**2,764.00**

The increase in deferred tax assets through shareholders' equity recognised by the Bank relates to the actuarial valuation of the provision for employee termination indemnities of Euro 86 thousand. The decrease relates to the tax effect of the valuation at fair value of cash flow hedging derivatives (Cash Flow Hedging Model) of Euro 1,024 thousand.

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

The Bank has not recognised deferred taxes in shareholders' equity.

13.7 Other information

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

Section 14 - Non-current assets held for sale and discontinued operations and associated liabilities - asset item 140 and liability item 90

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

Table A.8.30

	31/12/2014	31/12/2013
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property and equipment	16	22
A.4 Intangible assets		
A.5 Other non-current assets		
Total A	**16**	**22**
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2	**16**	**22**
of which: designated at fair value level 3		
B. Groups of assets (discontinued operations)		
B.1 Financial assets held for trading		
B.2 Financial assets designated at fair value through profit and loss		
B.3 Financial assets available for sale		
B.4 Financial assets held to maturity		
B.5 Due from banks		
B.6 Loans to customers		
B.7 Equity investments		
B.8 Property and equipment		
B.9 Intangible assets		
B.10 Other assets		
Total B		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		
D. Liabilities associated with groups of assets held for sale		
D.1 Due to banks		
D.2 Due to customers		
D.3 Debt securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities designated at fair value through profit and loss		
D.6 Provisions		
D.7 Other liabilities		
Total D		
of which: measured at cost		
of which: designated at fair value level 1		
of which: designated at fair value level 2		
of which: designated at fair value level 3		

The balance of Euro 16 thousand includes leased assets that have been repossessed as a result of the premature interruption or termination of the period of the contract, without exercising the purchase option.

14.2 Other information

Not applicable.

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

The Bank has no equity investments in companies subject to significant influence.

Section 15 - Other assets – item 150

15.1 Other assets: breakdown

The balance of "Other assets", amounting to Euro 39,477 thousand (Euro 33,879 thousand at 31 December 2013), is made up as follows:

Table A.8.32

	31/12/2014	31/12/2013
Advances to suppliers	1,165	40
VAT receivables	733	1,943
Other amounts due from tax authorities	18,221	6,098
Other items	18,254	25,121
Due from Santander Consumer Unifin	1,079	540
Due from Santander Consumer Finance Media	25	137
Total	**39,477**	**33,879**

The most significant component (Euro 12,855 thousand) of "Other amounts due from tax authorities" relates to receivables due from the tax authorities for which the Bank has submitted an application for a refund in connection with a settlement agreement entered into with the Regional Tax Office concerning intercompany transfers in the three year period 2008-2010. The other amounts mainly include payments on account of stamp duty on loans to customers (Euro 1,572 thousand), flat-rate substitute tax on medium/long-term loans (Euro 1,128 thousand) and receivables for a claim for a tax rebate for excess IRES paid in previous years on personnel costs not deducted for IRAP purposes (Euro 1,628 thousand).

Other items" mainly include receivables from affiliates for contributions on loans contracted with a "zero interest rate" (Euro 1,940 thousand), receivables from suppliers (Euro 1,146 thousand), other charges deferred to the future on an accrual basis (Euro 335 thousand), receivables for insurance commissions (Euro 9,811 thousand), and items in transit relating to instalment collection (Euro 5,601 thousand).

LIABILITIES AND SHAREHOLDERS' EQUITY

Section 1 – Due to banks – item 10

1.1 Due to banks: breakdown by type

Amounts due to banks amount to Euro 4,851,929 thousand (Euro 4,985,688 thousand at 31 December 2013) and are made up as follows:

Table A.8.33

Type of transaction/Amounts	31/12/2014	31/12/2013
1. Due to central banks	**1,500,017**	**1,521,616**
2. Due to banks	**3,351,912**	**3,464,072**
2.1 Current accounts and deposits	77,074	90,177
2.2 Time deposits	685,800	1,250,514
2.3 Loans		
2.3.1 Repurchase agreements	796,566	867,872
2.3.2 Other	1,792,349	1,255,349
2.4 Payables for commitments to repurchase own equity instruments		
2.5 Other payables	123	160
Total	**4,851,929**	**4,985,688**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	***4,842,187***	***5,011,982***
Total (fair value)	***4,842,187***	***5,011,982***

"Due to central banks" includes loans received from the Bank of Italy in connection with LTRO and TLTRO operations with the European Central Bank (Euro 1,500,017 thousand).
"Due to banks" consist of:

- current accounts with a debit balance at the end of the year (Euro 2,010 thousand) and overnight lending operations (Euro 75,064 thousand);
- short-term loans granted by Santander Group companies (Euro 685,800 thousand);
- repurchase agreement transactions entered into with Group companies (Euro 270,745 thousand) and with other banks (Euro 525,822 thousand);
- subordinated loans including accrued interest (Euro 229,281 thousand) and loans granted by Santander Group companies as part of ordinary funding operations (Euro 1,563,068 thousand);
- accrued amounts due to banks (Euro 123 thousand).

For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

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

This item, totalling Euro 229,000 thousand (Euro 252,000 thousand at 31 December 2013), includes both subordinated liabilities (Euro 81,500 thousand) and hybrid capital instruments (Euro 147,500 thousand).
These loans, which aim to strengthen the capital base of the Bank, have been granted by companies belonging to the Santander Group and are made up as follows:

Table A.8.33B

Type of transaction	31/12/2014	31/12/2013
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2018	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2018	26,000	32,500
UPPER TIER II subordinated debt to Openbank S.A. - maturing in 2016	32,500	32,500
LOWER TIER II subordinated debt to Openbank S.A. - maturing in 2016	13,000	19,500
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	10,000	20,000
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2015	50,000	50,000
UPPER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
LOWER TIER II subordinated debt to Banco Madesant S.A. - maturing in 2019	12,500	12,500
UPPER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
LOWER TIER II subordinated debt to Santander Benelux S.A. - maturing in 2019	20,000	20,000
Total	**229,000**	**252,000**

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

The Bank has no structured debts.

1.4 Due to banks with specific hedges

The Bank does not have any amounts due to banks with specific hedges.

1.5 Finance lease payables

The Bank does not have any finance lease obligations.

Section 2 – Due to customers – item 20

2.1 Due to customers: breakdown

Due to customers amount to Euro 308,126 thousand (Euro 752,900 thousand at 31 December 2013) and are made up as follows:

Table A.8.34

Type of transaction/Amounts	31/12/2014	31/12/2013
1. Current accounts and deposits	216,194	203,935
2. Time deposits	91,826	173,147
3. Loans		
3.1 Repurchase agreements		
3.2 Other		42,923
4. Payables for commitments to repurchase own equity instruments		
5. Other payables	106	332,895
Total	**308,126**	**752,900**
Fair value - level 1		
Fair value - level 2		
Fair value - level 3	***307,554***	***714,217***
Fair value	***307,554***	***714,217***

"Current accounts and deposits" include demand deposits from customers, in particular the funds deposited on "Conto Santander" deposit accounts (Euro 100,574 thousand), and on current accounts of Santander Consumer Unifin S.p.A. and Santander Consumer Finance Media S.r.l. (for a total of Euro 93,998 thousand). the "time deposits" refer to "Santander Time Deposits", including accrued interest. "Other payables" to customers (Euro 106 thousand) consist of payments in transit to customers. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

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

The Bank does not have any subordinated debts with customers.

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

The Bank does not have any structured debts with customers.

2.4 Due to customers with specific hedges

The Bank does not have any amounts due to customers with specific hedges.

2.5 Finance lease payables

The Bank does not have any finance lease obligations.

Section 3 – Securities issued - item 30

3.1 Debt securities issued: breakdown

Table A.8.35

Type of security/Amounts	31/12/2014				31/12/2013			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**136,926**			**137,142**	**100,778**			**102,140**
1. Bonds								
1.1 structured								
1.2 other	136,926			137,142	100,778			102,140
2. Other securities								
2.1 structured								
2.2 other								
Total	**136,926**			**137,142**	**100,778**			**102,140**

The "Debt securities issued" balance relates to a programme for the issuance of medium-to-long term bonds, for which the first issue of securities of Euro 100,000 thousand was completed in 2013 and the second issue of Euro 35,400 thousand was completed in January 2014. This item also includes prepaid expenses for the discount on the issue and accrued expenses for interest.
For further information about the methodology used for the determination of the fair value of this component, please see Part A Accounting policies – A.4 Information on fair value.

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

The Bank has not designated subordinated securities on debt securities issued.

3.3 Debt securities issued with specific hedges

The Bank has not designated any securities with specific hedges.

Section 4 – Financial liabilities held for trading – item 40

The Bank has not designated financial liabilities under this category.

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

The Bank has not designated financial liabilities under this category.

Section 6 – Hedging derivatives – item 60

6.1 Hedging derivatives: breakdown by type and hierarchical level

Table A.8.39

	FV 31/12/2014			NV	FV 31/12/2013			NV
	L1	L2	L3	31/12/2014		L2	L3	31/12/2013
A. Financial derivatives								
1) Fair value		46,205		2,228,387		53,287		4,134,769
2) Cash flows		5,441		640,000		8,649		790,000
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**51,646**		**2,868,387**		**61,936**		**4,924,769**

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

The amount shown in the above table refers to the negative fair value of interest rate swaps entered into by the Bank with the Spanish Parent Company Banco Santander and with the direct Parent Company Santander Consumer Finance. The derivatives portfolio consists of contracts taken out to hedge changes in the fair value of fixed-rate underlying assets, and contracts taken out to hedge the interest rate risk on the cash flows of floating-rate liabilities for the financing of fixed-rate assets. The change in their fair value, net of tax and accrued differentials for the year, is recorded with a contra-entry to the valuation reserves in equity, which at year end show a negative balance of Euro 3,105 thousand.
As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

The following table gives details of hedging derivatives with negative fair values at 31 December 2014 (in euro):

Notional (euro)	Start date	Settlement date	Counterparty	Fair value (euro)
50,000,000	18/12/2009	22/03/2016	Banco Santander	750,222
40,000,000	19/01/2010	21/01/2016	Banco Santander	515,444
30,000,000	22/01/2010	26/10/2015	Banco Santander	395,323
37,500,000	05/02/2010	09/08/2016	Banco Santander	738,715
20,000,000	12/02/2010	16/11/2015	Banco Santander	268,687
115,000,000	26/08/2010	30/08/2016	Banco Santander	1,535,545
105,000,000	27/08/2010	30/09/2016	Banco Santander	1,277,840
197,500,000	27/09/2010	29/03/2017	Banco Santander	4,672,985
20,500,000	21/10/2010	25/07/2017	Banco Santander	595,373
20,700,000	25/10/2010	27/07/2017	Banco Santander	602,767
24,000,000	15/11/2010	17/11/2017	Banco Santander	783,233
24,000,000	23/11/2010	27/11/2017	Banco Santander	764,553
65,187,000	23/12/2010	27/04/2018	Banco Santander	2,328,231
28,000,000	05/01/2011	07/07/2017	Banco Santander	626,596
62,000,000	10/02/2011	14/03/2019	Banco Santander	3,263,167
62,500,000	15/03/2011	18/09/2017	Banco Santander	1,972,593
150,000,000	13/05/2011	17/02/2015	Banco Santander	923,698
87,000,000	25/05/2011	27/02/2018	Banco Santander	4,473,313
73,500,000	17/06/2011	21/03/2018	Banco Santander	3,649,415
100,000,000	12/07/2011	14/01/2019	Banco Santander	4,258,643
73,500,000	10/08/2011	12/08/2019	Banco Santander	2,274,915
41,000,000	04/07/2012	08/10/2018	Banco Santander	696,080
45,000,000	10/07/2012	12/10/2018	Banco Santander	436,058
160,000,000	31/07/2012	02/11/2018	Banco Santander	1,776,512
153,000,000	21/09/2012	25/03/2019	Banco Santander	1,327,626
162,500,000	07/11/2012	10/06/2019	Banco Santander	1,658,034
166,000,000	06/06/2013	10/04/2018	Banco Santander	1,174,442
126,000,000	19/06/2013	21/03/2019	Banco Santander	1,644,829
139,000,000	27/06/2013	01/02/2019	Banco Santander	1,743,815
75,000,000	17/07/2013	19/07/2016	Banco Santander	620,327
75,000,000	18/07/2013	22/07/2016	Banco Santander	575,803
90,000,000	27/08/2013	31/08/2015	Banco Santander	290,076
250,000,000	31/05/2012	31/05/2016	Santander Consumer Finance	3,031,280
2,868,387,000				**51,646,139**
228,387,000				**46,204,956**
640,000,000				**5,441,183**

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

Table A.8.39B

Operation/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale						X		X	X
2. Loans				X		X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X	46,205	X		X
5. Other transactions						X		X	
Total assets						**46,205**			
1. Financial liabilities				X		X		X	X
2. Portfolio	X	X	X	X	X		X	5,441	X
Total liabilities								**5,441**	
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

For the related comments please read the description in point 6.1

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

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

Section 8 – Tax liabilities – item 80

Please refer to Section 13 of Assets.

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

Please refer to Section 14 of Assets.

Section 10 - Other liabilities - item 100

10.1 Other liabilities: breakdown

Other liabilities amount to Euro 121,872 thousand (Euro 149,131 thousand at the end of 2013) and consist of:

Table A.8.43

	31/12/2014	31/12/2013
Invoices to be received	25,451	19,291
Payables to employees	4,457	14,907
Due to social security institutions	1,319	1,426
Due to tax authorities	1,868	4,305
Other payables	76,428	75,391
Other amounts due to customers	1,315	11,101
Items in transit	10,052	21,238
Due to Santander Consumer Finance Media	1	1
Due to Santander Consumer Unifin	960	579
Due to Isban	21	892
Total	**121,872**	**149,131**

"Other payables" mainly include:

- payables to insurance companies (Euro 7,179 thousand);
- payables to car manufacturers for the factoring business (Euro 62,712 thousand).

"Other amounts due to customers" include temporary credit balances with customers for early repayments and the temporary credit balances for instalment payments received in advance of the contractual expiry date.

"Items in transit" mainly include items in transit relating to instalment collection and customer refunds, as well as the settlement of loans.

Section 11 - Provision for employee termination indemnities - item 110

11.1 Provision for employee termination indemnities: change in the year

Table A.8.44

	31/12/2014	31/12/2013
A. Opening balance	**4,115**	**4,493**
B. Increases	**346**	**93**
B.1 Provisions for the year	87	93
B.2 Other changes	259	
C. Decreases	**875**	**471**
C.1 Payments made	875	260
C.2 Other changes		211
D. Closing balance	**3,586**	**4,115**
Total	**3,586**	**4,115**

The provision for employee termination indemnities amounts to Euro 3,586 thousand (Euro 4,115 thousand at 31 December 2013) and, as required by IAS 19, this coincides with its actuarial valuation (Defined Benefit Obligation – DBO).

The actuarial assumptions adopted for the valuation of the provision at the reporting date are the following:

- discount rate: 1.50%;
- expected inflation rate: 2%;
- annual rate of increase in provision for employee termination indemnities: 2%;
- frequency of advances: 6.5%.

The following demographic assumptions were used:

- death: ISTAT 2012 mortality tables broken down by age and gender;
- disability: INPS tables broken down by age and gender;
- retirement: in accordance with law 214/2011.

With the reform introduced by Law 296/2006 (Finance Law 2008) on supplementary pensions, which required companies with over 50 employees to transfer their employee termination indemnities accruing from 1 July 2007 to private insurance funds or to the Treasury Fund managed by INPS, the Bank's provision for employee termination indemnities is represented exclusively by the portion accrued up to the date that the reform came into effect. The accruals therefore refer only to the interest cost. Only in 2013, there is a provision of Euro 4 thousand, due to an adjustment for the extraordinary resignation of employees. This has been accounted for in order to take into account the consequent reduction in the average residual term of payment of the termination indemnities to the staff concerned.
In addition, in line with the amendment to IAS 19 regarding the recognition of actuarial gains and losses accrued at the balance sheet date, they have been recognised with the OCI method as decreases or increases under item "other changes" (Euro 259 thousand at 31 December 2014).

11.2 Other information

The provision for employee termination indemnities covers the amount of accruing employee rights, in accordance with the law in force and collective and supplementary labour agreements and amounts to Euro 3,586 thousand at the reporting date. Excluding the components relating to actuarial gains and losses, the provision amounts to Euro 2,704 thousand.
As regards the application of the amendments made to IAS 19 by EU Regulation 475/2012, set out below is a sensitivity analysis for changes in the discount rate.

Table A.8.44B

Sensitivity analysis	**31/12/2014**
Sensitivity to the discount rate	
a. Assumption (+25 bps)	1.75%
b. DBO	3,520
c. Interest cost and expenses for the year	58
d. Assumption (-25 bps)	1.25%
e. DBO	3,652
f. Interest cost and expenses for the year	43

Section 12 - Provisions for risks and charges - item 120

12.1 Provisions for risks and charges: breakdown

Table A.8.45

Items/Amounts	**31/12/2014**	**31/12/2013**
1. Post employment benefits		
2. Other provisions for risks and charges	**7,178**	**8,699**
2.1 legal disputes	5,279	4,381
2.2 personnel charges		505
2.3 other	1,899	3,813
Total	**7,178**	**8,699**

With reference to the items in the table, see the next section. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.

12.2 Provisions for risks and charges: change in the year

Table A.8.45B

	31/12/2014	
	Post-retirement plans	Other provisions
A. Opening balance		**8,699**
B. Increases		**3,428**
B.1 Provisions for the year		3,428
B.2 Time value change		
B.3 Changes due to variations in the discount rate		
B.4 Other changes		
C. Decreases		**4,949**
C.1 Utilisations during the year		1,478
C.2 Changes due to variations in the discount rate		
C.3 Other changes		3,471
D. Closing balance		**7,178**

The main increases in item "B.1 - Provisions for the year" are to cover legal disputes with customers and operational risks.
"Utilisations during the year" include the utilisation of provisions made the previous year mainly for lawsuits of Euro 1,456 thousand.

12.3 Defined-benefit pension plans

The Bank has not established any company pension funds with defined benefits

12.4 Provisions for risks and charges - other provisions

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

Section 13 - Redeemable shares - item 140

The Bank has not approved any share redemption plans.

Section 14 - Shareholders’ equity - items 130, 150, 160, 170, 180, 190 and 200

Shareholders' equity: breakdown

Shareholders' equity amounts to Euro 536,176 thousand (Euro 525,793 thousand at 31 December 2013) broken down as follows:

Table A.8.47

Items/Amounts	31/12/2014	31/12/2013
1. Share capital	573,000	573,000
2. Share premium reserve	633	633
3. Reserves	(42,247)	626
5. Valuation reserves	(3,695)	(5,593)
7. Net profit (loss)	8,485	(42,873)
Total	**536,176**	**525,793**

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

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

For information on this section, please refer to paragraph 14.2.

14.2 Share capital - number of shares: change in the year

Table A.8.47B

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

14.3 Share capital: other information

At 31 December 2014, the share capital of the Bank amounts to Euro 573 million, consisting of 573,000 ordinary shares with a nominal value of Euro 1,000 each, all owned by Santander Consumer Finance S.A. (Santander Group).

14.4 Profit reserves: other information

The retained earnings of the Company at 31 December 2014 consist of accumulated losses (Euro -83,616 thousand), of the residual amount of two capital contributions made in 2012 and 2013 by the Parent Company Santander Consumer Finance S.A. (totalling Euro 41,370 thousand), as well as the share premium reserve arising from the acquisition of Santander Consumer Unifin S.p.A. by the parent company Santander Consumer Finance S.A. (Euro 633 thousand).

14.5 Equity instruments: breakdown and change in year

The Bank has not issued any equity instruments.

Other information

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

As required by art. 2427, paragraph 7-bis of the Italian Civil Code, the following table describes in detail the items of shareholders' equity with an indication of their origin, extent to which they are available for use or for distribution, as well as how they have been used in previous years.

Table A.8.47F

Shareholders' equity items	Amount	Availability (*)	Available portion	Uses in the past three years	
				to cover losses	for other reasons
Share capital	**573,000**				
Share premium reserve	**632**				
Reserves	**(42,246)**				
Legal reserve	-	A(1), B	-		
Extraordinary reserve	-	A, B, C	-		
FTA Reserve	-				
Reserves for changes in prior year results	-	(2)			
Accumulated losses	*(83,616)*				
Capital reserve	*41,370*	A, B		*28,630*	
Valuation reserves	**(3,696)**				
Valuation reserve for cash-flow hedges	*(3,106)*	(2)			
Valuation reserve for actuarial gains and losses on employee termination indemnities	*(590)*	(2)			
Net profit for the year	**8,485**				
Total	**536,175**				

There were no changes in retained earnings in 2014, with the sole exception of the allocation to accumulated losses of the loss for 2013 of Euro 42,873 thousand. The utilisations to cover losses mainly to 2012.

OTHER INFORMATION

1. Guarantees given and commitments

Table A.8.48

Transactions	31/12/2014	31/12/2013
1) Financial guarantees given		
a) Banks	551	855
b) Customers		
2) Commercial guarantees given		
a) Banks		
b) Customers		
3) Irrevocable commitments to issue loans		
a) Banks		
i) certain to be called		
ii) not certain to be called		
b) Customers		
i) certain to be called	94,871	72,189
ii) not certain to be called		
4) Commitments underlying credit derivatives: sales of protection		
5) Assets pledged as collateral for third-party commitments		
6) Other commitments		
Total	**95,422**	**73,044**

The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.

2. Assets used to guarantee own liabilities and commitments

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

3. Information on operating leases

The Bank does not have any operating leases.

4. Administration and trading on behalf of third parties

The Bank does not operate in the field of administration and trading on behalf of third parties.

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

Table A.8.49B

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities reported in the balance sheet (c = ab)	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2014 (f=c-d-e)	Net amount 31/12/2013
				Financial instruments (d)	Cash deposits posted as collateral (e)		
1. Derivatives	17,138		17,138		16,464	674	245
2. Repurchase agreements							
3. Securities lending							
4. Other							
Total 31/12/2014	**17,138**	**-**	**17,138**	**-**	**16,464**	**674**	X
Total 31/12/2013	**43,644**	**-**	**43,644**	**-**	**43,399**	X	**245**

As required by IFRS 7, it is hereby disclosed that derivatives entered into by the Bank with Banco Santander, the amount of which at 31 December 2014 is shown in "column c)" of the above table, are subject to an ISDA based framework agreement and are thus subject to net settlement arrangements. There are no arrangements in place for the offsetting of derivatives, which, at the reporting date, are recognised as assets (with positive fair values), against derivatives, which are recognised as liabilities (with negative fair values). The effects of the potential offsetting of exposures for which cash collateral has been provided are shown in column e) "Cash deposits received/offered as collateral".

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

Table A.8.50

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities reported in the balance sheet	Related amounts not subject		Net amount 31/12/2014 (f=c-d-e)	Net amount 31/12/2013
				Financial instruments (d)	Cash deposits posted as collateral (e)		
1. Derivatives	48,615		48,615		48,615	-	43,271
2. Repurchase agreements	788,363		788,363		788,363	-	-
3. Securities lending							
4. Other							
Total 31/12/2014	**836,978**	**-**	**836,978**	**-**	**836,978**	**-**	X
Total 31/12/2013	**104,860**	**-**	**104,860**	**-**	**61,589**	X	**43,271**

For the information required by IFRS 7, please see the description provided in the paragraph above.

7. Securities lending

The Bank is not party to any securities lending.

8. Information on joint arrangements

The Bank is not party to any joint arrangements.

Part C - Information on the income statement

Section 1 - Interests - items 10 and 20

1.1 Interest and similar income: breakdown

Interest and similar income amounts to Euro 345,225 thousand (Euro 387,857 thousand at 31 December 2013) and is made up of:

Table A.9.3

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2014	31/12/2013
1. Financial assets held for trading					
2. Financial assets available for sale					
3. Financial assets held to maturity					
4. Due from banks		27	26	**53**	**65**
5. Loans to customers		334,423	10,749	**345,172**	**387,792**
6. Financial assets designated at fair value through profit and loss					
7. Hedging derivatives	X	X			
8. Other assets	X	X			
Total		**334,450**	**10,775**	**345,225**	**387,857**

Interest income on loans to banks consists of interest accrued on bank overdrafts (Euro 9 thousand), interest income on repurchase agreements (Euro 18 thousand) and interest income on guarantee deposits paid to Banco Santander in connection with interest rate swaps entered into therewith. The value of interest on loans to customers is represented by the economic consequences on an accrual basis of the components identified as relevant for amortised cost purposes as per IAS 39, in relation to the different technical forms. It is also represented by the amount of interest on securitised loans in the financial statements according to IAS 39 on reversal derecognition. Again with reference to securitisations, shown under other transactions are the income statement components not directly attributable to loans.

Interest on non-performing loans accrued during the year net of recoveries amount to Euro 5,748 thousand. This interest has been set aside in a provision for loan losses.

1.2. Interest and similar income: differentials on hedging transactions

The balance of differentials on hedging interest rate swaps is negative (as in 2013).
For details, reference should be made to paragraph 1.5.

1.3 Interest and similar income: other information

1.3.1 Interest and similar income on foreign currency assets

The Bank does not hold any financial assets in foreign currency.

1.3.2 Interest and similar income on finance lease transactions

Interest income on finance lease transactions for the year 2014 amounts to Euro 2,956 thousand (Euro 5,897 thousand in 2013).

Table A.9.3E

	31/12/2014	31/12/2013
Interest income on financial leasing activities	2,956	5,897

1.4 Interest and similar expense: breakdown

Interest and similar expense amounts to Euro 112,405 thousand at 31 December 2014 (Euro 167,548 thousand at 31 December 2013) and is made up of:

Table A.9.4

Items/Technical forms	Payables	Securities	Other transactions	31/12/2014	31/12/2013
1. Due to central banks	2,078	X		2,078	9,264
2. Due to banks	58,919	X		58,919	62,084
3. Due to customers	7,234	X		7,234	43,509
4. Debt securities issued	X	2,993		2,993	978
5. Financial liabilities held for trading					
6. Financial liabilities designated at fair value through profit and loss					
7. Other liabilities and provisions	X	X	1,803	1,803	2
8. Hedging derivatives	X	X	39,378	39,378	51,711
Total	**68,231**	**2,993**	**41,181**	**112,405**	**167,548**

Interest expense on amounts due to banks mainly derives from loans granted by companies of the Santander Group as part of ordinary funding operations.
Interest expense on amounts due to customers mainly consists of the cost of funding provided by customers through current and deposit accounts (Euro 6,588 thousand), as well as costs generated by correspondent accounts with the subsidiaries Santander Consumer Finance Media S.r.l. in liquidation and Santander Consumer Unifin S.p.A.
Interest expense shown under "Other transactions" classified as other liabilities is tax related.
"Hedging derivatives" include the net balance of differentials on hedging derivatives as reported in table 1.5 below. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.

1.5 Interest and similar expense: differentials on hedging transactions

Table A.9.4B

Items/Sectors	31/12/2014	31/12/2013
A. Positive differentials on hedging transactions:	712	8,858
B. Negative differentials on hedging transactions:	(40,090)	(60,569)
C. Balance (A-B)	**(39,378)**	**(51,711)**

The balance of differentials on hedging transactions is calculated taking into account the differentials on derivatives with the Parent Company Banco Santander related to securitisations (and not included in the Cash Flow Hedging Model). The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis.

1.6 Interest and similar expense: other information

1.6.1 Interest and similar expense on foreign currency liabilities

The Bank has no liabilities in foreign currency.

1.6.2 Interest and similar expense on finance lease obligations

The Bank has not entered into any purchase leases.

Section 2 – Commissions – items 40 and 50

2.1 Commission income: breakdown

The commission income generated during the year amounts to Euro 36,663 thousand (Euro 33,126 thousand at 31 December 2013) and is broken down as follows:

Table A.9.5

Type of service/Segments	31/12/2014	31/12/2013
a) guarantees given		
b) credit derivatives		
c) management, brokerage and consulting services:		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 individual		
3.2 collective		
4. custody and administration of securities		
5. custodian bank		
6. placement of securities		
7. reception and transmission of orders		
8. advisory services		
8.1 on investments		
8.2 on financial structure		
9. distribution of third-party services		
9.1 asset management		
9.1.1 individual		
9.1.2 collective		
9.2 insurance products	29,769	26,518
9.3 other products		
d) collection and payment services	2,701	3,561
e) servicing related to securitisation		
f) services for factoring transactions		
g) tax collection services		
h) management of multilateral trading systems		
i) maintenance and management of current accounts		
j) other services	4,193	3,047
Total	**36,663**	**33,126**

Item c) includes commission income for insurance products placed with customers financed for Euro 29,769 thousand, item d) mainly includes commissions generated during the year for collection and payment services provided to customers for Euro 2,186 thousand and servicing fees accrued during 2014 versus a subsidiary of Santander Consumer Finance Media s.r.l. in liquidation for Euro 428 thousand.
Item j) "other services", on the other hand, comprises:

- income recognised in respect of damages and penalties for late payment (Euro 3,093 thousand);
- fees and commission income for the management of credit cards (Euro 419 thousand);
- commission income on stock financing (Euro 492 thousand);
- commissions for other services (Euro 189 thousand).

2.2 Commission income: distribution channels for products and services

Table A.9.6

Channels/Segments	31/12/2014	31/12/2013
a) at own branches		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products	29,769	26,518
b) through financial promoters		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products		
c) other distribution channels		
1. asset management		
2. placement of securities		
3. distribution of third-party services and products		

The amount shown in the table corresponds to income for insurance products placed with customers.

2.3 Commission expense: breakdown

Commission expense amounts to Euro 13,225 thousand (Euro 11,268 thousand at 31 December 2013) and is broken down as follows:

Table A.9.6B

Type of service/Amounts	31/12/2014	31/12/2013
a) guarantees received	182	665
b) credit derivatives		
c) management and brokerage services		
1. trading in financial instruments		
2. trading in foreign exchange		
3. asset management		
3.1 own portfolio		
3.2 third-party portfolio		
4. custody and administration of securities	98	91
5. placement of financial instruments		1
6. offer of securities, financial products and services through financial promoters	10,112	7,912
d) collection and payment services	2,468	2,124
e) other services	365	475
Total	**13,225**	**11,268**

The fees paid in respect of guarantees received, item a), refer to guarantees given in favour of the bank by major banks for Euro 120 thousand and by the Parent Company Santander Consumer Finance S.A. for Euro 62 thousand. This item mainly refers to commissions paid on the sale of insurance products (Euro 9,901 thousand) and contributions and termination indemnities accrued by the network of agents based on targets for the placement of loans with customers (Euro 209 thousand). The total of item d) in the table refers to the cost incurred for the collection of loan instalments and for payments made. Item e) includes expenses incurred for the securitisations.

Section 3 – Dividends and similar income – item 70

3.1 Dividends and similar income: breakdown

In 2014 there were no amounts relating to dividends paid by the subsidiaries Santander Consumer Media S.r.l. in liquidation, Santander Consumer Unifin S.p.A. and PSA Italia S.p.A.

Section 4 – Net trading income – item 80

4.1 Net trading income: breakdown

Table A.9.8

Activities/Income components	Gains (A)	Gains from trading activities (B)	Losses (C)	Losses from trading activities (D)	Net income [(A + B) - (C + D)]
1. Held for trading financial assets					
1.1 Debt securities					
1.2 Capital securities					
1.3 O.I.C.R shares					
1.4 Loans					
1.5 Other					
2. Held for trading financial liabilities					
2.1 Debt securities					
2.2 Debts					
2.3 Other					
3. Financial assets and liabilities: exchange differences	X	X	X	X	(2)
4. Derivates					
4.1 Financial derivates					
- related to debt securities and interest rates			2,980		(2,980)
- related to capital securities and stock index					
- related to currency and gold	X	X	X	X	
- other					
4.2 Credit derivates					
Total			2,980		**(2,982)**

The amount recognised during the year relating to exchange differences is not significant; this item mainly consists of a net loss arising from financial derivatives recorded as financial assets and liabilities held for trading.

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

5.1 Net hedging gains (losses): breakdown

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

Table A.9.9

Items/Sectors	31/12/2014	31/12/2013
A. Income relating to:		
A.1 Fair value hedges	15,378	55,364
A.2 Hedged financial assets (fair value)		
A.3 Hedged financial liabilities (fair value)		
A.4 Cash flow hedges		
A.5 Foreign currency assets and liabilities		
Total income from hedging activity (A)	**15,378**	**55,364**
B. Expenses relating to:		
B.1 Fair value hedges	(10,403)	(367)
B.2 Hedged financial assets (fair value)	(4,309)	(55,109)
B.3 Hedged financial liabilities (fair value)		
B.4 Cash flow hedges		
B.5 Foreign currency assets and liabilities		
Total charges from hedging activity (B)	**(14,712)**	**(55,476)**
C. Net hedging gains (losses) (A-B)	**666**	**(112)**

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

6.1 Gains (losses) on disposal or repurchase: breakdown

Table A.9.10

Item/Income items	31/12/2014			31/12/2013		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Due from banks						
2. Loans to customers		(385)	(385)		(38,961)	(38,961)
3. Financial assets available for sale						
3.1 Debt securities						
3.2 Equity instruments						
3.3 UCITS units						
3.4 Loans						
4. Financial assets held to maturity						
Total assets		**(385)**	**(385)**		**(38,961)**	**(38,961)**
Financial liabilities						
1. Due to banks						
2. Due to customers		(134)	(134)			
3. Debt securities issued						
Total liabilities		**(134)**	**(134)**			

The gains (losses) on sale of loans to customers include the economic effects of receivables sold without recourse during the year, net of the release of the allowance for doubtful accounts recorded in previous years.

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

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

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

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

Table A.9.12

Transactions/ Income items	Adjustments (1)			Recoveries (2)				31/12/2014 (3) = (1) - (2)	31/12/2013 (3) = (1) - (2)
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		A	B	A	B		
A. Due from banks									
- Loans									
- Debt securities									
B. Loans to customers	326	151,360	11,442		(9,518)		(5,208)	148,402	144,843
Non-performing loans purchased									
- Loans			X				X		
- Debt securities			X				X		
- Other receivables									
- Loans	326	151,360	11,442		(9,518)		(5,208)	148,402	144,843
- Debt securities									
C. Total	**326**	**151,360**	**11,442**		**(9,518)**		**(5,208)**	**148,402**	**144,843**

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

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

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

The Bank has no financial assets held to maturity.

8.4 Net impairment adjustments to other financial transactions: breakdown

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

Section 9 - Administrative expenses - item 150

9.1 Payroll: breakdown

Payroll costs amount to Euro 32,898 thousand (Euro 48,356 thousand at 31 December 2013) and are split as follows:

Table A.9.14

Type of expense/Amounts	31/12/2014	31/12/2013
1) Employees		
a) wages and salaries	23,038	36,213
b) social security charges	6,098	7,222
c) termination indemnities	1	2
d) pension expenses		
e) provision for employee termination indemnities	87	93
f) provision for post-retirement benefits and similar benefits:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution	1,527	1,732
- defined benefit		
h) equity-based payments		
i) other personnel benefits	1,350	1,785
2) Other personnel	410	527
3) Directors and statutory auditors	387	347
4) Retired personnel		435
Total	**32,898**	**48,356**

"Social security charges" include pension costs incurred by the Bank in 2014.

The "provision for employee termination indemnities" shows the amount calculated in accordance with actuarial estimates for the interest cost only. With the reform introduced by Law 296/2006 (Finance Law 2008) on supplementary pensions, termination indemnities do not include any service cost due to the fact that all new accruals are transferred to third-party pension funds, as shown in the table in paragraph g). Only with reference to 2013, there is an additional provision of Euro 4 thousand, due to an adjustment for the extraordinary resignation of employees. This has been accounted for in order to take into account the consequent reduction in the average residual term of payment of the termination indemnities to the staff concerned.

Fees payable to directors amount to Euro 211 thousand, while fees relating to members of the Board of Statutory Auditors amount to Euro 176 thousand.

9.2 Average number of employees, by categories

Table A.9.14B

	31/12/2014	31/12/2013
Employees:		
a) managers	8	7
b) middle managers	136	149
of which 3rd and 4th level	*56*	*57*
c) other employees	371	457
Total	**515**	**613**
Other personnel	**10**	**13**

9.3 Post-retirement defined benefit plans: costs and revenues

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

9.4 Other personnel benefits

Table A.9.14D

	31/12/2014	31/12/2013
Ancillary staff expenses (contributions to rent and health insurance, luncheon vouchers and other minor benefits)	1,277	1,564
Incentive plan reserved for managers and middle managers	73	221
Total	**1,350**	**1,785**

The "incentive plan reserved for managers and middle managers" is a deferred compensation plan that provides for the distribution of shares in the parent company Banco Santander to key persons within the Group.

9.5 Other administrative expenses: breakdown

Other administrative expenses amount to Euro 57,750 thousand (Euro 57,766 thousand at 31 December 2013) and are made up as follows:

Table A.9.14E

	31/12/2014	31/12/2013
Indirect taxes and duties	2,547	2,137
Telephone, broadcasting and postal	4,928	5,066
Maintenance, cleaning and waste disposal	1,165	1,172
Property lease, removals and condominium expenses	3,162	4,633
Professional fees and corporate expenses	6,372	4,784
Travel and accommodation	1,691	1,840
Stamp duty and flat-rate substitute tax	1,820	2,967
Insurance charges	349	374
Forms, stationery and consumables	144	203
EDP supplies, licences, consulting and maintenance	9,990	8,219
Debt recovery charges	14,329	17,194
Other expenses	4,203	2,508
Legal fees	2,100	1,631
Legal expenses	838	808
Advertising, promotion and representation	958	1,585
Commercial information and searches	2,724	2,101
Lighting and heating	430	544
Total	**57,750**	**57,766**

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

10.1 Net provisions for risks and charges: breakdown

Table A.9.15

Item	31/12/2014	31/12/2013
Net provisions for legal risks	812	1,087
Provisions for other costs	1,138	3,185
Total	**1,950**	**4,272**

"Provisions for legal risks" mainly include provisions for risks and charges made during the year for litigation with customers and dealers, based on a reliable assessment of the expected financial outlay. "Provisions for other liabilities" mainly include provisions made to cover other operational risks.

The same item relating to 2013 has been reclassified as indicated in Part A - Accounting policies.

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

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

Table A.9.16

Assets/Income items	Depreciation (a)	Impairment adjustments (b)	Recoveries (c)	**Net result (a + b – c)**
A. Property and equipment				
A.1 Owned				
- For business purposes	1,696	5		**1,701**
- For investment purposes				
A.2 Held under finance leases				
- For business purposes				
- For investment purposes				
Total	**1,696**	**5**		**1,701**

Net adjustments to property and equipment refer to the depreciation of the Bank's fixed assets. classified under item 110 of assets for Euro 1,696 thousand and under net adjustments to/recoveries on property and equipment classified under item 140 of assets for Euro 5 thousand.

Section 12 - Net adjustments to intangible assets - item 180

12.1 Net adjustments to intangible assets: breakdown

Net adjustments to intangible assets amount to Euro 4,470 thousand and relate to the amortisation charge for the year, whereas the impairment adjustments relate to software that is no longer used and is not thus expected to provide any future benefit.

Table A.9.17

Assets/Income items	Amortisation (a)	Impairment adjustments (b)	Recoveries (c)	**Net result (a + b – c)**
A. Intangible assets				
A.1 Owned				
- Internally generated				
- Other	4,470	2,051		**6,521**
A.2 Held under finance leases				
Total	**4,470**	**2,051**		**6,521**

Section 13 - Other operating expenses/income - item 190

13.1 Other operating expenses: breakdown

Other operating expenses amount to Euro 3,918 thousand (Euro 8,786 thousand at 31 December 2013) and are divided as follows:

Table A.9.18

	31/12/2014	**31/12/2013**
Rebates and discounts given	135	104
Losses on disposal	54	726
Expenses related to leasing transactions	1,172	3,987
Other charges	1,853	771
Miscellaneous expenses	704	3,198
Total	**3,918**	**8,786**

The item "expenses related to leasing transactions" mainly includes administrative expenses related to the leasing business (Euro 829 thousand and full-leasing service expenses (Euro 213 thousand).
"Other" mainly relates to out-of-period expenses for legal disputes (Euro 300 thousand) and miscellaneous out-of-period expenses (Euro 1,383 thousand).
"Miscellaneous expenses" relating to 2013 have been reclassified as indicated in Part A - Accounting policies.

13.2 Other operating income: breakdown

Other operating income amounts to Euro 10,836 thousand (Euro 16,174 thousand at 31 December 2013) and can be broken down as follows:

Table A.9.18B

	31/12/2014	31/12/2013
Recovery of taxes	3,692	4,477
Recovery of lease instalments	66	58
Recovery of other expenses	726	965
Recovery of preliminary expenses	3,621	3,459
Rebates and discounts received	9	11
Insurance reimbursements	120	119
Gains on disposal	219	1,053
Income related to leasing transactions	2,030	5,391
Other income	353	641
Total	**10,836**	**16,174**

"Income related to leasing transactions" includes, among other things, the recovery of full-leasing expenses for Euro 141 thousand, recovery of provincial transcription tax (IPT) for Euro 462 thousand, recovery of car lease expenses charged to customers for Euro 947 thousand and damages received for Euro 471 thousand.
"Recovery of taxes" relates to the recovery of stamp duty for Euro 3,692 thousand.

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

14.1 Profit (loss) from equity investments: breakdown

There were no profits or losses on equity investments in 2014.

Section 15 - Net gains (losses) arising on fair value measurement of property and equipment and intangible assets - item 220

15.1 Net gains (losses) arising on fair value (or revalued) measurement of property and equipment and intangible assets: breakdown

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

Section 16 – Adjustments to goodwill - item 230

16.1 Adjustments to goodwill: breakdown

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

Section 17 - Gains (losses) on disposal of investments - item 240

17.1 Gains (losses) on disposal of investments: breakdown

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

Section 18 - Income tax for the year on current operations - item 260

18.1 Income taxes for the year on current operations: breakdown

The item "Income tax for the year" shows a balance of Euro -2,635 thousand (Euro 18,966 thousand at 31 December 2013) and represents the provision made during the year in accordance with current tax law. It is made up as follows:

Table A.9.23

Items/Segments	31/12/2014	31/12/2013
1. Taxes (-)	(40,471)	(21,023)
2. Change in prior period income taxes (+/-)		
3. Decrease in current tax for the year (+)		
3.bis Reduction in current taxes for tax credits as per Law 214/2011 (+)	12,755	11,349
4. Change in deferred tax assets (+/-)	25,081	28,640
5. Change in deferred tax liabilities (+/-)		
6. Income tax for the year on current operations (-)	**(2,635)**	**18,966**

The change is due to the recognition of deferred tax assets generated by deductible temporary differences, mostly due to write-downs of loans deductible for IRES purposes over eighteen years, as well as the reversal to income of the year of the portions of tax assets recorded in previous years and accruing to the current year.
As regards item 3 bis "Reduction in current taxes for tax credits as per Law 214/2011", note that the impact thereof is offset by item 4 "Change in deferred tax assets".

18.2 Reconciliation between the theoretical and effective tax charge

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

Table A.9.23B

	31/12/2014	31/12/2013
Profit (loss) from continuing operations before tax	11,119	(61,839)
Profit before tax on discontinuing operations		
Theoretical taxable income	**11,119**	**(61,839)**
IRES - Theoretical tax charge	(3,058)	17,006
- effect of income and expenses that do not contribute to the tax base	4,948	3,492
- effect of expenses that are wholly or partially non-deductible	(1,999)	(3,599)
- release of pre-2007 deferred tax assets for change in IRES tax rate		
IRES - Effective tax burden	**(109)**	**16,899**
IRAP - Theoretical tax charge	(619)	3,444
- portion of non-deductible administrative expenses, depreciation and amortisation	(2,200)	(3,056)
- portion of non-deductible interest expense	(227)	(394)
- effect of income and expenses that do not contribute to the tax base	697	690
- effect of income and expenses that are wholly or partially non-deductible	(177)	1,383
IRAP - Effective tax burden	**(2,526)**	**2,067**
Effective tax burden as shown in the financial statements	**(2,635)**	**18,966**

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

Section 19 – Profit (loss) after tax on non-current assets held for sale - item 280

The Bank has not recognised any gains or losses on disposal groups classified as held for sale.

Section 20 Other information

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

Section 21 - Earnings per share

21.1 Average number of ordinary shares (fully diluted)

Table A.9.26

	Number	Days	Weighted number
Opening balance	573,000	365	573,000
Total	**573,000**		**573,000**

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

Net profit (loss) for the period	8,485
Basic earnings (losses) per share	**0.01**

21.2 Other information

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

Part D - Comprehensive income

Statement of comprehensive income

Table A.10.2

	Items	Gross amount	Income taxes	Net amount
10.	**Net profit (loss) for the period**	X	X	8,485
	Other elements of income without transfer to the income statement:			
20.	Property and equipment			
30.	Intangible assets			
40.	Defined-benefit pension plans	(259)	86	(173)
50.	Non-current assets held for sale and discontinued operations			
60.	Portion of the measurement reserves of the equity investments measured at equity			
	Other elements of income with transfer to the income statement:			
70.	**Foreign investment hedges:**			
	a) changes in fair value			
	b) release to the income statement			
	c) other changes			
80.	**Exchange differences:**			
	a) changes in value			
	b) release to the income statement			
	c) other changes			
90.	**Cash-flow hedges:**			
	a) changes in fair value	3,094	(1,023)	2,071
	b) release to the income statement			
	c) other changes			
100.	**Financial assets available for sale:**			
	a) changes in fair value			
	b) release to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
110.	**Non-current assets held for sale and discontinued operations:**			
	a) changes in fair value			
	b) release to the income statement			
	c) other changes			
120.	**Portion of the measurement reserves of the equity investments measured at equity:**			
	a) changes in fair value			
	b) release to the income statement			
	- impairment losses			
	- gains (losses) on disposals			
	c) other changes			
130.	**Total other elements of income**	**2,835**	**(937)**	**1,898**
140.	**Total comprehensive income (Items 10+130)**			**10,382**

Part E - Information on risks and related hedging policies

Section 1 - Credit risk

Qualitative information

Introduction

Santander Consumer Bank (SCB or the Bank) places great importance on the management and control of risks as a means of ensuring reliable and sustainable value creation in a context of controlled risk.
Risk management strategy focuses on a complete and consistent overview of risks. It takes account of the macro-economic scenario and SCB's risk profile, it stimulates a growing risk culture and encourages a transparent and accurate presentation of the risks associated with the portfolios held.
Strategies for the assumption of risks are summarised in the Risk Appetite Framework (RAF), introduced to present to the Board of directors and senior management the main risks to which a company is exposed and the level of such risks that it is willing to assume under normal and stressed conditions.

The Risk Appetite Framework sets out the policy for the management of the risks assumed by SCB and provides a definition of the general principles for maximum risk tolerance thresholds and the consequent controls needed to monitor:

- the overall risk profile;
- the main specific risks.

Monitoring of the overall risk profile stems from the definition of the general principles and consists of a structure of limits to ensure that SCB, even under severe stressed conditions, meets minimum levels of solvency, liquidity and earnings.

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

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

- the Board of Directors is ultimately responsible for the approval and supervision of compliance with the risk appetite;
- it reflects an aggregated view and applies to all functional areas of the Bank;
- it considers the main types of risk that impact SCB's business development;
- it takes a prospective view of SCB's risk profile in certain circumstances, with the use of stress tests and scenario analysis;
- it is not static and adapts to the changing business environment;
- it combines quantitative and qualitative standards;
- it is concise and easy to communicate to senior management and external stakeholders;
- it enables a structured comparison of risk profile against risk appetite;
- it is linked to overall corporate strategy and to liquidity, funding and capital;
- it is integrated with risk management of SCB's ordinary activities, given that it was designed to take account of policies and limits.

The definition of the Risk Appetite Framework and the consequent operational limits for major specific risks, the use of risk measurement tools as part of credit management and operational risk control processes and the use of capital at risk measures to report corporate performance and the assessment of the adequacy of internal capital, are fundamental steps for the operational application of long term risk strategy along the Bank's decision-making chain, down to each operating unit.

Risk culture
Utmost attention is given to the transmission and sharing of a risk culture, by means of regular updates to relevant documents and by initiatives implemented to address specific issues as they arise.
Moreover, the Bank ensures the dissemination of risk culture by means of extensive training aimed at the correct application of internal models designed to monitor risks and a transparent presentation of the risks associated with the portfolios held.

SCB's risk management model provides for the involvement of the Board of Directors and Top Management, along with the structures that perform direct risk management activities.
The policies relating to the assumption of risks are defined and approved by the Board of directors, which is supported by specific committees and by the Head of the Risk Control Unit, who reports directly thereto. The latter is responsible for proposing the Risk Appetite Framework, in line with company strategies and objectives, for the coordination and verification of the implementation of the guidelines and the policies concerning risk management by the various units that fall within the scope thereof. It also ensures there is control over the overall risk profile, by monitoring the exposures to various types of risk.

Organisation and risk governance

The organisational standards applied to ensure an effective risk governance system are aimed at:

- ensuring the separation of operational functions from control functions;
- ensuring the identification, measurement and monitoring of risks inherent in operational processes;
- guaranteeing that any anomalies, which result from control activities performed by the control functions, are rapidly brought to the attention of the appropriate level of management and dealt with promptly.

To this end, the risk management and governance process is based on an organisational structure that ensures there is an internal control system that operates on three levels, in line with banking supervisory regulations, consisting of:

- Line controls (first-level controls): these are performed by the operating units to verify that the processes and tasks within its competence have been carried out in accordance with internal procedures. Where possible, these types of controls are incorporated in automated IT procedures;
- risk management controls (second-level controls): these are performed by the Risk Control Unit to ensure the correct functioning of the risk management process by means of the measurement and assessment of the level of risks assumed as well as compliance with any restrictions assigned to operational areas;
- compliance controls (second-level controls): these are performed by Compliance and AML, which verifies compliance with internal and external regulations applicable to the Bank;
- internal audit controls (third-level controls): these are carried out by Internal Audit, which has the task of verifying the orderly performance of processes (management / production, business / commercial and support / functional) and their compliance with corporate standards, the substantial correctness of the conduct of operations and the suitability, from the standpoint of its framework and rules governing how it should function, of the internal control system and the adequacy and effectiveness of the monitoring systems, in relation to the various types of risk.

In detail, the structures involved in the overall process of risk management are:

- Board of Directors;
- Chief Executive Officer and General Manager;
- Administration and Control Department;
- Institutional Relations, Legal and Compliance Department;
- Technology and Operations Department;
- Finance Department;
- Sales and Marketing Department;
- Risk Management Department;
- Collection Business Unit (CBU);
- Human Resources
- Internal Audit and Operating Controls Department (reports to the Board of Directors through a direct functional relationship with the Chief Executive Officer).

Main Risks

An overview of the risks to which SCB is exposed, given the nature and characteristics of its business, is summarised in the following table:

TYPE OF RISK		RELEVANCE
Pillar I	Credit risk	☑
	Country risk[18]	☒
	Transfer risk[19]	☒
	Market risk[20]	☒
	Counterparty risk	☑
	Operational and technological risk[21]	☑
Pillar II	Interest rate risk	☑
	Liquidity risk	☑
	Strategic risk	☑
	Reputational risk	☑
	Concentration risk	☑
	Excessive leverage risk	☑

Key:

☑ Present

☒ Not present

1. General aspects

The main risk to which the company is exposed is credit risk. It is the risk associated with the probability that a borrower may be unable to meet its contractual obligations, thus exposing the bank to possible future losses. In general, the Bank's operations are almost entirely focused on retail/massive customers, where the risk in question is highly differentiated and diversified. In fact, overall, the Bank's assets are characterised by a very high average number of customers, with a low average exposure and a limited average (repayment plan) residual duration. So in general, credit risk exists, but in a situation of high fragmentation.

Credit risk arises from the existence of a contractual relationship relating to the placement of the following products:

- car loans: specific-purpose loans for the purchase of vehicles, including motorcycles, to persons who apply for loans offered by dealers affiliated with SCB. The loan amount is granted directly by the affiliated dealer. The customer undertakes to repay the loan in accordance with a fixed rate repayment plan in equal instalments. The customer may take out insurance cover for the loan or the object financed;
- special-purpose loans: loans granted solely by the agency channel to persons for the purchase of goods (not cars) and/or for the provision of services. These have the same repayment / contractual features of car loans;
- personal loans: loans granted directly to the customer that have the same repayment / contractual features of car loans. It is possible to take out insurance cover for the loan;
- consumer car leasing: financing transactions offered by SCB (lessor) for the use for an agreed period of time, upon payment of periodic lease charges, of motor vehicles, commercial vehicles and motorcycles purchased or constructed by a third party supplier, chosen and indicated by the customer (user with a VAT number), who

[18] This is the risk of losses caused by events that take place in a country other than Italy. The concept of country risk is broader than that of sovereign risk as it relates to all exposures regardless of the nature of the counterparties, whether they are individuals, businesses, banks or public administrations (see Circular 263/06, 15th update of 2 July 2013). At present the Group is not exposed to country risk

[15.] Transfer risk is the risk that a bank exposed to a party that takes out a loan in a currency other than the one in which it receives its main sources of income, incurs losses due to difficulties encountered by the debtor in converting its own currency into the currency of the loan (see Circular 263/06, 15th update of 2 July 2013). The Group is not exposed to transfer risk.

[20] The Group is not exposed to market risk. However, should such a risk arise, the methodological approach that would be used would be a "look through", i.e. making reference to the types of assets underlying the investment.

[21] This includes the *Legal risk and Compliance risk*

assumes all the risks and retains the right, at the end of the contractual term, to purchase the goods for a predetermined price and to extend the use thereof under predetermined or predeterminable financial conditions. For leasing products, the typical risks of finance leases, apart from those arising from a contractual breach by the customer, are of a contractual and financial nature;

- credit cards: a line of credit for an unlimited period made available to a customer, who may make use thereof in one or more lots. The user undertakes to repay the amounts utilised and interest payable thereon, complying with the payment of monthly minimum instalments, but with the right to make larger repayments if desired. The repayment of the capital element ensures the availability once again of the full credit facility, which may be reutilised by the customer. Interest rates are generally fixed, but SCB has the right to modify the financial conditions during the relationship, in compliance with regulations in force. The loan may be guaranteed.

As well as credit risk, there is also a counterparty risk, which, in the case of the Bank's business, is linked to derivatives (interest rate swaps) entered into for hedging purposes: these mostly consist of contracts entered into with the Spanish Parent Company or with institutional counterparties.

2. Credit risk management policies

2.1. Organisational aspects

Set out below are details of the organisational structure of the Risk Management Department of Santander Consumer Bank and a description of the main functions performed thereby.

The main tasks of the **Credit Policies and Credit Decision System** are:

- to define the risk policies, the strategies and internal procedures for the management of products / channels, the monitoring of compliance therewith, ensuring the constant updating thereof and the communication thereof to all relevant areas of the Bank;
- to create (internally or with the help of external suppliers), to monitor, to implement and to update automatic applications for decision-making and support in setting up dossiers;
- to monitor the riskiness of products and channels, highlighting abnormal situations for timely corrective action;
- to prepare an overview of the qualitative trend of corporate loans and any balances showing significant changes in riskiness that need to be analysed;
- to handle the entire credit analysis for the activation of new Affiliates;
- to handle relations with official data bases relating to its sphere of operations, especially with regard to changes in the information provided, reporting anomalies and cancellations, and monitoring their bills;
- to assign approval levels according to the level of experience of staff members and in accordance with the guidelines authorised by the Board of Directors and to organise training sessions needed to ensure that updates are provided on new policies and/or processes, as well as the maintenance of a high level of skills of operating personnel;
- to provide support to the operating units and other corporate functions of other Group companies;
- to prepare a management budget.

The main tasks assigned to **Wholesale Analysis** are:

- to prepare positions for submission to the Committees with powers of approval;
- to carry out an annual review of dealers' positions in "non-standardized" products;
- to develop together with the Collection Business Unit debt recovery strategies to be implemented with affiliates (only with respect to "non-standardized" products);
- to manage collaborations with leading automobile brands with regard to wholesale;
- to perform the periodic analysis of the F.E.V.E (Firmas en Situaciòn de Vigilancia Especial - Positions Under Observation).

The mission of the **Risk Control Unit** is to measure, manage, control and monitor risk. This control must take place efficiently and is essential to facilitate the maximization of profit in a context of careful and dynamic management of risk situations.
The function has to guarantee the comprehensive and organic treatment of risks related to the Bank's activities in order to facilitate their identification, measurement and analysis and measures needed to address them.
The unit has to quantify the overall exposure of the institution at risk to allow the delegated bodies to define a strategy for the management thereof and to define the desired risk profile (risk appetite).
The main functions are:

- monitoring of the main risk indicators;
- assistance in deciding the provisions to cover current and future losses;
- calculation and monitoring of expected losses;
- generation of detailed reports;
- monitor financial risks periodically, with particular reference to interest rate risk and liquidity risk, using Asset & Liability Management (ALM) techniques;
- to liaise with the internal and external control bodies to verify the level of implementation of company policies.

The functions assigned to the unit are performed by three Offices:

- Risk Control and Monitoring. Handles the management of second-level controls relating to: control of market risk (liquidity risk and interest rate risk, of operational risk, of credit risk, of technological risk, of concentration risk, of reputational risk, of risk mitigation (collateral) and any other marginal risks of the Bank.
- Risk models and scenario analysis. Ensure the control and verification of the use of decision-making tools within the Bank, such as: customer acceptance models (retail and stock financing), behavioural models (fraud, collection and marketing), decision-making drivers and stress tests on future loss coverage and budgeting models (adequacy of risk coverage).
- Risk reporting. Collaborates with the preparation of the documentation required by the Bank of Italy as a tool for the management and control of risks, such as the Risk Appetite Framework (RAF) and the preparation of reports and KPIs used by senior management and the business's functional areas.

Retail Analysis's mission is the assessment and approval of transactions that fall within its sphere of competence.
The main function assigned thereto is to ensure the correct application of risk assumption policies and procedures laid down by the Credit Policies and Credit Decision System with regard to credit proposals that require thorough assessment on a case by case basis.

2.2 Systems for managing, measuring and monitoring risk

The Risk Function looks after the risk management process, from the approval of policies, to the identification, measurement, control and management, where applicable, of risks. The Risk Control Unit collaborates with the definition and implementation of the Risk Appetite Framework and measures and monitors the various business risks. The areas that assume risks and senior management are involved in the risk management process. In addition, in close collaboration with the units that assume the risks, it relates these activities to business development by identifying new opportunities and business plans, budgets and the optimisation of risk-adjusted profitability, by performing analyses and management of the loan portfolios in a way that makes it possible to align business development to the desired risk profile and, where applicable, to mitigate the risk and handle debt collection case by case.

Within Santander Consumer Bank, the credit risk assumed by the Company's activity can essentially be split into two categories: Standardized and Non-Standardized. Both have an associated risk that the borrower will default on its obligations under the terms of the agreement, but it is necessary to distinguish between contracts that are treated in a standardised way and others that require separate treatment (by an analyst or portfolio manager).
As regards standardised management of risks, the following phases are involved:

1. Acceptance of a loan application
2. Monitoring and Reporting
3. Credit Collection

1. The acceptance of a loan application is in turn split into credit analysis, assessment and approval.

    - The credit analysis phase involves keying in the data relating to the loan directly to the IT system by a branch employee, dealer, agent or directly by the customer if the request is made on-line. This applies to personal loans, special-purpose loans and credit cards. As far as leasing and renting are concerned, for the retail segment, the process is similar to that described above. For counterparties in the small business segment, opening a dossier may require more information, such as financial statements, if available, and information on the applicant's business activity.
    - The assessment phase is automatic in the case of special-purpose loans, personal loans and credit cards. The information entered into the system during the credit analysis phase is processed through a scoring system managed by Credit Policies and Credit Decision System. Measurement of the risk associated with the dossier is, therefore, based on this system. These scoring matrices (built internally or externally according to the Santander Group's corporate models that are based on logistic regression) are used to perform a customer segmentation and define the rejection rate associated with it. In the case of leasing, as well as the usual

evaluation done with a scoring system, there is also provision for a manual examination of the dossier on the part of an operator (for loans to legal entities and some personal loans). If accounting figures for the counterparty are available, further analyses are carried out and the information required depends on the type of the dossier and level of signature power required; in this case, therefore, measurement of the risk associated with the dossier is of an evaluation type.

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

Once concluded, the origination of a dossier may provide for a process of mitigation and collateral management, where the analyst has to analyse in detail all of the information acquired on the applicant and, where necessary, provide for the inclusion of appropriate collateral in order to minimise the credit risk inherent in lending activities.

2. Monitoring and reporting is handled by Credit Policies and Credit Decision System and the Risk Control Unit. Its main purpose is to identify, analyse, forecast and model the behaviour of all the variables that could potentially result in changes to the quality of credit risk assumed by the Bank.
3. The credit collection phase is handled by the Collection Business Unit. The Unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies that make it possible to assign different priorities depending on the customer's risk profile and the ageing of their balances. The objective is to collect unpaid loans with a simultaneous assessment of the customer's current position via a qualitative and quantitative analysis; the potential tools that may be used include the renegotiation of the amount of the instalment, repayment via bills of exchange and a settlement. It also carries out debt collection subsequent to the issue of a document known as "Loss of Benefit of Term" (LBT) that is intended to recover the full amount of the residual debt. At the same time and to support this activity, external law firms send borrowers injunctions and, later, where there are grounds for doing so, they initiate the most appropriate legal proceedings (injunction decree, writ of summons, bankruptcy petition or lawsuits).

As regards salary and pension assignment products, please see the information provided in the corresponding section of the consolidated financial statements.

On the other hand, as regards Non-Standardized Risk management, the process gets split into the following phases:

1. customer analysis
2. customer's credit rating
3. analysis of credit transactions
4. preparation of resolutions regarding Transactions/Customers
5. monitoring
    - customer tracking
    - portfolio tracking
    - controls
    - check on production volumes
6. collection.

2.3 Credit risk mitigation techniques

The risk mitigation techniques used in portfolio management are closely linked to the characteristics of the products. The main types of collateral currently in use are:

- Consumer credit: co-obligation, guarantee, bill of exchange, mortgage, mandate to register a mortgage, insurance assignment. Note, however, that the provision covering the portfolio is extremely limited (around 1%);
- Stock finance: Diversion & Repossession Agreement (93% of the total portfolio), signed by the parent companies (captive agreements) and the Bank at the signing of the framework agreement.

2.4 Impaired financial assets

Impaired financial assets are managed by the CBU, which coordinates debt collection activities for the entire country and for all products, in accordance with the law and the Group's operating procedures.
The unit aims for maximum efficiency in the management of the portfolio to be recovered through the application of strategies to assign different priorities depending on the customer's risk profile and the ageing of their balances; this efficiency is achieved thanks to the introduction of valid strategies, the launch of campaigns and the use of appropriate tools.
Litigation management, understood as "massive collection" is carried out on dossiers that have at least one instalment past due.
This last activity operates alongside the management of positions considered special cases, which require the application of particular procedures. The bank also makes use of external collection entities that are carefully selected and monitored on an ongoing basis.

For all impaired loans, monitoring and classification are performed by the Risk Control Unit via an internal model (used by all local Santander Group units). The main monitoring indicator is level of insolvency (based on a similar definition to that of impaired financial assets provided by the Supervisory Authority). In particular, this category includes:

- loans that are more than ninety days past due;
- loans affected by "drag" (i.e. belonging to a customer with more than 25% of its total exposure in a state of insolvency);
- loans involved in credit restructuring (refinancing, reclassifications, queueing) for which the so-called "cure period" is not yet over;
- dossiers characterised by specific events such as bankruptcy or fraud;
- contracts characterised by loss of benefits and write-off.

The state of insolvency is constantly monitored by the Risk Control Unit with respect to inflows and outflows, in its distribution by overdue periods and broken down by product categories. In particular, outflows are primarily defined on the basis of days overdue (i.e. in case they fall below the ninety-day period), as well as specific operations related to particular categories included in default (listed above). The above composition of the portfolio is also essential for the application of the impairment definition model, based on past due and product bands.

Quantitative information

A. Credit quality

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

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

Table A.11.5

Portfolio/Quality	Doubtful loans	Non-performing loans	Restructured loans	Past due non-performing loans	Past due loans	Other assets	Total
1. Financial assets held for trading						19,669	**19,669**
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks						53,766	**53,766**
5. Loans to customers	47,160	18,793	16,745	23,688	69,431	5,420,772	**5,596,589**
6. Financial assets designated at fair value through profit and loss							
7. Financial assets under disposal						16	**16**
8. Hedging derivatives						1,009	**1,009**
31/12/2014	**47,160**	**18,793**	**16,745**	**23,688**	**69,431**	**5,495,232**	**5,671,049**
31/12/2013	**52,778**	**18,979**	**14,472**	**33,830**	**119,314**	**6,009,529**	**6,248,902**

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

Table A.11.6

Portfolio/Quality	Non performing assets			Performing loans			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	General portfolio adjustments	Net exposure	
1. Financial assets held for trading				X	X	19,669	19,669
2. Financial assets available for sale							
3. Financial assets held to maturity							
4. Due from banks				53,766		53,766	53,766
5. Loans to customers	479,815	(373,429)	106,386	5,529,474	(39,271)	5,490,203	5,596,589
6. Financial assets designated at fair value through profit and loss				X	X		
7. Financial assets under disposal				16		16	16
8. Hedging derivatives				X	X	1,009	1,009
31/12/2014	**479,815**	**(373,429)**	**106,386**	**5,583,256**	**(39,271)**	**5,564,663**	**5,671,049**
31/12/2013	**355,696**	**(235,637)**	**120,059**	**6,118,349**	**(33,151)**	**6,128,843**	**6,248,902**

The following is an ageing analysis of performing loans to customers that are past due. The Bank does not have any exposures subject to renegotiation as part of collective agreements.

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure	Amount past due
Performing exposures					
Other exposures					
Past due up to 3 months	84,492	-	16,922	67,570	4,577
Past due from 3 to 6 months	3,273	-	1,418	1,855	136
Past due from 6 to 12 months	72	-	66	6	1
Past due beyond 1 year	15	-	15	-	2
Total A	**87,852**		**18,421**	**69,431**	**4,716**

Note that these receivables are classified as performing, in accordance with supervisory instructions, as the total amount of the instalments due or past due is less than 5% of the total exposure.

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

Table A.11.6B

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans			X	
b) Non-performing loans			X	
c) Restructured loans			X	
d) Past due loans			X	
e) Other assets	53,766	X		53,766
TOTAL A	**53,766**			**53,766**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other	459,993	X		459,993
TOTAL B	**459,993**			**459,993**
TOTAL A+B	**513,759**			**513,759**

The cash exposures to banks include the assets in item 60. For details, please refer to the specific sections of the notes.

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

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

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

Exposures to banks are not subject to writedowns.

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

Table A.11.8

Type of exposure/Amounts	Gross exposure	Specific adjustments	General portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Doubtful loans	335,008	(287,848)	X	47,160
b) Non-performing loans	77,549	(58,756)	X	18,793
c) Restructured loans	19,854	(3,109)	X	16,745
d) Non-performing past due loans	47,404	(23,716)	X	23,688
e) Other assets	5,529,474	X	(39,271)	5,490,203
TOTAL A	**6,009,289**	**(373,429)**	**(39,271)**	**5,596,589**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing			X	
b) Other		X		
TOTAL B				

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

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

Table A.11.8B

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
A. Opening gross exposure	**201,752**	**70,236**	**16,542**	**67,166**
- of which: sold but not derecognised	109,142	34,905	8,155	47,731
B. Increases				
B.1 transfers from performing loans	12,725	46,893	9,890	86,628
B.2 transfers from other categories of non-performing exposures	123,250	22,623	2,122	400
B.3 other increases	47,940	18,258	16,096	16,706
C. Decreases				
C.1 transfers to performing loans	(366)	(796)	(761)	(9,650)
C.2 write-offs	(2,866)	(1,119)	(14)	(135)
C.3 collections	(17,148)	(10,655)	(5,464)	(12,924)
C.4 proceeds from disposals	(44)	(74)	(1)	(7)
C.4bis losses on disposal	(683)	(1,172)	(23)	(103)
C.5 transfers to other categories of non-performing exposures	(200)	(54,792)	(6,389)	(87,015)
C.6 other decreases	(29,353)	(11,853)	(12,144)	(13,663)
D. Closing gross exposure	**335,008**	**77,549**	**19,854**	**47,403**
- of which: sold but not derecognised	186,783	40,734	3,690	32,210

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

Table A.11.9

Types	Doubtful loans	Non-performing loans	Restructured loans	Past due loans
Total opening adjustments	**148,974**	**51,257**	**2,070**	**33,336**
- of which: sold but not derecognised	76,942	23,876	190	22,704
B. Increases				
B.1 adjustments	78,746	34,400	4,052	34,247
B.1.bis losses on disposal	25	124	7	127
B.2 transfers from other categories of impaired exposure	66,263	4,695	110	52
B.3 other increases				
C. Decreases				
C.1 recoveries on valuation	(339)	(272)	(843)	(415)
C.2 recoveries due to collections	(3,305)	(2,587)	(225)	(1,533)
C.2.bis gains on disposal				
C.3 write-offs	(1,744)	(834)	(6)	(103)
C.4 transfers to other categories of impaired exposure	(421)	(27,049)	(2,036)	(41,614)
C.5 other decreases	(352)	(977)	(20)	(380)
D. Total closing adjustments	**287,848**	**58,756**	**3,109**	**23,716**
- of which: sold but not derecognised	157,352	30,082	69	15,926

Other decreases include opening adjustments attributable to assets sold.

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

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

The table below shows the net amounts of credit exposures to banks corresponding to those shown in the table at A.1.3 and the net amounts of credit exposures to customers shown in the table at A.1.6. Given the nature of the latter customers, they have not been subjected to rating.

Table A.11.10

Exposures	External rating class						Unrated	Total
	1	2	3	4	5	6		
A. Cash exposures	-	1,236	45,929	580	-	-	5,602,609	**5,650,355**
B. Derivatives								
B.1 Financial derivatives			20,677					**20,677**
B.2 Credit derivatives								
C. Guarantees given							551	**551**
D. Commitments to issue loans							94,871	**94,871**
E. Other								
Total		**1,236**	**66,607**	**580**			**5,698,031**	**5,766,454**

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

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

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

A.2.2 Distribution of cash and "off-balance sheet" exposures by internal rating classes

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

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Guaranteed credit exposures to banks

The Bank has no guaranteed credit exposures to banks.

A.3.2 Guaranteed credit exposures to customers

Table A.11.12

	Amount of net exposure	Secured guarantees (1)				Unsecured guarantees (2)									Total (1)+(2)
						Credit derivatives					Endorsement credits				
							Other derivatives								
		Property	Securities	Properties - Financial leasing	Other secured guarantees	Credit Linked Notes	Governments and central banks	Other public entities	Banks	Other parties	Governments and central banks	Other public entities	Banks	Other parties	
1. Guaranteed cash exposures:															
1.1 fully guaranteed	1,641,819													1,641,819	1,641,819
- of which: impaired	26,581													26,581	26,581
1.2 partially guaranteed	158													158	158
- of which: impaired	47													47	47
2. Guaranteed off-balance sheet credit exposures:															
2.1 fully guaranteed															
- of which: impaired															
2.2 partially guaranteed															
- of which: impaired															

The amount of Euro 1,641,819 refers to loans to customers backed by endorsement credits, consisting mainly of promissory notes and guarantees, including the entire stock of loans on salary assignment, guaranteed by Santander Consumer Unifin S.p.A. through a contractual clause called "collected for uncollected".

B. Distribution and concentration of credit exposures

B.1 Distribution by sector of cash and "off-balance sheet" exposures to customers (book value)

Table A.11.13

Exposures/Counterparties	Governments			Other public entities			Financial institutions			Insurance companies			Non-financial institutions			Other parties		
	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments	Net exposure	Specific adjustments	General portfolio adjustments
A. Cash exposures																		
A.1 Doubtful loans			X		(3)	X	12	(115)	X			X	2,500	(38,874)	X	44,648	(248,856)	X
A.2 Non-performing loans			X			X	8	(17)	X			X	1,216	(7,013)	X	17,569	(51,726)	X
A.3 Restructured loans			X			X			X			X	333	(21)	X	16,412	(3,088)	X
A.4 Past due loans			X			X		(14)	X			X	1,505	(1,370)	X	22,183	(22,332)	X
A.5 Other exposures		X		82	X	-	665,771	X	(5)	0	X	-	388,433	X	(2,560)	4,435,917	X	(36,706)
TOTAL A				**82**	**(3)**		**665,791**	**(146)**	**(5)**				**393,987**	**(47,278)**	**(2,560)**	**4,536,729**	**(326,002)**	**(36,706)**
B. Off-balance sheet exposures																		
B.1 Doubtful loans			X			X			X			X			X			X
B.2 Non-performing loans			X			X			X			X			X			X
B.3 Other non-performing loans			X			X			X			X			X			X
B.4 Other exposures		X			X			X			X			X			X	
TOTAL B																		
TOTAL 31/12/2014				**82**	**(3)**		**665,791**	**(146)**	**(5)**					**(47,278)**	**(2,560)**	**4,536,729**	**(326,002)**	**(36,706)**
TOTAL 31/12/2013				**241**	**(5)**	**(2)**	**724,461**	**(7)**	**(2)**	**17**		**(2)**		**(39,195)**	**(3,288)**	**4,971,151**	**(196,430)**	**(29,857)**

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

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

Table A.11.14

Exposures/Geographical areas	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH		ISLANDS	
	Net exposure	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**	**Net exposure**	**Total writedowns**
A. Cash exposures										
A.1 Doubtful loans	8,762	(51,583)	3,423	(19,619)	9,606	(60,616)	16,616	(104,245)	8,753	(51,785)
A.2 Non-performing loans	3,781	(11,676)	1,330	(4,134)	4,286	(13,865)	5,592	(18,629)	3,804	(10,452)
A.3 Restructured loans	3,798	(566)	1,913	(222)	3,621	(718)	4,314	(907)	3,099	(696)
A.4 Past due loans	4,203	(4,166)	1,765	(1,805)	5,145	(5,394)	7,829	(7,688)	4,746	(4,663)
A.5 Other exposures	1,886,754	(7,966)	539,363	(3,307)	1,032,619	(8,884)	1,363,209	(10,670)	668,258	(8,444)
TOTAL	**1,907,298**	**(75,957)**	**547,794**	**(29,087)**	**1,055,277**	**(89,477)**	**1,397,560**	**(142,139)**	**688,660**	**(76,040)**
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other assets										
B.4 Other exposures										
TOTAL										
TOTAL 31/12/2014	**1,907,298**	**(75,957)**	**547,794**	**(29,087)**	**1,055,277**	**(89,477)**	**1,397,560**	**(142,139)**	**688,660**	**(76,040)**
TOTAL 31/12/2013	**2,148,147**	**(51,947)**	**564,271**	**(19,709)**	**1,158,601**	**(57,848)**	**1,498,538**	**(93,055)**	**803,429**	**(46,229)**

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

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

Table A.11.15

Exposures/Geographical areas	ITALY		OTHER EU COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. Cash exposures										
A.1 Doubtful loans										
A.2 Non-performing loans										
A.3 Restructured loans										
A.4 Past due loans										
A.5 Other exposures	17,761		36,005							
TOTAL	**17,761**		**36,005**							
B. Off-balance sheet exposures										
B.1 Doubtful loans										
B.2 Non-performing loans										
B.3 Other non-performing loans										
B.4 Other exposures	551		20,678							
TOTAL	**551**		**20,678**							
TOTAL 31/12/2014	**18,312**		**56,683**							
TOTAL 31/12/2013	**15,404**		**61,345**							

This table contains, for cash exposures to residents, the positive balance of current accounts with banks, while for exposures to foreigners, the balance is made up primarily of balances due from the Spanish Parent Company Banco Santander. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 4 - Other Aspects of the Accounting Policies in the Notes.

B.4 Large exposures

The Bank is not exposed to any large risks at the balance sheet date, as defined in the current supervisory instructions.

C. Securitisations

This section deals only with securitisations and thus excludes transactions for which the Bank has subscribed the entire amount of securities issued. Accordingly, this section is not applicable.

D. Information on unconsolidated structured entities (other than special purpose entities created for securitisations)

Not applicable.

E. Disposal transactions

A. Financial assets sold but not fully derecognised

Qualitative information

This section is not applicable given that the Bank has only been involved in self-securitisations.

Quantitative information

E.1 Financial assets sold but not derecognised: book value and full value

Not applicable.

E.2 Financial liabilities for financial assets sold but not derecognised: book value

Not applicable.

E.3 Transfers with liabilities that have recourse only against the assets sold: fair value

Not applicable.

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

Qualitative information

Not applicable.

Quantitative information

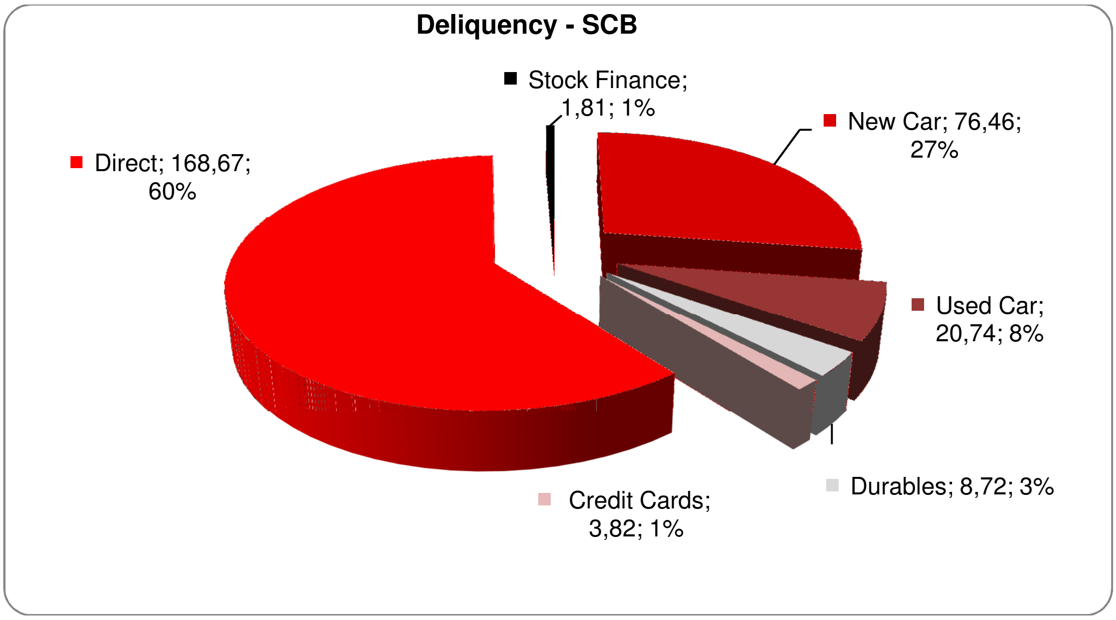
Not applicable.

E.4 Covered bond transactions

The Bank has not carried out any covered bond transactions.

F. Models for the measurement of credit risk

The balance at risk by product of the "dossiers in delinquency" (i.e. that have amounts past due by more than 90 days) is monitored on a monthly basis. The following chart summarises the breakdown of the variable just described at 31 December 2014.



Credit risk is assessed, among other things, by:

- vintage analysis
- trend analysis (roll rate).

Polynomial models are used (confidence/R2 ~ 95%) for stress test purposes, also to take account of the trend in default rates with a non-linear trend at the same date of the first instalment.

Please read Section *F - Models for the measurement of credit risk* in the Consolidated Financial Statements for further information on the method used.

Section 2 - Market risks

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

This is not applicable to the Bank.

2.2 Interest rate risk and price risk - Banking book

Qualitative information

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

The Bank is exposed to fair value interest rate risk (risk that the value of assets and liabilities issued at fixed rates changes as a consequence of a fluctuation in the interest rate curve) and cash flow risk (risk that interest-related cash flow changes as a consequence of a fluctuation in the interest rate curve).

The sources of interest rate risk are mainly related to loans to customers, which are generated by the placement of consumer credit products and services (asset items) and their means of funding (liability items). In fact, the sector in which the Bank operates is characterised by the asset mix, which is typically composed of loans granted mainly at fixed rates; whereas the funding sources are both fixed rate and floating rate. Accordingly, the main interest rate categories to which the Group is exposed lead to repricing risk.

Interest rate risk is managed by macro-strategies shared at Group level within well defined, formalised exposure limits.

Internal processes for the management and monitoring of interest rate risk prescribe the processing of information each month at operating level by the responsible organisational units and a critical assessment by the ALCO Committee.
Monitoring involves comparing the results of stress tests performed on sensitive assets and liabilities with the limits established by the Bank of Italy and by Parent Company policies.
Specific ratios are formalised by the Finance Department and monitored by the Risk Management Department. Specific quantitative limits are set for the following risk metrics:

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

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

- use of derivatives (interest rate swaps);
- natural hedges, that is, recourse to fixed rate loans.

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

B. Fair value hedges

As regards fair value hedging, the Bank enters into amortising derivatives to neutralise the exposure to changes in fair value of a portfolio of financial assets, attributable to unexpected fluctuations in interest rates.
The effectiveness of the hedges is periodically measured and formalised, based on predefined tests (both retrospective and prospective):

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

The observation/effectiveness range is as foreseen by IAS-IFRS for this purpose. The metrics are defined/maintained in accordance with the Spanish Parent Company's instructions.

C. Cash flow hedges

As regards cash flow hedges, the Parent Company enters into bullet derivatives to neutralise the exposure of its liabilities to changes in future cash flows arising from unexpected fluctuations in interest rates.
The effectiveness of the hedges is periodically measured and formalised, based on predefined tests (both retrospective and prospective):

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

The observation/effectiveness range is as foreseen by IAS-IFRS for this purpose. The metrics are defined/maintained in accordance with the Spanish Parent Company's instructions.

Quantitative information

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

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

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

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

Sensitivity indicator "Market Value of Equity" (MVE)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetric change in the interest rate curve under various scenarios on shareholders' equity. The scenarios on which the calculation is performed are ±25, ±50, ±75, ±100 and +250 b.p. The following paragraph shows the results obtained by applying the scenario +100 basis points on which are based the monthly analysis and the decisions on interest rate risk. The measurement of interest rate risk is then carried out by assessing the impact of changes in interest rates on the value of interest-bearing assets/liabilities inclusive of derivatives (Interest Rate Swap); the market value of equity is computed as the difference between the present value of all future cash flows discounted using market interest rate curves and the present value of future cash flows discounted using stressed interest rate curves.
At 31 December 2014, the MVE calculated with a shift of +100 basis points was Euro -27.5 million. At the same date, the sensitivity of the MVE (with a shift of +100 basis points) of Euro -27.5 million, would have impacted the result for the year by Euro -33.3 million and shareholders' equity (cash flow hedge reserve) by Euro +5.8 million.

Sensitivity indicator "Net Interest Margin" (NIM)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetric change in the interest rate curve under various scenarios on net interest income (analysis period: 12 months). As regards interest rate shift scenarios, please see the information provided in the paragraph above.
At 31 December 2014, the NIM was -2.2 million**.**

+100 bps MM	MVE	NIM
December 14	-27.5	-2.2
Limit	-50.0	-15.0

-100 bps MM	MVE	NIM
December 14	19.3	-0.1
Limit	50.0	15.0

2.3 Exchange risk

The Bank is not exposed to exchange risk.

2.4 Derivatives

A. Financial derivatives

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

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

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

A.2.1 For hedging

Table A.11.34

Underlying assets/Type of derivative	31/12/2014		31/12/2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates				
a) Options				
b) Swaps	4,582,532		5,753,770	
c) Forwards				
d) Futures				
e) Other				
2. Equities and stock indices				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Currency and gold				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
4. Goods				
5. Other underlyings				
Total	**4,582,532**		**5,753,770**	
Average	**5,168,151**		**5,332,535**	

For details of interest rate swap transactions, see section 2 and 8 of assets and section 6 of liabilities. The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 4 - Other Aspects of the Accounting Policies in the Notes.

A.2.2 Other derivatives

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

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

Table A.11.35

Portfolio/Types	Positive fair value			
	31/12/2014		31/12/2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	1,009			
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**1,009**			

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

Table A.11.36

Portfolio/Types	Negative fair value			
	31/12/2014		31/12/2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Trading portfolio for supervisory purposes				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking portfolio - for hedging				
a) Options				
b) Interest rate swaps	51,646		104,860	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking portfolio - other derivatives				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
Total	**51,646**		**104,860**	

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

Not applicable.

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

Not applicable.

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

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

A.8 OTC financial derivatives agreements: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreements

Table A.11.40

Contracts included in netting agreements	Governments and central banks	Other public entities	Banks	Financial businesses	Insurance companies	Non-financial institutions	Other parties
1) Debt securities and interest rates							
- notional value			4,582,532				
- positive fair value			1,009				
- negative fair value			(51,646)				
2) Equities and stock indices							
- notional value							
- positive fair value							
- negative fair value							
3) Currency and gold							
- notional value							
- positive fair value							
- negative fair value							
4) Other instruments							
- notional value							
- positive fair value							
- negative fair value							

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

Table A.11.41

Underlyings/Residual value	**Within 1 year**	**Beyond 1 year up to 5 years**	**Beyond 5 years**	**Total**
A. Trading portfolio for supervisory purposes				
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equities and stock indices				
A.3 Financial derivatives on exchange rates and gold				
A.4 Financial derivatives on other instruments				
B. Banking portfolio				
B.1 Financial derivatives on debt securities and interest rates	1,856,726	2,725,806		**4,582,532**
B.2 Financial derivatives on equities and stock indices				
B.3 Financial derivatives on exchange rates and gold				
B.4 Financial derivatives on other instruments				
Total 31/12/2014	**1,856,726**	**2,725,806**		**4,582,532**
Total 31/12/2013	**1,329,450**	**3,791,117**	**633,203**	**5,753,770**

The comparative figures of the previous year have been reclassified in order to allow a comparison on a consistent basis. For further details, please refer to Section 4 - Other Aspects of the Accounting Policies in the Notes.

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

The Bank does not use EPE-type internal models to calculate counterparty risk and, accordingly, this table has not been completed, although tables A.3 and A.8 have been completed.
For information on the notional value of derivatives by counterparty, please see *Part B – information on the balance sheet*, Assets *Section 8* and Liabilities *Section 6*.

B. Credit derivatives

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

C. Financial and credit derivatives

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

Table A.11.48

	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial institutions	Other parties
1) Bilateral financial derivative agreements							
- positive fair value			1,009				
- negative fair value			(51,646)				
- future exposure			13,629				
- net counterparty risk			14,638				
2) Bilateral credit derivative agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							
3) Cross product agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							

Section 3 - Liquidity risk

Qualitative information

A. General aspects, management and measurement of liquidity risk

The Bank is exposed to liquidity risk, defined as the probability that it may, at any time, not have sufficient cash reserves to meet payments arising from its obligations, or it may not be able to source sufficient liquidity in the markets to renew maturing deposits. SCB has implemented a liquidity policy, approved by the Board of directors, that defines the principles and means for the management of a timing mismatch between maturing assets and liabilities. This risk is managed by the Finance Department.

Based on the governance model adopted by the Bank, liquidity risk is monitored by the Risk Management Department (as part of second-level controls), whereas Internal Audit performs third-level controls.

The quantification of liquidity risk is made primarily by calculating the Minimum Liquidity Ratio (MLR), which is a synthetic indicator of the liquidity situation and expresses the Bank's ability to meet its commitments at the contractual maturities. The calculation logic has been agreed at Santander Consumer Finance Group level.

According to the Group's methodology, account is taken of inflows from the repayment of customer loans and from any securities held and used as collateral for refinancing operations with the Central Bank or with other banks as well of outflows for maturing deposits.

The MLR is updated monthly and summarises the Bank's liquidity position over 1 month, 3 months and 12 months. The ratio is computed using the following formula:

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

Along with the MLR, the Bank manages its liquidity by means of maturity ladder methodology that has also been agreed at Santander Consumer Finance Group level. This analysis is designed to identify and quantify the imbalances between cash inflows and outflows that occur in different timeframes.

As well as the above mentioned indicators, the Parent Company also monitors its Liquidity Coverage Ratio defined as:

$$\text{LCR} = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash flow in the subsequent 30 calendar days}}$$

Even though, at 31 December 2014, the Bank did not hold any high quality liquid assets, in 2015 it plans to take the necessary steps to build a portfolio to hold for LCR regulatory purposes.

This ratio will officially come into force on 1 October 2015 and has to constantly remain above 60% throughout the year, as required by European Commission Regulation 575/2013 and by Directive 2013/36/EU, for Basel III purposes.

Each month a meeting is held of the ALCO (Asset Liability Committee) that comprises representatives from Risk Management, the Finance Department and the Bank's Administration and Control Department, as well as colleagues from the corresponding Spanish Parent Company departments. The objective of this committee is to agree on the Bank's strategies for interest rate and liquidity risk, funding policies and the cost of funding.

SCB diversifies its sources of funding by recourse to financing provided by the Parent Company, bond issues, customer deposits and repurchase agreements (repos).
With respect to repos, the Bank is exposed to early repayment risk in the event of a downgrade of underlying securities (of Euro 266 million in the event of a three rating class downgrade of underlying securities and Euro 523 million in the event of a three rating class downgrade of the Spanish Parent Company).

The Bank, however, has obtained credit lines from the Spanish Parent Company to mitigate its liquidity risk. Of these, an amount of Euro 1.5 billion relates to committed lines.

As regards transactions which require the payment of a margin call, SCB is a party to agreements for net interest margin hedging instruments entered into with Santander Group and with another counterparty with which it has entered into a repurchase agreement.

Quantitative information

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

Table A.11.49

Items/Time period	Demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Unspecified duration
Cash assets										
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Loans										
- Banks	46,419	2,905								4,442
- Customers	260,869	183,118	261,099	81,848	288,864	450,778	774,569	2,810,858	738,872	
Cash liabilities										
B.1 Deposits										
- Banks	77,180	11,854	50,117	50,126	282,815	196,218	60,403	36,505		
- Customers	216,200	264	846	4,962	23,067	43,662	17,817	1,718		
B.2 Debt securities			36,037	101,094						
B.3 Other liabilities	146	570,006		3,923	839,774	597,916	654,926	1,452,500		
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- long positions										
- short positions										
C.2 Financial derivatives without exchange of capital										
- long positions					3,865	2,781	6,355			
- short positions		205	823	1,004	7,352	7,415	11,895			
C.3 Deposits and loans to be received										
- long positions										
- short positions										
C.4 Irrevocable commitments to issue loans										
- long positions										
- short positions										
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

With respect to financial assets subject to self-securitisations, at the end of the 2014 financial year, the Bank was involved in eight securitisations of performing loans for which it had subscribed all of the securities issued, one of which was carried out through a Programme (the structure of which allows for further sales of loans to be financed by new issue of securities); as well as seven stand-alone transactions characterised by a sole initial issue, one of which is designated as variable funding, which is a particular structure whereby the securities issued gradually increase in value.

In the operation called *Golden Bar Securitisation Programme IV 2009-1*, launched with the purchase of an initial portfolio of performing consumer loans worth Euro 800,001,181, on 23 December 2009 the company issued the first series of notes for a total of Euro 800,000,000 divided into three classes with a decreasing order of priority which were fully subscribed by the originator. In April 2013, as part of the structuring of the operation, a further subordinated loan of Euro 50,000,000 was granted and which had been fully repaid at the reporting date.
During the year, the SPE repaid securities amounting to Euro 353,256,926.

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

As part of Operation Golden Bar Stand-Alone 2011-1, the company purchased a portfolio of performing loans granted for the purchase of new and second-hand cars of Euro 600,001,249, which was completed on 31 March 2011 with the issuance of a single series of securities for a total of Euro 600,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 81,000,000, which at the date of the balance sheet is still outstanding for an amount of Euro 45,126,598.
On 20 November 2014, redemption was completed of the Class A securities, of which an amount of Euro 134,189,257 was redeemed in the year, and a start was made to the redemption of Class B securities of an amount of Euro 10,822,827.
The Class A securities, a portion of which had previously been held by an institutional investor, were fully repurchased by Santander Consumer Bank on 28 March 2014.

As part of Operation *Golden Bar Stand-Alone 2011-2* the company purchased a portfolio of performing loans for a total of Euro 950,000,104, which was completed on 12 October 2011 with the issuance of a single series of securities for a total of Euro 950,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On 22 December 2014, redemption was completed of the Class A securities, of which an amount of Euro 215,831,979 was redeemed in the year, and a start was made to the redemption of Class B securities of an amount of Euro 18,514,602.

As part of Operation Golden Bar Stand-Alone 2011-3 the company purchased a portfolio of performing loans totalling Euro 710,058,081, which was completed on 21 November 2011 with the issuance of a single series of securities totalling Euro 710,058,000, divided into three classes with decreasing order of priority, of which Class A was subscribed by an institutional investor and Class B was subscribed by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan for an amount of Euro 14,201,160, which has been fully repaid as of the balance sheet date.
On 20 March 2014 a start was made to the redemption of Class A securities of an amount of Euro 83,589,625 that were simultaneously purchased by Santander Consumer Bank. On 23 April 2014 the transaction was terminated ahead of schedule, with the complete redemption of the securities and the transfer to the originator of the entire portfolio of underlying loans.

As part of Operation *Golden Bar Stand-Alone 2012-1* the company purchased a portfolio of performing consumer loans (special purpose loans and personal loans) for a total of Euro 753,106,836, which was completed on 23 July 2012 with the issuance of a single series of securities for a total of Euro 753,100,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
The redemption of Class A securities continued in the year, of an amount of Euro 150,069,744.

As part of Operation *Golden Bar Stand-Alone 2012-2* the company purchased a portfolio of performing loans related to loans through salary assignment for a total of Euro 1,209,317,467, which was completed on 31 October 2012 with the issuance of a single series of securities for a total of Euro 1,209,317,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator.
On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 54,418,925, so as to guarantee the cash reserve of Euro 30,232,925 and the liquidity reserve of Euro 24,186,000 required by contract. As at the reporting date, this subordinated loan had been fully repaid.
During the year, the transaction was subject to a contractual amendment that enabled a further purchase of performing loans of an amount of Euro 266,851,648 and which was completed with the issuance, on 25 June 2014, of a new series of securities denominated Golden Bar Stand Alone 2014_2 of an amount of Euro 266,850,000. These securities, which were divided into three classes with decreasing order of priority, were subscribed entirely by the originator.
During the year, an amount was redeemed of Euro 270,307,348 relating to the Class A securities of the two series issued. The redemption was made pro-rata and pari-passu.

As part of Operation *Golden Bar Stand-Alone 2013-1* the company purchased a portfolio of performing loans for a total of Euro 425,143,451, which was completed on 23 July 2013. In October 2013 an additional transfer of loans for Euro 66,447,730 was made and a single series of notes was issued for Euro 491,590,000, with a revolving period of 5 years.
During the year, the SPE made four further purchases of performing loans amounting to Euro 240,208,984. These purchases made it possible to increase, in accordance with the variable funding structure of the transaction, the total capital issued by an amount of Euro 49,433,500 relating to the portion not financed by proceeds from the loan portfolio.

As part of Operation *Golden Bar Stand Alone 2013-2* the Company purchased a portfolio of performing loans involving salary assignment loans for a total of Euro 254,826,452, which was completed on 25 July 2013. In November 2013 a single issue of notes was issued for Euro 254,820,000. The total amount of the reimbursement during 2014 was Euro 49,433,603.

As part of Operation Golden Bar Stand-Alone 2014-1 the company purchased a portfolio of performing loans granted for the purchase of new and second-hand cars of Euro 752,046,351, which was completed on 25 June 2014 with the issuance of a single series of securities for a total of Euro 752,000,000, divided into three classes with decreasing order of priority and subscribed entirely by the originator. On the same date, Santander Consumer Bank granted the company a subordinated loan of Euro 18,830,000, so as to guarantee the cash reserve of Euro 18,800,000 required by contract. At the end of the year the subordinated loan has been fully repaid.
During the year, the SPE made two further revolving acquisitions of performing loans for a total of Euro 178,179,595.

During the year, the programme and the operations were monitored by Moody's Investors Services and Standard & Poor's for the programme, by Moody’s Investor Services and Fitch Ratings for the operation *Golden Bar Stand Alone 2011-1*, by Moody’s Investors Services and DBRS for the operations *Golden Bar Stand Alone 2011-2, 2012-1, 2012-2, 2014-1 e 2014-2.* No rating was assigned to the remaining stand-alone operations.

As the servicer, Santander Consumer Bank handles the management of payments from customers, the immediate crediting of the funds received to the SPE and the activation of debt collection procedures where necessary.

	Assets held by the SPE	Senior and Mezzanine Securities subscribed	Junior Securities subscribed	Cash Reserve	Assets held by the Group	Type of collateral	Distribution of collateral by geographical area	Average maturity of the collateral	Rating of the collateral
Golden Bar Programme IV	342,052	418,743	28,000	78,968	4,964,004	n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-1	179,977	118,177	60,000	123,862		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2011-2	460,453	76,485	323,000	118,289		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-1	395,889	220,746	169,400	104,758		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2012-2	895,491	782,553	181,498	53,399		n.a.	n.a.	n.a.	n.a.
Golden Bar Whole Loan Note VFN 2013-1	510,588	-	541,024	11,791		n.a.	n.a.	n.a.	n.a.
Golden Bar Whole Loan Note VFN 2013-2	196,170	-	205,386	3,004		n.a.	n.a.	n.a.	n.a.
Golden Bar Stand Alone 2014-1	729,193	676,900	75,100	27,766		n.a.	n.a.	n.a.	n.a.

In accordance with international accounting standards, specifically IFRS 10, it was decided to consolidate the portfolios securitised as there were not the requisites for derecognition of the receivables by the Parent Company, as the subscriber of the Junior Securities issued by the SPE.

During the year, the Junior Securities generated income of Euro 30,535 thousand (Euro 27,921 thousand in 2013) for the Programme IV, Euro 6,167 thousand (Euro 11,816 thousand in 2013) for the stand-alone operation 2011-1, Euro 34,432 thousand (Euro 40,609 thousand in 2013) for the stand alone operation 2011-2, Euro 2,282 thousand for the Golden Bar stand-alone operation 2011-3 (Euro 23,125 thousand in 2013), Euro 35,109 thousand for the stand alone operation 2012-1 (Euro 28,248 thousand in 2013), Euro 33,450 thousand for the stand alone operation 2012-2 (Euro 31,818 thousand in 2013), Euro 43,833 thousand for the WLN 2013-1 operation (Euro 17,860 in 2013), Euro 11,104 thousand for the WLN 2013-2 operation (Euro 6,770 in 2013) and Euro 28,798 thousand for the stand alone operation 2014-1.

To enhance the transparency of disclosures, the following is a breakdown of the various components that generated the excess spread accrued on the various operations, which was booked to the income statement in 2014 and 2013.

As shown by the table below, during the year, the Company terminated the Golden Bar Programme and Operation Golden Bar Stand Alone 2011-3, whereas a new Operation Golden Bar Stand Alone 2014-1 was completed.

2014

Breakdown of the excess spread accrued during the year	**31/12/2014**								
	Golden Bar Programme IV	**Golden Bar Stand Alone 2011-1**	**Golden Bar Stand Alone 2011-2**	**Golden Bar Stand Alone 2011-3**	**Golden Bar Stand Alone 2012-1**	**Golden Bar Stand Alone 2012-2**	**Golden Bar Whole Loan Note VFN 2013-1**	**Golden Bar Whole Loan Note VFN 2013-2**	**Golden Bar Stand Alone 2014-1**
Interest expense on securities issued	(7,068)	(2,554)	(3,717)	(2,733)	(4,014)	(12,375)	-	-	(4,898)
Commissions and fees on the operation	-	-	-	-	-	-	-	-	-
- for servicing	(1,456)	(1,330)	(2,841)	(1,603)	(1,167)	(2,287)	(2,564)	(1,155)	(2,436)
- for other services	(36)	(117)	(119)	(7)	(28)	(28)	(37)	(21)	(13)
Other charges	(365)	(6,937)	(8,879)	(5,443)	(436)	(219)	(100)	(13)	(922)
Interest generated by the securitised assets	36,615	15,912	48,491	11,217	39,847	48,210	45,061	12,290	35,066
Other revenues	2,845	1,193	1,497	851	907	149	1,473	3	2,001
Total interest income	**30,535**	**6,167**	**34,432**	**2,282**	**35,109**	**33,450**	**43,833**	**11,104**	**28,798**

2013

Breakdown of the excess spread accrued during the year	31/12/2013								
	Golden Bar Programme	Golden Bar Programme IV	Golden Bar Stand Alone 2011-1	Golden Bar Stand Alone 2011-2	Golden Bar Stand Alone 2011-3	Golden Bar Stand Alone 2012-1	Golden Bar Stand Alone 2012-2	Golden Bar Whole Loan Note VFN 2013-1	Golden Bar Whole Loan Note VFN 2013-2
Interest expense on securities issued	-	(10,249)	(4,865)	(8,484)	(8,919)	(6,497)	(13,962)	-	-
Commissions and fees on the operation	-	-	-	-	-	-	-	-	-
- for servicing	(8)	(2,129)	(2,180)	(4,091)	(3,558)	(1,543)	(2,816)	(274)	(142)
- for other services	(9)	(32)	(112)	(121)	(20)	(19)	(20)	-	-
Other charges	(16)	(18,924)	(10,263)	(21,947)	(14,501)	(18,057)	(1,188)	(21)	(6)
Interest generated by the securitised assets	26	55,473	27,584	73,292	47,002	53,362	49,787	17,661	6,911
Other revenues	32	3,782	1,652	1,960	3,121	1,002	17	494	7
Total interest income	**25**	**27,921**	**11,816**	**40,609**	**23,125**	**28,248**	**31,818**	**17,860**	**6,770**

For a better understanding, the figures in the table have been presented differently from the figures presented in the financial statements for the year ended 31 December 2013, given that, during the year, the Parent Company repurchased the portion of securities held by third parties in connection with the Golden Bar Stand Alone 2011-1 and Golden Bar Stand Alone 2011-3 securitisations. These transactions have thus been reclassified as self-securitisations".

2. Disclosure of on-balance sheet pledged assets

Table A.11.50

Technical forms	Committed		Not committed		31/12/2014	31/12/2013
	BV	FV	BV	FV		
1. Cash and cash equivalents		X		X	**-**	
2. Debt instruments						
3. Equity instruments						
4. Loans	3,709,812	X		X	**3,709,812**	**4,372,988**
5. Other financial assets		X		X		
6. Non financial assets		X		X		
Total 31/12/2014	**3,709,812**	**-**	**-**	**-**	**3,709,812**	**X**
Total 31/12/2013	**4,372,988**				**X**	**4,372,988**

Key:
FV = Fair Value
BV = Book Value

The above table shows securitised loans sold to the SPE but which the Bank has not derecognised.

3. Disclosure of off-balance sheet pledged assets

Table A.11.50B

Technical forms	Committed	Not committed	31/12/2014	31/12/2013
1. Financial assets	3,877,013	-	3,877,013	4,172,239
- Debt securities	3,877,013		**3,877,013**	**4,172,239**
- Others			**-**	
2. Non financial assets			**-**	
Total 31/12/2014	**3,877,013**	**-**	**3,877,013**	X
Total 31/12/2013	**4,172,239**		X	**4,172,239**

The above table shows securities issued by the SPE and held by the Bank.
Note that, of these, an amount of Euro 950,004 thousand is committed to financing operations with the European Central Bank, corresponding to three Class A asset-backed securities issued by the SPE Golden Bar (securitisation) S.r.l.

Section 4 - Operational risk

Qualitative information

A. General aspects, management and measurement of operational risk

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

- customer acceptance;
- completion of the contract;
- funding;
- after-sale processes;
- back office processes;
- back-end activities.

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

- administrative processes;
- Information Systems

In the area of operational risk, the exposure is measured according to the criteria laid down in the rules of internal governance. The main tools of supervision include: segregation of duties, identification of possible risk indicators (alert signals that can be quantified, totalised and compared with the Group benchmark), self-assessment questionnaires (local, based on the Parent Company's guidelines).

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

Legal risk includes various types of regulatory violations, illegal behaviour and non-compliant business methods that could result in financial losses for the intermediary. These include, for example, losses resulting from:

- violations of laws or regulations;
- fines and penalties resulting from measures taken by the Supervisory Authority;
- transactions carried out as part of non-traditional activities with non-residents, which the counterparty is banned from entering into by law or regulations;
- use of unacceptable business methods.

Also falling within the definition of legal risk are losses from retroactive changes in the regulatory framework, as well as those resulting from settlements.

The risk of litigation has been the subject of specific and careful analysis by the Bank. In the presence of legal obligations, for which it is probable that there will be an outflow of economic resources for their fulfillment, and for which it is possible to make a reliable estimate of the amount involved, the Bank decided to set up provisions for risks and charges, distinguishing between situations according to the most appropriate Basel II category (i.e. Provision for Legal Risks, categories IV/VII).

These two Basel categories of legal-type risk include the following:

Category IV: practices connected with customers, products and activities such as breach of the fiduciary relationship, abuse of confidential information.
Category VII: executive and procedural compliance such as incorrect data entry, incomplete legal documentation, breach of contract by non-customer counterparties, legal disputes with suppliers.

The provisions for legal operational risks in place at 31 December 2014 amount to Euro 4,604 thousand, with a net provision for the year of Euro 883 thousand for category IV and a net release of Euro 584 thousand for category VII.

Quantitative information

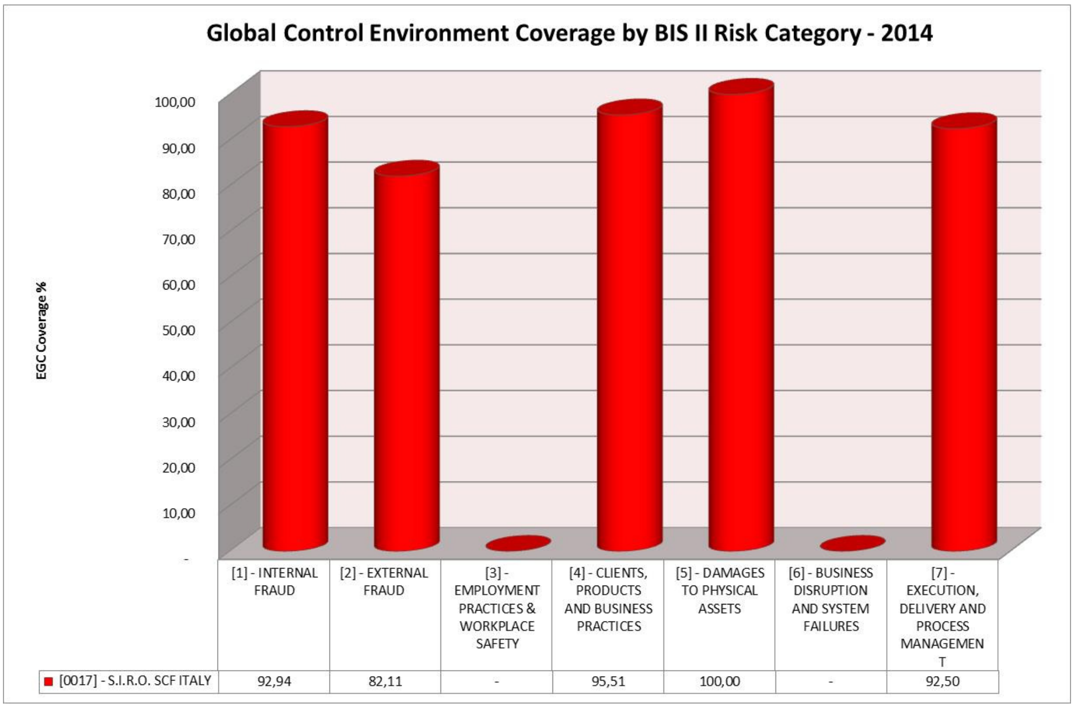
The risk exposure of each unit is identified by the corporate risk matrix. The model used for the self-assessment questionnaires consists of three phases:

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

The processes and sub-processes subjected to analysis are shown below.

Risk Category (BIS II)	Department	Processes
[1] - INTERNAL FRAUD (6%)	***Human Resources***	2
	T&O	14
	Planning and Accounting	15
	Sales	14
	Istitutional Relations and Legal Compliance	1
	Finance	3
	Risk	2
[2] - EXTERNAL FRAUD (16%)	***T&O***	10
	Sales	4
	Risk	1
	Planning and Accounting	2
	Finance	2
[4] - CLIENTS, PRODUCTS AND BUSINESS PRACTICES (31%)	***T&O***	16
	Sales	44
	Finance	11
	Planning and Accounting	7
	Istitutional Relations and Legal Compliance	10
	Risk	10
[5] - DAMAGES TO PHYSICAL ASSETS (2%)	***T&O***	5
[7] - EXECUTION, DELIVERY AND PROCESS MANAGEMENT (44%)	***Human Resources***	3
	T&O	32
	Sales	27
	Istitutional Relations and Legal Compliance	4
	Finance	18
	Planning and Accounting	43
	Risk	5
TOTAL		**305**

Details are provided below of the percentage coverage of individual risk categories.
As far as safeguards are concerned, the category that appears to have the most coverage is category V - property damage. Slightly below this is category IV - customers, products and business practices.


Global Control Environment Coverage by BIS II Risk Category - 2014
EGC Coverage %
100,00
90,00
80,00
70,00
60,00
50,00
40,00
30,00
20,00
10,00
-
[1] - INTERNAL FRAUD
[2] - EXTERNAL FRAUD
[3] - EMPLOYMENT PRACTICES & WORKPLACE SAFETY
[4] - CLIENTS, PRODUCTS AND BUSINESS PRACTICES
[5] - DAMAGES TO PHYSICAL ASSETS
[6] - BUSINESS DISRUPTION AND SYSTEM FAILURES
[7] - EXECUTION, DELIVERY AND PROCESS MANAGEMEN T
[0017] - S.I.R.O. SCF ITALY
92,94
82,11
-
95,51
100,00
-
92,50

Part F - Information on shareholders' equity

Section 1 – Shareholders' equity

A. Qualitative information

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

B. Quantitative information

B.1 Shareholders' equity: breakdown

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

Table A.12.2

Shareholders' equity items	31/12/2014	31/12/2013
1. Share capital	**573,000**	**573,000**
2. Share premium reserve	**633**	**633**
3. Reserves	**(42,247)**	**626**
- retained earnings		
a) legal reserve	-	-
b) statutory reserve		
c) reserve for treasury shares		
d) other	*(83,616)*	*(40,743)*
- other	*41,369*	*41,369*
4. Equity instruments		
5. (Treasury shares)		
6. Valuation reserves	**(3,695)**	**(5,593)**
- Financial assets available for sale		
- Property and equipment		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges	*(3,105)*	*(5,176)*
- Exchange differences		
- Non-current assets held for sale		
- Actuarial gains (losses) on defined-benefit pension plans	*(590)*	*(417)*
- Portion of the valuation reserves for investments		
- Special revaluation laws		
7. Net profit (loss) for the period	**8,485**	**(42,873)**
Total	**536,176**	**525,793**

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

Not applicable.

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

Not applicable.

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

During the year there was an increase in valuation reserves related to defined-benefit pension plans of Euro 259 thousand (Euro 173 thousand net of the corresponding tax effect).

Section 2 - Own funds and capital adequacy ratios

2.1 Own funds

A. Qualitative information

Santander Consumer Bank is subject to capital adequacy requirements set by the Basel Committee, as incorporated into the current regulations of the Bank of Italy. Under these rules, the ratio between capital and risk-weighted assets at a consolidated level must be at least 8%; compliance with this requirement is checked by the Supervisory Board every three months.

Compliance with the capital requirements is verified from two different perspectives.
A forward-looking perspective, at the same time that the Three-Year Plans and Annual Budget are agreed, to identify the main impacts, which are typically the expected growth in loans and quantification of the different elements of risk (credit, market, operational). Based on quantitative information, a capitalisation plan is prepared in consultation with the Shareholder and on a monthly basis, any new capital requirements and the instruments to be used are identified (typically securitisation operations, increases in capital, subordinated "Tier II" deposits).
A backward-looking perspective, to assess on a quarterly basis during the year any significant variances with respect to the capitalisation plan and, where appropriate, to identify suitable corrective measures to ensure compliance with the capital requirements. Even in the case of extraordinary operations, such as acquisitions or the start-up of new business initiatives, a capitalisation plan is prepared which then becomes an integral part of the overall business plan.

1. Common Equity Tier 1 – CET1

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

2. Additional Tier 1 – AT1

The contracts for hybrid capital instruments are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:

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

Similarly, the contracts relating to the subordinated liabilities are not subject to provisions that allow the liabilities to be converted into capital or any other type of liability, and envisage the following:

- in the event of liquidation of the Bank, repayment of the debt only after all the other creditors not equally subordinated have been satisfied;
- early repayment, if foreseen, only at the initiative of the Bank and after receiving authorisation from the Bank of Italy.

Table A.12.4

Hybrid capital instruments	Issue date	Amount (Euro)	Interest rate	Duration
UPPER TIER II subordinated debt to Openbank S.A.	22/06/2006	32,500,000	Euribor 6 mesi + 1,3%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	32,500,000	Euribor 6 mesi + 1,3%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	17,500,000	Euribor 6 mesi + 1,3%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	30/06/2008	16,250,000	Euribor 6 mesi + 2,8%	10 years
UPPER TIER II subordinated debt to Openbank S.A.	31/10/2008	16,250,000	Euribor 6 mesi + 2,8%	10 years
UPPER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	Euribor 6 mesi + 4,0%	10 years
UPPER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	Euribor 6 mesi + 2,2%	10 years

Subordinated liabilities	Issue date	Amount (Euro)	Interest rate	Duration
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	6,500,000	Euribor 6 mesi + 0,75%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/06/2006	3,500,000	Euribor 6 mesi + 0,75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	22/06/2006	13,000,000	Euribor 6 mesi + 0,75%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	30/06/2008	13,000,000	Euribor 6 mesi + 1,8%	10 years
LOWER TIER II subordinated debt to Openbank S.A.	31/10/2008	13,000,000	Euribor 6 mesi + 1,8%	10 years
LOWER TIER II subordinated debt to Banco Madesant S.A.	30/09/2009	12,500,000	Euribor 6 mesi + 4,0%	10 years
LOWER TIER II subordinated debt to Santander Benelux S.A.	30/12/2009	20,000,000	Euribor 6 mesi + 2,2%	10 years

3. Tier 2 –T2

The Bank does not hold any instruments that fall into Tier 3 capital.

B. Quantitative information

Table A.12.4B

	31/12/2014
A. Core capital (Tier 1 capital before the application of prudential filters)	**527,691**
of which temporary disposals Tier 1 items	
B. Prudential filters of tier 1 capital:	3,105
C. Tier 1 capital gross of items to be deducted (A+/-B)	**530,796**
D. Items to be deducted from Tier 1 capital	-7,490
E. Temporary regime – impact on Tier 1 (+/-)	
F. Total Tier 1 capital (C-D +/- E)	**523,306**
G. Additional class 1 capital Tier 1 – AT1 gross of items to be deducted and temporarary regime effects	
of which temporary disposal AT1 items	
H. Items to be deducted from AT1	
I. Temporary items - impact on AT1 (+/-)	
L. Total additional class 1 capital (Additional Tier 1 – AT1) (G - H +/- I)	
M. Class 2 capital (Tier 2 –T2) gross of items to be deducted and temporary regime effects	**139,515**
of which temporary disposals T2 items	
N. Items to be deducted from T2	
O. Temporary regime – Impact on T2 (+/-)	
P. Total class 2 capital (Tier 2 –T2) (M - N +/- O)	**139,515**
Q. Total own funds (F + L + P)	**662,821**

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

For reasons of consistency and comparability, in consideration of the entry into force of the new regulatory framework denominated Basel III, as from 1 January 2014, the table relating to own funds does not present the information at 31 December 2013, since the previous calculation methodologies were different.

2.2 Capital adequacy

A. Qualitative information

Please refer to paragraph A - qualitative information.

B. Quantitative information

Table A.12.5B

Description/Amounts	Unweighted amounts		Weighted amounts/Requirements	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standardized methodology	7,205,245	7,496,600	3,198,383	3,835,772
2. Methodology based on internal ratings				
2.1 Basic				
2.1 Advanced				
3. Securitisations				
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			255,871	306,862
B.2 Adjustment credit risk				
B.3 Rules risk				
B.4 Market risk				
1. Standardized methodology				
2. Internal models				
3. Concentration risk				
B.5 Operational risk				
1. Basic method				
2. Standardized methodology			23,482	31,335
3. Advanced method				
B.6 Other elements for the calculation 1)				
B.7 Total precautionary requirements			279,353	253,648
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			3,491,908	4,227,460
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			14.99%	
C.3 Capital for supervisory purposes including Tier 3/Risk-weighted assets (Total capital ratio)			14.99%	
C.4 Total own funds/Total capital ratio			18.98%	

The table shows the amount of risk assets and capital requirements that is the same as shown in supervisory reports.
The figures relating to the 2013 financial year have been calculated in accordance with the regulatory requirements in force at the time.

Part G - Business combinations

Section 1 - Transactions carried out during the year

During the year there were no business combinations, as regulated by IFRS 3, which resulted in the acquisition of control of business or legal entities.

Section 2 - Transactions subsequent to the year end

The Bank has not carried out any business combination after the balance sheet date.

Section 3 - Retrospective adjustments

The Bank has not carried out any business combination after the balance sheet date.

Part H - Related-party transactions

1. Information on the remuneration of directors, auditors and managers

The following table shows the amounts of compensation paid in 2014 to members of the management and control bodies and to managers with strategic responsibilities that fall within the definition of "related party".

Table A.14.2

	31/12/2014
Short-term benefits	2,962
Post-employment benefits	106
Other long-term benefits	-
Termination indemnities	-
Share-based payments	-
Total	**3,069**

2. Related party disclosures

All transactions with related parties were concluded at arm's-length conditions. Details are shown below (amounts in thousands of Euro):

Table A.14.2B

	Receivables	Payables	Guarantees and/or commitments	Derivatives	Expenses	Income
Banco Santander	50,238	46,828	n.a.	3,685,732	74,463	34,708
Santander Consumer Finance	-	2,369,613	n.a.	250,000	40,138	-
Santander Consumer Finance Media	16,975	229	n.a.	n.a.	1	791
Santander Consumer Unifin	89,852	94,730	1,593,238	n.a.	94	1,388
PSA Italia	5,000	-	n.a.	n.a.	-	-
Other Santander Group companies	4,769	454,486	n.a.	646,800	18,817	4,061

Versus the Spanish Parent Company Banco Santander:

- receivables relate to the valuation of derivatives and related accruals of a total of Euro 17,138 thousand, whereas the remainder of 33,100 relates to sums paid by way of a guarantee deposit corresponding to the negative fair value of derivative contracts entered into with the Spanish counterpart;
- The payables mainly relate to the measurement of cash flow hedging derivatives (Euro 43,256 thousand), accruals on derivatives (Euro 3,567 thousand) and incentive plans still to be paid (Euro 4 thousand);
- The derivatives refer to interest risk hedging transactions as mentioned in Part E, Section 2. The figure shown in the table represents the sum of the notional amounts;
- the expenses mainly relate to hedging activities (Euro 73,887 thousand);
- income mainly relates to hedging activities (Euro 33,656 thousand);

Versus the direct Parent Company Santander Consumer Finance:

- the payables all refer to loans and related interest accruals received from the Parent Company as part of normal funding activities (Euro 2,369,429 thousand), as well as the measurement of the hedging derivative entered into with it during the year and the related accruals (Euro 184 thousand);
- The derivative refers to the notional amount of interest risk hedging transactions as mentioned in Part E, Section 2;
- the charges relate to interest expenses on loans received (Euro 38,553 thousand) and to negative differentials on the hedging result (Euro 1,585 thousand);

Versus the direct subsidiary Santander Consumer Finance Media:

- the receivables mainly relate to medium-term loans and related accrued interest still to be paid (Euro 12,400 thousand).
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 228 thousand;
- the income refers to interest income on loans of Euro 349 thousand and commissions for the servicing contract for Euro 428 thousand.

Versus the direct subsidiary Santander Consumer Unifin:

- the receivables are for the subordinated loans and related accruals of Euro 13,068 thousand, as well as prepaid expenses from commissions recognised in the special agreement signed by the two companies (Euro 14,071 thousand).
- the payables mainly refer to the negative balance of the correspondent current account, which amounts to Euro 93,770 thousand;
- the charges relate to interest expense on the correspondent current account (Euro 94 thousand);
- income derives from the outsourcing of services (Euro 328 thousand) and interest income on the subordinated loans stipulated (1,060 thousand).

Relationships are also maintained with other companies of the Santander Group. Receivables mainly relate to the measurement of derivatives and related accruals of Euro 3,539 thousand. The largest amounts due are determined by short-term financing transactions (Euro 225,185 thousand), subordinated and hybrid capital instruments (Euro 229,011 thousand), whereas the charges are primarily related to interest expense on borrowings (Euro 11,620 thousand). Income mainly relates to hedging activities (Euro 4,001 thousand).

Other information

For the information required by art. 2427, paragraph 16 bis of the Italian Civil Code concerning the total amount of fees due to the independent auditors, please refer to *Part H - Related-party transactions – Other information* of the consolidated financial statements of Santander Consumer Bank Group.
V.

Part I - Share-based payments

The Bank has not entered into any payment agreements based on its own equity instruments.

Part L - Segment reporting

Not applicable.

Balance sheet and income statement of Santander Consumer Finance, S.A.

On the basis of the provisions of Legislative Decree no. 6/2003 on the disclosures to be made with regard to direction and coordination activities to which Santander Consumer Bank S.p.A. is subject (art. 2497-bis, art. 2497 ter), a summary of the key data from the latest approved financial statements of Santander Consumer Finance S.A., which exercises direction and coordination, is given below.

SANTANDER CONSUMER FINANCE, S.A.
BALANCES AL 31 DE DICIEMBRE DE 2014 Y 2013
(Miles de Euros)

ACTIVO	Nota	2013	2012 (*)
CAJA Y DEPÓSITOS EN BANCOS CENTRALES		35.519	9.050
CARTERA DE NEGOCIACIÓN:		3.866	20.349
Derivados de negociación	8	3.866	20.349
OTROS ACTIVOS FINANCIEROS A VALOR RAZONABLE CON CAMBIOS EN PÉRDIDAS Y GANANCIAS		-	-
ACTIVOS FINANCIEROS DISPONIBLES PARA LA VENTA		-	-
INVERSIONES CREDITICIAS:		14.775.290	18.067.544
Depósitos en entidades de crédito	6	9.993.900	10.305.428
Crédito a la clientela	9	4.205.198	7.256.838
Valores representativos de deuda	7	576.192	505.278
Pro- memoria: Prestados o en garantía	9, 17 y 18	*1.350.000*	*1.350.000*
CARTERA DE INVERSIÓN A VENCIMIENTO		-	-
AJUSTES A ACTIVOS FINANCIEROS POR MACRO-COBERTURAS		-	-
DERIVADOS DE COBERTURA	10	96.119	104.131
ACTIVOS NO CORRIENTES EN VENTA	11	10.510	9.984
PARTICIPACIONES:	12	8.190.198	4.247.343
Entidades asociadas		38.381	-
Entidades multigrupo		42.732	10.182
Entidades del Grupo		8.109.085	4.237.161
CONTRATOS DE SEGUROS VINCULADOS A PENSIONES		-	-
ACTIVO MATERIAL:		40	40
Inmovilizado material - De uso propio	13	40	40
ACTIVO INTANGIBLE:	14	624	1.123
Otro activo intangible		624	1.123
ACTIVOS FISCALES:	22	323.201	361.759
Corrientes		614	4.026
Diferidos		322.587	357.733
RESTO DE ACTIVOS	15	2.539	1.991
TOTAL ACTIVO		23.437.926	22.823.314
RIESGOS CONTINGENTES	27	835.222	716.420
COMPROMISOS CONTINGENTES	27	12.152.486	9.933.939

PASIVO Y PATRIMONIO NETO	Nota	2013	2012(*)
PASIVO			
CARTERA DE NEGOCIACIÓN:		8.718	24.759
Derivados de negociación	8	8.718	24.759
OTROS PASIVOS FINANCIEROS A VALOR RAZONABLE CON CAMBIOS EN PÉRDIDAS Y GANANCIAS		-	-
PASIVOS FINANCIEROS A COSTE AMORTIZADO:		14.289.947	14.460.918
Depósitos de entidades de crédito	16	7.536.522	10.382.665
Depósitos de la clientela	17	405.272	325.967
Débitos representados por valores negociables	18	6.222.154	3.082.894
Pasivos subordinados	19	85.965	241.852
Otros pasivos financieros	20	40.034	427.540
AJUSTES A PASIVOS FINANCIEROS POR MACRO-COBERTURAS		-	-
DERIVADOS DE COBERTURA	10	32.768	50.025
PASIVOS ASOCIADOS CON ACTIVOS NO CORRIENTES EN VENTA		-	-
PROVISIONES:	21	52.605	63.855
Fondo para pensiones y obligaciones similares		32.241	35.210
Provisiones para impuestos y otras contingencias legales		1.600	1.404
Provisiones para riesgos y compromisos contingentes		1.769	1.568
Otras provisiones		16.995	25.673
PASIVOS FISCALES:		274.630	252.738
Corrientes		93.632	46.712
Diferidos	22	180.998	206.026
RESTO DE PASIVOS	15	17.832	21.218
TOTAL PASIVO		14.676.500	14.873.513
PATRIMONIO NETO			
FONDOS PROPIOS:		8.773.602	7.978.496
Capital escriturado	23	4.963.639	4.663.639
Prima de emisión	24	1.139.990	1.139.990
Reservas	25	2.174.850	2.160.841
Resultado del ejercicio		495.123	114.030
Menos: Dividendos y retribuciones		-	(100.004)
AJUSTES POR VALORACIÓN:	26	(12.176)	(28.695)
Coberturas de los flujos de efectivo		(10.969)	(28.420)
Resto de ajustes por valoración		(1.207)	(275)
TOTAL PATRIMONIO NETO		8.761.426	7.949.801
TOTAL PASIVO Y PATRIMONIO NETO		23.437.926	22.823.314

(*) Se presentan, única y exclusivamente, a efectos comparativos.

Las Notas 1 a 41 descritas en la Memoria y los Anexos I a V, adjuntos, forman parte integrante del balance al 31 de diciembre de 2013.

SANTANDER CONSUMER FINANCE, S.A.
CUENTAS DE PÉRDIDAS Y GANANCIAS
CORRESPONDIENTES A LOS EJERCICIOS ANUALES TERMINADOS
EL 31 DE DICIEMBRE DE 2014 Y 2013
(Miles de Euros)

	Nota	Ingresos/(Gastos)	
		Ejercicio 2013	Ejercicio 2012 (*)
INTERESES Y RENDIMIENTOS ASIMILADOS	29	475.258	578.833
INTERESES Y CARGAS ASIMILADAS	30	(154.250)	(277.590)
MARGEN DE INTERESES		321.008	301.243
RENDIMIENTO DE INSTRUMENTOS DE CAPITAL	31	311.427	267.279
COMISIONES PERCIBIDAS	32	36.496	41.387
COMISIONES PAGADAS	33	(51.282)	(52.839)
RESULTADO DE OPERACIONES FINANCIERAS (neto):	34	65.412	(432)
Cartera de negociación		(6.616)	(2.717)
Instrumentos financieros no valorados a valor razonable con cambios en pérdidas y ganancias		72.121	2.149
Otros		(93)	136
DIFERENCIAS DE CAMBIO (neto)	35	(2.029)	193
OTROS PRODUCTOS DE EXPLOTACIÓN	36	945	1.725
OTRAS CARGAS DE EXPLOTACIÓN	36	(3.211)	(2.423)
MARGEN BRUTO		678.766	556.133
GASTOS DE ADMINISTRACIÓN:		(36.818)	(35.630)
Gastos de personal	37	(289)	(1.943)
Otros gastos generales de administración	38	(36.529)	(33.687)
AMORTIZACIÓN	13 y 14	(575)	(1.044)
DOTACIONES A PROVISIONES (neto)	21	7.622	(8.262)
PÉRDIDAS POR DETERIORO DE ACTIVOS FINANCIEROS (neto):		780	(57.289)
Inversiones crediticias	6, 7 y 9	780	(57.289)
RESULTADO DE LA ACTIVIDAD DE EXPLOTACIÓN		649.775	453.908
PÉRDIDAS POR DETERIORO DEL RESTO DE ACTIVOS (neto):		(34.168)	(399.857)
Otros activos	12	(34.168)	(399.857)
GANANCIAS (PÉRDIDAS) EN LA BAJA DE ACTIVOS NO CLASIFICADOS COMO NO CORRIENTES EN VENTA	12	(34.941)	-
DIFERENCIA NEGATIVA EN COMBINACIONES DE NEGOCIOS		-	-
GANANCIAS (PÉRDIDAS) DE ACTIVOS NO CORRIENTES EN VENTA NO CLASIFICADOS COMO OPERACIONES INTERRUMPIDAS	11	(9.113)	(13.175)
RESULTADO ANTES DE IMPUESTOS		571.553	40.876
IMPUESTO SOBRE BENEFICIOS	22	(76.430)	73.154
RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS		495.123	114.030
RESULTADO DE OPERACIONES INTERRUMPIDAS (neto)		-	-
RESULTADO DEL EJERCICIO		495.123	114.030

(*) Se presentan, única y exclusivamente, a efectos comparativos.

Las Notas 1 a 41 descritas en la Memoria y los Anexos I a V, adjuntos, forman parte integrante de la cuenta de pérdidas y ganancias del ejercicio 2013

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